



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

### **Individual Interim Condensed Unaudited Financial Statements as at and for the period of three months ended on March 31, 2017**

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

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

Condensed Individual Financial Position as at March 31, 2017

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

	Note	March 31, 2017 (unaudited)	December 31, 2016 (audited)
<b>Assets</b>			
<b>Non - current assets</b>			
Property, plant and equipment	4	7,030,531,520	7,108,486,979
Intangible assets		76,029,183	80,636,405
Financial assets	5	141,689,201	141,689,201
<b>Total non - current assets</b>		<b>7,248,249,904</b>	<b>7,330,812,585</b>
<b>Current assets</b>			
Inventories	6	318,728,805	331,057,122
Trade and other receivables	7	154,512,165	162,063,302
Prepayments		25,644,100	12,699,411
Bank deposits		1,386,070,605	1,245,073,268
Cash and cash equivalents	8	275,697,727	263,714,387
<b>Total current assets</b>		<b>2,160,653,402</b>	<b>2,014,607,490</b>
<b>Total assets</b>		<b>9,408,903,306</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		259,013,594	265,842,461
Retained earnings		4,067,982,885	3,977,101,856
<b>Total shareholder's equity</b>		<b>7,590,665,418</b>	<b>7,506,613,256</b>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Long term borrowings	9	1,058,668,279	1,087,961,815
Deferred income		139,860,450	143,446,616
Deferred income tax liability		159,090,754	163,087,603
Employee's benefits	10	41,261,808	31,907,053
<b>Total non - current liabilities</b>		<b>1,398,881,291</b>	<b>1,426,403,087</b>
<b>Current liabilities</b>			
Accounts payable and other liabilities	11	163,539,352	178,860,825
Current tax liability		25,585,544	6,431,972
Advance income		13,446,781	6,181,408
Current portion of long term borrowings	9	216,784,920	220,929,527
<b>Total current liabilities</b>		<b>419,356,597</b>	<b>412,403,732</b>
<b>Total liabilities</b>		<b>1,818,237,888</b>	<b>1,838,806,819</b>
<b>Total equity and liabilities</b>		<b>9,408,903,306</b>	<b>9,345,420,075</b>

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

Condensed Individual Profit and Loss Account for the three months period ended as at March 31, 2017

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

	Note	3 - months period ended on March 31, 2017 (unaudited)	3 - months period ended on March 31, 2016 (unaudited)
<b>Revenues</b>			
Sales of electricity	13	483,910,118	446,432,316
Electricity transmission revenues		3,706,727	11,321,171
<b>Total revenues</b>		<b>487,616,845</b>	<b>457,753,487</b>
Other income		7,380,161	(3,319,128)
<b>Operating expenses</b>			
Depreciation and amortization		(122,892,851)	(119,055,466)
Personnel expenses	14	(76,943,874)	(67,952,824)
Cost of traded electricity		(8,474,290)	(2,413,899)
Repairs and maintenance		(12,213,683)	(16,749,315)
Electricity transportation expenses		(3,706,727)	(11,321,171)
Costs with spare parts		(3,756,343)	(1,754,185)
Cost of uranium fuel		(37,551,984)	(39,178,963)
Other operating expenses	15	(121,978,220)	(120,031,281)
<b>Total operating expenses</b>		<b>(387,517,972)</b>	<b>(378,457,104)</b>
<b>Operating result</b>		<b>107,479,034</b>	<b>75,977,255</b>
Finance cost		(19,133,109)	(22,106,103)
Finance income		17,294,934	32,405,776
<b>Financial net (cost)/income</b>	16	<b>(1,838,175)</b>	<b>10,299,673</b>
<b>Profit before income tax</b>		<b>105,640,859</b>	<b>86,276,928</b>
Net income tax expenses	12	(21,588,697)	(19,415,463)
<b>Profit of the period</b>		<b>84,052,162</b>	<b>66,861,465</b>

The individual interim condensed financial statements presented at pages 1 - 19 were signed on May 10, 2017 by:

Daniela Lulache  
Chief Executive Officer

Mihai Darie  
Chief Financial Officer

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

Condensed Individual Statement of the Comprehensive Result for the three months period ended as at March 31, 2017  
(All the amounts are expressed in RON, unless specified otherwise.)

