



## **S.N. Nuclearelectrica S.A.**

### **Condensed Individual Interim Unaudited Financial Statements as at and for the nine months period ended on 30 September 2017**

Prepared in accordance with  
Ministry of Finance Order no. 2844/2016 for the approval of accounting regulations conforming to  
International Financial Reporting Standards, based on  
International Accounting Standard 34 – “*Interim Financial Reporting*”, adopted by the European Union

**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Financial Position as at 30 September 2017

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

|  | Note | 30 September 2017<br>(unaudited) | 31 December 2016<br>(audited, restated) |
|--|------|----------------------------------|---|
| <b>Assets</b>                                |      |                                  |   |
| <b>Non-current assets</b>                    |      |                                  |   |
| Property, plant and equipment                | 4    | 6.824.954.433                    | 7.108.486.979                           |
| Intangible assets                            |      | 66.949.975                       | 80.636.405                              |
| Financial instruments                        | 5    | 141.689.201                      | 141.689.201                             |
| <b>Total non-current assets</b>              |      | <b>7.033.593.609</b>             | <b>7.330.812.585</b>                    |
| <b>Current assets</b>                        |      |                                  |   |
| Inventories                                  | 6    | 333.704.356                      | 331.057.122                             |
| Trade and other receivables                  | 7    | 115.259.460                      | 162.063.302                             |
| Prepayments                                  |      | 14.646.734                       | 12.699.411                              |
| Bank deposits                                |      | 1.223.419.327                    | 1.245.073.268                           |
| Cash and cash equivalents                    | 8    | 548.349.423                      | 263.714.387                             |
| <b>Total current assets</b>                  |      | <b>2.235.379.300</b>             | <b>2.014.607.490</b>                    |
| <b>Total assets</b>                          |      | <b>9.268.972.909</b>             | <b>9.345.420.075</b>                    |
| <b>Equity and liabilities</b>                |      |                                  |   |
| <b>Equity</b>                                |      |                                  |   |
| Share capital, out of which:                 |      | 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                        |      | 21.553.537                       | 21.553.537                              |
| Revaluation reserve                          |      | 245.513.993                      | 265.842.461                             |
| Retained earnings                            | 9    | 3.979.381.120                    | 3.945.257.743                           |
| <b>Total shareholder's equity</b>            |      | <b>7.488.564.052</b>             | <b>7.474.769.143</b>                    |
| <b>Liabilities</b>                           |      |                                  |   |
| <b>Non-current liabilities</b>               |      |                                  |   |
| Long term loans                              | 10   | 959.344.862                      | 1.087.961.815                           |
| Deferred income                              |      | 132.688.120                      | 143.446.616                             |
| Deferred tax liability                       |      | 152.832.853                      | 157.022.057                             |
| Employee's benefits                          | 11   | 39.553.412                       | 31.907.053                              |
| <b>Total non-current liabilities</b>         |      | <b>1.284.419.247</b>             | <b>1.420.337.541</b>                    |
| <b>Current liabilities</b>                   |      |                                  |   |
| Accounts payable and other liabilities       | 12   | 250.828.990                      | 216.770.484                             |
| Current tax liability                        |      | 23.762.881                       | 6.431.972                               |
| Deferred income                              |      | 15.659.631                       | 6.181.408                               |
| Current portion of long term loans           | 10   | 205.738.108                      | 220.929.527                             |
| <b>Total current liabilities</b>             |      | <b>495.989.610</b>               | <b>450.313.391</b>                      |
| <b>Total liabilities</b>                     |      | <b>1.780.408.857</b>             | <b>1.870.650.932</b>                    |
| <b>Total equity and liabilities</b>          |      | <b>9.268.972.909</b>             | <b>9.345.420.075</b>                    |

*The accompanying notes 1-19 are an integral part of these condensed individual interim financial statements.  
The above translation of the condensed interim individual financial statements of S.N. Nuclearelectrica S.A. is provided  
as a free translation from Romanian, which is the official and binding version.*

**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Profit and Loss for the nine months period ended at 30 September 2017

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

|                                      |             | <b>Period of 3<br/>months ended at<br/>30 September<br/>2017<br/>(unaudited)</b> | <b>Period of 3<br/>months ended at<br/>30 September<br/>2016<br/>(unaudited,<br/>restated)</b> | <b>Period of 9<br/>months ended at<br/>30 September<br/>2017<br/>(unaudited)</b> | <b>Period of 9<br/>months ended at<br/>30 September<br/>2016<br/>(unaudited,<br/>restated)</b> |
|--------------------------------------|-------------|--|--|--|--|
|                                      | <b>Note</b> |  |  |  |  |
| <b>Revenues</b>                      |             |  |  |  |  |
| Sales of electricity                 | <b>14</b>   | 496.708.256  | 433.977.007  | 1.366.426.999  | 1.157.741.328  |
| Electricity transmission revenues    |             | 2.829.309  | 3.731.887  | 9.617.086  | 23.138.456   |
| <b>Total revenues</b>                |             | <b>499.537.565</b>   | <b>437.708.894</b>   | <b>1.376.044.085</b>   | <b>1.180.879.784</b>   |
| Other income                         |             | 9.178.805  | 14.487.504   | 25.644.905   | 13.563.144   |
| <b>Operating expenses</b>            |             |  |  |  |  |
| Depreciation and amortization        |             | (124.207.211)  | (121.543.989)  | (370.183.392)  | (359.948.779)  |
| Personnel expenses                   |             | (79.578.226)   | (75.089.837)   | (228.715.437)  | (217.372.478)  |
| Cost of traded electricity           |             | (26.340.603)   | (2.190.784)  | (47.046.859)   | (7.413.997)  |
| Repairs and maintenance              |             | (25.302.804)   | (19.933.681)   | (102.158.918)  | (100.934.141)  |
| Electricity transmission expenses    |             | (2.829.309)  | (3.731.887)  | (9.617.086)  | (23.138.456)   |
| Costs with spare parts               |             | (2.558.042)  | (2.697.007)  | (15.870.274)   | (19.503.101)   |
| Cost of uranium fuel                 |             | (34.132.463)   | (43.679.886)   | (91.597.936)   | (110.585.580)  |
| Other operating expenses             | <b>15</b>   | (84.144.892)   | (92.472.615)   | (259.581.294)  | (248.357.779)  |
| <b>Total operating expenses</b>      |             | <b>(379.093.550)</b>   | <b>(361.339.686)</b>   | <b>(1.124.771.196)</b>   | <b>(1.087.254.311)</b>   |
| <b>Operating result</b>              |             | <b>129.622.820</b>   | <b>90.856.712</b>  | <b>276.917.794</b>   | <b>107.188.617</b>   |
| Finance cost                         |             | (27.565.607)   | (6.105.321)  | (64.958.489)   | (68.159.701)   |
| Finance income                       |             | 12.222.766   | 35.124.973   | 61.097.122   | 83.694.403   |
| <b>Net finance (expenses)/income</b> | <b>16</b>   | <b>(15.342.841)</b>  | <b>29.019.652</b>  | <b>(3.861.367)</b>   | <b>15.534.702</b>  |
| <b>Profit before income tax</b>      |             | <b>114.279.979</b>   | <b>119.876.364</b>   | <b>273.056.427</b>   | <b>122.723.319</b>   |
| Net income tax expense               | <b>13</b>   | (22.775.378)   | (19.215.531)   | (47.771.875)   | (20.326.491)   |
| <b>Profit for the period</b>         |             | <b>91.504.601</b>  | <b>100.660.833</b>   | <b>225.284.552</b>   | <b>102.396.828</b>   |

The condensed individual interim financial statements presented at page 1 to 21 were signed on 10 November 2017 by:

Cosmin Ghita  
Chief Executive Officer

Mihai Darie  
Chief Financial Officer

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**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Comprehensive Income for the nine months period ended at 30 September 2017

