



Report date: 12 August 2016

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

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

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

Sole Registration Code with the Trade Register Office: 10874881

Order number in the Trade Register: J40/7403/1998

Subscribed and paid share capital: RON 3.015.138.510 Lei

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

To: Bucharest Stock Exchange

Financial Supervisory Authority

Ref: Current Report in compliance with the provisions of art. 227, paragraph (1) of the Law no. 297/2004 and the Regulation No. 1/2006 of the Romanian National Securities Commission regarding the issuers and securities operations, as subsequently amended

Important event to be reported:

Availability of the Half-year report for the period 1 January 2016 – 30 June 2016

Societatea Nationala Nuclearelectrica S.A. (“SNN”) informs its shareholders and investors regarding the publication of the Half-year report for the period 1 January 2016 – 30 June 2016, prepared in compliance with the provisions of the Law no. 297/2004, art. 227 and of Appendix no. 31 to the CNVM Regulation no. 1/2006

The Half-year report includes:

- The main events in the activity of the company during the reporting period;
- The Individual Interim Condensed Financial Statements as at and for the period of 6 months ended on 30 June 2016 accompanied by the Revision Report of the independent auditor;
- The Condensed Consolidated Financial Statements as at and for the period of 6 months ended on 30 June 2016 accompanied by the Revision Report of the independent auditor;
- The Half-Year report for the Board of Directors on the administration activity for the period 1 January – 30 June 2016.

Societatea Nationala NUCLEARELECTRICA S.A.

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Nr. ordine Registrul Comertului: J40/7403/1998, Cod unic de inregistrare: 10874881,

Capital social subscris si varsat: 3.015.138.510 Lei

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I. Financial performance

Thousand LEI	January 1 – June 30, 2016	January 1 – June 30, 2015	Variation	01.04.16- 30.04.16	01.04.15- 30.06.15	Variation
Production (GWh)	4.804	5.103	-6%	2.001	2.341	-15%
Operating revenues, out of which	742.247	858.391	-14%	287.812	371.961	-23%
<i>Revenues from electricity sale</i>	722.589	790.435	-9%	277.147	351.202	-21%
Operating expenses	(530.526)	(609.478)	-13%	(271.124)	(283.312)	-4%
EBITDA	211.721	248.913	-15%	16.688	88.648	-81%
Depreciation and amortization	(238.405)	(233.841)	2%	(119.349)	(117.800)	1%
EBIT	(26.684)	15.072	N/A	(102.661)	(29.151)	252%
Net financial expenses	(13.485)	(4.703)	187%	(23.785)	(12.758)	86%
Expense with the income tax	2.330	(7.467)	N/A	21.746	9.376	132%
(Net loss)/Net Profit	(37.839)	2.902	N/A	(104.700)	(32.533)	222%

**) extract from the individual interim condensed financial statements as at and for the period of 6 months ended at 30 June 2016*

During the period concluded at 30.06.2016, SNN registered a net loss of RON 37.839 thousand, as an effect of the following factors:

1. The extension of the duration of the planned outage of Cernavoda NPP Unit 1

The revenues from the sale of electricity decreased by 9%, mainly due to the extended planned outage of Cernavoda NPP Unit 1 in the second quarter of 2016, outage that lasted an effective period of 51 days compared to the average normal shutdown period of 30 days, which led to a decrease in the sold energy quantity of 7.09% (aprox. 367 GWh). Virtually, the planned outage that took place in 2016 was as twice as long as the one in 2015, which lasted 24,8 days.

SNN has announced since 2015 that Unit 1 of Cernavoda NPP will enter an extended planned outage program, which involved additional maintenance works on the steam generator, works which are performed only once during the entire initial life span of a nuclear unit (30 years).

The decision to perform these additional works during the planned outage of Unit 1 in the second quarter of 2016 was made on the basis of a technical and economic analysis, which firstly considered the medium and long term advantages associated to the extended outage duration consisting in the reduction of the risk of Unit 1 production decrease due to the reduction of the thermal circuit efficiency associated with the magnetite deposits. Thus, SNN's management considered the improvement of the efficiency of the thermal circuit to be a priority, with a direct impact on the stability of the energy production of Unit 1 and the avoidance of a reduction in capacity factor with the consequence of an estimated increase in production of about 1.5 – 2% compared to the forecasted level in the absence of this significant work.

The negative forecasts regarding the operational activity in the first semester of 2016 were anticipated and budgeted accordingly since 2015 for 2016, the Board of Directors and the executive management assuming a result beneath the similar level of the previous year but with benefits on the medium and long term.

The extended planned outage of Unit 1 could have been scheduled after 2016, respectively during the planned outage of Unit 1 in 2018 but the benefits associated with the investment would have been diminished compared to the execution of the works in 2016.

The impact of the sold energy quantity decrease caused by the extension of the planned outage and considering the additional cost of nuclear fuel which would have been necessary for the additional energy

production is in the estimated amount of RON 52.000 thousand representing unattained operational profit; this notional estimation considers that all other conditions are unchanged.

During the planned outage of Unit 1, the scheduled works were carried out successfully, on time and within the allocated budget.

2. Revenues from the sale of energy and the evolution of prices on the competitive market segment

The energy quantities sold in the first semester of 2016 and the related revenues, by types of sale contracts, are presented in the table below:

Electricity sales (amounts, prices and values) in semester I 2016

Sales by contract type	Quantity in MWh	% of total sales	Price (RON/MWh T _G included)	Sale revenues (lei)
Regulated contracts	866.471	17,96%	166,78	144.513.039
Sales on free market (bilateral contracts and sales on PZU and PI) out of which:	3.945.943	81,77%	151,30	597.022.968
- sales on contracts (CMBC , CMBC -LE, CMBC - NC and supply contracts)	2.404.298	49,82%	166,87	401.194.625
- sales on PZU and PI	1.541.645	31,95%	127,03	195.828.343
PRE positive imbalances	13.292	0,27%		468.248
Total sales first half of 2016	4.825.706	100%	154,09*	742.004.256

* average weighted price for the energy quantities sold, excluding the balancing market

In the first semester of 2016, the energy sold on regulated contracts, on the competitive market and on the balancing market is in amount of 4.825.706 MWh, with 1,4% above the sales program, of 4.757.434 MWh.

The revenues on the energy market related to the deliveries in the first 6 months of 2016 are in amount of RON 742.004.256 (with only 3.04% lower than the revenues provided in the approved Budget for 2016 divided by quarters and with 11,99% lower than the results achieved in the same period of the previous year).

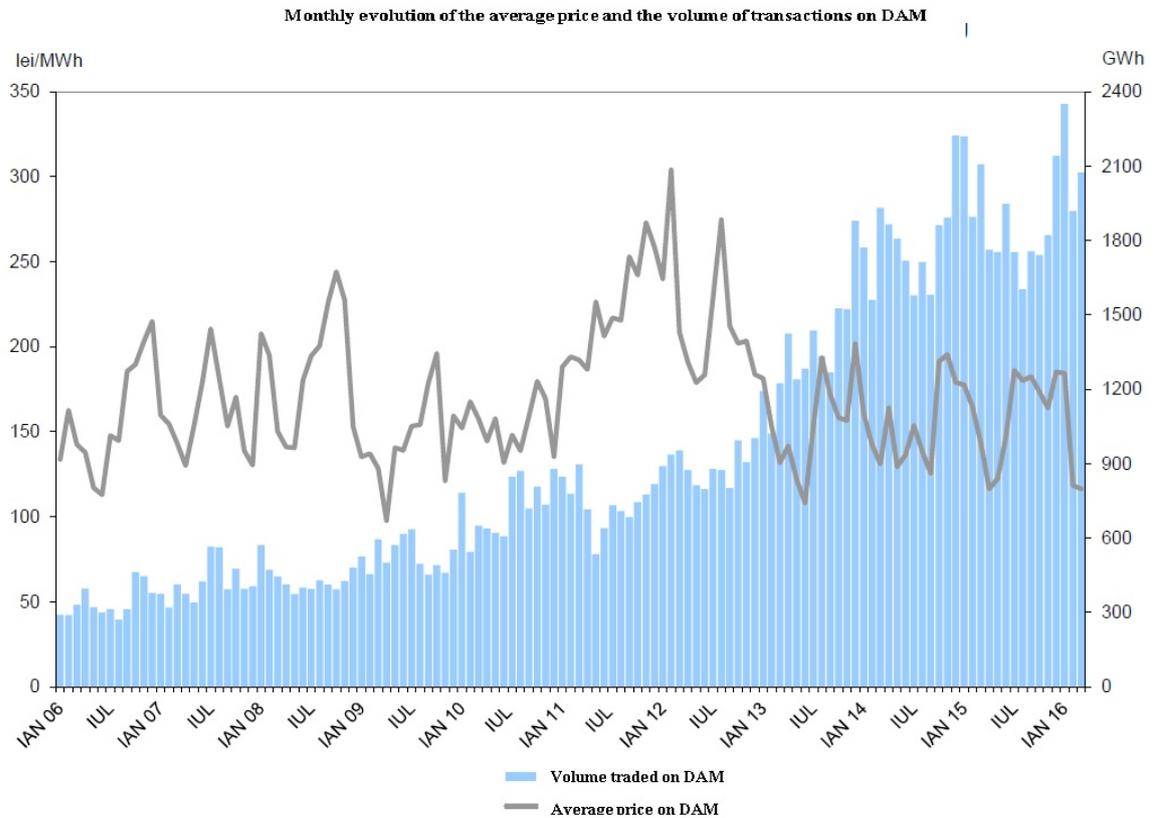
The average weighted sale price, for the sold energy quantities (without the balancing market), resulted in the first semester of 2016 is in amount of RON 154.09/MWh (T_G included). In the first semester of 2015, the average weighted sale price was in amount of RON 162.70/MWh (T_G included). The decrease in the T_G value with RON 6,28/MWh in the first semester, compared to the previous year, namely RON 4.04/MWh compared to RON 10.32/MWh contributes to this difference. Thus, the difference between the average weighted sale price in the first semester of 2016 compared to the first semester of 2015, adjusted with the decrease in the T_G, is of only RON 2.33/MWh.

Similar to previous years, the descending trend of the prices on the competitive market continued, the energy price on this market segment being similar to the price achieved by SNN on the regulated market. The gradual decrease of the price on the market segment on which SNN sells most of its production has a significant negative impact on sales revenues.

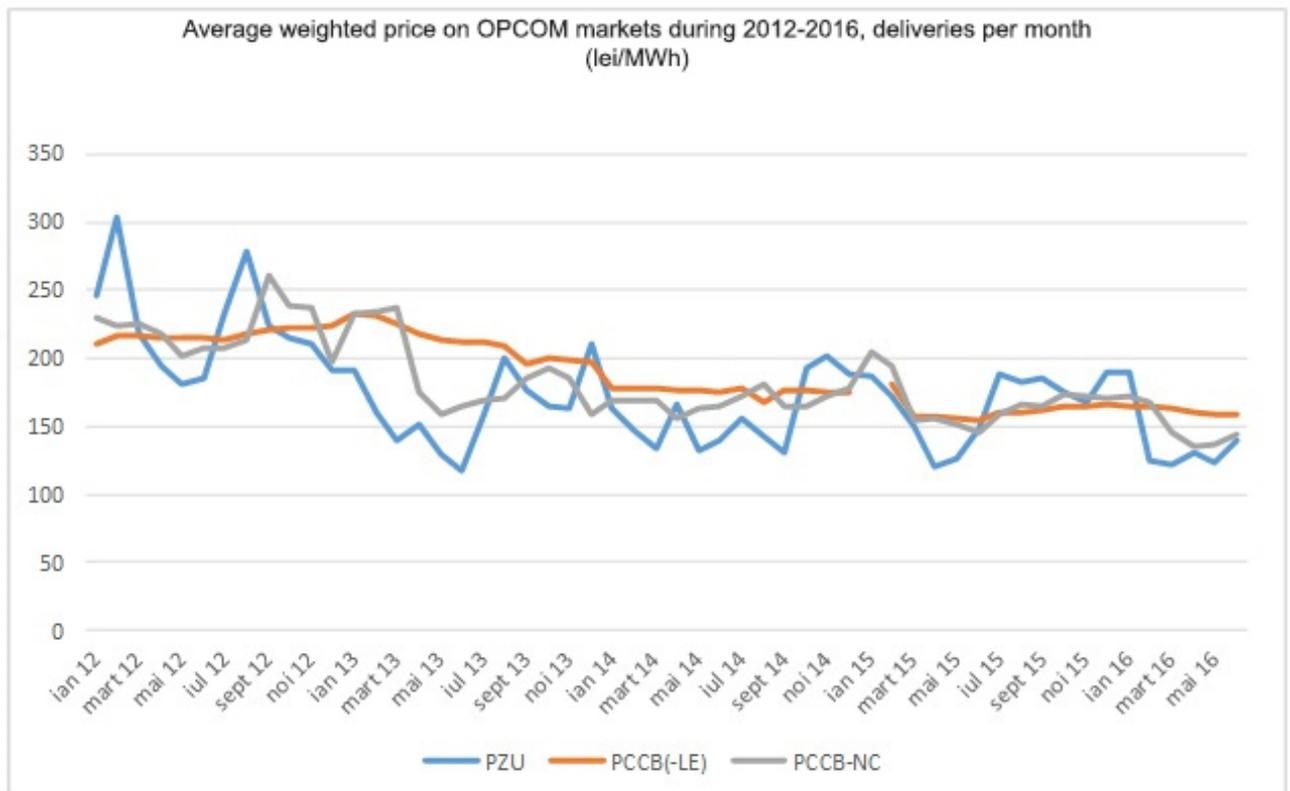
Moreover, the low appetite of traders to enter medium and long term agreements concluded on OPCOM platform, due to the volatility of the price and the lack of predictability, determined an increase of the importance of the spot market segment. As a consequence, SNN's sales share on the DAM market increased reaching 31.95% in the first semester of 2016, compared to only 16.83% in the first semester of 2015. The DAM market is characterized by price and offers volatility, and the decreasing trend of the price influences

the price and duration of the contracts on non-spot contracts centralized platforms.

The evolution of the market prices is reflected in the figures below.



Source: Monthly reporting of OPCOM and CNEE Transelectrica



3. The negative influence of the net differences in currency exchange rates

The company is exposed to currency risk in relation to several currencies among which EUR, CAD and USD based on the credit contract for the completion of the construction of Cernavoda NPP Unit 2. The net currency exchange rate differences had a negative impact on the company's net result in the two periods, the financial loss registering a significant increase of 187% compared to the first semester of 2015.

Perspectives for the financial year 2016

Considering the execution of the revenues and expenses budget for the first semester of 2016, corroborated with the substantiating elements of the revenues and expenses budget considered for 2016, we estimate that the operational profit targets can be achieved accordingly. An element of uncertainty related to the net financial result is the financial result which is significantly influenced by the fluctuations of the EUR, CAD and USD currencies.

II. Financial position

Thousand Lei	June 30, 2016	December 31, 2015	Variation
Non-current assets	7.519.182	7.696.228	-2%
Current assets	1.826.268	1.861.187	-2%
Total assets	9.345.450	9.557.415	-2%
Non-current liabilities	1.537.904	1.642.689	-6%
Current liabilities	451.734	421.003	7%
Total liabilities	1.989.638	2.063.692	-4%
Shareholders' equity	7.355.812	7.493.723	-2%
Total shareholders' equity and liabilities	9.345.450	9.557.415	-2%

Non-current Assets withheld at a similar level compared to the level recorded at 31.12.2015. The investments made during the period primarily for the projects in progress related to Units 1 and 2, partially offset the expenses for depreciation. Thus, there is a 2% decrease of the non-current assets net value.

Current Assets decreased by 2% compared to 31.12.2015, mainly due to lower trade receivables and other receivables by 43%, partially offset by both the cash flow increase by 1% and the admission of the income tax to be recovered amounting to RON 19,902 thousand.

Non-current Liabilities decreased by payments of the loans contracted with the foreign banks Societe Generale and Euratom for the completion and commissioning of Cernavoda NPP Unit 2.

Current Liabilities decreased by 7% due to the trade payables and other payables increase by 16%, the fixed assets suppliers recording an increase by 126% due to the works performed upon the planned outage of Unit 1.

III. The Investment program as at 30.06.2016

The total value of SNN's investment program for 2016 is in amount of RON 255.394 thousand, as endorsed by the decision of the BoD no. 10/03.02.2016 and approved by the Resolution of the Ordinary General Meeting of Shareholders no. 1/30.03.2016. The investment program of the company is an integrated part of the Revenues and Expenses Budget of SNN.

The structure of SNN's investment program for 2016 as well as the degree of completion at 30.06.2016 are presented in the table below:

Ongoing investment [thousand lei]	New investment [thousand lei]	The investment in current assets (modernization) [thousand lei]	Debt [thousand lei]	Total [thousand lei]	Completion degree as at 30.06.2016 (%)
177.844	18.625	6.877	52.049	255.394	30,4%

As in the previous years, long term investment projects (on going) have the largest share in the investment program. This is due to the modernization/refurbishment necessities for certain systems, in terms of economical arguments (specific cost reductions, improvement of specific parameters of the related processes, with positive impact on efficiency), legal arguments – the need to implement safety, environment protection and labor security related improvements, representing legal requirements of the regulation authorities in the nuclear field (CNCAN and the Ministry of Environment), as well as in order to comply to the development needs of the energy sector in Romania.

Investments in the continuous maintaining and improvement of the nuclear safety level, in compliance with the latest international norms and standards, are a constant priority of SNN, an optimum level of nuclear safety being the warranty of all the company's processes and results.

The compared status of the investment achievements for the first semester of 2016 and the first semester of 2015 highlights a completion degree at 30.06.2016 with 10% above the level in the previous period of last year, which signifies the correlation between investment objectives and the compliance with the established timelines and budget.

Year	Value of the investment program [thousand lei]	Completed in the second quarter (April-June) [thousand lei]	Completion degree second quarter (April-June) (%)	Completed in the first semester [thousand lei]	Completion degree First semester (%)
2016	255.394	50.854	19,9%	77.524	30,4%
2015	282.705	24.239	8,6%	58.077	20,5%

In the first semester of 2016, in compliance with the provisions of the Memorandum of Understanding for the construction of Cernavoda NPP Units 3 and 4, the involved parties, SNN and CGN continued the negotiation process on the Investors Agreement and the Articles of Incorporation of the new project company. This represents the fourth and final phase of the private investor selection procedure publically launched in the second quarter of 2014.

IV. Degree of accomplishment of the performance indicators at 30.06.2016 – Board of Directors

The performance indicators were calculated on the basis of SNN's Revenues and Expenses Budget, of the interim financial statements and of the operational reports as well as on the basis of the updated appendixes to the administration contracts concluded between the administrators and the company, comprising the performance criteria and indicators for 2016.

The accomplishment degree of the overall performance indicator for the first semester of 2016 is of 68.15% correlated with the determining factors of the financial result for the first six months of 2016 and with the decision of the Board of Directors to prioritize the investments with long term positive impact.

Thus, the degree of accomplishment of the main performance indicators which contributed to this result are:

- Annual turnover (cumulated since the beginning of the year) – 96.94%
- Annual operating result (cumulated since the beginning of the year) – 0.00%
- Execution of the annual value of the investment plan cumulated since the beginning of the year (as per Chart 28 and the annual budgets) – 22.22%

The main causes for the below target level completion degree of the major investment objectives are: delays in the procurement procedures, delays in obtaining necessary permits/agreements/authorizations, delays caused by legislation changes in the procurement field.

The management is confident that the performance indicators of the management will be achieved as per the targets established at the beginning of the financial year.

The financial statements and the information related to the activity of the company during 1 January – 30 June 2016 are presented in the pdf document attached to the current report. Also, the report can be accessed on the company's website (www.nuclearelectrica.ro), "Investors Relations section/ 2016 financial statements". For any additional details please contact us at: investor.relations@nuclearelectrica.ro

Daniela Lulache
CEO



HALF YEAR REPORT

regarding the economic and financial activity of S.N. Nuclearelectrica S.A. according to the provisions of Art. 227 of the Law no. 297/2004 on capital market and Annex no. 31 to the CNVM Regulation no. 1/2006 for the 6 month period ended 30 June 2016 (the 1st semester of the 2016 financial year)

Report according to:	Art. 227 of the Law no. 297/2004 on capital market and Annex no. 31 to the CNVM Regulation no. 1/2006 for the 6 month period ended on 30 June 2016 (1 st semester of the 2016 financial year)
Date of report:	August 10, 2016
Company name:	S.N. Nuclearelectrica S.A.
Registered office:	Bucharest, 65 Polona Street, district 1
Phone/ fax number:	+40 21 203 82 00; +40 21 316 94 00
Web/ Email:	www.nuclearelectrica.ro ; office@nuclearelectrica.ro
Sole Registration Code with the Trade Register Office:	10874881
Order number in the Trade Register:	J40/7403/1998
Subscribed and paid up share capital:	3.015.138.510 RON
The regulated market on which the issued securities are traded:	Bucharest Stock Exchange (www.bvb.ro), Premium category
The main characteristics of the issued securities:	301.513.851 shares with the nominal value of 10 RON/share, dematerialized, nominative, ordinary, indivisible, providing equal voting rights, freely tradable on Bucharest Stock Exchange under SNN symbol starting November 4 th 2013
Applicable Accounting Standards:	International Financial Reporting Standards (IFRS) adopted by the European Union (UE) – IFRS-UE, International Accounting Standard 34 – “Interim Financial Reporting”, condensed individual interim reviewed financial statements and condensed consolidated interim reviewed financial statements
Currency of the report:	Romanian Leu (RON) – all amounts are in RON, unless stated otherwise
Reported period:	1st Semester 2016

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1. FINANCIAL STATEMENTS

1.1. INDIVIDUAL FINANCIAL STATEMENTS

a) Statement of Financial Position

Indicator (thousand RON)	30.06.2016	31.12.2015
Non-current assets	7.519.182	7.696.228
Current assets	1.826.268	1.861.187
Total Assets	9.345.450	9.557.415
Equity	7.355.812	7.493.723
Total liabilities, out of which:	1.989.637	2.063.691
Non-current liabilities	1.537.904	1.642.689
Current liabilities	451.733	421.002
Total Equity and Liabilities	9.345.450	9.557.415

b) Income Statement and Statement of Comprehensive Income

Indicator (thousand RON)	6 month period ended 30 June 2016	6 month period ended 30 June 2015
Operating revenues	742.247	858.391
Operating expenses	(768.931)	(843.319)
Operating (loss)/profit	(26.684)	15.072
Finance income	48.569	61.875
Finance expense	(62.054)	(66.578)
Net finance (expense)	(13.485)	(4.703)
Profit before income tax	(40.169)	10.369
Net income tax expenses	2.330	(7.467)
Profit for the period	(37.839)	2.902
Other elements of the comprehensive income	(572)	-
Total comprehensive income	(38.411)	2.902
Basic earnings per share (RON/share)	(0,13)	0,01
Diluted earnings per share (RON/share)	(0,13)	0,01

c) Cash flow Statement

Indicator (thousand RON)	6 month period ended 30 June 2016	6 month period ended 30 June 2015
Profit before income tax	(40.169)	10.369
Adjustments	326.176	321.226
Cash generated from operating activities	286.007	331.594
Net cash from operating activities	269.241	310.313
Net cash from investing activities	(146.100)	(600.733)
Net cash flow from financing activities	(204.193)	(193.708)
Net increase in cash and cash equivalents	(81.052)	(484.128)
Cash and cash equivalents at the beginning of the period	257.377	1.152.299
Cash and cash equivalents at the end of the period	176.325	668.170

1.2. CONSOLIDATED FINANCIAL STATEMENTS

a) Statement of Financial Position

Indicator (thousand RON)	30.06.2016	31.12.2015
Non-current assets	7.519.048	7.695.330
Current assets	1.827.726	1.863.834
Total Assets	9.346.774	9.559.164
Equity	7.357.002	7.495.325
Total liabilities, out of which:	1.989.772	2.063.838
Non-current liabilities	1.537.904	1.642.689
Current liabilities	451.868	421.149
Total Equity and Liabilities	9.346.774	9.559.164

b) Income Statement and Statement of Comprehensive

Indicator (thousand RON)	6 month period ended 30 June 2016	6 month period ended 30 June 2015
Operating revenues	742.241	858.408
Operating expenses	(769.327)	(843.940)
Operating (loss)/profit	(27.086)	14.468
Finance income	48.561	61.201
Finance expense	(62.056)	(66.617)
Net finance (expense)	(13.495)	(5.416)
Profit before income tax	(40.581)	9.052
Net income tax expenses	2.330	(7.473)
Profit for the period	(38.251)	1.579
Other elements of the comprehensive income	(572)	-
Total comprehensive income	(38.824)	1.579
Basic earnings per share (RON/share)	(0,13)	0,01
Diluted earnings per share (RON/share)	(0,13)	0,01

c) Cash flow Statement

Indicator (thousand RON)	6 month period ended 30 June 2016	6 month period ended 30 June 2015
Profit before income tax	(40.581)	9.052
Adjustments	326.218	321.969
Cash generated from operating activities	285.637	331.021
Net cash from operating activities	268.872	309.759
Net cash from investing activities	(146.852)	(602.081)
Net cash flow from financing activities	(204.193)	(193.708)
Net increase in cash and cash equivalents	(82.172)	(486.030)
Cash and cash equivalents at the beginning of the period	259.943	1.158.860
Cash and cash equivalents at the end of the period	177.771	672.829

2. THE ANALYSIS OF THE COMPANY'S ACTIVITY

2.1. Factors that may influence the liquidity of the company

Among the factors that may influence the liquidity of the company in the future, are the following:

- energy sale prices on the competitive market;
- prices on the regulated market;
- price of the main raw materials used by the company in its current activity;
- fluctuations of the interest rate and exchange rate;
- volume of maintenance and development investments; level of taxation, including the introduction of new taxes.

There is a great number of internal and external factors that may influence the liquidity of the company, however on both short and medium term, the company has a good liquidity.

2.2. Capital expenses, current or anticipated

The investment programme for the last two years is as follows:

Investments (thousand RON)	2016	2015
Investment programme, out of which:	255.394	282.705
- CNE Cernavoda	213.210	230.355
- FCN Pitesti	19.159	16.455
- SNN Head office	23.026	35.895
Execution of the investment programme at June 30th	77.524	58.077

The value of the investment programme for 2016 is 9,66% lower than that the value of the investments programmed for 2015. The execution of the investment programme on 30 June 2016 is of 30,4%, compared to 30 June 2015 when the executions of the investment programme were of 20,5%.

2.3. Events, transactions and economic changes that significantly impact the revenues from the main activity

The revenues from the main activity are impacted by:

- The electricity production of Cernavoda NPP in tight correlation with the operational performance of the two nuclear units;
- The compliance with the calendar for the gradual liberalization of the market and the contribution of the company to the regulated basket for until the end of 2017;
- The regulated prices established by ANRE;
- The evolution of the prices on the competitive market and the capacity of the company to compete successfully in such market price conditions;
- The evolution of demand and supply on the internal and regional market, the incorporation degree of the markets from the region.

2.4. Other significant events in the first semester of 2016

Other significant events in the first semester of 2016 which were not presented in the 2016 Q1 Report are the following:

a) Resolutions of the General Meetings of Shareholders

As per **Resolution no. 3/25.04.2016 of the Ordinary General Meetings of Shareholders**, the following were approved:

- The annual individual and consolidated financial statements for the financial year ended as at December 31st, 2015, the Annual Report of the administrators for the financial year 2015, as well as the Report of the Board of Directors for to the 4th quarter of 2015;
- The update of Annex 1 and Annex 1.1 to the management contract concluded between the administrators and the company and entrustment of the representative of the Ministry of Energy to sign the addendum to the administration contracts with the administrators
- Distribution of the net profit for financial year 2015 on destinations, approval of the total value of gross dividends amounting 99.499.571 RON, of the gross dividend value per share amounting 0,33 RON, approval of the payment date for dividends, respectively 28.06.2016, and payment methods.

b) Planned outage of Cernavoda NPP Unit 1

Unit 1 entered the planned outage on May 6th, 2016 in order to perform the planned maintenance works, carried out once every two years for each unit.

The planned outage of the Unit 1 of Cernavoda NPP for the current year, had a length of 51 days compared to the normal period for a planned outage, of approximately 30 days. The extended period of the planned outage of Unit 1 involved the performance of certain additional maintenance works of the steam generator. This is a standard procedure, implemented by CANDU 6 type units globally, only once during the entire initial useful life of 30 years of a nuclear unit, depending on the analysis of technical data.

The finalization of the works within the planned outage of Unit 1 from Cernavoda NPP and the synchronization to the National Energetic System took place on June 25th, 2016.

c) Litigations initiated by the Greenpeace CEE Romania Foundation and the Bankwatch Romania Association against Ministry of Environment, Water and Forrestr, the Romanian Government and SNN Nuclearelectrica SA

The Greenpeace CEE Romania Foundation and the Bankwatch Romania Association submitted, in the file no. 3793/2/2013, a request for summons against the Ministry of Environment, Water and Forrestr, the Romanian Government and SNN having as object the cancellation, via administrative court, the decision to issue the Environment Agreement and the GD 737/2013 regarding the issuance of the Environment Agreement for the project 'Continuation of the building works and finalization of Units 3 and 4 from Cernavoda NPP'.

The Bucharest Court of Appeal dismissed on the merits, the claimants' request. The Greenpeace CEE Romania Foundation and the Bankwatch Romania Association submitted an appeal, requesting the annulment of the merits decision and refer the case to retrial, by managing proof with the expertise.

The High Court of Cassation and Justice solved the appeal through the decision 2100 from 23.06.2016 and ruled the acceptance of the appeal submitted by the Greenpeace CEE Foundation Romania and the Bankwatch Association Romania against the sentence no. 1436 from May 9th, 2014 of the Court of Appeal from Bucharest – 8th Department of administrative and fiscal court, the annulment of the appealed decision and refer the case to retrial, at the same court.

d) Litigations with the shareholder Fondul Proprietatea S.A.

Fondul Proprietatea S.A. filed with the Bucharest Court the action for annulment of the General Extraordinary Meeting of Shareholders Decision no. 8/6.10.2014 by which it was decided the increase of the share capital of SNN by cash contribution in the total maximum amount of 239.172.630 RON, by issuing a maximum number of 23.917.263 new shares, at a price of 10 RON/share. The request is the object of the file no. 40046/3/2014, registered on the dockets of Bucharest Court.

The Court ruled a new trial term for the file to be 19.09.2016, in order to allow the analysis of the documents submitted by SNN and the Ministry of Energy according to the previous request of the court. Also, the court requested information from the Ministry of Public Finances regarding aspects of the current case.

e) Changes within the leadership of CNE Cernavoda Branch

Following the initiation of the criminal action by the National Anticorruption Directorate – Constanta Territorial Service for 5 persons within CNE Cernavoda on 19.02.2016, the management of SNN decided to suspend the Manager of CNE Cernavoda Branch and the Economic Manager of CNE Cernavoda during the application of the legal control measure.

On 07.04.2016, the Board of Directors of SNN acknowledged the request of the CNE Cernavoda Branch Manager, Mr. Ionel Bucur, to renounce its mandate for the previously mentioned position, starting 08.04.2016. Mr. Ionel Bucur held the position of CNE Cernavoda Branch Manager with a mandate contract during 26.08.2013 – 08.04.2016.

The attributions of the position of CNE Cernavoda Branch Manager were taken over by Mr. Marian Serban, the Manager of CNE Cernavoda unit. Following a recruiting process, starting 01.07.2016, Mr. Adrian Dumitriu took over the position of Economic Manager within CNE Cernavoda.

f) Qualification procedure of new suppliers of uranium sintered powder

In April 2016, SNN started a qualification process of new suppliers of sintered powder of uranium dioxide, from the international market, publishing an announcement on its web page and in Financial Times newspaper, for which only one company participated. Following the evaluation of the SNN experts, this company did not fulfil the qualification conditions. Thus, SNN restarted the qualification process, with the deadline 15.09.2016 to submit the intention letters.

On 04.07.2016, Cameco Inc. was declared winner of the second acquisition procedure for 120 tones natural uranium under the form of sintered powder of uranium dioxide, having the smallest price, respectively 429,47 RON/Kg U in UO₂ (RON equivalent of USD price). For the acquisition of uranium powder, two bids were received, from Cameco and CNU, the price offered by Cameco being significantly lower than the price offered by CNU.

On the same date, 04.07.2016, CNU was declared the winner of the acquisition procedure of services for processing 21 tones nonconforming materials containing natural uranium with the purpose to recover the uranium under the form of uranium dioxide sintered powder, according to the specifications from the descriptive documentation.

We have to mention that the two procedures mentioned previously, respectively the acquisition of 120 tones natural uranium under the form of UO₂ powder and the acquisition of services for processing 21 tones nonconforming materials, were conducted in the same time, under the same acquisition procedure, but as distinct batches, asking bids, in both cases, from the two qualified suppliers (Cameco and CNU). For the second batch, for processing the nonconforming materials, until the deadline established for submitting the bids, only CNU submitted a bid, with a total price of 4.090 thousand RON without VAT.