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	Note	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
<b>Profit for the period</b>		<b>84,052,162</b>	<b>66,861,465</b>
Other items of the comprehensive income		-	-
<b>Comprehensive income for the period</b>		<b>84,052,162</b>	<b>66,861,465</b>
<b>Earnings per share</b>			
Basic earnings per share (Ron/share)	17	0.28	0.22
Diluted earnings per share (Ron/share)	17	0.28	0.22

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

Condensed Individual Statement of Changes in Equity for the three months period ended as at March 31, 2017

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

	Share capital	Share capital premiums	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
<b>Balance as at January 1, 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>
<b>Comprehensive income for the period</b>						
<i>Profit for the period</i>	-	-	-	-	84,052,162	84,052,162
<i>Other items of comprehensive income</i>	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>84,052,162</b>	<b>84,052,162</b>
Transfer of revaluation reserve to retained earnings	-	-	-	(6,828,867)	6,828,867	-
<b>Balance as at March 31, 2017 (unaudited)</b>	<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>259,013,594</b>	<b>4,067,982,885</b>	<b>7,590,665,418</b>

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

Condensed Individual Statement of Changes in Equity for the three months period ended as at March 31, 2017

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

	<b>Share capital</b>	<b>Share capital premiums</b>	<b>Prepaid share reserve</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance as at January 1, 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>3,936,724,775</b>	<b>7,493,723,291</b>
<b>Comprehensive income for the period</b>						
<i>Profit for the period</i>	-	-	-	-	66,861,465	66,861,465
<i>Other items of comprehensive income</i>	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>66,861,465</b>	<b>66,861,465</b>
Transfer of revaluation reserve to retained earnings	-	-	-	(6,885,492)	6,885,492	-
<b>Balance as at March 31, 2016 (unaudited)</b>	<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>286,444,085</b>	<b>4,010,471,732</b>	<b>7,560,584,756</b>

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

Condensed Individual Statement of Cash Flows for the three months period ended as at March 31, 2017

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

	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>105,640,859</b>	<b>86,276,928</b>
<b>Adjustments for:</b>		
Depreciation and amortization	122,892,851	119,055,466
Impairment loss on trade and other receivables	848	776
Impairment loss on inventories	(116,686)	133,829
Provisions	11,630,496	(2,015,959)
Gain from assets disposal impact and impairment of non - current assests	(734)	(20,372)
Net finance expenses/(income)	1,904,758	(10,315,330)
<b>Changes in:</b>		
Decrease in trade and other receivables	6,541,372	22,744,869
Decrease in inventories	12,481,170	7,287,437
Variation in deferred income	3,679,207	(18,893,830)
Variation in prepayments	(12,944,689)	(12,695,467)
(Decrease)/Increase in accounts payable and other liabilities	(23,214,718)	34,320,541
<b>Cash flows related to operating activities</b>	<b>228,494,734</b>	<b>225,878,888</b>
Income tax paid	(6,431,972)	-
Interest received	4,085,240	5,551,049
Interest paid	(240,987)	(368,266)
<b>Net cash related to operating activities</b>	<b>225,907,015</b>	<b>231,061,671</b>
<b>Cash flows related to investment activities</b>		
Purchase of intangible assets	(9,633)	(2,286,520)
Purchase of tangible assets (property, plant and equipment)	(34,391,955)	(16,393,884)
Proceeds from sale of property, plant and equipment	734	22,671
Increase in bank deposits	(140,997,337)	(197,560,468)
<b>Net cash used in investment activities</b>	<b>(175,398,191)</b>	<b>(216,218,201)</b>
<b>Cash flows related to financing activities</b>		
Payments of borrowings	(38,518,582)	(28,747,812)
Payments of dividends	(6,902)	(3,740)
<b>Net cash used in financing activities</b>	<b>(38,525,484)</b>	<b>(28,751,552)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,983,340</b>	<b>(13,908,082)</b>
<b>Cash and cash equivalents as at January 1 (refer to Note 8)</b>	<b>263,714,387</b>	<b>257,376,819</b>
<b>Cash and cash equivalents as at March 31 (refer to Note 8)</b>	<b>275,697,727</b>	<b>243,468,737</b>

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

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2017

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

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### **1. REPORTING ENTITY**

Societatea Nationala Nuclearelectrica S.A. (the "Company" or "SNN") is a national joint - stock company, one - tier management system, having a head office and two branches without legal personality, CNE Cernavoda (Nuclear Power Plant) – office in Constanta, Cernavoda, Medgidiei Street, 2, Trade Register no. J13/3442/2007 and FCN Pitesti (Nuclear Fuel Factory) – office in Arges, Mioveni, Campului Street, 1, Trade Register no. J03/457/1998. The registered office of SNN is located in Bucharest, District 1, Polona Street, 65. The company's main activity is "Electricity generation" - CAEN code 3511 recorded in the Trade Register under number J40/7403/1998, tax number 10874881, fiscal attribute RO.

The Company's main activity consists in electricity and thermal energy generation by nuclear processes. The main place of business is within the Branch CNE Cernavoda, where the Company owns and operates two operational nuclear reactors (Unit 1 and Unit 2). The two nuclear operational reactors are based on CANDU technology (Canada Deuterium Uranium type PHWR). Besides, at Cernavoda the Company owns other two nuclear reactors in the early stages of construction (Unit 3 and Unit 4). The construction of Units 3 and 4 was planned to be completed by the subsidiary Energonuclear S.A.; currently, there is a new strategy to continue the project Units 3 and 4, approved by the Extraordinary General Meeting of Shareholders on August 22, 2014 (for more information please see Note 5).

