



S.N. Nuclearelectrica S.A.

Condensed Individual Interim Financial Statements as at and for the period of six months ended on June 30, 2017

Prepared in accordance with
the International Financial Reporting Standards adopted by European Union
(IFRS-EU)
based on
International Accounting Standard 34 – “Interim Financial Reporting”

S.N. Nuclearelectrica S.A.

Condensed Individual Financial Position as at June 30, 2017

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

	Note	June 30, 2017 (reviewed)	December 31, 2016 (audited, restated)
Assets			
Non-current assets			
Property, plant and equipment	4	6.931.848.012	7.108.486.979
Intangible assets	5	71.424.465	80.636.405
Financial instruments	6	141.689.201	141.689.201
Total non-current assets		7.144.961.678	7.330.812.585
Current assets			
Inventories	7	332.853.782	331.057.122
Trade and other receivables	8	134.546.068	162.063.302
Prepayments		24.790.685	12.699.411
Bank deposits	9	1.250.951.769	1.245.073.268
Cash and cash equivalents	9	360.268.952	263.714.387
Total current assets		2.103.411.256	2.014.607.490
Total assets		9.248.372.934	9.345.420.075
Equity and liabilities			
Equity			
Share capital, out of which:	10	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	10	31.474.149	31.474.149
Prepaid share reserve	10	21.553.537	21.553.537
Revaluation reserve	10	252.258.697	265.842.461
Retained earnings	10	3.991.131.816	3.945.257.743
Total shareholder's equity		7.507.059.452	7.474.769.143
Liabilities			
Non-current liabilities			
Long term loans	11	977.506.379	1.087.961.815
Long – term deferred income		136.274.285	143.446.616
Deferred tax liability		153.820.356	157.022.057
Employee's benefits		39.553.412	31.907.053
Total non-current liabilities		1.307.154.432	1.420.337.541
Current liabilities			
Accounts payable and other liabilities	12	198.603.692	216.770.484
Current tax liability		2.612.653	6.431.972
Deferred income		25.443.096	6.181.408
Current portion of long term loans	11	207.499.609	220.929.527
Total current liabilities		434.159.050	450.313.391
Total liabilities		1.741.313.482	1.870.650.932
Total equity and liabilities		9.248.372.934	9.345.420.075

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Condensed Individual Statement of Profit or Loss for the six months period as at June 30, 2017

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

	Note	3-month period ended on June 30, 2017 (unreviewed)	3-month period ended on June 30, 2016 (unreviewed, restated)	6-month period ended on June 30, 2017 (reviewed)	6-month period ended on June 30, 2016 (reviewed, restated)
Revenues					
Sales of electricity	14	385.808.625	277.332.005	869.718.743	723.764.321
Electricity transmission revenues		3.081.050	8.085.398	6.787.777	19.406.569
Total revenues		388.889.675	285.417.403	876.506.520	743.170.890
Other income		9.085.939	2.394.768	16.466.100	(924.360)
Operating expenses					
Depreciation and amortization		(123.083.330)	(119.349.324)	(245.976.181)	(238.404.790)
Personnel expenses		(72.193.337)	(74.329.817)	(149.137.211)	(142.282.641)
Cost of traded electricity		(12.231.966)	(2.809.314)	(20.706.256)	(5.223.213)
Repairs and maintenance		(64.642.431)	(64.251.145)	(76.856.114)	(81.000.460)
Electricity transmission expenses		(3.081.050)	(8.085.398)	(6.787.777)	(19.406.569)
Costs with spare parts		(9.555.889)	(15.051.909)	(13.312.232)	(16.806.094)
Cost of uranium fuel		(19.913.489)	(27.726.731)	(57.465.473)	(66.905.694)
Other operating expenses	15	(91.367.840)	(78.869.949)	(175.436.401)	(155.885.592)
Total operating expenses		(396.069.332)	(390.473.587)	(745.677.645)	(725.915.053)
Operating result		1.906.282	(102.661.416)	147.294.975	16.331.904
Finance cost		(18.259.773)	(39.948.277)	(37.392.882)	(62.054.380)
Finance income		31.579.422	16.163.654	48.874.356	48.569.430
Net finance income/(expenses)	16	13.319.649	(23.784.623)	11.481.474	(13.484.950)
Profit/(loss) before income tax		15.225.931	(126.446.039)	158.776.449	2.846.527
Net income tax expenses	13	(1.891.379)	20.025.111	(24.996.497)	(1.110.960)
Profit/(Loss) for the period		13.334.552	(106.420.928)	133.779.952	1.735.567

The condensed individual interim financial statements presented at pages 1 - 28 were signed on August 9, 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 Comprehensive Result for the six months period as at June 30, 2017

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

	3-month period ended on June 30, 2017 (unreviewed)	3-month period ended on June 30, 2016 (unreviewed, restated)	6-month period ended on June 30, 2017 (reviewed)	6-month period ended on June 30, 2016 (reviewed, restated)
Note				
Profit/(Loss) for the period	13.334.552	(106.420.928)	133.779.952	1.735.567
Other items of the comprehensive income				
Actuarial losses on defined benefit plans	(1.990.072)	(572.459)	(1.990.072)	(572.459)
Other items of the comprehensive income	(1.990.072)	(572.459)	(1.990.072)	(572.459)
Total comprehensive income for the period	11.344.480	(106.993.387)	131.789.880	1.163.108
Earnings per share				
Basic earnings per share (Ron/share)	18	0,04	(0,35)	0,44
Diluted earnings per share (Ron/share)	18	0,04	(0,35)	0,44

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S.N. Nuclearelectrica S.A.