2.5. Cases in which the company found itself in the impossibility to respect its financial obligations during the semester

Not applicable.

2.6. Changes regarding the rights of the owners of securities issued by the company

Not applicable.

2.7. Other changes

Not applicable.

3. SIGNIFICANT TRANSACTIONS

Information regarding the significant transactions concluded with the related parties during the first semester of 2016 is presented in Annex 2. The financial auditor issued a report on these legal documents, which was published on 28 July 2016 both on Bucharest Stock Exchange as well as on the website of the company.

4. SUBSEQUENT EVENTS TO JUNE 30, 2016

a) Decisions of the General Meeting of Shareholders

By the **Decision no. 5/18.07.2016** of the General Meeting of Shareholders the “Long-term strategy for the development of the Intermediate Storage for Burnt Fuel (DICA) in dry state and the authorization for extending the life period of Units 1 and 2 harmonized with the observations from CNCAN and Ministry of Environment and Climate Changes” (“The reviewed DICA strategy”) was approved.

The commissioning of Nuclear-electrical Power Plant from CNE Cernavoda determined the need to build and put in function the Intermediate Storage for Burnt Fuel (DICA), for the intermediate storage of irradiated burnt fuel from the reactor. In 2013 the “Long-term strategy for the development of the Intermediate Storage for Burnt Fuel (DICA) in dry state and the authorization for extending the life period of Units 1 and 2” was drafted, consisting in building 27 MACSTOR 200 storage modules.

Following the request of Ministry of Environment and Climate Changes to approach in a unitary vision the entire site from Cernavoda, in October 2014, the revision 3 was issued, “DICA revised strategy”. The solution on which it is based the new approach is to make use of the site for DICA more efficiently, by changing the previous project and building, in addition to the 7 MACSTOR 200 already existing modules, operational in 2016, of another 2 MACSTOR 200 type modules and continuing to build, starting with module 10, another 21 modules MACSTOR 400 type, with a double storage capacity.

By the **Decision no. 6/18.07.2016** of the General Extraordinary Meeting of Shareholders the following were approved:

- To continue negotiations on the Investment Documents under the same conditions established in the Memorandum of Understanding regarding the development, building, operating and decommissioning Units 3 and 4 from CNE Cernavoda („MoU”) for a period of 4 months, starting May 9th, 2016, by applying all the other provisions of the Memorandum of Understanding, including the possibility of either party to terminate the Memorandum of Understanding without any compensation by a simple written notification to the other Party, in case an agreement wasn't reached on the Investment Documents and as the delay was not caused by the respective Party.
- The DICA Investment Project („Intermediate Storage of Burnt Fuel”) updated based on the „Update of the DICA Feasibility Study revision 1”, which involves building, in addition to the 7 existing MACSTOR 200 type storage modules, operational since 2016, of another MACSTOR 200 type modules and the ongoing performance, starting module 10, of 21 MACSTOR 400 type modules, with a double storage capacity.

b) The approval of regional tariffs corresponding to the transportation service for introducing the electrical energy in the network (TG)

Starting July 2016 the TG tariff was decreased for Dobrogea region by 2,7 RON/MWh, following the ANRE Order no. 27/2016; thus, the TG tariff for Dobrogea region (less renewables) was established at 1,34 RON/MWh, decreased from 4,04 RON/MWh.

This decrease determined a drop by 66,8% of the transportation service expenses invoiced by CNTEE Transelectrica starting July 1st 2016.

Based on the ANRE Order no. 33/2016, the new tariff leads, for those contracts concluded before 1 July 2016, to a decrease in sales price on competitive contracts with 2,7 RON/MWh, starting 25 July 2016, when the ANRE Order no. 33/2016 entered in force; ANRE Order no. 33/2016 establishes the obligation to modify the sales price for the contracts concluded before the date of entering in force of ANRE Order no. 27/2016 (1 July 2016), through addendum to the contracts that reflects the decrease of the regulated transportation tariff TG starting 25 July 2016.

c) The acquisition of uranium dioxide sintered powder and adjacent services

On July 4th, 2016, Cameco was appointed the winner of the acquisition procedure of 120 tons of natural uranium in sintering UO₂ powder, with the lowest price, respectively 429,47 RON/kg U in UO₂ (the equivalent in RON of the USD price). For the acquisition of the uranium powder, two bids were received, from Cameco and respectively CNU, the price given by Cameco being significantly lower than the price given by CNU.

CNU was appointed the winner of the acquisition procedure for processing services for nonconforming materials containing natural uranium for the purpose of recovering the uranium as sintered UO₂ powder, according to the specifications from the descriptive documentation.

5. STATEMENTS AND SIGNATURES

Based on the most accurate available information, we hereby confirm that the condensed interim individual reviewed financial statements and the condensed interim consolidated reviewed financial statements prepared in compliance with the applicable accounting standards (The International Accounting Standard 34 - „Interim Financial Reporting”) provide a correct and true image of the company’s financial position, financial performance and cash flow for the period ended on 30 June 2016 and that this report, prepared in compliance with art. 227 of Law no. 297/2004 on capital markets and Annex no. 31 of CNVM Regulation no. 1/2006 for the period ended on 30 June 2016, contains correct and true information regarding the development and performance of the company and the group.

Alexandru SANDULESCU
Chairman of the Board of Directors

Daniela LULACHE
Chief Executive Officer

Mihai DARIE
Chief Financial Officer

Annex 1 – FINANCIAL RATIOS

Indicator **)	Formula	M.U.	Results at 30.06.2016
1. The current liquidity ratio	Current assets/ Current liabilities	x	4,04
2. Gearing ratio			
2.1. Gearing ratio (1)	Long term liabilities/ Shareholder's equity x 100	%	19,03%
2.1. Gearing ratio (2)	Long term liabilities / Capital employed x 100	%	15,99%
3. Receivables turnover	Average accounts receivable/ Turnover x 180	days	20
4. Non-current assets turnover *)	Turnover/ Non-current assets	x	0,20

*) Assets turnover is calculated by annualising the half-yearly sales (360 days/180 days)

**) based on the individual interim condensed financial statements

Annex 2 – Transactions reported in the first semester of 2015 as provided by art. 225 of Law no. 297/2004

The transactions with related parties related to the first semester of 2016 were reported in the current reports from 19 January 2016, 20 January 2016, 21 January 2016, 10 February 2016, 12 February 2016, 15 February 2016, 15 March 2016, 8 April 2016, 22 April 2016, 28 April 2016, 1 June 2016, 6 June 2016, 7 June 2016, 21 June 2016 and 1 July 2016.

Annex 3 – Significant litigations

No.	File number	Court of law	SNN quality	Adverse party	Object/ value	Current procedural stage	Previous procedural stages	Procedural stage/ Term
SNN								
1.	3868/118/2012	Constanta Court of Law	Creditor	S.C.PROCONEX UNIVERSAL S.RL.	Insolvency proceedings – bankruptcy. SNN receivable amounting 3,369,886.85 RON registered in the final table of receivables.	First court	Pending procedure.	10.10.2016
2.	27406/3/2012	High Court of cassation and Justice Court of Appeal retrial	Plaintiff	SC Tinmar Ind S.A.	Delay penalties for payment of energy transport tariff and legal interest : 1,286,326.78 RON plus 18,345.23 RON legal expenses	Appeal retrial	<p>First court: Bucharest Court of Law partially admitted SNN claim and obliges the defendant to pay to SNN the amount of 1,230,780.39 RON, representing delay penalties. It obliges the defendant to pay to SNN the amount of 16.423,80 RON as legal expenses.</p> <p>Appeal: The Bucharest Court of Appeal admitted the appeal filed by SNN and partially changed the appealed sentence meaning that it obliged the defendant to pay as delay penalties the amount of 55,546.39 RON and as legal expenses the amount of 555,47 RON as legal expenses (in addition to the the amounts the defendant was obliged on the first court. The other provisions of the appealed court ruling were maintained. It obliges the respondent to pay to the appellant the amount of 1365,96 RON as legal expenses in appeal.</p> <p>Further appeal: The High Court of Cassation and Justice admitted the further appeal filed by SNN and send the file to the Bucharest Court of Appeal for retrial.</p> <p>In appeal (retrial): the Court ruled for accepting the appeal. Partially changed the appealed decision, obliged the respondent Tinmar to pay the amounts of RON 292,982.47, the difference of fee counter value corresponding to the transport service for introducing electrical energy into the network and RON 1,289,812.54,</p>	15.12.2016

							delay penalties for invoices issued based on contracts no. 1547/20.11.2009 and no. 1574/09.12.2009. Obligated the respondent Tinmar to pay as trial expenses the amount of RON 24,049.94. The other provisions of the appealed court ruling were maintained. Obligated the respondent Tinmar to pay the amount of RON 15,901.97, appeal trial expenses and appeal, to SNN. With right of appeal within 15 days since the communication. Decision 714/20.04.2016	
3.	2183/115/2010	Caras-Severin Court of Law	Creditor	CET Energoterm Resita S.A.	Insolvency proceedings – bankruptcy procedure. SNN receivable amounting to 580,974.21 RON registered with the final table of receivables:	First court	Pending procedure.	29.09.2016
4.	48031/299/2010	Sector 1 Court Bucharest Court of Appeal	plaintiff claiming damages during criminal proceedings	Defendants: Rotaru Ioan, Ispas Gheorghe, Irimie Traian, Prisekaru Tereza, Nemtanu Raducu, Anghelescu Andrei, TESS Conex S.A. civil responsible party	Corruption criminal offences – maladministration; missdefense. SNN is a civil party in a trial with an estimated damage of 13.493.080,3 RON	Appeal	The Court partially admitted the plaintiff claiming damages brought by SNN for the amount of 13,453,181.18 RON. It jointly obliged the defendants ROTARU IOAN, IRIMIE TRAIAN CEZAR, PRISECARU TEREZA and NEMTANU RADUCU – the last two jointly and with the responsible plaintiff party S.C. TESS CONEX S.A. to pay to the plaintiff claiming damages SOCIETATEA NATIONALA NUCLEARELECTRICA S.A. the amount of 7,481,329,701 RON as civil compensations (property damages related to the contract TD – R – 015 no. 53/03.06.2004). It jointly obliges the defendants ROTARU IOAN, IRIMIE TRAIAN CEZAR, ISPAS GHEORGHE, ANGHELESCU ANDREI TUDOR and PRISECARU TEREZA – the last two jointly and with the responsible plaintiff party S.C. TESS CONEX S.A. to pay to plaintiff claiming damages SOCIETATEANATIONALA NUCLEARELECTRICA S.A. the amount of 2.433.400,22 RON as civil compensations (property damages related to the contract TD – R 111 no. 99/07.01.2005). It jointly obliges the defendants ROTARU IOAN,	13.09.2016

							IRIMIE TRAIAN CEZAR, ISPAS GHEORGHE, PRISECARU TEREZA and NEMTANU RADUCU – the last two jointly and with the responsible plaintiff party S.C. TESS CONEX S.A. to pay to the plaintiff claiming damage SOCIETATEA NATIONALA NUCLEARELECTRICA S.A. the amount of 2.886.718,2813 RON as civil compensations (property damages related to the contract TD – R - 074 no. 145/19.09.2003). It jointly obliges the defendants ISPAS GHEORGHE, PRISECARU TEREZA and NEMTANU RADUCU – the last two jointly and with responsible plaintiff party S.C. TESS CONEX S.A. to pay to plaintiff claiming damage SOCIETATEA NATIONALA NUCLEARELECTRICA S.A. the amount of 651.732,9796 RON as civil compensations (property damages related to the contract TD – RI - 036 no. 904/15.10.2003). The defendants and DNA filled an appeal.	
5.	9089/101/2013	Mehedinti Court of Law	Creditor	RAAN	Insolvency proceedings – bankruptcy receivable 7,828,405.48 RON	First court	Pending procedure Until now, RAAN has not paid any amount from the receivable due to SNN.	29.09.2016
6.	7238/120/2012	Dambovita Court of Law	Creditor	Eco Energy	Insolvency proceedings – bankruptcy SNN receivable registered in the table of creditors in amount of 2.464.059,64 RON	First court	pending procedure	17.10.2016
7.	3793/2/2013	High Court of Cassation and Justice	Respondent	Greenpeace CEE Romania	Cancellation of the resolution for issuance of the environmental permit and of the environmental permit concerning the U3-4 project	Recourse	First court: The Court rejected the plaintiff claim as not grounded Further appeal: accepts the further appeal filled by Greenpeace Foundation CEE Romania and the Association Bankwatch Romania against the Decision no. 1436 from May 9 th , 2014 of the Bucharest Court of Appeal – 8 th Administrative and Fiscal Department. It discards the decision attacked and sends the case for retrial at the same court. Final. Ruled in the public meeting on June 23 rd , 2016.	The hearing date to be set.
8.	873/1259/2008	Arges Court of Law	Creditor	Termoficare 2000 SA	Insolvency proceedings – bankruptcy SNN receivable registered in the final table off	First court	Pending procedure	20.09.2016

					receivables in amount of 2.713.986,71 RON.			
9.	18770/3/2007	Bucharest Court of Law	Creditor	Condem SA	Insolvency proceedings – bankruptcy SNN receivable registered in the final table of receivables in amount of 2.446.227,08 RON	First court	Pending procedure.	28.09.2016
10.	11661/3/2014 11661/3/2014*	Bucharest Court of Appeal Bucharest Court of Law–retrial	Respondent	S.C.Fondul Proprietatea S.A.	Requesting the cancellation of the Decision no. 1/11.03.2014 of the Extraordinary General Meeting of SNN Shareholders by which it was approved the SNN participation to the investment projects Tarnita – Lapustesti and Cablu Submarin	Appeal First court retrial	First court: The Bucharest Court of Law rejected the claim submitted by Fondul Proprietatea, on the grounds of lacking the interest Appeal: The Bucharest Court of Appeal admitted the appeal filed by Fondul Proprietatea, canceled the appealed sentence and sends the case for retrial to the same court. First court retrial: The court adjourned the case considering that Bucharest Court of Law and Craiova Court of Appeal requested a preliminary ruling to the Court of Justice of the European Union regarding the possible state aid.	Adjourned
11.	416/2/2014	Bucharest Court of Appeal	Claimant Plaintiff	National Regulatory Authority for Energy	Cancellation of regulatory act. Decision 3609/2013 referring the approval of the tariff regulated for 2014	First court	First court: The Bucharest Court of Appeal rejected on 14 October 2014 SNN claim. SNN filed for recourse. Further appeal: The case is under filter procedure. The first trial term shall be allotted subsequently.	
12.	1794/118/2016/a2	Constanta Court of Law	plaintiff claiming damages during criminal proceedings	Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor Davy Security SRL civil party	Damages amounting EUR 3,471,463	First court	Based on art. 207 Criminal procedure code and art. 242 par. 1 Criminal procedure code, revokes the preventive measure of the judicial control established upon the defendants BUCUR IONEL and NEGULICI ELENA MARINELA by Ordinances no. 279/P/2015 from 18.02.2016 issued by the National Anticorruption Directorate – Constanta Territorial Department and changed through the Decision no. 37 from 23.02.2016, Constanta Court of Law. Based on art. 275 par. 3 Criminal proceedings code, Advanced state legal costs remain his responsibility. With a right of appeal within 48 h after the decision for the present arties and since the communication for those missing. Ruled in the preliminary room on 23.03.2016. Final conclusion (disinvestment) DNA Constanta filed a claim. On 16.03.2016 was ruled the	The hearing date to be set.

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							summons of 5 persons within CNE Cernavoda, the file being under resolution at Constanta Court of law. SNN registered as plaintiff requesting damages amounting to 14.673.966,24 representing a prejudice, as mentioned in the indictment.	
13.	40046/3/2014	Bucharest Court of Law	Defendant	Fondul Proprietatea S.A.	Requesting the cancellation of the Extraordinary general Meeting of Shareholders Decision no. 8/6.10.2014 Referring to the share capital increase by cash contribution. .Mentioning of the court and of the Trade Registry decision	First court	First court: pending	19.09.2016
14.	13275/3/2015	Bucharest Court of Law	Defendant	Hidroelectrica S.A.	Claim : 40.812.717 RON representing the difference between insuring contract energy purchase counter value and energy sale and legal interest	First court	First court: The first rejected the case against SNN considering the statute of limitation. The claim of the plaintiff has been rejected as reaching the statute the limitation. Appeal with 30 days since the communication. Decision no. 6860/07.12.2015. Appeal: Term 12.10.2016	12.10.2016
15.	3490/121/2015	Galati Court of Law	Plaintiff	Arcelor Mittal Galati S.A.	Claims-contractual damages of 8,575,245.78 RON representing the difference of the counter value of the sale of the laid off energy sale and other associated costs	First court	Proof administration - accounting expertise	6.09.2016
16.	26063/3/CA/2015	Bucharest Court of Law	Plaintiff	Arges Court of Auditors	Administrative acts cancellation – measure related to MICROSOFT licenses: -Decision no. 9/23.03.2015 of the Arges Court of Auditors -Conclusion no. 38/19.06.2015 Scrutiny Report no. 341/27/2015 to the FCN Pitesti Branch	First court	First court: The court rejected SNN action, as ungrounded. With a right of appeal within 15 days from the communication which shall be filed, in case of performance, at the Bucharest Court of Law. Decision 1297/29.02.2016. SNN filed an appeal. Appeal: term follow-up	Following term with the Court of Appeal

17.	26062/3/CA/2015	Arges Court of Law Pitesti Court of Appeal	Plaintiff	Arges Court of Auditors	Administrative acts cancellation action – measure related to MICROSOFT licenses: - Decision no. 9/23.03.2015 of the Arges Court of Auditors -Conclusion no. 38/19.06.2015 Scrutiny Report no. 341/27/2015 to the FCN Pitesti Branch	First court	First court: The court of law admitted the request and adjourned the enforcement of the Decision no. 9/23.03.2015 until the final resolution of the first court action. Enforceable. With a right of appeal within 5 days since the communication. Ruled on February 1 st , 2016, at Arges Court of Law – Civil Department, specialized Court Administrative and Tax Decision 90/01.02.2016. The Court of Auditors and Arges Court of Auditors filed an appeal, and Pitesti Appeal Court through Civil Decision no 1092/2016 from 14.06.2016 admitted appeal and dismantled the sitting of Arges Court Further appeal ICCJ: The cause is under filter procedure filtering procedure. The first trial term is to be allotted subsequently	The trial date to be set.
18.	4960/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for adjourning administrative act D&O INSURANCE POLICIES	First court	First court: The Court partially accepts the request. According to art. 15 of the Law no. 554/2004 adjourned the enforcement of paragraph II.12 of the decision 16/11.05.2015 issued by the Romanian Court of Auditors – 4 th Department until the final resolution of the first court action registered in file no. 4912/2/2015. Enforceable. Rejects as unacceptable the adjourning request of the point 10 of the conclusion no. 59/17.07.2015 and of point 3.1.10 of the Scrutiny Report no. 4371/10.04.2015 issued by the Romanian Court of Auditors. With appeal in 5 days since the communication. Decision 2608/15.10.2015. The Court of Auditors filed a recourse. Further appeal ICCJ: The case is under filtering procedure. The first trial term is going to be allotted subsequently.	The trial date to be set.
19.	4961/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for adjourning administrative act TOURISTIC SERVICES	First court	First court: The court rejects the request for adjourning being ungrounded. With a right of appeal within 5 days since the communication. Decision 2660/20.10.2015. SNN filed appeal. Further Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
20.	4962/2/2015 Connected to 4966/2/2015 court	Bucharest Court of Appeal 8 th Department	Plaintiff	Court of Auditors	Action for adjourning administrative act Incentives and Court	First court	First court: the Court rejected the adjournment of the enforcement with respect to paragraph 3.1.7 and 3.1.8 of the Scrutiny	The trial date to be set for retrial

	decision	of administrative and fiscal court			Decisions		Report no. 4371/10.04.2015. Rejects as lacking interest the adjournment requests of performing point 8 of the Conclusion no. 59/17.07.2015 of the Commission for solving claims and point II 10 of the Decision 16/11.05.2015 issued by the respondent. Rejects as ungrounded the suspension requests of performing point 7 of the Conclusion no. 59/17.07.2015 of the Commission for solving claims and point II 9 of the decision 16/11.05.2015 issued by the respondent. With appeal within 15 days since the communication. Decision ruled on 08.12.2015. SNN did not promoted appeal regarding the resolution for the file no. 4962/2/2015, and Court of Auditors promoted appeal. Appeal ICCJ: The cause is under filtering procedure. First trial term will be established subsequently.	promoted by Court of Auditors
21.	4968/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for adjourning administrative act employees and Court Rulings	First court	First court: The court partially accepts the action. It rules the suspension of the partial performance of Decision no. 16/2015, and namely of the measure ruled at point II.11, as well as of Conclusion no. 59/2015- point 9, until the final resolution of the action in cancelling point II.11 of the Decision no. 16/2015 and point 9 of the Conclusion no. 59/2015. It rejects the suspension request of the Scrutiny Report no. 4371/2015- point 3.1.9- as unacceptable. With a right of appeal within 5 days from the communication. Decision 2684/20.10.2015. The Court of Auditors filed an appeal. Further Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
22.	4969/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for adjourning administrative act Incentives and Court Decisions regarding MICROSOFT licenses	First court	First court: The court partially accepts the request. Suspends the performance of point 11 of the conclusion no. 59/17.07.2015 and point II.13 of the Decision no. 16/11.05.2015 issued by the Romanian Court of Auditors until the final resolution of the first court action. Enforceable. With a right of appeal within 5 days from the communication. Decision 2956/ 11.11.2015. The Court of Auditors filed an appeal.	The trial date to be set.

							Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	
23.	4970/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for adjourning administrative act regarding the NON-RESIDENTS income	First court	First court: The court partially accepts the request. Rules the partial suspension of the Decision no. 16/11.05.2015 in regards to point II.8, respectively of the Conclusion no. 59/17.07.2015 in regards to point 6, until the final resolution of the action in annulment. It rejects as unacceptable the suspension request of point 3.1.3 of the Scrutiny Report no. 4371-10.04.2015. With a right of appeal within 5 days since the communication. Decision 2503/ 07.10.2015. The Court of Auditors filed an appeal. Further Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
24.	4971/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for adjourning administrative act regarding GENERAL CONCRETE contract	First court	First court: Rejects the action as being ungrounded. With appeal, within 5 days from the communication. Decision no. 2773/ 28.10.2015.SNN did not promoted appeal.	
25.	4959/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for cancelation administrative act: Touristic expenses	First court	First court: The court admitted SNN claim. It partially cancels the Conclusion no. 59/17.07.2015 issued by the respondent, in regards to point 3. It cancels in part the Decision no. 16/11.05.2015 issued by the claimant, in regards to measures ruled at point 5 and Measure no. I 3. It partially cancels the Scrutiny Report no. 4371/10.04.2015 issued by the respondent regarding point 3.1.5. it forces the respondent to pay RON 4550 trial costs to the plaintiff. With appeal, within 15 days from the communication. Decision no 2015/10.06.2016. The Court of Auditors filed for appeal. Further Appeal: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
26.	4902/2/2015 connected to 4907/2/2015 bonuses	Bucharest Court of Appeal 8 th Department of administrative	Plaintiff	Court of Auditors	Action for cancelation of administrative act-employees increments	First court	First court: The court admitted the requests, and consequently partially canceled the Conclusion. 59/17.07.2015 and the decision no. 16/11.05.2015, with respect to point 9 and point 8 of the Conclusion, respectively	The trial date to be set.

		and fiscal court High Court of Cassation and Justice					the measures from point II.11 and II.10 of the decision. It rejects as unacceptable the point 3 of both requests, regarding the partial cancellation of the Scrutiny Report no. 4371/10.04.2015. with a right of appeal within 15 days from the communication. The appeal shall be filed at CAB – 8 th Department. Final. Decision 3419/17.12.2015. The Court of Auditors filled for appeal. Further appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	
27.	4906/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for cancelation of administrative act measure referring with the public procurement proceedings that was not followed for contracts 1085/2012 and 634/2012 (Argos and General Concrete)	First court	First court: Based on art. 413 par. 1 point 1 Civil procedure code, the Court adjourned the case until a final ruling in case no. 62136/299/2015 pending with Bucharest Court of Law. With appeal during the entire period of adjournement Conclusion - Suspension 18.01.2016. SNN filed for continuing the litigation procedure	Suspended
28.	4912/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for cancelling the measure regarding D&O POLICIES	First court	First court: The court admitted the claim, rejected the objection of inadmissibility for requesting the cancellation of the Scrutiny Report no. 4371/10.07.20155 and henceforth partially canceled the Conclusion no. 59/17.07.20155, issued by the administrative authority point 10, Decision no. 16/11.05.2015 issued by the respondent regarding the measure ruled at point II.12 of the decision device, as well as point 3.1.10 of the Scrutiny report no. 4371/10.04.2015 issued by the respondent. With a right of appeal within 15 days from the communication. Decision 173/ 26.01.2016. The Court of Auditors filed for appeal. Further appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set in the appeal promoted by The Court of Auditors
29.	4946/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors intervention General Concrete	Action for cancelation of administrative act referring the contract with GENERAL CONCRETE	First court	First court: tax - accounting expertise	14.10.2016

30.	4964/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for cancelation of administrative act referring COURT DECISIONS	First court	First court: The Court admitted the objection of inadmissibility of the request regarding the cancellation of paragraph 3.1.7 of the Scrutiny Report no. 4371/10.04.2015 invoked by the respondent. It rejects as unacceptable the end of request regarding the cancellation of point 3.1.7 of the Scrutiny Report no. 4371/10.04.2015. it rejects as ungrounded the connected actions. With appeal within 15 days from the communication. Decision 373/ 09.02.2016. SNN filed an appeal. Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
31.	4965/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for cancelation of administrative act referring to MICROSOFT licenses	First court	First court: The Court admitted the claim and consequently partially canceled the Conclusion no. 59/17.07.2015 and the Decision no. 16/11.05.2015, with respect to paragraph 11 of the conclusion, respectively the measure from point II.13 of the decision. It rejected following the objection of inadmissibility the claim for partial canceling of the Scrutiny Report no. 4371/10.04.2015. with appeal within 15 days from the communication. The appeal shall be filed at CAB – 8 th Department Decision 236/ 28.01.2016. The Court of Auditors filed an appeal. Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
32.	4958/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for cancelation of administrative act - measure regarding tax on NON-RESIDENTS	First court	First court: The Court admitted the claim and henceforth canceled the Conclusion no. 59/17.07.2015, with respect to paragraph VI of the claim no. 6420/28.05.2015, canceled the measure taken at point II.8 of the decision no. 16/11.05.2015 for removing the breach presented at point 3 of the same decision, as well as point 3.1.3 of the Scrutiny report no. 4371/10.04.2005. With appeal within 15 days from the communication, the request for performing the attack following to be submitted to the Bucharest Court of Appeal – 8 th Department Administrative and Fiscal Department.	The trial date to be set.

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							Decision 793/10.03.2016. The Court of Auditors filed for appeal. Further Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	
33.	45487/3/2015	Bucharest Court of Law, 8 th Department, Labor	Plaintiff	Havris Alex Negulici Elena Nicolescu Corina Dina Dumitru Popescu Dragos Ionescu Elena Dinca Suzana Georgescu Magda Nazarevsky Cristina	Claim for damages amounting RON 708,407 Labor litigation for enforcing the measure ruled by Court of Auditors by scrutiny report from 2012 regarding D&O policies	First court	First court: The Court accepted the objection of statute of limitation invoked by the respondents and rejected SNN claim for reaching the statute of limitation. With appeal within 10 days from the communication, which shall be filed at the Bucharest Court of Law – 8th Department-of the Decision 5836/07.06.2016 SNN filed for appeal.	The trial date to be set at Court of Appeal Bucharest
34.	45494/3/2015*	Bucharest Court of Law, 8 th Department, Labor	Plaintiff	Serbanescu Cristian Chiriac Cristina Popescu Ioana Grama Mioara Chirica Teodor Budulan Pompiliu	Claim for damages amounting RON 708,407 Labor litigation for enforcing the measure ruled by Court of Auditors by scrutiny report from 2012 regarding D&O policies	First court	For the first hearing held on 23.06.2016, the Court adjourned the case in order for the defendants to be informed with respect to SNN explanatory request. Following hearing: 15.09.2016	15.09.2016
35.	1367/2/2016	Bucharest Court of Appeal 8 th Department of administrative court	Plaintiff	ANAF General Directorate for Claim Solving General Directorate for Managing Large Taxpayers		First court		14.09.2016
36.	6874/3/2016*	Bucharest Court of Law	Respondent	Nuclear Agency and for Radioactive Waste (ANDR)	Claims -EUR 131,080,08 representing fees according to the GD 1080/2007 point 2010-2012 - fees 2013-2015 for the difference of energy produced and the one delivered SEN - penalties 2010-2015 until the date of effective payment	First court		9.09.2016

No.	File number	Court of law	SNN quality	Adverse party	Object/ value	Current procedural stage	Previous procedural stages	Procedural stage/ Term
CNE Cernavoda								
1.	10673/118/2010	Civil/Constanta Court of Law	Respondent	Sava Marian	Compensations	First court	Claim for clearing the land corresponding to the thermal energy transportation and payment of compensations. First court: the court rejected the action as ungrounded. Compelled the plaintiff Sava Marian to pay as litigation expenses the amount of RON 27,003.33 to the respondent Societatea Nationala Nuclearelectrica S.A (stamp duty, legal stamp, expert fee). With appeal within 15 days from the communication. Decision 603/2016 14.03.2016	
2.	14951/118/2011 (suspended based on art. 36 of the Law 85/2006)	Civil/Medgidia Court of Law	Respondent	SC Car Construct SRL	Clearance of the land the property of SNN SA – concrete platform occupied by SC CAR CONSTRUCT based on the sale purchase agreement concluded with SC CNE SA -	First court	According with art. 36 of the Law no. 85/2006 (insolvency law); the case trial was adjourned.	adjourned

Annex 4 – Condensed individual interim reviewed financial statements as at and for the period ended June 30, 2016

The condensed individual interim reviewed financial statements as at and for the period ended June 30, 2016 prepared in compliance with the Order no. 1286/2012 of the Minister of Public Finance for the approval of the accounting regulations compliant with the International Financial Reporting Standards, applicable to the companies whose securities are admitted for trading on a regulated market, with the subsequent amendments, based on The International Accounting Standard 34 - „Interim Financial Reporting” are published on Nuclearelectrica’s web page, Investors’ Relations section (www.nuclearelectrica.ro).

Annex 5 – Condensed interim consolidated financial statements reviewed as at and for the period ended June 30, 2016

The condensed interim consolidated financial statements reviewed as at and for the period ended June 30, 2016 prepared in compliance with the applicable accounting standards (The International Accounting Standard 34 - „Interim Financial Reporting”) are published on Nuclearelectrica’s web page, Investors’ Relations section (www.nuclearelectrica.ro)

Annex 6 – The half yearly report of the Board of Directors on the administration activity for the first semester of 2016

The half yearly report of the Board of Directors on the administration activity for the 1st semester of 2016 prepared in compliance with OUG no. 109/2011 regarding the corporate governance of public companies and administration contracts is published on Nuclearelectrica's web page, Investors' Relations section (www.nuclearelectrica.ro)



SN Nuclearelectrica SA

Condensed Individual Interim Financial Statements as at and for the period of six months ended on June 30, 2016

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

SN Nuclearelectrica SA

Condensed Individual Interim Financial Position as at 30 June 2016

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

	Note	30 June 2016 (reviewed)	31 December 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	7.290.030.826	7.474.555.551
Intangible assets	5	87.461.511	79.982.771
Financial instruments	6	141.689.201	141.689.201
Total non-current assets		7.519.181.538	7.696.227.523
Current assets			
Inventories	7	320.740.568	323.222.947
Income tax receivable	13	19.902.229	1.173.730
Trade and other receivables	8	92.955.123	163.499.181
Prepayments		14.071.684	12.072.918
Bank deposits	9	1.202.274.123	1.103.841.528
Cash and cash equivalents	9	176.324.600	257.376.819
Total current assets		1.826.268.327	1.861.187.123
Total assets		9.345.449.865	9.557.414.646
Equity and liabilities			
Equity			
Share capital, out of which:	10	3.210.641.253	3.210.641.253
<i>Subscribed and paid in share capital</i>		<i>3.015.138.510</i>	<i>3.015.138.510</i>
<i>Inflation adjustment to share capital</i>		<i>195.502.743</i>	<i>195.502.743</i>
Share premium	10	31.474.149	31.474.149
Prepaid share reserve	10	21.553.537	21.553.537
Revaluation reserve	10	279.558.592	293.329.577
Retained earnings	10	3.812.584.875	3.936.724.775
Total shareholder's equity		7.355.812.406	7.493.723.291
Liabilities			
Non-current liabilities			
Long term borrowings	11	1.185.402.617	1.279.606.054
Deferred income		150.618.947	157.791.277
Deferred income tax liability		169.216.064	173.496.018
Employee's benefits		32.666.545	31.796.021
Total non-current liabilities		1.537.904.173	1.642.689.370
Current liabilities			
Accounts payable and other liabilities	12	229.711.828	197.281.806
Deferred income		7.601.232	21.671.875
Current portion of long term borrowings	11	214.420.226	202.048.304
Total current liabilities		451.733.286	421.001.985
Total liabilities		1.989.637.459	2.063.691.355
Total equity and liabilities		9.345.449.865	9.557.414.646

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SN Nuclearelectrica SA

Condensed Individual Interim Statement of Profit or Loss for the six months period as at 30 June 2016.