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

|   |             | <b>Period of 3<br/>months ended<br/>at 30<br/>September<br/>2017<br/>(unaudited)</b> | <b>Period of 3<br/>months ended<br/>at 30<br/>September<br/>2016<br/>(unaudited,<br/>restated)</b> | <b>Period of 9<br/>months ended<br/>at 30<br/>September<br/>2017<br/>(unaudited)</b> | <b>Period of 9<br/>months ended<br/>at 30<br/>September<br/>2016<br/>(unaudited,<br/>restated)</b> |
|---|-------------|--|--|--|--|
|   | <b>Note</b> |  |  |  |  |
| <b>Profit for the period</b>                      |             | <b>91.504.601</b>  | <b>100.660.833</b>   | <b>225.284.552</b>   | <b>102.396.828</b>   |
| <b>Other items of the comprehensive income</b>    |             |  |  |  |  |
| Actuarial (loss) for the determined benefit plans |             | -  | -  | (1.990.072)  | (572.459)  |
| <b>Other items of the comprehensive income</b>    |             | <b>-</b>   | <b>-</b>   | <b>(1.990.072)</b>   | <b>(572.459)</b>   |
| <b>Total comprehensive income for the period</b>  |             | <b>91.504.601</b>  | <b>100.660.833</b>   | <b>223.294.480</b>   | <b>101.824.369</b>   |
| <b>Earnings per share</b>                         |             |  |  |  |  |
| Basic earnings per share (RON/share)              | <b>16</b>   | 0,30   | 0,33   | 0,75   | 0,36   |
| Diluted earnings per share (RON/share)            | <b>16</b>   | 0,30   | 0,33   | 0,75   | 0,36   |

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**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Changes in Equity for the nine months period ended 30 September 2017

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

|   | Note      | Share capital        | Share capital premium | Prepaid share reserve | Revaluation reserve | Retained earnings    | Total equity         |
|---|-----------|----------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|
| <b>Balance as at 1 January 2017 (audited)</b>           |           | <b>3.210.641.253</b> | <b>31.474.149</b>     | <b>21.553.537</b>     | <b>265.842.461</b>  | <b>3.977.101.856</b> | <b>7.506.613.256</b> |
| Correcting of accounting errors                         |           | -                    | -                     | -                     | -                   | (31.844.113)         | <b>(31.844.113)</b>  |
| <b>Balance as at 1 January 2017 (audited, restated)</b> |           | <b>3.210.641.253</b> | <b>31.474.149</b>     | <b>21.553.537</b>     | <b>265.842.461</b>  | <b>3.945.257.743</b> | <b>7.474.769.143</b> |
| <b>Comprehensive income for the period</b>              |           |                      |                       |                       |                     |                      |                      |
| <i>Profit for the period</i>                            |           | -                    | -                     | -                     | -                   | 225.284.552          | <b>225.284.552</b>   |
| <i>Other elements of comprehensive income</i>           |           | -                    | -                     | -                     | -                   | (1.990.072)          | <b>(1.990.072)</b>   |
| <b>Total comprehensive income for the period</b>        |           | -                    | -                     | -                     | -                   | <b>223.294.480</b>   | <b>223.294.480</b>   |
| Transfer of revaluation reserve to retained earnings    | <b>10</b> | -                    | -                     | -                     | (20.328.468)        | 20.328.468           | -                    |
| Distributed dividends                                   | <b>10</b> | -                    | -                     | -                     | -                   | (209.499.571)        | <b>(209.499.571)</b> |
| <b>Balance as at 30 September 2017 (unaudited)</b>      |           | <b>3.210.641.253</b> | <b>31.474.149</b>     | <b>21.553.537</b>     | <b>245.513.993</b>  | <b>3.979.381.120</b> | <b>7.488.564.052</b> |

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**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Changes in Equity for the nine months period ended 30 September 2017

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

|  | Note | Share capital        | Share premium     | Prepaid share reserve | re-evaluation reserve | Retained earnings    | Total equity         |
|--|------|----------------------|-------------------|-----------------------|-----------------------|----------------------|----------------------|
| <b>Balance as at 1 January 2016 (audited)</b>                |      | <b>3.210.641.253</b> | <b>31.474.149</b> | <b>21.553.537</b>     | <b>293.329.577</b>    | <b>3.936.724.775</b> | <b>7.493.723.291</b> |
| Correcting of accounting errors                              |      | -                    | -                 | -                     | -                     | (36.133.136)         | <b>(36.133.136)</b>  |
| <b>Balance as at 1 January 2016 (audited, restated)</b>      |      | <b>3.210.641.253</b> | <b>31.474.149</b> | <b>21.553.537</b>     | <b>293.329.577</b>    | <b>3.900.591.639</b> | <b>7.457.590.155</b> |
| <b>Comprehensive income for the period</b>                   |      |                      |                   |                       |                       |                      |                      |
| <i>Profit for the period</i>                                 |      | -                    | -                 | -                     | -                     | 102.396.828          | <b>102.396.828</b>   |
| <i>Other elements of comprehensive income</i>                |      | -                    | -                 | -                     | -                     | (572.459)            | <b>(572.459)</b>     |
| <b>Total comprehensive income for the period</b>             |      | -                    | -                 | -                     | -                     | <b>101.824.369</b>   | <b>101.824.369</b>   |
| Transfer of revaluation reserve to retained earnings         | 10   | -                    | -                 | -                     | (20.655.473)          | 20.655.473           | -                    |
| Distributed dividends  | 10   | -                    | -                 | -                     | -                     | (99.499.571)         | <b>(99.499.571)</b>  |
| <b>Balance as at 30 September 2016 (unaudited, restated)</b> |      | <b>3.210.641.253</b> | <b>31.474.149</b> | <b>21.553.537</b>     | <b>272.674.104</b>    | <b>3.923.571.910</b> | <b>7.459.914.953</b> |

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**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Cash Flows for the nine months period ended 30 September 2017

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

|  | <b>Period of<br/>9 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>9 months ended at<br/>30 September 2016<br/>(unaudited, restated)</b> |
|--|--|--|
| <b>Cash flows from operating activities</b>                      |  |  |
| Profit before income tax   | <b>273.056.427</b>   | <b>122.723.319</b>   |
| <b>Adjustments for :</b>   |  |  |
| Depreciation and amortization                                    | 370.183.392  | 359.948.779  |
| Impairment loss on trade and other receivables                   | 4.910  | (2.116)  |
| Impairment loss on inventories                                   | (738.904)  | (1.226.910)  |
| Other provisions   | 14.885.871   | 7.692  |
| Gains from disposal of assets and impairment adjustments impact  | (17.912)   | (58.659)   |
| Net finance income/(expenses)                                    | 6.210.028  | (14.854.494)   |
| <b>Changes in:</b>   |  |  |
| Decrease in trade and other receivables                          | 45.446.120   | 44.827.730   |
| (Increase)/Decrease in inventories                               | (1.908.330)  | 6.811.666  |
| Variation in deferred income                                     | (1.280.273)  | (24.909.946)   |
| Variation in prepayments   | (1.947.323)  | (6.237.771)  |
| Decrease in accounts payable and other liabilities               | (83.474.379)   | (93.156.506)   |
| <b>Cash flows related to operating activities</b>                | <b>620.419.627</b>   | <b>393.872.784</b>   |
| Income tax paid  | (34.630.169)   | (20.678.197)   |
| Interest received  | 10.662.252   | 13.567.686   |
| Interest paid  | (4.953.661)  | (4.170.269)  |
| <b>Net cash flow related to operating activities</b>             | <b>591.498.049</b>   | <b>382.592.004</b>   |
| <b>Cash flows related to investing activities</b>                |  |  |
| Purchase of intangible assets                                    | (63.176)   | (7.148.529)  |
| Purchase of property, plant and equipment                        | (76.437.598)   | (70.696.848)   |
| Proceeds from disposal of non-current assets                     | 21.210   | 68.766   |
| Decrease/ (Increase) in bank deposits                            | 21.653.941   | (19.123.875)   |
| <b>Net cash flow related to investing activities</b>             | <b>(54.825.623)</b>  | <b>(96.900.486)</b>  |
| <b>Cash flow related to financing activities</b>                 |  |  |
| Payments of borrowings   | (153.405.401)  | (134.137.639)  |
| Payments of dividends  | (98.631.989)   | (98.679.803)   |
| <b>Net cash flow related to financing activities</b>             | <b>(252.037.390)</b>   | <b>(232.817.442)</b>   |
| <b>Net increase in cash and cash equivalents</b>                 | <b>284.635.036</b>   | <b>52.874.076</b>  |
| <b>Cash and cash equivalents as at 1 January (see Note 8)</b>    | <b>263.714.387</b>   | <b>257.376.819</b>   |
| <b>Cash and cash equivalents as at 30 September (see Note 8)</b> | <b>548.349.423</b>   | <b>310.250.895</b>   |