Condensed Individual Statement of Equity Changes for the six months period as at June 30, 2017

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

	Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2017 (audited)		3.210.641.253	31.474.149	21.553.537	265.842.461	3.977.101.856	7.506.613.256
Correction of accounting errors		-	-	-	-	(31.844.113)	(31.844.113)
Balance as at January 1, 2017 (audited, restated)		3.210.641.253	31.474.149	21.553.537	265.842.461	3.945.257.743	7.474.769.143
Comprehensive income for the period							
<i>Profit for the period</i>		-	-	-	-	133.779.952	133.779.952
<i>Other items of comprehensive income</i>		-	-	-	-	(1.990.072)	(1.990.072)
Total comprehensive income for the period		-	-	-	-	131.789.880	131.789.880
Transfer of revaluation reserve to retained earnings	<u>10</u>	-	-	-	(13.583.764)	13.583.764	-
Dividends declared	<u>10</u>	-	-	-	-	(99.499.571)	(99.499.571)
Balance as at June 30, 2017 (reviewed)		3.210.641.253	31.474.149	21.553.537	252.258.697	3.991.131.816	7.507.059.452

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Condensed Individual Statement of Equity Changes for the six months period as at June 30, 2017

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

	Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2016 (audited)		3.210.641.253	31.474.149	21.553.537	293.329.577	3.936.724.775	7.493.723.291
Correction of accounting errors		-	-	-	-	(36.133.136)	(36.133.136)
Balance as at January 1, 2016 (audited, restated)		3.210.641.253	31.474.149	21.553.537	293.329.577	3.900.591.639	7.457.590.155
Comprehensive income for the period							
<i>Profit for the period (restated)</i>		-	-	-	-	1.735.567	1.735.567
<i>Other items of comprehensive income</i>		-	-	-	-	(572.459)	(572.459)
Total comprehensive income for the period		-	-	-	-	1.163.108	1.163.108
Transfer of revaluation reserve to retained earnings	<u>10</u>	-	-	-	(13.770.985)	13.770.985	-
Dividends declared	<u>10</u>	-	-	-	-	(99.499.571)	(99.499.571)
Balance as at June 30, 2016 (reviewed, restated)		3.210.641.253	31.474.149	21.553.537	279.558.592	3.816.026.161	7.359.253.692

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S.N. Nuclearelectrica S.A.

Condensed Individual Statement of Cash Flows for the six months period as at June 30, 2017

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

	6-month period ended on June 30, 2017 (reviewed)	6-month period ended on June 30, 2016 (reviewed, restated)
Cash flows from operating activities		
Profit before income tax	158.776.449	2.846.527
Adjustments for:		
Depreciation and amortization	245.976.181	238.404.790
Impairment loss on trade and other receivables	518	(779)
Impairment loss on inventories	(477.661)	(1.175.685)
Provisions	12.554.473	(1.811.568)
Gains from disposal of assets impact and the impairment of non-current assets	(28)	(39.923)
Net finance incomes/(expenses)	(10.345.434)	13.731.258
Changes in:		
Decrease in trade and other receivables	27.670.398	71.155.437
Increase/(Decrease) in inventories	(1.388.923)	3.844.184
Variation in deferred income	12.089.357	(21.242.973)
Variation in prepayments	(12.091.274)	(1.998.766)
Decrease in trade liabilities and other liabilities	(33.982.687)	(17.705.471)
Cash flows related to operating activities	398.781.369	286.007.031
Income tax paid	(32.017.516)	(20.678.197)
Interest received	6.118.527	7.819.908
Interest paid	(3.865.136)	(3.908.118)
Net cash related to operating activities	369.017.244	269.240.624
Cash flows related to investing activities		
Purchase of intangible assets	(9.634)	(4.718.626)
Purchase of property, plant and equipment	(52.678.717)	(42.991.173)
Proceeds from sales of property, plant and equipment	2.615	42.266
Increase in bank deposits	(5.878.501)	(98.432.595)
Net cash used in investing activities	(58.564.237)	(146.100.128)
Cash flow related to financing activities		
Payments of borrowings	(115.165.685)	(105.533.298)
Payments of dividends	(98.732.757)	(98.659.417)
Net cash used in financing activities	(213.898.442)	(204.192.715)
Net increase/(decrease) of cash and cash equivalents	96.554.565	(81.052.219)
Cash and cash equivalents as at 1 January (see Note 9)	263.714.387	257.376.819
Cash and cash equivalents as at June 30, (see Note 9)	360.268.952	176.324.600

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S.N. Nuclearelectrica S.A.

Notes to the Condensed Individual Statement prepared on and for the six months period as at June 30, 2017

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

1. REPORTING ENTITY

Societatea Nationala Nuclearelectrica S.A. (the "Company" or "SNN") is a national joint stock company, one-tier management system, having a head office and two branches without legal personality: CNE Cernavodă (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 the Company 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 main activity of the Company 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 of PHWR type). Besides, at Cernavoda the Company owns other two nuclear reactors in early stage of construction (Units 3-4). Construction of Units 3 and 4 was planned to be completed by the subsidiary EnergoNuclear; currently, there is a new strategy to continue the project related to Units 3 and 4 which was 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's shareholders approved the change of the initial destination in March 2014, 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 completed in 2018. Unit 5 is completely depreciated because there is no plan to continue building as a nuclear unit.

Manufacturing of nuclear fuel bundles CANDU type required for operating of the two nuclear 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 described in Note 10, on June 30, 2017 the shareholders of the company are: The Romanian State through the Ministry of Energy holding 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 – natural persons and legal entities - holding together 25.368.851 shares, representing 8.4138% of the share capital.

2. BASIS OF PREPARATION

a) Statement of compliance

The condensed individual interim financial statements were prepared in accordance with OMPF 2844/2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards (IFRS) (OMPF 2844/2016). As per the 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 on July 19, 2002 regarding the application of the international accounting standards.

These condensed individual interim 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 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.

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Notes to the Condensed Individual Statement prepared on and for the six months period as at June 30, 2017

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

The condensed individual interim financial statements as at and for the 6-month period ended on June 30, 2017 are reviewed by an independent auditor.

These condensed individual interim financial statements were authorized to be issued and signed on August 9, 2017 by the management of the Company.

b) Use of estimates and professional judgements

The preparation of the condensed individual interim financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may vary from the estimated values.

Estimates and underlying assumptions are reviewed 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 is included in Note 6 (Continuity of the activity carried out by Energonuclear and of project Units 3 and 4).

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed individual interim 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.

Correction of some accounting errors

The Company has implemented the provisions of IFRIC 21 Taxes by Changing of Accounting Policies, starting with the annual financial statements for the financial year 2014. In its scope, the Company has identified special building taxes and local taxes and charges. The Company recognized the liability for these taxes and charges at the time of the occurrence of the activity causing the payment, as defined by the relevant legislation. A liability on taxes and charges is progressively estimated only if the activity that determines the payment occurs over a period.

The Company considered that the moment of recognition for the debt is determined by the existence of assets in its patrimony representing the base of taxes and as a consequence, the debt for the special building tax and local taxes and fees is fully recognized on 1 January in trade-off with the corresponding expense.

The Company reconsidered the date of the occurrence of the generating event in respect of taxes and charges that fall under IFRIC 21 and concluded that this is the 31st of December of each year. This change in the valuation regarding the date of occurrence of the generating event was treated as an accounting error in accordance with the provisions of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

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Notes to the Condensed Individual Statement prepared on and for the six months period as at June 30, 2017

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

The reconsideration of the accounting treatment for government taxes and charges under IFRIC 21 results in changes to local taxes and charges expense and deferred tax expense in the current period; the comparative financial statements are restated accordingly.