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

	Note	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Revenues					
Sales of electricity	14	277.332.005	351.499.755	723.764.321	791.792.692
Electricity transmission revenues		8.085.398	24.158.756	19.406.569	52.656.530
Total revenues		285.417.403	375.658.511	743.170.890	844.449.222
Other income		2.394.768	(3.697.955)	(924.360)	13.942.175
Operating expenses					
Depreciation and amortization		(119.349.324)	(117.799.580)	(238.404.790)	(233.841.384)
Personnel expenses		(74.329.817)	(74.283.600)	(142.282.641)	(139.401.855)
Cost of traded electricity		(2.809.314)	(12.336.475)	(5.223.213)	(19.224.269)
Repairs and maintenance		(64.251.145)	(64.910.987)	(81.000.460)	(80.206.840)
Electricity transmission expenses		(8.085.398)	(24.158.756)	(19.406.569)	(52.656.530)
Costs with spare parts		(15.051.909)	(10.717.796)	(16.806.094)	(13.913.715)
Cost of uranium fuel		(27.726.731)	(27.472.223)	(66.905.694)	(69.826.644)
Other operating expenses	15	(78.869.949)	(69.432.480)	(198.901.230)	(234.248.053)
Total operating expenses		(390.473.587)	(401.111.897)	(768.930.691)	(843.319.290)
Operating result		(102.661.416)	(29.151.341)	(26.684.161)	15.072.107
Finance cost		(39.948.277)	(33.006.275)	(62.054.380)	(66.578.092)
Finance income		16.163.654	20.248.049	48.569.430	61.874.744
Net finance (expenses)	16	(23.784.623)	(12.758.226)	(13.484.950)	(4.703.348)
(Loss)/Profit before income tax		(126.446.039)	(41.909.567)	(40.169.111)	10.368.759
Net income tax expenses	13	21.745.719	9.376.399	2.330.256	(7.466.591)
(Loss)/Profit for the period		(104.700.320)	(32.533.168)	(37.838.855)	2.902.168

The condensed individual interim financial statements presented in pages from 1 to 28 were signed on August 10, 2016 by:

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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SN Nuclearelectrica SA

Condensed Individual Interim Statement of Comprehensive Result for the six months period as at 30 June 2016

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

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
(Loss) / Profit for the period	(104.700.320)	(32.533.168)	(37.838.855)	2.902.168
Other elements of the comprehensive income				
Items that will never be classified in the profit and loss account				
Actuarial (loss) related to the determined benefits plans	(572.459)	-	(572.459)	-
Other elements of the comprehensive income	(572.459)	-	(572.459)	-
Total comprehensive result for the period	(105.272.779)	(32.533.168)	(38.411.314)	2.902.168
Earnings per share				
Basic earnings per share (Ron/share)	18 (0,35)	(0,11)	(0,13)	0,01
Diluted earnings per share (Ron/share)	18 (0,35)	(0,11)	(0,13)	0,01

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SN Nuclearelectrica SA

Condensed Individual Interim Statement of Changes in Equity for the six months period as at 30 June 2016

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

	Note	Share capital	Share capital premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2015 (restated, audited)		3.013.330.303	31.474.149	217.820.977	313.405.061	3.853.283.081	7.429.313.571
Comprehensive income for the period							
<i>Profit for the period</i>		-	-	-	-	2.902.168	2.902.168
<i>Other elements of comprehensive income</i>		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	2.902.168	2.902.168
Shares issue	10	194.382.850	-	(194.376.700)	-	-	6.150
Prepaid reserve increase	10	-	-	1.087.260	-	-	1.087.260
Transfer of revaluation reserve in the reported income	10	-	-	-	(11.626.888)	11.626.888	-
Dividends declared		-	-	-	-	(90.366.312)	(90.366.312)
Other items		-	-	-	-	(23.312)	(23.312)
Balance as at 30 June 2015 (restated, reviewed)		3.207.713.153	31.474.149	24.531.537	301.778.173	3.777.422.513	7.342.919.525

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SN Nuclearelectrica SA

Condensed Individual Interim Statement of Changes in Equity for the six months period as at 30 June 2016

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

	Note	Share capital	Share capital premiums	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2016 (audited)		3.210.641.253	31.474.149	21.553.537	293.329.577	3.936.724.775	7.493.723.291
Comprehensive income for the period							
<i>Profit for the period</i>		-	-	-	-	(37.838.855)	(37.838.855)
<i>Other elements of comprehensive income</i>		-	-	-	-	(572.459)	(572.459)
Total comprehensive income for the period		-	-	-	-	(38.411.314)	(38.411.314)
Transfer of revaluation reserve in the reported income	10	-	-	-	(13.770.985)	13.770.985	-
Dividends declared		-	-	-	-	(99.499.571)	(99.499.571)
Balance as at 30 June 2016 (reviewed)		3.210.641.253	31.474.149	21.553.537	279.558.592	3.812.584.875	7.355.812.406

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SN Nuclearelectrica SA

Condensed Individual Interim Statement of Cash Flows for the six months period as at 30 June 2016

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

	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Cash flows from operating activities		
(Loss)/Profit before income tax	(40.169.111)	10.368.759
Adjustments for:		
Depreciation and amortization	238.404.790	233.841.384
(Gain) on trade and other receivables	(779)	(1.350.489)
(Gain) on inventories	(1.175.685)	-
(Gain)/Loss from provisions	(1.811.568)	3.108.821
(Gain)/Loss from non-current assets sold	(39.923)	31.330
Net finance expenses	13.731.258	4.128.280
Changes in:		
Trade and other receivables decrease	71.155.437	88.991.666
Decrease/(Increase) in inventories	3.844.184	(9.479.906)
(Decrease) in deferred income	(21.242.973)	(10.783.512)
(Decrease)/Increase in prepayments	(1.998.766)	5.867.870
Increase in accounts payable and other liabilities	25.310.167	6.870.251
Cash flows relating to operating activities	286.007.031	331.594.454
Income tax paid	(20.678.197)	(24.698.453)
Interest received	7.819.908	10.463.124
Interest paid	(3.908.118)	(7.046.175)
Net cash flow from operating activities	269.240.624	310.312.950
Cash flows relating to investing activities		
Purchase of intangible assets	(4.718.626)	(3.996.895)
Purchase of property, plant and equipment	(42.991.173)	(74.221.733)
Proceeds from property, plant and equipment	42.266	158.434
(Increase) in bank deposits	(98.432.595)	(522.672.891)
Net cash flow from investing activities	(146.100.128)	(600.733.085)
Cash flow relating to financing activities		
Payments of borrowings	(105.533.298)	(105.667.973)
Payments of dividends	(98.659.417)	(88.046.466)
Shares issue	-	6.150
Net cash flow from financing activities	(204.192.715)	(193.708.289)
Net (decrease)/increase of cash and cash equivalents	(81.052.219)	(484.128.424)
Cash and cash equivalents as at 1 January (see Note 9)	257.376.819	1.152.298.625
Cash and cash equivalents as at 30 June (see Note 9)	176.324.600	668.170.201

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SN Nuclearelectrica SA

Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
(All amounts are in RON, unless stated otherwise.)

1. REPORTING ENTITY

Societatea Nationala Nuclearelectrica SA (“the Company”) is a company based in Romania. The company’s registered office is located in Bucharest, 65 Polona Street.

The main operating location is in Cernavoda, Constanta county, where the Company has two operating nuclear reactors (Unit 1 and Unit 2), two nuclear reactors in early stage of construction (Units 3-4) and one reactor (Unit 5), for which the company’s shareholders approved the change of destination. Construction of Units 3 and 4 was planned to be completed by EnergoNuclear; currently, there is a new strategy to continue the project related to Units 3 and 4 which was approved by the Extraordinary General Meeting of Shareholders on August 22, 2014 (for more information refer to Note 6). The two reactors are based on CANDU technology (Canada Deuterium Uranium of PHWR type).

Unit 5 is impaired 100% as there are no plans to continue the construction. In March 2014 the shareholders of the Company approved the use of Unit 5 for activities related to the operation of Units 1 and 2.

The main activity of the Company is to generate electricity by operating Units 1 and 2.

In accordance with the Electricity Law no. 123/2012, the electricity sector is regulated by the Regulatory Authority for Energy (“ANRE”), an autonomous public institution. ANRE establishes through annual decision the tariffs to be used by the Company for selling electricity on regulated market. During the 6-month period ended on June 30, 2016 the Company sold approximately 18% of its energy on the regulated market (21% was sold during the 6-month period ended on June 30, 2015). The total quantity of energy sold during the 6-month period ended on June 30, 2016 amounts to 4,812,414 MWh, as compared to 5,179,858 MWh, sold during the 6-month period ended on June 30, 2015. The average price for electricity sales on the regulated market during the 6-month period ended on June 30, 2016 amounts to 162,7 RON/MWh as compared to 158,6 RON/MWh during the 6-month period ended on June 30, 2015, net of the tariff for transmission service paid to Transelectrica for using the electricity transmission network.

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

As described in Note 10, on June 30, 2016 the shareholders of the company are: The Romanian State through the Ministry of Energy holding 248.736.619 shares representing 82.4959% of the share capital, Fondul Proprietatea SA which holds 27.408.381 shares representing 9.0903% of the share capital and other shareholders – natural persons and legal entities - holding together 25.368.851 shares, representing 8.4138% of the share capital.

2. BASIS OF PREPARATION

a) Statement of compliance

The condensed individual interim financial statements were prepared in accordance with OMPF 1286/2012 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards (IFRS), applicable to companies whose securities are traded on a regulated market and related amendments (“OMFP 1286/2012”). As per the OMPF 1286/2012, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure provided by the European Commission Regulation no. 1.606/2002 of the European Parliament and Council dated on July 19, 2002 regarding the application of the international accounting

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SN Nuclearelectrica SA

Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
(All amounts are in RON, unless stated otherwise.)

standards.

These condensed individual interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union. They do not include all the necessary information for a complete set of financial situations according to the International Financial Reporting Standards („IFRS”) and they must be read along with the annual financial statements of the company, issued on December 31, 2015. Nevertheless, certain explanatory notes are included in order to explain the events and transactions that are significant for understanding the modifications interfered in the financial position and in the company performance from the last individual annual financial statements and for the financial year ended on December 31, 2015.

The condensed individual interim financial statements as at and for the 6-month period ended on June 30, 2016 are not audited and were not reviewed by an independent auditor.

These condensed individual interim financial statements were authorized to be issued and signed on August 10, 2016 by the management of the Company.

b) Use of estimates and professional judgements

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

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

Information about assumptions that have a significant risk of resulting in a material adjustment within the next financial years is included in Note 6 (Continuity of the activity carried out by Energonuclear).

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the individual financial statements as at and for the year ended on December 31, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed individual interim financial statements are in compliance with the ones applied in the individual financial statements of the Company for the financial year ended on December 31, 2015 with the exception of the ones mentioned below.

Inventories

According to the IAS 2 "Inventories" the cost of discharged inventories shall be determined by applying the first-in, first-out method (FIFO) or the weighted average cost method (WAC). Up to December 31, 2015, the company used the FIFO method.

Following the analysis made by the management of the company it was concluded that the use of WAC method would produce credible results in the annual financial statements for their users. In this context, starting from the 1st

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Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
(All amounts are in RON, unless stated otherwise.)

of January 2016 the accounting policy used in order to determine the cost of the discharged inventories was changed from FIFO to WAC.

In accordance with the requirements for changing the accounting policies stipulated by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the management believes that the WAC method results in financial statements which are more relevant and more reliable for users' needs by making economic decisions, as shown in the analysis of the two methods below:

- The FIFO method involves that the discharged inventories are to be evaluated with their cost of acquisition or production cost of the first entry. If the inventories are older and the prices are rising, this method does not produce the most reliable results to be reflected in the statement of the comprehensive income;
- The WAC method involves the cost calculation for every item according to the weighted average cost for similar items in stock at the beginning of the period and for those purchased during the period.

The Company is unable to retroactively apply this change in accounting policy in accordance with the requirements of IAS 8, because the effects of retroactive application are not determinable since the cumulative impact on all prior periods cannot be calculated. Therefore, the Company applies the new policy prospectively from January 1, 2016.

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Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
(All amounts are in RON, unless stated otherwise.)

4. PROPERTY, PLANT AND EQUIPMENT

	Lands	Nuclear Power Plants	Machinery, equipment and other assets	Assets under construction	TOTAL
Cost					
Balance as at 1 January 2015	28.662.087	6.072.194.991	1.409.870.162	995.561.840	8.506.289.079
Additions	1.006.071	-	14.087.194	123.699.391	138.792.656
Revaluation of special buildings/land/constructions	4.357.831	4.417.451	(5.002.628)	-	3.772.654
Offset of accumulated amortization upon revaluation	-	(673.807.684)	(64.438.939)	-	(738.246.623)
Transfers	-	12.772.406	140.213.936	(152.986.343)	-
Inventory transfer	-	-	-	14.189.594	14.189.594
Spare parts transfer	-	-	879.654	(879.654)	-
Disposals	-	-	(2.050.146)	(61.643)	(2.111.789)
Balance as at 31 December 2015	34.025.989	5.415.577.164	1.493.559.233	979.523.186	7.922.685.571
Balance as at 1 January 2016	34.025.989	5.415.577.164	1.493.559.233	979.523.186	7.922.685.571
Additions	-	-	2.462.310	54.366.331	56.828.641
Transfers	-	95.279.830	15.583.691	(110.863.520)	-
Spare parts transfer	-	-	-	(187.321)	(187.321)
Reclassification in intangible assets	-	-	-	(13.717.629)	(13.717.629)
Disposals	-	-	(733.157)	-	(733.157)
Balance as at 30 June 2016	34.025.989	5.510.856.994	1.510.872.077	909.121.046	7.964.876.106
Depreciation and impairment losses					
Balance as at 1 January 2015	233.272	334.518.634	243.154.606	139.384.519	717.291.031
Depreciation charges	77.757	339.289.050	108.129.274	-	447.496.081
Revaluation of special buildings/land/constructions	2.490.088	29.408.719	(16.607.332)	-	15.291.475
Accumulated depreciation of disposals	-	-	(1.838.455)	-	(1.838.455)
Adjustments for intangible assets depreciation	-	-	(13.106)	8.149.618	8.136.511
Offset of accumulated depreciation on revaluation	-	(673.807.684)	(64.438.939)	-	(738.246.623)
Balance as at 31 December 2015	2.801.117	29.408.719	268.386.048	147.534.136	448.130.020
Balance as at 1 January 2016	2.801.117	29.408.719	268.386.048	147.534.136	448.130.020
Depreciation	38.878	170.709.285	56.815.729	-	227.563.892
Accumulated depreciation of disposals	-	-	(732.014)	-	(732.014)
Adjustments for intangible assets depreciation	-	-	-	(116.618)	(116.618)
Balance as at 30 June 2016	2.839.995	200.118.004	324.469.763	147.417.518	674.845.279
Carrying amount					
Balance as at 1 January 2016	28.428.815	5.737.676.357	1.166.715.555	856.177.322	7.788.998.048
Balance as at 31 December 2015	31.224.872	5.386.168.445	1.225.173.185	831.989.050	7.474.555.551
Balance as at 30 June 2016	31.185.994	5.310.738.990	1.186.402.315	761.703.529	7.290.030.826

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The machinery, equipment and other assets mainly include the first load of heavy water used for the Units 1 and 2, with a net carrying amount as at June 30, 2016 of 393,859,629 RON (December 31, 2015: 404,188,599RON) and buildings with a net carrying amount at June 30, 2016 of 324,605,979 RON (December 31, 2015: 332,439,518 RON).

According to the accounting policies in force applied by the Company, lands, buildings and constructions are stated at fair value. These assets were revalued on December, 31 2015 by an independent evaluator, East Bridge SRL, member of the National Association of Certified Evaluators in Romania (ANEVAR).

Revaluation results have been accounted by using the net method and reflect a reduction in the net carrying amount of assets (lands, buildings and constructions) amounting to RON 11,518,821.

On December 31, 2015 Depreciation and amortization include RON 15,291,475 RON, representing the expenses resulted from reduction in net carrying amount of the revalued assets, and RON 8,136,511 RON, representing the provision for adjustments of depreciation of assets proposed for disposal after the annual inventory.

On June 30, 2016, the carrying value of Units 3-4, recognized within the group „Assets under construction”, is of 273,960,000 RON (December 31, 2015: 273,960,000 RON). Before 1991, the units 1, 2, 3, 4 and 5 have been considered a single project and, consequently, the construction costs have been allocated per unit. Subsequently, the company has allocated the construction costs for units 3 and 4 of the nuclear power plant.

The carrying amount of the heavy water related to units 3 and 4 is of 158,470.146 RON (December 31, 2015: 158,470,146 RON), representing approximately 75 tones. These elements are presented within the group „Assets under construction”.

The main investments made by the Company during the six months period ended on June 30, 2016 for the projects under construction related to Units 1 and 2 include:

- Improvement of thermal performance of U1-Magnetita steam generators amounting to 24,999,446 RON (2015: 6,890,479 RON);
- Replacement of Generex U1 excitation system amounting to 20,747,092 RON (2015: 65,317,657 RON).
- Filter system upstream of U1, U2 water chambers amounting to 3,930,922 RON (2015: 435,555);
- Improvement of live steam system amounting to 3,486,372 RON (2015: 0 RON);
- Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to 1,831,939 RON (2015: 6,508,356 RON).

The main investments commissioned during the 6-month period ended on June 30, 2016 relates mainly to: installation of Generex U1 excitation system amounting to 93,156,736 RON, upgrading of the wastewater water treatment amounting to 4,237,387 RON, data acquisition and processing system Candu Smart Tools amounting to 3,369,391 RON, on line liquid effluents monitor system installation and its unitary integration with the current system amounting to 1,467,688 RON.

On June 30, 2016, the carrying amount of the assets under construction related to Unit 3 and Unit 4 amounts to 504,907,277 RON (December 31, 2015: 512,234,889 RON). On June 30, 2016, the remaining difference up to 761,703,529 RON (December 31, 2015: 831,989,050 RON) represents the assets under construction related to Unit 1 and Unit 2, such as: D2O detritiation installation amounting to 63,230,074 RON, improvement of thermal performance of U1-Magnetita steam generators amounting to 31,826,925 RON, construction of facilities for storage

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and loading of the nuclear fuel used (DICA) amounting to 22,144,550 RON, refurbishment of power outlet transformers amounting to 10,539,706 RON.

On June 30, 2016, the Company purchased fixed assets on credit from suppliers, amounting to 33,037,582 RON (31 December 2015: 14,618,981 RON).

Decommissioning of nuclear units

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Company did not record provisions for decommissioning of these two units, due to the fact it is not responsible for the decommissioning. According to Government decision no. 1080/5 September 2007, the Nuclear Agency and for Radioactive Waste (ANDR) is responsible for collecting the contributions paid by the Company for the remaining useful life of these units and assume the responsibility for the management of the entire decommissioning process at the end of useful lives of the units, and also for the permanent storage of the resulting waste (see Note 15). In the 6-month period ended on June 30, 2016 the expenses with the contributions paid by the Company to ANDR amounts to 46,534,510 RON (6-month period ended on 30 June 2015: 44.576.865 RON).

Pledged assets

As at June 30, 2016, December 31, 2015 respectively, no asset belonging to the Company is pledged or mortgaged.

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5. INTANGIBLE ASSETS

	Licenses and acquired software	Software and other intangible assets for the nuclear power plant	TOTAL
Cost			
Balance as at 1 January 2015	57.564.304	163.655.760	221.220.064
Additions	2.317.592	5.945.053	8.262.645
Transfers	50.000	(50.000)	-
Disposals	(30.874)	(31.505)	(62.379)
Balance as at 31 December 2015	59.901.022	169.519.308	229.420.330
Balance as at 1 January 2016	59.901.022	169.519.308	229.420.330
Additions	837.995	3.880.631	4.718.626
Reclassification form property, plant and equipment	-	13.717.629	13.717.629
Balance as at 30 June 2016	60.739.017	187.117.568	247.856.585
Accumulated amortization			
Balance as at 1 January 2015	54.670.346	71.991.065	126.661.411
Amortization charges	4.756.730	18.081.359	22.838.089
Amortization of disposals	(30.874)	(31.067)	(61.941)
Balance as at 31 December 2015	59.396.202	90.041.357	149.437.559
Balance as at 1 January 2016	59.396.202	90.041.357	149.437.559
Amortization charges	1.014.756	9.942.760	10.957.516
Balance as at 30 June 2016	60.410.957	99.984.117	160.395.074
Carrying amount			
Balance as at 1 January 2015	2.893.958	91.664.695	94.558.653
Balance as at 31 December 2015	504.820	79.477.951	79.982.771
Balance as at 30 June 2016	328.060	87.133.451	87.461.511

The intangible assets representing mainly software for integrated management systems in amount of RON 23,865,149 as at June 30, 2016 (December 31, 2015: RON 26,262,901) were included in the category Software and other intangible assets for the nuclear power plant.

6. FINANCIAL INVESTMENTS

The financial investments are mainly represented by the investment in EnergoNuclear S.A. („EnergoNuclear”). As at June 30, 2016 and December 31, 2015, the company owns 100% from the share capital of EnergoNuclear SA. The value of the equity stake as at June 30, 2016 and December 31, 2015 is of 141.666.101 RON.

Continuity of the activity of EnergoNuclear

As at June 30, 2016, there are some uncertainties regarding Energonuclear’s capacity to continue its activity. The future operations of Energonuclear regarding the units 3 and 4 are depend on the successful concluding of the establishment of the new project company for continuing the project units 3 and 4 and the transfer of Energonuclear value in the new company according to the Strategy approved on July 31, 2014 by the Romanian Government and on August 22, 2014 by the Extraordinary General Meeting of Shareholders of the Company.

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The strategy stipulates the establishment of a joint venture in the sense of art. 50 of the Law no. 137/2002, between SNN and a private investor, selected, respectively a Project Company („Joint Venture” or „JV”) to which the investment made by SNN within Electronuclear should be transferred. JV represents the company preceding the IPP type company (independent power producers - IPP), founded with a 2-year duration which can be modified by mutual consent by the Parties, for reverification of project feasibility under the present conditions, asset valuation and making the investment final decision for moving on to the implementation phase of the Project, namely the IPP stage.

At the same time, the approved strategy for the continuation of the project aims to capitalize on the existing assets, having a considerable value, under the public patrimony – heavy water and uranium octoxide – and, respectively, in the company patrimony – land, buildings, equipment, etc. – and of Energonuclear, according to the law. The heavy water inventory and the first nuclear fuel charge will be assured from Romania by the Romanian state and, respectively, SNN, according to the strategy.

Upon the investors’ selection procedure, on September 9th 2014, the company China General Nuclear Power Corporation („CGN”) was designated as Selected Investor for the development of the Cernavoda NPP Units 3 and 4.

On July 27, 2015 the meeting of the Inter-ministries Committee for the Project of the Units 3 and 4 CNE Cernavoda took place. Following this meeting the MoU, document aimed at defining and agreeing on principles for negotiating the Investment Agreement, including its annexes, was endorsed in the form proposed by the Negotiation Committee and on September 2, 2015 it was approved by the Romanian Government.

The MoU on the development, construction, operation and decommissioning of units 3 and 4 of Cernavoda NPP was approved by the Extraordinary General Meeting of Shareholders on October 22, 2015.

On 9th of November 2015 the MoU was signed by the management of the parties involved in the project: SNN and CGN.

The Romanian Government issued on January 19, 2016 the Letter of Support for Project Units 3 and 4 of Cernavoda NPP.

May 8, 2016 in accordance with Article 11 paragraph (3) of the MoU concluded between the Company and CGN was the deadline for termination of the Investment Documents (ID) agreement.

CGN has notified the Romanian party on May 5, 2016 of the intention to continue the negotiations on the ID over an additional period of 4 (four) months.

On May 16, 2016 the Inter-ministries Committee for the project Cernavoda Units 3 and 4 approved the continuation of negotiations on ID for a period of 4 months, starting on May 9, 2016 with application of all provisions of the MoU.

Continuation of negotiations with CGN was approved by the Romanian Government on June 2, 2016.

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7. INVENTORIES

As at 30 June 2016 and 31 December 2015 the inventories are as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Spare parts	139.400.425	140.662.839
Materials and other materials	57.614.910	46.920.353
Nuclear fuel	105.601.746	98.500.893
Uranium	15.035.423	28.328.866
Other inventories	3.088.064	8.809.996
TOTAL	320.740.568	323.222.947

8. TRADE AND OTHER RECEIVABLES

As at 30 June 2016 and 31 December 2015 the trade and other receivables are as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Trade receivables	54.234.988	139.116.404
Trade receivables allowance	(12.847.775)	(12.848.554)
Other receivables	14.642.437	16.032.462
Other receivables allowance	(3.660.872)	(3.660.872)
Taxes and duties	40.586.345	24.859.741
Total	92.955.123	163.499.181

As at June 30, 2016, the main trade receivables in the balance are from: GEN-I d.o.o. – 15.998.904 RON (31 December 2015: 20.933.593 RON), Enel Energie Muntenia SA – 5.074.665 RON (31 December 2015: 14.796.226 RON), Electrica Furnizare SA – 4.691.385 RON (31 December 2015: 7.710.109 RON), Enel Energie SA – 4.175.763 RON (31 December 2015: 9.198.295 RON).

The sales made during the six month period as at June 30, 2016 to Electrica Furnizare SA represented approximately 21% (15%: 30 June 2015), to GEN-I d.o.o. 16% (16% : 30 June 2015) and to Enel Energie Muntenia SA 15% (7% : 30 June 2015) of the total electricity sales of the Company.

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

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9. CASH AND CASH EQUIVALENTS

As at 30 June 2016 and 31 December 2015, cash and cash equivalents are as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Cash at bank in RON	175.213.712	255.426.980
Cash at bank in foreign currency	1.110.888	1.949.839
Total cash and cash equivalents	176.324.600	257.376.819

As at 30 June 2016 and 31 December 2015, the bank deposits are as follows:

Deposit	30 June 2016	31 December 2015
Currency	(reviewed)	(audited)
RON	1.141.140.510	1.101.767.678
CAD	35.000.965	-
USD	26.132.647	2.073.850
Total	1.202.274.123	1.103.841.528

As at 30 June 2016, the caption “Bank deposits” includes an amount of RON 22.048.963 (31 December 2015: RON 20,092,045) related to the bank letters of guarantee issued by different banks at the request of the Company in favor of third parties for which a cash guarantee was established, having, in general, a maturity up to one year; these letter of quarantees are related to the electricity sales of the Company.

10. EQUITY*Share capital*

The company was established through the separation from the former RENEL. The share capital represents the State contribution to the Company’s formation, at June 30th 1998 (restated with the inflation until December 31st 2003), plus subsequent increases.

As at June 30, 2016 and December 31, 2015 the share capital includes the effects of the restatements recorded in the previous years, according to the application of IAS 29 “Financial Reporting in Hyperinflationary Economies”. The reconciliation of the share capital is as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Statutory share capital (nominal value)	3.015.138.510	3.015.138.510
Restatement related differences in accordance with IAS 29	195.502.743	195.502.743
Restated share capital balance	3.210.641.253	3.210.641.253

As at June 30, 2016 and December 31, 2015, the fully subscribed and paid share capital amounts to 3.015.138.510 RON, consisting of 301.513.851 ordinary shares with the nominal value of 10 RON.

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

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As at June 30, 2016 and December 31, 2015 the shareholders are as follows:

Shareholders	Number of shares	% of the share capital
Romanian State	248.736.619	82,4959%
Fondul Proprietatea SA	27.408.381	9,0903%
Other shareholders, individuals and legal entities	25.368.851	8,4138%
TOTAL	301.513.851	100%

Share Premium

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

Prepaid share reserves

The prepaid share reserves amount to 21.553.537 RON as at June 30, 2016 and December 31, 2015 and represent public utility objectives of Cernavoda NPP (5.439.321 RON as at June 30, 2016 and December 31, 2015), budgetary allocations for the period 2007-2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavodă (16,114,216 RON as at June 30, 2016 and December 31, 2015).

As at June 30, 2016 and December 31, 2015, the number of new shares that can be issued for the prepaid share reserves is zero.

Revaluation Reserves

As at June 30, 2016 the revaluation reserve amounts to 279,558,592 RON (December 31, 2015: 293,329,577 RON). Such amount is net of the deferred tax related to the reevaluation reserve.

The Company recognized an increase of the revaluation reserve amounting to 3.772.653 RON after the revaluation carried out on December 31, 2015 from which the deferred tax debt amounting to 603,624 RON was deducted.

Retained Earnings

The retained earnings represent the accumulated earnings of the Company. The retained earnings are distributed based on the financial statements prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 with subsequent amendments, applicable to companies whose securities are admitted to trading on a regulated market.

During the 6-month period as at 30 June 2016, the Company declared dividends amounting to 99.499.571 RON (30 June 2015: 90.366.312 RON). The gross dividends unpaid as at 30 June 2016 amounts to 1.118.224 RON (30 June 2016: 2.555.690 RON).

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11. BORROWINGS

Reimbursements of borrowings during the 6-month period as at June 30, 2016 were as follows:

	Curren cy	Interest Rate	Carrying amount	Year of maturit y
Balance as at 1 January 2016 (audited)			1.525.830.626	
New issues				
Repayments, out of which:			(105.533.298)	
Societe Generale - ALSTOM BC	EUR	EURIBOR 6M + 0,450%	(2.404.776)	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR 6M + 0,450%/0,7%	(17.343.633)	2022
Societe Generale - AECL BC	CAD	CDOR 6M + 0,375%	(33.867.939)	2022
Societe Generale - NEXANS BC	EUR	EURIBOR 6M + 0,450%	(3.020.838)	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR+0,070%	(6.125.312)	2017
EURATOM	EUR	EURIBOR 6M + 0,08%	(42.770.800)	2022
Exchange rate differences			19.906.074	
Balance as at 30 June 2016 (reviewed)			1.440.203.402	

As at 30 June 2016 and 31 December 2015, the long term borrowings from credit institutions were as follows:

	30 June 2016 (reviewed)	31 December 2015 (audited)
Societe Generale - ALSTOM BC	4.819.681	7.235.117
Societe Generale - ANSALDO BC	208.561.845	226.116.915
Societe Generale - AECL BC	411.594.455	424.118.469
Societe Generale - NEXANS BC	6.054.398	9.088.628
Societe Generale - GENERAL ELECTRIC	17.998.023	24.501.247
EURATOM	791.175.000	834.770.250
Total long-term borrowings	1.440.203.402	1.525.830.626
Less: Current portion of long-term borrowings	(221.625.245)	(209.134.834)
Less: Balance of commitment and insurance fees (long term)	(33.175.540)	(37.089.738)
Total long-term borrowings net of the current portion	1.185.402.617	1.279.606.054

As at June 30, 2016, the financial indicators related to the loan granted by EURATOM were fulfilled.

As at 30 June 2016 and 31 December 2015, the short-term borrowings are as follows:

	30 June 2016 (reviewed)	31 December 2015 (audited)
Current portion of long-term borrowings	221.625.245	209.134.834
Interests related to the long-term borrowings	623.377	741.866
Commitment and insurance fees on short term	(7.828.396)	(7.828.396)
Total short-term borrowings	214.420.226	202.048.304

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12. TRADE AND OTHER RECEIVABLES

As at June 30, 2016 and December 31, 2015, trade and other receivables are as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Property, plant and equipment suppliers	33.037.582	14.618.981
Trade suppliers	118.555.425	118.293.915
Payables to employees	8.113.103	14.488.236
Payables to the State	39.698.717	22.770.187
Dividends	1.118.224	281.269
Other payables	29.188.777	26.829.218
Total	229.711.828	197.281.806

As at June 30, 2016, the main suppliers in balance are: General Electric Wilmington - Romania Branch – 32.645.478 RON (31 December 2015: 31.952.511 RON), BWXT Canada LTD – 15.837.769 RON (31 December 2015: 6.509.804 RON), Cameco Fuel Manufacturing- 15.187.847 RON (31 December 2015: 0 RON), ELCOMEX I.E.A SA – 12.792.147 RON (31 December 2015: 7.024.436 RON).

