



NUCLEARELECTRICA



Report date: 15.02.2018

Name of the issuing entity: Societatea Nationala NUCLEARELECTRICA S.A.

Registered office: 65, Polona street, District 1, Bucharest

Phone/fax number: 021-203.82.00 / 021 – 316.94.00

Sole Registration Code with the Trade Register Office: 10874881

Order number: J40/7403/1998

Subscribed and paid share capital: RON 3.015.138.510

Regulated market on which the issued securities are traded: Bucharest Stock Exchange

**To: Bucharest Stock Exchange
Financial Supervisory Authority**
Ref: Current report in compliance with the financial calendar announced by Societatea Nationala Nuclearelectrica SA

Important event to be reported :

The Preliminary Unaudited Individual Financial Statements as at and for the financial year ended at 31 December 2017

Societatea Nationala Nuclearelectrica S.A. (“SNN”) informs the public and investors on the availability of the Preliminary Unaudited Individual Financial Statements as at and for the financial year ended at 31 December 2017, starting with **February 15th, 2018**, as follows:

- At S.N. Nuclearelectrica S.A. Headquarters, 65 Polona Street, District 1, Bucharest;
- Electronically on the company’s website, in the “Investor Relations – 2017 Financial Results” section (www.nuclearelectrica.ro).

Main results

Indicator (thousand lei)*	2017 (unaudited)	2016 (audited, restated)	Var %
Operating revenues, out of which:	1.932.902	1.680.220	15,0%
<i>Sales of electricity</i>	<i>1.884.741</i>	<i>1.620.770</i>	<i>16,3%</i>
Operating expenses	(1.074.261)	(1.057.412)	1,6%
EBITDA	858.641	622.808	37,9%
Depreciation and amortization	(482.717)	(466.336)	3,5%
EBIT	375.924	156.472	140,3%
Net finance cost	(18.449)	(29.004)	-36,4%
Income tax expense	(54.423)	(16.101)	238,0%
Net profit	303.052	111.367	172,1%

**) extract from the preliminary unaudited individual financial statements as at and for the financial year ended at 31 December 2017*

Additional information may be obtained at : investor.relations@nuclearelectrica.ro

Cosmin Ghita
CEO

Societatea Nationala NUCLEARELECTRICA S.A.
65 Polona Street, District 1, 010494, Bucharest, Romania; Tel +4021 203 82 00, Fax +4021 316 94 00;
Trade Registry number: J40/7403/1998, Sole registration code: 10874881,
Paid and subscribed capital: 3.015.138.510 lei
office@nuclearelectrica.ro, www.nuclearelectrica.ro



S.N. Nuclearelectrica S.A.

Preliminary Unaudited Individual Financial Statements
as at and for the fiscal year ended on
December 31, 2017

Prepared in accordance with
The Order of the Minister of Public Finance no. 2844/2016 for the approval of the
Accounting Regulations in compliance with
the International Financial Reporting Standards adopted by the
European Union (IFRS-UE)

February 12, 2018

S.N. Nuclearelectrica S.A.

Statement of Individual Financial Position as at 31 December 2017

(All amounts are presented in RON, unless otherwise indicated..)