The effect of correcting the accounting errors on the Profit and Loss Account from the comparative financial statements:

Loss/(Profit) for the period	3-month period ended on June 30, 2016	6-month period ended on June 30, 2016
Amounts reported before the correction of accounting errors	(104.700.320)	(37.838.855)
Cancellation local taxes fees	-	43.015.638
Resumption of Deferred tax	(1.720.608)	(3.441.216)
Restated value after correcting the accounting errors	(106.420.928)	1.735.567

The effect of correcting the accounting errors on Financial Position from the comparative financial statements:

Trade payables and other liabilities (please see Nota 12)	December 31, 2016
Amounts recorded before the correction of accounting errors	178.860.825
Recognition of taxes for the year 2017 at 31.12.2016	37.909.659
Restated value after correcting the accounting errors	216.770.484
Deferred tax liabilities	December 31, 2016
Amounts recorded before the correction of accounting errors	163.087.603
Recognition of deferred tax assets at December 31 prior year	(6.882.502)
Resumption of deferred tax in the current period	6.882.502
Recognition deferred tax asset at 31.12.2016	(6.065.546)
Restated value after correcting the accounting errors	157.022.057
Retained earnings (please see Nota 10)	December 31, 2016
Amounts recorded before the correction of accounting errors	3.977.101.856
Cancellation taxes for the year 2016 recorded at 31.12.2015	(43.015.638)
Recognition of taxes for the year 2016 recorded at 31.12.2015	43.015.638
Recognition of taxes for the year 2017 at 31.12.2016	(37.909.659)
Recognition of deferred tax assets at December 31 prior year	6.882.502
Resumption of deferred tax in the current period	(6.882.502)
Recognition deferred tax asset at 31.12.2016	6.065.546
Restated value after correcting the accounting errors	3.945.257.743

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Notes to the Condensed Individual Statement prepared on and for the six months period as at June 30, 2017

*(All amounts are in RON, unless stated otherwise.)***4. PROPERTY, PLANT AND EQUIPMENT**

	Land	Nuclear Power Plants	Machinery, equipment and other assets	Fixed assets in progress	TOTAL
Cost					
Balance as at January 1, 2016 (audited)	31.534.439	5.415.577.164	1.480.759.307	979.523.186	7.907.394.096
Additions	-	-	13.256.072	93.305.636	106.561.708
Transfers	-	164.223.252	29.262.697	(193.485.949)	-
Spare parts transfer	-	-	-	289.417	289.417
Intangible assets transfer	-	-	-	(13.717.629)	(13.717.629)
Disposals	-	-	(1.477.663)	(5.851.327)	(7.328.990)
Balance as at December 31, 2016 (audited)	31.534.439	5.579.800.416	1.521.800.413	860.063.334	7.993.198.602
Balance as at January 1, 2017 (audited)	31.534.439	5.579.800.416	1.521.800.413	860.063.334	7.993.198.602
Additions	-	-	22.238.361	37.809.942	60.048.303
Transfers	-	8.160.264	20.734.046	(28.894.310)	-
Spare parts transfer	-	-	-	69.924	69.924
Disposals	-	-	(864.554)	-	(864.554)
Balance as at June 30, 2017 (reviewed)	31.534.439	5.587.960.680	1.563.908.266	869.048.890	8.052.452.276
Depreciation and impairment adjustments					
Balance as at January 1, 2016 (audited)	311.030	29.408.719	255.579.053	147.539.743	432.838.545
Depreciation charges	51.838	346.011.604	113.783.192	-	459.846.634
Accumulated depreciation of disposals	-	-	(1.463.222)	-	(1.463.222)
Adjustments for fixed assets depreciation	187.914	-	-	(6.698.248)	(6.510.334)
Balance as at December 31, 2016 (audited)	550.782	375.420.323	367.899.023	140.841.495	884.711.623
Balance as at January 1, 2017 (audited)	550.782	375.420.323	367.899.023	140.841.495	884.711.623
Depreciation charges	-	178.730.401	58.145.583	-	236.875.984
Accumulated depreciation of disposals	-	-	(861.967)	-	(861.967)
Adjustments for fixed assets depreciation	-	-	-	(121.376)	(121.376)
Balance as at June 30, 2017 (reviewed)	550.782	554.150.724	425.182.639	140.720.119	1.120.604.264
Carrying amount					
Balance as at January 1, 2016 (audited)	31.223.410	5.386.168.445	1.225.180.254	831.983.443	7.474.555.551
Balance as at December 31, 2016 (audited)	30.983.658	5.204.380.093	1.153.901.390	719.221.839	7.108.486.979
Balance as at June 30, 2017 (reviewed)	30.983.658	5.033.809.956	1.138.725.627	728.328.771	6.931.848.012

The machinery, equipment and other assets mainly include the heavy water used for Units 1 and 2, with a net carrying amount as at June 30, 2017 of 464,628,299 RON (December 31, 2016: 456,034,348 RON) and administrative buildings with a net carrying amount at June 30, 2017 of 305,723,759 RON (December 31, 2016: 315,465,551 RON).

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Notes to the Condensed Individual Statement prepared on and for the six months period as at June 30, 2017

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

On June 30, 2017, the carrying amount of Units 3 and 4, recognized in “Fixed asstes in progress” is 273,960,000 RON (December 31, 2016: 273,960,000 RON). Before 1991,-Units 1, 2, 3, 4 and 5 have been considered as a single project and, therefore the construction costs incurred have not been allocated at each unit level. Later on, the Company allocated the construction costs for Units 3 and 4 of the nuclear power plant, as well as for Unit 5.

The value 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 tonnes. The asstet is presented within the group „Fixed asstes in progress”.

The main investments made by the Company during the six months period ended on June 30, 2017 for the projects in progress related to Units 1 and 2 include:

- Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to 10,390,983 RON (2016: 8,116,594 RON).
- Assembly of the access gates into the water inlet chamber amounting to 3,425,713 RON (2016: 4,296,668 RON).
- Upgrading of DCC emulator embedded in the Full Scope Simulator amounting to 2,080,468 RON (2016: 261,965 RON).

The main investments commissioned during the six months period ended on June 30, 2017 relates mainly to: live steam system improvement amounting to 3,620,344 RON, filter systems upstream of the water chambers U1, U2 amounting to 4,539,920 RON, construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to 9,900,746 RON.