13. INCOME TAX

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

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Current tax expense	(19.902.229)	(7.611.875)	1.949.698	11.590.902
Deferred tax release	(1.843.490)	(1.764.524)	(4.279.954)	(4.124.311)
Total	(21.745.719)	(9.376.399)	(2.330.256)	7.466.591

The Company has paid for the first quarter an income tax higher than the one resulted for the entire six month period ended on 30 June 2016 due to the profit recognized for the first quarter. Thus, as at 30 June 2016, the income tax receivable is RON 19,902,229 (RON 8,611,875 as at 30 June 2015).

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

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Sales of electricity on regulated market	44.947.170	77.419.822	141.012.498	170.293.560
Sales of electricity on free market	232.200.209	273.782.645	581.576.394	620.141.824
Sales of thermal energy	180.462	292.105	1.166.634	1.345.454
Revenues from green certificates sales	4.164	5.183	8.795	11.854
Total	277.332.005	351.499.755	723.764.321	791.792.692

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(i) Quantity of sold energy

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Quantity of energy sold on regulated market (MWh)	276.296	488.043	866.471	1.073.470
Quantity of energy sold on free market (MWh)	1.733.552	1.898.378	3.945.943	4.106.388
Total	2.009.848	2.386.421	4.812.414	5.179.858

The company participates on the balancing market, being a responsible party with the balancing, according to the agreements concluded with the transport and system operator, Transelectrica SA. The quantity of sold energy presented does not include the quantity of energy corresponding to the income from positive unbalances valued on the Balancing Market, in amount of 13,292 MWh for the 6-month period ended on June 30, 2016 (25,132 MWh in the 6-month period ended on June 30, 2015).

The company produces thermal energy by operating the energy capacities related to the electric and thermal energy production units, consisting of two heat exchangers with a total thermal power of 40 Gcal/h and 46,51 MW. The company delivers thermal energy to the local thermal energy distribution company, SC Utilitati Publice SA Cernavoda, as well as of some end consumers from Cernavoda municipality – economic agents, social-cultural institutions. In the first quarter of 2016 the sales of thermal energy amounts to 1,166,634 RON (June 30, 2015: 1,345,454 RON).

According to the Electric power law no. 123/2012, the energy sector is regulated by the Regulatory Authority for Energy (ANRE), autonomous public institution. ANRE establishes the tariffs that are going to be used by the Company for selling electricity on the regulated market, as well as the related quantities.

15. OTHER OPERATING EXPENSES

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Third party services	16.357.781	11.656.051	28.047.615	43.284.209
Expenses with ANDR	22.106.797	20.338.913	46.534.510	44.576.865
Energy and water	15.897.641	17.362.843	35.579.930	37.041.115
Fuels, lubricants and other consumables	13.364.355	10.702.173	21.537.463	19.563.627
Insurance	3.428.518	2.285.807	6.972.223	5.647.669
Transport and telecommunication	1.629.041	1.539.772	3.128.713	2.824.559
Tax on special constructions	-	-	983.238	61.567.609
Tax on buildings	-	-	41.306.758	-
Other operating expenses	6.085.816	5.546.921	14.810.780	19.742.400
Total	78.869.949	69.432.480	198.901.230	234.248.053

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“Other operating expenses” consist mainly of other taxes, tax on land and provisions expenses.

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

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

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

Starting with the year 2016, the new Tax Code (Law 227/2015) does no longer except NPPs from the definition of a building. Thus, in 2015, under the Tax Code applicable at the time (Law 571/2003 with subsequent amendments) the Company owed a tax on special construction for the two nuclear power plants amounting to 1% of the buildings value recorded in the balance as at 31 December the previous year.

Starting with the year 2016, as the exception from the definition of a building is no longer applicable to a nuclear power plant, there is an obligation for the Company to pay the tax on non-residential buildings belonging to legal entities for the two nuclear power plants to the City Council in Cernavodă.

For 2016, the Cernavodă City Council established the tax rate for non-residential buildings owned by legal entities, such tax amounting to 0.5% of the taxable value.

The tax for special constructions owed by the Company for the 6-month period ended as at June 30, 2016 amounts to 983.238 RON (June 30, 2015: 61.567.609 RON). As at June 30, 2016 the tax on buildings amounts to 41.306.758 RON (June 30, 2015: 4.976.060 RON, value included under “Other operating expenses” as at June 30, 2015). According to IFRIC 21, the Company has integrally recognized this liability and the related expenses in the first quarter of 2016 and 2015 respectively.

16. FINANCIAL INCOMES AND EXPENSES

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Interest income	4.098.124	5.159.040	8.431.112	10.723.233
Foreign exchange gains	12.053.964	14.358.565	40.126.752	50.421.067
Dividend income	11.566	730.444	11.566	730.444
Total financial incomes	16.163.654	20.248.049	48.569.430	61.874.744
Foreign exchange losses	(36.077.456)	(27.901.950)	(54.350.552)	(56.228.782)
Interest expense	(3.870.821)	(5.104.325)	(7.703.828)	(10.349.310)
Total financial expenses	(39.948.277)	(33.006.275)	(62.054.380)	(66.578.092)
Net financial (expenses)	(23.784.623)	(12.758.226)	(13.484.950)	(4.703.348)

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In June 2016, Energonuclear has distributed dividends in amount of RON 11,566 related to the financial year 2015 (30 June 2015: RON 730,444), that the Company collected in July 2016.

17. TRANSACTIONS WITH RELATED PARTIES*i) Transactions with state – owned companies*

The Company operates in an economic environment dominated by companies owned or controlled by the Romanian State through its government authorities and agencies, generally called state-owned companies.

The Company had significant transactions with other companies owned or controlled by the state, including: electricity sales (OPCOM, Electrica Furnizare), purchases of electricity transmission and balancing services (CN Transelectrica SA) and purchases of uranium (Compania Nationala a Uraniului).

The significant transactions performed with the related parties of the Company in the six month period ended on 30 June 2016 and respectively 30 June 2015 as well as the balances as at 30 June 2016 and 31 December 2015 consist of the following:

	Sales for the 6-month period ended on		Receivables as at	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
OPCOM	195.887.363	121.402.604	161.678	317.104
Electrica Furnizare	147.763.226	4.067.952	4.691.385	19.681.915
Utilitati publice Cernavoda	981.435	1.128.338	242.463	586.806
Transelectrica	322.855	369.724	59.669	161.931
CNCAN	-	-	4.500.000	-
Total	344.954.879	126.968.668	9.655.194	28.572.820

	Purchases for the 6-month period ended on		Payables as at	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
ANDR	46.534.510	44.576.865	7.389.755	9.872.194
Apele Romane Bucuresti	27.557.565	28.478.301	9.300.756	12.255.673
Transelectrica	23.576.911	65.942.018	5.081.642	5.561.700
Administratia Bazinala de Apa Dobrogea-Litoral	4.912.887	5.291.919	1.187.250	3.095.244
CNCAN	4.500.000	4.500.000	-	-
Compania Nationala a Uraniului	3.846.499	47.861.697	2.631.723	2.258.854
OPCOM	307.723	6.307.154	53.056	103.976
Electrica Furnizare	82.966	64.603	10.766	10.378
ICSI Rm. Valcea	8.216	4.667.430	-	536.531
Total	111.327.276	207.689.987	25.654.948	33.694.550

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Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
(All amounts are in RON, unless stated otherwise.)

ii) *Compensation to senior management personnel*

The Company management is made of:

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

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

	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Short-term benefits	2.566.042	2.458.461
	2.566.042	2.458.461

18. EARNINGS PER SHARE

Asa at 30 June 2016 and 30 June 2015 the earnings per share were as follows:

(i) *Basic Earnings per Share*

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Net (loss)/profit for the period	(104.700.320)	(32.533.168)	(37.838.855)	2.902.168
Number of the ordinary shares at the beginning of the period	301.513.851	301.221.041	301.513.851	281.782.756
Number of ordinary shares issued during the period (refer to Note 10)	-	-	-	19.438.285
Weighted-average number of ordinary shares at the end of the period	301.513.851	301.221.041	301.513.851	294.741.613
Basic earnings per share (RON/share)	(0,35)	(0,11)	(0,13)	0,01

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

(ii) Diluted Earnings per Share

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Net (loss)/profit for the period	(104.700.320)	(32.533.168)	(37.838.855)	2.902.168
Number of the ordinary shares at the beginning of the period (a)	301.513.851	301.221.041	301.513.851	281.782.756
Number of ordinary shares issued during the period (refer to Note 9)	-	-	-	19.438.285
Weighted-average number of ordinary shares at the end of the period (a)	301.513.851	301.221.041	301.513.851	294.741.613
Number of shares corresponding to the prepaid share reserve (b) (refer to Note 10)	-	297.800	-	297.800
Weighted-average number of ordinary shares (diluted) on June 30, (a) + (b)	301.513.851	301.518.841	301.513.851	295.039.413
Diluted earnings per share (RON/share)	(0,35)	(0,11)	(0,13)	0,01

19. FINANCIAL RISK MANAGEMENT**a. Financial Risk Factors***Credit Risk*

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

Financial assets, which potentially subject this Company to credit risk, consist principally of trade receivables, cash and cash equivalents and bank deposits. The sale of electricity is performed to customers on the regulated market and respectively on the competitive market, based on the framework established by ANRE and the rules of OPCOM market. The carrying amount of accounts receivable, net of allowance, represents the maximum amount exposed to credit risk.

As at 30 June 2016, the Company has significant concentration of credit risk, considering that approximately 62% (June 30, 2015: 38%) of the trade receivables are from Electrica Furnizare SA, GEN-I d.o.o. and Enel Energie Muntenia SA (see the Note 8).

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

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Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
(All amounts are in RON, unless stated otherwise.)

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

	Carrying amount	
	30 June 2016	31 December 2015
Financial assets		
Net trade receivables	41.387.213	126.267.850
Cash and cash equivalents	176.324.600	257.376.819
Bank deposits	1.202.274.123	1.103.841.528
Other receivables	51.567.910	37.231.331
	1.471.553.846	1.524.717.528

The ageing of trade receivables at the reporting date is:

	Gross value 30 June 2016	Impairment 30 June 2016	Gross value 31 December 2015	Impairment 31 December 2015
Not past due	36.946.765	(992)	125.837.335	-
Past due 1 – 30 days	4.203.415	(247)	370.601	(439)
Past due 31 – 90 days	197.215	(218)	5.041	(384)
Past due 91 – 180 days	41.958	(683)	16.828	(397)
Past due 181 – 270 days	251	(251)	39.324	(723)
Past due 271 – 365 days	758	(758)	1.450	(785)
Past due more than one year	12.844.626	(12.844.626)	12.845.825	(12.845.825)
Total	54.234.988	(12.847.775)	139.116.404	(12.848.554)

The movement in the trade receivables allowance during the period was as follows:

	30 June 2016	31 December 2015
Balance as at 1 January	(12.848.554)	(14.132.449)
Reversal of allowance for impairment, net	779	1.283.895
Balance as at the end of period	(12.847.775)	(12.848.554)

The ageing of other receivables at reporting date is:

	Gross value 30 June 2016	Impairment 30 June 2016	Gross value 31 December 2015	Impairment 31 December 2015
Not pas due	23.651.673	-	35.807.848	-
Past due 1-30 days	5.772.237	-	900	-
Past due 31-90 days	22.013.948	-	112.081	(111.751)
Past due 91-180 days	-	-	243.029	(226.869)
Past due 181-270 days	111.751	(111.751)	40.000	(40.000)
Past due 271-365 days	-	-	-	-
Past due more than one year	3.679.173	(3.549.121)	4.688.345	(3.282.253)
Total	55.228.782	(3.660.872)	40.892.203	(3.660.872)

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Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
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b. Carrying amount versus fair value

The fair value is the amount on which the financial instrument may change during the ordinary transactions performed under objective conditions between interested parties and knowledgeable, other than those determined by the liquidation or forced sale. The fair values are obtained from the quoted market prices or the cash flow models, as appropriate. As at 30 June 2016 and 31 December 2015, the management considers that the fair values of the cash and cash equivalents, trade receivables and other receivables, trade payables, as well as other short term debts, approximate their carrying amount.

Given the sector where the company performs its activity, in conjunction with the specific character of the investments covered by the financing and guarantees structure which include a government guarantee, as well as due to the variable character of the interest rate, the Company's management considers that the fair value of the loans is approximately equal to the their carrying value. The carrying value of the loans is the amortized cost. Based on these considerations, the loans were classified as Level 2.

	Carrying amount	Fair value	Level
30 June 2016 (reviewed)			
Financial assets			
Net trade receivables	41.387.213	41.387.213	2
Cash and cash equivalents	176.324.600	176.324.600	2
Bank deposits	1.202.274.123	1.202.274.123	2
Other net receivables	51.567.910	51.567.910	2
	1.471.553.846	1.471.553.846	
	Carrying amount	Fair value	Level
31 December 2015 (audited)			
Financial assets			
Net trade receivables	126.267.850	126.267.850	2
Cash and cash equivalents	257.376.819	257.376.819	2
Bank deposits	1.103.841.528	1.103.841.528	2
Other net receivables	37.231.331	37.231.331	2
	1.524.717.528	1.524.717.528	
	Carrying amount	Fair value	Level
30 June 2016 (reviewed)			
Long-term financial liabilities			
Long-term financial borrowings	1.185.402.617	1.185.402.617	2
	1.185.402.617	1.185.402.617	
Short-term financial liabilities			
Trade Payables, including Suppliers of PP&E	151.593.007	151.593.007	2
Borrowings, short-term portion of the long-term borrowings	214.420.226	214.420.226	2
Employee benefits and other payables	78.118.821	78.118.821	2
	444.132.054	444.132.054	

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	Carrying amount	Fair value	Level
31 December 2015 (audited)			
Long-term financial liabilities			
Long-term financial borrowings	1.279.606.054	1.279.606.054	2
	1.279.606.054	1.279.606.054	
Short-term financial liabilities			
Trade Payables, including Suppliers of PP&E	132.912.896	132.912.896	2
Borrowings, short-term portion of the long-term borrowings	202.048.304	202.048.304	2
Employee benefits and other payables	64.368.910	64.368.910	2
	399.330.110	399.330.110	

20. CONTINGENCIES AND COMMITMENTS**(i) Legal Proceedings**

During the six month period ended 30 June 2016, the Company was involved in a number of litigations arising in normal course of activity. The management of the Company regularly analyzes the ongoing litigations and, after consulting with its legal representatives and external lawyers, decides whether or not to create a provision or to disclose any litigation in the financial statements.

Taxes and duties. Income tax for non-residents

At the request of the Court of Auditors, the Company underwent a partial tax inspection on income tax for non-residents for the period 2012-2014. The tax audit was conducted by the National Agency for Fiscal Administration, the General Directorate for Large Taxpayers Administration (ANAF-DGAMC). Following the completion of the tax audit the fiscal inspection report no. F-MC 287/08.10.2015 was prepared and the tax decision no. F-MC 2261/08.10.2015 was issued. By the decision imposing tax payment, additional payment obligations were established in the total amount of RON 7,961,458, of which RON 5,797,714 additional tax relating to non-residents income, RON 1,450,145 delay penalties and RON 713,599 penalties for late payment. These amounts were paid in October, 2015.

The Company filed appeal against the tax audit report and the taxation imposing decision on 08.11.2015. On 08.02.2016, the competent body for settling appeals, namely the General Directorate for appeals settling within ANAF communicated to the Company the Decision no. 25/29.01.2016 ordering the appeal to be settled until the final settlement of the Company's action against the Court of Auditors subject to File no. 4970/2/2015 of the Court of Appeal. Against this decision to suspend the appeal settlement the Company filed legal action at the Court of Appeal of Bucharest (case no. 1367/2/2016), considering that the reasons for the suspension of appeal settlement are unfounded. The trial date given by the Court of Appeal in question is 14.09.2016.

The Company filed an appeal to the Court of Auditors against the report and conclusion of the Court of Auditors regarding the measures ordered in relation to income tax for non-residents. The appeal was rejected. Further, the Company submitted to the Court of Appeals of Bucharest, two actions against the Audit Report No. 4371/10.04.2005, Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015 issued by the Court of Auditors,

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one action aimed at suspending the implementation of the measures imposed on the income of non-residents (file no. 4970/2/2015) and the other aimed at the cancellation of these measures (file no. 4958/2/2015). On 07.10.2015 the suspension action in case no. 4970/2/2015 was admitted. In case no. 4958/2/2015, the Court allowed the appeal by the Company and cancelled the measure on the income of non-residents in the meeting that took place on March, 10 2016. Both solutions were appealed at the Court of Auditors and the files are currently at the High Court of Cassation and Justice, in filter proceeding.

Also, the Company filed for annulment of the additional payment obligations under EGO no.44/2015, application that was filed to the tax authorities on 18.12.2015. On 06.07.2016 a decision was issued to cancel the delay penalties, 54.2% of interest and a 77.1% share of the late penalties related to the main payment obligations outstanding on September 30, 2015, amounting a total of 1,592,910 RON.

Thus, the Company contests the fiscal approach applied to some services performed by non-residents during 2012-2014, which were deemed royalties due to an alleged transfer of know-how by public external auditors or by tax inspectors; this fiscal approach led to the establishment of additional payment obligations following the tax audit above-mentioned. The Company will use all legal remedies to contest the payment obligations.

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

(ii) Commitments

As at 30 June 2016, the Company is committed to incur capital and operational expenditure of approximately RON 811 million.

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

On July 18, 2016 the Extraordinary General Meeting of Shareholders approved the continuation of the negotiations on the Investment Documents under the same conditions as provided by the MoU for the development, construction, operation and decommissioning of Cernavoda NPP Units 3 and 4 for a period of 4 months, starting with May 9th 2016, with the application of all the MoU provisions, including the possibility of each party to cease the MoU without any compensations by means of a simple written notification to the other Party, in case an agreement regarding the Investment Documents is not reached and to the extent to which the delay was not caused by the respective Party.

Date: August 10, 2016

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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REVIEW REPORT

TO THE MEMBERS OF
S.N. NUCLEARELECTRICA S.A. (free translation)¹

[1] We have performed a review on the statutory individual interim financial statements of **S.N. NUCLEARELECTRICA S.A.** (the "Company"), which comprise individual interim statement of financial position as at 30 June 2016, together with individual interim statement of comprehensive income, individual interim statement of changes in equity, individual interim cash flow statement for the six months period ended as of this date, a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the statutory individual interim financial statements

[2] The Company's management is responsible for the preparation of individual interim financial statements in accordance with Ministry of Public Finances Order no. 1286/2012 "for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, applicable to commercial entities whose securities are admitted to trading on a regulated market" and related regulations, and for such an internal control level as the management determines it is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

[3] Our responsibility is to express a conclusion on this individual interim financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements adopted by Romanian Chamber of Financial Auditors (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Scope of review

[4] A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the audit report is provided as a free translation from Romanian, which is the official and binding version.

Associated offices

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Romania: Bucharest T: +40 21 3156100, Bulgaria: Sofia T: +359 2 9580980, Moldova: Chisinau
Registered in Romania (RN: J40/5434/2003). List of directors can be found at the Company's Registered Office.

Basis for qualified conclusion

- [5] As stated also in the Note 4 to the individual interim financial statements, as at 30 June 2016 the Company has recorded tangible assets in progress with the book value of RON 273.960.000 (RON 273.960.000 as at 31 December 2015), comprising capitalized items for the units 3 and 4 of Cernavoda nuclear power station. Before 1991, nuclear unit stations 1, 2, 3, 4 and 5 were considered a single project and therefore, the realized constructions costs were not allocated at the level of each unit. Subsequently, The Company has done the allocation of the construction costs for the units 3 and 4 of the nuclear power station. We could not obtain sufficient and relevant evidence in relation with the accuracy of this split, which has effect on the valuation of these assets. These limitations have impact as well on the deferred tax liability in amount of RON 43.524.186 (RON 43.524.186 as at 31 December 2015), allocated for the units 3 and 4 as at 30 June 2016. Consequently, we were not able to determine if adjustments are needed on the fixed assets, deferred tax liability, retained earnings as at 30 June 2016, and therefore on the depreciation and amortization, profit tax and net profit for the year ended at the same date.

Conclusion

- [6] We conclude that, based on our review, except for the matter described in paragraph [5] nothing has come to our attention that causes us to believe that the interim individual financial position of S.N. NUCLEARELECTRICA S.A. as at 30 June 2016 and its interim individual financial performance and its individual interim cash flows for six months period then ended, is not prepared in all material respects, in accordance with the Ministry of Public Finances Order no. 1286/2012 “for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, applicable to commercial entities whose securities are admitted to trading on a regulated market” and related regulations.

Emphasis of matters

- [7] Without further qualifying our conclusion, we draw attention to the Note 6 of the individual interim financial statements, which describes the fact that there is an uncertainty with regards to the going concern of the subsidiary Energonuclear S.A. The total estimated recoverable amount of the investment in Units 3 and 4 of Cernavoda, including also all capitalized individual elements of the Company, was determined by the management based on certain assumptions, professional judgments, expectations of future events, which are believed to be reasonable under the circumstances, and other factors. The estimated recoverable amount will be, by definition, equal to the related actual results. At the date of the issue of these individual interim financial statements the estimated recoverable value of the aforesaid investment exceeded its carrying value under the assumption that the current negotiations between the management of the Company and the selected investor will be successfully concluded. In the event that any of the assumptions, professional judgments, expectations of future events and other factors do not materialize, this may cause a material adjustment to the carrying amounts of the individual Company’s assets, liabilities and results within the current or next financial year, the impact of which cannot be reasonably estimated as of the date of the issue of these individual interim financial statements.

Other Matter

[8] This review report, including the conclusion, has been prepared and is intended solely for the information and use of the Company's shareholders. To the fullest extent permitted by the law, our review work has been undertaken so that we report those matters that are required to be reported in a financial auditor Review Report and for no other purposes. By issuing this report, we do not accept or assume responsibility for its use for any other purposes or towards any other person to whose knowledge this report may come to.

Refer to the original signed Romanian Version
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SEFERIS CHRISTODOULOS
CAFR member (authorization no.1585/27.08.2004)



On behalf of
BAKER TILLY KLITOU AND PARTNERS S.R.L
Company member of CFAR (authorization no. 384/26.05.2003)

Bucharest, 10 August 2016



SN Nuclearelectrica SA

**Condensed Consolidated Interim Financial Statements as at and for the six months
period ended
30 June 2016**

Prepared in accordance with
**International Accounting Standard 34 – “Interim Financial Reporting” adopted by
the European Union**

SN Nuclearelectrica SA

Condensed Consolidated Statement of Financial Position as at 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Note	30 June 2016 (reviewed)	31 December 2015 (audited)
Assets			
Non-current assests			
Property, plant and equipment	4	7.431.562.787	7.615.323.640
Intangible assets	5	87.485.140	80.006.400
Total non-current assets		7.519.047.927	7.695.330.040
Current assets			
Inventories	6	320.739.979	323.222.357
Income tax receivable	12	19.902.229	1.173.730
Trade and other receivables	7	92.966.909	163.579.415
Prepayments		14.071.684	12.073.377
Bank deposits	8	1.202.274.123	1.103.841.528
Cash and cash equivalents	8	177.771.174	259.943.096
Total current assets		1.827.726.098	1.863.833.503
Total assets		9.346.774.025	9.559.163.543
Equity and liabilities			
Equity			
Share capital	9	3.210.641.253	3.210.641.253
Share premium	9	31.474.149	31.474.149
Prepaid share reserve	9	21.553.537	21.553.537
Revaluation reserve	9	1.773.743.734	1.773.743.734
Retained earnings	9	2.319.589.392	2.457.912.749
Equity attributable to owners of the Company		7.357.002.065	7.495.325.422
Non-controlling interest		-	-
Total equity		7.357.002.065	7.495.325.422
Liabilities			
Non-current liabilities			
Long term borrowings	10	1.185.402.617	1.279.606.054
Deferred income		150.618.947	157.791.277
Deferred tax liability	12	169.216.064	173.496.018
Employee benefits		32.666.545	31.796.021
Total non-current liabilities		1.537.904.173	1.642.689.370
Current liabilities			
Accounts payable and other liabilities	11	229.846.329	197.428.572
Deferred income		7.601.232	21.671.875
Current portion of long term borrowings	10	214.420.226	202.048.304
Total current liabilities		451.867.787	421.148.751
Total liabilities		1.989.771.960	2.063.838.121
Total equity and liabilities		9.346.774.025	9.559.163.543

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SN Nuclearelectrica SA

Condensed Consolidated Income Statement for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Note	6 months period ended 30 June 2016 (reviewed)	6 months period ended 30 June 2015 (reviewed)
Revenues			
Sales of electricity	13	723.764.321	791.792.692
Electricity transmission revenues		19.406.569	52.656.530
Total revenues		743.170.890	844.449.222
Other income		(929.755)	13.958.719
Operating expenses			
Depreciation and amortisation		(238.404.790)	(233.841.384)
Personnel expenses		(142.679.436)	(140.021.570)
Cost of traded electricity		(5.223.213)	(19.224.269)
Repairs and maintenance		(81.000.460)	(80.206.840)
Electricity transmission expenses		(19.406.569)	(52.656.530)
Costs with spare parts		(16.806.094)	(13.913.715)
Cost of uranium fuel		(66.905.694)	(69.826.644)
Other operating expenses	14	(198.901.241)	(234.248.811)
Total operating expenses		(769.327.497)	(843.939.763)
Operating (Loss)/ Profit		(27.086.362)	14.468.178
Finance costs		(62.056.297)	(66.616.953)
Finance income		48.561.362	61.200.531
Net finance (Expense)	15	(13.494.935)	(5.416.422)
(Loss)/ Profit before income tax		(40.581.297)	9.051.756
Income tax expense, net	12	2.329.970	(7.472.847)
(Loss)/ Profit for the period		(38.251.327)	1.578.909
Profit for the period attributable to :			
Owners of the Company		(38.251.327)	1.578.909
Non-controlling interests		-	-
(Loss)/ Profit for the period		(38.251.327)	1.578.909

The condensed consolidated interim financial statements on pages 1 to 29 were authorized for issue by the management on August 10, 2016 and were signed on its behalf by:

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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SN Nuclearelectrica SA

Condensed Consolidated Statement of Comprehensive Income for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Note	6 months period ended 30 June 2016 (reviewed)	6 months period ended 30 June 2015 (reviewed)
(Loss)/ Profit for the period		(38.251.327)	1.578.909
Other elements of the comprehensive income			
Elements that will never be classified in the profit and loss account			
Actuarial (loss) for the determined benefit plans		(572.459)	-
Other elements of the comprehensive income		(572.459)	-
Total comprehensive income		(38.823.786)	1.578.909
Attributable to:			
Owners of the Company		(38.823.786)	1.578.909
Non-controlling interests		-	-
Total comprehensive income for the period		(38.823.786)	1.578.909
Earnings per share			
Basic earnings per share (RON/share)	18	(0,13)	0,01
Diluted earnings per share (RON/share)	18	(0,13)	0,01

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SN Nuclearelectrica SA

Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2016 (audited)		3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.457.912.749	7.495.325.422	-	7.495.325.422
Comprehensive income for the period									
<i>Profit for the period</i>		-	-	-	-	(38.251.327)	(38.251.327)	-	(38.251.327)
<i>Other comprehensive income</i>						(572.459)	(572.459)		(572.459)
Total comprehensive income for the period		-	-	-	-	(38.823.786)	(38.823.786)	-	(38.823.786)
Dividends declared	9	-	-	-	-	(99.499.571)	(99.499.571)	-	(99.499.571)
Balance as at 30 June 2016 (reviewed)		3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.319.589.392	7.357.002.065	-	7.357.002.065

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SN Nuclearelectrica SA

Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained Earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2015 (audited)		3.013.330.303	31.474.149	217.820.977	1.770.574.705	2.458.402.361	7.491.602.495	-	7.491.602.495
Comprehensive income for the period									
<i>Profit for the period</i>		-	-	-	-	1.578.909	1.578.909	-	1.578.909
<i>Other comprehensive income</i>		-	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	1.578.909	1.578.909	-	1.578.909
Equity issue	9	194.382.850	-	(194.376.700)	-	-	6.150	-	6.150
Pre-paid reserve increase	9	-	-	1.087.260	-	-	1.087.260	-	1.087.260
Other elements		-	-	-	-	(23.312)	(23.312)	-	(23.312)
Dividends declared	9	-	-	-	-	(90.366.312)	(90.366.312)	-	(90.366.312)
Balance as at 30 June 2015 (reviewed)		3.207.713.153	31.474.149	24.531.537	1.770.574.705	2.369.591.646	7.403.885.190	-	7.403.885.190

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SN Nuclearelectrica SA

Condensed Consolidated Statement of Cash Flows for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	6 months period ended 30 June 2016 (reviewed)	6 months period ended 30 June 2015 (reviewed)
Cash flows from operating activities		
(Loss)/ Profit before income tax	(40.581.297)	9.051.756
Adjustments for :		
Depreciation and amortization	238.404.790	233.841.384
Impairment (gain) on trade and other receivables	(779)	(1.350.489)
Impairment (gain) on stock value	(1.175.685)	-
(Gain)/Loss from provision	(1.811.568)	3.108.821
(Gain)/Loss from assets sold	(39.923)	31.330
Net finance expense	13.729.677	4.110.910
Changes in :		
Decrease in trade and other receivables	71.223.459	89.862.972
Decrease/ (Increase) in inventories	3.844.184	(9.480.440)
(Decrease) in deferred income	(21.242.973)	(10.783.512)
(Increase)/ Decrease in prepayments	(1.998.307)	5.867.870
Increase in accounts payable and other liabilities	25.285.326	6.760.811
Cash generated from operating activities	285.636.904	331.021.413
Income tax paid	(20.678.483)	(24.709.947)
Interest received	7.822.052	10.493.856
Interest paid	(3.908.118)	(7.046.175)
Net cash from operating activities	268.872.355	309.759.147
Cash flows from investing activities		
Purchase of intangible assets	(4.718.626)	(3.996.895)
Purchase of property, plant, equipment	(43.742.607)	(75.569.934)
Proceeds from the sale of property, plant and equipment	42.266	158.434
(Increase) in bank deposits	(98.432.595)	(522.672.891)
Net cash (used)/from investing activities	(146.851.562)	(602.081.286)
Cash flow used in financing activities		
Repayments of long term borrowings	(105.533.298)	(105.667.973)
Dividends paid	(98.659.417)	(88.046.466)
Shares issue	-	6.150
Net cash used in financing activities	(204.192.715)	(193.708.289)
Net (decrease) in cash and cash equivalents	(82.171.922)	(486.030.428)
Cash and cash equivalents as at 1 January (see Note 8)	259.943.096	1.158.859.684
Cash and cash equivalents as at 30 June (see Note 8)	177.771.174	672.829.256

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SN Nuclearelectrica SA

Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

1. REPORTING ENTITY

Societatea Nationala Nuclearelectrica SA (“the Company”) is a company established in Romania. The Company’s head office is located in Bucharest, 65 Polona Street.

The condensed consolidated interim financial statements of the Company as at and for the six months period ended 30 June 2016 comprise the financial statements of the Company and its subsidiary, Energonuclear SA, (named together, “the Group”). As at 30 June 2016 and December 2015, the Company owns 100% of Energonuclear SA. The main operating location is in Cernavoda, in the eastern part of Romania, where the Company has two operating nuclear reactors (Nuclear Power Plant Unit 1 and Unit 2) and two nuclear reactors at inception stage (Nuclear Power Plant Units 3-4) and a nuclear reactor (Nuclear Power Plant Unit 5) for which the Shareholders have approved the change of destination. The construction of Units 3 and 4 was planned to be finalized by Energonuclear; currently, there is a new strategy for the Nuclear Power Plant Units 3 and 4 project continuation approved by the Extraordinary General Meeting of Shareholders on 22 August 2014 (for more information see Note 16). The two nuclear reactors are based on CANDU technology (Canada Deuterium Uranium reactor of PHWR type).

Unit 5 is impaired 100% as there are no plans to continue the construction. In March 2014, the shareholders of the Company have approved the use of Unit 5 for activities related to the operation of Units 1 and 2.

The main activity of the Company is the generation of electricity by operating Units 1 and 2. Energonuclear S.A. was established in March 2009, for the purpose of constructing and operating the two CANDU 6 reactors at Cernavoda, with an installed capacity of 720 MW each (Units 3 and 4).

In accordance with the Electricity Law no. 123/2012, the electricity sector is regulated by the Regulatory Authority for Energy (“ANRE”), an autonomous public institution. ANRE establishes through annual decisions the tariffs to be used by the Company for selling electricity on regulated market. During the six months period ended 30 June 2016, the Company sold approximately 18% of electricity on regulated market (21% in the six months period ended 30 June 2015). The total quantity of electricity sold during the six months period ended 30 June 2016 is 4.812.414 MWh, compared to 5.179.858 MWh, sold during the six months period ended 30 June 2015. The average price for electricity sales on the regulated market during the six months period ended 30 June 2016 is 162,7 RON/MWh as compared with 158,6 RON/MWh during the six months period ended 30 June 2015, net of the tariff for transmission service paid to Transelectrica for using the electricity transmission network.