	Note	December 31, 2017 (unaudited)	December 31, 2016 (audited, restated)
Assets			
Non-current assets			
Property, plant and equipment	4	6,667,534,520	7,109,348,869
Intangible assets		62,535,958	80,636,405
Financial investment	5	141,689,201	141,689,201
Total non-current assets		6,871,759,679	7,331,674,475
Current assets			
Inventories	6	331,504,736	331,057,122
Trade receivables and other receivables		151,633,449	162,063,302
Prepayments		10,895,537	12,699,411
Bank deposits		1,248,629,808	1,245,073,268
Cash and cash equivalents		573,903,315	263,714,387
Total current assets		2,316,566,845	2,014,607,490
Total assets		9,188,326,524	9,346,281,965
Equity and liabilities			
Equity			
Share capital, out of which:	7	3,210,641,253	3,210,641,253
<i>Subscribed and paid in share capital</i>	7	<i>3,015,138,510</i>	<i>3,015,138,510</i>
<i>Inflation adjustment to share capital</i>	7	<i>195,502,743</i>	<i>195,502,743</i>
Share-premium	7	31,474,149	31,474,149
Prepaid share reserve	7	21,553,537	21,553,537
Revaluation reserve	7	236,534,798	263,621,449
Retained earnings	7	3,916,816,812	3,858,639,694
Total equity		7,417,020,549	7,385,930,082
Liabilities			
Non-current liabilities			
Long term loans		894,215,752	1,087,961,815
Long-term deferred income		129,101,954	143,446,616
Deferred tax liability		125,577,244	142,535,060
Employee benefits		33,328,029	31,907,052
Total non-current liabilities		1,182,222,979	1,405,850,543
Current liabilities			
Accounts payable and other liabilities		348,307,735	320,958,433
Current tax liability		22,155,377	6,431,972
Deferred income		12,331,535	6,181,408
Current portion of long term loans		206,288,349	220,929,527
Total current liabilities		589,082,996	554,501,340
Total liabilities		1,771,305,975	1,960,351,883
Total equity and liabilities		9,188,326,524	9,346,281,965

Notes from 1 to 11 are part of these preliminary and unaudited individual financial statements.

S.N. Nuclearelectrica S.A.

Preliminary unaudited individual profit and loss account for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

	Nota	2017 (unaudited)	2016 (audited, restated)
Revenues			
Sales of electricity	8	1,884,740,511	1,620,769,517
Electricity transmission revenues		12,557,690	26,861,292
Total revenues		1,897,298,201	1,647,630,809
Other income		35,603,429	32,589,302
Operating expenses			
Depreciation and amortisation	4	(482,717,384)	(466,336,676)
Personnel expenses		(324,765,608)	(297,732,932)
Cost of traded electricity		(55,567,883)	(22,665,212)
Repairs and maintenance		(123,888,331)	(126,128,089)
Electricity transmission expenses		(12,557,690)	(26,861,292)
Cost with spare parts		(18,113,517)	(21,243,702)
Cost of uranium fuel		(122,183,695)	(140,397,129)
Other operating expenses	9	(417,183,969)	(422,383,171)
Total operating expenses		(1,556,978,077)	(1,523,748,203)
Operating profit		375,923,553	156,471,908
Finance costs		(94,102,348)	(118,994,718)
Finance income		75,653,531	89,990,559
Net finance income/(cost)	10	(18,448,817)	(29,004,159)
Profit before profit tax		357,474,736	127,467,749
Income tax expense, net		(54,422,894)	(16,100,593)
Net profit for the year		303,051,842	111,367,156

Cosmin Ghita
CEOAdrian Gabriel Dumitriu
CFO*Notes from 1 to 11 are part of these preliminary and unaudited individual financial statements.*

S.N. Nuclearelectrica S.A.

Preliminary and unaudited individual financial statement of the comprehensive income for the financial year ended on
December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

	<u>2017</u> <u>(unaudited)</u>	<u>2016</u> <u>(audited, restated)</u>
Profit for the year	303,051,842	111,367,156
Other comprehensive income		
Actuary gains/(Losses) corresponding to the determined benefit plan	703,726	(59,915)
Other comprehensive income	703,726	(59,915)
Total comprehensive income	303,755,568	111,307,241
Earnings per share		
Basing earnings per share (lei/share)	1.01	0.37
Diluted earnings per share (lei/share)	1.01	0.37

Notes from 1 to 11 are part of these preliminary and unaudited individual financial statements.

S.N. Nuclearelectrica S.A.

Notes to the preliminary unaudited individual financial statements prepared for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

1. REPORTING ENTITY

Societatea Națională Nuclearelectrica SA (“the Company”) is a national share company, managed under a one-tier corporate governance, having a headquarters and two subsidiaries without legal entity, CNE Cernavoda subsidiary (Nuclear power plant) –residing in Constanta County, Town of Cernavoda, Strada Medgidiei, Nr. 2, registered with the Trade Register under number J13/3442/2007, and FCN Pitesti subsidiary (Nuclear fuel plant) – residing in Arges County, Town of Mioveni, Strada Campului, Nr. 1, registered with the Trade Register under number J03/457/1998. The company’s registered office is located to the following address: 65 Polona street, district 1, Bucharest.

