



S.N. Nuclearelectrica S.A.

**Condensed Consolidated Interim Financial Statements as at and for the six months
period ended on June 30th 2017**

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

S.N. Nuclearelectrica S.A.

Condensed consolidated Statement of the Financial Position at June 30th 2017

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

	Note	30 June 2017 (revised)	31 December 2016 (audited, restated)
Assets			
Non-current assets			
Property, plant and equipment	4	7.073.190.720	7.249.582.386
Intangible assets	5	71.448.093	80.660.034
Total non-current assets		7.144.638.813	7.330.242.420
Current assets			
Inventories	6	332.853.171	331.056.534
Trade receivables and other receivables	7	134.580.830	162.099.518
Prepayments		24.790.685	12.699.411
Bank deposits	8	1.250.951.769	1.245.073.268
Cash and cash equivalents	8	360.478.980	264.200.287
Total current assets		2.103.655.435	2.015.129.018
Total assets		9.248.294.248	9.345.371.438
Equity and liabilities			
Equity			
Share capital	9	3.210.641.253	3.210.641.253
Share premium	9	31.474.149	31.474.149
Prepaid share reserve	9	21.553.537	21.553.537
Revaluation reserve	9	1.773.743.734	1.773.743.734
Retained earnings	9	2.469.552.529	2.437.266.224
Equity attributable to owners of the Company		7.506.965.202	7.474.678.897
Non-controlling interest		-	-
Total equity		7.506.965.202	7.474.678.897
Liabilities			
Non-current liabilities			
Long term borrowings	10	977.506.379	1.087.961.815
Deferred income		136.274.285	143.446.616
Deferred tax liability		153.820.356	157.022.058
Employees benefits		39.553.412	31.907.053
Total non-current liabilities		1.307.154.432	1.420.337.542
Current liabilities			
Accounts payable and other liabilities	11	198.619.256	216.811.994
Due income tax		2.612.653	6.432.070
Deferred income		25.443.096	6.181.408
Current portion of long term borrowings	10	207.499.609	220.929.527
Total current liabilities		434.174.614	450.354.999
Total liabilities		1.741.329.046	1.870.692.541
Total equity and liabilities		9.248.294.248	9.345.371.438

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S.N. Nuclearelectrica S.A.

Condensed Consolidated Income Statement for the six months period ended 30 June 2017

(All amounts are in RON, unless stated otherwise)

	Note	6 month period ended 30 June 2017 (revised)	Month period ended 30 June 2016 (revised, restated)
Revenues			
Sales of electricity	13	869.718.743	723.764.321
Electricity transmission revenues		6.787.777	19.406.569
Total revenues		876.506.520	743.170.890
Other income		16.469.835	(929.755)
Operating expenses			
Depreciation and amortization		(245.976.181)	(238.404.790)
Personnel expenses		(149.142.523)	(142.504.163)
Cost of traded electricity		(20.706.256)	(5.223.213)
Repairs and maintenance		(76.856.114)	(81.000.460)
Electricity transmission expenses		(6.787.777)	(19.406.569)
Costs with spare parts		(13.312.232)	(16.806.094)
Cost of uranium fuel		(57.465.473)	(66.905.694)
Other operating expenses	14	(175.436.401)	(156.060.877)
Total operating expenses		(745.682.957)	(726.311.860)
Operating result		147.293.398	15.929.275
Finance costs		(37.393.712)	(62.056.297)
Finance income		48.872.786	48.561.362
Net finance revenues/(expenses)	15	11.479.074	(13.494.935)
Profit before income tax		158.772.472	2.434.340
Income tax expense, net	12	(24.996.523)	(1.111.246)
Profit for the period		133.775.949	1.323.094
Profit for the period attributable to :			
Owners of the Company		133.775.949	1.323.094
Non-controlling interests		-	-
Profit for the period		133.775.949	1.323.094

The condensed consolidated interim financial statements on pages 1 to 27 were authorized for issue by the management on August 9th 2017 and were signed on its behalf by:

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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Condensed Consolidated Statement of Comprehensive Income for the six months period ended 30 June 2017

(All amounts are in RON, unless stated otherwise)

	Note	6 month period ended 30 June 2017 (<u>revised</u>)	Month period ended 30 June 2016 (<u>revised</u> , <u>restated</u>)
Profit for the period		133.775.949	1.323.094
Other elements of the comprehensive income			
Actuarial loss for the determined benefit plans		(1.990.072)	(572.459)
Other elements of the comprehensive income		(1.990.072)	(572.459)
Total comprehensive income		131.785.877	750.635
Attributable to:			
Company's Shareholders		131.785.877	750.635
Non-controlling interests		-	-
Total comprehensive income for the period		131.785.877	750.635
Earnings per share			
Basic earnings per share (RON/share)	18	0,44	0,00
Diluted earnings per share (RON/share)	18	0,44	0,00

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Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2017

(All amounts are in RON, unless stated otherwise)

Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at January 1st 2017 (audited)	3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.469.110.336	7.506.523.009	-	7.506.523.009
Correcting accounting errors	-	-	-	-	(31.844.113)	(31.844.113)	-	(31.844.113)
Balance as at January 1st 2017 (audited, restated)	3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.437.266.223	7.474.678.896	-	7.474.678.896
Total comprehensive income for the period								
<i>Profit for the period</i>	-	-	-	-	133.775.949	133.775.949	-	133.775.949
<i>Other comprehensive income</i>	-	-	-	-	(1.990.072)	(1.990.072)	-	(1.990.072)
Total comprehensive income for the period	-	-	-	-	131.785.877	131.785.877	-	131.785.877
Dividends declared	-	-	-	-	(99.499.571)	(99.499.571)	-	(99.499.571)
Balance as at June 30th 2017 (restated)	3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.469.552.529	7.506.965.202	-	7.506.965.202

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Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2017

(All amounts are in RON, unless stated otherwise)

Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at January 1st 2016 (audited)	3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.457.912.749	7.495.325.422	-	7.495.325.422
Correcting accounting errors	-	-	-	-	(36.133.136)	(36.133.136)	-	(36.133.136)
Balance as at January 1st 2016 (audited, retreated)	3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.421.779.613	7.459.192.286	-	7.459.192.286
Total comprehensive income for the period								
<i>Profit for the period</i>	-	-	-	-	1.323.094	1.323.094	-	1.323.094
<i>Other comprehensive income</i>	-	-	-	-	(572.459)	(572.459)	-	(572.459)
Total comprehensive income for the period	-	-	-	-	750.635	750.635	-	750.635
Dividends declared	9	-	-	-	(99.499.571)	(99.499.571)	-	(99.499.571)
Balance as at June 30th 2016 (revised)	3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.323.030.677	7.360.443.350	-	7.360.443.350

