



HALF YEAR REPORT

**regarding the economic and financial activity of S.N. Nuclearelectrica S.A.
according to the provisions of Art. 65 of the Law no. 24/2017 on capital market
and Annex no. 31 to the CNVM Regulation no. 1/2006
for the 6 month period ended 30 June 2017
(the 1st semester of the 2017 financial year)**

The basis of the report :	Art. 65 of the Law no. 24/2017 regarding issuers of financial instruments and market operations and Annex no. 31 to CNVM Regulation no. 1/2006 for the 6-month period ended on 30 June 2017 (1st Semester of the financial year 2017)
Date of report :	09 August 2017
Name of the issuer :	S.N. Nuclearelectrica S.A. (“SNN”)
Registered office :	Bucharest, 65 Polona Street, district 1
Telephone / fax number :	+40 21 203 82 00; +40 21 316 94 00
Web/ Email:	www.nuclearelectrica.ro ; office@nuclearelectrica.ro
Sole Registration Code with the Trade Register Office .:	10874881
Order number in the Trade Register :	J40/7403/1998
Subscribed and paid up share capital :	3.015.138.510 lei
The regulated market on which the issued securities are traded :	Bucharest stock exchange (www.bvb.ro), Premium category
The main characteristics of the issued securities :	301.513.851 shares with the nominal value of 10 RON/share, dematerialized, nominative, ordinary, indivisible, providing equal voting rights, freely tradable on Bucharest Stock Exchange under SNN symbol starting November 4 th 2013 International Financial Reporting Standards (IFRS) adopted by the European Union (UE) - IFRS-UE, International Accounting Standard 34 - “Interim Financial Reporting”, condensed individual interim reviewed financial statements and condensed consolidated interim reviewed financial statements
Applicable Accounting Standards :	Romanian Leu (RON) - all amounts are in RON, unless stated The first semester of fiscal year 2017
Reporting currency :	
The reported period :	

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1. FINANCIAL STATEMENTS

1.1 INDIVIDUAL FINANCIAL STATEMENTS

a) Statement of Financial Position

Indicator (thousand RON)	30 June 2017 (reviewed)	31 decembrie 2016 (audited, restated)
Non-current assets	7.144.962	7.330.813
Current assets	2.103.411	2.014.607
Total Assets	9.248.373	9.345.420
Equity	7.507.059	7.474.769
Total liabilities, out of which:	1.741.313	1.870.651
Non-current liabilities	1.307.154	1.420.338
Current liabilities	434.159	450.313
Total Equity and Liabilities	9.248.373	9.345.420

b) Statement of comprehensive income for the six month period ended June 30, 2017

Indicator (thousand RON)	The 6-month period ended at 30 June 2017 (reviewed)	The 6-month period ended at 30 June 2016 (reviewed, restated)
Operating revenues	892.973	742.247
Operating expenses	(745.678)	(725.915)
Operating profit	147.295	16.332
Finance income	48.874	48.569
Finance expense	(37.393)	(62.054)
Net finance (expense)	11.481	(13.485)
Profit before income tax	158.776	2.847
Net income tax expenses	(24.996)	(1.111)
Profit for the period	133.780	1.736
Other elements of the comprehensive income	(1.990)	(572)
Total comprehensive income	131.790	1.164

c) Cash flow Statement

Indicator (thousand RON)	The 6-month period ended la 30 iunie 2017 (reviewed)	The 6-month period ended la 30 iunie 2016 (reviewed, restated)
Profit before income tax	158.776	2.847
Adjustments	240.005	283.160
Cash generated from operating activities	398.781	286.007
Net cash from operating activities	369.017	269.241
Net cash from investing activities	(58.564)	(146.100)
Net cash flow from financing activities	(213.898)	(204.193)
Net increase in cash and cash equivalents	96.555	(81.052)
Cash and cash equivalents at the beginning of the period	263.714	257.377
Cash and cash equivalents at the end of the period	360.269	176.325