The scope of activity of the company is “Production of electricity” – NACE code 3511 and it is registered with the Trade Register under number J40/7403/1998, taxpayer number 10874881, VAT code RO.

The main activity of the Company is the production of electrical power and thermal power through nuclear means. The main operating location is CNE Cernavoda subsidiary, where the company holds and operates two functional nuclear reactors based on the CANDU (Canada Deuterium Uranium, type PHWR) technology. The production of the nuclear fuel bundles type CANDU, is performed by the company FCN Pitesti subsidiary.

The company’s shares have been traded at Bucharest Stock Exchange since November 4, 2013, under the issuing symbol of SNN.

2. BASIS OF PREPARATION

a) Statement of compliance

The Preliminary and Unaudited Individual Financial Statements were prepared in accordance with The Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in compliance with the International Financial Reporting Standards adopted by the European Union (IFRS-UE) (“IFRS”) (“OMFP 2844/2016”). Under OMFP 2844/2016, the International Financial Reporting Standards are the standards adopted according to the procedure provided in the Regulation of the European Commission no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards.

These Preliminary Unaudited Individual Financial Statements were prepared before finishing all the internal analysis and revision procedures, as well as the independent audit and thus, they may be modified; also, they do not include all the information necessary for a complete set of financial statement according to IFRS.

The presented financial statements include only the Individual statement of the financial position, the individual profit and loss account, the individual statement of comprehensive income and the selected explanatory notes to the Preliminary Unaudited Individual Financial Statements as of and for the financial exercise ended on December 31, 2017.

The Preliminary Unaudited Individual Financial Statements as of and for the financial exercise ended on December 31, 2017 have not been audited or revised by an independent auditor.

These Preliminary Unaudited Individual Financial Statements were authorized for issuing and signed on February 12, 2018, by the Company’s management.

Notes from 1 to 11 are part of these preliminary and unaudited individual financial statements.

S.N. Nuclearelectrica S.A.

Notes to the preliminary unaudited individual financial statements prepared for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

b) Use of estimates and professional judgments

The preparation of these preliminary unaudited individual financial statements requires the senior management to make professional judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses, useful life of non-current assets. Actual results may differ from the estimated ones.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for these preliminary and unaudited individual financial statements are the same as those applied for the Financial Statements as of and for the financial exercise ended on December 31, 2016.

Correcting accounting errors

IFRIC 21 - Taxes

The company has implemented the provisions of IFRIC 21 –Taxes, by the modification of the accounting policies, starting with the Financial Statements corresponding to the financial exercise 2014. Falling within the scope, the Company identified special building tax and local taxes. The company acknowledges the debt regarding these taxes at the moment of occurring the activity that triggers the payment, as defined by the relevant legislation. A debt regarding the taxes is estimated progressively, only if the activity triggering the payment occurs during a period of time.

The Company considers that the acknowledging moment 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 acknowledged on the 1st of January in trade-off with the corresponding expense.

The company reconsidered the date on which the generating event occurs as far as the taxes and levies under IFRIC 21 – Taxes and concluded that this is December 31 of each year. This modification of the evaluation of the date on which the generating event occurs was treated as an accounting error according to the provisions of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The reconsideration of the accounting treatment corresponding to the government taxes and levies under IFRIC 21 - Taxes, determines modifications on the debts to the state budget, on the expenses with the local taxes and fees, respectively on the postponed tax registered in the current period, the comparative financial statements being reprocessed accordingly.