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Condensed Consolidated Statement of Cash Flows for the six months period ended 30 June 2017

(All amounts are in RON, unless stated otherwise)

	6 months period ended June 30th 2017 (revised)	6 months period ended June 30th 2016 (revised, restated)
Cash flows from operating activities		
Profit before income tax	158.772.472	2.434.340
Adjustments for :		
Depreciation and amortization	245.976.181	238.404.790
Impairment on the trade and other receivables	518	(779)
Impairment on stock value	(477.661)	(1.175.685)
Provisions	12.554.473	(1.811.568)
Gains from assets and sold impact of the value impairment	(28)	(39.923)
Net finance (Gain)/ expense	(10.345.045)	13.729.677
Changes in:		
Decrease in trade and other receivables	27.671.237	71.223.459
(Increase)/Decrease of inventories	(1.388.900)	3.844.185
Variation in deferred income	12.089.357	(21.242.973)
Variation in deferred expenses	(12.091.274)	(1.998.307)
Decrease in trade and other receivables	(34.008.996)	(17.730.312)
Cash generated from operating activities	398.752.334	285.636.904
Income tax paid	(32.017.640)	(20.678.483)
Interest received	6.119.195	7.822.052
Interest paid	(3.865.136)	(3.908.118)
Net cash from operating activities	368.988.753	268.872.355
Cash flows from investing activities		
Purchase of intangible assets	(9.634)	(4.718.626)
Purchase of property, plant, equipment	(52.926.098)	(43.742.607)
Gain from selling property, plant, equipment	2.615	42.266
Increase in bank deposits	(5.878.501)	(98.432.595)
Net cash from investing activities	(58.811.618)	(146.851.562)
Cash flow from financing activities		
Repayment of long term borrowings	(115.165.685)	(105.533.298)
Dividends payments	(98.732.757)	(98.659.417)
Net cash used in financing activities	(213.898.442)	(204.192.715)
Net (decrease)/increase in cash and cash equivalents	96.278.693	(82.171.922)
Cash and cash equivalents as at January 1st(see Note 8)	264.200.287	259.943.096
Cash and cash equivalents as at June 30th(see Note 8)	360.478.980	177.771.174

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1. REPORTING ENTITY

Societatea Nationala Nuclearelectrica S.A. (“the Company” or “SNN”) is a national shares company, administrated in unitary system, having a headquarter and two branches without legal personality, subsidiary CNE Cernavoda (Nuclear Power Plant) – having the headquarters in Constanta district, Cernavoda town, Medgidiei street, no. 2, registered at the Trade Register under the number J13/3442/2007 and, respectively, the subsidiary FCN Pitesti (Nuclear Fuel Plant) – having the headquarters 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” – NACE Code 3511 and it is registered at the Trade Register under the number J40/7403/1998, sole registration number 10874881, fiscal attribute RO.

On June 30th 2017 and December 31st 2016, the Company holds 100% of Energonuclear S.A. (“Energonuclear”); company having the head office in Bucharest, district 2, Vasile Lascar street, no. 5 - 7, 3rd floor and registered at the Trade Register under the number J40/3999/2009, having the sole registration number 25344972, fiscal attribute RO. The main activity of Energonuclear is consisting in “Engineering and technical consultancy activities connected to them” – NACE Code 7112.

The condensed consolidated interim financial statements of the Company as at and for the six months period ended June 30th 2017 comprise the financial statements of the Company and its subsidiary, Energonuclear SA, named together, “the Group”.

The main activity of the company is consisting of the electric and heat power generation through nuclear procedures. The main operating location is in Cernavoda, where the Company has two operating nuclear reactors (Nuclear Power Plant Unit 1 and Unit 2). The two nuclear reactors are based on CANDU technology (Canada Deuterium Uranium reactor of PHWR type). The Company holds in Cernavoda two nuclear reactors at inception stage (Nuclear Power Plant Units 3-4). The construction of Units 3 and 4 was planned to be finalized by Energonuclear; currently, there is a new strategy for the continuation of the project Cernavoda NPP Units 3 and 4 approved by the Extraordinary General Meeting of Shareholders on August 22nd 2014 (for more information see Note 16).

As well, the Company holds a reactor (Unit 5), for which the Shareholders have approved the change of destination since 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 the main destination of Unit 5 is in progress and it is going to be finalized during the year 2018. Unit 5 is fully depreciated, because there is no plan to continue the construction as nuclear unit.

The fabrication of the CANDU type nuclear fuel bundles necessary for the operation of the two operating nuclear reactors within the subsidiary CNE Cernavoda, is manufactured 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 symbol SNN.

As described in Note 9, at June 30th 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 SA which holds 27.408.381 shares, representing 9,0903% of the share capital and other shareholders which hold together 25,368,851 shares, representing 8,4138% of the share capital.

These Condensed Consolidated Interim Financial Statements, issued at the date and for the 6 months period ended at June 30th 2017 were approved for publishing by the Group management on August 9th 2017.

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2. BASIS OF PREPARATION

a) Statement of compliance

The present condensed consolidated interim financial statements were 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 ("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 July 19th 2002 regarding the application of the international accountancy standards.

These condensed consolidated 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 Consolidated Financial Statements issued at the date and for the financial year ended at December 31st 2016. However, selected explanatory notes are included to explain events and transactions that are significant for understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended at December 31st 2016.

The condensed consolidated interim financial statements as at and for the 6 months period ended on June 30th 2017 were revised by an independent auditor.

b) Use of estimates and judgments

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

Estimates and underlying assumptions are revised on an ongoing basis. Revisions to accounting estimates are recognized 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 are included in Note 16 (continuation of the activity of Energonuclear and of the project Cernavoda NPP Units 3 and 4).

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group has consolidated financial statements as at and for the year ended at December 31st 2016.

The present condensed consolidated interim financial statements were issued based on the hypothesis that the Group will continue its activity in the predictable future. In order to evaluate the applicability of this hypothesis, the Group management is analysing the provisions regarding the future cash entries.

Correction of some accounting errors

The Group 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 Group has identified the tax for special constructions and the local taxes and fees. The Group has recognized the liability regarding these taxes and fees

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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 Group has considered that the liability recognition moment is determined by the existence in its patrimony of the assets representing the tax base and, consequently, the liability regarding the special constructions fee and the local taxes and fees was integrally recognized at January 1st in the afferent expenses counterparty.

The Group has reconsidered the date when the generating event appears connected to the fees and taxes covered by IFRIC 21 and has concluded that this date is December 31st 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 reconsidering of the accounting treatment afferent to the government taxes and fees that are covered by IFRIC 21, determines modification connected to the amounts due to the state budget, on local taxes and fees, respectively upon the deferred tax, recorded in the current period, the comparing financial statements being properly retreated.

