



S.N. Nuclearelectrica S.A.

**Individual Interim Condensed Unaudited Financial Statements
as at and for the period of three months ended on
March 31, 2018**

Prepared in accordance with
the Ministry of Public Finance Order no. 2844/2016 for the approval
of the accounting regulations compliant with the
International Financial Reporting Standards adopted
by the European Union (IFRS-EU), based on the
International Accounting Standard 34 – “Interim Financial Reporting”
as adopted by the European Union

S.N. Nuclearelectrica S.A.

Condensed Individual Financial Position as at March 31, 2018

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

	Note	March 31, 2018 (unaudited)	December 31, 2017 (audited, restated)
Assets			
Non-current assets			
Property, plant and equipment	4	6,557,391,869	6,668,102,545
Intangible assets		59,729,321	62,535,958
Financial assets		68,405,276	76,355,852
Financial investment	5	141,689,201	141,689,201
Total non-current assets		6,827,215,667	6,948,683,556
Current assets			
Inventories	6	328,326,719	332,348,618
Trade and other receivables	7	170,073,827	150,443,354
Prepayments		34,773,350	10,895,537
Bank deposits		1,298,609,517	1,172,273,956
Cash and cash equivalents	8	663,476,462	573,903,315
Total current assets		2,495,259,875	2,239,864,780
Total assets		9,322,475,542	9,188,548,336
Equity and liabilities			
Equities			
Share capital, out of which:		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 adjustments to the share capital</i>		<i>195,502,743</i>	<i>195,502,743</i>
Share premiums		31,474,149	31,474,149
Prepaid share reserve		21,553,537	21,553,537
Revaluation reserve		229,898,539	236,534,798
Retained earnings		4,124,574,893	3,927,941,491
Total shareholder's equity		7,618,142,371	7,428,145,228
Liabilities			
Non - current liabilities			
Long-term borrowings	9	850,098,984	894,848,799
Provisions for risks and expenses	12	129,365,515	137,036,268
Deferred income		125,515,789	129,101,954
Deferred tax liability		113,182,952	113,903,761
Employee's benefits	10	33,328,029	33,328,029
Total long-term liabilities		1,251,491,269	1,308,218,811
Current liabilities			
Accounts payable and other liabilities	11	136,877,053	180,632,919
Current portion of provisions for risks and expenses	12	50,273,401	31,838,166
Current tax liability		43,892,982	21,726,375
Deferred income		18,732,046	12,331,535
Current portion of long-term borrowings	9	203,066,420	205,655,302
Total current liabilities		452,841,902	452,184,297
Total liabilities		1,704,333,171	1,760,403,108
Total equity and liabilities		9,322,475,542	9,188,548,336

Notes from 1 to 20 are an integral part of these interim condensed individual financial statements

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S.N. Nuclearelectrica S.A.

Condensed Individual Profit and Loss Account for the three months period ended on March 31, 2018

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

	Note	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited, restated)
Revenue			
Sales of electricity	14	541,245,489	483,910,118
Electricity transmission revenues		2,849,577	3,706,727
Total revenues		544,095,066	487,616,845
Other income		26,912,946	7,380,161
Operating expenses			
Depreciation and amortization		(122,504,289)	(120,657,699)
Personnel expenses	15	(86,226,752)	(76,943,874)
Cost of traded electricity		(21,114,699)	(8,474,290)
Repairs and maintenance		(13,375,677)	(12,213,683)
Electricity transmission expenses		(2,849,577)	(3,706,727)
Cost with spare parts		(2,711,458)	(3,756,343)
Cost of nuclear fuel		(27,471,664)	(37,551,984)
Other operating expenses	16	(81,522,960)	(84,062,818)
Total operating expenses		(357,777,076)	(347,367,418)
Operating profit		213,230,936	147,629,588
Financial cost		(5,328,604)	(19,133,109)
Financial income		25,267,969	17,294,934
Net financial income/(cost)	17	19,939,365	(1,838,175)
Profit before income tax		233,170,301	145,791,413
Net income tax expenses	13	(43,173,158)	(20,519,404)
Profit of the period		189,997,143	125,272,009

The Interim Condensed Individual Financial Statements presented on page 1 to 20 were signed on May 9, 2018 by:

Cosmin Ghita
Chief Executive Officer

Adrian Gabriel Dumitriu
Chief Financial Officer

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S.N. Nuclearelectrica S.A.

Condensed Individual Statement of the Comprehensive Result for the 3 months period ended on March 31, 2018

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

	Note	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited, restated)
Profit of the period		189,997,143	125,272,009
Other comprehensive income		-	-
Total global result of the period		189,997,143	125,272,009
Earnings per share			
Basic earnings per share (RON/share)	18	0.63	0.42
Diluted earnings per share (RON/share)	18	0.63	0.42

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S.N. Nuclearelectrica S.A.

