



S.N. Nuclearelectrica S.A.

Condensed Individual Interim Financial Statements as of and for the six-month period ended on June 30, 2018

Prepared in accordance with
the International Financial Reporting Standards adopted by the European Union
(IFRS-UE)
Pursuant to
International Accounting Standard 34 - "Interim Financial Reporting"

S.N. Nuclearelectrica S.A.

Condensed Individual Financial Position as of June 30, 2018

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

	Note	June 30, 2018 (reviewed)	December 31, 2017 (audited, restated)	January 1, 2017 (audited, restated)
Assets				
Non-current assets				
Tangible assets	4	6,531,442,863	6,724,074,076	7,102,223,970
Intangible assets	5	55,424,206	62,535,958	80,636,405
Financial assets	9	73,488,207	76,355,852	22,414,346
Financial investments	6	141,689,201	141,689,201	141,689,201
Total non-current assets		6,802,044,477	7,004,655,087	7,346,963,922
Current assets				
Inventories	7	346,913,715	332,348,618	331,057,122
Trade and other receivables	8	139,282,597	150,443,354	162,063,302
Payments made in advance		23,591,146	10,895,537	12,699,411
Bank deposits	9	956,508,004	1,172,273,956	1,222,658,922
Cash and cash equivalents	9	797,136,615	573,903,315	263,714,387
Total current assets		2,263,432,077	2,239,864,780	1,992,193,144
Total assets		9,065,476,554	9,244,519,867	9,339,157,066
Equity and liabilities				
Equities				
Share capital, out of which:	10	3,210,641,253	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>3,015,138,510</i>
<i>Inflation adjustments to the share capital</i>		<i>195,502,743</i>	<i>195,502,743</i>	<i>195,502,743</i>
Share premiums	10	31,474,149	31,474,149	31,474,149
Prepaid reserve	10	21,553,537	21,553,537	21,553,537
Revaluation reserve	10	223,535,389	236,534,798	263,354,767
Retained earnings	10	3,907,864,371	3,983,913,022	3,862,326,708
Total own equity		7,395,068,699	7,484,116,759	7,389,350,414
Liabilities				
Long term liabilities				
Long term borrowings	11	787,272,031	894,848,799	1,087,961,815
Provisions for risks and expenses	12	132,327,749	137,036,268	118,032,110
Deferred revenues		121,929,624	129,101,954	143,446,616
Deferred tax liability		113,483,093	113,903,761	131,608,365
Employee benefits		33,328,029	33,328,029	31,907,053
Total long term liabilities		1,188,340,526	1,308,218,811	1,512,955,959
Current liabilities				
Accounts payable and other liabilities	13	212,509,047	180,632,919	178,645,222
The current share of provisions for risks and expenses	12	36,944,171	31,838,166	24,662,564
Current tax liability		4,405,561	21,726,375	6,431,972
Deferred revenues		24,171,129	12,331,535	6,181,408
Current portion of long-term loans	11	204,037,421	205,655,302	220,929,527
Total current liabilities		482,067,329	452,184,297	436,850,693
Total liabilities		1,670,407,855	1,760,403,108	1,949,806,652
Total equities and liabilities		9,065,476,554	9,244,519,867	9,339,157,066

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S.N. Nuclearelectrica S.A.

Condensed Individual Profit and Loss Statement for the six-month period ended on June 30, 2018

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

	Note	The 3-month period ended on June 30, 2018 (unreviewed)	The 3-month period ended on June 30, 2017 (unreviewed, restated)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed, restated)
Revenues					
Sales of electricity	14	427,379,354	385,808,625	968,624,843	869,718,743
Electricity transport revenues		2,367,945	3,081,050	5,217,522	6,787,777
Total incomes		429,747,299	388,889,675	973,842,365	876,506,520
Other income	15	7,753,906	9,085,939	32,845,094	16,466,100
Operating expenses					
Depreciation and amortization		(136,595,688)	(138,964,249)	(272,098,843)	(271,998,973)
Personnel expenses	16	(118,793,029)	(72,193,337)	(205,019,781)	(149,137,211)
Cost of traded electricity		(10,833,501)	(12,231,966)	(31,948,200)	(20,706,256)
Repairs and maintenance		(36,720,040)	(26,129,457)	(50,095,717)	(38,343,140)
Electricity transmission expenses		(2,367,945)	(3,081,050)	(5,217,522)	(6,787,777)
Cost with spare parts		(9,157,678)	(9,555,889)	(11,869,136)	(13,312,232)
Cost of nuclear fuel		(24,037,226)	(19,913,489)	(51,508,890)	(57,465,473)
Other operating expenses	17	(83,973,512)	(82,009,642)	(163,674,714)	(166,072,459)
Total operating expenses		(422,478,619)	(364,079,079)	(791,432,803)	(723,823,521)
Operating result		15,022,586	33,896,535	215,254,656	169,149,099
Financial expenses		(26,387,361)	(18,259,773)	(31,715,965)	(37,392,882)
Financial revenues		21,383,582	31,579,422	46,651,551	48,874,356
Net financial result	18	(5,003,779)	13,319,649	14,935,586	11,481,474
Profit before profit tax		10,018,807	47,216,184	230,190,242	180,630,573
Profit tax expenses, net	19	(4,702,678)	(2,849,110)	(47,875,836)	(23,368,514)
Period profit		5,316,129	44,367,074	182,314,406	157,262,059

The condensed individual interim financial statements presented on page 1 to 33 were signed on August 13, 2018 by:

Cosmin Ghita
Chief Executive Officer

Adrian Gabriel Dumitriu
Chief Financial Officer

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S.N. Nuclearelectrica S.A.

The Condensed Individual Statement of Comprehensive Income for the six-month period ended on June 30, 2018

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

	Note	The 3-month period ended on June 30, 2018 (unreviewed)	The 3-month period ended on June 30, 2017 (unreviewed, restated)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed, restated)
Period profit		5,316,129	44,367,074	182,314,406	157,262,059
Other elements of the global result					
Actuarial (loss) on defined benefits plan		-	(1,990,072)	-	(1,990,072)
Other elements of the global result		-	(1,990,072)	-	(1,990,072)
Total global result for the period		5,316,129	42,377,002	182,314,406	155,271,987
Earnings per share					
Basic earnings per share (RON/share)	21	0.02	0.15	0.60	0.52
Diluted earnings per share (RON/share)	21	0.02	0.15	0.60	0.52

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S.N. Nuclearelectrica S.A.

Condensed Individual Statement of Changes in Equity for the six-month period ended on June 30, 2018

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

	Note	Share capital	Share premiums	Prepaid reserve	Revaluation reserve	Retained earnings	Total own equity
Balance as at January 1, 2018 (audited)		3,210,641,253	31,474,149	21,553,537	236,534,798	3,930,608,135	7,430,811,872
Effect of corrections						53,304,887	53,304,887
Balance as at January 1, 2018 (audited, restated)		3,210,641,253	31,474,149	21,553,537	236,534,798	3,983,913,022	7,484,116,759
Comprehensive income for the period							
<i>Period profit</i>		-	-	-	-	182,314,406	182,314,406
<i>Other elements of the global result</i>		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	182,314,406	182,314,406
Transfer of the revaluation reserve to the retained earnings	10	-	-	-	(12,999,409)	12,999,409	-
Dividends distributed	10	-	-	-	-	(271,362,466)	(271,362,466)
Balance as of June 30, 2018 (reviewed)		3,210,641,253	31,474,149	21,553,537	223,535,389	3,907,864,371	7,395,068,699

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S.N. Nuclearelectrica S.A.