The effect of the correction of the accounting error on the Profit and Loss Account of the compared Financial Statements:

Profit/(Loss) of the period	6 months period ended at 30 June 2016
Values reported before the correction of the accounting error	(38.251.327)
Annulment of the local tax and fees expense	43.015.638
Restatement of the deferred tax	(3.441.217)
Restated values after the correction of the accounting error	1.323.094

Effects of the correction of the accounting error on the Financial Position:

Trade liabilities and other liabilities (see Note 11)	31 December 2016
Values reported before the correction of the accounting error	178.902.336
Recognition of the tax related to 2017 on 31.12.2016	37.909.658
Restated values after the correction of the accounting errors	216.811.994
Liability regarding the deferred tax	31 December 2016
Values reported before the correction of the accounting error	163.087.603
Recognition of the deferred tax at 31 December	(6.882.502)
Restatement of the deferred tax for the period	6.882.502
Recognition of the receivable with the deferred tax	(6.065.545)
Restated values after the correction of the accounting errors	157.022.058
Profit for the period (see Note 9)	31 December 2016
Values reported before the correction of the accounting error	2.469.110.336
Recognition of the tax for 2017 at 31.12.2016	(37.909.659)
Recognition of the receivable with the deferred tax at 31 December of the previous year	6.882.502
Restatement of the deferred tax for the current period	(6.882.502)
Recognition of receivable with the deferred tax at 31.12.2016	6.065.546
Restated values after the correction of the accounting errors	2.437.266.224

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4. PROPERTY, PLANT AND EQUIPMENT

	Land	Nuclear powerplants	Machinery, equipment and other assets	Fixed assets in progress	TOTAL
Cost					
Balance at January 1st 2016 (audited)	31.534.439	5.415.577.164	1.816.362.920	1.120.291.279	8.383.765.803
Additions	-	-	13.256.072	93.632.951	106.889.023
Transfers	-	164.223.252	29.262.697	(193.485.949)	-
Transfer of intangible assets	-	-	-	(13.717.629)	(13.717.629)
Transfer of spare parts	-	-	-	289.417	289.417
Disposals	-	-	(1.477.663)	(5.851.327)	(7.328.990)
Balance at December 31st 2016 (audited)	31.534.439	5.579.800.416	1.857.404.026	1.001.158.743	8.469.897.624
Balance at January 1st 2017 (audited)	31.534.439	5.579.800.416	1.857.404.026	1.001.158.743	8.469.897.624
Additions	-	-	22.238.361	46.722.103	68.960.464
Transfers	-	8.160.264	20.734.046	(28.894.310)	-
Transfer of intangible assets	-	-	-	-	-
Transfer of spare parts	-	-	-	69.924	69.924
Disposals	-	-	(864.554)	-	(864.554)
Balance at June 30th 2017 (reviewed)	31.534.439	5.587.960.680	1.899.511.879	1.019.056.460	8.538.063.458
Depreciation and impairment adjustments					
Balance at January 1st 2016 (audited)	311.030	29.408.719	591.182.668	147.539.743	768.442.160
Depreciation charge	51.838	346.011.604	113.783.192	-	459.846.634
Accumulated depreciation of disposals	-	-	(1.463.222)	-	(1.463.222)
Adjustments for depreciation	187.914	-	-	(6.698.248)	(6.510.334)
Balance at December 31st 2016 (audited)	550.782	375.420.323	703.502.638	140.841.495	1.220.315.238
Balance at January 1st 2017 (audited)	550.782	375.420.323	703.502.638	140.841.495	1.220.315.238
Depreciation charge	-	178.730.401	58.145.583	-	236.875.984
Accumulated depreciation of disposals	-	-	(861.967)	-	(861.967)
Adjustments for depreciation	-	-	-	8.543.484	8.543.484
Balance at June 30th 2017 (reviewed)	550.782	554.150.724	760.786.254	149.384.979	1.464.872.738
Balance at January 1st 2017 (audited)	31.223.410	5.386.168.445	1.225.180.253	972.751.536	7.615.323.641
Balance at December 31st 2016 (audited)	30.983.657	5.204.380.093	1.153.901.388	860.317.248	7.249.582.386
Balance at June 30th 2017 (reviewed)	30.983.657	5.033.809.956	1.138.725.625	869.671.481	7.073.190.720

The machinery, equipment and other assets contain, mainly, the first load of heavy water used for Units 1 and 2, with a net book value as at June 30th 2017 of 464.628.299 RON (December 31st 2016: 456.034.348 RON) and administrative buildings with a net book value as at June 30th 2017 of 305.723.759 RON (December 31st 2016: 315.465.551 RON).

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Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2017

(All amounts are in RON, unless stated otherwise)

As at June 30th 2017, the carrying amount of Units 3 and 4, recognized as “Assets under construction”, is of 273.960.000 RON (December 31st 2016: 273.960.000 RON). Prior to 1991, the Units 1,2,3,4 and 5 were considered as a single project and therefore construction costs incurred were not allocated individually to each unit. Subsequently, the Group made the allocation of the construction costs to Nuclear Power Plant Units 3 and 4, as well as for Unit 5.

The accounting value of the heavy water purchased for the Units 3 and 4 is of 158.470.146 RON (December 31st 2016:158.470.146 RON), representing approximately 75 tons. These elements are presented within the group “Intangible assets under construction”.

The main investments made by the Group during the six months period ended at June 30th 2017 for the projects under construction related to Units 1 and 2 includes:

- Construction of storage and loading areas for the used nuclear fuel (DICA) in amount of 10.390.983 RON (2016: 8.116.594 RON);
- Installation of access gates in the water admission chamber area in amount of 3.425.713 RON (2016: 4.296.668 RON);
- Refurbishment of the DCC emulator from the Full Scope Simulator structure in amount of 2.080.468 RON (2016: 261.965 RON).

The main investments put commissioned during the six months period ended at June 30th 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.

In the semester I of the year 2017, the Group has 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 in amount of 21.978.338 RON (in the semester II of the year 2016: 5.071 kg of heavy water have been purchased in amount of 9.621.247 RON).

As at June 30th 2017, the carrying amount of assets under construction which refers to units 3 and 4 is in amount of 647.678.387 RON (December 31st 2016: 648.115.181 RON). As at June 30th 2017, the remaining difference up to 859.671.312 RON (December 31st 2016: 850.317.080 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 24.235.628 RON, improvement of nuclear security systems after Fukushima in amount of 11.785.847 RON, extending the lifespan of Unit 1 with 25 years, compared to the designed lifespan in amount of 7.119.054 RON.

As at June 30th 2017, the Group acquired fixed assets on credit from suppliers (trading credit) in amount of 17.428.727 RON (December 31st 2016: 9.115.867RON).