Condensed Individual Statement of Changes in Equity for the three months period ended on March 31, 2018

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

	Share capital	Share capital premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2018 (audited)	3,210,641,253	31,474,149	21,553,537	236,534,798	3,927,941,491	7,428,145,228
Comprehensive income for the period						
<i>Profit for the period</i>	-	-	-	-	189,997,143	189,997,143
<i>Other comprehensive income</i>	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	189,997,143	189,997,143
Transfer of revaluation reserve to retained earnings	-	-	-	(6,636,259)	6,636,259	-
Balance as at March 31, 2018 (unaudited)	3,210,641,253	31,474,149	21,553,537	229,898,539	4,124,574,893	7,618,142,371

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S.N. Nuclearelectrica S.A.

Condensed Individual Statement of Changes in Equity for the three months period ended on March 31, 2018

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

	Share capital	Share capital 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	-	-	-	(2,487,694)	(168,080,035)	(170,567,729)
Balance as at January 1, 2017 (audited, restated)	3,210,641,253	31,474,149	21,553,537	263,354,767	3,809,021,821	7,336,045,527
Comprehensive income for the period						
<i>Retreated period profit</i>	-	-	-	-	125,272,009	125,272,009
<i>Other comprehensive income</i>	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	125,272,009	125,272,009
Transfer of revaluation reserve to retained earnings	-	-	-	(6,762,196)	6,762,196	-
Other elements					(2,965,298)	(2,965,298)
March 31, 2017 (unaudited, restated)	3,210,641,253	31,474,149	21,553,537	286,444,085	4,010,471,732	7,560,584,756

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S.N. Nuclearelectrica S.A.

Condensed Individual Statement of Cash Flows for the 3 months period ended on March 31, 2018

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

	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited, restated)
Cash flows related to operating activities		
Profit before income tax	233,170,301	145,791,413
Adjustments for:		
Depreciation and amortization	122,504,289	120,657,699
Impairment loss on trade and other receivables	(74,441)	848
Impairment loss on inventories	(441,269)	(116,686)
Provision related to liabilities and operating expenses	8,609,436	11,630,497
Gain from asset disposal	(254,111)	(734)
Net financial (income)/expenses	(19,891,248)	1,904,758
Changes in:		
(Increase)/Decrease in trade and other receivables	(17,875,062)	6,541,371
Decrease in inventories	4,463,168	12,481,170
Variation of deferred income	2,814,346	3,679,207
Variation of prepayments	(23,877,813)	(12,944,689)
Decrease of accounts payable and other liabilities	(36,573,472)	(61,124,375)
Cash flows related to operating activities	272,574,124	228,500,479
Income tax paid	(21,727,360)	(6,431,972)
Interest received	4,873,658	4,085,240
Interest paid	(579,831)	(240,987)
Net cash related to operating activities	255,140,591	225,912,760
Cash flows related to investment activities		
Purchase of intangible assets	(3,096,375)	(9,633)
Purchases of tangible assets	(11,249,939)	(34,397,700)
Proceeds from sale of tangible assets	254,111	734
Increase in bank deposits and financial assets	(118,384,985)	(140,997,337)
Net cash flow used in investing activities	(132,477,188)	(175,403,936)
Cash flow from financing activities		
Repayments of borrowings	(33,080,720)	(38,518,582)
Dividends	(9,536)	(6,902)
Net cash flow from financing activities	(33,090,256)	(38,525,484)
Net increase / (decrease) in cash and cash equivalents	89,573,147	11,983,340
Cash and cash equivalents as at January 1st (see Note 8)	573,903,315	263,714,387
Cash and cash equivalents as at March 31 (see Note 8)	663,476,462	275,697,727

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S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three months period ended on March 31, 2018

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

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 Cernavoda (Nuclear Power Plant) – with registered office in Constanta County, Cernavoda City, 2 Medgidiei Street, registered with the Trade Register under number J13/3442/2007, and FCN Pitesti (Nuclear Fuel Plant) - with registered office in Arges County, Mioveni City, 1 Campului Street, registered with the Trade Register under number J03/457/1998, respectively. The address of the registered office is Bucharest Municipality, District 1, 65 Polona Street.

The company's main activity is the "Electricity production" - CAEN code 3511 and it is recorded in the Trade Register under number J40/7403/1998, fiscal code 10874881, fiscal attribute RO.

The Company's main activity consists in electricity and thermal energy production 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 type PHWR). Besides, at Cernavoda the Company owns two nuclear reactors in the early stages of construction (Unit 3 and Unit 4). The construction of Units 3 and 4 was planned to be completed by the subsidiary Energonuclear S.A.; currently, there is a new strategy to continue the project Units 3 and 4, approved by the Extraordinary General Meeting of Shareholders on 22 August 2014 (for more information see Note 5).

The Company owns a reactor (Unit 5) for which the Company shareholders approved changing 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 finalized during 2019. The unit 5 is fully depreciated, since there was no plan to continue its construction as a nuclear unit.

Manufacturing of nuclear fuel bundles CANDU type required for operating the two nuclear operational reactors located in the branch CNE Cernavodă is performed by the Company in the branch FCN Pitesti.