Condensed Individual Statement of Changes in Equity for the six-month period ended on June 30, 2018

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

	Note	Share capital	Share premiums	Prepaid reserve	Revaluation reserve	Retained earnings	Total own 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
Effect of corrections		-	-	-	(2,487,694)	(117,740,448)	(120,228,142)
Balance as at January 1, 2017 (audited, restated)		3,210,641,253	31,474,149	21,553,537	263,354,767	3,859,361,408	7,386,385,114
Comprehensive income for the period							
<i>Retreated period profit</i>		-	-	-	-	157,262,059	157,262,059
<i>Other elements of the global result</i>		-	-	-	-	(1,990,072)	(1,990,072)
Total comprehensive income for the year		-	-	-	-	155,271,987	155,271,987
Transfer of the revaluation reserve to the retained earnings	10	-	-	-	(13,450,423)	13,450,423	-
Dividends distributed	10	-	-	-	-	(99,499,571)	(99,499,571)
Balance as of June 30, 2017 (reviewed, restated)		3,210,641,253	31,474,149	21,553,537	249,904,344	3,928,584,247	7,442,157,530

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S.N. Nuclearelectrica S.A.

Condensed Individual Cash Flow Statement for the six-month period ended on June 30, 2018

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

	6-month period ended on June 30, 2018 (reviewed)	6-month period ended on June 30, 2017 (reviewed, restated)
Cash flows from operating activities		
Profit before profit tax	230,190,242	180,630,573
Adjustments for:		
Depreciation and amortization	272,098,843	271,998,973
Impairment on trade and other receivables	(2,567,154)	518
Impairment on inventories	(2,294,426)	(477,661)
Provisions corresponding to operating liabilities and expenses	(2,117,903)	12,554,473
Value increase on tangible assets	(1,435,103)	-
Earnings/(Losses) from asset assignment	761,930	(28)
Net financial revenues	(16,606,903)	(10,345,434)
Changes in:		
Decrease in trade receivables and other receivables	17,361,485	27,670,398
Increase in inventories	(12,270,671)	(1,388,923)
Variation of deferred income	4,667,264	12,089,357
Variation of deferred expense	(12,695,609)	(12,091,274)
Increase/(Decrease) of trade liabilities and other liabilities	30,387,379	(43,225,252)
Cash flows generated from operating activities	505,479,375	437,415,721
Income tax paid	(65,617,318)	(32,017,516)
Interest received	13,084,873	6,118,527
Interest paid	(4,418,601)	(3,865,136)
Net cash from operating activities	448,528,329	407,651,596
Cash flows from investing activities		
Purchase of intangible assets	(2,045,221)	(9,634)
Purchases of tangible assets	(63,361,668)	(91,313,069)
Proceeds from sale of tangible assets	259,295	2,615
Decrease/ (Increase) in bank deposits and financial assets representing collateral bank deposits related to letters of bank guarantee	223,666,528	(5,878,501)
Purchases of financial assets	(5,032,931)	-
Net cash flow used in investing activities	153,486,003	(97,198,589)
Cash flow from financing activities		
Repayments of borrowings	(105,702,064)	(115,165,685)
Dividends	(273,078,968)	(98,732,757)
Net cash flow from financing activities	(378,781,032)	(213,898,442)
Net increase in cash and cash equivalents	223,233,300	96,554,565
Cash and cash equivalents as at 1 January (see Note 9)	573,903,315	263,714,387
Cash and cash equivalents as at June 30 (see Note 9)	797,136,615	360,268,952

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S.N. Nuclearelectrica S.A.

Notes to the Condensed Individual Financial Statements drafted on the date and for the period of six months ended on June 30, 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 branch (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 branch (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" - NACE 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 6).

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. In 2017, the Company participated in the electricity market, both on the competitive segment, and on the regulated market segment, in which ANRE has set, 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, respectively; since 2018, the Company has participated in the electricity market, only on the competitive segment.

On June 30, 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 21,476,350 shares, representing 7.1228% of the share capital and other natural persons and legal entities shareholders holding together 31,300,882 shares, representing 10.3813% 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 Condensed Individual Financial Statements drafted on the date and for the period of six months ended on June 30, 2018

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

2. BASIS OF PREPARATION**a) Statement of compliance**

The condensed 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 individual interim financial statements were drafted 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 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 Individual Interim Financial Statements on the date and for the six-month period that ended on June 30, 2018 have been reviewed by an independent auditor.

These Condensed Individual Interim Financial Statements were authorized for issue and signed on August 13, 2018 by the Company's management.

b) Use of estimates and professional judgments

Preparing these condensed individual interim 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 reviewed 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 (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 for the Individual Financial Statements on and for the financial year that ended on December 31, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

*Notes on pages 1-24 are an integral part of these condensed individual interim financial statements
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S.N. Nuclearelectrica S.A.

Notes to the Condensed Individual Financial Statements drafted on the date and for the period of six months ended on June 30, 2018

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

The accounting policies applied in these condensed individual interim financial statements are the same as those applied in the Individual Financial Statements of the Company on the date and for the financial year that ended on December 31, 2017, except for the changes presented below.

Effect of corrections

Intermediary Used Fuel Storage ("DICA")

The commissioning of the Nuclear Power Plant at Cernavoda NPP, Unit 1 (1996) and Unit 2 (2007) determined the need for building and commissioning the Intermediary Used Fuel Storage ("DICA"), according to the normative acts issued by the National Commission for Nuclear Activities Control ("CNCAN"), the recommendations of IAEA (International Atomic Energy Agency) and the international practices related to spent fuel management with a view regarding the interim storage of used fuel from the reactor, following the temporary storage period (6 years) in the Used Fuel Basin. The DICA is composed of a series of modules built as the need thereof arose. A DICA MacStor 200 module has a capacity of 12,000 irradiated spent nuclear combustion bundles.

In order to recognize the obligation to build the DICA modules during the period when revenues are obtained by burning nuclear fuel bundles that will subsequently be moved in the DICA, and because this obligation is actually fulfilled in periods following the achievement of these revenues, the Company established provisions for the construction of DICA modules, starting with module 9. These provisions were established based on expenses and are intended to cover future cash outflows related to the construction of DICA modules.

When commissioning the DICA modules, the Company is recognizing an income from the reversal of the related provision. On 31.12.2017, the Company reconsidered the need for recording provisions for DICA modules 1-8, as well as DICA's capacity to generate future economic benefits, and the need for the depreciation thereof, after commissioning, respectively. The Company concluded that for the DICA modules 1-8 it was necessary to record provisions in the previous financial years, as well as to reverse them at the time of commissioning each of the 8 modules. Furthermore, it also concluded that DICA modules had to be fully depreciated since their commissioning and not depreciated as a result of the fact that they do not generate future economic benefits. Thus on 31.12.2017, the accounting errors originating from the non-recognition of provisions related to DICA modules 1-8, from the failure of recognizing the income from the resumption of provisions while they are commissioned, the accounting errors resulting from the annulment of the depreciation and the recognition of the depreciation in full at the time of commissioning, as well as the related impact on deferred tax.

The effect of the correction as of 31.12.2017 also extends on the comparative information from 30.06.2017, for the elements related to the financial performance.

IAS 16 "Tangible assets"

The Cernavoda nuclear power plant is a complex industrial establishment, including technological systems developed at the highest technical and quality assurance requirements, so as to minimize the potential risks of any failure with impact on nuclear security, safety and operational reliability.

Within Units 1 and 2 there are over 350 technological systems ensuring the operation of the Plant under conditions of safety and economic efficiency according to the policies and principles defined in the operating permit.