The Interim Storage of Spent Nuclear Fuel (“DICA”)

The commissioning of the Nuclear Power Plant in CNE Cernavoda, Unit 1 (1996) and Unit 2 (2007) determined the need for the provision and commissioning of the Interim Storage of Spent Nuclear Fuel (“DICA”), according to the standards issued by National Commission for Nuclear Activities Control (“CNCAN”), to the IAEA recommendations and the international practices on the management of spent nuclear fuel, in view of interim spent fuel storage, after the temporary storage period (6 years) in the Spent Fuel Tank. DICA consists of a series of modules built as needed. A DICA module type Macstor 200 has a capacity of 12,000 irradiated spent nuclear fuel bundles. As at December 31, 2017, the Company has commissioned 8 DICA modules with a capacity of 96.000 spent fuel bundles. At 31.12.2017 all the spent nuclear fuel bundles needing interim storage after the transfer for the Spent Fuel Tank in DICA modules is of approximately 160,000, thus, at present, the company plans on building DICA modules until it covers the storage needs, respectively up to 13 DICA modules.

Notes from 1 to 11 are part of these preliminary and unaudited individual financial statements.

S.N. Nuclearelectrica S.A.

Notes to the preliminary unaudited individual financial statements prepared for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

For the acknowledgement of the obligation to build the DICA modules during the period when the income is generated from the burning of the nuclear fuel bundles to be subsequently moved to the DICA modules and because this obligation is effectively made in periods subsequent to the periods of such income, the company has made provisions for the construction of the DICA modules, starting with module 9. These provisions were constituted based on the expenses and they are destined to cover the cash out for the construction of the DICA modules.

Upon the commissioning of the DICA modules, the company acknowledges an income by the reversing of the corresponding provision.

By December 31, 2017, for the DICA modules, there is a linear amortization for a life span of 10 years.

On December 31, 2017, the company reconsidered the need for the registration of provisions and for the modules DICA 1-8, as well as the capacity of DICA to generate future economic benefits, respectively the need of amortization after the commissioning. The company concluded that for the modules DICA 1-8 it was necessary to register provisions in the previous financial exercises, as well as for their reversing upon the commissioning of each of the 8 modules. It also concluded that it was necessary to fully depreciate DICA Modules upon their commissioning, respectively from the filling with spent fuel bundles and not their amortization, due to the fact that they do not generate any future economic benefits. Thus the accounting errors were corrected, generated by the non-acknowledgement of the provisions corresponding to the modules 1-8, from the non-acknowledgement of the income from the return of the provisions as they were commissioned, as well as the accounting errors resulting from the annulment of the amortization and the acknowledgement of the integral depreciation upon the commissioning.

Low- and medium-level radioactive waste and nonradioactive waste

The operation activity of the two units of the Nuclear Power Plant in CNE Cernavoda implies the production of low- and medium-level radioactive waste, as well as nonradioactive waste that the company must manage, according to the present legal requirements issued by CNCAN, as well as with the provisions of the Directive 2011/70/EURATOM of the European Community Council.

On December 31, 2017, the company concluded that in CNE Cernavoda there is a volume of low- and medium-level radioactive waste, as well as nonradioactive waste produced in the previous production cycles, for which it was necessary to make provisions to cover the future cash out pursuant to the management of such waste. Thus, the accounting errors were corrected, generated by the non-acknowledgement of the provisions corresponding to the management of such waste.

The effects of the correction of accounting errors on the comparative values of the financial statements prepared on and for the period ended on December 31, 2016, are synthesized in the table below:

The effects of the correction of accounting errors on the comparative values of the financial statements prepared on and for the period ended on December 31, 2016	
(+/- in comparison to the reports of December 31, 2016)	
Tangible assets	+861,891
Reevaluation reserve	-2,221,012
Retained earnings	-118,462,161
Trade liabilities and other liabilities	+142,097,607
Liabilities on the postponed tax	-20,552,543
Depreciation and amortization	-8,442,879
Other operating costs	+11,339,492
Income tax expense, net	-1,814,318
Net profit for the year	-1,082,295

Notes from 1 to 11 are part of these preliminary and unaudited individual financial statements.

S.N. Nuclearelectrica S.A.

Notes to the preliminary unaudited individual financial statements prepared for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

Passing the new International Financial Reporting Standards (“IFRS”)

The new standards, interpretations and amendments issued by International Accounting Standards Board (“IASB”), enforced on January 1, 2017, have no significant impact on the financial statements prepared for the financial exercise ended on December 31, 2017.