The Company also owns a reactor (Unit 5) for which the Company shareholders approved in March 2014 the change of the initial destination, namely, the use of Unit 5 for carrying out the activities related to the operation of Units 1 and 2. The project intended to change the initial destination of Unit 5 is currently being implemented and it is expected to be finalized during 2018. Unit 5 is fully depreciated, since there was no plan to continue its construction as a nuclear unit.

Manufacturing of nuclear fuel bundles CANDU type required for operating the two nuclear operational reactors located in the Branch CNE Cernavoda is performed by the Company in the Branch FCN Pitesti.

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

As at March 31, 2017 the shareholders of the Company are: The Romanian State through the Ministry of Energy which holds 248,736,619 shares representing 82.4959% of the share capital, Fondul Proprietatea S.A. which holds 27,408,381 shares representing 9.0903% of the share capital and other natural persons and legal entities shareholders holding together 25,368,851 shares, representing 8.4138% of the share capital.

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

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

The individual condensed financial statements have been prepared in accordance with the Order of the Ministry of Public Finance no. 2844/19.12.2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards ("IFRS") ("OMPF 2844/2016"). As per OMPF 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 Council dated July 19, 2002 regarding the application of the international accounting standards.

These interim individual financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union, They do not include all the necessary information for a complete set of financial situations according to the International Financial Reporting Standards („IFRS”) and they must be read along with the annual financial statements of the Company, issued on December 31, 2016. Nevertheless, certain explanatory

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Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2017

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

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notes are included in order to explain the events and transactions that are significant for understanding the modifications interfered in the financial position and in the Company performance from the last individual annual financial statements and for the financial year ended on December 31, 2016.

The condensed interim individual financial statements as at and for the period ended on March 31, 2017 are not audited and were not reviewed by an independent auditor.

These condensed interim individual financial statements were authorized to be issued and signed on May 10, 2017 by the management of the Company.

**b) Use of estimates and professional judgements**

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

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

Information about assumptions that have a significant risk of resulting in a material adjustment within the next financial years is included in Note 5 (continuity of the activity carried out by Energonuclear S.A.).

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied for the preparation of the interim individual condensed financial statements are in compliance with the ones used for the preparation of the annual individual financial statements of the Company for the financial year ended on December 31, 2016.

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Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2017

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

**4. PROPERTY, PLANT AND EQUIPMENT**

	Land	Nuclear power plants	Machineries, equipment and other assets	Non-current assets in progress	TOTAL
<b>Cost</b>					
<b>Balance as at January 1, 2016 (audited)</b>	<b>34,025,989</b>	<b>5,415,577,164</b>	<b>1,493,559,233</b>	<b>979,523,186</b>	<b>7,922,685,571</b>
Additions	-	-	13,256,072	93,305,636	<b>106,561,708</b>
Transfers	-	164,223,252	29,262,697	(193,485,949)	-
Inventories transfer	-	-	-	289,417	<b>289,417</b>
Transfer in intangible assets	-	-	-	(13,717,629)	<b>(13,717,629)</b>
Disposals	-	-	(1,477,663)	(5,851,327)	<b>(7,328,990)</b>
<b>Balance as at December 31, 2016 (audited)</b>	<b>34,025,989</b>	<b>5,579,800,416</b>	<b>1,534,600,339</b>	<b>860,063,334</b>	<b>8,008,490,077</b>
<b>Balance as at January 1, 2017 (audited)</b>	<b>34,025,989</b>	<b>5,579,800,416</b>	<b>1,534,600,339</b>	<b>860,063,334</b>	<b>8,008,490,077</b>
Additions	-	-	18,995	40,337,709	<b>40,356,704</b>
Transfers	-	-	1,119,692	(1,119,692)	-
Spare parts transfer	-	-	-	(36,167)	<b>(36,167)</b>
Disposal	-	-	(397,103)	-	<b>(397,103)</b>
<b>Balance as at March 31, 2017 (unaudited)</b>	<b>34,025,989</b>	<b>5,579,800,416</b>	<b>1,535,341,923</b>	<b>899,245,184</b>	<b>8,048,413,511</b>
<b>Amortization and adjustment for depreciation</b>					
<b>Balance as at January 1, 2016 (audited)</b>	<b>2,801,117</b>	<b>29,408,719</b>	<b>268,386,048</b>	<b>147,534,136</b>	<b>448,130,020</b>
Depreciation charges	51,838	346,011,604	113,783,192	-	<b>459,846,634</b>
Accumulated depreciation of disposals	-	-	(1,463,222)	-	<b>(1,463,222)</b>
Adjustments for intangible assets depreciation	187,914	-	-	(6,698,248)	<b>(6,510,334)</b>
<b>Balance as at December 31, 2016 (audited)</b>	<b>3,040,869</b>	<b>375,420,323</b>	<b>380,706,018</b>	<b>140,835,888</b>	<b>900,003,098</b>
<b>Balance as at January 1, 2017 (audited)</b>	<b>3,040,869</b>	<b>375,420,323</b>	<b>380,706,018</b>	<b>140,835,888</b>	<b>900,003,098</b>
Depreciation charges	-	89,310,322	28,971,418	-	<b>118,281,740</b>
Accumulated depreciation of disposals	-	-	(397,103)	-	<b>(397,103)</b>
Adjustments for intangible assets impairment	-	-	-	(5,745)	<b>(5,745)</b>
<b>Balance as at March 31, 2017 (unaudited)</b>	<b>3,040,869</b>	<b>464,730,645</b>	<b>409,280,333</b>	<b>140,830,143</b>	<b>1,017,881,991</b>
<b>Carrying amount</b>					
<b>Balance as at January 1, 2016 (audited)</b>	<b>31,224,872</b>	<b>5,386,168,445</b>	<b>1,225,173,185</b>	<b>831,989,050</b>	<b>7,474,555,551</b>
<b>Balance as at December 31, 2016 (audited)</b>	<b>30,985,120</b>	<b>5,204,380,093</b>	<b>1,153,894,321</b>	<b>719,227,446</b>	<b>7,108,486,979</b>
<b>Balance as at March 31, 2017 (unaudited)</b>	<b>30,985,120</b>	<b>5,115,069,771</b>	<b>1,126,061,590</b>	<b>758,415,041</b>	<b>7,030,531,520</b>