1.2 FINANCIAL CONSOLIDATED STATEMENT

a) Statement of Financial Position

Indicator (thousand RON)	30 iunie 2017 (reviewed)	31 decembrie 2016 (audited restated)
Non-current assets	7.144.639	7.330.242
Current assets	2.103.655	2.015.129
Total Assets	9.248.294	9.345.371
Equity	7.506.965	7.474.679
Total liabilities, out of which:	1.741.329	1.870.692
Non-current liabilities	1.307.154	1.420.337
Current liabilities	434.175	450.355
Total Equity and Liabilities	9.248.294	9.345.371

b) Statement of comprehensive income for the six month period ended June 30, 2017

Indicator (thousand RON)	The 6-month period ended la 30 iunie 2017 (reviewed)	The 6-month period ended la 30 iunie 2016 (reviewed, restated)
Operating revenues	892.976	742.241
Operating expenses	(745.683)	(726.312)
Operating profit	147.293	15.929
Finance income	48.873	48.561
Finance expense	(37.394)	(62.056)
Net finance income/(expense)	11.479	(13.495)
Profit before income tax	158.772	2.434
Net income tax expenses	(24.996)	(1.111)
Profit for the period	133.776	1.323
Other elements of the comprehensive income	(1.990)	(572)
Total comprehensive income	131.786	751

c) Cash flow Statement

Indicator (thousand RON)	The 6-month period ended la 30.06.2017 (reviewed)	The 6-month period ended la 30.06.2016 (reviewed, restated)
Profit before income tax	158.772	2.434
Adjustments	239.980	283.203
Cash generated from operating activities	398.752	285.637
Net cash from operating activities	368.989	268.872
Net cash from investing activities	(58.812)	(146.852)
Net cash flow from financing activities	(213.898)	(204.193)
Net increase in cash and cash equivalents	96.279	(82.172)
Cash and cash equivalents at the beginning of the period	264.200	259.943
Cash and cash equivalents at the end of the period	360.479	177.771

2. THE ANALYSIS OF THE COMPANY'S ACTIVITY

2.1 Factors that may influence the liquidity of the company

Among the factors that may influence the liquidity of the company in the future, are the following :

- electricity sales prices on the competitive market ;
- price of the main raw materials, and also the costs of services needed by the company in its current activity ;
- fluctuations of the interest rate and exchange rate ;
- volume of maintenance and development investments;
- level of taxation, including the introduction of new taxes.

There is a great number of internal and external factors that may influence the liquidity of the company, however on both short and medium term, the company has a good liquidity .

2.2 Capital expenses, current or anticipated

The investment programme for the last two years is as follows :

Investments (thousand RON)	2017	2016
Annual investment program	231.593	255.394
Execution of the investment programme at June 30 th	48.583	77.524

The achievement rate on June 30, 2017 is 21.0% compared to June 30, 2016 when the investment program was 30.4%.

2.3 Events, transactions and economic changes that significantly impact the revenues from the main Activity

The revenues from the main activity are impacted by :

- The electricity production of Cernavoda NPP in tight correlation with the operational performance of the two nuclear units;
- The compliance with the calendar for the gradual liberalization of the market and the contribution of the company to the regulated basket for until the end of 2017;
- The regulated prices established by ANRE;
- The evolution of the prices on the competitive market and the capacity of the company to compete successfully in such market price conditions;
- The evolution of demand and supply on the internal and regional market, the incorporation degree of the markets from the region.

2.4 Other significant events in the first semester of 2017

Other significant events in the first semester of 2017 which were not presented in the 2017 Q1 Report are the following:

a) Project Units 3 and 4 Cernavoda NPP

Between March and June 2017, clarifications and analyzes were conducted to identify options and define the parameters that may circumscribe the possible commitments of the state in relation to CGN requirements.

The inter-ministerial Commission for Units 3 and 4 of the Cernavoda NPP Project decided to approve the continuation of negotiations on investment documents for a period of up to 6 months from the date of institutional and corporate approval, with all other provisions of the MoU including the possibility of any Party Terminate the MoU without any indemnification by simple written notice to the other Party, if no agreement has been reached on the Investment Documents and to the extent that the delay was not caused by that Party, and the proposal will be subject to The approval of the Government of Romania and, subsequently, the Extraordinary General Meeting of SNN Shareholders.

b) Litigation with the shareholder of Fondul Proprietatea S.A.