Maintaining the safety and operational reliability of CNE Cernavoda's technological systems is an obligation regulated under the operating permit issued by the Regulatory Authority CNCAN. In order to achieve this goal, CNE Cernavoda has developed and implemented a series of programs for the maintenance of the safety and reliability of the equipment,

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Notes to the Condensed Individual Financial Statements drafted on the date and for the period of six months ended on June 30, 2018

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programs involving the performance of a significant number of activities carried out during the planned outages. The implementation of these programs may be done by providing the technologies, spare parts and the personnel prepared for their execution.

In order to ensure the continued operation of the Nuclear Units, it is necessary to that the main components are subject to inspections in order to detect malfunctions and obtain Reports on the diagnosis of the operating state. Each of the 2 Units, in turn, once every two years, goes into a planned outage, period during which the general periodic inspections and major repairs are being carried out. Thus, the general periodic inspections and major repairs were carried out at Unit 2 in 2017, and at Unit 1 in 2016, followed by the May-June 2018 period.

On June 30, 2018, the Company reconsidered the nature of these inspections and their recognition. Thus, in order to apply the provisions of the International Accounting Standard IAS 16 "Tangible Assets", the general periodic inspections carried out at CNE Cernavoda are capitalized under the category of tangible assets, being subsequently amortized on a linear basis, over a 2-year period. General periodic inspections mostly target the same components of the Units, so the amortization period considered is the 2-year period between two general periodic inspections carried out mostly on the same components, thus substituting each other.

The effect of correcting accounting errors on comparative amounts in the comparative financial statements prepared on and for the period of six months ended on December 31, 2017 and for the period of six months and three months ended June 30, 2017, respectively, are summarized in the following tables:

The effect of corrections on the comparative financial statements related to 2017

	31.12.2017 (audited)	IAS 16	31.12.2017 (audited, restated)	
Element in the financial position				
Tangible assets	6,668,102,545	55,971,531	6,724,074,076	
Total assets	9,188,548,336	55,971,531	9,244,519,867	
Retained earnings	3,927,941,491	55,971,531	3,983,913,022	
Total own equity	7,428,145,228	55,971,531	7,484,116,759	
	30.06.2017 (audited)	DICA	IAS 16	30.06.2017 (audited, restated)
Element in the financial performance				
Repairs and maintenance	(76,856,114)	-	38,512,974	(38,343,140)
Depreciation and amortization	(245,976,181)	(1,268,743)	(24,754,049)	(271,998,973)
Other operating expenses	(175,436,401)	9,363,942	-	(166,072,459)
Profit tax expenses, net	(24,996,497)	1,627,983	-	(23,368,514)
Profit for the period	133,779,952	9,723,182	13,758,925	157,262,059
	31.03.2017 (unreviewed)	DICA	IAS 16	31.03.2017 (unrevised, restated)
Element in the financial performance				
Repairs and maintenance	(64.642.431)	-	38.512.974	(26.129.457)
Depreciation and amortization	(123.083.330)	(3.503.895)	(12.377.024)	(138.964.249)
Other operating expenses	(91.367.840)	9.358.198	-	(82.009.642)
Profit tax expenses, net	(1.891.379)	(957.731)	-	(2.849.110)
Profit for the period	13.334.552	4.896.572	26.135.950	44.367.074

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Notes to the Condensed Individual Financial Statements drafted on the date and for the period of six months ended on June 30, 2018

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

4. TANGIBLE ASSETS

	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
Effect of correction	-	99,016,196	-	-	99,016,196
Balance as at January 1, 2017 (audited, restated)	31,534,439	5,678,816,612	1,521,800,413	860,063,334	8,092,214,798
Additions (restated)	-	-	26,475,334	122,461,398	148,936,731
Transfers (restated)	-	65,759,800	52,584,720	(118,344,520)	-
Transfers in inventories	-	-	-	(12,372,946)	(12,372,946)
Transfers from inventories	-	-	12,290,946	-	12,290,946
Disposals (restated)	-	(46,346,068)	(1,690,269)	-	(48,036,337)
Balance as at December 31, 2017 (audited, restated)	31,534,439	5,689,230,344	1,611,461,143	851,807,266	8,193,033,192
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
Effect of correction	-	103,990,927	-	-	103,990,927
Balance as at January 1, 2018 (audited)	31,534,439	5,698,230,344	1,611,461,143	851,807,266	8,193,033,192
Additions	-	-	1,658,982	68,260,963	69,919,945
Transfers	-	52,108,448	16,745,760	(68,854,208)	-
Inventories transfers	-	-	-	824,542	824,542
Transfer to intangible assets	-	-	-	(25,934)	(25,934)
Disposals	-	(42,419,235)	(1,001,842)	(1,021,225)	(44,442,302)
Balance as of June 30, 2018 (reviewed)	31,534,439	5,707,919,557	1,628,864,043	850,991,404	8,219,309,444
Accumulated depreciation and impairment					
Balance as at January 1, 2017 (audited)	550,782	375,420,323	367,899,023	140,841,495	884,711,623
Effect of correction	-	45,711,309	59,567,895	-	105,279,204
Balance as at January 1, 2017 (audited, restated)	550,782	421,131,632	427,466,919	140,841,495	989,990,827
Depreciation charges (restated)	-	406,479,085	110,547,579	-	517,026,664
Accumulated depreciation of disposals (restated)	-	(46,346,068)	(1,638,855)	-	(47,984,923)
Impairment adjustments	-	-	10,138,169	(211,620))	9,926,549
Balance as at December 31, 2017 (audited)	550,782	781,264,650	546,513,811	140,629,875	1,468,959,116
Balance as at January 1, 2018 (audited)	550,782	733,245,253	546,513,811	140,629,875	1,420,939,720
Effect of correction	-	48,019,397	-	-	48,019,397
Balance as at January 1, 2018 (audited, restated)	550,782	781,264,650	546,513,811	140,629,875	1,468,959,117
Depreciation charges	-	207,028,598	55,983,171	-	263,011,768
Accumulated depreciation of disposals	-	(42,419,235)	(631,430)	-	(43,050,665)
Impairment adjustments	-	-	381,463	(1,435,103)	(1,053,640)
Balance as of June 30, 2018 (reviewed)	550,782	945,871,013	602,247,014	139,194,772	1,687,866,580
Carrying amount					
Balance as at January 1, 2017 (audited, restated)	30,983,658	5,257,684,980	1,094,333,494	719,221,839	7,102,223,970
Balance as at December 31, 2017 (audited, restated)	30,983,658	4,916,965,695	1,064,947,333	711,177,390	6,724,074,076
Balance as of June 30, 2018 (reviewed)	30,983,658	4,762,045,545	1,026,617,029	711,796,632	6,531,442,863

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The position "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 June 30, 2018 amounting to RON 436,370,971 (December 31, 2017: RON 450,417,031) and administrative buildings with a net carrying amount on June 30, 2018 amounting to RON 260,009,570 (December 31, 2017: RON 267,160,515).

On June 30, 2018, the 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: RON 273,960,000). 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.

The group "Non-current assets in progress" also presents the heavy water purchased especially for Units 3 and 4, representing approximately 75 tons, whose book value on June 30, 2018 is RON 159,307,070 (December 31, 2017: RON 159,307,070).

The main investments made by the Company in the six-month period ended on June 30, 2018 for projects in progress related to Units 1 and 2 include:

- Equipment and materials for ongoing investments amounting to RON 9,961,362 (June 30, 2017: RON 6,278,819);
- Spare parts of the nature of fixed assets amounting to RON 8,207,405 (June 30, 2017: RON 5,839,706);
- Annual inspections carried out during the planned outage of the units, amounting to RON 52,558,693 (June 30, 2017: RON 38,512,974).

The main investments commissioned during the six-month period ended on June 30, 2018, mainly refer to: the performance of annual inspections carried out during the planned outage of Unit 1, amounting to RON 51,404,449 and the building of storage and loading spaces of the used nuclear fuel (DICA) amounting to RON 6,239,450.