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

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2017

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

Machinery, equipment and other assets mainly include the first load of heavy water used for Units 1 and 2, with a net carrying amount on March 31, 2017 amounting to 378,159,536 RON (December 31, 2016: 383,525,007 RON) and administrative buildings with a net carrying amount on March 31, 2017 amounting to 310,588,589 RON (December 31, 2016: 315,465,551 RON).

As at March 31, 2017, the carrying value of Units 3 and 4 recognized in the the group "Non-current assets in progress" amounts to 273,960,000 RON (December 31, 2016: 273,960,000 RON). Before 1991 the nuclear Units 1, 2, 3, 4 and 5 were considered as a single project and therefore the construction costs incurred had not been allocated per unit. Subsequently, the Company allocated the costs for the construction of Units 3 and 4 of the nuclear power plant and for Unit 5.

The carrying amount of the heavy water specially purchased for the Units 3 and 4 is of 158,470,146 RON (December 31, 2016: 158,470,146 RON) representing approximately 75 tons. This asset is present within the group „Non-current assets in progress”.

The main investments made by the Company during the three months period ended at March 31, 2017 for projects in progress related to Units 1 and 2 include:

- Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to 7,313,917 RON (2016: 8,116,594 RON);
- Mounting of the access gates into the water inlet chamber amounting to 173,442 RON (2016: 4,296,668 RON).

The main investments commissioned during the 3 - months period ended on March 31, 2017 relates mainly to the extension of the CNE Cernavoda Scada system for two units amounting to 434,313 RON.

On March 31, 2017, the carrying amount of the assets under construction related to Unit 3 and Unit 4 amounts to 506,845,786 RON (December 31, 2016: 507,024,049 RON). On March 31, 2017, the remaining difference up to 758,415,040 RON (December 31, 2016: 719,227,446 RON) represents the non - current assets under construction related to Unit 1 and Unit 2, such as: D2O detritiation installation amounting to 63,230,074 RON, improvement of the nuclear safety systems after Fukushima amounting to 11,874,797 RON, construction of facilities for storage and loading premises for the nuclear fuel used (DICA) amounting to 31,059,309 RON, extension of Unit 1 life time by 25 years compared to the designed life time amounting to 7,119,054 RON.

As at March 31, 2017, the Company purchased fixed assets on credit from suppliers amounting to 15,756,684 RON (December 31, 2016: RON 9,115,482).

### *Decommissioning of nuclear units*

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Company did not record provision for decommissioning of these two units, due to the fact it is not responsible for the decommissioning, According to Government decision no, 1080/5 September 2007, the Nuclear Agency and Radioactive Waste (ANDR) is responsible for collecting the contributions paid by the Company for the remaining useful life of these units and assume the responsibility for the management of the entire decommissioning process at the end of useful lives of the units, and also for the permanent storage of the resulting waste by the end of the useful lives of the two units (see Note 15), The expense with the contributions of the Company to ANDR during the 3 - months period ended as at March 31, 2017 amounts to 23,379,141 RON (3 – months period ended as at March 31, 2016 : 24,427,713 RON).