The application of the new standards, the interpretations and the amendments, coming into force on January 1, 2018, will have no significant impact on the financial statements prepared for the financial exercise ended on December 31, 2018.

4. PROPERTY, PLANT AND EQUIPMENT

According to the accounting policies in force applied by the Company, the land, the constructions, administrative buildings and other buildings are stated at the fair value.

The reevaluations are performed with sufficient regularity to make sure the accounting value is not significantly different from what is was determined as the fair value at the end of the reporting period; this, the tangible assets stated at the fair value were reevaluated on December 31, 2015, by an independent assessor (East Bridge S.R.L., member of the National Association of Certified Assessors in Romania - ANEVAR). Previously to this reevaluations, the special constructions had been reevaluated on December 31, 2013, the administrative buildings on December 31, 2002 and the land on December 31, 2009.

On December 31, 2017, the “Depreciation and amortization” presented in the statement of the global result includes the cost with the depreciation and the amortization of the tangible and intangible assets and the amount of RON 3,719,412 representing the net income from the resumption of the provisions for the adjustment of the depreciation of the assets.

5. FINANCIAL INVESTMENTS

The financial investments are represented mainly by the investment in Energonuclear S.A. (“Energonuclear”). As at December 31, 2017 and on December 31, 2016, the Company held 100% of the share capital of EnergoNuclear SA. The value of the contribution on December 31, 2017 and on December 31, 2016 is RON 141,666,101 RON.

The continuation of the activity of Energonuclear S.A. and of the Units 3 and 4 Project

On January 31, 2017, the Negotiation commission approved the proposal for the continuation of the negotiations on the Investment Documents under the same conditions of the MoU, initiating the formalities for obtaining a mandate from the inter ministerial commission, the Romanian government and the General Meeting of the Shareholders on the continuation of the negotiation.

On February 23, 2017, a meeting took place between the representatives of the Ministry of Energy and CGN on the need to undertake a schedule of actions and the speeding of the negotiations for a new Project Company (“JVCo”). Upon the request of CGN, in the absence of a new negotiation mandate, during March 28 - 30, 2017 and respectively April 10 - 13, 2017, there were non-engaging technical discussions between the representatives of SNN and CGN.

On March 6, 2017, the Inter ministerial commission approved the proposal of the Negotiation Commission to continue the negotiations and the submitting for the approval of the Romanian Government of a memorandum for this purpose. The negotiations may continue after the approval of the General Meeting of the Shareholders of the Company.

S.N. Nuclearelectrica S.A.

Notes to the preliminary unaudited individual financial statements prepared for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

Between March and July 2017, there were clarifications and analyses for the identification of the options and the definition of the parameters which may cover the possible engagement of the Romanian State as far as the requirements of CGN.

The Inter ministerial Commission for the Project of Units 3 and 4 of CNE Cernavoda decided to approve the negotiations on the Investment Documents for a period of up to 6 months from the institutional approval and corporative approval, with the application of all of the other provisions of the MoU, including the possibility of either Party to terminate the MoU without any compensation in a simple written notification to the other party, if there is no agreement on the Investment Documents and as far as the delay has not been caused by the said Party.

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

The Decision of the Board of Directors of SNN no. 114/20.07.2017 endorsed and forwarded for the approval of the Extraordinary General Meeting of the Shareholders of SNN the continuation of the negotiations on the Investment documents under the same conditions in the MoU, for a period of up to 6 months from the institutional approval and corporative approval, with the application of the other provisions of the MoU, including the possibility of either Party to terminate the MoU without any compensation in a simple written notification to the other party, if there is no agreement on the Investment Documents and as far as the delay has not been caused by the said Party.

The Decision of the Extraordinary General Meeting of the Shareholders of SNN no. 6/24.08.2017 approved the following:

- The continuation of the negotiations on the Investment documents on the same conditions in the MoU, for a period of up to 6 months from the institutional approval and corporative approval, with the application of the other provisions of the MoU, including the possibility of either Party to terminate the MoU without any compensation in a simple written notification to the other party, if there is no agreement on the Investment Documents and as far as the delay has not been caused by the said Party.

