

## REVIEW REPORT\*

(\* This represents a non-official English translation of the original limited assurance report issued in Romanian language)

### To the shareholders of S.N. NUCLEARELECTRICA S.A.

#### *Introduction*

1. We have performed a review on the accompanying statutory condensed consolidated interim financial statements of S.N. NUCLEARELECTRICA S.A. (the "Company") and of its subsidiary ENERGONUCLEAR S.A. (together referred to as "the Group"), which comprise consolidated interim statement of financial position as at 30 June 2017, the consolidated interim statement of comprehensive income, consolidated interim statement of changes in shareholders' equity, consolidated interim cash flow statement for the six months period then ended, including a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the statutory consolidated interim financial statements*

2. The Company's management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with the Order of the Ministry of Public Finance no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, as subsequently amended ("OMFP 2844/2016"), and for such an internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

3. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

#### *Scope of review*

4. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as adopted by Romanian Chamber of Financial Auditors. This standard requires that we plan and perform the review to obtain moderate assurance whether the financial statements are free from material misstatement. A review of consolidated interim financial information is limited mainly to conducting interviews with Company's employees, primarily those persons responsible for financial and accounting matters, and applying analytical procedures to the financial information, and, as a result, a review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Basis for qualified conclusion*

5. As stated in the Note 4 to the accompanying consolidated interim financial statements, as at 30 June 2017, the Group has recorded tangible assets in progress with the book value of RON 273,960,000 (RON 273,960,000 as at 31 December 2016), comprising capitalized items for the units 3 and 4 of Cernavodă nuclear power station. Before 1991, nuclear unit stations 1, 2, 3, 4 and 5 were considered a single project and therefore, the realized constructions costs were not allocated at the level of each unit. Subsequently, the Company has done the allocation of the construction costs for the units 3 and 4 of the nuclear power station. We could not obtain sufficient and relevant evidence in relation with the accuracy of this split, which has effect on the valuation of these assets. These limitations have impact as well on the deferred tax liability allocated for the units 3 and 4 as at 30 June 2017 in amount of RON 43,524,186 (RON 43,524,186 as at 31 December 2016). Consequently, we were not able to determine if adjustments are needed on the fixed assets, deferred tax liability and retained earnings as at 30 June 2017 and therefore on the depreciation and amortization, profit tax and net profit for the six months period then ended.

#### *Conclusion*

6. Based on our review, we conclude that, except for the matter described in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of S.N. NUCLEARELECTRICA S.A. as at 30 June 2017 are not prepared, in all material respects, in accordance with the OMFP no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, as subsequently amended.

#### *Emphasis of matters*

7. Without issuing additional reserves on our conclusion, we draw attention to the Note 16 of the consolidated interim financial statements, which describes the fact that there is an uncertainty with regards to the going concern of the subsidiary Energonuclear S.A. The total estimated recoverable amount of the investment in Units 3 and 4 of Cernavodă, including also all capitalized individual elements of the Company, was determined by the management based on certain assumptions, professional judgments, expectations regarding future events, which are believed to be reasonable under the circumstances, and other factors under the assumption that the current negotiations between the management of the Group and the selected investor will be successfully concluded. In the event that any of the assumptions, professional judgments, expectations of future events and other factors do not materialize, this may cause a material adjustment to the carrying amounts of the consolidated Company's assets, liabilities and results within the current or next financial exercise, the impact of which cannot be reasonably estimated as of the date of the issue of these consolidated interim financial statements.

## Other Matters

8. The consolidated financial statements prepared for the financial year ended 31 December 2016 in accordance with OMFP 2844/2016 were audited by another auditor whose audit report dated 22 March 2017 contains the following paragraphs for expressing a qualified opinion:

### *Basis for qualified opinion*

[3] *As stated in the Note 5 to the consolidated financial statements, as at 31 December 2016 the Group has recorded fixed assets in progress at the aggregate book value of RON 273,960,000 (RON 273,960,000 as at 31 December 2015), comprising capitalized items for the Units 3 and 4 of Cernavodă nuclear power station. Prior to 1991, nuclear unit stations 1, 2, 3, 4 and 5 were considered as a single project and therefore, the realized construction costs were not allocated at the level of each unit. Subsequently, the Group proceeded to the allocation of the above construction costs for the Units 3 and 4 of the nuclear power station. We could not obtain sufficient and relevant audit evidence in relation with the appropriateness of this allocation, which has effect on the valuation of these assets. These limitations have impact as well on the deferred tax liability in amount of RON 43,524,186 (RON 43,524,186 as at 31 December 2015), allocated for the Units 3 and 4 as at 31 December 2016. Consequently, we were not able to determine if adjustments are needed on the fixed assets, deferred tax liability, retained earnings as at 31 December 2016 and therefore on the depreciation and amortization, profit tax and net profit for the year ended at the same date.*

9. This review report has been prepared and is intended solely for the information and use of the Company's shareholders. To the fullest extent permitted by the law, we do not accept or assume responsibility towards any other person to whose knowledge this report may come to. Our review work has been undertaken so that we report those matters that are required to be reported in a financial auditor Review Report and not for any other purposes. We do not accept or assume responsibility for its use for any other purposes.

**Mazars Romania SRL**

Bucharest, 9 August 2017