Fondul Proprietatea S.A. Filed the action against the Bucharest Tribunal in order to find the absolute nullity of the AGEA Decision no. 8 / 06.10.2014 approving the increase of the share capital of SNN with cash contribution to the maximum amount of 239.172.630 lei by issuing 23.917.263 shares representing the contribution of the Romanian State in nature as a result of obtaining the certificate of attestation Of the ownership of the land the indivisible share of 239,05 square meters in Bd. Gheorghe Magheru no. 33 Bucharest and cash contribution representing the value of the budgetary allocations for the period 2006 - 2009 for the realization of Unit 2 of Cernavoda.

The action is the subject of file no. 40046/3/2014, at which the court set a new court term for September 12, 2017.

c) Adjustment of the regulated price

By Decision no. 861/13.06.2017, the National Regulatory Authority for Energy (ANRE) amended the ANRE President's Decision no. 1960/14.12.2016 regarding the approval of the quantities of electricity sold on the basis of regulated contracts and the regulated prices for electricity delivered in 2017 by S.N. Nuclearelectrica S.A..

Thus, according to ANRE Decision no. 861/13.06.2017, the new regulated average price for the second semester of 2017 is 156,93 lei/MWh, decreasing by 1,65% compared to the regulated regulated price approved by the ANRE President's Decision no. 1960/14.12.2016 (159,57 lei/MWh). This regulated average price does not include the tariff for the electricity transmission service paid to Transelectrica S.A. For the introduction of electricity into the power transmission network.

The adjustment of the regulated average electricity price for the second semester of 2017 envisages the reduction of the average cost of the nuclear fuel during 2017, compared to the average cost of the nuclear fuel taken into account in establishing the average price regulated under the ANRE President's Decision no. 1960/12.14.2016 .

d) Scheduled shutdown of Cernavoda Unit 2 NPP

Starting May 6, 2017, Unit 2 CNE Cernavoda entered the planned shutdown program, and the synchronization to the National Energy System took place on 2 June 2017.

During the planned stoppage, once every two years, over 10,000 activities were carried out under the following programs:

- preventive and corrective maintenance program;
- inspection program;
- the program for testing during the planned shutdowns, according to the requirements of the National Commission for Nuclear Activities Control, which may be performed only with the shutdown;
- program to implement project changes on certain systems / equipment / components.

All the planned stopping objectives were carried out in safety conditions for the personnel of the plant, the public and the environment, according to the approved procedures used at Cernavoda NPP.

e) Changes in Company Leadership

By Decision no. 50 / 11.04.2017, SNN's Board of Directors unanimously voted to abstain from voting the member of the Board of Directors, who simultaneously performs the position of General Manager, extending the mandate of General Manager of Mrs. Daniela Lulache on a the 4-month period starting May 1, 2017, respectively a provisional warrant, given that the previous term of office of the Managing Director expired on April 30, 2017. The decision of the Board of Directors was adopted in accordance with the applicable law and represents A measure to ensure the transfer from the current executive management to the new management (to be selected in accordance with Government Emergency Ordinance No. 109/2011 on corporate governance of public enterprises, with subsequent modifications and completions), the complexity of the processes and Nuclear activities. The Board of Directors' decision was based on the general manager's assessment report, the level of achievement of the performance indicators assumed under the Mandate Contract and the operational and financial performance results and was accepted by the Managing Director on April 13, 2017.

By Decision no. 2/24.04.2017 of the Ordinary General Meeting of Shareholders of SNN was approved the appointment of temporary members of SNN Board of Directors, for a period of 4 months starting April 26, 2017.