Starting with 4 November 2013, the Company's shares are traded on the Bucharest Stock Exchange, under the symbol SNN.

As described in Note 9, as at 30 June 2016 the shareholders of the Company are: the Romanian State through the Ministry of Energy owning 248.736.619 shares, representing 82,4959% of the share capital, Fondul Proprietatea SA which holds 27.408.381 shares, representing 9,0903% of the share capital and other shareholders which hold together 25,368,851 shares, representing 8,4138% of the share capital.

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2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). However, selected explanatory notes are included to explain events and transactions that are significant for understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

These condensed consolidated interim financial statements were authorized for issue on August 10, 2016.

b) Use of estimates and judgements

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 are included in Note 16 (continuance of the Energonuclear activity).

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2015 except for those presented hereinafter.

Stocks

Based on the standard IAS 2 “Inventories” the cost of inventories, in case of inventory output, must be determined by the method first in, first out (FIFO) or the method of weighted average cost (WAC). Until 31 December 2015 inclusive, the group used the FIFO method.

Following the inventory analysis performed by the company’s management, it resulted that the use of the WAC method would generate more reliable results within the annual financial statements, for their users. In this context, starting 1 January 2016, the accounting policy to determine cost in case of inventory outputs was changed from FIFO to WAC.

According to the requirements for the change of the accounting policies stipulated by IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the management considers that the WAC method leads to more

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SN Nuclearelectrica SA

Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

relevant and more reliable financial statements for the users needs for taking economic decisions, as it turns out from the analysis of the two methods below:

- The FIFO methods implies that the outputs of inventory are valued at the acquisition or production cost of the first entry. In case of high ageing of inventories and under the conditions of increasing prices, this method does not produce the most reliable results to be reflected in the situation of the comprehensive income;
- The WAC method implies the calculation of the cost of each element based on the weighted average of similar cost elements in stock at the beginning of the period and of those bought during the period.

The Group cannot retrospectively apply the amendment of this accounting policy, according to the IAS 8 requirements, due to the fact that the effects of the retrospective application cannot be determined, as the cumulative impact on all previous periods cannot be calculated. Therefore, the Group applies the new policy prospectively, starting January 1st, 2016.

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Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

4. PROPERTY, PLANT, AND EQUIPMENT

	Land	Nuclear power plants	Machinery, equipment and other assets	Fixed Assets in progress	TOTAL
Cost					
Balance as at 1 January 2015	28.689.128	6.072.194.991	1.744.966.641	1.124.092.132	8.969.942.892
Additions	1.006.071	-	14.087.194	125.931.414	141.024.679
Revaluation of buildings/lands/ special construction	4.357.831	4.417.451	(5.002.628)	-	3.772.654
Offsetting of accumulated depreciation upon revaluation	-	(673.807.685)	(64.438.939)	-	(738.246.625)
Transfers	-	12.772.406	140.213.936	(152.986.343)	-
Inventories transfers	-	-	-	14.189.594	14.189.594
Spare parts transfer	-	-	879.654	(879.654)	-
Disposals	-	-	(2.050.146)	(61.643)	(2.111.789)
Balance as at 31 December 2015	34.053.030	5.415.577.163	1.828.655.712	1.110.285.500	8.388.571.407
Balance as at 1 January 2016	34.053.030	5.415.577.163	1.828.655.712	1.110.285.501	8.388.571.407
Additions	-	-	2.462.310	55.130.203	57.592.514
Transfers	-	95.279.830	15.583.691	(110.863.520)	-
Transfer in intangibles	-	-	-	(13.717.629)	(13.717.629)
Transfer of spare parts	-	-	-	(187.321)	(187.321)
Disposals	-	-	(733.157)	-	(733.157)
Balance as at 30 June 2016	34.053.030	5.510.856.993	1.845.968.556	1.040.647.234	8.431.525.814
Depreciation and impairment adjustments					
Balance as at 1 January 2015	233.272	334.518.634	568.272.353	139.384.518	1.042.408.777
Depreciation expenses	77.757	339.289.050	108.129.274	-	447.496.081
Reevaluation of buildings/lands/ special constructions	2.490.087	29.408.719	(16.607.332)	-	15.291.475
Accumulated depreciation of disposals	-	-	(1.838.455)	-	(1.838.455)
Adjustments for impairment	-	-	(13.106)	8.149.618	8.136.511
Compensation of cumulated depreciation at revaluation	-	(673.807.684)	(64.438.939)	-	(738.246.623)
Balance as at 30 June 2016	2.801.116	29.408.719	593.503.795	147.534.136	773.247.765
Balance as at 1 January 2016	2.801.116	29.408.719	593.503.795	147.534.136	773.247.765
Depreciation expenses	38.878	170.709.285	56.815.730	-	227.563.893
Accumulated depreciation of disposals	-	-	(732.014)	-	(732.014)
Adjustments for impairment	-	-	-	(116.618)	(116.618)
Balance as at 30 June 2016	2.839.994	200.118.004	649.587.511	147.417.518	999.963.027
Carrying amounts					
Balance as at 1 January 2015	28.455.856	5.737.676.357	1.176.694.288	984.707.614	7.927.534.115
Balance as at 31 December 2015	31.251.914	5.386.168.444	1.235.151.917	962.751.365	7.615.323.641
Balance as at 30 June 2016	31.213.036	5.310.738.989	1.196.381.046	893.229.716	7.431.562.787

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Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

The machinery, equipment and other assets contain, mainly, the first load of heavy water used for units 1 and 2, with a net book value as at 30 June 2016 of 393.859.629RON (31 December 2015 :404.188.599 RON) and administrative buildings with a net book value as at 30 June 2016 of 324.605.979 RON (31 December 2015: 332.439.518 RON).

According to the current accounting policies applied by the Company, the lands, the buildings and constructions are recognized at their fair value. These assets were revaluated on 31 December 2015 by an independent valuator, East Bridge SRL, member of the National Association of the Romanian Authorized Valuators (ANEVAR).

The results of the reevaluation were registered by using the net method and they reflect a decrease of the net book value of assets (lands, buildings and constructions) in amount of 11.518.821 RON.

As at 31 December 2015, Depreciation and amortization include 15.291.475 RON representing expenses resulted from reducing the net book value of the revaluated assets, as well as 8.136.511 RON representing provision for adjustments for the depreciation of fixed assets proposed for cassation following the annual inventory.

As at 30 June 2016, the carrying amount of Units 3 and 4, recognized as "Fixed assets in progress", is of RON 273,960,000 (31 December 2015: RON 273,960,000). Prior to 1991, the units 1, 2, 3, 4 and 5 were considered as a single project and therefore construction costs incurred were not allocated individually to each unit. Subsequently, the Group made the allocation of the construction costs to Nuclear Power Plant Units 3 and 4.

The carrying amount of the heavy water related to units 3 and 4 is of 158.470.146 RON (December 31, 2015: 158,470,146 RON), representing approximately 75 tones. These elements are presented within the group „Assets under construction”.

The main investments made by the Group during the six months period ended 30 June 2016 for the projects under construction related to Units 1 and 2 includes:

- Improvement of thermal performance of the U1-Magnetita steam generators in amount of 24.999.446 RON (2015:6.890.479 RON);
- Replacing the Generrex U1 excitation system in amount of 20.747.092 RON (2015: 65.317.657 RON);
- Upstream filtering system in the water rooms U1, U2 in amount of 3.930.922 RON (2015: 435.555 RON);
- Improving the live steam system in amount of 3.486.372 RON (2015: 0 RON);
- Construction of loading and storage facilities for the nuclear fuel used (DICA) in amount of 1.831.939 RON (2015: 6.508.356 RON).

The main investment put in function during the six months period ended 30 June 2016 refers mainly to: installing the Generrex U1 excitation system in amount of 93.156.736 RON, refurbishment of the water treating station in the amount of 4.237.387 RON, data acquisition and processing Smart Candu Tool in the amount of 3.369.391 RON and installing the monitoring system for on line liquid effluents and unitary integration with the current system in the amount of 1.467.688 RON.

As at 30 June 2016, the carrying amount of fixed assets in progress which refers to units 3 and 4 is 646.434.685 RON (31 December 2015: 652.998.148 RON), including investments made by Energonuclear (see Note 16). As at 30 June 2016, the remaining difference up to 893.229.716 RON (31 December 2015: 962.751.365RON) represents fixed assets in progress related to units 1 and 2, such as: D2O detritiation installation in the amount of 63.230.074 RON, improvement of thermal performances of the U1-Magnetita steam generators in the amount of 31.826.925 RON, construction of storage and loading

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facilities for the used nuclear fuel (DICA) in the amount of 22.144.550 RON, refurbishment of power evacuation transformers in the amount of 10.539.706 RON.

As at 30 June 2016, the Group acquired fixed assets on credit from suppliers in amount of 33.059.181 RON (31 December 2015: 14.625.875 RON).

Decommissioning of nuclear power plants

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Group did not record provisions for decommissioning of these two units, as it is not responsible for the decommissioning. According to Government decision no. 1080/5 September 2007, the Nuclear Agency and for Radioactive Waste ("ANDR") is responsible for collecting the contributions paid by the Group for the remaining useful life of these units and assumes the responsibility for the management of the entire decommissioning process at the end of the useful lives of the units, and also for the permanent storage of the resulting waste (see Note 14). The Group's expense regarding the contributions to ANDR for the six months period ended 30 June 2016 amounts to 46.534.510 RON (6 month period ended 30 June 2015: 44.576.865 RON).

Assets pledged as security

As at 30 June 2015, respectively 31 December 2015 the Group has no pledged or mortgaged assets.

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5. INTANGIBLE ASSETS

	Licences and software	Software and other intangible assets for the Power plant	TOTAL
Cost			
Balance as at 1 January 2015	57.869.034	167.513.654	225.382.688
Additions	2.320.593	5.945.053	8.265.646
Transfers	50.000	(50.000)	-
Disposals	(30.874)	(31.505)	(62.379)
Balance as at 31 December 2015	60.208.753	173.377.202	233.585.955
Balance as at 1 January 2016	60.208.753	173.377.202	233.585.955
Additions	837.995	3.880.631	4.718.626
Transfers from property, plant and equipment	-	13.717.629	13.717.629
Balance as at 30 June 2016	61.046.748	190.975.462	252.022.210
Accumulated amortization			
Balance as at 1 January 2015	54.807.900	75.995.507	130.803.406
Amortisation expense	4.756.730	18.081.359	22.838.089
Amortisation related to disposals	(30.874)	(31.067)	(61.941)
Balance as at 31 December 2015	59.533.756	94.045.799	153.579.555
Balance as at 1 January 2016	59.533.756	94.045.799	153.579.555
Amortisation expense	1.014.756	9.942.760	10.957.516
Balance at 30 June 2016	60.548.512	103.988.559	164.537.071
Carrying amounts			
Balance as at 1 January 2015	3.061.134	91.518.147	94.579.281
Balance as at 31 December 2015	674.997	79.331.403	80.006.400
Balance as at 30 June 2016	498.237	86.986.903	87.485.140

On 30 June 2016, the net carrying amount of intangible assets representing software and other intangible assets for the nuclear plant includes intangible assets in progress in the amount of 23.865.149 RON representing software systems for integrated management (31 December 2015: 26.262.901 RON).

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*(All amounts are in RON, unless stated otherwise)***6. INVENTORIES**

As at 30 June 2016 and 31 December 2015 inventories are as follows:

	30 iunie 2016 (reviewed)	31 decembrie 2015 (audited)
Spare parts	139.400.425	140.662.839
Consumables, materials and supplies	57.614.910	46.920.353
Nuclear fuel	105.601.746	98.500.893
Uranium	15.035.423	28.328.866
Other inventories	3.087.475	8.809.406
TOTAL	320.739.979	323.222.357

7. TRADE AND OTHER RECEIVABLES

As at 30 June 2016 and 31 December 2015 the trade and other receivables are as follows:

	30 June 2016 (reviewed)	31 December 2015 (audited)
Trade receivables	54.233.903	139.114.866
Trade receivables allowance	(12.847.775)	(12.848.554)
Other receivables	14.643.889	16.114.234
Other receivables allowance	(3.660.872)	(3.660.872)
Taxes and duties	40.597.764	24.859.741
Total	92.966.909	163.579.415

As at 30 June 2016, the significant trade receivables in balance are from: GEN-I d.o.o. – 15.998.904 RON (31 December 2015: 20.933.593 RON), Enel Energie Muntenia SA – 5.074.665 RON (31 December 2015: 14.796.226 RON), Electrica Furnizare SA – 4.691.385 RON (31 December 2015: 7.710.109 RON), Enel Energie SA – 4.175.763 RON (31 December 2015: 9.198.295 RON).

The sales made during the six month period ended at 30 June 2016 to Electrica Furnizare SA represented approximately 21% (15%: 30 June 2015), to GEN-I d.o.o. 16% (16%: 30 June 2015) and to Enel Energie Muntenia SA 15% (7%: 30 June 2015) of the total electricity sales of the Group.

The Group's exposure to credit risk and allowance for impairment of trade and other receivables are disclosed in Note 19.

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*(All amounts are in RON, unless stated otherwise)***8. CASH AND CASH EQUIVALENTS**

As at 30 June 2016 and 31 December 2015, the cash and cash equivalents are as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Cash at bank in RON	176.558.022	257.891.064
Cash at bank in foreign currency	1.213.152	2.052.032
Total cash and cash equivalents	177.771.174	259.943.096

As at 30 June 2016 and 31 December 2015, bank deposits are as follows:

Deposit	30 June 2016	31 December 2015
Currency	(reviewed)	(audited)
RON	1.141.140.510	1.101.767.678
CAD	35.000.965	-
USD	26.132.647	2.073.850
Total	1.202.274.123	1.103.841.528

As at 30 June 2016 the caption "Bank Deposit" includes an amount of 22.048.963 RON (31 December 2015: 20.092.045 RON) related to the bank guarantee letters issued by various banks at the request of the Company on behalf of third parties for which guarantee in cash was submitted, with a maturity up to one year; these letter of guarantee are related to the electricity sales of the Company.

9. EQUITY*Share Capital*

The Company was established through separation from the former RENEL. The share capital represents State's contribution at the formation of the Company on 30 June 1998 (restated for inflation up to 31 December 2003) plus subsequent contributions.

As at 30 June 2016 and 31 December 2015, the share capital includes the effects of the withdrawals 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:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Statutory share capital (nominal value)	3.015.138.510	3.015.138.510
Restatement difference in accordance with IAS 29	195.502.743	195.502.743
Share Capital (restated amount)	3.210.641.253	3.210.641.253

As at 30 June 2016 and 31 December 2015, the amount of statutory capital fully subscribed and paid is 3.015.138.510 RON, consisting of 301.513.851 ordinary shares, each with a nominal value of RON 10.

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

The shareholders' structure as at 30 June 2016 and 31 December 2015 was as follows:

Shareholders	Number of shares	% of the share capital
The Romanian State	248.736.619	82,4959%
Fondul Proprietatea SA	27.408.381	9,0903%
Other shareholders, individuals and legal entities	25.368.851	8,4138%
TOTAL	301.513.851	100%

Share premium

In November 2013, the Company issued 28,100,395 shares on the Bucharest Stock Exchange through an initial public offering and through the right of preference exercised by the shareholder Fondul Proprietatea S.A. The amount collected of RON 312,478,099 was made of share capital increase of RON 281,003,950 and a share premium of RON 31,474,149.

Prepaid Share Reserve

The prepaid share reserve is in amount of 21.553.537 RON as at 30 June 2016 and 31 December 2015 represents public utility facilities from Cernavoda NPP (5.439.321 RON as at 30 June 2016 and 31 December 2015), budget allocations related to the period 2007-2011 for construction of the Training and Recreation Centre for Youth and Children in Cernavoda (16.114.216 RON as at 30 June 2016 and 31 December 2015).

Revaluation Reserves

As at 30 June 2016, respectively 31 December 2015, the revaluation reserve is in amount of RON 1.773.743.734. Starting from April 1st 2009 the Group registered a deferred tax liability for the revaluation reserve.

Following the reevaluation from 31 December 2015, the Group acknowledged an increase of the reevaluation reserve in the amount of RON 3.772.653, out of which the deferred tax liability in amount of 603.624 RON was deducted.

Retained Earnings

Retained earnings represent the accumulated results of the Group. The retained earnings are distributable based on the annual financial statements prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 and related amendments, applicable to companies of whose securities are allowed for trading on a regulated market.

During the six months period ended on 30 June 2016, the Group has declared dividends in amount of 99.499.571 RON (30 June 2015: 90.366.312 RON). The gross unpaid dividends as at 30 June 2016 are in amount of RON 1.118.224 (30 June 2015: 2.555.690 RON).

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10. BORROWINGS

The repayment of borrowings during the six months period ended on 2016 was as follows:

	Currency	Interest rate	Carrying amount	Year of maturity
Balance at 1 January 2016 (audited)			1.525.830.626	
Withdrawals				
Repayments, out of which			(105.533.298)	
Societe Generale - ALSTOM BC	EUR	EURIBOR 6M + 0,450%	(2.404.776)	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR 6M + 0,450%/0,7%	(17.343.633)	2022
Societe Generale - AECL BC	CAD	CDOR 6M + 0,375%	(33.867.939)	2022
Societe Generale - NEXANS BC	EUR	EURIBOR 6M + 0,450%	(3.020.838)	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR+0,070%	(6.125.312)	2017
EURATOM	EUR	EURIBOR 6M + 0,08%	(42.770.800)	2022
Exchange rate differences			19.906.074	
Balance at 30 June 2016 (reviewed)			1.440.203.402	

As at 30 June 2016 and 31 December 2015 the long term borrowings from credit institutions were as follows:

	30 June 2016 (reviewed)	31 December 2015 (audited)
Societe Generale - ALSTOM BC	4.819.681	7.235.117
Societe Generale - ANSALDO BC	208.561.845	226.116.915
Societe Generale - AECL BC	411.594.455	424.118.469
Societe Generale - NEXANS BC	6.054.398	9.088.628
Societe Generale - GENERAL ELECTRIC	17.998.023	24.501.247
EURATOM	791.175.000	834.770.250
Total long term loans from credit institutions	1.440.203.402	1.525.830.626
	(221.625.245)	(209.134.834)
Less: Current portion of the long term loans		
Less: balance of the commitment and insurance fees (long term)	(33.175.540)	(37.089.738)
Total long term loans, net of short term portion	1.185.402.617	1.279.606.054

As at 30 June 2016, the financial indicators related to the loan granted by EURATOM were fulfilled.

As at 30 June 2016 and 31 December 2015 the short term borrowings are as follows:

	30 June 2016 (reviewed)	31 December 2015 (audited)
Current portion of the long term borrowings	221.625.245	209.134.834
Interests related to the long term borrowings	623.377	741.866
Commitment and insurance fees on short term	(7.828.396)	(7.828.396)
Total short term borrowings	214.420.226	202.048.304

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*(All amounts are in RON, unless stated otherwise)***11. ACCOUNTS PAYABLE AND OTHER LIABILITIES**

As at 30 June 2016 and 31 December 2015, the accounts payables and other liabilities are as follows:

	30 June 2016	31 December
	(reviewed)	2015(audited)
Property, land and equipment suppliers	33.059.181	14.625.875
Suppliers	118.555.425	118.300.922
Employee benefits	8.159.438	14.543.396
Payables to State	39.765.284	22.847.892
Dividends payable	1.118.224	281.269
Other payables	29.188.777	26.829.218
Total	229.846.329	197.428.572

As at 30 June 2016, the main outstanding suppliers are: General Electric Wilmington - Romania Branch – 32.645.478 RON (31 December 2015: 31.952.511 RON), BWXT Canada LTD – 15.837.769 RON (31 December 2015: 6.509.804 RON), Cameco Fuel Manufacturing – 15.187.847 RON (31 December 2015: 0 RON), ELCOMEX I.E.A SA – 12.792.147 RON (31 December 2015: 7.024.436 RON).

12. INCOME TAX

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

	6 months period	6 months period
	ended on 30 June	ended on 30 June
	2016 (reviewed)	2015 (reviewed)
Current tax expense	1.949.984	11.597.158
Deferred tax release	(4.279.954)	(4.124.311)
Total	(2.329.970)	7.472.847

The Company has paid for the first quarter an income tax higher than the one resulted for the entire six months period ended on 30 June 2016, due to the profit recorded during the first quarter. Thus, on 30 June 2016, the income tax receivable is 19.902.229 RON (8.611.875 RON at 30 June 2015).

13. SALES OF ELECTRICITY*(i) Revenues from electricity sales*

	6 month period	6 month period
	ended on 30 June	ended on 30 June
	2016	2015
	(reviewed)	(reviewed)
Sales of electricity on regulated market	141.012.498	170.293.560
Sales of electricity on free market	581.576.394	620.141.824
Sales of thermal energy	1.166.634	1.345.454
Revenues from sales of green certificates	8.795	11.854
TOTAL	723.764.321	791.792.692

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(ii) Energy Quantity Sold

	6 month period concluded on 30 June 2016 (reviewed)	6 month period concluded on 30 June 2015 (reviewed)
Quantity of energy sold on regulated market (MWh)	866.471	1.073.470
Quantity of energy sold on free market (MWh)	3.945.943	4.106.388
TOTAL	4.812.414	5.179.858

The Company is a participant to the balancing market, but also a Responsible Party for balancing according to the conventions concluded with the transmission and system operator Transelectrica S.A.. The presented quantity of energy sold does not include the quantity of energy related to the revenues from positive imbalances capitalized on the Balancing Market, in amount of 13.292 MWh for the period of six months ended on 30 June 2016 (25.132 MWh in the period of six months concluded on 30 June 2015).

The company produces thermal energy by the exploitation of the energy capacities related to the units of electricity and thermal energy production consisting in two heat exchangers with a total heating power of 40 Gcal/h and 46,51 MW. The company delivers thermal energy to the local company of thermal energy distribution SC Utilitati Publice SA Cernavoda, as well as to some final consumers in Cernavoda municipality – economic agents, social-cultural institutions. The thermal energy sales in the first quarter of 2016 are in amount of 1.166.634 RON (30 June 2015: 1.345.454 RON, amounts which were included in the position Sales of Energy on the free market).

In accordance with the Electricity Law no. 123/2012, the electricity sector is regulated by the Regulatory Authority for Energy (ANRE), an autonomous public institution. ANRE establishes the prices to be used by the Company for selling electricity on the regulated market and the related quantities.

14. OTHER OPERATING EXPENSES

	6 month period ended on 30 June 2016 (reviewed)	6 month period ended on 30 June 2015 (reviewed)
Third party services	28.047.616	43.284.209
Expenses with ANDR	46.534.510	44.576.865
Energy and water	35.579.930	37.041.115
Fuels, lubricants and other consumables	21.537.463	19.563.627
Insurance	6.972.223	5.647.669
Transportation and telecommunication	3.128.713	2.824.559
Tax on special constructions	983.238	61.567.609
Building tax	41.306.758	-
Other operating expenses	14.810.790	19.743.158
Total	198.901.241	234.248.811

„ Other operating expenses” consist mainly of other taxes, tax on land and provisions expenses.

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

- Contribution for the decommissioning of each nuclear unit amounting to 0,6 EUR/MWh of electricity produced and injected in the system;
- Contribution for the permanent storage of radioactive waste of 1,4 EUR/MWh of electricity produced and injected in the system.

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

Starting with 2016, the new Fiscal Code (Law 227/2015) is no longer excepting the nuclear-electric plants from a building's definition. Therefore, in 2015, based on the Fiscal Code applicable on that date (Law 571/2003 with subsequent amendments and additions) the Company owed a tax on special constructions for the two nuclear-electrical plants in amount of 1% from the value of the existing constructions in balance as at 31 December of the previous year.

Starting 2016, due to the fact that the exception from a construction's definition is no longer applicable for a nuclear-electrical plant, determines the obligation for the Company to pay the tax on non-residential buildings pertaining to legal persons, for the two nuclear-electrical plants, to the Cernavoda Legal Council.

For 2016, the Cernavoda Local Council established the percentage of the non-residential construction tax owed by legal persons to be 0.5% applicable to the taxable amount.

The tax for special constructions owed by the Group for the six month period ended at 30 June 2016 is in amount of RON 983.238 (30 June 2015: 61.567.609 RON). The construction tax as at 30 June 2016 is in amount of RON 41.306.758 (30 June 2015: 4.976.060 RON, the value being included in "Other operating expenses" as at 30 June 2015). According to IFRIC 21, the Company fully recognized these debts and costs in the first quarter of 2016 and respectively 2015.

15. FINANCE INCOME AND COSTS

	6 months period ended 30 June 2016 (reviewed)	6 months period ended 30 June 2015 (reviewed)
Interest income	8.432.831	10.743.486
Foreign exchange gains	40.128.531	50.457.045
Finance income	48.561.362	61.200.531
Foreign exchange expenses	(54.352.469)	(56.267.643)
Interest expenses	(7.703.828)	(10.349.310)
Total finance costs	(62.056.297)	(66.616.953)
Net finance (Expense)	(13.494.935)	(5.416.422)

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16. COMPANY STRUCTURE

As at 30 June 2016 and 31 December 2015, the Company holds 100% of the share capital of Energonuclear SA. The value of participation on 30 June 2016 and 31 December 2015 is 141.666.101 RON.

Continuance of Energonuclear's activity

As at 30 June 2016 there is uncertainty about the Energonuclear capacity to continue its activity. The future operations of Energonuclear in relation to the Units 3 and 4 depend on the successful completion of the new project company incorporation process to continue the project of Units 3 and 4 and, respectively, the transfer of the Energonuclear value into a new project company, according to the Strategy provisions approved on 31 July 2014 by the Romanian Government and on 22 August 2014 by the Company's General Meetings of Shareholders.

The strategy provides the creation of a joint venture within the meaning of the Article 50 of the Law no. 137/2002, between SNN and a private investor, selected, respectively a Project Company ("Joint Venture" or "JV"), to which will be transferred the value invested by SNN in the Energonuclear branch. JV represents the predecessor company type IPP (Independent Energy Manufacturer – IPP), incorporated for a period of 2 years, period which may be changed with the parties approval, for the purpose of rechecking, under current conditions, the project's feasibility, the asset valuation and taking the final investment decision for passing to the Project implementation phase, respectively the IPP step.

Also, the approved Strategy for the Project continuation considers the capitalization of the existing assets, having a considerable value, found in the public patrimony – heavy water and uranium octoxide – and respectively in the Company's patrimony - land, buildings, equipments, etc. – and of Energonuclear, according to law. The heavy water inventory and the first load of nuclear fuel will be provided from Romania by the Romanian state and SNN, according to the Strategy.

Following the procedure for investors selection, on September 9, 2014, the company China General Nuclear Power Corporation ("CGN") has been appointed as Selected Investor for the development of the Project for the Units 3 and 4 Cernavoda NPP.

On 27 July 2015, the meeting of the Interministerial Commission for the Project of Units 3 and 4 CNE Cernavoda took place, following to which the Memorandum of Understanding („MoU”) was approved – document with the purpose of defining and agreeing upon the negotiation principles of the Investment Agreement, including annexes, in the form proposed by the Negotiation Commission and on 2 September 2015 it was approved by the Romanian Government.

The Memorandum of Understanding regarding the development, construction, operation and decommissioning of Units 3 and 4 CNE Cernavoda was approved by the General Meetings of Shareholders from 22 October 2015.

On 9 November 2015, the Memorandum of Understanding was signed by the management of the parties involved in the project: SNN and CGN.

The Romanian Government issued on 19 January 2016 the Support Letter for the Project Units 3 and 4 CNE Cernavoda.

On 8 May 2016, according to the provisions of article 11 paragraph (3) of the Memorandum of Understanding, concluded between the Company and CGN, the term established for performing an agreement on the Investment Documents was reached.

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CGN notified the Romanian party, on 5 May 2016, regarding the intention to continue the negotiations on the Investment Documents („DI”) during an additional 4 (four) months period.

On 16 May 2016, the Interministerial Commission for the project of Units 3 and 4 CNE Cernavoda approved the continuance of negotiations on DI for a period of 4 months, starting 9 May 2016, by applying all provision from MoU.

The continuance of negotiations with CGN was approved by the Romanian Government on 2 June 2016.

17. RELATED PARTIES TRANSACTIONS*i) Transactions with State-owned companies*

The Group operates in an economic environment dominated by companies owned or controlled by the Romanian State through its government authorities and agencies, collectively called state-owned companies.

The Group had significant transactions with other companies owned or controlled by the state, including: electricity sales (OPCOM, Electrica Furnizare), acquisition of electricity transmission and balancing services (CN Transelectrica SA) and acquisition of uranium (Compania Nationala a Uraniului).

Significant transactions performed with the related parties of the Company in the six months periods ended on 30 June 2016 and respectively 30 June 2015 as well as the balances on 30 June 2016 and 31 December 2015 consist in the following:

	Sales for the 6 months period ended on		Receivables as at	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
OPCOM	195.887.363	121.402.604	161.678	317.104
Electrica Furnizare	147.763.226	4.067.952	4.691.385	19.681.915
Utilitati publice Cernavoda	981.435	1.128.338	242.463	586.806
Transelectrica	322.855	369.724	59.669	161.931
CNCAN	-	-	4.500.000	-
Total	344.954.879	126.968.668	9.655.194	28.572.820
	Purchases for the 6 month period ended on		Payables at	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
ANDR	46.534.510	44.576.865	7.389.755	9.872.194
Apele Romane Bucuresti	27.557.565	28.478.301	9.300.756	12.255.673
Transelectrica	23.576.911	65.942.018	5.081.642	5.561.700
Administratia Bazinala de Apa Dobrogea - Litoral	4.912.887	5.291.919	1.187.250	3.095.244
CNCAN	4.500.000	4.500.000	-	-
Compania Nationala a Uraniului	3.846.499	47.861.697	2.631.723	2.258.854
OPCOM	307.723	6.307.154	53.056	103.976
Electrica Furnizare	82.966	64.603	10.766	10.378
ICSI Rm.Valcea	8.216	4.667.430	-	536.531
Total	111.327.276	207.689.987	25.654.948	33.694.550

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The above translation of the condensed consolidated interim IFRS financial statements of SN Nuclearelectrica SA is provided
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SN Nuclearelectrica SA

Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

*(All amounts are in RON, unless stated otherwise)*ii) *Compensation to key management personnel*

The Group management is made of:

- members of the Board of Directors of the Company and of the Energonuclear's branch, having mandate contracts concluded with the Company;
- managers having mandate contracts within the Group;
- other managers within the Group having individual employment contracts concluded, as provided in the collective labour contracts, as applicable.

The members of the Board of Directors concluded with the Company administration contracts (mandate), 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 the General Meeting of Shareholders.

	6 month period ended on 30 June 2016 (reviewed)	6 month period ended on 30 June 2015 (reviewed)
Short-term benefits	2.701.326	2.608.635
	2.701.326	2.608.635

18. EARNINGS PER SHARE

As at 30 June 2016 and 30 June 2015 the earnings per share are as follows:

(i) *Basic earnings per share*

	6 months period ended on 30 June 2016 (reviewed)	6 months period ended on 30 June 2015 (reviewed)
(Net loss)/ Net profit for the period attributable to the Company's shareholders	(38.251.327)	1.578.909
Number of ordinary shares at the beginning of the period	301.513.851	281.782.756
Number of ordinary shares during the period (see the Note 9)	-	19.438.285
Weighted average number of ordinary shares at the end of the period	301.513.851	294.741.613
Basic earnings per share (RON/share)	(0,13)	0,01

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SN Nuclearelectrica SA

Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

<i>(ii) Diluted earnings per share</i>	6 month period ended on 30 June 2016 (reviewed)	6 month period ended on 30 June 2015 (reviewed)
(Net loss)/ Net profit for the period attributable to the Company's shareholders	(38.251.327)	1.578.909
Number of ordinary shares at the beginning (a)	301.513.851	281.782.756
Number of ordinary shares issued during the period (see the Note 9)	-	19.438.285
Number of ordinary shares at the end of the period (a)	301.513.851	294.741.613
Number of shares corresponding to the prepaid reserve (b) (see Note 9)	-	297.800
Weighted average number of ordinary (diluted) shares at 30 June (a) + (b)	301.513.851	295.039.413
Diluted earnings per share (RON/share)	(0,13)	0,01

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

Credit risk is the risk that the Group will bare a financial loss if a customer or counterparty fails to meet its contractual obligations, and this risks arises mainly from the Group's trade receivables from customers and investment securities.

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables, cash and cash equivalents and bank deposits. The sale of electricity is performed to customers on the regulated market and respectively on the competitive market, based on the framework established by ANRE and the rules of OPCOM market. The carrying amount of accounts receivable, net of allowance, represents the maximum amount exposed to credit risk.