In semester I of 2018, the purchase heavy water was not necessary. For the comparative period, semester I of 2017, the Company purchased 11,909.52 kg of heavy water from the National Administration of State Reserves and Special Issues („ANRSPS”), required for Units 1 and 2 amounting to RON 21,978,338.

On June 30, 2018, the net carrying amount of the assets under construction related to Units 3 and 4 amounts to RON 507,676,178 (December 31, 2017: RON 506,561,052). On June 30, 2018, the remaining difference up to RON 711,796,632 represents non-current assets in progress, related to Units 1 and 2, such as: D2O detritiation installation amounting to RON 63,236,525, construction of facilities for storage and loading of the nuclear fuel used (DICA) amounting to RON 23,920,217, improvement of nuclear security systems after Fukushima amounting to RON 13,266,787.

On June 30, 2018, the part of the annual inspection carried out in 2016 during the planned outage of Unit 1 was derecognised, replaced by the annual inspection carried out in 2018 during the planned outage of the same unit (RON 42,419,235). Thus, the cumulative depreciation of the Annual Inspection form 2016 of Unit 2 was derecognised (RON 42,419,235), reflecting the position of "Accumulated depreciation of disposals ". Similarly, on June 30, 2017, the part of the annual inspection carried out in 2015 during the planned outage of Unit 2 was derecognised, replaced by the annual inspection carried out in 2015 during the planned outage of the same unit (46,346,068 RON), and its accumulated depreciation (46,346,068 RON).

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On June 30, 2018, the Company has fixed assets purchased based on credit from suppliers (commercial credit) amounting to RON 29,359,212 (December 31, 2017: RON 21,554,862).

Decommissioning of nuclear units

The nuclear power Unit 1 is scheduled to operate until 2026, and Unit 2 until 2037. The Company has not recorded a provision for the decommissioning of the two units because it is not responsible for the decommissioning works. 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 the useful life of the two units, as well as for the permanent storage of the resulting waste (refer to Note 12). The Company's expenditure related to the contributions to ANDR for the six-month period ended on June 30, 2018 amounts to RON 48,525,229 (the 6-month period ended on June 30, 2017: RON 47,003,357).

Assets pledged as security

As at June 30, 2018, and December 31, 2017, respectively, the Company has no pledged or mortgaged assets.

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5. INTANGIBLE ASSETS

	Licenses and software	Power plant software and other intangible assets	TOTAL
Cost			
Balance as at January 1, 2017 (audited)	61,759,421	187,983,232	249,742,653
Additions	40,037	61,668	101,705
Transfers and reallocations	2,411,282	(2,411,282)	-
Disposals	(301,817)	(3,490)	(305,307)
Balance as at December 31, 2017 (audited)	63,908,923	185,630,128	249,539,051
Balance as at January 1, 2018 (audited)	63,908,923	185,630,128	249,539,051
Additions	2,045,221	-	2,045,221
Transfers	26,084,953	(26,084,953)	-
Transfer form tangible assets	25,934	-	25,934
Disposals	(355,052)	-	(355,052)
Balance as of June 30, 2018 (reviewed)	91,709,980	159,545,175	251,255,155
Accumulated amortization			
Balance as at January 1, 2017 (audited)	61,436,519	107,669,729	169,106,247
Depreciation charges	2,002,798	16,199,354	18,202,152
Amortization related to disposals	(301,817)	(3,489)	(305,306)
Transfers and reallocations	(950,217)	950,217	-
Balance as at December 31, 2017 (audited)	62,187,283	124,815,811	187,003,093
Balance as at January 1, 2018 (audited)	62,187,283	124,815,811	187,003,093
Depreciation charges	874,041	8,308,867	9,182,908
Amortization related to disposals	(355,052)	-	(355,052)
Balance as of June 30, 2018 (reviewed)	62,706,273	133,124,678	195,830,949
Carrying amount			
Balance as at January 1, 2017 (audited)	322,903	80,313,504	80,636,405
Balance as at December 31, 2017 (audited)	1,721,640	60,814,317	62,535,958
Balance as of June 30, 2018 (reviewed)	29,003,708	26,420,497	55,424,206

On June 30, 2018, the integrated management systems amounting to RON 26,084,953 were put into service, which, during the previous period were included under the category "Power plant software and other intangible assets", as they were under implementation.

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6. 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" – NACE Code 7112.

On June 30, 2018 and December 31, 2017, the Company owns 100% of the share capital of EnergoNuclear S.A. The value of the interest as at June 30, 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 June 30, 2018.

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.

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

By letter of the General Department for Privatization and State Energy Interest Management (DGPAPSE) no. 261387/June 25, 2018, the Company was informed about the approval, during the Government meeting as of June 21, 2018, in the confidential section, of the Memorandum on the "Approval of the necessary measures to provide the continuity of Units 3 and 4 in CNE Cernavoda Project and the finalization of the negotiations with the selected investor". At the same time, DGPAPSE requested the Company to take the necessary steps in order to implement the provisions of the Government Memorandum.

On July 16, 2018, the SNN's Board of Directors approved the reviewed form of the Project's Continuation Strategy, recognizing the steps up to date, including those under the provisions of the Government Memorandum no. 20/12683/MB of 13 July 2017 and the subsequent mandate granted to SNN's Board of Directors by GMS Decision no.6/24.08.2017. The GMS is to approve in the future the reviewed form of the Project Continuation Strategy, in accordance with the requirements of the Government Memorandum.

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7. INVENTORIES

On June 30, 2018 and December 31, 2017, the inventories are as follows:

	June 30, 2018	December 31, 2017
	(reviewed)	(audited)
Spare parts	134,551,050	135,781,160
Consumables and other materials	45,393,883	40,523,280
Nuclear fuels	132,014,244	113,324,270
Uranium	30,561,280	38,309,045
Other inventories	4,393,258	4,410,863
TOTAL	346,913,715	332,348,618

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

On June 30, 2018 and December 31, 2017, the trade receivables and other receivables are as follows:

	June 30, 2018	December 31, 2017
	(reviewed)	(audited)
Trade receivables	120,597,529	133,487,231
Adjustments for impairment of trade receivables	(10,860,432)	(13,427,586)
Other receivables	20,774,212	10,943,454
Adjustments for impairment of other receivables	(3,078,604)	(3,078,604)
Taxes and duties	11,849,892	22,518,859
Total	139,282,597	150,443,354

As at June 30, 2018, the significant trade receivables in balance are from: Alro S.A. – RON 12,235,115 (December 31, 2017: RON 0), Met Romania Energy S.A. - RON 12,212,152 (December 31, 2017: RON 7,600,518), E.ON Energie Romania S.A. – RON 11,394,946 (December 31, 2017: RON 10,466,090), GEN-I d.o.o. – RON 9,730,665 (December 31, 2017: RON 16,074,663), Electrica Furnizare S.A. – RON 9,026,144 (December 31, 2017: RON 22,176,419).

The sales performed during the six-month period ended on June 30, 2018, to Company Romanian Electricity and Gas Market Operator "OPCOM" S.A., represented approximately 15% (June 30, 2017 approximately 24%), to E.ON Energie Romania S.A. 10% (June 30, 2017 2%) and to Met Romania Energy S.A. 9% (June 30, 2017 1%) of the total sales of electricity made by the Company.

The Company's exposure to credit risk and the adjustments for impairment of trade receivables and other receivables are presented in Note 22.