In the first semester of 2017, the Company purchased 11,909.52 kg of heavy water from National Administration of State Reserves and Special Issues (ANRSPS – “Administratia Nationala a Rezervelor de Stat si Probleme Speciale”), necessary for Units 1 and 2 amounting to 21,978,338 RON (in the second semester of 2016: 5,071 kg of heavy water amounting to 9,621,247 RON).

On June 30, 2017, the carrying amount of the fixed assets in progress related to Unit 3 and Unit 4 amounts to 506,518,317 RON (December 31, 2016: 507,024,049 RON). On June 30, 2017, the remaining difference up to 728,334,378 RON (December 31, 2016: 719,227,446 RON) represents the fixed assets in progress related to Unit 1 and Unit 2, such as: D2O detritiation installation amounting to 63,230,074 RON, construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to 24,235,628 RON, improvment of nuclear safety systems after Fukushima amounting to 11,785,847 RON, extension of U1 lifetime by 25 years compared to the designed lifetime amounting to 7,119,054 RON.

On June 30, 2017, the Company purchased fixed assets on credit from suppliers (trade credit), amounting to 17,428,439 RON (December 31, 2016: 9,115,482 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 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.

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

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 units

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Company did not record provisions for decommissioning of these two units, due to the fact 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 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 (see Note 15). In the six months period ended on June 30, 2017 the expenses with the contributions paid by the Company to ANDR amounts to 47,003,357 RON (six months period ended on June 30, 2016: 46.534.510 RON).

Asstes pledged as security

As at June 30, 2017, and December 31, 2016, the Company has no pledged or mortgaged asstets.

5. INTANGIBLE ASSETS

	Licences and acquired software	Power plant software and other intangible assets	TOTAL
Cost			
Balance as at 1 January 2016 (audited)	59.901.022	169.519.308	229.420.330
Additions	1.894.136	6.485.123	8.379.259
Transfers from property, plant and equipment	-	13.717.629	13.717.629
Disposals	(35.737)	(1.738.827)	(1.774.565)
Balance as at December 31, 2016 (audited)	61.759.421	187.983.232	249.742.653
Balance as at 1 January 2017 (audited)	61.759.421	187.983.232	249.742.653
Additions	1.509	8.125	9.634
Transfer and reallocation	2.411.282	(2.411.282)	-
Disposals	(92.584)	-	(92.584)
Balance as at June 30, 2017 (reviewed)	64.079.627	185.580.075	249.659.703
Accumulated amortization			
Balance as at 1 January 2016 (audited)	59.396.202	90.041.357	149.437.559
Amortization charges	2.076.055	19.367.199	21.443.254
Amortization of disposals	(35.737)	(1.738.827)	(1.774.565)
Balance as at December 31, 2016 (audited)	61.436.519	107.669.729	169.106.247
Balance as at 1 January 2017 (audited)	61.436.519	107.669.729	169.106.247
Amortization charges	884.693	8.336.881	9.221.574
Reallocation	(950.217)	950.217	-
Amortization related to disposals	(92.583)	-	(92.583)
Balance as at June 30, 2017 (reviewed)	61.278.412	116.956.826	178.235.238
Carrying amount			
Balance as at 1 January 2016 (audited)	504.820	79.477.951	79.982.771
Balance as at December 31, 2016 (audited)	322.903	80.313.504	80.636.405
Balance as at June 30, 2017 (reviewed)	2.801.216	68.623.249	71.424.465

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As at June 30, 2017, Power plant software and other intangible asstes category include other intangible asstes in progress representing software for integrated management systems amounting to 26,084,953 RON (December 31, 2016: 26,435,773 RON).

6. FINANCIAL INVESTMENTS

The financial investments are mainly represented by the investment in EnergoNuclear S.A. („EnergoNuclear”).

As at June 30, 2017 and December 31, 2016, the Company owns 100% of the share capital of EnergoNuclear S.A. The value of the equity stake as at June 30, 2017 and December 31, 2016 is 141.666.101 RON.

Continuity of the EnergoNuclear activity and the Project Units 3 and 4

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

On January 31, 2017, the Negotiating Commission endorsed the proposal to continue the negotiations on the Investment Documents under the same conditions of the MoU, starting the formalities for obtaining a mandate from the Inter-ministerial Commission, the Romanian Government and the General Meeting of the Company’s Shareholders in order to continue the negotiations.

On February 23, 2017, a meeting attended by the representatives of the Minister of Energy and CGN was held regarding the need to undertake a schedule of actions and to speed up the negotiations for the establishment of the new Project Company ("JVCo"). Upon the request of the CGN, in the absence of a new negotiation mandate, non-negotiable technical discussions took place between 28 - 30 March 2017 and 10 - 13 April 2017, respectively, between representatives of SNN and CGN.

On March 6, 2017, the Inter-ministerial Commission endorsed the Negotiating Commission's proposal on the continuation of the negotiations and the submission to the Government of Romania of a memorandum to that end. The continuation of the negotiations may take place after the approval of the General Shareholders' Meeting of the Company.

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

The Inter-ministerial Commission for Project Units 3 and 4 of the NPP Cernavoda decided to approve the continue the negotiations process on the Investment Documents for a period of up to 6 months after the date of institutional and corporate approval, with all other provisions of the MoU including the possibility of any 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 has not been caused by that Party; such proposal will be subject to approval of the Romanian Government, and subsequently, of the Extraordinary General Meeting of Shareholders of SNN.

Taking into consideration the above mentioned issues, as well as the stage of negotiations with the Selected Investor for the development of Project Units 3 and 4 of the NPP Cernavoda, the Company’s management is confident that the project developed by Energonuclear, that would be continued by the new project company, will continue in the future and there will be a future demand for the electricity to be produced by Units 3 and 4. Thus, the Company’s management considers that the investment in Energonuclear SA will be recovered, according to the Strategy.

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*(All amounts are in RON, unless stated otherwise.)***7. INVENTORIES**

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

	June 30, 2017	December 31, 2016
	(reviewed)	(audited)
Spare parts	131.835.832	130.820.218
Supplies and other materials	44.475.989	45.107.372
Nuclear fuel	121.678.460	102.355.393
Uranium	30.282.791	49.372.687
Other inventories	4.580.710	3.401.452
TOTAL	332.853.782	331.057.122

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

	June 30, 2017	December 31, 2016
	(reviewed)	(audited)
Trade receivables	98.225.416	137.740.298
Trade receivables allowance	(12.847.262)	(12.846.744)
Other receivables	11.914.601	13.079.870
Other receivables allowance	(3.468.965)	(3.468.965)
Taxes and duties	40.722.278	27.558.843
Total	134.546.068	162.063.302

As at June 30, 2017, the main trade receivables in the balance are from: Enel Energie Muntenia S.A. – 11,783,142 RON (December 31, 2016: 10,677,949 RON), Enel Energie S.A. – 10,700,195 RON (December 31, 2016: 8,820,614 RON), Electrica Furnizare S.A. – 8,478,401 RON (December 31, 2016: 30,893,082 RON), CEZ Vanzare S.A. – 7,444,765 RON (December 31, 2016: 3,131,472 RON), GEN-I d.o.o. – 5,979,225 RON (December 31, 2016: 15,251,159 RON).