The electricity sector is regulated by the National Energy Regulatory Authority ("ANRE"), an autonomous public institution. The electricity market in Romania was undergoing a process of gradual liberalization up to the end of 2017. The Company participates in the electricity market in the competitive segment. ANRE has set, by 2017, included, by means of annual decisions, the quantities of electricity that need to be sold by the Company on the regulated market and the regulated prices to be charged in the current year, respectively; the regulated prices are set based on economically justified costs, i.e. cost plus profit margin, using a methodology approved by ANRE.

On March 31, 2018 the Company's shareholders are: The Romanian State through the Ministry of Energy which holds 248,736,619 shares representing 82.4959% of the share capital, Fondul Proprietatea S.A. which holds 22,520,279 shares representing 7.4691% of the share capital and other natural persons and legal entities shareholders holding together 30,256,953 shares, representing 10.0350% of the share capital.

Since 4 November 2013, the shares of the Company have been traded on the Bucharest Stock Exchange, under the issuing symbol SNN.

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Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three months period ended on March 31, 2018

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

2. BASIS OF PREPARATION

a) Statement of compliance

The Condensed Interim Individual Financial Statements have been prepared in accordance with the Order of the Ministry of Public Finance no. 2844/2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards (“IFRS”), as further amended (“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 of the Council dated on 19 July 2002 regarding the application of the international accounting standards.

These Condensed Interim Individual Financial Statements were prepared according to IAS 34 *Interim financial reporting*, as passed by the European Union. These do not include the necessary information for a complete set of financial statements according to the International Financial Reporting Standards (“IFRS”) and must be read with the annual financial statements of the Company, drafted on December 31, 2017. Nevertheless, certain selected explanatory notes are included in order to explain the events and transactions that are significant for understanding the modifications occurred in the financial position and performance of the Company from the latest individual financial statements on the date and for the financial year that ended on December 31, 2017.

The Condensed Interim Individual Financial Statements on the date and for the three-month period ended on March 31, 2018 are not audited and were not revised by an independent auditor.

These Condensed Interim Individual Financial Statements were authorized for issuance and signed on May 09, 2018 by the Company's management.

b) Use of estimates and professional judgments

Preparing these Condensed Interim Individual Financial Statements means that the managers use reasoning, estimates and hypotheses that affect the application of accounting policies, and the acknowledged value of the assets, debts, revenues and expenses. Actual results may differ from the estimated values.

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.

Information about assumptions that have a significant risk of resulting in a material adjustment within the next financial years is included in Note 5 (key assumptions relating to the continuance of the Project for Units 3 and 4).

The significant reasoning used by the managers for applying the accounting policies of the Company and the main uncertainty sources regarding the estimates was the same as the one applied on and for the financial year that ended on December 31, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these Condensed Interim Individual Financial Statements are the same as those applied in the Individual Financial Statements as at end for the year ended on December 31, 2017.

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S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three months period ended on March 31, 2018

*(All amounts are presented in RON, unless otherwise indicated)***4. Property, Plant and Equipment**

	Land	Nuclear power plants	Machinery, equipment and other assets	Non-current assets in progress	TOTAL
Cost					
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	-	-	26,475,334	71,179,710	97,655,043
Transfers	-	14,478,112	52,584,720	(67,062,832)	-
Transfers in inventories	-	-	-	(12,372,946)	(12,372,946)
Transfer from inventories	-	-	12,290,946	-	12,290,946
Disposals	-	(39,111)	(1,690,269)	-	(1,729,380)
Balance as at December 31, 2017 (audited)	31,534,439	5,594,239,417	1,611,461,143	851,807,266	8,089,042,265
Balance as at January 1, 2018 (audited)	31,534,439	5,594,239,417	1,611,461,143	851,807,266	8,089,042,265
Additions	-	-	490,129	7,119,028	7,609,157
Transfers	-	-	9,074,559	(9,074,559)	-
Transfers to intangible assets	-	-	-	(25,934)	(25,934)
Transfer to inventories	-	-	-	(135,756)	(135,756)
Disposals	-	-	(238,633)	-	(238,633)
Balance as of March 31, 2018 (unaudited)	31,534,439	5,594,239,417	1,620,843,426	849,633,817	8,096,251,099
Depreciation and impairment losses					
Balance as at January 1, 2017 (audited)	550,782	375,420,323	367,899,023	140,841,495	884,711,623
Adjustment effect	-	-	59,567,895	-	59,567,895
Balance as at January 1, 2017 (audited, restated)	550,782	375,420,323	427,466,919	140,841,495	944,279,518
Depreciation charges	-	357,864,041	110,547,579	-	468,411,619
Offset of accumulated disposals	-	(39,111)	(1,638,855)	-	(1,677,967)
Adjustments for impairment of intangible assets	-	-	10,138,169	(211,620)	9,926,549
Balance as at December 31, 2017 (audited)	550,782	733,245,253	546,513,811	140,629,875	1,420,939,720
Balance as at January 1, 2018 (audited)	550,782	733,245,253	546,513,811	140,629,875	1,420,939,720
Depreciation charges	-	89,631,749	28,526,394	-	118,158,143
Offset of accumulated disposals	-	-	(238,633)	-	(238,633)
Adjustments for impairment of intangible assets	-	-	-	-	-
Balance as of March 31, 2018 (unaudited)	550,782	822,877,001	574,801,571	140,629,875	1,538,859,230
Carrying amount					
Balance as at January 1, 2017 (audited, restated)	30,983,658	5,204,380,093	1,094,333,494	719,221,839	7,048,919,084
Balance as at December 31, 2017 (audited)	30,983,658	4,860,994,164	1,064,947,333	711,177,390	6,668,102,545
Balance as of March 31, 2018 (unaudited)	30,983,658	4,771,362,416	1,046,041,855	709,003,941	6,557,391,869