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## **S.N. Nuclearelectrica S.A.**

Notes to the Condensed Individual Interim Financial Statements as at and for the nine months period ended on 30 September 2017

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

### **1. REPORTING ENTITY**

Societatea Nationala Nuclearelectrica S.A. (“the Company” or “SNN”) is a national joint stock company, administrated in unitary system, having a head office and two branches without legal personality: Cernavoda NPP subsidiary (Nuclear Power Plant) – having the office in Constanta district, Cernavoda town, Medgidiei Street, no. 2, registered at the Trade Register under the number J13/3442/2007 and, respectively, FCN Pitesti subsidiary (Nuclear Fuel Factory) – having the office in Arges district, Mioveni town, Campului Street, no. 1, registered at the Trade Register under the number J03/457/1998. The Company’s head office is located in Bucharest, 65 Polona Street. The main activity of the company is the “Electric power production” – CAEN code 3511, registered at the Trade Register under the number J40/7403/1998, sole registration number 10874881, fiscal attribute RO.

The main activity of the Company is consisting of the electric and thermal energy generation by nuclear procedures. The main place of business is within Cernavoda NPP subsidiary, where the Company has two operating nuclear reactors (Unit 1 and Unit 2). The two nuclear operational reactors are based on CANDU technology (Canada Deuterium Uranium reactor of PHWR type). The Company owns at Cernavoda other two nuclear reactors in the early stage of construction (Units 3 and Unit 4). The construction of Units 3 and 4 was planned to be completed by Energonuclear S.A subsidiary; currently, there is a new strategy to continue the project related to Units 3 and 4 approved by the Extraordinary General Meeting of Shareholders on 22 August 2014 (for more information see Note 5).

The Company also owns another reactor (Unit 5), for which the Company’s shareholders have approved the change of the initial destination in March 2014, namely the use of Unit 5 for performing the activities connected to the operation of Units 1 and 2. The changing project of Unit 5 is in progress and it is estimated to be finalized during the year 2018. Unit 5 is integrally depreciated, because there is no plan to continue its construction as a nuclear unit.

Manufacturing of nuclear fuel bundles CANDU type required for operating of the two nuclear reactors located in the subsidiary Cernavoda NPP, is performed by the Company, within the subsidiary FCN Pitesti.

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

As at 30 September 2017 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 S.A. owning 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.

### **2. BASIS OF PREPARATION**

#### **a) Statement of compliance**

The present condensed individual interim financial statements were prepared according to the Order of the Public Finances Ministry no. 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”) (“OMFP 2844/2016”). According to OMFP 2844/2016, the International Financial Reporting Standards represent the standards adopted according to the procedure stipulated by the Regulation of the European Committee no. 1.606/2002 of the European Parliament and of the Council, from 19 July 2002 regarding the application of the international accountancy standards.

These condensed individual interim financial statements have been prepared in accordance with IAS34 *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 IFRS and they must be read along with the Annual Individual Financial Situations issued at the date and for the financial year ended at 31 December 2016. However, certain explanatory notes are included to explain the events and transactions that are significant for understanding of the changes in the Company’s financial position and performance since the last annual individual financial statements as at and for the year ended at 31 December 2016.

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**S.N. Nuclearelectrica S.A.**

Notes to the Condensed Individual Interim Financial Statements as at and for the nine months period ended on 30 September 2017

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

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The condensed individual interim financial statements as at and for the nine months period ended on 30 September 2017 are not audited, nor review by an independent auditor.

These condensed individual interim financial statements were authorized to be issued and signed on 10 November 2017 by the Company's management.

**b) Use of estimates and judgments**

The preparation of these condensed individual 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 5 (Continuity of the Energonuclear activity and of the project for the Units 3 and 4).

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the individual financial statements as at and for the year ended 31 December 2016.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed individual interim financial statements are the same as those applied in the Company's individual financial statements as at and for the year ended at 31 December 2016.

***Correction of some accounting errors***

The Company has implemented the provisions of IFRIC 21 –Taxes for modifying the accounting principles, starting with the annual financial statements of the financial year 2014. Within their application, the Company has identified the tax for special constructions and the local taxes and fees. The Company has recognized the liability regarding these taxes and fees at the apparition moment of the activity that determines the payment, as it is defined in the relevant legislation. A liability regarding the taxes and fees is progressively estimated only if the activity that determines the payment appears during some period.

The company has considered that the liability recognition moment is determined by the existence in its patrimony and assets that are making the tax base and, consequently, the liability regarding the tax for special constructions and the local fees and taxes have been integrally recognized on 1 January, compared to the afferent expenses.

The company has reconsidered the date when the generating event connected to the fees and taxes covered by IFRIC 21 appears and has concluded that this date is 31 December of each year. This evaluation modification connected to the date when the generating event appears has been treated as an accounting error according to the provisions of IAS 8 – Accounting policies, changes of accounting provisions and correcting the errors.

The reconsideration of the accounting treatment afferent to the government taxes and fees that are covered by IFRIC 21, determines modification to the state budget, to the local taxes and fees, respectively to the deferred tax, recorded in the current period, the comparing financial statements being properly restated.

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**S.N. Nuclearelectrica S.A.**

Notes to the Condensed Individual Interim Financial Statements as at and for the nine months period ended on 30 September 2017

(All amounts are in RON, unless stated otherwise)

The effect of the accounting errors correction upon the Profit and loss account in the compared financial statements:

| <b>Profit of the period</b>                                      | <b>Period of 3 months<br/>ended on<br/>30 September 2016</b> | <b>Period of 9 months<br/>ended on<br/>30 September 2016</b> |
|--|--|--|
| <b>Value reported before the correction of accounting errors</b> | <b>102.381.972</b>   | <b>64.543.117</b>  |
| Cancellation local taxes fees                                    | -  | 43.015.638   |
| Resumption of Deffered tax                                       | (1.721.139)  | (5.161.927)  |
| <b>Restated value after the correction of accounting errors</b>  | <b>100.660.833</b>   | <b>102.396.828</b>   |