The sales made during the six month period as at June 30, 2017 to Electrica Furnizare S.A. represented about 13% (21%: the 6-month period ended on June 30, 2016), to Enel Energie Muntenia S.A. 6% (15%: the 6-month period ended on June 30, 2016) and to Enel Energie S.A. 6% (7%: the 6-month period ended on June 30, 2016) of the total electricity sales of the Company.

The Company's exposure to the credit risk and the adjustments for impairment of trade receivables and other receivables are presented in Note 19.

On June 30, 2017, "Trade receivables" includes an amount of 13,168,331 RON related to the receivables from affiliated parties (December 31, 2016: 32,566,868 RON). On June 30, 2017 the "Other Receivables" item includes an amount of 2,011 RON related to receivables from affiliated parties (December 31, 2016: 19,554 RON).

On June 30, 2017, "Taxes and duties" are mainly represented by recoverable VAT of 35,279,666 RON (December 31, 2016: 25,356,943 RON).

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9. CASH, CASH EQUIVALENTS AND BANK DEPOSITS

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

	June 30, 2017	December 31, 2016
	(reviewed)	(audited)
Cash in bank in RON	351.803.953	262.257.016
Cash in bank in foreign currency	8.464.999	1.457.371
Total cash and cash equivalents	360.268.952	263.714.387

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

As at June 30, 2017, the Company issued letters of guarantee amounting to 37,122,269 RON (December 31, 2016: 49,124,158 RON), for which a cash guarantee was formed in a form of a collateral deposits. "Cash in bank in RON" include a cash guarantee in a form of a collateral deposit with less than 3 months maturity amounting at June 30, 2017 of 5,371,500 RON (December 31, 2016: 3,726,168 RON), representing the cash guarantee and collateral deposit, with a maturity of up to 3 months.

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

Currency	June 30, 2017	December 31, 2016
	(reviewed)	(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

On June 30, 2017, the position "Bank deposits" includes an amount of 31,750,769 RON (December 31, 2016: 45,397,989 RON) related to the letters of guarantee issued by different banks at Company's request in favour of counterparties for which a cash guarantee was formed, having maturity up to one year. Such letters of guarantee are related to the participation by the Company on the electricity market, mainly representing the electricity sales by the Company.

10. EQUITY*Share capital*

The Company was formed by separation from the former RENEL. The share capital represents the State's contribution to the Company's constitution on June 30, 1998 (restated for inflation up to December 31, 2003), plus subsequent contributions.

According to the Articles of Incorporation, the authorized capital of the Company is 3,016,200,000 RON. The subscribed and paid statutory share capital at June 30, 2017 is 3,015,138,510 RON.

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

As at June 30, 2017 and December 31, 2016 the effects of the restatements recorded in the previous years are included in the share capital, according to the application of IAS 29 “Financial Reporting in Hyperinflationary Economies”. The reconciliation of the share capital is as follows:

	June 30, 2017 (reviewed)	December 31, 2016 (audited)
Subscribed and paid statutory share capital	3.015.138.510	3.015.138.510
Differences related to the restatement according to IAS 29	195.502.743	195.502.743
Share capital (restated value)	3.210.641.253	3.210.641.253

As at June 30, 2017 and December 31, 2016, the value of the statutory subscribed and paid-off share capital amounts to 3,015,138,510 RON, consisting of 301,513,851 ordinary shares having nominal value of 10 RON.

The ordinary shareholders have the right to receive dividends, as they are declared at certain intervals of time and the right of one vote per share within the Company General Meetings of the Shareholders.

As at June 30, 2017 and December 31, 2016 the shareholders structure are as follows:

Shareholders	Number of shares	% of the share capital
Romanian State	248.736.619	82,4959%
Fondul Proprietatea SA	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 ordinary 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 312,478,099 RON was made up of share capital increase of 281,003,950 RON and a share premium of 31,474,149 RON.

Prepaid reserve

The prepaid share reserves amount to 21.553.537 RON as at June 30, 2017 (December 31, 2016: 21.553.537 RON) and represent public utility objectives of Cernavoda NPP amount to 5.439.321 RON as at June 30, 2017 (December 31, 2016: 5.439.321 RON), budgetary allocations for the period 2007 - 2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavoda amount to 16,114,216 RON as at June 30, 2017 (December 31, 2016: 16,114,216 RON).

Revaluation Reserves

As at June 30, 2017 the revaluation reserve amounts to RON 252,258,697 (December 31, 2016: RON 265,842,461). Such amount is net of the deferred tax related to the reevaluation reserve. The last revaluation of land, buildings and constructions took place on December 31, 2015 by an independent assessor, East Bridge S.R.L., member of the National association of Certified Assessors of Romania (“ANEVAR”).

During the 6-month period ended on June 30, 2017, the Company recognized a decrease in the revaluation reserve amounting to 13,583,764 RON as a result of its transfer to retained earnings (2016: 27,487,116 RON).

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

The retained earnings represent the accumulated earnings of the Company. The retained earnings is distributed based on the annual financial statements prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards.

During the 6-month period as at June 30, 2017, the Company declare dividends amounting to 99.499.571 RON (June 30, 2016: 99.499.571 RON). The gross dividends unpaid as at June 30, 2017 amounts to 1.060.562 RON (June 30, 2016: 1.118.224 RON).

As a result of the reconsideration of the accounting treatment of government taxes and charges according to IFRIC 21, detailed in Note 3, the retained earnings of the comparative period have been restated.

Legal reserves

On June 30, 2017, the amount of the legal reserve is 76,117,474 RON (December 31, 2016: 76,117,474 RON) and is presented cumulatively in the position of "Retained earnings".