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Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three months period ended on March 31, 2018

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

Machinery, equipment and other assets mainly include the heavy water used for the operation of Units 1 and 2, with a net carrying amount on March 31, 2018 amounting to RON 443,413,316 (December 31, 2017: RON 450,417,031) and administrative buildings with a net carrying amount on March 31, 2018 amounting to RON 263,272,662 (December 31, 2017: 267,160,515 RON).

Before 1991 the nuclear Units 1, 2, 3, 4 and 5 were considered as a single project and therefore the construction costs incurred had not been allocated per unit. Subsequently, the Company allocated the costs for the construction of Units 3 and 4 of the nuclear power plant and for Unit 5.

On March 31, 2018, the net carrying amount of the assets under construction related to Units 3 and 4 recognized in the group "Non-current assets in progress" amounts to RON 506,431,280 (December 31, 2017: 506,561,052 RON), out of which the net carrying value of Units 3 and 4 recognized in the group "Non-current assets in progress" amounts to RON 273,960,000 (December 31, 2017: 273.960.000 RON), The carrying amount of heavy water purchased for Units 3 and 4 is RON 159,307,070, (December 31, 2017: 159,307,070 RON), representing approximately 75 tons, and the net value of other equipment related to Units 3 and 4 is 73,164,211 RON (December 31, 2017: 73,293,983 RON).

On March 31, 2018, the remaining difference up to RON 709,003,941 (December 31, 2017: 711.177.390 RON) represents assets in progress related to units 1 and 2, such as: D2O detritiation installation amounting to 63,236,525 RON, construction of facilities for storage and loading of the nuclear fuel used (DICA) amounting to 21,357,747 RON, extension of Unit 1 life cycle by 25 years over the designed life cycle amounting to 9,405,550 RON.

The main investments made by the Company in the period of 3 months ended on March 31, 2018 for projects in progress related to Units 1 and 2 include:

- Equipment and materials for ongoing investments at Unit 1 and Unit 2 in warehouses amounting to RON 9,442,690 (December 31, 2017: 17,751,320 RON);
- Annual inspections for the planned stoppage 3,333,954 RON (December 31, 2017: 0). These investments are recognized under International Accounting Standard IAS 16, "Tangible Assets", with a useful life over 1 year to be depreciate.

The main investments implemented in the 3-month period ended on March 31, 2018 mainly refer to building storage spaces and loading the used nuclear fuel (DICA) in value of 5,857,987 RON.

On March 31, 2018, the Company has fixed assets purchased based on credit from suppliers (commercial credit) amounting to RON 15,503,282 (December 31, 2017: 21,554,862 RON).

Decommissioning of nuclear units

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. In 2017, the retrofitting project of Unit 1 was launched. Also in 2017, the Technical and Refurbishment Division was set up, responsible for the development of the project. The feasibility study that is part of the first phase of the project has a deadline of 2021. Following the completion of this project, it is estimated that the service life of the unit will be extended by another 25 - 30 years beyond the initial expected term. Under these conditions, the decommissioning of Unit 1 will be carried out after 2056. The same approach is also expected to be applied for Unit 2. The Company has not registered a provision for the decommissioning of the two units, as it is not responsible for the decommissioning works; according to Government Decision no. 1080/5 September 2007, the Nuclear and Radioactive Waste Agency ("ANDR") is responsible for collecting the contributions paid by the Company for the remaining lifetime of the nuclear units and assumes the responsibility for the management of the decommissioning process of the two units and for the final storage of nuclear waste at the end of the useful lifetime of the two units, as well as for the permanent storage of the resulting residues (see Note 16). The contribution paid by the Company until March 31, 2018 to ANDR amounts to 24,272,603 RON (March 31, 2017: 23,379,141 RON).

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Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three months period ended on March 31, 2018

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

Assets pledged as security

As at March 31, 2018, and December 31, 2017 the Company has no pledged or mortgaged assets.