- The empowerment of the Board of Directors to establish the terms and the conditions of the negotiations to be deployed with the Selected Investor by the representatives of the SNN in the Negotiation Commission for the Project of Units 3 and 4 CNE Cernavoda according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

The Decision of the Board of Directors of SNN no. 133/24.08.2017 approved the terms and the conditions of the negotiations to be deployed with the Selected Investor by the representatives of the SNN in the Negotiation Commission for the Project of Units 3 and 4 CNE Cernavoda according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

The negotiation process restarted on September 13, 2017, according to the schedule agreed with the Negotiation Committee and CGN. Between September 13-29, 2017, there were negotiations on the project of the Investors' Agreement ("AI") and the relevant appendices of the AI, identifying: (i) the clauses/sections on which the parties agreed, (ii) the clauses/provisions needing a new wording (for this purpose the terms for the processing of new wording by the consultants of both parties were established) and/or (iii) the still diverging aspects as well as the discussion of the principles listed in the aspects escalated by the parties and the identification of the flexible positions of the parties.

Considering the aspects presented above, as well as the stage of the negotiations with the Selected Investor for the development of the Project of the Units 3 and 4 CNE Cernavoda, the Company's management is confident that the project developed by Energonuclear and to be continued by the new project company, will continue in the future and that there is a request for electrical power to be generated by Units 3 and 4. Thus the Company management considers that the investment in Energonuclear S.A. will be recovered, according to the Strategy.

S.N. Nuclearelectrica S.A.

Notes to the preliminary unaudited individual financial statements prepared for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

6. INVENTORIES

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

	December 31, 2017	December 31, 2016
	(unaudited)	(audited)
Spare parts	135,132,179	130,820,218
Consumables and other materials	40,328,379	45,107,372
Nuclear fuels	113,324,270	102,355,393
Uranium	38,309,045	49,372,687
Other inventories	4,410,863	3,401,452
Total	331,504,736	331,057,122

7. EQUITY**Share capital**

The Company was established through the separation from the former Autonomos Energy Authority („RENEL”). The share capital represents the State’s contribution to the Company’s incorporation on June 30, 1998 (restated for inflation up to December 31, 2003) plus subsequent contributions.

As at December 31, 2017 and December 31, 2016, the share capital includes the effect of the restatements in the previous years according to the application of IAS 29 “Financial Reporting in Hyperinflationary Economies”.

The reconciliation of the share capital is as follows:

	December 31, 2017	December 31, 2016
	(unaudited)	(audited)
Statutory share capital (nominal value)	3,015,138,510	3,015,138,510
Restatement differences in accordance with IAS 29	195,502,743	195,502,743
Share capital (restated value)	3,210,641,253	3,210,641,253

On December 31, 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 the nominal value of 10 RON.

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

As at December 31, 2017 and December 31, 2016 the shareholding structure is the following one:

Shareholders	Number of shares	% of the share capital
Romanian State – Ministry of Energy	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%

Prepaid reserve

The prepaid reserves amount to 21,553,537 RON on December 31, 2017 and December 31, 2016, and represent public utility objectives of CNE Cernavoda (5.439.321 RON on December 31, 2017 and December 31, 2016) budgetary

Notes from 1 to 11 are part of these preliminary and unaudited individual financial statements.

S.N. Nuclearelectrica S.A.

Notes to the preliminary unaudited individual financial statements prepared for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

allocations for the period 2007-2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavodă (16.114.216 RON on December 31, 2017 and December 31, 2016).

Revaluation reserves

On December 31, 2017, the revaluation reserve amounts to 236.534.798 RON (December 31, 2016: 263.621.449 RON), net of the deferred tax related to the reevaluation reserve.

The Company recognized an increase of the revaluation reserve amounting to 27.071.228 RON after the revaluation carried out.