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## S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2017

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

### *Pledged assets*

As at March 31, 2017, respectively December 31, 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 March 31, 2017 and December 31, 2016, the Company owns 100% of the share capital of Energonuclear S.A. The participation value at March 31, 2017 and December 31, 2016 is of 141,666,101 RON.

### *Continuation of the activity of Energonuclear*

The uncertainties regarding Energonuclear’s capacity to continue its activity mentioned and explained in detail through the annual financial statements as at and for the period ended on December 31, 2016 and maintained as at March 31, 2017.

On January 31, 2017, the Negotiation Commission approved the proposal to continue the negotiations on the Investment Documents under the same conditions of the MoU, being initiated formalities for obtaining a mandate from the Inter-ministerial Commission, the Romanian Government and that General Meeting of Shareholders on further negotiations.

On March 6, 2017, the Inter-ministerial Commission endorsed the Commission's proposal on further negotiations and submission for approval by the Romanian Government of a memorandum in this regard. Further negotiations can take place after approval in the General Meeting of Shareholders.

Thus, in the next period some decisions are expected from the competent authorities (Ministry of Energy, Government of Romania) and from the General Meeting of Shareholders that will render official the continuing of the negotiating process which had the last term December 20, 2016.

Considering the above mentioned issues, as well as the negotiations phase with the Investor selected for development of CNE Cernavoda Units 3 and 4 project, the Company management is confident that the project developed by Energonuclear S.A. to be continued by a new project company will continue in the future and there will be a future request for the electric power that is going to be produced by the Units 3 and 4. Thus, the Company management considers that the investment in Energonuclear S.A. will be recovered, according to the Strategy.

## 6. INVENTORIES

As at March 31, 2017 and December 31, 2016 the inventories are as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Spare parts	133,324,794	130,820,218
Consumables and other materials	46,941,777	45,107,372
Nuclear fuel	104,640,025	102,355,393
Uranium	29,224,370	49,372,687
Other inventories	4,597,839	3,401,452
<b>Total</b>	<b>318,728,805</b>	<b>331,057,122</b>

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

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2017

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

**7. TRADE AND OTHER RECEIVABLES**

As at March 31, 2017 and December 31, 2016 the trade and other receivables are as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Trade receivables	138,266,655	137,740,298
Provisions for trade receivables	(12,847,593)	(12,846,744)
Other receivables	11,407,040	13,079,870
Provisions for other receivables	(3,468,965)	(3,468,965)
Taxes and duties	21,155,028	27,558,843
<b>Total</b>	<b>154,512,165</b>	<b>162,063,302</b>

As at March 31, 2017, the main trade receivables in the balance are from: Electrica Furnizare S.A. – 34,046,222 RON (December 31, 2016: 30,893,082 RON), Ezpada S.R.L. – 12,737,249 RON (December 31, 2016: 5,160,064 RON), Alpiq Romindustries S.R.L. – 12,300,439 RON (December 31, 2016: 4,980,931 RON), Tinmar Energy S.A. – 11,083,107 RON (December 31, 2016: 6,423,471 RON).

**8. CASH AND CASH EQUIVALENTS**

As at March 31, 2017 and December 31, 2016, cash and cash equivalents are as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Cash at bank in RON	260,377,239	262,257,016
Cash at bank in foreign currency	15,320,488	1,457,371
<b>Total cash and cash equivalents</b>	<b>275,697,727</b>	<b>263,714,387</b>

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

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2017

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

**9. BORROWINGS**

Reimbursements of borrowings during the 3 - months period ended on March 31, 2017 were as follows:

	Currency	Interest rate	Value	Due date (year)
<b>Balance as at January 1, 2017</b>			<b>1,345,420,230</b>	
New issues				
<b>Reimbursements, out of which:</b>			<b>(38,518,582)</b>	
Societe Generale - ALSTOM BC	EUR	EURIBOR 6M + 0.450%	-	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR 6M + 0.450%	-	2022
Societe Generale - AECL BC	CAD	CDOR 6M + 0.375%	-	2022
Societe Generale - NEXANS BC	EUR	EURIBOR 6M + 0.450%	-	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR 6M + 0.070%	(6,355,102)	2017
EURATOM	EUR	EURIBOR 6M + 0.08%	(32,163,480)	2024
<b>Exchange rate differences</b>			<b>1,794,706</b>	
<b>Balance as at March 31, 2017</b>			<b>1,308,696,354</b>	

As at March 31, 2017 and December 31, 2016 the long - term borrowings from credit institutions were as follows:

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
Societe Generale - ALSTOM BC	2,425,884	2,420,553
Societe Generale - ANSALDO BC	192,454,544	192,031,669
Societe Generale - AECL BC	383,580,962	383,665,096
Societe Generale - NEXANS BC	3,047,353	3,040,658
Societe Generale - GENERAL ELECTRIC	6,293,371	12,710,203
EURATOM	720,894,240	751,552,050
<b>Total long - term borrowings from credit institutions</b>	<b>1,308,696,354</b>	<b>1,345,420,229</b>
<b>Less: Current amount of long - term borrowings</b>	<b>(222,085,858)</b>	<b>(228,197,074)</b>
<b>Less: Balance of transaction costs (long term)</b>	<b>(27,942,217)</b>	<b>(29,261,340)</b>
<b>Total long - term borrowings net of the current amounts</b>	<b>1,058,668,279</b>	<b>1,087,961,815</b>

As at March 31, 2017 the financial indicators required by EURATOM have been fulfilled.

As at March 31, 2017 and December 31, 2016 the short - term borrowings are as follows:

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
Current portion of long - term borrowings	222,085,858	228,197,074
Accrued interests related to the long - term borrowings	1,970,617	560,850
Short - term transaction costs	(7,271,555)	(7,828,397)
<b>Total short - term borrowings</b>	<b>216,784,920</b>	<b>220,929,527</b>

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## S.N. Nuclearelectrica S.A.

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

### 10. EMPLOYEE BENEFITS

As at December 31, 2016, the employee benefits amounting to 31,907,053 RON include the provision for employee benefits granted by the Company under the Collective Labor Agreement ("CLA") of the Company,

The CLA in force for 2017 provides the possibility of granting, starting with the date of approval of the income and expenditure budget for 2017, to the Company's employees who retire from SNN and cumulatively fulfill the condition of having at least 15 years of seniority in electrical or thermal energy, out of which the last 10 years before retirement being employees of SNN, a retirement allowance in the form of a share of 1,200 kW of electricity, which is granted in one tranche on the date of retirement in the form of a benefit whose gross value amounts to 8,500 RON (value determined on actuarial basis); this benefit may be granted to employees who retire from SNN starting with March 29, 2017, when SNN's revenue and expenditure budget for 2017 was approved, given that the approval of the inclusion of the amounts in the income and expenditure budget was a condition for the entry into force of the benefit.

On March 31, 2017, in order to record the provision for this payment obligation, the Company hired the actuary expert to determine the obligation value existing on March 31, 2017. Thus, according to the actuarial report prepared for March 31, 2017 for the valuation of this obligation, the provision recorded on March 31, 2017 for reflecting the obligation in relation to this new long - term benefit granted to the employees amounts to 9,354,754 RON and is reflected in both employee benefit obligations and personnel expenses (see Note 14).

Thus, as at March 31, 2017, the employee benefits amounting to 41,261,808 RON include both, the provision for employee benefits granted by the Company under the CLA as in force as at December 31, 2016 and the provision for retirement benefits for employees in the form of an aid for the payment of electricity bills, starting with March 29, 2017.

### 11. TRADE AND OTHER RECEIVABLES

As at March 31, 2017 and December 31, 2016, trade and other receivables are as follows:

	<b>March 31, 2017 (unaudited)</b>	<b>December 31, 2016 (audited)</b>
Property, plant and equipment suppliers	15,756,684	9,115,482
Suppliers	79,792,967	96,439,435
Employee benefits	12,144,962	15,102,120
Payables to the State	18,326,430	23,155,206
Dividends to be paid	303,080	295,306
Other payables	37,215,229	34,753,276
<b>Total</b>	<b>163,539,352</b>	<b>178,860,825</b>

As at March 31, 2017, the main suppliers in balance are: Apele Romane Bucuresti – 11,557,300 RON (December 31, 2016: 11,792,224 RON), General Electric Wilmington – Romanian Branch – 9,800,437 RON (December 31, 2016: 3,186,240 RON), General Concrete S.R.L. - 7,371,899 RON (December 31, 2016: 3,400,806 RON) and Titan Echipamente Nucleare S.A. – 6,363,212 RON (December 31, 2016: 3,851,772 RON).

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

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2017

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

**12. INCOME TAX**

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

	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
Current tax expense	25,585,544	21,851,927
Deferred tax release	(3,996,847)	(2,436,464)
<b>Total</b>	<b>21,588,697</b>	<b>19,415,463</b>

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

	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
Sales of electricity on regulated market	50,084,742	96,065,328
Sales of electricity on free market	432,702,943	349,376,185
Sales of thermal energy	1,118,342	986,172
Revenues from green certificates sales	4,091	4,631
<b>Total</b>	<b>483,910,118</b>	<b>446,432,316</b>

*(ii) Quantity of sold energy*

	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
Quantity of energy sold on regulated market (MWh)	313,437	590,175
Quantity of energy sold on free market (MWh)	2,465,255	2,212,391
<b>Total</b>	<b>2,778,692</b>	<b>2,802,566</b>

The Company is a participant in the balancing market, but also a Responsible Party in the balancing, according to the conventions concluded with the transport and system operator Transelectrica S.A. The quantity of energy sold presented does not include the quantity of energy corresponding to the income from positive unbalances valued on the Balancing Market, amounting 10,527 MWh for the 3 – months period ended on March 31, 2017 (8,182 Mwh for the 3 – months period ended on March 31, 2016).