On 30 June 2017 the members of the SNN Board of Directors are as follows:

Nr. crts.	First and Last Name	Date of appointment	Warrant expiry date
1.	Iulian – Robert Tudorache	AGA Decision No. . 2/24.04.2017	26.08.2017
2.	Cristian Gentea	AGA Decision No. . 2/24.04.2017	26.08.2017
3.	Cristian – Romulus Anton	AGA Decision No. . 2/24.04.2017	26.08.2017
4.	Sebastian Tcaciuc	AGA Decision No. . 28/23.12.2013	23.12.2017
5.	Eva – Georgeta Andreas	AGA Decision No. . 2/24.04.2017	26.08.2017
6.	Florin – Constantin Tatar	AGA Decision No. . 2/24.04.2017	11.07.2017 ^{*)}

^{*)} According to AGA Decision no. 3 / 11.07.2017 was adopted the revocation as a member of the Board of Directors of SNN, the vacancy being called Mrs. Elena Popescu as interim administrator.

On June 29, 2017, the temporary member of the Board of Directors of Mr. Ionut Misa, appointed by AGA Decision No. 2/24.04.2017, ceased by resignation.

By Decision no. 64/03.05.2017, SNN's Board of Directors appointed Mr. Tudorache Iulian Robert as President of SNN's Board of Directors for a period of 4 months, the period of the provisional mandate held within the Board of Directors of SNN.

3. CHANGES AFFECTING CAPITAL AND ADMINISTRATION OF THE COMPANY

3.1. Situations in which the company was unable to meet its financial obligations during the 1st Semester of 2017

Is not the case.

3.2. Changes in the rights of the holders of securities issued by the company

Is not the case.

3.3. Other modifications

Is not the case.

4. SIGNIFICANT TRANSACTIONS

Information on significant transactions with affiliated parties in the first half of 2017 is presented in Annex 2. The financial auditor has issued a report on these legal acts, a report published on 28.07.2017 both on the Bucharest stock exchange page and on website of the company .

5. SUBSEQUENT EVENTS TO JUNE 30, 2017

5.1 Approval of the proposal of the Board of Directors on the non-distribution of additional dividends

By the decision of AGOA SNN no. 3 / 11.07.2017 approved the proposal of the SNN Board of Directors regarding the non-distribution of additional dividends from other reserves and the result carried forward, according to the provisions of art. II and art. III of Government Emergency Ordinance no. 29/2017 for the amendment of Art. (1) lit. G) of the Government Ordinance no. 64/2001 on the distribution of profits to national companies, national companies and commercial companies with full or majority state capital, as well as to the autonomous regies and for the modification of art. 1 paragraph (2) and (3) of Government Emergency Ordinance no. 109/2011 on Corporate Governance of Public Undertakings, in accordance with the note given to shareholders on this item on the agenda (paragraph 13 of the AGM agenda of 11 July 2017) .

5.2 The Refurbishment Project of Unit 1 CNE Cernavoda

Regarding the "Approval of the Updated Action Plan Strategy and Plan for the Unit 1 CNE Cernavoda Rehabilitation Project", at the Extraordinary General Meeting of Shareholders of SNN dated July 11, 2017, the Ministry of Energy asked the management of SNN for additional information regarding the completion of the strategy / the subject being returned to the shareholders' attention at an Extraordinary General Meeting of the subsequent Shareholders.

5.3 Project 3 and 4 Units

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

By the Decision of the Board of Administration of SNN no. 114/20.07.2017 approved and submitted for approval to the Extraordinary General Meeting of Shareholders of SNN the continuation of the negotiations on the Investment Documents under the same conditions of the MoU, for a period of up to 6 months from the date of the institutional and corporate approval, applying all the other provisions of the MoU, including the ability of either party to terminate the MoU without any indemnity by simple written notification to the other Party if no agreement on the investment

documents has been reached and to the extent that the delay was not caused by that Party.
The Extraordinary General Meeting of SNN's Shareholders was convened on 24 August 2017.

5.4 Reducing the tariff for the electricity transmission service paid to Transelectrica S.A. for the introduction of electricity into the power transmission network

By Order no. 48/22.06.2017, ANRE approves the electricity transmission tariff paid to Transelectrica S.A. for the introduction of electricity into the electricity transmission network at the value of 1,05 lei/MWh, applicable from July 1, 2017. Thus, the transport tariff is uniformized, with no regional differences, in S.N. Nuclearelectrica S.A. decreasing from 1,34 lei/MWh on 30 June 2017 to 1,05 lei/MWh starting July 1, 2017.