On June 30, 2018, the "Trade receivables" and "Adjustments for impairment of trade receivables" positions include a net amount of RON 2,316,830 related to receivables from affiliated parties (December 31, 2017: RON 2,734,140). On June 30, 2018, the "Other receivables" and "Adjustments for impairment of other receivables" positions include a net amount of RON 505,468 related to receivables from affiliated parties (December 31, 2017: RON 916,447), representing the loan granted to the Energonuclear S.A. branch, including capitalized interest.

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On June 30, 2018 the "Duties and Taxes" position mainly represents the VAT to be recovered amounting to RON 11,849,892 (December 31, 2017: RON 18,001,809).

9. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND FINANCIAL ASSETS

On June 30, 2018 and December 31, 2017, the cash and cash equivalents are as follows:

	<u>June 30, 2018</u> <u>(reviewed)</u>	<u>December 31, 2017</u> <u>(audited)</u>
Cash and cash equivalents in RON	781,406,990	564,293,253
Cash and cash equivalents in foreign currencies	15,729,625	9,610,062
Total cash and cash equivalents	<u>797,136,615</u>	<u>573,903,315</u>

"Cash and cash equivalents" also includes bank deposits with an initial maturity of less than 3 months in the amount of RON 201,732,038 (December 31, 2017: RON 21,554,254) and the amount of RON 11,476,968 representing letters of credit in favor of suppliers of equipment, spare parts, services and technical assistance.

On June 30, 2018 and December 31, 2017, all bank deposits presented under the "Bank deposits" positions are in RON.

	<u>June 30, 2018</u> <u>(reviewed)</u>	<u>December 31, 2017</u> <u>(audited)</u>
Bank deposits	<u>956,508,004</u>	<u>1,172,273,956</u>

On June 30, 2018, the Company is in possession of letters of guarantee issued by different banks at the request of the Company in favor of third parties, for a total value of RON 87,426,460 (December 31, 2017: RON 111,477,734), for which a cash collateral in the form of collateral deposits was established, divided as follows: RON 2,083,680 in the "Cash and cash equivalents" position (December 31, 2017: RON 2,294,426) related to letters of bank guarantee with maturity of less than 3 months, RON 16,887,504 under the "Bank deposits" position (December 31, 2017: RON 32,827,456) related to letters of bank guarantee with a maturity of up to one year and RON 68,455,276 under the "Financial assets" position for letters of bank guarantee with a maturity of over one year (December 31, 2017: RON 76,355,852). These letters of bank guarantee are related to the Company's participation on the electricity market, mostly representing the Company's sales of electricity.

10. EQUITY***Share capital***

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

According to the articles of incorporation, the authorized capital of the Company is RON 3,016,200,000. The subscribed share capital paid on June 30, 2018 is RON 3,015,138,510.

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As at June 30, 2018 and December 31, 2017, the share capital includes the effect of reassessments registered in the previous years required by the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". The reconciliation of the share capital is as follows:

	June 30, 2018 (reviewed)	December 31, 2017 (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, 2018 and December 31, 2017, the value of the statutory subscribed and paid-off share capital amounts to RON 3,015,138,510, consisting of 301,513,851 ordinary shares having the nominal value of 10 RON each.

The holders of ordinary shares have the right to receive dividends, as such are declared at certain times, and the right to one vote for each share held within the Company's General Meeting of Shareholders.

The shareholding structure on June 30, 2018 and December 31, 2017 is as follows:

Shareholders	Number of shares June 30, 2018	% of the share capital	Number of shares December 31, 2017	% of the share capital
The Romanian State by the Ministry of Energy	248,736,619	82.4959%	248,736,619	82.4959%
Fondul Proprietatea S.A.	21,476,350	7.1228%	27,408,381	9.0903%
Other investors	31,300,882	10.3813%	25,368,851	8.4138%
Total	301,513,851	100%	301,513,851	100%

Share premiums

In November 2013, the Company issued 28,100,395 ordinary shares on the Bucharest Stock Exchange through an initial public offering and the exercise of preemptive right by the shareholder Fondul Proprietatea S.A. The amount collected – amounting to RON 312,478,099 - was made up of the share capital increase of RON 281,003,950 and an issue/share premium of RON 31,474,149.

Prepaid reserve

The prepaid reserves amount to RON 21,553,537 as of June 30, 2018 (December 31, 2017: RON 21,553,537) and represent public utility objectives at CNE Cernavoda, amounting to RON 5,439,321 as of June 30, 2018 (December 31, 2017: RON 5,439,321) and received budgetary allocations related to the period 2007-2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavoda, unfinished investment, amounting to RON 16,114,216 as of June 30, 2018 (December 31, 2017: RON 16,114,216).

Revaluation reserves

As at June 30, 2018 the revaluation reserve amounts to RON 223,535,389 (December 31, 2017: RON 236,534,798), net of deferred tax related to the revaluation reserve. The last revaluation of lands, buildings and constructions was carried out on December 31, 2015 by an independent valuer, East Bridge SRL, member of the National Association of Certified Assessors in Romania ("ANEVAR").

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During the 6-month period ended on June 30, 2018, the Company recognized a decrease of the revaluation reserve amounting to RON 12,999,409 following its transfer into the reported result (6 months ended on June 30, 2017: RON 13,450,423).

Retained earnings

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

In the six-month period ended on June 30, 2018, the Company declared dividends amounting to RON 271,362,466 (June 30, 2017: RON 99,499,571). Unpaid gross dividends as at June 30, 2018 amounted to RON 2,414,090 (June 30, 2017: RON 1,060,562).

The impact of correcting the accounting errors on December 31, 2017 on position "Retained earnings" is presented in Note 3.

Legal reserves

On June 30, 2018, the amount of the legal reserve is RON 93,962,808 (December 31, 2017: RON 93,961,394) and it is presented cumulatively under the "Retained earnings" position.

11. BORROWINGS

The loan reimbursements in the six-month period ended on June 30, 2018 were as follows:

	Currenc y	Interest rate	Value	Year of final maturity
Balance as at January 1, 2018 (audited)			1,129,647,869	
New issues				
Reimbursements, out of which:			(105,702,064)	
Societe Generale – ANSALDO BC	EUR	EURIBOR 6M + 0.45%	(17,870,304)	2022
Societe Generale - AECL BC	CAD	CDOR 6M + 0.375%	(33,785,990)	2022
EURATOM	EUR	EURIBOR 6M + 0.08%	(54,045,770)	2024
Exchange rate differences			(6,836,431)	
Balance as of June 30, 2018 (reviewed)			1,017,109,374	

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(i) Long term borrowings

As at June 30, 2018 and December 31, 2017, the long-term loans from credit institutions are as follows:

	June 30, 2018	December 31, 2017
	(reviewed)	(audited)
Societe Generale - ANSALDO BC	143,349,939	161,220,243
Societe Generale - AECL BC	264,553,665	305,352,316
EURATOM	609,205,771	663,075,310
Total long-term loans	1,017,109,375	1,129,647,869
Less: Current portion of long-term loans	(210,113,422)	(211,787,832)
Less: Balance of commitment and insurance fees (long term)	(19,723,922)	(23,011,238)
Total long-term loans net of the short-term portion	787,272,031	894,848,799

On June 30, 2018, the financial indicators related to the loan granted by EURATOM were met.