The effect of the accounting errors correction on the financial position from the comparative financial statements:

|  |                         |
|--|-------------------------|
| <b>Trade payables and other liabilities (see Note 12)</b>        | <b>31 December 2016</b> |
| <b>Value reported before the correction of accounting errors</b> | <b>178.860.825</b>      |
| Recognition of taxes for the year 2017 at 31.12.2016             | 37.909.659              |
| <b>Resteted value after the correction of accounting errors</b>  | <b>216.770.484</b>      |
| <b>Deferred tax liabilities</b>                                  | <b>31 December 2016</b> |
| <b>Value reported before the correction of accounting errors</b> | <b>163.087.603</b>      |
| Recognition of deferred tax assets at 31 December prior year     | (6.882.502)             |
| Current period deferred tax restatement                          | 6.882.502               |
| Recognition of deferred tax assets at 31.12.2016                 | (6.065.546)             |
| <b>Resteted value after the correction of accounting errors</b>  | <b>157.022.057</b>      |
| <b>Reported result</b>   | <b>31 December 2016</b> |
| <b>Value reported before the correction of accounting errors</b> | <b>3.977.101.856</b>    |
| Cancellation taxes for the year 2016 registered at 31.12.2015    | (43.015.638)            |
| Recognition of taxes for the year 2016 registered at 31.12.2015  | 43.015.638              |
| Recognition of taxes for the year 2017 at 31.12.2016             | (37.909.659)            |
| Recognition of deferred tax receivable at 31 December prior year | 6.882.502               |
| Resumption of deffered tax in the current period                 | (6.882.502)             |
| Recognition of deferred tax receivable at 31.12.2016             | 6.065.546               |
| <b>Resteted value after the correction of accounting errors</b>  | <b>3.945.257.743</b>    |

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Notes to the Condensed Individual Interim Financial Statements as at and for the nine months period ended on 30 September 2017

(All amounts are in RON, unless stated otherwise)

**4. PROPERTY, PLANT AND EQUIPMENT**

|   | Land              | Nuclear power plants | Machinery, equipment and other assets | Assets in course of construction | TOTAL                |
|---|-------------------|----------------------|---------------------------------------|----------------------------------|----------------------|
| <b>Cost</b>                                     |                   |                      |                                       |                                  |                      |
| <b>Balance at 1 January 2016 (audited)</b>      | <b>31.534.439</b> | <b>5.415.577.164</b> | <b>1.480.759.307</b>                  | <b>979.523.186</b>               | <b>7.907.394.096</b> |
| Additions                                       | -                 | -                    | 13.256.072                            | 93.305.636                       | <b>106.561.708</b>   |
| Transfers                                       | -                 | 164.223.252          | 29.262.697                            | (193.485.949)                    | -                    |
| Inventory transfers                             | -                 | -                    | -                                     | 289.417                          | <b>289.417</b>       |
| Transfer to intangible assets                   | -                 | -                    | -                                     | (13.717.629)                     | <b>(13.717.629)</b>  |
| Disposals                                       | -                 | -                    | (1.477.663)                           | (5.851.327)                      | <b>(7.328.990)</b>   |
| <b>Balance at 31 December 2016 (audited)</b>    | <b>31.534.439</b> | <b>5.579.800.416</b> | <b>1.521.800.413</b>                  | <b>860.063.334</b>               | <b>7.993.198.602</b> |
| <b>Balance at 1 January 2017 (audited)</b>      | <b>31.534.439</b> | <b>5.579.800.416</b> | <b>1.521.800.413</b>                  | <b>860.063.334</b>               | <b>7.993.198.602</b> |
| Additions                                       | -                 | -                    | 22.742.930                            | 50.326.863                       | 73.069.793           |
| Transfers                                       | -                 | 9.163.005            | 35.262.016                            | (44.425.021)                     | -                    |
| Inventory transfers                             | -                 | -                    | -                                     | (165.255)                        | (165.255)            |
| Transfer of spare parts                         | -                 | -                    | 9.357.308                             | (9.357.308)                      | -                    |
| Disposals                                       | -                 | -                    | (1.218.100)                           | -                                | (1.218.100)          |
| <b>Balance at 30 September 2017 (unaudited)</b> | <b>31.534.439</b> | <b>5.588.963.421</b> | <b>1.587.944.566</b>                  | <b>856.442.613</b>               | <b>8.064.885.039</b> |
| <b>Depreciation and impairment adjustment</b>   |                   |                      |                                       |                                  |                      |
| <b>Balance at 1 January 2016 (audited)</b>      | <b>311.030</b>    | <b>29.408.719</b>    | <b>255.579.053</b>                    | <b>147.539.743</b>               | <b>432.838.545</b>   |
| Depreciation charges                            | 51.838            | 346.011.604          | 113.783.192                           | -                                | <b>459.846.634</b>   |
| Accumulated depreciation of disposals           | -                 | -                    | (1.463.222)                           | -                                | (1.463.222)          |
| Adjustments for fixed assets depreciation       | 187.914           | -                    | -                                     | (6.698.248)                      | <b>(6.510.334)</b>   |
| <b>Balance at 31 December 2016 (audited)</b>    | <b>550.782</b>    | <b>375.420.323</b>   | <b>367.899.023</b>                    | <b>140.841.495</b>               | <b>884.711.623</b>   |
| <b>Balance at 1 January 2017 (audited)</b>      | <b>550.782</b>    | <b>375.420.323</b>   | <b>367.899.023</b>                    | <b>140.841.495</b>               | <b>884.711.623</b>   |
| Depreciation charges                            | -                 | 268.270.314          | 88.474.383                            | -                                | 356.744.698          |
| Accumulated depreciation of disposals           | -                 | -                    | (1.214.802)                           | -                                | (1.214.802)          |
| Adjustments for fixed assets depreciation       | -                 | -                    | -                                     | (310.912)                        | (310.912)            |
| <b>Balance at 30 September 2017 (unaudited)</b> | <b>550.782</b>    | <b>643.690.637</b>   | <b>455.158.605</b>                    | <b>140.530.583</b>               | <b>1.239.930.607</b> |
| <b>Carrying amount</b>                          |                   |                      |                                       |                                  |                      |
| <b>Balance at 1 January 2016 (audited)</b>      | <b>31.223.410</b> | <b>5.386.168.445</b> | <b>1.225.180.254</b>                  | <b>831.983.443</b>               | <b>7.474.555.551</b> |
| <b>Balance at 31 December 2016 (audited)</b>    | <b>30.983.658</b> | <b>5.204.380.093</b> | <b>1.153.901.389</b>                  | <b>719.221.839</b>               | <b>7.108.486.979</b> |
| <b>Balance at 30 September 2017 (unaudited)</b> | <b>30.983.658</b> | <b>4.945.272.783</b> | <b>1.132.785.962</b>                  | <b>715.912.030</b>               | <b>6.824.954.433</b> |

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

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The machinery, equipment and other assets mainly include the heavy water used for Units 1 and 2, with a net carrying amount as at 30 September 2017 of 457.494.046 RON (31 December 2016: 456.034.348 RON) and administrative buildings with a net carrying amount value as at 30 September 2017 of 300.375.997 RON (31 December 2016: 315.465.551 RON).

As at 30 September 2017, the net carrying amount of Units 3 and 4, recognized as “Assets under construction”, is of 273.960.000 RON (31 December 2016: 273.960.000 RON). Before 1991, 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 Company made the allocation of the construction costs to Nuclear Power Plant Units 3 and 4, as well as for Unit 5.

The carrying amount of the heavy water purchased specially for the Units 3 and 4 is of 158.511.960 RON (31 December 2016: 158.511.960 RON), representing approximately 75 tons. The asset is presented within the group “Assets in course of construction”.

The main investments made by the Company during the nine months period ended on 30 September 2017 for the projects under construction related to Units 1 and 2 include:

- Construction of storage and loading areas for the used nuclear fuel (DICA) in amount of 15.378.300 RON (in 2016: 8.116.594 RON);
- Assembly of access gates into the water inlet chamber area amounting to 3.549.668 RON (in 2016: 4.296.668 RON);
- Refurbishment of the DCC emulator from the Full Scope Simulator structure in amount of 2.316.361 RON (in 2016: 261.965 RON).