As at 30 June 2016 the Company has significant concentration of credit risk, considering that approximately 62% (30 June 2015: 38%) of the trade receivables are from Electrica Furnizare SA, GEN-I d.o.o. and Enel Energie Muntenia SA (see Note 7).

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

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

	Carrying amount	
	30 June 2016	31 December 2015
Financial assets		
Net trade receivables	41.386.128	126.266.312
Cash and cash equivalents	177.771.174	259.943.096
Bank deposits	1.202.274.123	1.103.841.528
Other net receivables	51.580.781	37.313.103
	1.473.012.206	1.527.364.039

The ageing of trade receivables at the reporting date is:

	Gross 30 June 2016	Impairment 30 June 2016	Gross 31 December 2015	Impairment 31 December 2015
Neither past due nor impaired	36.945.680	(992)	125.835.797	-
Past due 1–30 days	4.203.415	(247)	370.601	(439)
Past due 31–90 days	197.215	(218)	5.041	(384)
Past due 91–180 days	41.958	(683)	16.828	(397)
Past due 181–270 days	251	(251)	39.324	(723)
Past due 271–365 days	758	(758)	1.450	(785)
Past due more than one year	12.844.626	(12.844.626)	12.845.825	(12.845.825)
Total	54.233.903	(12.847.775)	139.114.866	(12.848.554)

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SN Nuclearelectrica SA

Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

The movement in the trade receivables allowance during the period was as follows:

	30 June 2016	31 December 2015
Balance at 1 January	(12.848.554)	(14.132.449)
Reversal of allowance for impairment, net	779	1.283.895
Balance at period end	(12.847.775)	(12.848.554)

The ageing of other receivables at reporting date is:

	Gross 30 June 2016	Impairment 30 June 2016	Gross 31 December 2015	Impairment 31 December 2015
Neither past due nor impaired	23.664.544	-	35.807.848	-
Past due 1-30 days	5.772.237	-	1.298	-
Past due 31-90 days	22.013.948	-	190.501	(111.751)
Past due 91-180 days	-	-	243.029	(226.869)
Past due 181-270 days	111.751	(111.751)	42.954	(40.000)
Past due 271-365 days	-	-	-	-
Past due more than one year	3.679.173	(3.549.121)	4.688.345	(3.282.253)
Total	55.241.653	(3.660.872)	40.973.975	(3.660.872)

b. Carrying amount versus fair value

The fair value is the amount for which the financial instrument may be exchanged during an ordinary transactions conducted under objective conditions between willing and knowledgeable parties, other than those determined by the liquidation or forced sale. The fair values are obtained from the quoted market prices or cash flow models, as appropriate. As at 30 June 2016 and 31 December 2015, the management considers that the fair values of the cash and cash equivalents, trade receivables and other receivables, trade payables, as well as other short term debts, approximate their carrying amount.

Given the sector where the company performs its activity, in conjunction with the specific character of the investments covered by the financing and guarantees structure which include a government guarantee, as well as due to the variable character of the interest rate, the Group's management considers that the fair value of the loans is approximately equal to the their carrying value. The carrying value of the loans is the amortized cost. Based on these considerations, the loans were classified as Level 2.

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Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Carrying amount	Fair value	Level
30 June 2016 (reviewed)			
Current financial assets			
Net trade receivables	41.386.128	41.386.128	2
Cash and cash equivalents	177.771.174	177.771.174	2
Bank deposits	1.202.274.123	1.202.274.123	2
Other net receivables	51.580.781	51.580.781	2
	1.473.012.206	1.473.012.206	

	Carrying amount	Fair value	Level
30 June 2016 (reviewed)			
Long term financial liabilities			
Long term borrowings	1.185.402.617	1.185.402.617	2
	1.185.402.617	1.185.402.617	

Current financial liabilities			
Trade payables, including suppliers of PP&E	151.614.606	151.614.606	2
Borrowings, short term portion of long term loans	214.420.226	214.420.226	2
Employee benefits and other payables	78.231.723	78.231.723	2
	444.266.555	444.266.555	

	Carrying amount	Fair value	Level
31 December 2015 (audited)			
Financial assets			
Net trade receivables	126.266.312	126.266.312	2
Cash and cash equivalents	259.943.096	259.943.096	2
Bank deposits	1.103.841.528	1.103.841.528	2
Other net receivables	37.313.103	37.313.103	2
	1.527.364.039	1.527.364.039	

	Carrying amount	Fair value	Level
31 December 2015 (audited)			
Long term financial liabilities			
Long term financial borrowings	1.279.606.054	1.279.606.054	2
	1.279.606.054	1.279.606.054	

Short term financial liabilities			
Trade Payables, including Suppliers of PP&E	132.926.797	132.926.797	2
Borrowings, short term portion of the long term borrowing	202.048.304	202.048.304	2
Employee benefits and other payables	64.501.775	64.501.775	2
	399.476.876	399.476.876	

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

During the six months period ended 30 June 2016, the Group was involved in a number of litigations arising in the normal course of the activity. The management of the Group regularly analyzes the ongoing litigations and, after consulting with its legal representatives and external lawyers, decides whether or not to create a provision or to disclose any litigation in the financial statements.

Taxes and fees. Non-resident income fee

At the request of the Court of Auditors, the company was submitted to a fiscal partial inspection regarding the taxes on the non-resident income for the period 2012-2014. The fiscal inspection was performed by the National Agency of Fiscal Administration, the General Directorate for Large Taxpayers Administration (ANAF-DGAMC). Following the termination of the fiscal inspection was drafted the Fiscal inspection report no. F-MC 287/08.10.2015, being also issued the taxation decision no. F-MC 2261/08.10.2015. By the taxation decision were established additional payment obligations in the total amount of RON 7.961.458, of which lei 5.797.714 a fee on the additional non-residents income, lei 1.450.145 delay increases and lei 713.599 delay penalties. These amounts were paid in October 2015.

The company submitted an appeal against the tax audit report and the taxation imposing decision on 08.11.2015. On 08.02.2016, the competent authority for appeals setting, respectively the General Directorate for appeals settings within ANAF communicated to the company the Decision no. 25/29.01.2016 by which orders the suspension of the claim resolution until the final resolution of the company's action against the assessments of the Court of Auditors which is the object of the file no. 4970/2/2015 on the dockets of the Bucharest Court of Accounts. Against this suspension decision, to suspend the appeal resolution, the company filed a claim at the Bucharest Court of Appeal (file no. 1367/2/2016), considering the reasons for suspending the appeal resolution are not grounded. The trial term provided by the Court of Appeal in question is 14.09.2016.

Against the report, the decision and conclusion of the Court of Auditors, regarding the rules measures on the non-residents income taxes, the company filed an appeal at the Court of Auditors which was rejected. Hereafter, the company submitted to the Bucharest Court of Appeal, two actions against the Control report no. 4371/10.04.2005, of the Decision no. 16/11.05.2015 and of the Conclusion no. 59/17.07.2015 issued by the Court of Auditors, one that regards the suspension of the application of the measures ruled regarding the non-resident income (file no. 4970/2/2015) and the other one regards the cancelation of these measures (file no. 4958/2/2015). On 07.10.2015 was accepted the suspension action on the file no. 4970/2/2015. In the file no. 4958/2/2015, the court accepted the action prepared by the company and cancelled the measure regarding the tax on non-residents income for the term from 10 March 2016. Both solutions were appealed by the Court of Auditors, the files currently being on the dockets of ICCJ, under the filtering procedure.

Also, on 18.12.2015, the company submitted a request for the cancellation of the accessory payment obligations based on the EGO no. 44/2015, the request submitted at the competent fiscal authority, respectively ANAF-DGAMC. On 06.07.2016 was issued the decision to cancel the delay penalties, of a 54.2% rate from interests and of a rate of 77.1% from the delay increases, for the main overdue payment obligations on 30 September 2015, in the total amount of RON 1.592.910

Therefore, the company appeals on the type of fiscal registration of certain services performed by non-residents during 2012-2014 which were considered royalties due to a presumed know-how transfer by the public external auditors,

SN Nuclearelectrica SA

Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

respectively by fiscal inspectors; this fiscal registration lead to establishing certain additional payment obligations following the fiscal inspection. The company shall use all legal ways in order to appeal the payment obligations.

In the opinion of the Group's management, currently there are no justice actions or claims affecting significantly the financial result and the Group's financial position, not being presented in these consolidated interim financial statements.

(ii) Commitments

As at 30 June 2016, the Group is committed to support operating expenses and investments of approximately 811 mil RON.

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

On 18 July 2016, the General Meeting of Shareholders approved the continuation of negotiations on the Investment Documents under the same conditions of MoU for a period of 4 months, starting 9 May 2016, by applying all the other provisions of MoU, including the possibility of any other party to terminate MoU without any compensation by a simple written notification to the other Party, in case an agreement wasn't reached on the Investment Documents and as the delay was not caused by the respective Party.

Date: August 10, 2016

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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**REVIEW REPORT****TO THE MEMBERS OF****S.N. NUCLEARELECTRICA S.A. (free translation)¹**

- [1] We have performed a review on the statutory consolidated interim financial statements of **S.N. NUCLEARELECTRICA S.A.** (the "Company"), which comprise consolidated interim statement of financial position as at 30 June 2016, together with consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity, consolidated interim cash flow statement for the six months period ended as of this date, a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the statutory consolidated interim financial statements

- [2] The Company's management is responsible for the preparation of consolidated interim financial statements in accordance with Ministry of Public Finances Order no. 1286/2012 "for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, applicable to commercial entities whose securities are admitted to trading on a regulated market" and related regulations, and for such an internal control level as the management determines it is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- [3] Our responsibility is to express a conclusion on this consolidated interim financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements adopted by Romanian Chamber of Financial Auditors (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Scope of review

- [4] A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the audit report is provided as a free translation from Romanian, which is the official and binding version.

Associated offices

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Romania: Bucharest T: +40 21 3156100, Bulgaria: Sofia T: +359 2 9580980, Moldova: Chisinau
Registered in Romania (RN: J40/5434/2003). List of directors can be found at the Company's Registered Office.

Basis for qualified conclusion

- [5] As stated also in the Note 4 to the consolidated interim financial statements, as at 30 June 2016 the Company has recorded tangible assets in progress with the book value of RON 273.960.000 (RON 273.960.000 as at 31 December 2015), comprising capitalized items for the units 3 and 4 of Cernavoda nuclear power station. Before 1991, nuclear unit stations 1, 2, 3, 4 and 5 were considered a single project and therefore, the realized constructions costs were not allocated at the level of each unit. Subsequently, The Company has done the allocation of the construction costs for the units 3 and 4 of the nuclear power station. We could not obtain sufficient and relevant evidence in relation with the accuracy of this split, which has effect on the valuation of these assets. These limitations have impact as well on the deferred tax liability in amount of RON 43.524.186 (RON 43.524.186 as at 31 December 2015), allocated for the units 3 and 4 as at 30 June 2016. Consequently, we were not able to determine if adjustments are needed on the fixed assets, deferred tax liability, retained earnings as at 30 June 2016, and therefore on the depreciation and amortization, profit tax and net profit for the year ended at the same date.

Conclusion

- [6] We conclude that, based on our review, except for the matter described in paragraph [5] nothing has come to our attention that causes us to believe that the interim consolidated financial position of S.N. NUCLEARELECTRICA S.A. as at 30 June 2016 and its interim consolidated financial performance and its consolidated interim cash flows for six months period then ended, is not prepared in all material respects, in accordance with the Ministry of Public Finances Order no. 1286/2012 “for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, applicable to commercial entities whose securities are admitted to trading on a regulated market” and related regulations.

Emphasis of matters

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

Other Matter

[8] This review report, including the conclusion, has been prepared and is intended solely for the information and use of the Company's shareholders. To the fullest extent permitted by the law, our review work has been undertaken so that we report those matters that are required to be reported in a financial auditor Review Report and for no other purposes. By issuing this report, we do not accept or assume responsibility for its use for any other purposes or towards any other person to whose knowledge this report may come to.

**Refer to the original
signed
Romanian Version**

SEFERIS CHRISTODOULOS
CAFR member (authorization no.1585/27.08.2004)

BTK

On behalf of
BAKER TILLY KLITOU AND PARTNERS S.R.L
Company member of CFAR (authorization no. 384/26.05.2003)

Bucharest, 10 August 2016



HALF-YEAR REPORT
OF THE BOARD OF DIRECTORS OF S.N. NUCLEARELECTRICA S.A. (“SNN”)
for the 6-month period related to the 1st semester of 2016

prepared in accordance with the provisions of articles 7.19 and 7.21 of the administration contracts of the members of the Board of Directors and the provisions of GEO 109/2011 regarding the corporate governance of public companies

Date of report: August 2016

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1. FOREWORD

The half-year report of the Board of Directors of S.N. NUCLEARELECTRICA S.A. for the 1st semester of 2016 has been prepared in accordance with the provisions of articles 7.19 and 7.21 of the administration contracts concluded by the members of the Board of Directors and with the provisions of GEO 109/2011 regarding the corporate governance of public companies.

2. ANALYSIS OF THE FINANCIAL STATEMENTS

The financial information presented in the current report are based on the interim individual financial statements reviewed for the 6-month period of the 1st semester of 2016 ended on June 30, 2016, prepared in accordance with OMPF 1286/2012 regarding the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, subsequently amended, applicable to companies whose securities are traded on a regulated market, based on the International Accounting Standard 34 – “Interim Financial Reporting”.

2.1. Statement of the financial position as at 30.06.2016

The statement of the financial position as at 30.06.2016 is presented in Appendix 1.

Thousand RON	June 30, 2016	December 31, 2015	Variation
Non-current assets	7.519.182	7.696.228	-2%
Current assets	1.826.268	1.861.187	-2%
Total assets	9.345.450	9.557.415	-2%
Non-current liabilities	1.537.904	1.642.689	-6%
Current liabilities	451.734	421.003	7%
Total liabilities	1.989.638	2.063.692	-4%
Shareholders' equity	7.355.812	7.493.723	-2%
Total shareholders' equity and liabilities	9.345.450	9.557.415	-2%

Non-current Assets were at a similar level compared to the level recorded as at 31.12.2015. The investments made during the period primarily for the projects in progress related to Units 1 and 2, partially compensate the expenses for depreciation. Thus, there is a 2% decrease of the fixed assets net value.

Current Assets decreased by 2% compared to 31.12.2015, mainly due to a decrease in trade receivables and other receivables of 43%, partially compensated by both the cash increase by 1% and the recognition of the income tax to be recovered amounting to RON 19,902 thousand.

Non-current Liabilities decreased by repayments of the loans contracted with the foreign banks Societe Generale and Euratom for the execution and commissioning of Cernavoda NPP Unit 2.

Current Liabilities decreased by 7% due to the trade payables and other payables increase by 16%, the fixed assets suppliers recording an increase by 126% due to the works performed for the planned outage of Unit 1.

2.2. Profit and loss account for the period ended as at 30.06.2016

As at 30.06.2016, the net loss of SNN amounted to RON 37,839 thousand.

Thousand RON	January 1 - June 30, 2016	January 1 - June 30, 2015	Variation
Production (GWh)	4.804	5.103	-6%
Operating revenues, out of which	742.247	858.391	-14%
<i>Revenues from electricity sale</i>	722.589	790.435	-9%
Operating expenses	(530.526)	(609.478)	-13%
EBITDA	211.721	248.913	-15%
Depreciation and amortization	(238.405)	(233.841)	2%
EBIT	(26.684)	15.072	N/A
Net financial expenses	(13.485)	(4.703)	187%
Expense with the income tax	2.330	(7.467)	N/A
Net loss	(37.839)	2.902	N/A

The operating profit (EBITDA) decreased by 15% compared to the same period of the previous year, as a result of the following factors:

- The operating revenues decreased by 14% compared to the same period of 2015, mainly due to a decrease of 9% in revenue from sale of electricity, correlated with the decrease of electricity transmission tariff starting July 1, 2015, from 10.32 RON / MWh to 4.04 RON / MWh (according to ANRE Order No. 89 / 15.06.2015), which resulted in 63% decrease in revenues from electricity transmission. This decrease is offset by a positive trend for the same amount of operating expenses, due to the decrease of the expenses for electricity transmission.
- The revenue from electricity sales decreased by 9%, mainly due to a decrease of 7.09% of the amount of energy sold (about 367 GWh) determined by the extension of the planned outage of Unit 1 during the first semester of 2016. In the first semester of 2015 the planned outage of Unit 2 had an effective duration of 24.8 days, while the planned outage of Unit 1 of this year had an effective duration of 51 days.
The amount of energy sold on the regulated market in 2016 decreased by 19.28%. The amount of energy sold on the competitive market of bilateral contracts decreased by 3.91%. The sale price on the regulated market increased by 2.52%, but the impact of this increase could not offset the decrease in the amount of the electricity sold. Simultaneously, the price of energy sold on the competitive market of bilateral contracts decreased by 2.46%.

The impact of the decrease in quantity of electricity sold caused by the extension of the planned outage and considering the additional expenses for the nuclear fuel that would have been required for achieving this additional production, is in amount of 52,000 thousand RON, representing unaccomplished operating profit; all the other conditions remain unchanged.

The amortization expenses increased slightly (2% compared to the first semester of 2015) due to the put in function of some investments in the period subsequent to the first semester of 2015.

The Company is exposed to the currency risk against several currencies including EUR, CAD and USD. Net exchange rate differences negatively impacted the Company's net result in the two periods, the financial loss significantly increasing by 187% compared to the first half of 2015.

The profit and loss account for the year ended on 30.06.2016 is presented in **Appendix 2**.

2.3. Execution of revenues and expenses budget as at 30.06.2016

The revenues and expenses budget ("BVC") of SNN for 2016 was approved by the Resolution of the General Meeting of Shareholders no. 1/30.03.2016.

The company is monitored in terms of compliance with the performance indicators, objectives and criteria, the realized level of salary expenses compared to the budgeted amount, revenues and expenses levels, and also with the program for reducing arrears and outstanding receivables.

The execution of the BVC as at 30.06.2016 is presented in **Appendix 3** to the current report.

From the analysis of the execution of the Revenues and Expenses Budget as at 30.06.2016 (**Appendix 3**), it results that budgeted operating revenues were achieved 94.4% and that the operating expenses were by 5.0% below the budgeted level.

3. OPERATIONAL ACTIVITIES

3.1. Electricity production

In the first semester of 2016, the two units of Cernavodă NPP produced 5,231,196 MWh (gross), out of which 4,803,816 MWh (brutto) were delivered to the National Power System (the difference of 427 thousand MWh represents the units' own consumption during operation). Compared to the first semester of 2015 when 5,102,709 MWh were generated and delivered to the National Power System, there was a decrease of 5.9 %.

The production program approved by SNN Board of Directors for 2016 provided for the first semester the production and delivery of 4,649,887 MWh, and was achieved 103.31%.

3.2. Electricity sales

The quantity of electricity sold in the 1st semester of 2016, and also in the 1st semester of 2015, and the related revenues, distributed by type of sale contracts are presented in the table below:

Electricity sales (quantities, prices and values) in semester I 2016

Sales by contract type	Quantity in MWh	% of total sales	Price (RON/MWh, T _G included)	Sales revenues (RON)
Regulated contracts	866.471	17,96%	166,78	144.513.039
Sales on free market (bilateral contracts and sales on PZU and PI) out of which:	3.945.943	81,77%	151,30	597.022.968
- sales on contracts (PCCB , PCCB -LE, PCCB –NC, PCSU and supply contracts)	2.404.298	49,82%	166,87	401.194.625
- sales on PZU and PI	1.541.645	31,95%	127,03	195.828.343
PRE positive imbalances	13.292	0,27%		468.248
Total sales first half of 2016	4.825.706	100%	154.09*	742.004.256

*average weighted price for the quantities of electricity sold, excluding the balancing market

Electricity sales (quantities, prices and values) in semester I 2015

Sales by contract type	Quantity in MWh	% of total sales	Price (RON/MWh T _G included)	Amount (RON)
Regulated contracts	1.073.470	20,62%	168,96	181.371.767
Sales on free market (bilateral contracts and sales on PZU and PI) out of which:	4.106.388	78,89%	161,60	661.374.852
- sales on contracts (PCCB , PCCB -LE, PCCB –NC, PCSU and supply contracts)	3.230.429	62,06%	167,16	540.001.168
- sales on PZU and PI	875.959	16,83%	138,56	121.373.684
PRE positive imbalances	25.132	0,48%		357.149
Total sales first half of 2016	5.204.990	100%	162,70*	843.103.768

* average weighted price for the quantities of electricity sold, excluding the balancing market

The following electricity transactions results were achieved in the first semester of 2016:

- The quantity of electricity sold on the basis of regulated contracts, on the competitive market and on the balancing market is of 4,825,706 MWh, increasing by 1.4% compared to the electricity sale programmed of 4.757.434 MWh.
- The revenues resulted from the electricity market, determined for the deliveries in the first 6 months of 2016 amounts to 742,004,256 RON (decreased by 3.04% compared to the revenues estimated in BVC approved for 2016, split on quarters, and by 11.99% compared to the results achieved in the same period last year).

The weighted average selling price for the quantities of energy sold (without the balancing market), resulting in the first semester of 2016 is 154.09 RON / MWh (T_G included). In the first semester of 2015, the weighted average selling price was 162.70 RON / MWh. This difference is also due to the T_G value, with 6.28 RON / MWh lower in the first semester of 2016 compared to the previous year, respectively 4.04 RON / MWh compared to 10.32 RON / MWh. Thus, the difference between the average sales price in 1st semester of 2016 and the sales price in 1st semester 2015, adjusted with the decrease in T_G , is only 2.33 RON/MWh.

SNN sold electricity similar to the previous period, on the basis of regulated contracts, contracts concluded on the competitive market – awarded on PCCB concluded before 2015, PCCB-LE, PCCB-NC and PCSU, plus one supply contract concluded with C.N.T.E.E. Transelectrica S.A., as well as through transactions on the spot market.

Out of the effective realised production of Cernavoda NPP in the first semester of 2016, a percentage rate amounting to 18.04% was delivered for regulated contracts.

The quantity of electricity sold on the competitive market (PCCB) represented 49.82% of the total sold electricity in the first semester of 2016. The average sale price for contracts concluded on PCCB in the first semester of 2016 was of 166.87 RON/MWh, decreasing by 0.18% compared to the average price for contracts on PCCB in the first semester of 2015, of 167.16RON/MWh.

In the first semester of 2016, SNN carried out 111 electricity sale contracts, as follows:

- 6 regulated contracts (with addendums concluded for 2016);
- 1 contract concluded on PCCB;
- 95 contracts concluded on PCCB-LE;
- 6 contracts concluded on PCCB-NC;
- 2 contracts concluded on PCSU
- 1 supply contract (with addendum concluded for 2016).

In the first semester of 2016 there were no denounced/cancelled contracts.

In the first semester of 2016, there were no significant delays from deadlines established in the contracts.

In the first semester of 2016, the PZU prices were in average well below the prices of the bilateral contracts concluded by SNN on OPCOM, especially in the months from February to June 2016. The average PZU price published by OPCOM for the first semester of 2016 decreased by 7.4% compared to the one recorded in in the first semester of the last year. The average sale price of electricity on the spot market (PZU and PI) recorded by SNN during this period was 127.03 RON / MWh, compared to 138.56 RON / MWh in the same period of 2015, the 8.32% price decrease being correlated with the prices decrease reported by OPCOM.

In the first semester of 2016, the quantity sold in the spot market represents 31.95% of total sales compared to 16.83% recorded in the first semester of 2015.

In the first quarter of 2016, the quantity sold in the spot market represents 12.12% of total sales compared to 8.27% registered in the first semester of 2015. The SNN increased share of sales in the spot market recorded in March this year continued in the months from April to June, when SNN sold on the spot market 59.6% of the second quarter sales.

Due to a very good period for the hydro system, with low prices in the European markets, with low prices for oil/gas, the PZU share transactions reported by OPCOM in Romania's forecasted net consumption was also increased by 17.5% in April and 12% in May, reaching 49.9% in April and 48.9% respectively in May of this year.

3.3. Expenses on electricity market

In the first semester of 2016, the total estimated value of SNN's energy expenses on the energy market amounts to RON 24,963,986.

This figure includes the fees for introducing the electricity in the transport system (T_G – regulated tariff payable to C.N.T.E.E. Transelectrica S.A.), the value of the green certificates to be purchased for the supplied energy and the fees to be paid to OPCOM for the sale and purchase transactions performed in the first semester in amount of RON 19,740,773.

In the first semester of 2016 an amount of energy was purchased on the spot market in order to ensure the complete fulfilment of contractual delivery obligations for energy, of only 163 MWh, at an average price of 158.30 RON / MWh.

In the first semester of 2016, the expenses in the Balancing Market amounted to approximately RON 5,197,346. This amount represents the value of the electricity received from the Balancing Market for compensating the negative imbalances which occurred due to the difference between the quantities of energy effectively delivered and the quantities notified in accordance with the daily forecast for each time frame. The main impact was recorded in June, when Unit 1 was resynchronized to SEN after the planned outage works had been completed.

Starting on July 24, 2016 Cernavoda NPP units entered the outline of PRE (Balancing Responsible Party) CIGA to which the balancing responsibility was assigned, improved results recorded by SNN in the balancing market being achieved due to prices recalculated on the internal settlement within PRE CIGA (higher prices for positive imbalances and lower prices for negative imbalances – lower than those incurred by SNN as sole member of its own PRE, published by OPCOM). During June 24th - 30th the net savings achieved by SNN participation within PRE CIGA amounted to 39% compared to its own PRE.

3.4. The Investment Program as at 30.06.2016

The total value of the investment program for 2016 amounts to RON 255,394 thousand. The program was endorsed by Decision no. 10/03.02.2016 of the Board of Directors of SNN and approved by Resolution no. 1/30.03.2016 of the Ordinary General Meeting of Shareholders of SNN. The investment program of the Company is an integral part of Revenue and Expenses Budget of the Company.

The structure of the SNN investment program for 2016 and its level of completion as at 30.06.2016 is presented in the table below:

Pos.	Organizational structure	Ongoing investment [thousand RON]	New investment [thousand RON]	The investment in current assets (modernization) [thousand RON]	Debt [thousand RON]	Total [thousand RON]	Completed at 30.06.2016 [thousand RON]	Completion degree as at 30.06.2016 (%)
1	SNN Headquarters	12.512	9.879	-	635	23.026	4	0,02%
2	CNE Cernavoda	162.250	8.472	933	41.555	213.210	76.643	35,95 %
3	FCN Pitesti	3.082	274	5.944	9.859	19.159	877	4,58%
	TOTAL	177.844	18.625	6.877	52.049	255.394	77.524	30,35%

As during the previous years, the long-term investments (in progress) have the largest weight in the investment program due to the need for modernization/upgrading of systems in terms of economic considerations (lower specific

consumption, improvement of specific parameters of the serviced processes, with positive impact on efficiency), legal considerations –the need to implement some improvements associated to nuclear safety, environmental protection and labour security, which are imperative requirements both of the regulators in the nuclear field (CNCAN and Ministry of Environment) and also required to meet the development needs.

The comparative investments achievements (in terms of value and percentage) for the first half of 2016 compared to first half of 2015 are presented in the table below:

Year	Value of the investment program [thousand RON]	Completed in the second quarter (April-June) [thousand RON]	Completion degree second quarter (April-June) (%)	Completed in the first semester [thousand RON]	Completion degree First semester (%)
2016	255.394	50.854	19,9%	77.524	30,35%
2015	282.705	24.239	8,6%	58.077	20,54%

Analysis of the completion degree of the investment program as at 30.06.2016

Executive SNN

The value of the investment program for SNN Head office amounts to RON 23,026 thousand and among the most important investments on which the structuring of the investment program of the SNN Head office was based we mention the following ones:

- SNN's contribution to the IPP-type project for the completion of Cernavoda NPP Units 3 and 4, estimated at RON 8,880 thousand (equivalent to EUR 2,000,000), according to the Resolution issued by the SNN Extraordinary General Meeting of Shareholders no. 7/22.08.2014 approving the continuation of the Cernavoda NPP Units 3 and 4 Project;
- Information system security and communications security project amounting to RON 1,766 thousand;
- Implementation of software applications amounting to RON 2,775 thousand;
- Consolidation of the building in Magheru 33 amounting to RON 2,100 thousand;

During April, SNN's management endorsed and approved the strategic development objectives for the Information Technology and Communication Program at the company's level. Among the objectives included in the approved strategy, we mention the „Information security system and communication security system and implementation of software applications”, which will be part of a single project entitled „The modernization and integration of the information flow at the level of SNN”. Moreover, during June, floors 5 and 6 of the Magheru 33, which are the property of SNN building were registered.

On 30/06/2016, at the level of SNN Headquarters, expenses in amount of RON 4, 45 thousand were registered representing expenses with independent facilities.

Cernavoda NPP Branch

The Cernavoda NPP investment program for the year 2016 amounts to RON 213,210 thousand. The completion degree of the investment program at the end of the first semester of 2016 is of 35.95%.

During the Planned Outage at Unit 1 in the first semester of 2016, 12 investment projects were successfully implemented according to the table below.

Pos.	PROJECT CODE	Project Name
1	PJ-13-004	Installation of a backup fan in the steam system required to seal the turbine labyrinths at U1 and U2;
2	PJ-13-010	Improvement of the U1 live steam system by replacing the valves operating the discharge of steam into the atmosphere (ASDV) with another type of valves - MPA 581;
3	PJ-14-014	Installation of the access gates in the feed water inlet chamber/preheater;
4	PJ-09-005	Replacement of the excitation system 1-41220-PL743/3501 GENEREX at U1 since it was impossible to get the SPV parts;
5	PJ-10-008	Refurbishment services of the exhaust power transformers at Units 1 and 2 at Cernavoda NPP;
6	PJ-11-006	Improvement of Cernavoda NPP response, namely of the nuclear safety functions in case of events exceeding the designed limits;
7	PJ-10-009	Equipping of transformers 1-5144-T03/T04 and 1-5134-T05/T06 with a system preventing fire and explosion;
8	PJ-12-005	Installation of filtration systems upstream of the water chambers of condensers U1 and U2 and revamping of the cleaning system with balls for condenser U1;
9	PJ-13-002	Installation of online systems for measurement of the concentration of dissolved gases in the insulating oil of power transformers related 5144-T03/T04, 5134-T05/T06 at U1 and U2 and 0-5134-T1/T2 and 0-5135-TC01/TC02 at U0;
10	PJ-14-007	Optimization of chemical samples taking system in the plant;
11	PJ-14-006	Automation of low-pressure level of ECC U1 system;
12	PJ-15-007	Improvement of thermal performances of steam generators 1-3311-GA#1/ GA#2/ GA#3/ GA#4 at Unit 1 by cleaning their "U" tubes.

The achievement of the major investment objectives by the end of the first semester of 2016 is of 4% of their budgeted cumulated amount as presented in the table below:

Project Code	Project name/Investment objective	2016		Completion degree (%)
		Planned BVC [thousand RON]	Completed by 30.06.2016 [thousand RON]	
PJ-05-016	Intermediary spent fuel storage (including SICA U2)	17.420	1.284	7,37%
PJ-04-001	Modernization and expansion of physical protection system	5.000	10	0,19%
PJ-11-006	Improving of Cernavoda NPP's response, namely of nuclear safety functions in case of events outside designed bases following the nuclear accident occurred at the nuclear plant Fukushima 1, Japan	31.304	855	2,73%
	Total	53.724	2.149	4,00%

As per the resolution no. 3/25.04.2016 of the SNN's General Meeting of Shareholders the updating of Appendix 1 and 1.1 of the administration contracts concluded between the administrators and the Company was approved. The target level of achievement of major investment objects amounts to 18% at the end of the first semester, which represents an achievement degree of 22.22% of the target level.

The main reasons for the low degree of implementation of the major investment objectives, below the 18% target, are the following ones:

- Extension of the procurement procedure for the construction works for modules 8 and 9, and for the construction works for module 10 related to the project "Intermediary Spent Fuel Storage (DICA)" by 9 months compared to the time initially estimated caused by successive rounds of appeals from one of the tenderers; in July 2016 the procurement procedure was completed;
- Delays in the conduct of the procurement procedure for the works related to the project "Modernization and Expansion of Physical Protection", which will cause the postponement of some execution works for 2017;
- Delays in obtaining the permits/agreements/authorizations required for the fitting of Unit 5 related to the project „Improvement of the response of Cernavoda NPP following the nuclear accident occurred at the nuclear power plant Fukushima 1, Japan”;
- Delays in meeting all necessary conditions for starting the investment objective "Qualification to severe accident and earthquake of loop 1-63432-L11 and provision of indications in SCA" during the planned outage of Unit 1 in the first semester of 2016; implementation was delayed for the planned outage to take place in 2018 at Unit 1;
- Delays caused by the legislative changes in procurement impacting the achievement of some investments within the project "Improvement of the response of Cernavoda NPP following the nuclear accident occurred at the nuclear power plant Fukushima 1, Japan".