5. FINANCIAL INVESTMENTS

Financial investments - Business continuity for Energonuclear S.A. and the Project of Units 3 and 4

Financial investments are mainly represented by the investment in Energonuclear S.A. ("Energonuclear"), company with its headquarters in Bucharest, District 2, 5 – 7 Vasile Lascar Street, 3rd floor and registered with the Trade Register under the number J40/3999/25.03.2009, having the sole registration code 25344972, tax attribute RO. The main business of Energonuclear consists in "Engineering activities and technical consultancy related to it" – CAEN Code 7112.

On March 31, 2018 and December 31, 2017, the Company owns 100% of the share capital of Energonuclear S.A. The value of the interest as at December 31, 2018 and December 31, 2017 amounts to RON 141,666,101.

The uncertainties regarding the continuity of the activity of Energonuclear mentioned and explained in detail in the financial statements as of December 31, 2017 are maintained on March 31, 2018.

By the Resolution of the Extraordinary General Assembly of Shareholders of SNN no. 6/24.08.2017, the following measures were approved:

- Continuing the negotiations on the Investment Documents under the same conditions from the MoU, for 6 months after the date of institution and corporate approval, by applying all the other provisions of the MoU, including the possibility for any party to terminate the MoU without any compensations by a simple written notification to the other Party, if an agreement has not been reached on the Investment Documents, and insofar as the delay has not been caused by the respective Party.

- Mandating the Board of Directors to set the terms and conditions of the negotiations with the Selected investor by the SNN representatives within the Negotiation Board for the implementation of the Project for Units 3 and 4 CNE Cernavoda, according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

Resolution of the Board of Directors of SNN no. 133/24.08.2017 approved the terms and conditions of the negotiations with the Selected investor by the SNN representatives within the Negotiation Board for the implementation of the Project for Units 3 and 4 CNE Cernavoda, according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

In September - November 2017, negotiations took place on the draft for the Investors' Agreement ("IA") and the relevant annexes to IA, and the following aspects were identified: (i) the clauses/sections on which the parties agreed; (ii) the clauses/provisions that require reformulation and/or (iii) divergent aspects, and discussing the principles indicated in the list of aspects escalated by the parties and identifying the flexible positions of the parties. The proposals of the Negotiation Board for modifying/increasing the flexibility of the negotiation mandate were approved by the Board of Directors of SNN and by the Inter-ministry Board in October 2017.

By the Resolution of the Extraordinary General Assembly of Shareholders of SNN no. 4/02.03.2018 the company approved continuing the negotiations on the Investment Documents under the same conditions from the Memorandum of Understanding, for 6 months after the date of institution and corporate approval, by applying all the other provisions of the Memorandum of Understanding, including the possibility for any party to terminate the Memorandum of Understanding without any compensations by a simple written notification to the other Party, if an agreement has not been reached on the Investment Documents, and insofar as the delay has not been caused by the respective Party.

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In February - March 2018 there were negotiations regarding the undisputed aspects concerning the Investors' Agreement.

Regarding the activity of Energonuclear S.A.:

- With the EGMS Resolution of SNN no. 4/11.07.2017, the shareholders of SNN approved the granting by SNN of a loan convertible in shares amounting to maximum RON 4,000,000 to the Energonuclear S.A. ("EN") branch, in order to finance the maintenance and conservation activities for the site of Units 3 and 4 of Cernavoda NPP; on March 31, 2018, Energonuclear the total installment requested is RON 500,000 from the maximum amount, for which SNN registered an interest of RON 3,269, capitalized;

Considering the aforementioned aspects, as well as the stage of the negotiations with the Selected Investor for the development of the Project of Units 3 and 4 of Cernavoda NPP, the Company's management is confident that the project developed by Energonuclear and which will be continued by the new project company, will continue in the future and there will be a demand in the future for the electricity to be produced by Units 3 and 4. Thus, the Company's management considers that the investment in Energonuclear S.A. will be recovered, in line with the Strategy.

6. INVENTORIES

On March 31, 2018 and March 31, 2017, the inventories are as follows:

	March 31, 2018	December 31, 2017
	(unaudited)	(audited)
Spare parts	135,853,134	135,781,160
Consumables and other materials	41,056,241	40,523,280
Nuclear fuels	119,177,229	113,324,270
Uranium	25,751,657	38,309,045
Other inventories	6,488,458	4,410,863
TOTAL	328,326,719	332,348,618

7. TRADE RECEIVABLES AND OTHER RECEIVABLES

On March 31, 2018 and December 31, 2017, the trade receivables and other receivables are as follows:

	March 31, 2018	December 31, 2017
	(unaudited)	(audited)
Trade receivables	160,945,536	133,487,231
Adjustments for impairment of trade receivables	(13,353,145)	(13,427,586)
Other receivables	20,157,791	10,943,454
Adjustments for impairment of other receivables	(3,078,604)	(3,078,604)
Taxes and duties	5,402,249	22,518,859
Total	170,073,827	150,443,354

As at 31 March 2018, the significant trade receivables in balance are from: E.ON Energie Romania S.A. – 22.717.745 RON (31 December 2017 – 10.466.090 RON), CEZ Vanzare S.A. – 18.201.100 RON (31.12.2017 – 14.465.221 RON); Electrica Furnizare S.A. – 17.069.979 RON (31.12.2017 – 22.176.419 RON), Alro S.A. – 12.625.948 RON (31.12.2017 – 0 RON).