The main investments commissioned during the nine months period ended at 30 September 2017 refer mainly to: improvement of the live steam system in amount of 3.620.344 RON, filtering systems upstream the water chambers for the Units 1 and 2 in amount of 4.539.920 RON, construction of storage and loading areas for the used nuclear fuel (DICA) in amount of 9.900.746 RON.

During the period 01 January - 30 September 2017, the Company purchased 11.909,52 kg of heavy water from the National Administration of the State Reserves and Special Problems (“ANRSPS”), necessary for the Units 1 and 2 operation in amounting to 21.993.395 RON (in the year 2016: 5.081,59 kg of heavy water were purchased in amounting to 9.621.247 RON).

As at 30 September 2017, the carrying amount of assets under construction which refers to Units 3 and 4 is in amount of 506.543.673 RON, including the heavy water value (31 December 2016: 507.024.049 RON). As at 30 September 2017, the remaining difference up to 715.912.030 RON (31 December 2016: 719.221.839 RON) represents assets under construction related to Units 1 and 2, such as: D2O detritiation installation in the amount of 63.230.074 RON, construction of loading and storage facilities for the used nuclear fuel (DICA) in the amount of 29.222.946 RON, improvement of nuclear security systems after Fukushima in amount of 12.936.829 RON, extension of Unit 1 lifetime compared to the designed lifetime in amount of 8.255.679 RON.

As at 30 September 2017, the company acquired on credit fixed assets from suppliers (commercial credit) in amount of 4.454.292 RON (31 December 2016: 9.115.482 RON).

The values presented at 1 January 2016 and 31 December 2016 related to the property, plant and equipment costs, respectively to the cumulated amortization related to the property, plant and equipment at the same dates have been corrected with the total value of 15.291.476 RON, out of which for the category “Lands” with the amount of 2.491.550 RON and for the category “Machinery, equipment and other assets” with the amount of 12.799.926 RON, in order to correlate the values presented in this note with the accounting data. These corrections did not have any impact upon the net carrying amount of the property, plant and equipment for any of the previously reported periods.

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Notes to the Condensed Individual Interim Financial Statements as at and for the nine months period ended on 30 September 2017

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

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### *Decommissioning of nuclear power plants*

Unit 1 is designed to operate until 2026 and Unit 2 until 2037. The Company 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 Radioactive Waste (“ANDR”) is responsible for collecting the contributions paid by the Company 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 15). The company’s expense regarding the contributions to ANDR for the nine months period ended 30 September 2017 is in amount of 70.691.686 RON (the 9 months period ended at 30 September 2016: 68.456.679 RON).

### *Assets pledged as security*

As at 30 September 2017, respectively 31 December 2016 the Company has no pledged or mortgaged assets.

## **5. FINANCIAL INVESTMENTS**

The financial investments are mainly represented by the investment in Energonuclear S.A. (“Energonuclear”). As at 30 September 2017 and 31 December 2016, the company holds 100% from the share capital of Energonuclear S.A. The participation value at 30 September 2017 and 31 December 2016 is of 141.666.101 RON.

### *Continuity of activity for Energonuclear S.A. and for the project of Units 3 and 4*

The uncertainties regarding Energonuclear’s capacity to continue its activity mentioned and explained in detail in the annual financial statements prepared on and for the financial year concluded on 31 December 2016 continue to exist as at 30 September 2017.

As at 31 January 2017, the negotiation committee has approved the negotiations continuing proposal upon the Investment Documents under the same conditions from MoU, the formalities for obtaining a mandate from the Inter-Ministerial Committee, Romanian Government, respectively the Company General Meeting of Shareholders being initiated regarding the continuation of negotiations.

On 23 February 2017 a meeting between the representatives of the Energy Ministry and of CGN took place regarding the need of assuming an activity calendar and for speeding the negotiations on the incorporation of the new Project Company (“JVCo”). At the request of CGN, in the absence of a new negotiation mandate, during 28 - 30 March 2017 and, respectively, 10 - 13 April 2017 unofficial technical discussions have taken place between the representatives of SNN and CGN.

On 6 March 2017, The Inter-Ministerial Committee has approved the proposal of the Negotiation Committee regarding the continuation of negotiations and the submission for approval to the Romanian Government of a memorandum in this respect. The continuation of negotiations can take place after the approval within the Company General Meeting of the Shareholders.

During March – July 2017 clarifications and analyzes have taken place in order to identify the options and define the parameters that can allot the possible engagements of the Romanian State reported to the requirements of CGN.

The Inter-Ministerial Committee for the Project Units 3 and 4 of Cernavoda NPP decided the endorsement of the continuation of negotiations upon the Investment Documents for a period up to 6 months from the institutional and corporative approval date, applying all the other provisions of MoU, including the possibility of any Party to terminate the MoU without any indemnization through a simple written notification to the other Party, in case an agreement has not been reached upon the Investment Documents and to the extent to which the delay has not been caused by the respective Party.

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

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Through a Government Memorandum, on 13 July 2017, the continuation negotiations was approved upon the Investment Documents regarding the development, construction, operation and decommissioning of the Units 3 and 4 of Cernavoda NPP with the Chinese company CGN.

As per the Resolution no. 114/20.07.2017 SNN Board of Directors endorsed and sent for approval to the SNN General Extraordinary Meeting of the Shareholders the continuation of negotiation upon the Investment documents under the same conditions from the MoU, for a period of 6 months from the institutional and corporate approval date, applying all the other provisions of MoU, including the possibility of any Party to terminate the MoU without any indemnization through a simple written notification to the other Party, in case an agreement has not been reached upon the Investment Documents and to the extent to which the delay has not been caused by the respective Party.

As per the Resolution of the General Extraordinary Meeting of the Shareholders of SNN no. 6/24.08.2017 the following were approved:

- The continuation of negotiations upon the Investment documents under the same conditions from the MoU, for a period of 6 months from the institutional and corporate approval date, applying all the other provisions of MoU, inclusive the possibility of any Party to terminate the MoU without any indemnization through a simple written notification to the other Party, in case an agreement has not been reached upon the Investment Documents and to the extent to which the delay has not been caused by the respective Party.
- The empowerment of the Board of Directors to establish the terms and conditions of the negotiations that will be carried out with the selected investor by the representatives of SNN within the Negotiation Commission for the development of the project for the Units 3 and 4 of Cernavoda NPP, according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

Through the Resolution of the Board of Directors of SNN no. 133/24.08.2017 the terms and conditions of the negotiations that will be carried out with the selected investor by the representatives of SNN within the Negotiation Commission for the development of the project for the Units 3 and 4 of Cernavoda NPP were approved, according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

The negotiation process restarted on 13 September 2017, according to the calendar agreed between the Negotiation Commission and CGN. During 13 - 29 September 2017 negotiations have taken place upon the Investors Agreement project ("AI") and of the relevant appendixes to the AI, being identified: (i) the clauses/sections upon which the parties have reached an agreement, (ii) the clauses/provisions that have to be reformulated (for which editing terms for some proposals by both Parties' consultants have been established) and/or (iii) the aspects remained divergent, as well as the discussion of the principles mentioned in the list of aspects escalated by the parties and the identification of the flexible positions of the parties.

During October, the Negotiation Commission („CN”) has analysed the aspects discussed in the negotiation sessions with CGN from the period 13-29 September 2017 that deviate from the initial mandate received through the Government Memorandum from 13 July 2017 or for which there clarifications are necessary by comparison to the strategy regarding the project. The proposals of CN for the modification/flexibilization of the negotiation mandate have been endorsed by SNN Board of Directors and by the Inter-Ministerial Commission.

Considering the above mentioned aspects, as well as the stage of the negotiations with the selected investor for the development of the project for the Units 3 and 4 Cernavoda NPP, the management of the company is confident that the project developed by Energonuclear and that might be continued by the new project company, will continue in the future and there will be an increasing need for the energy that is going to be generated by Units 3 and 4. Thus, the company's management considers that the investment in Energonuclear S.A. is going to be recovered, according to the Strategy.