6. STATEMENTS AND SIGNATURES

Based on the best available information, we confirm that the Simplified Interim Financial Statements Simplified and Simplified Consolidated Interim Financial Statements Reviewed in accordance with the applicable accounting standards (International Accounting Standard 34 - "Interim Financial Reporting") provides a fair and consistent view The financial position, financial performance and cash flows for the period ended June 30, 2017 and that this report, made in accordance with the provisions of art. 65 of the Law no. 24/2017 regarding issuers of financial instruments and market operations and Annex no. 31 to CNVM Regulation no. 1/2006 for the period ending on June 30, 2017, contains accurate and consistent information about the development and performance of the company and the group .

Iulian Robert TUDORACHE
Chairman of the Board of Directors

Daniela LULACHE
Chief Executive Officer

Mihai DARIE
Chief Financial Officer

Annex 1 – Financial ratios

Indicator	Formula	u.m.	Value 30.06.2017 ^{**})
1. The current liquidity ratio	Current assets/ Current liabilities	x	4,84
2. Gearing ratio			
2.1. Gearing ratio (1)	Long term liabilities/ Shareholder's equity x 100	%	15,8%
2.1. Gearing ratio (2)	Long term liabilities / Capital employed x 100	%	13,6%
3. Receivables turnover	Average accounts receivable/ Turnover x 180	days	22
4. Non-current assets turnover *)	Turnover/ Non-current assets	x	0,25

*) The rotation speed of fixed assets is calculated by annualized half-yearly turnover (360 days / 180 days) .

***) Based on the simplified interim financial statements reviewed on and for the 6-month period ended June 30, 2017 .

Annex 2 – Legal acts reported in Semester I of 2017 under the conditions of Art. 225 of Law no. 297/2004, respectively art. 82 of Law no. 24/2017

The transactions with related parties for the first semester of 2017 were reported in the current reports from January 3, 2017, January 18, 2017, January 19, 2017, January 23, 2017, February 2, 2017, February 17, 2017, February 24, 2017, February 28, 2017, March 2017, April 14, 2017, May 11, 2017, May 31, 2017, June 14, 2017, June 16, 2017, June 22, 2017, and June 30, 2017.

Annex 3 – SNN major litigation pending at June 30, 2017 (500 thousand), including monetary unrated

The list of major litigation in progress on June 30 is found in Annex 4 - "SNN major litigation pending at June 30, 2017 (500 thousand), including monetary unrated" included in the six-monthly report of the Board of Directors of S.N. Nuclearelectrica S.A. For the six-month period of the first semester of 2017, published on the S.N. Nuclearelectrica S.A., investor relations (www.nuclearelectrica.ro).

Annex 4 – Individual interim financial statements simplified reviewed on and for the six-month period ended June 30, 2017

Simplified interim financial statements reviewed on and for the 6-month period ending on 30 June 2017 drawn up in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of International Accounting Standards (IFRS - EU) accounting standards based on the International Accounting Standard 34 - "Interim Financial Reporting" are published on the S.N. Nuclearelectrica S.A., investor relations (www.nuclearelectrica.ro).

Annex 5 – Consolidated interim financial statements reviewed on and for the six month period ended June 30, 2017

Simplified consolidated interim financial statements reviewed on and for the 6-month period ended June 30, 2017 prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of International Accounting Standards (IFRS - EU) accounting standards based on the International Accounting Standard 34 - "Interim Financial Reporting" are published on the S.N. Nuclearelectrica S.A., investor relations (www.nuclearelectrica.ro).

Annex 6 – The half yearly report of the Board of Directors on the administration activity for the first semester of 2017

The half yearly report of the Board of Directors on the administration activity for the first semester of 2017 prepared in accordance with the provisions of Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises and contracts administration is published on the website of S.N. Nuclearelectrica S.A., investor relations section (www.nuclearelectrica.ro).