(ii) Short-term borrowings

As at June 30, 2018 and December 31, 2017, the short-term borrowings are as follows:

	June 30, 2018	December 31, 2017
	(reviewed)	(audited)
Current portion of long-term loans	210,113,422	211,787,832
Interests related to the long-term borrowings	498,639	442,109
Short-term transaction costs	(6,574,640)	(6,574,639)
Total short-term loans	204,037,421	205,655,302

12. PROVISIONS FOR RISKS AND EXPENSES

On June 30, 2018 and December 31, 2017, respectively, 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":

	June 30, 2018	December 31,
	(reviewed)	2017
		(audited)
Obligations regarding the Intermediary Used Fuel Storage (DICA)	62,618,650	57,953,296
Obligations regarding the low and medium radioactive and non-radioactive waste	98,582,129	97,584,997
Employees' participation to the profit	8,000,000	13,265,000
Provisions for litigations	71,141	71,141
Total	169,271,920	168,874,434

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On June 30, 2018, the provisions in the total amount of RON 169,271,920 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)	41,453,250	21,165,400
Obligations regarding the low and medium radioactive and non-radioactive waste	90,803,358	7,778,771
Employees' participation to the profit	-	8,000,000
Provisions for litigations	71,141	-
Total	132,327,749	36,944,171

The "Employees' participation to the profit" position represents the commitment of the Company towards its employees in relation to providing the amounts related to the participation of the employees to the Company's profit for the year 2018, as a result of achieving the result set forth by the budget on 30.06.2018, based on the income and expenditure budget approved by GMS Resolution no. 3/02.03.2018.

13. TRADING AND OTHER LIABILITIES

On June 30, 2018 and December 31, 2017, trading and other liabilities are as follows:

	June 30, 2018 (reviewed)	December 31, 2017 (audited, restated)
Non-current assets suppliers	29,359,212	21,554,862
Trade payables	100,680,943	74,668,365
Obligations related to employee liabilities	57,480,039	12,649,979
Payables to the State	20,728,613	70,528,622
Dividends payables	2,414,090	138,871
Other payables	1,846,150	1,092,220
Total	212,509,047	180,632,919

On June 30, 2018, the main balance suppliers, from the "Non-current assets suppliers" and "Suppliers" positions, are: Apele Romane Bucuresti – RON 10,262,559 (December 31, 2017: RON 11,957,517), General Electric Wilmington - Branch of Romania - RON 29,654,908 (December 31, 2017: RON 18,433,942), Nuclear Risk Insurers Limited - RON 10,561,077 (December 31, 2017: RON 0), Mate-Fin S.R.L. – RON 5,669,958 (December 31, 2017: 9,624,358 RON).

On June 30, 2018, "Accounts payable and other liabilities" include the amount of RON 27,669,649 (December 31, 2017: RON 34,180,278) related to liabilities to affiliated parties, of which, under the "Suppliers" and "Non-current assets suppliers" positions, the amount of RON 19,556,969 (December 31, 2017: RON 21,697,172) and under the position "Payables to the State" the amount of RON 8,093,590 (December 31, 2017: RON 10,069,885), representing the contribution to ANDR, for the decommissioning of nuclear facilities and the permanent storage of radioactive waste.

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The "Obligations related to employee liabilities" position includes the amount of RON 48,072,898, representing the commitment related to granting the amounts to be distributed according to the revenue and expenditure budget approved by GSM Resolution no. 3/02.03.2018, related to salaries, bonuses, contributions and other allowances, which will be granted until the end of 2018, but which are related to the 6-month period ended on June 30, 2018.

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

	The 3-month period ended on June 30, 2018 (not reviewed)	The 3-month period ended on June 30, 2017 (not reviewed)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed)
Sales of electricity on regulated market	-	16,073,330	-	66,158,072
Sales of electricity on competitive market	426,534,956	369,407,098	965,667,600	802,110,041
Sales of thermal energy	844,033	324,129	2,953,839	1,442,471
Revenues from green certificates	365	4,068	3,404	8,159
Total	427,379,354	385,808,625	968,624,843	869,718,743

(ii) The amount of energy sold

	The 3-month period ended on June 30, 2018 (not reviewed)	The 3-month period ended on June 30, 2017 (not reviewed)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed)
Quantity of electricity sold on regulated market (MWh)	-	100,852	-	414,289
Quantity of electricity sold on competitive market (MWh)	2,348,818	2,245,947	5,106,310	4,711,202
Total	2,348,818	2,346,799	5,106,310	5,125,491

The Company is a participant in the balancing market, but also a Responsible Party in the balancing, according to the conventions concluded with Ciga Energy S.A. 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 19,090 MWh for the six-month period ended on June 30, 2018 (13,651 MWh for the six-month period ended on June 30, 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 first semester 2018 are RON 2,953,839 (30 June 2017: 1,442,471 RON).

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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.

In the six-month period ended on June 30, 2018, the Company did not sell energy on the regulated market (8% in the six-month period ended on June 30, 2017). The total quantity of electricity sold in the six-month period ended on June 30, 2018 is 5,125,400 MWh, compared to 5,139,142 MWh, sold in the six-month period ended on June 30, 2017. The average sale price of the electricity on the regulated market in the six-month period ended on June 30, 2017 is 159.69 RON/MWh, value which does not include the tariff for electric energy transmission service paid to Transelectrica S.A. for the introduction of electricity in the electricity transmission network.

15. OTHER INCOMES

	The 3-month period ended on June 30, 2018 (not reviewed)	The 3-month period ended on June 30, 2017 (not reviewed)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed)
Income from investment subsidies	3,593,811	3,594,226	7,188,568	7,193,178
Revenues from penalties	(167,267)	1,100,618	15,987,495	1,192,787
Revenues from the reverse of provisions, net	3,460,636	-	1,638,878	-
Other income	866,726	4,391,095	8,030,153	8,080,135
Total	7,753,906	9,085,939	32,845,094	16,466,100

Income from reversal of provisions and value adjustments

The "Income from reversal of provisions and value adjustments, net" position 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 six-month period ended on June 30, 2018, the Company set up provisions amounting to RON 10,308,823 (June 30, 2017: RON 11,892,726) and reversed provisions amounting to RON 11,947,701 (June 30, 2017: RON 10,947,454).

The "Revenues from Penalties and Indemnities" item includes the amount of RON 13.4 million representing compensations received from S.C. Tess Conex S.A., following a final court ruling pronounced in January 2018

16. EMPLOYEES COSTS

	The 3-month period ended on June 30, 2018 (unreviewed)	The 3-month period ended on June 30, 2017 (unreviewed)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed)
Wages and salaries	111,403,846	53,139,900	191,957,031	113,859,410
Expenditure on social security and assimilated costs	7,389,183	19,053,437	13,062,750	35,277,801
Total costs borne for employees	118,793,029	72,193,337	205,019,781	149,137,211

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On June 30, 2018, personnel expenses include the Company's commitments towards its employees amounting to RON 56,072,898 (June 30, 2017: RON 0), representing the commitment related to granting the amounts related to the employees' participation in the company's profit, amounting to RON 8 million, based on the achievement of the result set forth by the budget on 30.06.2018, and the commitment related to granting the amounts to be distributed according to the revenue and expenditure budget approved by GSM Resolution no. 3/02.03.2018, related to salaries, bonuses, contributions and other allowances, which will be granted until the end of 2018, but which are related to the 6-month period ended on June 30, 2018.

As a result of the implementation of the provisions of Law no. 227/2015 regarding the Fiscal Code, as subsequently supplemented and amended, and GEO no. 79/2017, the Company concluded an Addendum to the Collective Employment Agreement, whereby each employee of the Company was provided with a gross monthly salary addition to compensate for the changes made by the Tax Code to the contributions of the employee and the employer, included under the "Wages and salaries" position. Thus, the Company owes the following contributions, applicable to the gross salary: 2.25% labor insurance contribution, 4% special social security contribution and 8% special social security contribution (the last two applicable only to employees who falls within the legal conditions).