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8. CASH AND CASH EQUIVALENTS

On March 31, 2018 and December 31, 2017, the cash and cash equivalents are as follows:

	March 31, 2018	December 31, 2017
	(unaudited)	(audited)
Cash and cash equivalents in RON	655,341,873	564,293,253
Cash and cash equivalents in foreign currencies	8,134,589	9,610,062
Total cash and cash equivalents	663,476,462	573,903,315

9. BORROWINGS

The loan reimbursements in a period of 3 months as of March 31, 2018 were as follows:

	Currency	Interest rate	Value	Year of final maturity
Balance as at January 1, 2018 (audited)			1,129,647,869	
New issues				
Reimbursements, out of which:			(33,080,720)	
Societe Generale - ANSALDO BC	EUR	EURIBOR 6M + 0.7%	-	2022
Societe Generale - AECL BC	CAD	CDOR 6M + 0.375%	-	2022
EURATOM	EUR	EURIBOR 6M + 0.08%	(33,080,720)	2024
Exchange rate differences			(17,097,019)	
Balance as of March 31, 2018 (unaudited)			1,079,470,130	

(i) Long-term borrowings

As at March 31, 2018 and December 31, 2017, the long-term loans from credit institutions are as follows:

	Currency	March 31, 2018	December 31, 2017
		(unaudited)	(audited)
Societe Generale - ANSALDO BC	EUR	161,147,585	161,220,243
Societe Generale - AECL BC	CAD	288,615,024	305,352,316
EURATOM	EUR	629,707,520	663,075,310
Total long-term loans from credit institutions		1,079,470,129	1,129,647,869
Less: Current portion of long-term loans		(208,003,567)	(211,787,832)
Less: Balance of commitment and insurance fees (long term)		(21,367,578)	(23,011,238)
Total long-term loans net of the short-term portion		850,098,984	894,848,799

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(ii) Short-term borrowings

As at March 31, 2018 and December 31, 2017, the short-term borrowings are as follows:

	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Current portion of long-term borrowings	208,003,567	211,787,832
Interests related to the long-term borrowings	1,637,492	442,109
Short-term transaction costs	(6,574,639)	(6,574,639)
Total short-term loans	203,066,420	205,655,302

10. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2018 and December 31, 2017, the employee benefit obligations are as follows:

Retirement benefits	20,201,084
Anniversary bonuses	4,624,496
Benefits in case of death	832,790
Retirement benefits in the energy field	7,669,659
Total	33,328,029

On March 31, 2018, the Company has the following obligations:

- to pay the employees who are retiring retirement premiums ranging between 2 and 3 basic salaries according to the number of years of seniority in the field of electric, thermal and nuclear energy;
- to pay the employees jubilee premiums according to the number of years of uninterrupted seniority in the field of electric, thermal and nuclear energy;
- to pay the aid to the family of the employee, in the event of his/her death;
- to pay employees who are retiring an energy benefit, representing the equivalent value of 1,200 KWh/year electricity share. The awarding criterion for this benefit is the 15 year old seniority in the field of energy, of which at least the last 10 years within SNN. This benefit is granted as of April 1, 2017.

The following assumptions were taken into account for the application of IAS 19 "Employee Benefits" on December 31, 2017:

Assessment date	December 31, 2017
Number of employees	2,001
Rate of wage increase	SNN's management has estimated a 20% increase in base salaries, reflecting the transfer of contributions from the employer to the employee, in order to maintain the net salary level at the level of December 2017. 2.2% for 2019 2.0% for 2020 For 2021 and the following years: average salary increase with the annual inflation rate.
Rate of kWh price increase	kWh price updated on 31.12.2017: RON 0.5184. For 2018-2030: estimates provided by SNN and development on the same trend for the years to come.
Real average productivity	2.2%
Mortality tables	Mortality rates in Romania in 2013
Gross average wage	5,755

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The above assumptions have been considered taking into account:

- The actual average efficiency is calculated based on the estimation of the inflation rate and government bonds efficiency on the active market as at December 31, 2017 and for the residual term to maturity of 1 - 9 years and 14 years.
- Mortality rate used is the one communicated by the National Institute of Statistics.
- A discount rate of 3.69%.

11. TRADING AND OTHER LIABILITIES

On March 31, 2018 and December 31, 2017, trading and other liabilities are as follows:

	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Non-current assets suppliers	15,503,282	21,554,862
Trade payables	81,377,089	74,668,365
Employee benefits	19,162,321	12,649,979
Payables to the State	18,972,300	70,528,622
Dividends payables	116,330	138,871
Other payables	1,745,731	1,092,220
Total	136,877,053	180,632,919

As at 31 March 2018, the main suppliers in balance are: General Electric Wilmington Romania Branch – 11,567,637 RON (31.02.2017 – 18,433,942 RON), Apele Romane Bucharest – 11,455,547 RON (31.12.2017 – 11,957,517 RON), Ciga Energy S.A. – 9,076,667 RON (31.12.2017 – 1,669,417 RON), Mate-Fin S.R.L. – 5,393,866 RON (31.12.2017 – 9,624,358 RON).