11. LOANS

Reimbursements of loans during the 6 months period as at June 30, 2017 were as follows:

	Currency	Interest Rate	Carrying amount	Year of maturity
Balance as at January 1, 2017 (audited)			1.345.420.230	
New issues				
Repayments, ou of which:			(115.165.686)	
Societe Generale - ALSTOM	EUR	EURIBOR 6M + 0,45%	(2.436.066)	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR 6M + 0,45%	(17.569.294)	2022
Societe Generale - AECL BC	CAD	CDOR 6M + 0,375%	(33.181.752)	2022
Societe Generale - NEXANS	EUR	EURIBOR 6M + 0,45%	(3.060.143)	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR 6M + 0,07%	(6.355.101)	2017
EURATOM	EUR	EURIBOR 6M + 0,08%	(52.563.330)	2024
Exchange rate differences			(12.751.939)	
Balance as at June 30, 2017 (reviewed)			1.217.502.605	

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

	June 30, 2017	December 31, 2016
	(reviewed)	(audited)
Societe Generale - ALSTOM	-	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	-	3.040.658
Societe Generale - GENERAL ELECTRIC	5.894.636	12.710.203
EURATOM	700.845.210	751.552.050
Total long - term loans	1.217.502.605	1.345.420.229
Less: Current amount of long - term loans	(213.697.668)	(228.197.074)
Less: Balance of transaction costs (long term)	(26.298.558)	(29.261.340)
Total long - term loans net of the current amounts	977.506.379	1.087.961.815

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

On June 30, 2017 and December 31, 2016, the short - term loans are as follows:

	June 30, 2017	December 31, 2016
	(reviewed)	(audited)
Current portion of long - term loans	213.697.668	228.197.074
Accrued interests related to the long - term loans	462.964	560.850
Short - term transaction costs	(6.661.023)	(7.828.396)
Total short - term loans	207.499.609	220.929.527

12. TRADE AND OTHER PAYABLES

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

	June 30, 2017	December 31, 2016
	(reviewed)	(audited)
Property, plant and equipment suppliers	17.428.439	9.115.482
Suppliers	103.986.030	96.439.435
Payables to employees	8.425.251	15.102.120
Payables to the State	21.041.711	61.064.864
Gross dividends	1.060.562	295.306
Other payables	46.661.699	34.753.277
Total	198.603.692	216.770.484

As at June 30, 2017, the main suppliers in balance are: General Electric Wilmington - Romanian branch – RON 28.276.589 (December 31, 2016: RON 3.186.240), Nuclear Risk Insurers Limited – RON 11.034.498 (December 31, 2016: RON 0), Apele Romane Bucuresti – RON 10.662.221 (December 31, 2016: RON 11.792.224), Elcomex I.E.A S.A. – RON 8.090.198 (December 31, 2016: RON 5.117.083).

As at June 30, 2017, the "Suppliers" position includes an amount of RON 18.159.737 in respect of debts to affiliated parties (December 31, 2016: RON 22.133.676).

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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).

As a result of the reconsideration of the accounting treatment of government taxes and duties under IFRIC 21, detailed in Note 3, the heading "Debts to the State" as at December 31, 2016 was amended accordingly.

13. INCOME TAX

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

	3 months period ended on June 30, 2017 (unreviewed)	3 month period ended on June 30, 2016 (unreviewed, restated)	6 months period ended on June 30, 2017 (reviewed)	6 months period ended on June 30, 2016 (reviewed, restated)
Current income tax expense	2.612.653	(19.902.229)	28.198.197	1.949.698
Net income from the deferred tax	(721.274)	(122.882)	(3.201.700)	(838.738)
Total	1.891.379	(20.025.111)	24.996.497	1.110.960

As a result of the reconsideration of the accounting treatment of government taxes and duties under IFRIC 21, detailed in Note 3, the heading "Income tax expense" for the comparative period of 2016 was amended accordingly with the effect of deferred tax.

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

	3 months period ended on June 30, 2017 (unreviewed)	3 months period ended on June 30, 2016 (unreviewed)	6 months period ended on June 30, 2017 (reviewed)	6 months period ended on June 30, 2016 (reviewed)
Sales of electricity on regulated market	16.073.330	44.947.170	66.158.072	141.012.498
Sales of electricity on competitive market	369.407.098	232.200.209	802.110.041	581.576.394
Sales of thermal energy	324.129	180.462	1.442.471	1.166.634
Revenues from green certificates sales	4.068	4.164	8.159	8.795
Total	385.808.625	277.332.005	869.718.743	723.764.321

(ii) Quantity of sold energy

	3 months period ended on June 30, 2017 (unreviewed)	3 months period ended on June 30, 2016 (unreviewed)	6 months period ended on June 30, 2017 (reviewed)	6 months period ended on June 30, 2016 (reviewed)
Quantity of energy sold on regulated market (MWh)	100.851	276.296	414.289	866.471
Quantity of energy sold on competitive market (MWh)	2.245.947	1.733.552	4.711.202	3.945.943
Total	2.346.798	2.009.848	5.125.491	4.812.414

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The company participates on the balancing market, being a Responsible party with the balancing, according to the conventions concluded with Ciga Energy S.A. The quantity of sold energy presented does not include the quantity of energy related to the incomes from positive unbalances capitalized on the Balancing Market, in amount of MWh 13.651 MWh for the 6 months period ended on June 30, 2017 (MWh 13.292 in the 6 months period ended on June 30, 2016).

The company produces thermal energy by operating the energy capacities related to the electric and thermal energy production units, consisting of two heat exchangers with a total thermal power of 40 Gcal/h and 46,51 MW. The Company delivers thermal energy to the local thermal energy distribution company, Utilitati Publice S.A. Cernavoda, as well as of some end consumers from Cernavoda municipality – economic agents, social - cultural institutions. In the first semester of 2017 the sales of thermal energy amounts to RON 1.442.471 (June 30, 2016: RON 1.166.634).

In Romania, the electricity sector is regulated by the National Energy Regulatory Authority (“ANRE”), an autonomous public institution. The electricity market in Romania is in a process of gradual liberalization by the end of 2017. The Company participates in the electricity market both in the competitive segment, and on the regulated market segment. On a yearly basis, ANRE sets by annual decisions the quantities of electricity to be sold by the Company on the regulated market and the regulated prices to be charged in the current year; the regulated prices are set based on economically justified costs respectively cost plus profit margin, using a methodology approved by ANRE.

During the 6 months period ended on June 30, 2017, the Company sold approximately 8,06% of the energy on the regulated market (17,96% in the 6 months period ended on June 30, 2016). The total quantity of electricity sold during the 6 months period ended on June 30, 2017 is MWh 5.139.142 compared to MWh 4.825.706 sold during the 6 months period ended on June 30, 2016. The average sale price of electricity on the regulated market during the 6 months period ending on June 30, 2017 is RON/MWh 159,57 compared to RON/MWh 162,71 during the 6 months period ending on June 30, 2016, net of the tariff for the electricity transmission paid to Transelectrica for the introduction of electricity into the electricity transmission network.