The values presented at 1 January 2016 and 31 December 2016 related to the cost of property, plant and equipment and respectively, to the cumulated amortization for the property, plant and equipment at the same data have been corrected with the value of RON 15.291.476, out of which the category « Land » with the amount of RON 2.491.550 and the category “Nuclear power plants” with the amount of RON 12.799.926, in order to correlated the amounts presented in this note with the accounting values. These differences are generated from the different presentation of the impact of the revaluation performed at 31 December 2015 in the note regarding the transfer of property, plant and equipment compared to the accounting records performed at the same date; also, the values presenten as at 1 January 2016 and 31 December 2016 related to cost of non current assets and respectively the accumulated depreciation related to non current assets as at the same dates were corrected with RON 9.978.733 (increase in accumulated depreciation for “Machinery, equipment and other assets” and respectively increase in gross book value of “Fixed assets in progress”), in order to correlate the values present in the current note with accounting evidences.

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These corrections have no impact on the net accounting value of the property, plant and equipment for none of the above reported periods.

Decommissioning of nuclear power plants

Unit 1 is designed to operate until 2026 and Unit 2 until 2037. The Group did not record provisions for decommissioning of these two units, as it is not responsible for the decommissioning. According to Government decision no. 1080/2007, the Nuclear Agency and Radioactive Waste (“ANDR”) is responsible for collecting the contributions paid by the Group for the remaining useful life of these units and assumes the responsibility for the management of the entire decommissioning process at the end of the useful lives of the units, and also for the permanent storage of the resulting waste (see Note 14). The Group’s expense regarding the contributions to ANDR for the six months period ended June 30th 2017 is in amount of 47.003.357 RON (6 month period ended at June 30th 2016: 46.534.510 RON).

Assets pledged as security

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

5. INTANGIBLE ASSETS

	Licenses and software	Software and other intangible assets for the Power plant	TOTAL
Cost			
Balance at January 1st 2016 (audited)	60.208.753	169.539.284	229.748.037
Additions	1.894.136	6.485.123	8.379.259
Transfers from intangible assets	-	13.717.629	13.717.629
Disposals	(35.737)	(1.738.827)	(1.774.565)
Balance at December 31st 2016 (audited)	62.067.152	188.003.208	250.070.360
Balance at January 1st 2017 (audited)	62.067.152	188.003.208	250.070.360
Additions	1.509	8.125	9.634
Transfers and relocations	2.411.282	(2.411.282)	-
Disposals	(92.584)	-	(92.584)
Balance at June 30th 2017 (revised)	64.387.358	185.600.051	249.987.410
Accumulated amortization			
Balance at January 1st 2016 (audited)	59.533.756	90.207.881	149.741.637
Amortization expense	2.076.055	19.367.199	21.443.254
Amortization related to disposals	(35.737)	(1.738.827)	(1.774.565)
Balance at December 31st 2016 (audited)	61.574.073	107.836.252	169.410.326
Balance at January 1st 2017 (audited)	61.574.073	107.836.252	169.410.326
Amortization expense	884.693	8.336.881	9.221.574
Amortization related to disposals	(92.583)	-	(92.583)
Relocations	(950.217)	950.217	-
Balance at June 30th 2017 (revised)	61.415.966	117.123.350	178.539.317
Accounting value			
Balance at January 1st 2016 (audited)	674.997	79.331.403	80.006.400
Balance at December 31st 2016 (audited)	493.078	80.166.956	80.660.034
Balance at June 30th 2017 (revised)	2.971.392	68.476.702	71.448.093

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S.N. Nuclearelectrica S.A.**Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2017***(All amounts are in RON, unless stated otherwise)*

As at June 30th 2017, the category “ Software and other intangible assets for the Power plant” includes other property, plant and equipment representing integrated management software systems in the amount of 26.084.953 RON (December 31st 2016: 26.435.773 RON).

The values presented at 1 January 2016 and 31 December 2016 related to the cost of property, plant and equipment and respectively to the cumulated amortization of these at the same dates have been corrected with the amount of RON 3.837.918, in order to correlate the values presented in this note with the accounting records and in order to adequately reflect the off-set of gross amounts not cancelled in previous periods.

These corrections have no impact on the net accounting value of intangible assets for none of the above reported periods.

6. INVENTORIES

As at June 30th 2017 and December 31st 2016, the inventories are as follows:

	June 30th 2017 (revised)	December 31st 2016 (audited)
Spare parts	131.835.832	130.820.220
Consumables, materials and suppliers	44.475.989	45.107.372
Nuclear fuel	121.678.460	102.355.393
Uranium	30.282.791	49.372.687
Other inventories	4.580.099	3.400.862
Total	332.853.171	331.056.534

7. TRADE AND OTHER RECEIVABLES

As at June 30th 2017 and December 31st 2016, the trade and other receivables are as follows:

	June 30th 2017 (revised)	December 31st 2016 (audited)
Trade receivables	98.225.081	137.739.961
Trade receivables allowance	(12.847.262)	(12.846.744)
Other receivables	11.937.572	13.113.869
Other receivables allowance	(3.468.965)	(3.468.965)
Taxes and duties	40.734.404	27.561.397
Total	134.580.830	162.099.518

As at 30th 2017, significant trade receivables in balance are from: Enel Energie Muntenia S.A. – 11.783.142 RON (December 31st 2016: 10.677.949 RON), Enel Energie S.A. – 10.700.195 RON (December 31st 2016: 8.820.614 RON), Electrica Furnizare S.A. – 8.478.401 RON (December 31st 2016: 30.893.082 RON), CEZ Vanzare S.A. – 7.444.765 RON (December 31st 2016: 3.131.472 RON) and GEN-I d.o.o. – 5.979.225 RON (December 31st 2016: 15.251.159 RON).

The sales performed during the six month period concluded at June 30th 2017 to Electrica Furnizare S.A. represented approximately 13% (the 6 months period ended at June 30th 2016: 21%), to Enel Energie Muntenia S.A. 6% (the 6 months period ended at June 30th 2016: 15%) and to Enel Energie S.A. 6 % (the 6 months period ended at June 30th 2016: 7%) of the total electricity sales of the Group.

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

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As at June 30th 2017, the position “Trade receivables” includes an amount of 13.167.996 RON afferent to the receivables from the affiliated parties (December 31st 2016: 32.566.868 RON).

As at June 30, 2017, “Taxes and duties” are mainly represented by recoverable VAT of 35.291.792 RON (December 31, 2016: 25.359.497 RON).

8. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

As at June 30th 2017 and December 31st 2016, the cash and cash equivalents are as follows:

	June 30th 2017 (revised)	December 31st 2016 (audited)
Cash at bank in RON	351.992.466	262.726.378
Cash at bank in foreign currency	8.486.514	1.473.909
Total cash and cash equivalents	360.478.980	264.200.287

The position “Cash at banks” includes the bank deposits with an initial maturity of under three months.