12. PROVISIONS FOR RISKS AND EXPENSES

On March 31, 2018, the Company recognized the following provisions, included under the position "Provisions for risks and expense" and the position "Current share of provisions for risks and expenses":

	March 31, 2018 (audited)	December 31, 2017 (audited)
Obligations regarding the Intermediary Used Fuel Storage (DICA)	60,708,561	57,953,296
Obligations regarding the low and medium radioactive and non-radioactive waste	97,594,214	97,584,997
Employees' participation to the profit	21,265,000	13,265,000
Provisions for litigations	71,141	71,141
Total	179,638,916	168,874,434

On March 31, 2018, the provisions in the total amount of RON 179,638,916 represent long-term and short-term liabilities, as follows:

	Long-term share (> 1 year)	Current share (< 1 year)
Obligations regarding the Intermediary Used Fuel Storage (DICA)	39,238,748	21,469,813
Obligations regarding the low and medium radioactive and non-radioactive waste	90,055,626	7,538,588
Employees' participation to the profit	-	21,265,000
Provisions for litigations	71,141	-
Total	129,365,515	50,273,401

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13. INCOME TAX

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

	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited)
Current income tax expense	43,893,967	25,585,544
Deferred tax release	(720,809)	(5,066,140)
Total	43,173,158	20,519,404

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

	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited)
Sales of electricity on regulated market	-	50,084,742
Sales of electricity on competitive market	539,132,644	432,702,943
Sales of thermal energy	2,109,806	1,118,342
Revenues from green certificates	3,039	4,091
Total	541,245,489	483,910,118

(ii) The quantity of energy sold

	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited)
Quantity of electricity sold on regulated market (MWh)	-	313,437
Quantity of electricity sold on competitive market (MWh)	2,757,492	2,465,255
Total	2,757,492	2,778,692

The Company is a participant in the balancing market, but also a Responsible Party in the balancing, according to the conventions concluded with the transport and system operator Transelectrica SA. The quantity of energy sold presented does not include the quantity of energy corresponding to the income from positive unbalances valued on the Balancing Market, amounting to 7,587 MWh for the 3-month period that ended on March 31, 2018 (10,527 MWh for the 3-months period that ended on March 31, 2017).

The Company is developing the activity of producing thermal energy by exploiting the energetic capacities corresponding to the units for producing electrical and thermal energy consisting in two heat switches with a full thermal power of 40 Gcal/h and 46.51 MW. The Company delivers thermal energy to the local thermal energy distribution company SC Utilitati Publice SA Cernavoda, as well as to other final consumers in the locality Cernavoda – business entities, social-cultural institutions. The sales of thermal energy in Q1 2018 are 2,109,806 RON (31 March 2017: 1,118,342 RON).

The electricity sector is regulated by the National Energy Regulatory Authority (“ANRE”), an autonomous public institution. Starting with 2018 ANRE no longer set for manufacturers’ delivery obligations under regulated contracts, by abrogating Order no. 83/2013 on the methodology of setting prices for the electricity sold by the manufacturers based on regulated contracts and electricity quantities from the regulated contracts concluded by the manufacturers with last-instance suppliers, after completing the schedule for gradually removing regulated fees.

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In the three-month period ended on March 31, 2018, the Company did not sell energy on the regulated market (11% in the 3-month period ended on March 31, 2017). The total quantity of electricity sold in the 3-month period ended on March 31, 2018 is 2,765,079 MWh, compared to 2,789,218 MWh, sold in a 3-month period ended on 31 March 2017. The average sale price of the electricity on the regulated market in the 3-month period ended on March 31, 2017 is 159.57 RON/MWh, value which does not include the tariff for electric energy transmission service paid to Transelectrica SA for the introduction of electricity in the electricity transmission network.

15. EMPLOYEES COSTS

As of March 31, 2018 and March 31, 2017, the personnel expenses comprise:

	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited)
Wages and salaries	80,553,185	60,719,510
Expenditure on social security and assimilated costs	5,673,567	16,224,364
Total	86,226,752	76,943,874

As of March 31, 2017 the expenses with salaries and compensations comprise the provision for the long-term obligations of employees, in value of 9,354,754 RON. As of March 31, 2018, the value of these obligations regarding employee benefits was not updated, and the Company deemed as valid the hypotheses as of December 31, 2017, based on which the last update of these obligations was performed.

16. OTHER OPERATIONAL COSTS

	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited)
Expenses with third parties services	18,325,642	19,821,411
Expenses with ANDR	24,272,603	23,379,141
Energy and water expenses	19,661,543	19,186,752
Fuels, lubricants and other consumables expenses	7,698,307	7,791,736
Insurance policies expenses	3,583,630	3,618,824
Transport and telecommunication expenses	1,428,993	1,339,873
Expenses related to provisions and impairments, net	1,821,758	2,236,367
Other operating expenses	4,730,484	6,688,714
Total	81,522,960	84,062,818

Expenses with ANDR

Starting with 2007, following the Government Decision no. 1080/September 5, 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.