According to the ANRE Decision no. 861/13.06.2017, the regulated price for the electricity supplied and sold by the Company on the basis of regulated agreements decreased from RON/MWh 159,57 to RON/MWh 156,93, following ANRE's request to adjust the regulated price starting with July 1, 2017, based on the reduction of the average cost of nuclear fuel taken into account at the basis of the regulated price according to the ANRE Decision no. 1960/14.12.2016.

15. OTHER OPERATING EXPENSES

	3 months period ended on June 30, 2017 (unreviewed)	3 months period ended on June 30, 2016 (unreviewed, reviewed)	6 months period ended on June 30, 2017 (reviewed)	6 months period ended on June 30, 2016 (reviewed, restated)
Third party services	21.823.390	16.357.781	41.644.799	28.047.615
Expenses with ANDR	23.624.216	22.106.797	47.003.357	46.534.510
Energy and water	17.542.539	15.897.641	36.729.291	35.579.930
Fuels, lubricants and other consumables	9.527.725	13.364.355	17.319.461	21.537.463
Insurance policies	1.681.861	3.428.518	5.300.685	6.972.223
Transport and telecommunication	1.596.582	1.629.041	2.936.455	3.128.713
Tax on special constructions	-	-	-	-
Tax on buildings	-	-	-	-
Other operating expenses	15.571.527	6.085.816	24.502.353	14.085.138
Total	91.367.840	78.869.949	175.436.401	155.885.592

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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 generated and delivered in the system.
- Contribution for the permanent storage of radioactive waste of EUR/MWh 1,4 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.

As at June 30, 2017, the amendment to the accounting treatment of government taxes and charges according to IFRIC 21, detailed in Note 3, determined the derecognition of taxes and taxes expense under IFRIC 21. According to the previously applied accounting treatment, the expenses related to these taxes and duties were recognized in the first quarter of each year, as a result of applying the change in the accounting treatment, they will be recorded in the last quarter of each previous financial year.

16. FINANCIAL INCOMES AND EXPENSES

	3 months period ended on June 30, 2017 (unreviewed)	3 months period ended on June 30, 2016 (unreviewed)	6 months period ended on June 30, 2017 (reviewed)	6 months period ended on June 30, 2016 (reviewed)
Interest income	3.195.851	4.098.124	6.272.166	8.431.112
Foreign exchange gains	28.380.487	12.053.964	42.599.106	40.126.752
Dividends income	3.084	11.566	3.084	11.566
Total financial income	31.579.422	16.163.654	48.874.356	48.569.430
Foreign exchange losses	(13.889.085)	(36.077.456)	(29.495.475)	(54.350.552)
Interest expenses	(4.370.688)	(3.870.821)	(7.897.407)	(7.703.828)
Total financial expenses	(18.259.773)	(39.948.277)	(37.392.882)	(62.054.380)
Net financial income/(expenses)	13.319.649	(23.784.623)	11.481.474	(13.484.950)

In June 2017, Energonuclear has distributed dividends in amount of RON 2.011 related to the financial year 2016 (June 30, 2016: RON 11.566), that the Company collected in July 2017.

17. TRANSACTIONS WITH RELATED PARTIES

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 (OPCOM, Electrica Furnizare), purchases of electricity transmission and balancing services (CN Transelectrica S.A.) and acquisition of non - compliant nuclear material processing services resulting from the processing of uranium powder (Compania Nationala a Uraniului).

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The significant transactions performed with the related parties of the Company in the six month period ended on June 30, 2017 and respectively June 30, 2016 as well as the balances on June 30, 2017 and December 31, 2016 consist in the following:

	Sales for the 6 months period ended on		Receivables as at	
	June 30, 2017 (reviewed)	June 30, 2016 (reviewed)	June 30, 2017 (reviewed)	December 31, 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	32.542.646

	Purchases for the 6 months period ended on		Patables as at	
	June 30, 2017 (reviewed)	June 30, 2016 (reviewed)	June 30, 2017 (reviewed)	December 31, 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

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 of management of the Company

The Company management is made up of:

- The members of the Board of Directors who have contracts of mandate concluded with the Company;
- The managers with mandate contracts within the Company;
- Other managers within the Company which have individual employment contracts concluded, as provided in the collective labour contracts, as applicable.

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The members of the Board of Directors have contracts of administration concluded with the Company, their remuneration being approved by the General Meeting of Shareholders. The managers with mandate contracts are remunerated based on the contractual provisions within the general limits approved by GMS.

	6 months period ended on June 30, 2017 (reviewed)	6 months period ended on June 30, 2016 (reviewed)
Management's remuneration (gross amounts)	2.864.617	2.566.042
	2.864.617	2.566.042

18. EARNINGS PER SHARE

As at June 30, 2017 and June 30, 2016, the earnings per share were as follows:

(i) Basic earnings per share

	3 months period ended on June 30, 2017 (unreviewed)	3 months period ended on June 30, 2016 (unreviewed, restated)	6 months period ended on June 30, 2017 (reviewed)	6 months period ended on June 30, 2016 (reviewed, restated)
Net profit/(loss) for the period	13.334.552	(106.420.928)	133.779.952	1.735.567
Number of the ordinary shares at the beginning of the period	301.513.851	301.513.851	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	301.513.851	301.513.851	301.513.851	301.513.851
Basic earnings per share (RON/share)	0,04	(0,35)	0,44	0,01

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*(All amounts are in RON, unless stated otherwise.)**(ii) Diluted earnings per share*

	3 months period ended on June 30, 2017 (unreviewed)	3 months period ended on June 30, 2016 (unreviewed, restated)	6 months period ended on June 30, 2017 (reviewed)	6 months period ended on June 30, 2016 (reviewed, restated)
Net profit/(loss) for the period	13.334.552	(106.420.928)	133.779.952	1.735.567
Number of the ordinary shares at the beginning of the period (a)	301.513.851	301.513.851	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	301.513.851	301.513.851
Number of shares corresponding to the prepayment reserve (b) (see Note 10)	-	-	-	-
Weighted - average number of ordinary shares (diluted) on June 30 (a) + (b)	301.513.851	301.513.851	301.513.851	301.513.851
Diluted earnings per share (RON/share)	0,04	(0,35)	0,44	0,01

19. FINANCIAL RISK MANAGEMENT*a. Financial risk factors**Credit risk*

Credit risk is the risk of financial loss to the Company may incur if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Company's trade receivables and financial investments.