At 30 June 2017, the Company issues letters of bank guarantee in total value of RON 37.122.269 (31 December 2016: RON 49.124.158), for which a cash guarantee was constituted as collateral bank deposits. The position “Cash at bank in RON” includes the amount of RON 5.371.500 (31 December 2016: RON 3.726.168), representing the cash guarantee and collateral deposit, with a maturity of up to 3 months.

As at June 30th 2017 and December 31st 2016, the bank deposits are as follows:

Deposits currency	June 30th 2017 (revised)	December 31st 2016 (audited)
RON	1.250.951.769	1.238.827.789
CAD	-	651.189
USD	-	5.594.290
Total	1.250.951.769	1.245.073.268

As at June 30th 2017 the “Bank Deposit” position includes an amount of 31.750.769 RON (December 31st 2016: 45.397.989 RON) related to the bank guarantee letters issued by various banks on behalf of the Group in favour of third parties for which guarantee was submitted in the form of bank guarantee letters, with a maturity up to an year; these bank guarantee letters are connected to the Group’s participation to the electric power market, representing, mainly, the electric power sales of the Group.

9. EQUITY*Share Capital*

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

According to the Memorandum of Association, the authorized capital of the company is of 3.016.200.000 RON. The subscribed social capital, paid at June 30th 2017 is of 3.015.138.510 RON.

On June 30th 2017 and December 31st 2016, , the share capital includes the effects of the restatements registered in the previous years required by the application of IAS29 “Financial Reporting in Hyperinflationary Economies”.

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The reconciliation of the share capital is as follows:

	June 30th 2017 (revised)	December 31st 2016 (audited)
Statutory subscribed and paid social capital	3.015.138.510	3.015.138.510
Restatement difference in accordance with IAS 29	195.502.743	195.502.743
Share Capital (restated amount)	3.210.641.253	3.210.641.253

As at June 30th 2017 and December 31st 2016, the amount of statutory capital fully subscribed and paid is 3.015.138.510 RON, consisting of 301.513.851 ordinary share each with a nominal value of RON 10.

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

The shareholders' structure as at June 30th 2017 and December 31st 2016 was as follows:

Shareholders	Number of shares	% of the share capital
The Romanian State through the Energy Ministry	248.736.619	82,4959%
Fondul Proprietatea S.A.	27.408.381	9,0903%
Other investors	25.368.851	8,4138%
Total	301.513.851	100%

Share premium

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

Prepaid Share Reserve

The prepaid share reserve is in amount of 21.553.537 RON at June 30th 2017 (December 31st 2016: 21.553.537 RON) and 2015 represents public utility facilities from Cernavoda NPP in amount of 5.439.321 RON at June 30th 2017 (December 31st 2016: 5.439.321 RON) and budget allocations related to the period 2007-2011 for construction of the Training and Recreation Centre for Youth and Children in Cernavoda, unfinished investment, in amount of 16.114.216 RON at June 30th 2017 (December 31st 2016: 16.114.216 RON).

Revaluation Reserves

On June 30th 2017, the revaluation reserve is in amount of 1.773.743.734 RON (December 31st 2016: 1.773.743.734 RON). The most recent revaluation of land, buildings and constructions was performed at 31 December 2015 by an independent evaluated, East Bridge S.R.L., member of the National Association of Authorized Evaluators in Romania ("ANEVAR").

Reported result

The reported result represents the cumulated result of the Group. 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.

In the 6 months period ended at June 30th 2017, the Company has distributed dividends in amount of 99.499.571 RON (June 30th 2016: 99.499.571 RON). The gross unpaid dividends at June 30th 2017 are in amount of 1.060.562 RON (June 30th 2016: 1.118.224 RON).

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

Legal reserves

As at June 30th 2017, the value of the Group legal reserve is in amount of 76.407.469 RON (December 31st 2016: 76.407.040 RON) and it is presented cumulately at the position "Reported result".

10. BORROWINGS

The repayment of borrowings during the 6 months period ended at June 30th 2017 was as follows:

	Currency	Interest rate	Carrying amount	Year of maturity
Balance at January 1st 2017 (audited)			1.345.420.230	
Withdrawals				
Repayments, out of which			(115.165.686)	
Societe Generale - ALSTOM BC	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 BC	EUR	EURIBOR 6M + 0,45%	(3.060.143)	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR6M +0,07%	(6.355.101)	2017
EURATOM	EUR	EURIBOR 6M + 0,08%	(52.563.330)	2024
Exchange rate differences			(12.751.939)	
Balance at June 30th 2017 (revised)			1.217.502.605	

As at June 30th 2017 and December 31st 2016 the long-term borrowings from credit institutions were as follows:

	June 30th 2017 (revised)	December 31st 2016 (audited)
Societe Generale - ALSTOM BC	-	2.420.553
Societe Generale - ANSALDO BC	175.066.317	192.031.669
Societe Generale - AECL BC	335.696.442	383.665.096
Societe Generale - NEXANS BC	-	3.040.658
Societe Generale - GENERAL ELECTRIC	5.894.636	12.710.203
EURATOM	700.845.210	751.552.050
Total long term loans from credit institutions	1.217.502.605	1.345.420.229
Less: Current portion of the long term loans	(213.697.668)	(228.197.074)
Less: balance of the commitment and insurance fees (long term)	(26.298.558)	(29.261.340)
Total long term loans, net of short term portion	977.506.379	1.087.961.815

At June 30th 2017, the financial indicators related to the loan granted by EURATOM were fulfilled.

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S.N. Nuclearelectrica S.A.**Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2017***(All amounts are in RON, unless stated otherwise)*

At June 30th 2017 and December 31st 2016 the short term borrowings are as follows:

	June 30th 2017 (revised)	December 31st 2016 (audited)
Current portion of the long term borrowings	213.697.668	228.197.074
Interests related to the long term borrowings	462.964	560.850
Commitment and insurance fees on short term	(6.661.023)	(7.828.396)
Total short term borrowings	207.499.609	220.929.527

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

At June 30th 2017 and December 31st 2016, the trade and other liabilities are as follows:

	June 30th 2017 (revised)	December 31st 2016 (audited, restated)
Property, land and equipment suppliers	17.428.727	9.115.869
Suppliers	103.986.030	96.445.148
Employee benefits	8.430.453	15.115.857
Payables to State	21.051.784	61.086.538
Dividends payable	1.060.562	295.306
Other payables	46.661.700	34.753.276
Total	198.619.256	216.811.994

At June 30th 2017, the main outstanding suppliers are: General Electric Wilmington - Sucursala Romania – 28.276.589 RON (December 31st 2016: 3.186.240 RON), Nuclear Risk Insurers Limited – 11.034.498 RON (December 31st 2016: 0 RON), Apele Romane Bucuresti – 10.662.221 RON (December 31st 2016: 11.792.224 RON), Elcomex I.E.A S.A. – 8.090.198 RON (December 31st 2016: 5.117.083 RON).