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(All amounts are in RON, unless stated otherwise)

**6. INVENTORIES**

As at 30 September 2017 and 31 December 2016 the inventories are as follows:

|                              | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited)</b> |
|------------------------------|--|---|
| Spare parts                  | 142.038.519                                    | 130.820.218                                 |
| Supplies and other materials | 36.821.742                                     | 45.107.372                                  |
| Nuclear fuel                 | 113.635.762                                    | 102.355.393                                 |
| Uranium                      | 36.826.466                                     | 49.372.687                                  |
| Other inventories            | 4.381.867                                      | 3.401.452                                   |
| <b>TOTAL</b>                 | <b>333.704.356</b>                             | <b>331.057.122</b>                          |

**7. TRADE RECEIVABLES AND OTHER RECEIVABLES**

As at 30 September 2017 and 31 December 2016 the trade and other receivables are as follows:

|                             | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited)</b> |
|-----------------------------|--|---|
| Trade receivables           | 106.116.927                                    | 137.740.298                                 |
| Trade receivables allowance | (12.851.654)                                   | (12.846.744)                                |
| Other receivables           | 12.492.320                                     | 13.079.870                                  |
| Other receivables allowance | (3.468.965)                                    | (3.468.965)                                 |
| Taxes and duties            | 12.970.832                                     | 27.558.843                                  |
| <b>Total</b>                | <b>115.259.460</b>                             | <b>162.063.302</b>                          |

As at 30 September 2017, the main trade receivables in balance are from: GEN-I d.o.o. – 15.556.126 RON (31 December 2016: 15.251.159 RON), E.ON Energie Romania S.A. – 12.840.764 RON (31 December 2016: 2.740.938 RON), Enel Energie S.A. – 8.019.384 RON (31 December 2016: 8.820.614 RON), Electrica Furnizare S.A. 7.446.423 (31 December 2016: 30.893.082 RON), Alpiq Romindustries S.R.L. – 7.289.507 RON (31 December 2016: 4.980.931 RON), Enel Energie Muntenia S.A. – 4.838.184 RON (31 December 2016: 10.677.949 RON).

**8. CASH AND CASH EQUIVALENTS**

As at 30 September 2017 and at 31 December 2016 the cash and cash equivalents are as follows:

|  | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited)</b> |
|--|--|---|
| Cash at bank in RON                    | 532.993.359                                    | 262.257.016                                 |
| Cash at bank in foreign currency       | 15.356.064                                     | 1.457.371                                   |
| <b>Total cash and cash equivalents</b> | <b>548.349.423</b>                             | <b>263.714.387</b>                          |

**9. EQUITY****Reported result**

The reported result represents the cumulated result of the company. The reported result is distributed based on the annual financial statements issued according to the Order of the Public Finances Ministry no. 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards.

During the nine months period ended at 30 September 2017, the company has declared dividends in amount of 209.499.571 RON (30 September 2016: 99.499.571 RON), out of which 99.499.571 RON distributed from the net profit of the financial year 2016, according to the GMS Resolution no. 2/24.04.2017 and 110.000.000 RON distributed

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based on the provisions of art. II and art. III from the Government Emergency Ordinance no. 29/2017, from « Other reserves representing financing sources », according to the GMS Resolution no. 8/28.09.2017. The gross dividends, not paid at 30 September 2017 are in amount of 110.060.660 RON (30 September 2016: 309.943 RON).

Consequent to the reconsideration of the governmental taxes and fees accounting treatment, according to IFRIC 21, detailed in Note 3, the reported result of the comparative period has been restated.

**10. BORROWINGS**

Reimbursements of loans during the nine months period ended at 30 September 2017 were at follows:

|                                     | Currency | Interest rate      | Carrying amount      | Year of maturity |
|-------------------------------------|----------|--------------------|----------------------|------------------|
| <b>Balance at 1 January 2017</b>    |          |                    | <b>1.345.420.230</b> |                  |
| New issues                          |          |                    |                      |                  |
| <b>Repayments, out of which:</b>    |          |                    | <b>(153.405.402)</b> |                  |
| Societe Generale - ALSTOM           | EUR      | EURIBOR 6M +0,45%  | (2.436.066)          | 2017             |
| Societe Generale - ANSALDO BC       | EUR      | EURIBOR 6M +0,45%  | (17.569.294)         | 2022             |
| Societe Generale - AECL BC          | CAD      | CDOR 6M +0,375%    | (33.181.752)         | 2022             |
| Societe Generale - NEXANS           | EUR      | EURIBOR 6M +0,45%  | (3.060.143)          | 2017             |
| Societe Generale - GENERAL ELECTRIC | USD      | LIBOR 6M + 0,07%   | (12.249.737)         | 2017             |
| EURATOM                             | EUR      | EURIBOR 6M + 0,08% | (84.908.410)         | 2024             |
| <b>Exchange rate differences</b>    |          |                    | <b>2.571.802</b>     |                  |
| <b>Balance at 30 September 2017</b> |          |                    | <b>1.194.586.631</b> |                  |

As at 30 September 2017 and 31 December 2016 the long term loans from credit institutions were as follows:

|   | 30 September 2017<br>(unaudited) | 31 December 2016<br>(audited) |
|---|----------------------------------|-------------------------------|
| Societe Generale - ALSTOM                               | -                                | 2.420.553                     |
| Societe Generale - ANSALDO BC                           | 176.803.948                      | 192.031.669                   |
| Societe Generale - AECL BC                              | 342.634.803                      | 383.665.096                   |
| Societe Generale - NEXANS                               | -                                | 3.040.658                     |
| Societe Generale - GENERAL ELECTRIC                     | -                                | 12.710.203                    |
| EURATOM   | 675.147.880                      | 751.552.050                   |
| <b>Total long term loans from credit institutions</b>   | <b>1.194.586.631</b>             | <b>1.345.420.229</b>          |
| <b>Less: current portion of the long term loans</b>     | <b>(210.586.871)</b>             | <b>(228.197.074)</b>          |
| <b>Less: balance of transaction costs (long term)</b>   | <b>(24.654.898)</b>              | <b>(29.261.340)</b>           |
| <b>Total long term loans, net of short term portion</b> | <b>959.344.862</b>               | <b>1.087.961.815</b>          |

As at 30 September 2017, the financial indicators related to the loan granted by EURATOM were fulfilled.

As at 30 September 2017 and 31 December 2016 the short term borrowings are as follows:

|  | 30 September 2017<br>(unaudited) | 31 December 2016<br>(audited) |
|--|----------------------------------|-------------------------------|
| Current portion of the long term loans   | 210.586.871                      | 228.197.074                   |
| Interests related to the long term loans | 1.725.876                        | 560.850                       |
| Short – term transaction costs           | (6.574.639)                      | (7.828.397)                   |
| <b>Total short term loans</b>            | <b>205.738.108</b>               | <b>220.929.527</b>            |

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**S.N. Nuclearelectrica S.A.**

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(All amounts are in RON, unless stated otherwise)

**11. OBLIGATIONS REGARDING THE EMPLOYEES BENEFITS**

As at 31 December 2016, the obligations regarding the employee's benefits in amount of 31.907.053 RON include the provision for the employees benefits granted by the company according to the Collective Employment Agreement („CCM”) of the company.

The in force CCM for the year 2017 provides the possibility of granting, starting with the approval date of the incomes and expenses date for the year 2017, to the company employees that are retiring from SNN and are cumulatively fulfilling the condition of having 15 years of experience in the electric or heating power field, out of which minimum the last 10 years of retirement from SNN, of a retirement help as a quota of 1200 kW electric power, granted in a single installment to the pension as a benefit whose amount is of 8.500 RON gross (value determined on actuarial bases); this benefit can be granted to the employees who are retiring from the SNN starting with 29 March 2017, date when the incomes and expenses budget of SNN for the year 2017 was approved, considering that the approval of including the amounts in the incomes and expenses budget was a condition for the benefit enforcement.