The Company is developing the activity of producing thermal energy by exploiting the energetic capacities corresponding to the units for producing electrical and thermal energy consisting in two heat switches with a full thermal power of 40 Gcal/h and 46.51 MW. The Company delivers thermal energy to the local thermal energy distribution company S.C. Utilitati Publice S.A. Cernavoda, as well as to other final consumers in the locality Cernavoda – business entities, social-cultural institutions. The sales of thermal energy in the first quarter of 2017 amount to 1,118,342 RON (March 31, 2016: 986,172 RON).

The Romanian energy sector is regulated by the National Regulatory Authority for Energy ("ANRE"), an autonomous public institution. The Romanian electricity market is in a process of gradual liberalization by the end of

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2017. The company participates in the electricity market both on the competitive segment and on the regulated market. ANRE establishes, by annual decisions, the quantities of electricity to be sold by the Company on the regulated market and the regulated prices to be applied in the current year. Regulated prices are based on economically justified costs; the regulated prices are set on the basis of economically justified costs, respectively cost plus profit margin, using a methodology approved by ANRE. During the 3 - months period ended March 31, 2017, the Company sold approximately 11% of the regulated energy market (21% in the 3 – months period ended March 31, 2016). The total amount of electricity sold during the 3 – months period ended March 31, 2017 is 2,789,218 MWh compared to 2,810,748 MWh sold during the 3 – months period ended March 31, 2016. The medium selling price of electricity on the regulated market for the 3 – months period ended March 31, 2017 is 159.57 RON/MWh compared to 162.71 RON/MWh in the 3 - months period ended March 31, 2016, net of the tariff for the energy transport service paid to Transelectrica S.A. for the introduction of electricity into the electricity transmission network.

**14. PERSONNEL EXPENSES**

As at March 31, 2017 the personnel expenses amount to 76,943,874 RON (March 31, 2016: 67,952,824 RON) and include as follows:

	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
Salaries and allowances	60,719,510	51,775,930
Expenses with social security and assimilated	16,224,364	16,176,894
<b>Total</b>	<b>76,943,874</b>	<b>67,952,824</b>

The expenses with salaries and allowances also include the provision for employee long - term benefits.

Thus, as at March 31, 2017, salaries and allowances amounting to 60,719,510 RON (March 31, 2016: 51,775,930 RON) also include the provision regarding the benefits granted to the employees in the form of an aid for the payment of electricity bills totally amounting to 9,354,754 RON (see Note 10).

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**15. OTHER OPERATING EXPENSES**

	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
Third party services	19,821,409	11,689,834
Expenses with ANDR	23,379,141	24,427,713
Energy and water	19,186,752	19,682,289
Fuels and other consumables	7,791,736	8,173,108
Insurance policies	3,618,824	3,543,705
Transport and telecommunication	1,339,873	1,499,672
Tax on special constructions	-	983,238
Tax on buildings	37,253,371	41,306,758
Other operating expenses	9,587,114	8,724,964
<b>Total</b>	<b>121,978,220</b>	<b>120,031,281</b>

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 Group is required to make two types of contributions to the ANDR:

- Contribution for the decommissioning of each nuclear unit amounting to 0.6 EUR/MWh of electricity generated and delivered in the system;
- Contribution for the permanent storage of radioactive waste of 1.4 EUR/MWh of electricity produced and generated and delivered in the system.

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

In 2014 and 2015, based on the Fiscal Code applicable at that time (Law no. 571/2003, with subsequent amendments and completions), the Company owed special construction tax for the two nuclear power plants, Starting with 2016, the new Tax Code (Law no. 227/2015) does no longer except the nuclear power plants from the definition of a building, thus, there is an obligation for the Company to pay the tax on non - residential buildings belonging to legal entities for the two nuclear power plants to the City Council in Cernavoda. In the same time, given that the Company owes the building tax, it no longer owes the special construction tax in 2016 for the two nuclear power plants.

Unlike the special construction tax, abolished from 2017, the building tax will be due by the Company in the future, in the absence of the reintroduction of the exception from the definition of a building of the nuclear power plants, together with the hydroelectric and thermoelectric power stations, exception that was provided in the old Fiscal Code in Section 250(1),

Tax on non - residential buildings belonging to legal entities is set at between 0.2% and 1.3% of the taxable value of those buildings, which may be increased by up to 50% under some conditions by the local authorities, For the year 2016, the Cernavoda Local Council established the tax rate on non - residential buildings owned by legal entities at 0.5% of the taxable value, value which remains unchanged in 2017,

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As at March 31, 2017 the tax on buildings amounts to 37,253,371 RON (March 31, 2016: 41,306,758 RON). According to IFRIC 21, the Company has integrally recognized these payables and their related expenses for the first quarter of 2017 and respectively 2016.