At June 30th 2017, the position “Suppliers” includes an amount of 18.159.737 RON related to the debts towards the affiliate parties (December 31st 2016: 22.133.676 RON).

At 30 June 2017, the position “Payables to State” includes the contribution for the decommissioning of each nuclear unit and the contribution for the permanent disposal of the radioactive wastes due to ANDR in amount of RON 7.905.473 at 30.06.2017 (31 December 2016: RON 9.863.987).

Following the reconsideration of the accounting treatment of the government fees and taxes, according to IFRIC 21, detailed in Note 3, the “Payables to State” at December 31st 2016 have been properly modified.

12. INCOME TAX

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

	6 months period ended at June 30th 2017 (revised)	6 months period ended at June 30th 2016 (revised, restated)
Current tax expense	28.198.223	1.949.984
Deferred tax release, net	(3.201.700)	(838.738)
Total	24.996.523	1.111.246

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

13. SALES OF ELECTRICITY

(i) Revenues from electricity sales

	6 months period ended at June 30th 2017 (revised)	6 months period ended at June 30th 2016 (revised)
Sales of electricity on regulated market	66.158.072	141.012.498
Sales of electricity on free market	802.110.041	581.576.394
Sales of thermal energy	1.442.471	1.166.634
Revenues from sales of green certificates	8.159	8.795
Total	869.718.743	723.764.321

(ii) Energy quantity sold

	6 months period ended at June 30th 2017 (revised)	6 months period ended at June 30th 2016 (revised)
Quantity of energy sold on regulated market (MWh)	414.289	866.471
Quantity of energy sold on free market (MWh)	4.711.202	3.945.943
Total	5.125.491	4.812.414

The Company is a participant to the balancing market, but also a Responsible Party for balancing according to the conventions concluded with the transmission and system operator Transelectrica S.A. The presented quantity of energy sold does not include the quantity of energy related to the revenues from positive imbalances capitalized on the Balancing Market, in amount of 13.651 MWh for the 6 months period ended at June 30th 2017 (13.292 MWh in the 6 months period ended at June 30th 2016).

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 S.C. 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 first quarter of 2017 are in the amount of 1.442.471 RON (June 30th 2016: 1.166.634 RON).

The electricity sector 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.

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In the 6 months period ended at June 30th 2017, the Company has sold approximately 8,06% of the electric power on the regulated market (17,96% in the 6 months period ended at June 30th 2016). The total quantity of electric power sold in the 6 months period ended at June 30th 2017 is of 5.139.142 MWh, compared to 4.825.706MWh, sold in the 6 months period ended at June 30th 2016. The average sale price of the electric power on the regulated market in the 6 months period ended at June 30th 2017 is of 159,57 RON/MWh compared to 162,71 RON/MWh in the 6 months period ended at June 30th 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.

According to the decision of ANRE no. 861/13.06.2017, the regulated price for the electric power delivered and sold by the Group based on regulated contracts has been reduced from 159,57 RON/MWh to 156,93 RON/MWh, upon the request of ANRE for readjusting the regulated price starting with July 1st 2017, based on the diminishing of the average price for the nuclear fuel considered at establishing the regulated price based on the decision of ANRE no. 1960/14.12.2016.

14. OTHER OPERATING EXPENSES

	6 months period ended at June 30th 2017 (revised, retreated)	6 months period ended at June 30th 2016 (revised, retreated)
Third parties services	41.644.799	28.047.616
Expenses with ANDR	47.003.357	46.534.510
Energy and water	36.729.291	35.579.930
Fuels, lubricants and other consumables	17.319.461	21.537.463
Costs with the insurance premiums	5.300.685	6.972.223
Transportation and telecommunication	2.936.455	3.128.713
Building tax	-	-
Tax on special constructions	-	-
Other operating expenses	24.502.353	14.260.422
Total	175.436.401	156.060.877

Starting with 2007, following the Government Decision no. 1080/2007 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 June 30th 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.

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15. FINANCE INCOME AND COSTS

	6 months period ended at June 30th 2017 (revised)	The 6 months period ended at June 30th 2016 (revised)
Interest income	6.272.219	8.432.831
Foreign exchange gains	42.599.494	40.128.531
Income from dividends	1.073	-
Total finance income	48.872.786	48.561.362
Foreign exchange expenses	(29.496.305)	(54.352.469)
Interest expenses	(7.897.407)	(7.703.828)
Total finance costs	(37.393.712)	(62.056.297)
Net finance income/(expense)	11.479.074	(13.494.935)

16. GROUP STRUCTURE

As at June 30th 2017 and December 31st 2016, the Company holds 100% of the share capital of Energonuclear SA. The value of participation on a June 30th 2017 and December 31st 2016 is of 141.666.101 RON.

The uncertainty regarding the Energonuclear capacity to continue its activity, explained in details in the Consolidated Financial Statements at the date and for the financial year concluded at December 31st 2016 is maintained at June 30th 2017.

At January 31st 2017, the negotiation Committee has approved the negotiations continuing decision upon the Investment Documents under the same conditions from the MoU, being started the formalities for obtaining a mandate from the Inter-Ministries Commission, Romanian Government and, respectively, the General Meeting of the Company Shareholders regarding the negotiations continuing.

On February 23rd 2017, took place a meeting between the representatives of the Energy Ministry and of CGN regarding the need of assuming an action calendar and to speed up the negotiations for establishing the new Project Company ("JVCo"). At the request of CGN, in the absence of a new negotiation mandate, in the period 28 - 30 March 2017 and, respectively, 10 - 13 April 2017 took place unengaged technical discussions between the representatives of SNN and CGN.

On March 6th 2017, the Inter-Ministries Commission approved the proposal of the negotiation Commission regarding the negotiation continuing and forwarding for approval to the Romanian Government a memorandum in this regard. The continuation of the negotiations may take place after the approval within the General Meeting of the Company Shareholders.

During March – July 2017 clarifications and analyses have taken place regarding the identification of options and defining the parameters that might describe the possible engagements of the Romanian State, reported to the requirements of CGN.

The Inter-Ministries Commission for the Project Units 3 and 4 from CNE Cernavoda has decided to approve the negotiations continuing upon the Investment Documents for a period up to 6 months from the institutional and corporative approval date, applying all the others provisions of MoU, inclusive the possibility of any Party to terminate the MoU without any claim, through a simple written notification to the other Party, in case has not been reached any agreement upon the Investment Documents and as long as the delay has not been caused by that Party, and this proposal

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is going to be submitted for approval to the Romanian Government and, later onto the General Extraordinary Meeting of the NPP Shareholders.