17. OTHER OPERATIONAL COSTS

	The 3-month period ended on June 30, 2018 (unreviewed)	The 3-month period ended on June 30, 2017 (unreviewed, restated)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed, restated)
Other expenses with services provided by third parties	21,998,305	21,823,390	40,323,947	41,644,799
Expenses with ANDR	24,252,627	23,624,216	48,525,230	47,003,357
Energy and water expenses	17,489,178	17,542,539	37,150,721	36,729,291
Fuels, lubricants and other consumables expenses	8,343,924	9,527,725	16,042,231	17,319,461
Insurance policies expenses	1,818,767	1,681,861	5,402,397	5,300,685
Transport and telecommunication expenses	1,825,623	1,596,582	3,254,616	2,936,455
Expenses related to provisions and impairments	-	(1,291,095)	-	945,272
Other operating expenses	8,245,088	7,504,424	12,975,572	14,193,139
Total	83,973,512	82,009,642	163,674,714	166,072,459

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 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.

Other operating expenses

The position "Other operating expenses" includes the expenses related to the operating authorizations paid to CNCAN Bucharest amounting to RON 4,975,085 (June 30, 2017: RON 4,967,356), as well as the contribution paid to ANRE under ANRE Order no. 126/2017, whereby the Company pays 0.1% of the turnover achieved during 2017 from the activities carried out under the licenses held, amounting to RON 949,958 (June 30, 2017: RON 662,014).

18. FINANCIAL INCOMES AND EXPENSES

	The 3-month period ended on June 30, 2018 (unreviewed)	The 3-month period ended on June 30, 2017 (unreviewed)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed)
Interest income	10,163,629	3,195,851	16,718,278	6,272,166
Foreign exchange gains	11,219,953	28,380,487	29,933,273	42,599,106
Dividends income	-	3,084	-	3,084
Total financial income	21,383,582	31,579,422	46,651,551	48,874,356
Foreign exchange losses	(22,043,787)	(13,889,085)	(23,953,518)	(29,495,475)
Interest expense	(4,343,574)	(4,370,688)	(7,762,447)	(7,897,407)
Total financial cost	(26,387,361)	(18,259,773)	(31,715,965)	(37,392,882)
Net financial revenues/(expenses)	(5,003,779)	13,319,649	14,935,586	11,481,474

19. INCOME TAX

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

	The 3-month period ended on June 30, 2018 (unreviewed)	The 3-month period ended on June 30, 2017 (unreviewed, restated)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed, restated)
Current income tax expense	4,402,537	2,612,653	48,296,504	28,198,197
(Income)/Expense from deferred tax, net	300,141	236,457	(420,668)	(4,829,683)
Total	4,702,678	2,849,110	47,875,836	23,368,514

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20. 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 governmental authorities and agencies, collectively referred to as state-owned companies.

The company has carried out significant transactions with other state owned or controlled companies including: sales of electricity (OPCOM S.A.); purchases of electricity transmission and balancing services (C.N. Transelectrica S.A.); purchases of services for the processing of non-compliant nuclear materials containing natural uranium, for the recovery of uranium in the form of a UO₂ sinterable powder (Compania Nationala a Uraniului S.A.); purchases of radioactive wastewater treatment services, for the water originated from the production activities (Autonomous Administration of Technologies for Nuclear Energy - Institute for Nuclear Research Pitesti) and the payment of the contribution 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 life of the two units, as well as for the permanent storage of the resulting residues (Nuclear and Radioactive Waste Agency).

During its activity, the Company identified the following transactions and balances with the main related parties:

	Sales in the		Receivables in relation to	
	6-month period ended on			
	June 30, 2018	June 30, 2017	June 30, 2018	December 31, 2017
	(reviewed)	(reviewed)	(reviewed)	(audited)
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	167,516,362	241,149,295	2,074,962	2,163,530
Societatea de Distributie a Energiei Electrice Muntenia Nord S.A.	20,546,564	13,749,498	-	-
C.N. Transelectrica S.A.	8,137,628	6,738,534	147	12,148
Utilitati Publice S.A. Cernavoda	3,001,989	1,412,837	840,338	911,379
Compania Nationala a Uraniului S.A.	35,718	20,990	-	-
Energonuclear S.A.	8,279	3,695	508,412	501,446
Compania Nationala Administratia Canalelor Navigabile S.A.	3,230	2,163	449	1,284
Autonomous Administration of Technologies for Nuclear Energy (RATEN) - Institute for Nuclear Research Pitesti (ICN)	1,849	1,261	-	-
The National Energy Regulatory Authority	-	-	949,958	-
Total	199,251,618	263,078,272	4,374,266	3,589,787

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	Purchases in the 6-month period ended on		Payables as at	
	June 30, 2018 (reviewed)	June 30, 2017 (reviewed)	June 30, 2018 (reviewed)	December 31, 2017 (audited)
Romanian Waters Bucharest	28,300,927	28,667,771	10,262,559	11,957,517
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	10,634,495	5,747,753	204,348	861,635
National Commission for Nuclear Activities Control	9,251,651	9,168,445	-	-
C.N. Transelectrica S.A.	5,234,749	6,798,979	3,060,316	3,691,904
Administratia Bazinala de Apa Dobrogea - Litoral	4,990,041	4,819,036	1,550,589	1,278,390
Compania Nationala a Uraniului S.A.	3,457,040	1,808,460	4,435,183	2,510,328
Autonomous Administration of Technologies for Nuclear Energy (RATEN) - Institute for Nuclear Research Pitesti (ICN)	1,668,248	2,026,093	480,325	1,057,168
The National Institute of Hydrology and Water Management	27,500	27,498	10,908	10,908
Nuclear and Radioactive Waste Agency	-	47,003,357	8,093,590	10,069,885
Total	63,564,651	106,067,392	28,097,818	31,437,735

The balance of debts to affiliated parties as at June 30, 2018 presented above included the advance payments received from customers, affiliated parties, amounting to RON 1,390,982 presented in the Individual Statement of the Financial Position as at June 30, 2018 within the group "Current Liabilities" under the position "Short-term Deferred Income" (December 31, 2017: RON 3,344,990).

ii) *Compensation to senior management of the Company*

The Company's Management is composed of:

- the members of the Board of Directors who have concluded mandate contracts with the Company;
- the managers of the Company with mandate contracts within the Company;
- other managers within the Company who have concluded individual labor agreements, under the conditions provided in the collective labor agreements, as applicable.

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

	6-month period ended on June 30, 2018 (reviewed)	6-month period ended on June 30, 2017 (reviewed)
Remuneration of the management of the Company (gross amounts)	4,445,166	2,864,617
	4,445,166	2,864,617

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21. EARNINGS PER SHARE

As of June 30, 2018 and June 30, 2017, the result per share is:

(i) Basic earnings per share

	The 3-month period ended on June 30, 2018 (not reviewed)	The 3-month period ended on June 30, 2017 (not reviewed, restated)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed, restated)
Net profit in the period	5,316,129	44,367,074	182,314,406	157,262,059
Number of 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)	0.02	0.15	0.60	0.52

(ii) Diluted earnings per share

	The 3-month period ended on June 30, 2018 (unreviewed)	The 3-month period ended on June 30, 2017 (unreviewed, restated)	The 6-month period ended on June 30, 2018 (reviewed)	The 6-month period ended on June 30, 2017 (reviewed, restated)
Net profit in the period	5,316,129	44,367,074	182,314,406	157,262,059
Number of 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 prepaid share 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)	0.02	0.15	0.60	0.52

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

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

Financial assets, which may subject the Company to credit risk are mainly trade receivables, cash and cash equivalents and bank deposits. Sale of electricity to customers is done on the competitive market, based on the framework established by ANRE and in compliance with the OPCOM market rules. The carrying amount of accounts receivables, net of impairment adjustment represents the maximum amount exposed to credit risk.