Financial assets, which potentially subject this Company 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 receivables, net or depreciation adjustment, represents the maximum amount exposed to credit risk.

On June 30, 2017, the Company has significant concentration of credit risk, considering that approximately 36% (June 30, 2016: 33%) of the trade receivables are from Electrica Furnizare S.A., Enel Energie S.A. and Enel Energie Muntenia S.A. (see Note 8).

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

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

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

	Carrying amount	
	June 30, 2017 (reviewed)	December 31, 2016 (audited)
Financial assets		
Net trade receivables	85.378.154	124.893.554
Cash and cash equivalents	360.268.952	263.714.387
Bank deposits	1.250.951.769	1.245.073.268
Other receivables	49.167.914	37.169.748
	1.745.766.789	1.670.850.957

The ageing of trade receivables at the reporting date was:

	Gross value June 30, 2017 (reviewed)	Impairment June 30, 2017 (reviewed)	Gross value December 31, 2016 (audited)	Impairment December 31, 2016 (audited)
Not past due	83.983.184	-	118.678.795	-
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	98.225.416	(12.847.262)	137.740.298	(12.846.744)

The evolution of adjustments for impairment of trade receivables is as follows:

	June 30, 2017 (reviewed)	December 31, 2016 (audited)
Balance as at 1 January	(12.846.744)	(12.848.554)
Reversal of allowance for impairment, net	(518)	1.810
Balance as at the end of period	(12.847.262)	(12.846.744)

The ageing of other receivables, including recoverable VAT as at the reporting date is:

	Gross value June 30, 2017 (reviewed)	Impairment June 30, 2017 (reviewed)	Gross value December 31, 2016 (audited)	Impairment December 31, 2016 (audited)
Not past due	49.167.914	-	36.815.878	-
Past due 1 – 30 days	-	-	-	-
Past due 31 – 90 days	-	-	21.694	-
Past due 91 – 180 days	-	-	-	-
Past due 181 – 270 days	-	-	332.176	-
Past due 271 – 365 days	-	-	333.709	(333.709)
Past due more than one year	3.468.965	(3.468.965)	3.135.256	(3.135.256)
Total	52.636.879	(3.468.965)	40.638.713	(3.468.965)

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*(All amounts are in RON, unless stated otherwise.)***b. Carrying amount versus fair value**

The fair value is the amount on which the financial instrument may change during the ordinary transactions performed under objective conditions between interested parties and knowledgeable, other than those determined by the liquidation or forced sale. The fair values are obtained from the quoted market prices or the cash flow models, as appropriate. On June 30, 2017 and respectively December 31, 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 Company'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.

	Carrying amount	Fair value	Level
June 30, 2017 (reviewed)			
Financial assets			
Net trade receivables	85.378.154	85.378.154	2
Cash and cash equivalents	360.268.952	360.268.952	2
Bank deposits	1.250.951.769	1.250.951.769	2
Other net receivables	49.167.914	49.167.914	2
	1.745.766.789	1.745.766.789	
	Carrying amount	Fair value	Level
December 31, 2016 (audited)			
Financial assets			
Net trade receivables	124.893.554	124.893.554	2
Cash and cash equivalents	263.714.387	263.714.387	2
Bank deposits	1.245.073.268	1.245.073.268	2
Other net receivables	37.169.748	37.169.748	2
	1.670.850.957	1.670.850.957	
	Carrying amount	Fair value	Level
June 30, 2017 (reviewed)			
Long - term financial liabilities			
Long - term financial loans	977.506.379	977.506.379	2
	977.506.379	977.506.379	
Short - term financial liabilities			
Suppliers, including supplier of non – current assets	121.414.469	121.414.469	2
Loans, short – term portion of long – term loans	207.499.609	207.499.609	2
Employee benefits and other payables	77.189.223	77.189.223	2
	406.103.301	406.103.301	

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	Carrying amount	Fair value	Level
December 31, 2016 (audited, restated)			
Long - term financial liabilities	1.087.961.815	1.087.961.815	2
Long - term financial loans	1.087.961.815	1.087.961.815	
Short - term financial liabilities	105.554.917	105.554.917	2
Suppliers, including supplier of non – current assets	220.929.527	220.929.527	2
Loans, short – term portion of long – term loans	111.215.567	111.215.567	2
Employee benefits and other payables	437.700.011	437.700.011	

20. CONTINGENCIES**Ongoing litigations**

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

In the opinion of the Company's management there are no current legal actions or claims which might have significant effects on the financial earnings and the financial position of the Company that has not been included in these financial statements.

21. SUBSEQUENT EVENTS*Project Units 3 and 4 CNE Cernavoda*

On July 13, 2017, through Government's Memorandum was approved the Continuation of negotiations on the Investment Documents on the development, construction, operation and decommissioning of CNE Cernavoda Units 3 and 4 with China General Nuclear Power Group (CGN).

Through Decision of the BoD of SNN no. 114/20.07.2017 was advised 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 since the date of the institutional and corporate approval, applying all the other provisions of the MoU, including the possibility for any 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 Shareholders was convened on August 24, 2017.

Approval of a loan to the subsidiary Energonuclear S.A.

By Decision no. 4/11.07.2017 of the Extraordinary General Meeting of Shareholders was approved the granting of a convertible loan in shares amounting to RON 4.000.000 to the subsidiary Energonuclear S.A., in order to finance the maintenance and conservation site for CNE Cernavoda Units 3 and 4.

The Refurbishment Project of CNE Cernavoda Unit 1

During the meeting of the Extraordinary General Meeting of the Shareholders dated July 11, 2017, the number of votes needed to approve the updated Strategy and Action Plan for the Refurbishment Project of CNE Cernavoda Unit

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I was not met, the Ministry of Energy asking the management of SNN for additional information regarding the completion of the action strategy/plan, the subject being returned to the attention of the shareholders during a subsequent Extraordinary General Meeting of Shareholders.

Changes in the Company's Management

By Decision no. 3/11.07.2017 of the Ordinary General Meeting of Shareholders the revocation of the position of member of the Board of Directors of Mr. Florin - Constantin Tatar and the election of Ms. Elena Popescu as a provisional member of the Board of Directors were approved, the new member mandate duration being equal to the remaining duration of the revoked member's mandate.

Unplanned outages of CNE Cernavoda Unit 2

During July 20 - 23, 2017, two unplanned outages occurred at CNE Cernavoda Unit 2.

Date: August 9, 2017

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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