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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.

Expenses related to provisions and impairments

The position "Expenses related to provisions and impairments, net" includes the costs related to the provisions and impairments of the period, as well as income from the reversal of provisions during the period. In the 3-month period ended on March 31, 2017, the Company set up provisions in value of 4,796,212 RON (March 31, 2017: RON 2,359,813) and reversed provisions amounting to RON 2,974,455 (March 31, 2017: 123,446 RON).

Other operating expenses

The position "Other operating expenses" includes the expenses related to the operating authorizations paid to CNCAN Bucharest amounting to RON 2,475,000 (March 31, 2017: 2,475,000 RON), as well as the contribution paid to ANRE on the basis of ANRE Order no. 126/2017, according to which the Company pays 0.1% of the turnover achieved in 2017 from the activities carried out under the licenses held, amounting to 475.345 RON (31 March 2017: 330.701).

17. FINANCIAL INCOMES AND EXPENSES

	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited)
Interest income	6,554,649	3,076,315
Foreign exchange gains	18,713,320	14,218,619
Total financial income	25,267,969	17,294,934
Foreign exchange losses	(1,909,731)	(15,606,390)
Interest expense	(3,418,873)	(3,526,719)
Total financial cost	(5,328,604)	(19,133,109)
Net financial income/(expenses)	19,939,365	(1,838,175)

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18. EARNINGS PER SHARE

As of March 31, 2018 and March 31, 2017, the result per share is:

(i) *Basic earnings per share*

	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited)
Net profit in period	189,997,143	125,272,009
Number of ordinary shares at the beginning of the period	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
Basic earnings per share (RON/share)	0.63	0.42

(ii) *Diluted earnings per share*

	3 months period ended on March 31, 2018 (unaudited)	3 months period ended on March 31, 2017 (unaudited)
Net profit in the said period	189,997,143	125,272,009
Number of ordinary shares at the beginning of the period	301,513,851	301,513,851
Number of ordinary shares issued during the period	-	-
Number of ordinary shares at the end of the period	301,513,851	301,513,851
Number of shares corresponding to the prepaid share reserve (b)	-	-
Weighted-average number of ordinary shares (diluted) on March 31 (a) + (b)	301,513,851	301,513,851
Diluted earnings per share (RON/share)	0.63	0.42

19. CONTINGENCIES AND COMMITMENTS(i) **Ongoing litigations**

During the three-month period that ended on March 31, 2018, the Company was involved in a number of legal proceedings arising during its normal course of business. The management of the Company regularly analyses the ongoing litigation sand, after consulting with its legal advisers and external lawyers, decides whether to create a provision for the amounts involved or to present them 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 simplified individual interim financial statements.

(ii) **Commitments**

On March 31, 2018, the Company undertakes to bear operational and investment expenses in accordance with ongoing contracts for current and normal operating investments and operations in the course of its core business.

On 31 March 2018, the total amount of commitments is fully reflected in the "Trade and other payables" position.

(iii) **Guarantees**

On 31 March 2018, the total amount of bank guarantee letters issued on behalf of the Company is RON 88.6 million.

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At 31 December 2017, the total amount of bank guarantee letters issued by customers in favor of the Company for the contracts concluded on PCCB-NC and PCCB-LE amounts to RON 222 million. These warranties cover the risk of non-fulfillment of contractual obligations assumed by customers through contracts for the sale of electricity.

20. SUBSEQUENT EVENTS***Approving the distribution of the net profit of financial year 2017***

By Resolution no. 5/25.04.2018 of the Ordinary General Assembly of Shareholders of SNN the distribution of the net profit of financial year 2017 by destinations was approved, the total value of gross dividends in value of 271,362,466 lei, the value of the gross dividend per share in value of 0.9 lei, the dividend payment date, namely the date of June 28, 2018 and the payment methods, according to the report submitted to the shareholders for this topic on the agenda (section 5 of the AGOA agenda of April 25, 2018).

Approving the strategy of diversifying the supply sources

By Resolution no. 5/25.04.2018 of the Ordinary General Assembly of Shareholders of SNN strategy of diversifying the sources of supply with the raw materials necessary for generating nuclear fuel was approved.

Planned stoppage of Unit 1 CNE Cernavoda

As of May 02, 2018, 11:00 a.m., Unit 1 CNE Cernavoda entered the planned stoppage program, for approximately 30 days, according to the planning of the preventive and corrective maintenance works that need to be performed in this period. The works will be performed under safety conditions for the personnel of the power plant, the public and the environment, according to the procedures used at CNE Cernavoda.

Cosmin Ghita
Chief Executive Officer

Adrian Gabriel Dumitriu
Chief Financial Officer

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