On June 30, 2018, the Company is exposed to a concentrated crediting risk, considering that approximately 35% (June 30, 2017: 27%) of the net trade receivables are related to Company Romanian Electricity and Gas Market Operator (OPCOM), E.ON Energie Romania S.A. and Met Romania Energy S.A. (refer to Note 8). The counterparty risk is limited considering the guarantees obtained from clients as bank guarantee letters.

Cash and bank deposits are placed in different financial institutions (banks), in order to reduce the counterparty risk by limiting the exposure (which would be higher if cash and deposits were placed in a single financial institution).

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

	Net value	
	June 30, 2018 (reviewed)	December 31, 2017 (audited)
Financial assets		
Financial assets	73,488,207	76,355,852
Net trade receivables	109,737,097	120,059,645
Cash and cash equivalents	797,136,615	573,903,315
Bank deposits	956,508,004	1,172,273,956
Other receivables, net	29,545,500	30,838,709
	1,966,415,423	1,973,431,477

The ageing of trade receivables on the reporting date is:

	Gross value June 30, 2018 (reviewed)	Adjustments for depreciation June 30, 2018 (reviewed)	Gross value December 31, 2017 (audited)	Impairment adjustments December 31, 2017 (audited)
Not past due	109,011,054	-	118,073,727	-
Past due 1 - 30 days	141,987	-	1,769,419	-
Past due 31 - 90 days	577,440	-	104,660	-
Past due 91 - 180 days	4,510	-	111,838	-
Past due 181 - 270 days	449	-	586,758	(586,758)
Past due 271 - 365 days	1,657	-	1,389	(1,389)
Past due more than one year	10,860,432	(10,860,432)	12,839,439	(12,839,439)
Total	120,597,529	(10,860,432)	133,487,231	(13,427,586)

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

	<u>June 30, 2018</u> <u>(reviewed)</u>	<u>December 31, 2017</u> <u>(audited)</u>
Balance as at January 1	(13,427,586)	(12,846,744)
Depreciation adjustments reversed, net	2,567,154	(580,842)
Balance at the end of the period	<u>(10,860,432)</u>	<u>(13,427,586)</u>

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

	<u>Gross value</u> <u>June 30, 2018</u> <u>(reviewed)</u>	<u>Adjustments</u> <u>for</u> <u>depreciation</u> <u>June 30,</u> <u>2018</u> <u>(reviewed)</u>	<u>Gross value</u> <u>December 31,</u> <u>2017</u> <u>(audited)</u>	<u>Impairment</u> <u>adjustments</u> <u>December 31,</u> <u>2017</u> <u>(audited)</u>
Not past due	29,528,945	-	30,337,924	-
Past due 1-30 days	-	-	-	-
Past due 31-90 days	-	-	20,965	-
Past due 91-180 days	-	-	-	-
Past due 181-270 days	16,555	-	-	-
Past due 271-365 days	-	-	-	-
Past due more than one year	3,078,604	(3,078,604)	3,103,425	(3,078,604)
Total	<u>32,624,104</u>	<u>(3,078,604)</u>	<u>33,462,313</u>	<u>(3,078,604)</u>

b. Capital management

Fair value of financial instruments

Fair value is the amount for which the financial instrument may be exchanged in usual transactions conducted under objective conditions between willing parties knowingly, other than those determined by the liquidation or forced sale. Fair values are obtained from quoted market prices or discounted cash flow models as appropriate. As at June 30, 2018 and December 31, 2017, respectively, the management considers that the fair values of cash and cash equivalents, trade receivables and other receivables, trade payables as well as other short-term liabilities approximates their carrying amounts.

Given the business field in which the Company operates, corroborated with the specific nature of the financed investments and of the structure of the guarantees which include a government guarantee, as well as the variable interest rates, the Company's management estimates that the fair value of the loans is approximately equal to their carrying amount. The carrying amount of loans is the amortized cost. Based on these considerations, loans have been classified Level 2.

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Notes to the Condensed Individual Financial Statements drafted on the date and for the period of six months ended on June 30, 2018

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

	Carrying amount	Fair value	Level
June 30, 2018 (reviewed)			
Financial assets			
Financial assets	73,488,207	73,488,207	2
Net trade receivables	109,737,097	109,737,097	2
Cash and cash equivalents	797,136,615	797,136,615	2
Bank deposits	956,508,004	956,508,004	2
Net other receivables	29,545,500	29,545,500	2
	1,966,415,423	1,966,415,423	
December 31, 2017 (audited)			
Financial assets			
Financial assets	76,355,852	76,355,852	2
Net trade receivables	120,059,645	120,059,645	2
Cash and cash equivalents	573,903,315	573,903,315	2
Bank deposits	1,172,273,956	1,172,273,956	2
Net other receivables	30,838,709	30,838,709	2
	1,973,431,477	1,973,431,477	
June 30, 2018 (reviewed)			
Long-term financial liabilities			
Long-term financial borrowings	787,272,031	787,272,031	2
Provisions for risks and expenses	132,327,749	132,327,749	2
	919,599,780	919,599,780	
Short-term financial liabilities			
Suppliers, including suppliers of non-current assets	130,040,155	130,040,155	2
The current share of provisions for risks and expenses	36,944,171	36,944,171	2
Current portion of long-term loans	204,037,421	204,037,421	2
Employee benefits and other payables	82,468,892	82,468,892	2
	453,490,639	453,490,639	

Notes on pages 1-24 are an integral part of these condensed individual interim financial statements
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S.N. Nuclearelectrica S.A.

Notes to the Condensed Individual Financial Statements drafted on the date and for the period of six months ended on June 30, 2018

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

	Carrying amount	Fair value	Level
December 31, 2017 (audited, restated)			
Long-term financial liabilities			
Long-term financial borrowings	894,848,799	894,848,799	2
Provisions for risks and expenses	137,036,268	137,036,268	2
	1,031,885,067	1,031,885,067	
Short-term financial liabilities			
Suppliers, including suppliers of non-current assets	96,223,227	96,223,227	2
The current share of provisions for risks and expenses	31,838,166	31,838,166	2
Current portion of long-term loans	205,655,302	205,655,302	2
Employee benefits and other payables	84,409,692	84,409,692	2
	418,126,387	418,126,387	

23. CONTINGENTS**Ongoing litigations**

During the six-month period that ended on June 30, 2018, the Company was involved in a number of legal proceedings arising during its normal course of business. The management of the Group regularly analyses the ongoing litigation and, after consulting with its legal advisers and 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 have not been included in these condensed individual financial statements.

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Notes to the Condensed Individual Financial Statements drafted on the date and for the period of six months ended on June 30, 2018

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

24. SUBSEQUENT EVENTS***Changes in the management of the CNE Cernavoda branch***

By the Current Report published on July 4, 2018, S.N. Nuclearelectrica S.A. informs the shareholders and investors that starting with August 1, 2018 the contractual relations with Mr. Marian Serban, Deputy General Manager with Manager attributions at CNE Cernavoda Branch, will cease by the agreement of the parties.

According to the procedures applicable within S.N. Nuclearelectrica S.A., the position of Manager of CNE Cernavoda Branch will be occupied by an temporarily until the completion of the internal contest for occupying this position.

Implementing the Business Ethics and Conduct Code

By the Current Report published on July 5, 2018, S.N. Nuclearelectrica S.A. announces the implementation of the Business Ethics and Conduct Code, applicable to the managers, employees, business partners, contractors and consultants of the company.

The Business Ethics and Conduct Code is drafted according to the most recent business and governance standards and can be accessed from the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), "Relations with investors/Corporate governance/Regulations" section.

Cosmin Ghita
General Manager

Adrian Gabriel Dumitriu
Financial Manager

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