Retained earnings

During the financial exercise ended on December 31, 2017, the Company stated dividends amounting to 209.499.571 RON (December 31, 2016: 99.499.571 RON), of which 99.499.571 RON distributed from the net profit of the financial exercise 2016, according to the Decision of the General Meeting of Shareholders no. 2/24.04.2017 and 110.000.000 RON distributed under the provisions of art. II and art. III of the Emergency Government Ordinance no. 29/2017, of "Other reserves representing the company's financing sources", according to the Decision of the General Meeting of Shareholders no. 8/28.09.2017. The net dividends paid at December 31, 2017 amount to 110.826 RON (December 31, 2016: 293.748 RON).

Pursuant to the reconsideration of the accounting treatment of the taxes and levies according to IFRIC 21, as well as pursuant to the correction of the accounting errors pertaining to the DICA modules and those to the low- and medium-level radioactive waste and nonradioactive waste, detailed in Note 3, the retained earnings of the comparative period was retreated.

8. SALES OF ELECTRICITY

Sales of electricity revenues	2017 (unaudited)	2016 (audited)
Sales of electricity on the regulated market	96,738,415	236,674,991
Sales of electricity on the competitive market	1,785,829,730	1,382,055,372
Sales of thermal energy	2,154,959	2,022,068
Revenues from green certificates sales	17,407	17,086
Total	1,884,740,511	1,620,769,517
Sold electricity quantity	2017 (unaudited)	2016 (audited)
Quantity of electricity sold on the regulated market (MWh)	609,458	1,454,563
Quantity of electricity sold on the competitive market (MWh)	10,107,639	8,975,937
Total	10,717,097	10,430,500

The Company is a participant in the Balancing Market, but also a balancing Responsible Party, according to the conventions concluded with Ciga Energy S.A. The quantity of energy sold does not include the quantity of energy corresponding to the income from positive unbalances capitalized on the Balancing Market, amounting to 28.059 MWh for the financial exercise ended on December 31, 2017 (26.803 MWh in the financial exercise ended on December 31, 2016).

Notes from 1 to 11 are part of these preliminary and unaudited individual financial statements.

S.N. Nuclearelectrica S.A.

Notes to the preliminary unaudited individual financial statements prepared for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

9. OTHER OPERATING EXPENSES

	2017	2016
	(unaudited)	(audited, retreated)
Third party services	92,963,495	95,368,225
Expenses with ANDR	96,721,769	93,058,314
Energy and water	78,039,258	75,624,404
Fuels, lubricants and other consumables	31,090,933	36,115,954
Insurance policies	12,486,885	12,477,421
Transport and telecommunication	6,185,561	6,095,610
Construction tax	44,643,869	37,909,690
Other operating expenses	55,052,199	65,733,553
Total	417,183,969	422,383,171

Starting with 2007, following the Government Decision no. 1080/5 September 2007 regarding the safe management of the radioactive waste and the decommissioning of the nuclear installations, the Company is required to make two types of contributions to the ANDR:

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

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

The modification of June 30, 2017 of the accounting treatment of levies and government taxes according to IFRIC 21, as detailed in Note 3 determined the derecognition of the costs with taxes and levies under the IFRIC 21. According to the accounting treatment applied previously, the costs pertaining to these taxes and levies were recognized in the first quarter of each year and pursuant to the application of the modification of the accounting treatment, they will be registered in the last quarter of each previous financial exercise.

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S.N. Nuclearelectrica S.A.

Notes to the preliminary unaudited individual financial statements prepared for the fiscal year ended on December 31, 2017

(All amounts are presented in RON, unless otherwise indicated.)

10. FINANCIAL INCOME AND COSTS

	2017	2016
	(unaudited)	(audited)
Interest income	13,372,796	14,483,070
Foreign exchange gains	62,277,633	75,494,830
Dividends income	3,102	12,659
Total finance income	75,653,531	89,990,559
Foreign exchange losses	(71,457,343)	(100,878,654)
Interest expense	(22,645,005)	(18,116,064)
Total finance costs	(94,102,348)	(118,994,718)
Net finance (costs)/income	(18,448,817)	(29,004,159)

11. SUBSEQUENT EVENTS

There were no significant events subsequent to the conclusion of the financial exercise 2017.

Cosmin Ghita
CEO

Adrian Gabriel Dumitriu
CFO

Notes from 1 to 11 are part of these preliminary and unaudited individual financial statements.