FCN Pitești Branch

The FCN Pitești Branch investment program for 2016 amounts to RON 19,159 thousand.

FCN Pitești investment program has been drawn up taking into account the needs of replacement of the equipment, installations and other existing tangible assets. Among the investments that hold a large share of value in the investment program of FCN Pitești we mention the following ones:

- Ventilation and air conditioning of hall IV – RON 1,943 thousand;
- Integrated IT system for the management of fuel production – RON 1,139 thousand;
- Upgrading of the production line for fuel bundles in order to optimize the production flow and improve the quality of the finished product – RON 726 thousand;
- Upgrading of the communication infrastructure, fitting of data center in accordance with the standard TIA924-1 and implementation of the information security risk – RON 3,164 thousand;
- Other investment expenses - endowments and capital repairs – RON 9,859 thousand.

At the end of the second semester the level of completion level for FCN Pitești Branch is 4,58%.

During the first semester of 2016, the following investment objectives were completed:

- „Upgrading of the production line for fuel bundles in order to optimize the production flow and improve the quality of the finished product” –initiation of the procurement procedure for the equipment mini-autoclave;
- „Ventilation and air conditioning of hall IV (feasibility study, design, construction, environmental studies)” – the Environment Agreement and the Construction Authorisation have been obtained; in March 2016 the contract for the works was concluded and the order for initiation of work was issued; in the end of the first semester of 2016, several works related to this project were completed;
- „Integrated IT system for the management of fuel production (SIMP)” – the revision of the feasibility study was approved;
- „Cooling system for summer time for ventilation of the physical and chemical analysis laboratories –design and construction” – the specification is currently being developed;
- „Refurbishment and upgrading of the dining halls (ground floor and first floor 2) "(design, construction and fitting) – the specification is currently being developed;

The achievement of the project "Implementation of IT applications required to complete the existing ERP system in FCN (procurement, budgets, contracts) and updating of the communication infrastructure, fitting of data center in accordance with the standard TIA924-1 and implementation of the information security risk" (Project for safety of the information system and communications) is programmed to be implemented after the completion of the IT Strategy at

SNN. This was recently reviewed and approved in order to achieve an integrated flow of information and ensuring security solutions according to current regulations.

In terms of fitting and endowments, in February and March the contracts for delivery, installation and commissioning of two important facilities were signed - "Installation for graphitizing of sheaths" (approved amount RON 1,210 thousand) and "Installation for plug-grid welding" (approved amount RON 2,033 thousand). The deadline for delivery and commissioning is 13 months after signing the contracts.

3.5. Activity of Cernavoda NPP Branch

The operation of Cernavoda NPP was performed without events with impact on nuclear safety, own personnel, population or environment.

In the reporting period, no operation event exceeding the level 1 on the international scale of nuclear events (INES) which relates to the degradation of the in depth barriers, with impact on site or off site, took place and no human error leading to an event with consequences occurred.

On May 6, 2016, at 11 p.m., Cernavoda NPP entered the planned outage plan.

The reactors of Cernavoda NPP are alternatively shutdown every two years for implementation of programs of corrective and preventive maintenance, mandatory inspections, mandatory testing, as required by the National Commission for Nuclear Activities Control ("CNCAN"), which require the nuclear power plant to be shut down, and also for implementation of project changes on some systems/equipment/components.

The synchronization to the National Energetic System took place in the evening of June 25, 2016 after all works related to the planned outage have been completed.

The planned outages are considered projects of the Company, initiated approximately 24 months prior to scheduled date, involving a project management team, an achievement graphic, human resource planning and a proper budget.

This year, the planned outage of Cernavoda NPP Unit 1 lasted 51 days instead of 30 days which is the normal duration for planned outages. The extended duration of Unit 1 planned outage implied some additional works for the maintenance of the steam generator. This is a standard approach implemented by CANDU 6 type plants all over the world only once throughout the initial 30-year life span of a nuclear units, according to the analysis of technical data.

Analyses related to the extended outage in 2016 revealed economic and technical advantages such as improvement of the efficiency of heat cycle that results in increased production by about 1.5% -2% compared to the forecast in the absence of these works. All objectives of the planned outage were achieved under safe conditions for the plant personnel, public and environment, according to the approved procedures applied at Cernavoda NPP.

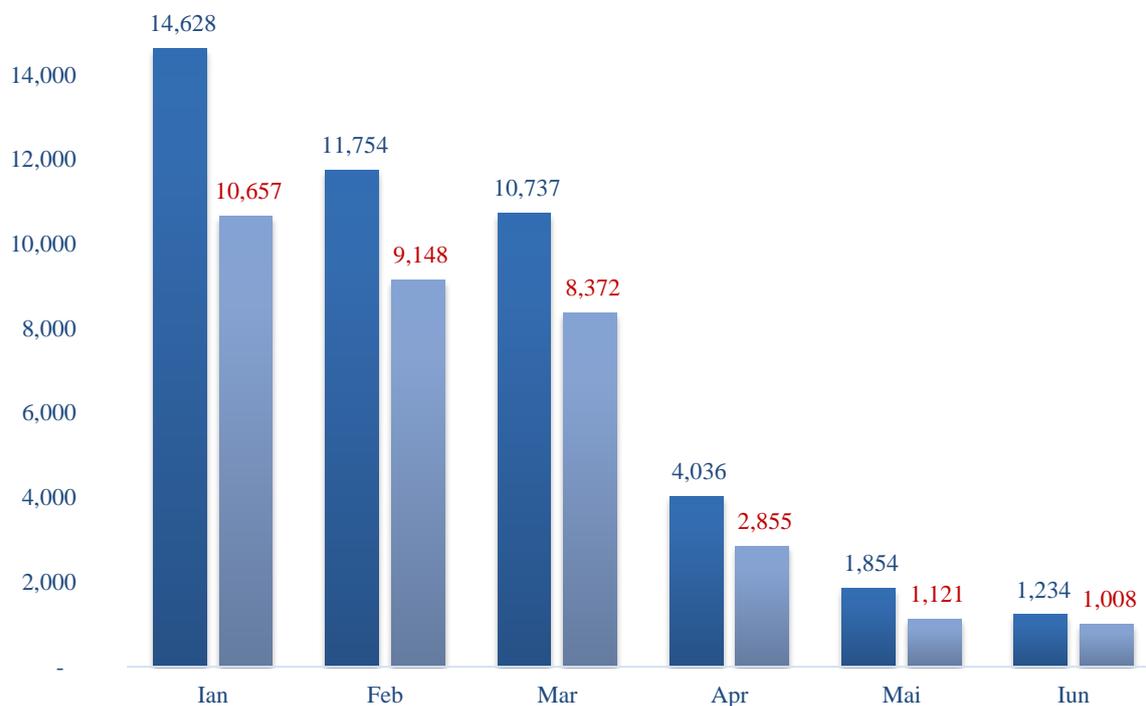
The main indicators for the production activity are shown in the graphs below.

Generated/net electric power U1 + U2 (MWh)
(Electric power generated in the first semester of 2016: 5,231,196 MWh/
Net electric power in the first semester of 2016: 4,822,807 MWh)
(Cumulated internal technological consumption in the first semester of 2016: 7.94%)



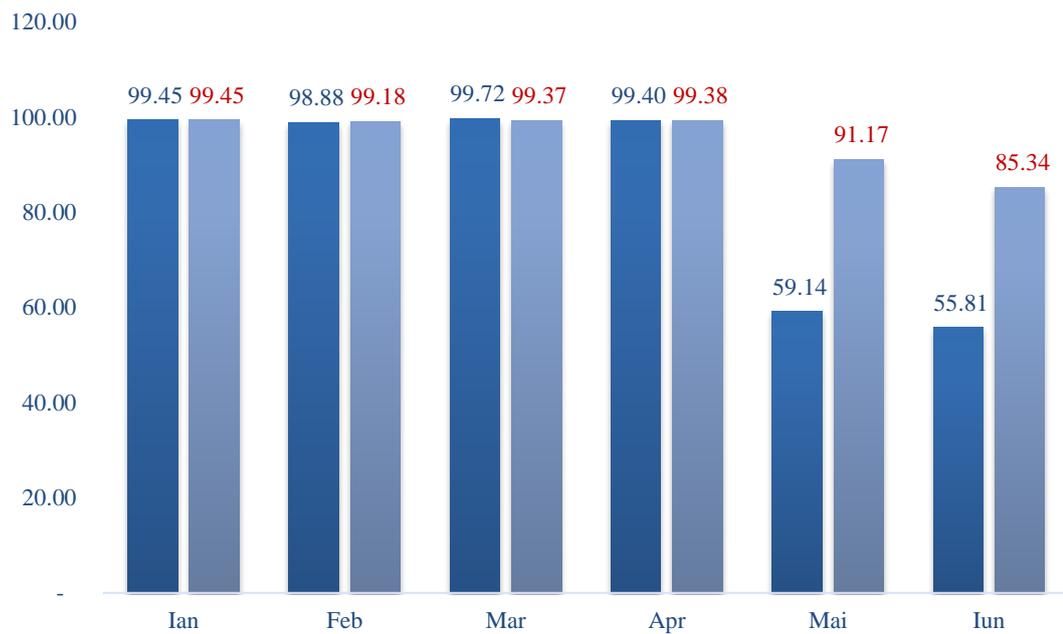
Electric power generated Net electric power

Thermal power delivered to the district heating system/sold (Gcal)
(Thermal power delivered in the first semester of 2016: 44,243 Gcal/
Thermal power sold in the first semester of 2016: 33,160 Gcal)



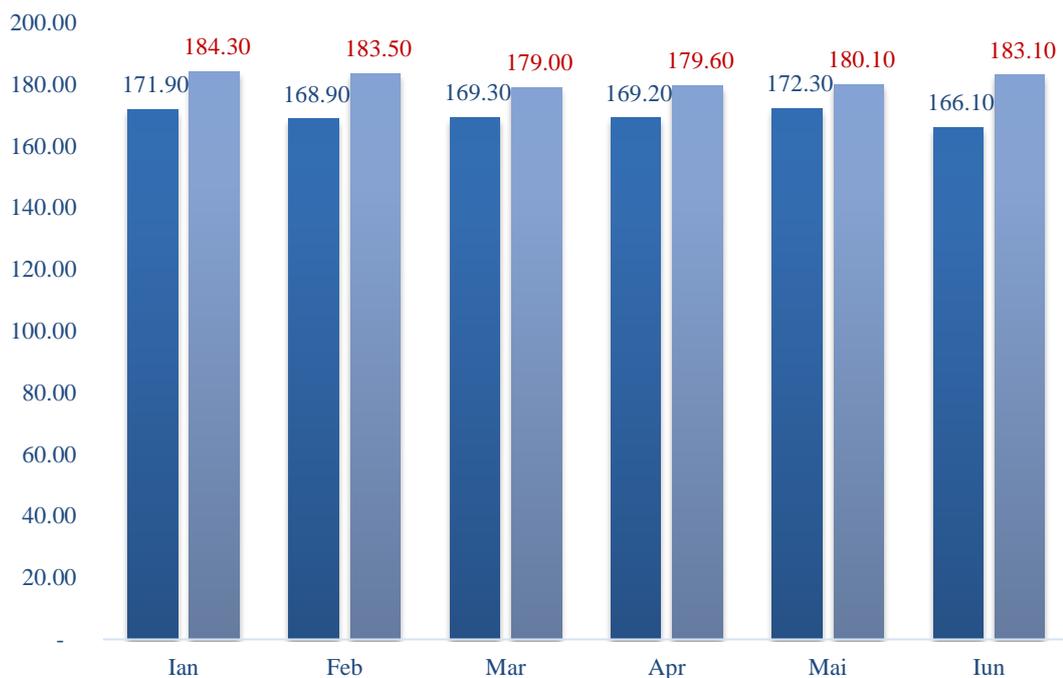
Thermal power delivered Thermal power sold

Installed capacity factor U1 + U2 (%)
(Cumulated in the first semester of 2016: 85.34%)



Capacity factor U1 + U2 Capacity factor Cumulated U1 + U2

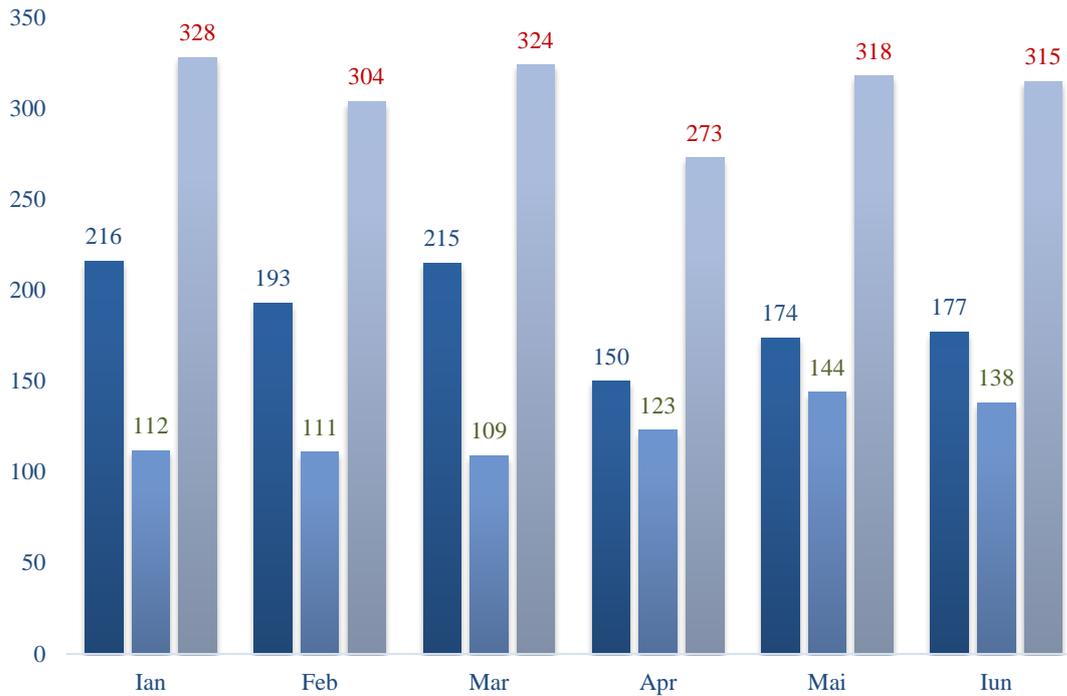
Nuclear fuel burn up factor (MWh/KgU)
(Cumulated in the first semester of 2016: 175.70/Provided in the project: min. 156.00)



Burn up factor monthly U1 Burn up factor monthly U2

Heavy water losses U1+U2 (Kg)

**(Cumulated the first semester of 2016: 1,862/
 Provided in the project U1+U2: max. 10.280/
 Target provided under the administration contract: max. 6,800)**

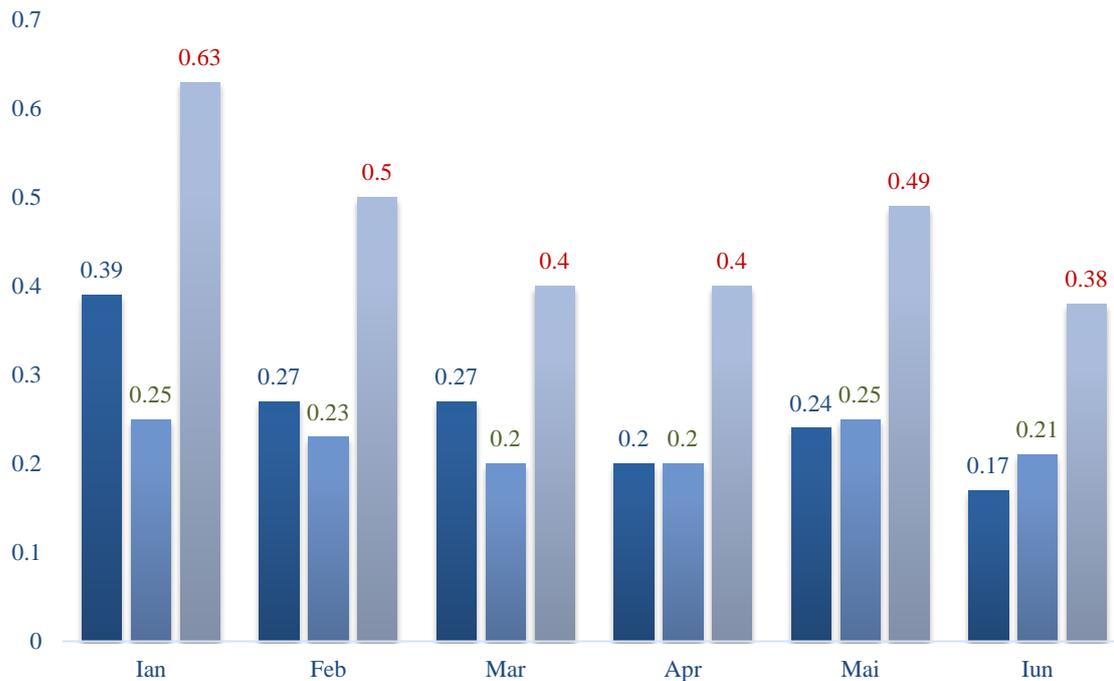


Losses U1

Losses U2

Total

**U1+U2 radioactive emissions to the environment (μ Sv)
 (Total the first semester of 2016: 2.87 / Annual limit: 7.50)**



Emissions U1

Emissions U2

Total

3.6. The activity carried out by FCN Pitești Branch

During the first semester of 2016, FCN Pitești produced 4,947 nuclear fuel bundles, as per the production plan, while in the first semester of 2015 it produced 6,077 nuclear fuel bundles. Thus, in the first semester of 2016 a number of 2,012 nuclear fuel bundles were controlled and accepted (first semester of 2015: 3,600) and in the second semester of 2016, a number of 2,935 nuclear fuel bundles were controlled and accepted (first semester of 2015: 2,477), all of them complying with the specifications. The achievement in the first semester of a smaller production with approx. 18,5% compared to the production in the same period of the previous year was caused by shutdown of the manufacturing process for longer periods of time compared to 2015 mainly for the annual inventory of the uranium stocks, the revision of the sintering oven, as well as for the commissioning of the works on the new ventilation system in Hall IV.

During January – June 2016, FCN Pitești delivered an amount of 5,040 nuclear fuel bundles to Cernavoda NPP (January – June 2015: 5,040), meeting the agreed delivery schedule: 2,160 nuclear fuel bundles were delivered in the first semester (first semester of 2015: 2,160) and respectively, 2,880 nuclear fuel bundles were delivered in the second semester of 2016 (first semester of 2015: 2,880).

The average current price for sintered uranium dioxide powder achieved in the first semester of 2016 was 496.45 RON/kg.

In the first quarter of 2016, FCN Pitești used sintered uranium dioxide powder at the cost of 475 RON/kg, in stock at 31.12.2015, from the supplier CNU, and imported UO₂ powder from the supplier CAMECO Inc. The achieved import price was of 511, 62 RON/KgU, USD equivalent of the import price.

4. OTHER SIGNIFICANT ISSUES

4.1. Project Units 3 and 4 Cernavoda NPP

The main milestones of promoting Project Units 3 and 4 of Cernavoda NPP are:

- On November 9, 2015 the Memorandum of Understanding on the development, construction, operation and decommissioning of Units 3 and 4 at Cernavoda NPP (MoU) was signed by the parties involved in the project: SNN and China General Nuclear Power Corporation (CGN);
- On November 23, 2015 the Negotiation committee submitted to CGN the initial versions of the « Investors Agreement » and the « Articles of Incorporation » of the future project company (“JVCo”);
- The Romanian Government issued on January 19, 2016 the Letter of Support for Project Units 3 and 4 of Cernavoda NPP;
- During February-April 2016 intensive negotiating rounds on the investment documents, namely the “Investors Agreement” and “Articles of Incorporation” of the future project company took place.
- On May 16, 2016 the Inter-minister committee for the project Cernavoda NPP Units 3 and 4, set up by the Prime Minister's Decision no. 254/08.21.2014, as amended and supplemented, approved the continuation of negotiations on the Investment Documents (“ID”) under the same conditions of the Memorandum of Understanding on the development, construction, operation and decommissioning of Units 3 and 4 at Cernavoda (MoU) for a period of 4 months, starting on May 9, 2016 with the application of all other provisions of the MoU, including the possibility of either Party to terminate the MoU without any compensation through a simple written notice to the other Party, in the case of failure to reach an agreement on ID and to the extent that the delay was not caused by that Party. Continuation of negotiations with CGN was approved by the Romanian Government on June 2, 2016 and by the Extraordinary General Meeting of Shareholders of SNN on July 18, 2016.
- During 11 to 26 of May and 14 to 30 of June 2016 intensive negotiations took place, the Parties presenting their positions on the key issues of the “Investors Agreement”.

4.2. Litigations with the shareholder Fondul Proprietatea S.A.

Fondul Proprietatea S.A. has lodged at Bucharest Court of Law the action for annulment of the Extraordinary General Meeting of Shareholders (“EGMS”) Resolution no. 8/06.10.2014 which approved SNN’s capital increase by total maximum cash contribution amounting to RON 239,172,630, by issuing a maximum of 23,917,263 new shares at a price of RON 10/share, shares that represent the contribution in kind of the Romanian State as a result of obtaining the certificate of ownership upon the land undivided share of 239.05 sqm located in Bucharest, Bd.Gheorghe Magheru nr.

33 and the cash contribution representing the amount of budget allocations for 2006- 2009 assigned for the completion of Cernavoda Unit 2.

The dispute is subject of the file no. 40046/3/2014, and the next hearing was set by the Court to take place on 19.09.2016.

4.3. Major litigations

The major disputes (exceeding RON 500 thousand) and the ones which have not been evaluated in currency as at 30.06.2016 are presented in **Appendix 4**.

4.4. Changes in the management of the Company

The National Anticorruption Directorate –Constanța Territorial Service initiated the criminal action against 5 employees of Cernavoda NPP and the measure of judicial supervision for a period of 60 days, starting with 18.02.2016, against the Manager of Cernavoda NPP Branch and the Economic Manager of Cernavoda NPP.

As a result of the criminal action ordered by the National Anticorruption Directorate - the Constanța Territorial Service against 5 employees of Cernavoda NPP on 19.02.2016, SNN's management decided to suspend the Cernavoda NPP Branch Manager and the Economic Manager during the application of the judicial control measure.

In order to ensure business continuity, SNN management decided that Mr. Marian Serban, Manager of Cernavoda NPP to take over the duties as the Cernavoda NPP Branch Manager and Mrs. Titina Holobiuc to take over the duties as the Economic Manager of Cernavoda NPP.

On 07.04.2016 the Board of Directors of SNN acknowledged the request submitted by the Manager of Cernavoda NPP Branch, Mr. Ionel Bucur, to renounce from the previously mentioned mandate, starting on 08.04.2016.

Following a recruitment process, starting 01.07.2016, Mr. Adrian Dumitriu was appointed as Economic Manager of Cernavoda NPP Branch. Mr. Marian Serban, the Manager of Cernavoda NPP, is still exercising his duties as Cernavoda NPP Branch Manager.

4.5. The purchase of sintered uranium dioxide powder

In January 2016, SNN concluded with Cameco Inc a short-term contract for the procurement of 120 tons of natural uranium as sintered UO₂ powder, by means of a competition between the 2 qualified powder suppliers of SNN, namely CNU and Cameco Inc. Cameco Inc offered a significantly lower price than the other competitor, namely 518 RON/kg U in UO₂ (RON equivalent of the USD price).

In April 2016, SNN launched a qualification process of new sintered uranium dioxide powder suppliers in the international press, by publishing an announcement of intent of SNN's website and in Financial Times, process to which only one company participated. Following the evaluation performed by SNN's specialists, the respective company did not fulfil the qualification criteria. Under these conditions, SNN restarted the qualification process, the deadline for submitting letters of intent being 15.09.2016.

On 04.07.2016, Cameco was declared winner of the second procurement procedure for 120 tons of natural uranium in UO₂ sintered powder, with the lowest price, namely 429.47 RON/kg U in UO₂ (equivalent in RON of the price in USD). For the purchase of uranium powder two offers were received, from Cameco and CNU respectively, the price offered by Cameco being significantly lower than the price offered by CNU.

Also on 04.07.2016, CNU was declared winner of the procurement procedure for services consisting in processing of non-compliant materials containing natural uranium in order to recover the uranium as UO₂ sintered powder, as specified in the descriptive documentation.

We state the fact that the above mentioned acquisitions, namely the acquisition of 120 tons of natural uranium as UO₂ powder and the acquisition of processing services of 21 tons of non-compliant materials were carried out at the same time, within the same procurement procedure but in different lots, both qualified suppliers of SNN (Cameco and CNU) being invited to submit offers for both lots. In the case of the second lot, for processing services of non-compliant

materials, only CNU submitted an offer until the deadline provided in the procedure, at a total price of RON 4.090 thousand without VAT.

4.6. Approval of regional tariffs corresponding to the transport service for introduction of electrical energy in the network (TG)

Starting July 2016 the transportation tariff for the introduction of electricity in the network (TG) was decreased for Dobrogea region by 2.7 RON/MWh, following the ANRE Order no. 27/2016; thus, the TG tariff for Dobrogea (without renewables) was established at 1.34 RON/MWh, decreased from 4.04 RON/MWh.

Such decrease determines a reduction by 66,8% of the transportation service invoiced by CNTEE Transelectrica, starting on July 1, 2016.

According to the Order 33/2016, the new tariff determines– for those contracts concluded prior to July 1, 2016 – the decrease of the sale price on the competitive contracts by 2.7 RON/ MWh starting July 25, 2016 when ANRE Order 33/2016 entered into force; ANRE Order 33/2016 establishes the obligation to modify the sale price for the contracts concluded prior to the date of entering into force of ANRE Order 27/2016 (1 July 2016) by means of an addendum reflecting the reduction of the regulated tariff TG starting 25 July 2016.

4.7. Approval of “DICA revised strategy”

By the Decision no. 5/18.07.2016 of the General Meeting of Shareholders the “Long-term strategy for the development of the Intermediate Storage for Burnt Fuel (DICA) in dry state and the authorization for extending the life period of Units 1 and 2 harmonized with the observations from CNCAN and Ministry of Environment and Climate Changes” (“The reviewed DICA strategy”) was approved.

The commissioning of Nuclear-electrical Power Plant from CNE Cernavoda determined the need to build and put in function the Intermediate Storage for Burnt Fuel (DICA), for the intermediate storage of irradiated burnt fuel from the reactor. In 2013 the “Long-term strategy for the development of the Intermediate Storage for Burnt Fuel (DICA) in dry state and the authorization for extending the life period of Units 1 and 2” was drafted, consisting in building 27 MACSTOR 200 storage modules.

Following the request of Ministry of Environment and Climate Changes to approach in a unitary vision the entire site from Cernavoda, in October 2014, the revision 3 was issued, “DICA revised strategy”. The solution on which it is based the new approach is to make use of the site for DICA more efficiently, by changing the previous project and building, in addition to the 7 MACSTOR 200 already existing modules, operational in 2016, of another 2 MACSTOR 200 type modules and continuing to build, starting with module 10, another 21 modules MACSTOR 400 type, with a double storage capacity.

5. MAIN FINANCIAL AND ECONOMIC INDICATORS AS AT JUNE 30, 2016

The performance of the Company is reflected in the achievement of the main financial and economic indicators, as follows:

Indicator ^{*)}	Formula	M.U.	Result as at 30.06.2016
1. The current liquidity ratio	Current assets/Current liabilities	x	4,04
2. Gearing ratio			
2.1. Gearing ratio (1)	Long term liabilities/ Shareholders' equity x 100	%	19,03%
2.1. Gearing ratio (2)	Long term liabilities/Capital employed x 100	%	15,99%
3. Receivables turnover ratio	Average balance of accounts receivable/Turnover x 180	days	20
4. Non-current assets turnover*	Turnover/ Non-current assets	x	0,20

**) based on the reviewed individual financial statements for the 6-month period as at 30.06.2016*

****) receivables turnover ratio for the non-current assets is calculated annualizing of half-year turnover (360 days/180 days)*

6. DEGREE OF ACCOMPLISHMENT OF PERFORMANCE INDICATORS

The performance indicators and criteria included in the administration contracts of the administrators were established at the middle of 2013 on the basis of the local applicable accounting standards. Starting with the financial year 2013, SNN applies the International Financial Reporting Standards (IFRS).

The performance indicators are calculated on the basis of the Budget of revenues and expenses of SNN approved by the Resolution of the General Meeting of Shareholders no. 1/30.03.2016, of the interim financial statements and operational reports as well as on the basis of Appendix 1 and 1.1 to the administration contracts concluded by administrator and the Company updated by the Resolution of the General Meeting of Shareholders no. 3/25.04.2016, including the level of the performance indicators and criteria for 2016.

The degree of accomplishment of the global performance indicators for the first semester of 2016 is 68.15%, as shown in Appendix 5.

Regarding the degree of accomplishment of the annual investment plan, as per Table 28 from the Administration Plan and the Annual Budgets, only the investments mentioned in Table 28 from the administration plan are taken into account when determining the level of achievement of the investment plan and the level of achievement is limited to 100% (achieved vs planned).

The Board of Directors also monitors the annual reports of the directors and the execution of their mandate contracts; for information purposes, the degree of accomplishment of the performance criteria and indicators included in the mandate contracts concluded of the Chief Executive Officer and Chief Financial Officer was 78.78% for the first semester of 2016.

Starting with 19.02.2016, the mandate contract of the Manager of Cernavoda NPP Branch, which provides the indicators of performance to be achieved by the Manager, is suspended; moreover, starting with 08.04.2016, following the resignation of the Manager of Cernavoda NPP, his mandate contract was terminated and a new Manager with mandate contract was not appointed.