**16. FINANCIAL INCOMES AND EXPENSES**

	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
Interest income	3,076,315	4,332,988
Foreign exchange gains	14,218,619	28,072,788
<b>Total financial income</b>	<b>17,294,934</b>	<b>32,405,776</b>
Foreign exchange losses	(15,606,390)	(18,273,096)
Interest expense	(3,526,719)	(3,833,007)
<b>Total financial expenses</b>	<b>(19,133,109)</b>	<b>(22,106,103)</b>
<b>Net financial (expenses)/income</b>	<b>(1,838,175)</b>	<b>10,299,673</b>

**17. EARNINGS PER SHARE**

As at March 31, 2017 and March 31, 2016 the earnings per share is as follows:

*(i) Basic earnings per share*

	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
<b>Net profit for the period</b>	<b>84,052,162</b>	<b>66,861,465</b>
Number of the ordinary shares at the beginning of the period	301,513,851	301,513,851
Number of ordinary shares issued during the period	-	-
Weighted - average number of ordinary shares at the end of the period	<b>301,513,851</b>	<b>301,513,851</b>
<b>Basic earnings per share (RON/share)</b>	<b>0.28</b>	<b>0.22</b>

*(ii) Diluted earnings per share*

	<b>3 - months period ended on March 31, 2017 (unaudited)</b>	<b>3 - months period ended on March 31, 2016 (unaudited)</b>
<b>Net profit for the period</b>	<b>84,052,162</b>	<b>66,861,465</b>
Number of ordinary shares at the beginning of the period	301,513,851	301,513,851
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
Number of shares corresponding to the reserve payed in advance (b)	-	-
<b>Weighted - average number of ordinary shares (diluted) as at March 31 (a) + (b)</b>	<b>301,513,851</b>	<b>301,513,851</b>
<b>Diluted earnings per share (RON/share)</b>	<b>0.28</b>	<b>0.22</b>

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### **18. CONTINGENCIES AND COMMITMENTS**

#### **(i) Ongoing litigations**

During the 3 - months period ended on March 31, 2017, the Company was subject to a number of legal actions arising in the normal course of business. The Company's management regularly analyze the pending litigations, and after consultation with its legal advisors or external lawyers decide the need to create provisions for the amounts involved or their presentation in the financial statements.

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

#### **(ii) Commitments**

On March 31, 2017, the Company undertakes to support the operating and investment costs according to the ongoing contracts for investments and current operations, in the normal course of basic business.

### **19. EVENTS SUBSEQUENT TO THE REPORTING DATE**

#### *Controlled disconnection of Unit 1*

Starting with May 2, 2017 at 01:00 PM, Unit 1 of the Cernavoda NPP was disconnected from the National Power System ("NPS") for maintenance works which, according to the power plant procedures, can only be done with the reactor disconnected. The maintenance works involve the replacement of some components for Unit 1 systems and represent scheduled activities in accordance with the needs and procedures of the plant.

Starting with May 5, 2017, 07:00 AM, Unit 1 was resynchronized to the National Power System, according to the controlled shutdown program. The period of controlled disconnection of NPP Unit 1 was correlated both with the necessity to carry out the scheduled maintenance activities of the installations, as well as with the scheduled shutdown of Unit 2 at CNE Cernavoda.

#### *Scheduled shutdown of Unit 2*

Starting with May 6, 2017, Unit 2 of the Cernavoda NPP entered in a sheduled shutdown for an estimated period of 30 days.

Scheduled shutdowns are considered projects of the Company, initiated with approximately 24 months before the scheduled date, with a project management team, implementation chart, adequate human and budget resources planning. Each nuclear power plant goes into planned shutdown every 2 years in order to carry out repair and maintenance works, so that in 2017 the planned shutdown of Unit 2 take place.

#### *Appointment of temporary members of the Board of Directors*

By Resolution no. 2/24.04.2017 of the GMS was approved the appointing of temporary members of the Board of Directors, for a period of 4 months, starting April 26, 2017. By Decision no. 64/3.05.2017, the Board of Directors appointed Mr. Iulian Robert Tudorache as President of the Board of Directors.

Also, by Decision no. 50/11.04.2017, the Board of Directors approved the extension of the CEO mandate of Mrs. Daniela Lulache, for a period of 4 months, starting with May 1, 2017.

Daniela Lulache  
Chief Executive Officer

Mihai Darie  
Chief Financial Officer

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