As at 30 June 2017, in order to update the provision afferent to the obligations regarding the benefits granted to the employees, the company has hired an actuarial expert in order to determine the existent conditions at 30 June 2017.

As at 30 September 2017, the obligations regarding the employees' benefits are in amount of 39.553.412 RON, containing both the provision for the employees' benefits granted by the company according to the in force CCM as they were valid at 31 December 2016, and the provision for the employees' benefits granted at retirement as help for the electric power value, starting with the date of 29 March 2017. The value of the obligations regarding the benefits granted to the employees as at 30 September 2017 is determined based on the report drafted by an actuarial expert as at 30 June 2017.

**12. TRADE AND OTHER PAYABLES**

As at 30 September 2017 and at 31 December 2016, the trade and other liabilities are as follows:

|   | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited, restated)</b> |
|---|--|---|
| Property, plant and equipment suppliers | 4.454.292                                      | 9.115.482   |
| Suppliers                               | 59.453.488                                     | 96.439.435  |
| Payables to employees                   | 7.367.312                                      | 15.102.120  |
| Payables to the State                   | 20.300.530                                     | 61.064.864  |
| Gross dividend                          | 110.067.720                                    | 295.306   |
| Other payables                          | 49.185.648                                     | 34.753.277  |
| <b>Total</b>                            | <b>250.828.990</b>                             | <b>216.770.484</b>                                    |

As at 30 September 2017, the main outstanding suppliers are: Apele Romane Bucuresti – 12.646.774 RON (31 December 2016: 11.792.224 RON), Elcomex I.E.A. S.A. – 4.970.273 RON (31 December 2016: 5.117.083 RON), General Concrete S.R.L. – 3.912.259 RON (31 December 2016: 3.400.806RON) and Mate – Fin S.R.L. – 3.534.161 RON (31 December 2016: 6.967.151 RON). As at 30 September 2017, the debt balance towards the supplier Cameco Inc. SUA is of 0 RON (31 December 2016: 17.967.417 RON).

The position „Payable dividends” includes the amount of 110.000.000 RON distributed according to art.II and art. III of the Government Emergency Ordinance no. 29/2017, from "Other reserves representing financing sources", according to the GMS Resolution no. 8/28.09.2017.

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**S.N. Nuclearelectrica S.A.**

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(All amounts are in RON, unless stated otherwise)

**13. INCOME TAX**

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

|                            | Period of<br>3 months ended at<br>30 September 2017<br>(unaudited) | Period of<br>3 months ended at<br>30 September 2016<br>(unaudited,<br>restated) | Period of<br>9 months ended at<br>30 September 2017<br>(unaudited) | Period of<br>9 months ended at<br>30 September 2016<br>(unaudited,<br>restated) |
|----------------------------|--|---|--|---|
| Current income tax expense | 23.762.881   | 19.941.658  | 51.961.078   | 21.891.356  |
| Deferred tax release       | (987.503)  | (726.126)   | (4.189.203)  | (1.564.864)   |
| <b>Total</b>               | <b>22.775.378</b>  | <b>19.215.532</b>   | <b>47.771.875</b>  | <b>20.326.492</b>   |

As a result of the reconsideration of the accounting treatment of the government fees and taxes, according to IFRIC 21, detailed in Note 3, "Costs with income tax" for the comparing period of the year 2016 has been properly modified, with the effect of the deferred profit tax.

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

|  | Period of 3<br>months ended at<br>30 September 2017<br>(unaudited) | Period of 3<br>months ended at<br>30 September<br>2016 (unaudited) | Period of 9<br>months ended at<br>30 September<br>2017 (unaudited) | Period of 9<br>months ended at<br>30 September<br>2016 (unaudited) |
|--|--|--|--|--|
| Sales of electricity on regulated market   | 18.003.177   | 55.277.282   | 84.161.249   | 196.289.780  |
| Sales of electricity on competitive market | 478.630.947  | 378.605.605  | 1.280.740.988  | 960.181.999  |
| Sales of thermal energy                    | 69.970   | 89.697   | 1.512.441  | 1.256.331  |
| Revenues from green certificates sales     | 4.161  | 4.423  | 12.320   | 13.218   |
| <b>Total</b>                               | <b>496.708.256</b>   | <b>433.977.007</b>   | <b>1.366.426.999</b>   | <b>1.157.741.328</b>   |

*(ii) Quantity of energy sold*

|   | Period of 3<br>months ended at<br>30 September<br>2017 (unaudited) | Period of 3<br>months ended at<br>30 September<br>2016 (unaudited) | Period of 9<br>months ended at<br>30 September<br>2017 (unaudited) | Period of 9<br>months ended at<br>30 September<br>2016 (unaudited) |
|---|--|--|--|--|
| Quantity of energy sold on regulated market (MWh)   | 114.885  | 339.786  | 529.174  | 1.206.257  |
| Quantity of energy sold on competitive market (MWh) | 2.644.295  | 2.448.927  | 7.355.497  | 6.394.870  |
| <b>Total</b>  | <b>2.759.181</b>   | <b>2.788.713</b>   | <b>7.884.671</b>   | <b>7.601.127</b>   |

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 Ciga Energy 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 22.397 MWh for the nine months period ended at 30 September 2017 (20.488 MWh in the nine months period ended at 30 September 2016).

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The company produces thermal energy production 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 40Gcal/h and 46,51MW. The company delivers thermal energy to the local company of thermal energy distribution SC Utilitati Publice SA Cernavoda, as well as to some end consumers in Cernavoda municipality –economic agents, social-cultural institutions. The thermal energy sales in the period 1 January – 30 September 2017 are in amount of 1.512.441 RON (1 January - 30 September 2016: 1.256.331 RON).

The electricity sector in Romania is regulated by the National Agency for Electricity Sector Regulation (ANRE), an autonomous public institution. The electric power market in Romania is under a gradual liberalization process until the end of the year 2017. The company participates to the electric power market both on the competitive segment, and on the regulated one of the market. ANRE establishes, through annual resolutions, the quantities of electric power that must be sold by the company on the regulated market, respectively the regulated prices that must be practiced in the current year; the regulated prices are established based on the economically justified costs, respectively cost plus profit margin, by using a methodology approved by ANRE.

In the nine months period ended at 30 September 2017, the Company has sold approximately 6,69% of the electric power on the regulated market (15,83% in the nine months period ended at 30 September 2016). The total quantity of electric power sold in the nine months period ended at 30 September 2017 is of 7.907.068 MWh, compared to 7.621.615 MWh, sold in the nine months period ended at 30 September 2016. The average sale price of the electric power on the regulated market in the nine months period ended at 30 September 2017 is of: 159,57 RON/MWh (period 1 January – 30 June 2017), respectively 156,93 RON/MWh (period 1 July – 30 September 2017) compared to 162,71 RON/MWh in the nine months period ended at 30 September 2016, the net value of the tariff for the electric power transport service paid by Transelectrica S.A. for introducing the electric power in the electric power transport network.

The reduction of the regulated price for the electric power delivered and sold by the company based on regulated contracts according to the Resolution of ANRE no. 861/13.06.2017, 159,57 RON/MWh at 156,93 RON/MWh, is based on the reduction of the nuclear fuel average cost considered for the establishment of the regulated price, based on the resolution of ANRE no. 1960/14.12.2016.