Considering the above mentioned aspects, as well as the stage of the negotiations with the selected investor for developing the Project of the Units 3 and 4 CNE Cernavoda, the company management considers 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 a request in the future 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 will be recovered, according to the strategy.

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

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

The Company had significant transactions with other companies owned or controlled by the state, including: electricity sales (Electrica Furnizare, OPCOM), acquisition of electricity transmission and balancing services (CN Transelectrica SA) and acquisition of non-compliant nuclear material processing services following the processing of the uranium powder (Compania Nationala a Uraniului).

Significant transactions performed with the related parties of the Company in the six months periods ended on June 30th 2017 and, respectively, June 30th 2016 as well as the balances on June 30th 2017 and December 31st 2016 consist in the following:

	Sales in the 6 months period ended at		Receivables at	
	June 30th 2017 (revised)	June 30th 2016 (revised)	June 30th 2017 (revised)	December 31st 2016 (audited)
OPCOM S.A.	241.149.295	195.887.363	285.165	945.089
Electrica Furnizare S.A.	127.856.821	147.763.226	8.478.401	30.893.082
Societatea de distributie a energiei electrice Muntenia Nord S.A.	13.749.498	-	2.984.954	-
Transelectrica S.A.	6.738.534	322.855	8.686	10.606
Utilitati Publice S.A. Cernavoda	1.412.837	981.435	702.671	693.869
Total	390.906.985	344.954.879	12.459.877	35.542.646
	Acquisitions in the 6 months period ended at		Liabilities at	
	June 30th 2017 (revised)	June 30th 2016 (revised)	June 30th 2017 (revised)	December 31st 2016 (audited)
ANDR	47.003.357	46.534.510	7.905.473	9.863.987
Apele Romane Bucuresti	28.667.771	27.557.565	10.662.221	11.792.224
Administratia Nationala a Rezervelor de Stat si Probleme Speciale	21.978.338	-	-	-
CNCAN	9.168.445	4.500.000	-	-
Transelectrica S.A.	6.798.979	23.576.911	3.567.467	4.057.794
Administratia Bazinala de Apa Dobrogea Litoral	4.819.036	4.912.887	1.620.395	2.466.368
OPCOM S.A.	5.747.753	307.723	111.446	24.712
Societatea de distributie a energiei electrice Muntenia Nord S.A.	-	-	4.859.957	-
Compania Nationala a Uraniului S.A.	1.808.460	3.846.499	2.535.306	2.510.328
Total	125.992.139	111.236.095	31.262.265	30.715.413

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In the balance of debts to affiliated parties at 30 June 2017, presented above, the prepayments received from clients – affiliated parties were included in the amount of RON 6.253.097 as presented in the Simplified Individual Statement of the Financial Position at 30 June 2017 at „Short term prepayments” (December 31, 2016: RON 2.278.788).

ii) Compensation to key management personnel

The Group management is made up of:

- Members of the Board of Directors of the Company and of the Energonuclear’s branch, who have contracts of mandate concluded with the Company;
- Managers with contracts of mandate within the Group;
- Other managers within the Group which have individual employment contracts concluded, as provided in the collective labour contracts, as applicable.

The members of the Board of Directors have concluded administration contracts with the company, their remuneration being approved by the General Meeting of the Shareholders. The managers with contracts of mandate are remunerated based on the contractual provisions within the general limits approved by the General Meeting of the Shareholders. Detailed information regarding the remuneration of the administrators and company managers are included in the Annual Report of the Nomination and Remuneration Committee, organized at the level of the company Board of Directors. The presented amounts are gross remunerations.

	6 months period ended at June 30th 2017 (revised)	6 months period ended at June 30th 2016 (revised)
Group management remuneration (gross amounts)	2.925.811	2.701.326
	2.925.811	2.701.326

18. EARNINGS PER SHARE

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

(i) Basic earnings per share

	6 months period ended at June 30th 2017 (revised)	6 months period ended at June 30th 2016 (revised, retreated)
Net profit for the period	133.775.949	1.323.094
Number of ordinary shares at the beginning of the period	301.513.851	301.513.851
Number of ordinary shares during the period	-	-
Weighted average number of ordinary shares at the end of the period	301.513.851	301.513.851
Basic earnings per share (RON/share)	0,44	0,00

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(ii) Diluted earnings per share

	6 months period ended at June 30th 2017 (revised)	6 months period ended at June 30th 2016 (revised, retreated)
Net profit /(Net loss) for the period	133.775.949	1.323.094
Number of ordinary shares at the beginning of the period	301.513.851	301.513.851
Number of ordinary shares during the period	-	-
Number of ordinary shares at the beginning and at the end of the period (a)	301.513.851	301.513.851
Number of ordinary shares issued during the period (see the Note 9)	-	-
Weighted average number of ordinary (diluted) shares at June 30th (a) + (b)	301.513.851	301.513.851
Diluted earnings per share (RON/share)	0,44	0,00

19. FINANCIAL RISK MANAGEMENT*(i) Financial risks factors**Credit risk*

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

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

As at June 30th 2017 the Group has significant concentration of credit risk, considering that approximately 36% (June 30th 2016: 33%) of the trade receivables are from Electrica Furnizare S.A., Enel Energie S.A. and Enel Energie Muntenia S.A. (see Note 7).

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

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

	Net value	
	June 30th 2017 (revised)	December 31st 2016 (audited)
Trade receivables	85.377.819	124.893.217
Bank deposits	1.250.951.769	1.245.073.268
Cash and cash equivalents	360.478.980	264.200.287
Other receivables	49.203.011	37.206.301
Financial assets	1.746.011.579	1.671.373.073

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The ageing of trade receivables at the reporting date is:

	Gross June 30th 2017 (revised)	Impairment June 30th 2017 (revised)	Gross December 31st 2016 (audited)	Impairment December 31st 2016 (audited)
Neither past due nor impaired	83.982.849	-	118.678.457	-
Past due 1–30 days	675.666	-	6.109.060	(1.055)
Past due 31–90 days	598.606	-	45.905	(123)
Past due 91–180 days	109.134	(1.389)	25.394	(575)
Past due 181–270 days	13.075	(123)	27.562	(218)
Past due 271–365 days	328	(328)	9.491	(682)
Past due more than one year	12.845.422	(12.845.422)	12.844.091	(12.844.091)
Total	98.225.081	(12.847.262)	137.739.961	(12.846.744)

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

	June 30th 2017 (revised)	December 31st 2016 (audited)
Balance at the beginning of the year	(12.846.744)	(12.848.554)
Reversal of allowance for impairment, net	(518)	1.810
Balance at period end	(12.847.262)	(12.846.744)

The ageing of other receivables at reporting date is:

	Gross June 30th 2017 (revised)	Impairment June 30th 2017 (revised)	Gross December 31st 2016 (audited)	Impairment December 31st 2016 (audited)
Neither past due nor impaired	49.203.011	-	36.815.519	-
Past due 1–30 days	-	-	10.694	-
Past due 31–90 days	-	-	32.247	-
Past due 91–180 days	-	-	14.239	-
Past due 181–270 days	-	-	-	-
Past due 271–365 days	-	-	335.135	(333.709)
Past due more than one year	3.468.965	(3.468.965)	3.467.432	(3.135.256)
Total	52.671.976	(3.468.965)	40.675.266	(3.468.965)

(ii) Accounting value versus fair value

The fair value is the amount for which the financial instrument may be exchanged during ordinary transactions conducted under objective conditions between willing and knowledgeable parties, other than those determined by the liquidation or forced sale. The fair values are obtained from the quoted market prices or cash flow models, as appropriate. As at June 30th 2017 and respectively December 31st 2016, the management considers that the fair values of the cash and cash equivalents, trade receivables and other receivables, trade payables, as well as other short term debts, approximate their carrying amount.

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

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June 30th 2017 (revised)	Carrying amount	Fair value	Level
Net trade receivables	85.377.819	85.377.819	2
Cash and cash equivalents	1.250.951.769	1.250.951.769	2
Bank deposits	360.478.980	360.478.980	2
Other net receivables	49.203.011	49.203.011	2
Financial assets	1.746.011.579	1.746.011.579	
December 31st 2016 (audited)	Carrying amount	Fair value	Level
Net trade receivables	124.893.217	124.893.217	2
Cash and cash equivalents	264.200.287	264.200.287	2
Bank deposits	1.245.073.268	1.245.073.268	2
Other net receivables	37.206.301	37.206.301	2
Financial assets	1.671.373.073	1.671.373.073	
June 30th 2017 (revised)	Carrying amount	Fair value	Level
Long term financial borrowings	977.506.379	977.506.379	2
Long term financial liabilities	977.506.379	977.506.379	
Suppliers, including intangible assets suppliers	121.414.757	121.414.757	2
Borrowings, short term portion of the long term borrowing	207.499.609	207.499.609	2
Employee benefits and other payables	77.204.499	77.204.499	2
Short term financial liabilities	406.118.865	406.118.865	
December 31st 2016 (audited)	Carrying amount	Fair value	Level
Long term financial borrowings	1.087.961.815	1.087.961.815	2
Long term financial liabilities	1.087.961.815	1.087.961.815	
Suppliers, including intangible assets suppliers	105.561.017	105.561.017	2
Borrowings, short term portion of the long term borrowing	220.929.527	220.929.527	2
Employee benefits and other payables	111.250.977	111.250.977	2
Short term financial liabilities	437.741.521	437.741.521	

20. CONTINGENCIES

(i) Ongoing litigations

During the six months period ended at June 30th 2017, the Group was involved in a number of litigations arising in the normal course of the activity. The management of the Group regularly analyses 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.

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In the Group 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 Group that have not been presented in these Condensed Consolidated Interim Financial Statements.

21. OTHER INFORMATION

(i) Details regarding the Group

The group makes part of a group of companies controlled by the Romanian State, represented by the Energy Ministry.

(ii) Participation interests

The Group does not have participation interests in Bursa Romana de Marfuri S.A.: having the headoffice in Bucharest, Buzesti street, no. 50 – 52; number of shares held at December 31st 2016: 23 shares, nominal value of the social capital: 23.000 RON, representing 0,29% of the number of issued shares.

The Group is a founding member of the Romanian Atomic Forum - Romatom, private right Romanian legal person, independent union representative at national level, without patrimony or working purpose, non-governmental, nonprofit, a political, established of associated members or supporters, having the head office in Bucharest, Vasile Lascar street, no. 5 - 7, 1st floor. Within the General Meeting of the Shareholders, each founding member and each associated member has the right to a deliberative number of votes, calculated according to the turnover afferent to the activities in the nuclear field from the previous year, by value shares, as follows: between 0 and 500.000 EUR turnover – 1 vote; between 500.000 EUR and 3 million EUR turnover – 2 votes; between 3 million EUR and 10 million EUR turnover – 3 votes; over 10 million EUR turnover – 4 votes. The Group meets the criteria for the right to 4 votes. The cash contribution value submitted by the Group as a founding member is of 100 RON.

22. SUBSEQUENT EVENTS

The Project Units 3 and 4 CNE Cernavoda

At July 31st 2017, through a Government Memorandum, the continuation of negotiations upon the investment documents regarding the development, construction, operation and decommissioning of the Units 3 and 4 from CNE Cernavoda with the Chinese company China General Nuclear Power Group (CGN) was approved.

Through the resolution of the Board of Directors of SNN no. 114/20.07.2017 the continuation of negotiations upon the investment documents was endorsed and forwarded for the approval of the General Meeting of the Shareholders of SNN under the same conditions from the MoU, for a period up to 6 months from the institutional and corporative approval date, applying all the other provisions of the MoU, including the possibility of any Party to terminate the MoU without any claim, through a simple written notification to the other Party, in case no agreement has been reached upon the Investment Documents and as long as the delay has not been caused by that Party. The General Extraordinary Meeting of the Shareholders of SNN was summoned at 24.08.2017.

Granting approval of a loan to the subsidiary Energonuclear S.A.

Through the Resolution no.4/11.07.2017 of the General Extraordinary Meeting of the Shareholders was approved the granting of a loan convertible in shares in amount of 4.000.000 RON to the subsidiary Energonuclear S.A. in order to finance the maintenance and preserving activities at the site of the Units 3 and 4 CNE Cernavoda.

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Refurbishment project of Unit 1 CNE Cernavoda

During the General Extraordinary Meeting of the Shareholders from 11.07.2017 the number of votes necessary for approving the Strategy and Action Plan updated for the Refurbishment project of Unit 1 CNE Cernavoda was not met, the Energy Ministry requesting the management of SNN supplementary information regarding the completion of the strategy/action plan, the subject being brought to the attention of the shareholders within a subsequent General Extraordinary Meeting of the Shareholders.

Changes within the company management

Through the Resolution no.3/11.07.2017 of the General Ordinary Meeting of the Shareholders was approved the revoking from the position of member of the Board of Directors of Mr. Florin-Constantin Tatar and the election of Mrs. Elena Popescu as provisory member of the Board of Directors, the mandate duration for the new member being equal to the duration remained from the mandate of the revoked member.

Unplanned stopping of Unit 2 CNE Cernavoda

During 20 - 23 July 2017, Unit 2 CNE Cernavoda has recorded two unplanned stopping periods.

Date: August 9th 2017

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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