Board of Directors
Alexandru Sandulescu
President

Appendix 1 – Financial position as at 30.06.2016

	June 30, 2016 (reviewed)	December 31, 2015 (audited)
Assets		
Non-current assets		
Property, plant and equipment	7.290.030.826	7.474.555.551
Intangible assets	87.461.511	79.982.771
Financial instruments	141.689.201	141.689.201
Total non-current assets	7.519.181.538	7.696.227.523
Current assets		
Inventories	320.740.568	323.222.947
Income tax receivable	19.902.229	1.173.730
Trade and other receivables	92.955.123	163.499.181
Prepayments	14.071.684	12.072.918
Bank deposits	1.202.274.123	1.103.841.528
Cash and cash equivalents	176.324.600	257.376.819
Total current assets	1.826.268.327	1.861.187.123
Total assets	9.345.449.865	9.557.414.646
Equity and liabilities		
Equity		
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 adjustment to share capital</i>	<i>195.502.743</i>	<i>195.502.743</i>
Share premium	31.474.149	31.474.149
Prepaid share reserve	21.553.537	21.553.537
Revaluation reserve	279.558.592	293.329.577
Retained earnings	3.812.584.875	3.936.724.775
Total shareholder's equity	7.355.812.406	7.493.723.291
Liabilities		
Non-current liabilities		
Long term borrowings	1.185.402.617	1.279.606.054
Deferred income	150.618.947	157.791.277
Deferred tax liability	169.216.064	173.496.018
Employees' benefits	32.666.545	31.796.021
Total non-current liabilities	1.537.904.173	1.642.689.370
Current liabilities		
Accounts payable and other liabilities	229.711.828	197.281.806
Deferred income	7.601.232	21.671.875
Current portion of long term borrowings	214.420.226	202.048.304
Total current liabilities	451.733.286	421.001.985
Total liabilities	1.989.637.459	2.063.691.355
Total equity and liabilities	9.345.449.865	9.557.414.646

Appendix 2 – Income statement as at 30.06.2016

	3-month period ended on June 30, 2016 (reviewed)	3-month period ended on June 30, 2015 (reviewed)	6-month period ended on June 30, 2016 (reviewed)	6-month period ended on June 30, 2015 (reviewed)
Revenues				
Sales of electricity	277.332.005	351.499.755	723.764.321	791.792.692
Electricity transmission revenues	8.085.398	24.158.756	19.406.569	52.656.530
Total revenues	285.417.403	375.658.511	743.170.890	844.449.222
Other income	2.394.768	(3.697.955)	(924.360)	13.942.175
Operating expenses				
Depreciation and amortization	(119.349.324)	(117.799.580)	(238.404.790)	(233.841.384)
Personnel expenses	(74.329.817)	(74.283.600)	(142.282.641)	(139.401.855)
Cost of traded electricity	(2.809.314)	(12.336.475)	(5.223.213)	(19.224.269)
Repairs and maintenance	(64.251.145)	(64.910.987)	(81.000.460)	(80.206.840)
Electricity transmission expenses	(8.085.398)	(24.158.756)	(19.406.569)	(52.656.530)
Costs with spare parts	(15.051.909)	(10.717.796)	(16.806.094)	(13.913.715)
Cost of uranium fuel	(27.726.731)	(27.472.223)	(66.905.694)	(69.826.644)
Other operating expenses	(78.869.949)	(69.432.480)	(198.901.230)	(234.248.053)
Total operating expenses	(390.473.587)	(401.111.897)	(768.930.691)	(843.319.290)
Operating result	(102.661.416)	(29.151.341)	(26.684.161)	15.072.107
Finance cost	(39.948.277)	(33.006.275)	(62.054.380)	(66.578.092)
Finance income	16.163.654	20.248.049	48.569.430	61.874.744
Net finance (expenses)	(23.784.623)	(12.758.226)	(13.484.950)	(4.703.348)
(Loss)/Profit before income tax	(126.446.039)	(41.909.567)	(40.169.111)	10.368.759
Net income tax expenses	21.745.719	9.376.399	2.330.256	(7.466.591)
(Loss)/Profit for the period	(104.700.320)	(32.533.168)	(37.838.855)	2.902.168

Appendix 3 – Execution of the Budget of Revenues and Expenses as at 30.06.2016

		INDICATORS	Row no.	Budgeted Q2 2016	Actual Q2 2016	%
0	1	2	3	4	5	6=5/4
I.		TOTAL REVENUES (Row1=Row2+Row3+Row4)	1	845.212	789.640	93,4%
	1	Total operating revenues	2	785.308	741.071	94,4%
	2	Finance revenues	3	59.905	48.569	81,1%
	3	Extraordinary revenues	4	-	-	0,0%
II		TOTAL EXPENSES (Row5=Row6+Row17+Row18)	5	844.124	829.809	98,3%
	1	Operating expenses	6	808.070	767.755	95,0%
	A.	Expenses for goods and services	7	327.434	281.247	85,9%
	B.	Expenses with taxes, duties and similar payments	8	84.778	94.946	112,0%
	C.	Personnel expenses, out of which:	9	153.719	146.803	95,5%
	C0	Personnel expenses (Row11+Row12)	10	114.143	109.958	96,3%
	C1	Salaries	11	102.776	102.021	99,3%
	C2	Bonuses	12	11.367	7.937	69,8%
	C3	Other personnel costs	13	518	499	96,3%
	C4	Expenses related to the mandate contracts and other managing and control entities, boards and committees	14	2.166	1.799	83,0%
	C5	Social security expenses, special funds and other legal obligations	15	36.892	34.547	93,6%
	D.	Other operating expenses	16	242.140	244.758	101,1%
	2	Finance expenses	17	36.054	62.054	172,1%
	3	Extraordinary expenses	18	-	-	0,0%
III		GROSS RESULT (profit/loss)	19	1.088	(40.169)	N/A
IV		INCOME TAX*	20	5.254	(2.330)	-N/A
V		ACCOUNTING PROFIT AFTER THE INCOME TAX DEDUCTION (Row 19 - Row 20)	21	(4.166)	(37.839)	908,2%

* The income tax expense is net of the income from reversal of deferred income tax recorded between January - June 2016

Appendix 4 – Significant SNN litigations ongoing as at 30.06.2016, including the monetary unassessed ones

No.	File number	Court of law	SNN quality	Adverse party	Object/ value	Current procedural stage	Previous procedural stages	Procedural stage/ Term
SNN								
1.	3868/118/2012	Constanta Court of Law	Creditor	S.C.PROCONEX UNIVERSAL S.RL.	Insolvency proceedings – bankruptcy. SNN receivable amounting 3,369,886.85 RON registered in the final table of receivables.	First court	Pending procedure.	10.10.2016
2.	27406/3/2012	High Court of cassation and Justice Court of Appeal retrial	Plaintiff	SC Tinmar Ind S.A.	Delay penalties for payment of energy transport tariff and legal interest : 1,286,326.78 RON plus 18,345.23 RON legal expenses	Appeal retrial	<p>First court: Bucharest Court of Law partially admitted SNN claim and obliges the defendant to pay to SNN the amount of 1,230,780.39 RON, representing delay penalties. It obliges the defendant to pay to SNN the amount of 16.423,80 RON as legal expenses.</p> <p>Appeal: The Bucharest Court of Appeal admitted the appeal filled by SNN and partially changed the appealed sentence meaning that it obliged the defendant to pay as delay penalties the amount of 55,546.39 RON and as legal expenses the amount of 555,47 RON as legal expenses (in addition to the the amounts the defendant was obliged on the first court. The other provisions of the appealed court ruling were maintained. It obliges the respondent to pay to the appellant the amount of 1365,96 RON as legal expenses in appeal.</p> <p>Further appeal: The High Court of Cassation and Justice admitted the further appeal filled by SNN and send the file to the Bucharest Court of Appeal for retrial.</p> <p>In appeal (retrial): the Court ruled for accepting the appeal. Partially changed the appealed decision, obliged the respondent Tinmar to pay the amounts of RON 292,982.47, the difference of fee counter value corresponding to the transport service for introducing electrical energy into the network and RON 1,289,812.54, delay penalties for invoices issued based on contracts no. 1547/20.11.2009 and no. 1574/09.12.2009. Obligated the respondent Tinmar to pay as trial expenses the amount of RON 24,049.94. The other provisions of the appealed court ruling were maintained. Obligated the respondent Tinmar to pay the amount of RON 15,901.97, appeal trial expenses and appeal, to SNN. With</p>	15.12.2016

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							right of appeal within 15 days since the communication. Decision 714/20.04.2016	
3.	2183/115/2010	Caras- Severin Court of Law	Creditor	CET Energoterm Resita S.A.	Insolvency proceedings – bankruptcy procedure. SNN receivable amounting to 580,974.21 RON registered with the final table of receivables:	First court	Pending procedure.	29.09.2016
4.	48031/299/2010	Sector 1 Court Bucharest Court of Appeal	plaintiff claiming damages during criminal proceedings	Defendants: Rotaru Ioan, Ispas Gheorghe, Irimie Traian, Prisecaru Tereza, Nemtanu Raducu, Anghelescu Andrei, TESS Conex S.A. civil responsible party	Corruption criminal offences – maladministration; misdefense. SNN is a civil party in a trial with an estimated damage of 13.493.080,3 RON	Appeal	The Court partially admitted the plaintiff claiming damages brought by SNN for the amount of 13,453,181.18 RON. It jointly obliged the defendants ROTARU IOAN, IRIMIE TRAIAN CEZAR, PRISECARU TEREZA and NEMTANU RADUCU – the last two jointly and with the responsible plaintiff party S.C. TESS CONEX S.A. to pay to the plaintiff claiming damages SOCIETATEA NATIONALA NUCLEARELECTRICA S.A. the amount of 7,481,329,701 RON as civil compensations (property damages related to the contract TD – R – 015 no. 53/03.06.2004). It jointly obliges the defendants ROTARU IOAN, IRIMIE TRAIAN CEZAR, ISPAS GHEORGHE, ANGHELESCU ANDREI TUDOR and PRISECARU TEREZA – the last two jointly and with the responsible plaintiff party S.C. TESS CONEX S.A. to pay to plaintiff claiming damages SOCIETATEANATIONALA NUCLEARELECTRICA S.A. the amount of 2.433.400,22 RON as civil compensations (property damages related to the contract TD – R 111 no. 99/07.01.2005). It jointly obliges the defendants ROTARU IOAN, IRIMIE TRAIAN CEZAR, ISPAS GHEORGHE, PRISECARU TEREZA and NEMTANU RADUCU – the last two jointly and with the responsible plaintiff party S.C. TESS CONEX S.A. to pay to the plaintiff claiming damage SOCIETATEA NATIONALA NUCLEARELECTRICA S.A. the amount of 2.886.718,2813 RON as civil compensations (property damages related to the contract TD – R - 074 no. 145/19.09.2003). It jointly obliges the defendants ISPAS GHEORGHE, PRISECARU TEREZA and NEMTANU RADUCU – the last two jointly and with responsible plaintiff party S.C. TESS CONEX	13.09.2016

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							S.A. to pay to plaintiff claiming damage SOCIETATEA NATIONALA NUCLEARELECTRICA S.A. the amount of 651.732,9796 RON as civil compensations (property damages related to the contract TD – RI - 036 no. 904/15.10.2003). The defendants and DNA filled an appeal.	
5.	9089/101/2013	Mehedinti Court of Law	Creditor	RAAN	Insolvency proceedings– bankruptcy receivable 7,828,405.48 RON	First court	Pending procedure Until now, RAAN has not paid any amount from the receivable due to SNN.	29.09.2016
6.	7238/120/2012	Dambovita Court of Law	Creditor	Eco Energy	Insolvency proceedings – bankruptcy SNN receivable registered in the table of creditors in amount of 2.464.059,64 RON	First court	pending procedure	17.10.2016
7.	3793/2/2013	High Court of Cassation and Justice	Respondent	Greenpeace CEE Romania	Cancellation of the resolution for issuance of the environmental permit and of the environmental permit concerning the U3-4 project	Recourse	First court: The Court rejected the plaintiff claim as not grounded Further appeal: accepts the further appeal filled by Greenpeace Foundation CEE Romania and the Association Bankwatch Romania against the Decision no. 1436 from May 9 th , 2014 of the Bucharest Court of Appeal – 8 th Administrative and Fiscal Department. It discards the decision attacked and sends the case for retrial at the same court. Final. Ruled in the public meeting on June 23 rd , 2016.	The hearing date to be set.
8.	873/1259/2008	Arges Court of Law	Creditor	Termoficare 2000 SA	Insolvency proceedings – bankruptcy SNN receivable registered in the final table off receivables in amount of 2.713.986,71 RON.	First court	Pending procedure	20.09.2016
9.	18770/3/2007	Bucharest Court of Law	Creditor	Condem SA	Insolvency proceedings – bankruptcy SNN receivable registered in the final table of receivables in amount of 2.446.227,08 RON	First court	Pending procedure.	28.09.2016
10.	11661/3/2014 11661/3/2014*	Bucharest Court of Appeal Bucharest Court of Law–retrial	Respondent	S.C.Fondul Proprietatea S.A.	Requesting the cancellation of the Decision no. 1/11.03.2014 of the Extraordinary General Meeting of SNN Shareholders by which it was approved the SNN participation to the investment projects Tarnita	Appeal First court retrial	First court: The Bucharest Court of Law rejected the claim submitted by Fondul Proprietatea, on the grounds of lacking the interest Appeal: The Bucharest Court of Appeal admitted the appeal filled by Fondul Proprietatea, canceled the appealed sentence and sends the case for retrial to the same court. First court retrial: The court adjourned the case considering that Bucharest Court of Law	Adjourned

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					– Lapustesti and Cablu Submarin		and Craiova Court of Appeal requested a preliminary ruling to the Court of Justice of the European Union regarding the possible state aid.	
11.	416/2/2014	Bucharest Court of Appeal	Claimant Plaintiff	National Regulatory Authority for Energy	Cancellation of regulatory act. Decision 3609/2013 referring the approval of the tariff regulated for 2014	First court	First court: The Bucharest Court of Appeal rejected on 14 October 2014 SNN claim. SNN filled for recourse. Further appeal: The case is under filter procedure. The first trial term shall be allotted subsequently.	
12.	1794/118/2016/a2	Constanta Court of Law	plaintiff claiming damages during criminal proceedings	Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor Davy Security SRL civil party	Damages amounting EUR 3,471,463	First court	Based on art. 207 Criminal procedure code and art. 242 par. 1 Criminal procedure code, revokes the preventive measure of the judicial control established upon the defendants BUCUR IONEL and NEGULICI ELENA MARINELA by Ordinances no. 279/P/2015 from 18.02.2016 issued by the National Anticorruption Directorate – Constanta Territorial Department and changed through the Decision no. 37 from 23.02.2016, Constanta Court of Law. Based on art. 275 par. 3 Criminal proceedings code, Advanced state legal costs remain his responsibility. With a right of appeal within 48 h after the decision for the present parties and since the communication for those missing. Ruled in the preliminary room on 23.03.2016. Final conclusion (disinvestment) DNA Constanta filed a claim. On 16.03.2016 was ruled the summons of 5 persons within CNE Cernavoda, the file being under resolution at Constanta Court of law. SNN registered as plaintiff requesting damages amounting to 14.673.966,24 representing a prejudice, as mentioned in the indictment.	The hearing date to be set.
13.	40046/3/2014	Bucharest Court of Law	Defendant	Fondul Proprietatea S.A.	Requesting the cancellation of the Extraordinary general Meeting of Shareholders Decision no. 8/6.10.2014 Referring to the share capital increase by cash contribution. Mentioning of the court and of the Trade Registry decision	First court	First court: pending	19.09.2016
14.	13275/3/2015	Bucharest Court of Law	Defendant	Hidroelectrica S.A.	Claim : 40.812.717 RON representing the difference between insuring contract energy purchase counter	First court	First court: The first rejected the case against SNN considering the statute of limitation. The claim of the plaintiff has been rejected as reaching the statute the limitation. Appeal with	12.10.2016

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					value and energy sale and legal interest		30 days since the communication. Decision no. 6860/07.12.2015. Appeal: Term 12.10.2016	
15.	3490/121/2015	Galati Court of Law	Plaintiff	Arcelor Mittal Galati S.A.	Claims-contractual damages of 8,575,245.78 RON representing the difference of the counter value of the sale of the laid off energy sale and other associated costs	First court	Proof administration - accounting expertise	6.09.2016
16.	26063/3/CA/2015	Bucharest Court of Law	Plaintiff	Arges Court of Auditors	Administrative acts cancellation – measure related to MICROSOFT licenses: -Decision no. 9/23.03.2015 of the Arges Court of Auditors -Conclusion no. 38/19.06.2015 Scrutiny Report no. 341/27/2015 to the FCN Pitesti Branch	First court	First court: The court rejected SNN action, as ungrounded. With a right of appeal within 15 days from the communication which shall be filed, in case of performance, at the Bucharest Court of Law. Decision 1297/29.02.2016. SNN filed an appeal. Appeal: term follow-up	Following term with the Court of Appeal
17.	26062/3/CA/2015	Arges Court of Law Pitesti Court of Appeal	Plaintiff	Arges Court of Auditors	Administrative acts cancellation action – measure related to MICROSOFT licenses: - Decision no. 9/23.03.2015 of the Arges Court of Auditors -Conclusion no. 38/19.06.2015 Scrutiny Report no. 341/27/2015 to the FCN Pitesti Branch	First court	First court: The court of law admitted the request and adjourned the enforcement of the Decision no. 9/23.03.2015 until the final resolution of the first court action. Enforceable. With a right of appeal within 5 days since the communication. Ruled on February 1 st , 2016, at Arges Court of Law –Civil Department, specialized Court Administrative and Tax Decision 90/01.02.2016. The Court of Auditors and Arges Court of Auditors filed an appeal, and Pitesti Appeal Court through Civil Decision no 1092/2016 from 14.06.2016 admitted appeal and dismantled the sitting of Arges Court Further appeal ICCJ: The cause is under filter procedure filtering procedure. The first trial term is to be allotted subsequently	The trial date to be set.
18.	4960/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for adjourning administrative act D&O INSURANCE POLICIES	First court	First court: The Court partially accepts the request. According to art. 15 of the Law no. 554/2004 adjourned the enforcement of paragraph II.12 of the decision 16/11.05.2015 issued by the Romanian Court of Auditors – 4 th Department until the final resolution of the first court action registered in file no. 4912/2/2015. Enforceable. Rejects as unacceptable the	The trial date to be set.

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		High Court of Cassation and Justice					adjourning request of the point 10 of the conclusion no. 59/17.07.2015 and of point 3.1.10 of the Scrutiny Report no. 4371/10.04.2015 issued by the Romanian Court of Auditors. With appeal in 5 days since the communication. Decision 2608/15.10.2015. The Court of Auditors filed a recourse. Further appeal ICCJ: The case is under filtering procedure. The first trial term is going to be allotted subsequently.	
19.	4961/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for adjourning administrative act TOURISTIC SERVICES	First court	First court: The court rejects the request for adjourning being ungrounded. With a right of appeal within 5 days since the communication. Decision 2660/20.10.2015. SNN filed appeal. Further Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
20.	4962/2/2015 Connected to 4966/2/2015 court decision	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for adjourning administrative act Incentives and Court Decisions	First court	First court: the Court rejected the adjournment of the enforcement with respect to paragraph 3.1.7 and 3.1.8 of the Scrutiny Report no. 4371/10.04.2015. Rejects as lacking interest the adjournment requests of performing point 8 of the Conclusion no. 59/17.07.2015 of the Commission for solving claims and point II 10 of the Decision 16/11.05.2015 issued by the respondent. Rejects as ungrounded the suspension requests of performing point 7 of the Conclusion no. 59/17.07.2015 of the Commission for solving claims and point II 9 of the decision 16/11.05.2015 issued by the respondent. With appeal within 15 days since the communication. Decision ruled on 08.12.2015. SNN did not promoted appeal regarding the resolution for the file no. 4962/2/2015, and Court of Auditors promoted appeal. Appeal ICCJ: The cause is under filtering procedure. First trial term will be established subsequently.	The trial date to be set for retrial promoted by Court of Auditors
21.	4968/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for adjourning administrative act employees and Court Rulings	First court	First court: The court partially accepts the action. It rules the suspension of the partial performance of Decision no. 16/2015, and namely of the measure ruled at point II.11, as well as of Conclusion no. 59/2015- point 9, until the final resolution of the action in cancelling point II.11 of the Decision no.	The trial date to be set.

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							16/2015 and point 9 of the Conclusion no. 59/2015. It rejects the suspension request of the Scrutiny Report no. 4371/2015- point 3.1.9- as unacceptable. With a right of appeal within 5 days from the communication. Decision 2684/20.10.2015. The Court of Auditors filed an appeal. Further Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	
22.	4969/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for adjourning administrative act Incentives and Court Decisions regarding MICROSOFT licenses	First court	First court: The court partially accepts the request. Suspends the performance of point 11 of the conclusion no. 59/17.07.2015 and point II.13 of the Decision no. 16/11.05.2015 issued by the Romanian Court of Auditors until the final resolution of the first court action. Enforceable. With a right of appeal within 5 days from the communication. Decision 2956/ 11.11.2015. The Court of Auditors filed an appeal. Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
23.	4970/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for adjourning administrative act regarding the NON-RESIDENTS income	First court	First court: The court partially accepts the request. Rules the partial suspension of the Decision no. 16/11.05.2015 in regards to point II.8, respectively of the Conclusion no. 59/17.07.2015 in regards to point 6, until the final resolution of the action in annulment. It rejects as unacceptable the suspension request of point 3.1.3 of the Scrutiny Report no. 4371-10.04.2015. With a right of appeal within 5 days since the communication. Decision 2503/07.10.2015. The Court of Auditors filed an appeal. Further Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
24.	4971/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for adjourning administrative act regarding GENERAL CONCRETE contract	First court	First court: Rejects the action as being ungrounded. With appeal, within 5 days from the communication. Decision no. 2773/28.10.2015.SNN did not promoted appeal.	
25.	4959/2/2015	Bucharest Court of Appeal	Plaintiff	Court of Auditors	Action for cancelation administrative act: Touristic expenses	First court	First court: The court admitted SNN claim. It partially cancels the Conclusion no. 59/17.07.2015 issued by the respondent, in regards to point 3. It cancels in part the	The trial date to be set.

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		8 th Department of administrative and fiscal court					Decision no. 16/11.05.2015 issued by the claimant, in regards to measures ruled at point 5 and Measure no. I 3. It partially cancels the Scrutiny Report no. 4371/10.04.2015 issued by the respondent regarding point 3.1.5. it forces the respondent to pay RON 4550 trial costs to the plaintiff. With appeal, within 15 days from the communication. Decision no 2015/10.06.2016. The Court of Auditors filed for appeal. Further Appeal: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	
26.	4902/2/2015 connected to 4907/2/2015 bonuses	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for cancelation of administrative act-employees increments	First court	First court: The court admitted the requests, and consequently partially canceled the Conclusion. 59/17.07.2015 and the decision no. 16/11.05.2015, with respect to point 9 and point 8 of the Conclusion, respectively the measures from point II.11 and II.10 of the decision. It rejects as unacceptable the point 3 of both requests, regarding the partial cancellation of the Scrutiny Report no. 4371/10.04.2015. with a right of appeal within 15 days from the communication. The appeal shall be filed at CAB – 8 th Department. Final. Decision 3419/17.12.2015. The Court of Auditors filled for appeal. Further appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
27.	4906/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for cancelation of administrative act measure referring with the public procurement proceedings that was not followed for contracts 1085/2012 and 634/2012 (Argos and General Concrete)	First court	First court: Based on art. 413 par. 1 point 1 Civil procedure code, the Court adjourned the case until a final ruling in case no. 62136/299/2015 pending with Bucharest Court of Law. With appeal during the entire period of adjournement Conclusion - Suspension 18.01.2016. SNN filed for continuing the litigation procedure	Suspended
28.	4912/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors	Action for cancelling the measure regarding D&O POLICIES	First court	First court: The court admitted the claim, rejected the objection of inadmissibility for requesting the cancellation of the Scrutiny Report no. 4371/10.07.20155 and henceforth partially canceled the Conclusion no. 59/17.07.20155, issued by the administrative authority point 10, Decision no. 16/11.05.2015 issued by the respondent regarding the measure ruled at point II.12 of the decision device, as	The trial date to be set in the appeal promoted by The Court of Auditors

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							well as point 3.1.10 of the Scrutiny report no. 4371/10.04.2015 issued by the respondent. With a right of appeal within 15 days from the communication. Decision 173/ 26.01.2016. The Court of Auditors filed for appeal. Further appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	
29.	4946/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court	Plaintiff	Court of Auditors intervention General Concrete	Action for cancelation of administrative act referring the contract with GENERAL CONCRETE	First court	First court: tax - accounting expertise	14.10.2016
30.	4964/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for cancelation of administrative act referring COURT DECISIONS	First court	First court: The Court admitted the objection of inadmissibility of the request regarding the cancellation of paragraph 3.1.7 of the Scrutiny Report no. 4371/10.04.2015 invoked by the respondent. It rejects as unacceptable the end of request regarding the cancellation of point 3.1.7 of the Scrutiny Report no. 4371/10.04.2015. it rejects as ungrounded the connected actions. With appeal within 15 days from the communication. Decision 373/ 09.02.2016. SNN filed an appeal. Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.
31.	4965/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for cancelation of administrative act referring to MICROSOFT licenses	First court	First court: The Court admitted the claim and consequently partially canceled the Conclusion no. 59/17.07.2015 and the Decision no. 16/11.05.2015, with respect to paragraph 11 of the conclusion, respectively the measure from point II.13 of the decision. It rejected following the objection of inadmissibility the claim for partial canceling of the Scrutiny Report no. 4371/10.04.2015. with appeal within 15 days from the communication. The appeal shall be filed at CAB – 8 th Department Decision 236/ 28.01.2016. The Court of Auditors filed an appeal. Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.	The trial date to be set.

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32.	4958/2/2015	Bucharest Court of Appeal 8 th Department of administrative and fiscal court High Court of Cassation and Justice	Plaintiff	Court of Auditors	Action for cancelation of administrative act - measure regarding tax on NON-RESIDENTS	First court	<p>First court: The Court admitted the claim and henceforth canceled the Conclusion no. 59/17.07.2015, with respect to paragraph VI of the claim no. 6420/28.05.2015, canceled the measure taken at point II.8 of the decision no. 16/11.05.2015 for removing the breach presented at point 3 of the same decision, as well as point 3.1.3 of the Scrutiny report no. 4371/10.04.2005. With appeal within 15 days from the communication, the request for performing the attack following to be submitted to the Bucharest Court of Appeal – 8th Department Administrative and Fiscal Department. Decision 793/10.03.2016.</p> <p>The Court of Auditors filed for appeal.</p> <p>Further Appeal ICCJ: The case is under the filtering procedure. The first trial term shall be allotted subsequently.</p>	The trial date to be set.
33.	45487/3/2015	Bucharest Court of Law, 8 th Department, Labor	Plaintiff	Havris Alex Negulici Elena Nicolescu Corina Dina Dumitru Popescu Dragos Ionescu Elena Dinca Suzana Georgescu Magda Nazarevsky Cristina	Claim for damages amounting RON 708,407 Labor litigation for enforcing the measure ruled by Court of Auditors by scrutiny report from 2012 regarding D&O policies	First court	<p>First court: The Court accepted the objection of statute of limitation invoked by the respondents and rejected SNN claim for reaching the statute of limitation. With appeal within 10 days from the communication, which shall be filed at the Bucharest Court of Law – 8th Department-of the Decision 5836/07.06.2016 SNN filed for appeal.</p>	The trial date to be set at Court of Appeal Bucharest
34.	45494/3/2015*	Bucharest Court of Law, 8 th Department, Labor	Plaintiff	Serbanescu Cristian Chiriac Cristina Popescu Ioana Grama Mioara Chirica Teodor Budulan Pompiliu	Claim for damages amounting RON 708,407 Labor litigation for enforcing the measure ruled by Court of Auditors by scrutiny report from 2012 regarding D&O policies	First court	<p>For the first hearing held on 23.06.2016, the Court adjourned the case in order for the defendants to be informed with respect to SNN explanatory request.</p> <p>Following hearing: 15.09.2016</p>	15.09.2016
35.	1367/2/2016	Bucharest Court of Appeal 8 th Department of administrative court	Plaintiff	ANAF General Directorate for Claim Solving General Directorate for Managing Large Taxpayers		First court		14.09.2016

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No.	File number	Court of law	SNN quality	Adverse party	Object/ value	Current procedural stage	Previous procedural stages	Procedural stage/ Term
36.	6874/3/2016*	Bucharest Court of Law	Respondent	Nuclear Agency and for Radioactive Waste (ANDR)	Claims -EUR 131,080,08 representing fees according to the GD 1080/2007 point 2010-2012 - fees 2013-2015 for the difference of energy produced and the one delivered SEN - penalties 2010-2015 until the date of effective payment	First court		9.09.2016
CNE Cernavoda								
1.	10673/118/2010	Civil/Constanta Court of Law	Respondent	Sava Marian	Compensations	First court	Claim for clearing the land corresponding to the thermal energy transportation and payment of compensations. First court: the court rejected the action as ungrounded. Compelled the plaintiff Sava Marian to pay as litigation expenses the amount of RON 27,003.33 to the respondent Societatea Nationala Nuclearelectrica S.A (stamp duty, legal stamp, expert fee). With appeal within 15 days from the communication. Decision 603/2016 14.03.2016	
2.	14951/118/2011 (suspended based on art. 36 of the Law 85/2006)	Civil/Medgidia Court of Law	Respondent	SC Car Construct SRL	Clearance of the land the property of SNN SA – concrete platform occupied by SC CAR CONSTRUCT based on the sale purchase agreement concluded with SC CNE SA -	First court	According with art. 36 of the Law no. 85/2006 (insolvency law): the case trial was adjourned.	adjourned

Appendix 5 – Degree of accomplishment of the performance indicators as at 30.06.2016 – Board of Directors

No.	Objective/Performance Indicators	MU	Budgeted Q II *)	Actual Q II	Level of achievement (%)	Weight Coefficient	Level of achievement of performance indicators col. 5 * col. 6 (%)
0	1	2	3	4	5	6	7
Improvement of the indicators regarding the financial performance of the Company							
1	Annual turnover (cumulated since the beginning of the year)	Million RON	767,00	743,57	96,94%	0,20	19,39%
2	Annual operating result (cumulated since the beginning of the year)	Million RON	-	(26,68)	0,00%	0,20	0,00%
3	Overdue payments	Thousand RON	-	-	100,00%	0,10	10,00%
4	Labour productivity (cumulated since the beginning of the year)	Thousand RON/person	374,00	369,20	98,72%	0,10	9,87%
5	Operating expenses at 1.000 RON turnover (cumulated since the beginning of the year)	RON	1.023,00	1.034,11	98,93%	0,10	9,89%
Execution of the major investment objectives							
6	Execution of the annual value of the investment plan cumulated since the beginning of the year (as per Chart 28 and the annual budgets)	%	18,00%	4,00%	22,22%	0,15	3,33%
Maintenance of the electricity production capacity above the average level in the industry							
7	Capacity factor (cumulated since the beginning of the year)	%	80,00%	85,34%	106,68%	0,10	10,67%
Operation of the nuclear units in safe conditions for the personnel, the population, the environment and the production assets							
8	No operating events above level 1 on the International Nuclear Event Scale, concerning the PZUage of the in depth defence barriers, onsite and off-site impact		0 events larger than level 1 on INES scale	0 events larger than level 1 on INES scale	100,00%	0,05	5,00%
Level of achievement of the performance indicators						1,00	68,15%

*) Values according to the Revenues and Expenditures Budget for 2016, approved by the GMS no. 1/30.03.2016

Appendix 6 – Legal documents reported in the first semester of 2016 as per art. 52 of OUG 109/2011

Transactions with related parties in the first semester of 2016, the value of which exceeds individually or cumulated 50.000 Euro were reported through current reports on January 19th, January 20th, January 21st, January 25th, February 10th, February 12th, February 15th, March 15th, April 8th, April 22nd, April 28th, June 1st, June 6th, June 7th, June 21st and July 1st of 2016.

The transactions with related parties in the first semester of 2016, the value of which does not exceeds individually or cumulated 50.000 Euro are included on the agenda of the General Meeting of SNN Shareholders in the first semester, as follows: item 3 on the agenda of the 30.03.2016 GMS, item 13 on the agenda of the 25.04.2016 GMS, item 4 on the agenda of 18.07.2016 GMS.

The transactions which took place during 01.06.2016 – 30.06.2016, which fall under the incidence of art. 52 of GEO 109/2011, which will be submitted to the attention of the GMS in the upcoming meeting are presented in the table below:

Energy sale transactions:

No.	Parties of the legal document	Date of conclusion and number	Nature of the legal document	Object	Total value (RON and other currencies)	Mutual receivables	Warranties	Payment terms and methods	Other significant elements
1.	SNN with Electrica Furnizare	556/ 17.06.2016	Contract	Wholesale energy sale	42.289.603,20 RON	Receivables at 17.06.2016: 5.463.596,55 RON Debt at 17.06.2016 : 12.051,66 RON	n/a	Payment no later than the 10 th day since the beginning of the months following the delivery month.	Awarded by auction of OPCPM – Centralized Market Service. Penalty interest for each day of delay, calculated by applying to the unpaid amount of a percentage equal to the one applied in the calculation of the interest due for unpaid obligations to the state budget.

Procurement transactions

No.	Parties of the legal document	Date of conclusion and number	Nature of the legal document	Object	Total value (RON and other currencies)	Mutual receivables	Warranties	Payment terms and methods	Other significant elements
1.	SNN SA – WORLD NUCLEAR CONCIL ROMANIAN NATIONAL COMMITTEE ORGANIZATION (CNR-CME)	08.06.2016/539	Contract	Promotion of the company's image at FOREN 2016 event	Value: 700 EUR	n/a	n/a	30 days since the reception of the invoice, on the basis of the Service Acceptance Protocol	n/a
2.	SNN SA-NATIONAL WATERS ADMINISTRATION – DOBROGRA LITORAL WATER ADMINISTRATION	22.06.2016/572	Subscription no. 907	Use of underground waters	Subscription value: 6.039,60 RON	SNN debt to ABADL at 22.06.2016: 613.228,73 RON	n/a	30 days since the invoice	n/a
3.	SNN SA-NATIONAL METROLOGY INSTITUTE - BRML	23.06.2016/584	Contract	Services for verification/benchmarking of the metrological equipment and authorization/reauthorization of the personnel and the metrology laboratory	Value: 77.167 RON	n/a	n/a	30 days since the invoice	n/a
4.	SNN SA - AUTONOMOUS ADMINISTRATION FOR NUCLEAR ENERGY TECHNOLOGIES -	30.06.2016/601	Addendum no. 4 RUEC Contract no. 639/03.07.2012	Tariff adjustment for the contract (Post-irradiation examination services of the spent nuclear fuel discharged from Cernavoda NPP reactors)	Value of the addendum: 33.672,31 RON	SNN debt to RATEN-ICN at 29.06.2016: 339.212,76 RON	335.173,35 RON	30 days since the reception of the invoice, on the basis of the Service Acceptance	n/a

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No.	Parties of the legal document	Date of conclusion and number	Nature of the legal document	Object	Total value (RON and other currencies)	Mutual receivables	Warranties	Payment terms and methods	Other significant elements
	THROUGH THE BRANCH NUCLEAR RESEARCH INSTITUTE (RATEN ICN)							Protocol signed without objectives corresponding to the invoice	

Between 01.06.2016 (included) and 30.06.2016 (included) no transaction concluded by SNN with natural persons was identified. Therefore no verification of conclusion of transactions with Company's directors, chief officers and employees was necessary. Besides, currently there are not instruments for checking the transactions concluded with the husband/wife, relatives or in-laws up to the fourth level included the persons referred to in paragraph (1). However, given the lack of transactions with natural persons, the existence of such transactions in the reporting period is out of question