In the period 1 January – 30 June 2017, for the electric power sales on the regulated market, to the regulated price is added the regulated tariff for the introduction of the electric power in the transport network (Tg), from 1,34 RON/MWh (reduced from 4,04 RON/MWh starting with month July 2016 through the Order of ANRE no. 27/22.06.2016). Starting with 1 July 2017, the regulated tariff for the introduction of the electric power in the transport network (Tg) was established at 1,05RON/MWh, through the Order of ANRE no. 48/22.06.2017.

**15. OTHER OPERATING EXPENSES**

|   | <b>Period of<br/>3 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>3 months ended at<br/>30 September 2016<br/>(unaudited,<br/>restated)</b> | <b>Period of<br/>9 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>9 months ended at<br/>30 September<br/>2016 (unaudited,<br/>restated)</b> |
|---|--|--|--|--|
| Third parties services                  | 19.075.982   | 29.211.107   | 60.720.781   | 57.258.722   |
| Expenses with ANDR                      | 23.688.329   | 21.922.169   | 70.691.686   | 68.456.679   |
| Energy and water                        | 20.906.344   | 20.184.483   | 57.635.635   | 55.764.413   |
| Fuels, lubricants and other consumables | 6.637.320  | 7.056.713  | 23.956.781   | 28.594.176   |
| Insurance premiums                      | 3.591.686  | 1.884.518  | 8.892.371  | 8.856.741  |
| Transportation and telecommunication    | 1.622.043  | 1.559.647  | 4.558.498  | 4.688.361  |
| Other operating expenses                | 8.623.188  | 10.653.977   | 33.125.542   | 24.738.687   |
| <b>Total</b>                            | <b>84.144.892</b>  | <b>92.472.614</b>  | <b>259.581.294</b>   | <b>248.357.779</b>   |

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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 the ANDR:

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

As at 30 June 2017, the modification of the accounting treatment of the government fees and taxes according to IFRIC 21, detailed in Note 3, has determined the elimination of the costs with fees and taxes covered by IFRIC 21. According to the previously applied accounting treatment, the costs afferent to these fees and taxes were recognized in the first quarter of each year, and consequent to the application of the accounting treatment modification, they will be recorded in the last quarter of each financial year.

**16. FINANCIAL INCOME AND EXPENSES**

|                                       | <b>Period of<br/>3 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>3 months ended at<br/>30 September 2016<br/>(unaudited)</b> | <b>Period of<br/>9 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>9 months ended at<br/>30 September 2016<br/>(unaudited)</b> |
|---------------------------------------|--|--|--|--|
| Interest income                       | 3.037.237  | 3.023.270  | 9.309.403  | 11.454.382   |
| Foreign exchange gains                | 9.185.511  | 32.100.610   | 51.784.617   | 72.227.362   |
| Dividend income                       | 18   | 1.093  | 3.102  | 12.659   |
| <b>Total financial income</b>         | <b>12.222.766</b>  | <b>35.124.973</b>  | <b>61.097.122</b>  | <b>83.694.403</b>  |
| Foreign exchange losses               | (23.484.126)   | (2.393.727)  | (52.979.601)   | (56.744.279)   |
| Interest expenses                     | (4.081.481)  | (3.711.594)  | (11.978.888)   | (11.415.422)   |
| <b>Total financial expenses</b>       | <b>(27.565.607)</b>  | <b>(6.105.321)</b>   | <b>(64.958.489)</b>  | <b>(68.159.701)</b>  |
| <b>Net financial income/(expense)</b> | <b>(15.342.841)</b>  | <b>29.019.652</b>  | <b>(3.861.367)</b>   | <b>15.534.702</b>  |

In June 2017, Energonuclear distributed dividends in amount of 2.011 RON afferent to the financial year 2016 (30 June 2016: 11.566 RON), that have been cashed in by the company in July 2017.

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(All amounts are in RON, unless stated otherwise)

**17. EARNINGS PER SHARE**

As at 30 September 2017 and 30 September 2016 the earnings per share are as follows:

(i) *Basic earnings per share*

|   | Period of 3<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 3<br>months ended at<br>30 September<br>2016<br>(unaudited) | Period of 9<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 9<br>months ended at<br>30 September<br>2016 (unaudited,<br>restated) |
|---|---|---|---|---|
| <b>Net profit for the period</b>                                    | <b>91.504.601</b>   | <b>100.660.833</b>  | <b>225.284.552</b>  | <b>102.396.828</b>  |
| Number of ordinary shares at the beginning of the period            | 301.513.851   | 301.513.851   | 301.513.851   | 281.782.756   |
| Number of ordinary shares issued during the period                  | -   | -   | -   | -   |
| Weighted average number of ordinary shares at the end of the period | 301.513.851   | 301.513.851   | 301.513.851   | 281.782.756   |
| <b>Basic earnings per share (RON/share)</b>                         | <b>0,30</b>   | <b>0,33</b>   | <b>0,75</b>   | <b>0,36</b>   |

(ii) *Diluted earnings per share*

|   | Period of 3<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 3<br>months ended at<br>30 September<br>2016<br>(unaudited) | Period of 9<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 9<br>months ended at<br>30 September<br>2016 (unaudited,<br>restated) |
|---|---|---|---|---|
| <b>Net profit for the period</b>  | <b>91.504.601</b>   | <b>100.660.833</b>  | <b>225.284.552</b>  | <b>102.396.828</b>  |
| Number of ordinary shares at the beginning of the period  | 301.513.851   | 301.513.851   | 301.513.851   | 281.782.756   |
| Number of ordinary shares issued during the period  | -   | -   | -   | -   |
| Number of ordinary shares at the end of the period (a)  | 301.513.851   | 301.513.851   | 301.513.851   | 281.782.756   |
| Number of ordinary shares related to the prepaid reserve (b)                                      | -   | -   | -   | -   |
| <b>Weighted average number of ordinary (diluted) shares at September 30<sup>th</sup>(a) + (b)</b> | <b>301.513.851</b>  | <b>301.513.851</b>  | <b>301.513.851</b>  | <b>281.782.756</b>  |
| <b>Diluted earnings per share (RON/share)</b>   | <b>0,30</b>   | <b>0,33</b>   | <b>0,75</b>   | <b>0,36</b>   |

**18. CONTINGENCIES AND COMMITMENTS****Ongoing litigations**

During the six months period ended at September 30<sup>th</sup> 2017, the Company was involved in a number of litigations arising in the normal course of the activity. The management of the Company regularly analyzes the ongoing litigations and, after consulting with its legal representatives and external lawyers, decides whether or not to create a provision or to disclose any litigation in the financial statements.

In the Company management opinion, there are no ongoing actions or claims that might have significant effects upon the financial result and upon the financial position of the Company that have not been presented in these Condensed Individual Interim Financial Statements.

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

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**19. SUBSEQUENT EVENTS**

*Litigation between Sindicatul Liber Energetica Nucleara 90 Cernavoda and the SNN employee's regarding some salary rights*

At Constanta Court of Law, the file with no. 7036/118/2017 against SNN was recorded, having as object the unpaid salary rights, representing the value of the professional risk premium (dangerous conditions), claimant being Sindicatul Liber Energetica Nucleara 90 Cernavoda and the employees of SNN.

The company considers these claims as not founded, all the legal salary rights being paid to the employees, including the money amounts that represent the object of this litigation.

*Changes within the management of S.N. Nuclearelectrica S.A.*

As at 17 October 2017, the provisional member of Mrs. Cezarina Roxana Banica as member of the SNN Board of Directors has ceased by resigning, consequent to her designation as Government General Secretary, incompatible with the function of Board of Directors member within the national companies.

As per the Resolution of the Board of Directors of SNN no. 167/27.10.2017, Mr. Ionut Dragos Banescu was appointed as provisional Board member on the vacant position.

**Cosmin Ghita**

**Chief Executive Officer**

**Mihai Darie**

**Chief Financial Officer**

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