



**Current Report according to the provisions of art. 65 of Law no. 24/2017 on the issuers of financial instruments and market operations and Regulation no. 5/2018 regarding issuers of financial instruments and market operations**

**Report date: 14.08.2019**

*Name of the issuing entity: NUCLEARELECTRICA S.A. National Company*

*Registered office: 65 Polona St., district 1, Bucharest*

*Telephone/Fax Number: 021.203.82.00 / 021.316.94.00*

*Sole Registration Code with the Trade Register Office: 10874881*

*Registration number in the Trade Register: J40/7403/1998*

*Subscribed and paid-up share capital: RON 3.015.138.510*

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

**To: Bucharest Stock Exchange**

**Significant event to report:**

**Availability of the Half-Year Report for the period January 1 - June 30, 2019**

Nuclearelectrica S.A. National Company ("SNN") informs shareholders and investors about the availability of the Report related to half-year I for the financial year 2019, prepared in accordance with the provisions of Law no. 24/2017, art. 65, and Annex no. 14 to ASF Regulation no. 5/2018, as of August 14, 2019, as follows:

- in written format, on request, at the registered office of the company in Bucharest, 65 Polona St., District 1, Department for Communication and Relations with Investors;
- in electronic format, on the company's website, under the section "Investor Relations - Financial Statements 2019" ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)).

The Half-Year Report includes:

- The main events of the company's activity during the reporting period;
- Revised Simplified Individual Interim Financial Statements on the date and for the six-month period ended on June 30, 2019, drafted according to the OMFP [Order of the Ministry of Public Finance] no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards, based on Accounting Standard 34 - "Interim financial reporting" passed by the European Union;
- Revised Simplified Consolidated Interim Financial Statements on the date and for the six-month period ended on June 30, 2019, drafted according to the OMFP no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards, based on Accounting Standard 34 - "Interim financial reporting" passed by the European Union;
- Half-year report of the Board of Directors on the administration activity for period January 1 – June 30, 2019.

**The main results**

## 1. Financial results of the period

During the 6-month period that ended on June 30, 2019, SNN recorded a net profit of 290,661 thousand lei, 59.4% more than in the similar period of last year. The operational result (EBIT) recorded a 69.2% increase, and the EBITDA a 31.1% increase, compared to the same period of the previous year, mainly following the increase of operational revenues by 20.1%, influenced by the increase by 22% of the revenues from the sale of electricity.

Indicator [thousand RON]	6-month period ended on June 30, 2019 (revised)	6-month period ended on June 30, 2018 (revised)	Variation
<b>Production (GWh)*</b>	4,919	4,969	(1.0%)
Operating income, out of which:	1,208,559	1,006,687	20.1%
<i>Income from electricity sales**</i>	1,181,738	968,625	22.0%
Operating expenses, minus impairment and depreciation	(569,502)	(519,334)	9.7%
<b>EBITDA</b>	<b>639,057</b>	<b>487,353</b>	<b>31.1%</b>
Impairment and depreciation	(274,872)	(272,099)	1.0%
<b>EBIT</b>	<b>364,185</b>	<b>215,254</b>	<b>69.2%</b>
Net financial result	(4,063)	14,936	n/a
Net corporate tax expense	(69,461)	(47,876)	45.1%
<b>Net profit</b>	<b>290,661</b>	<b>182,314</b>	<b>59.4%</b>

\*Electricity produced and delivered by Cernavoda NPP in the National Energy System.

\*\*Including revenues from the sale of thermal energy, insignificant in the total revenues.

\*\*\*) Extract from the Revised Simplified Individual Interim Financial Statements on the date and for the six-month period ended on June 30, 2019.

The gross electricity production of the two operational units of CNE Cernavoda was 5,367,792 MWh in the first half-year of 2019, out of which 4,918,714 MWh delivered in the National Energy System.

**The Operating income** increased by 20.1%, influenced by the 22.1% increase in the weighted average price of the electricity sold in the first half-year of 2019 as compared to the weighted average price in the first half-year of 2018, given the sale of a total quantity of electricity over the period January 1 - June 30, 2019 similar to the total quantity sold over the period January 1 - June 30, 2018 (only 1% decrease).

**Operating expenses** increased by 9.7% over the period January 1 - June 30, 2019, as compared to the same period of the year of 2018. This evolution is mainly determined by the increase of the expenses with the purchased electricity and the slight increase of personnel expenses, partially compensated by the decrease of the repair and maintenance expenses.

**Net currency exchange differences** negatively influenced the net result, so in the first half-year of 2019, net financial expenses were recorded, while in the same period of the previous year net financial revenues were recorded. The main currencies to which there are exposures are EUR and CAD.

The increase of the **corporate tax expense** diminishes the positive influences of the other elements. This increase was caused by the increase of taxable profit calculated for the first half-year of 2019 compared to that calculated for the same period of the previous year.

## 2. Electricity sales (quantities, prices and values) in the 1st half-year of 2019

The gross electricity production of the two operational units of CNE Cernavoda was 5,367,792 MWh in the first half-year of 2019, out of which 4,918,714 MWh delivered in the National Energy System.

### Electricity sales (quantities, prices and values) in the 1st half-year of 2019

Sales by types	Quantities in MWh	% of total sales	Average price [Ron/MWh with Tg included]	Revenues from sales [Ron]
Sales on the regulated market	6,100	0.1%	189.51	1,156,011
Sales on the free market (bilateral contracts and PZU sales), out of which:	5,091,397	99.6%	231.62	1,179,269,082
- Sales on PCCB - LE, PCCB - NC, PCSU, PC - OTC contracts and supply contracts	4,400,917	86.1%	233.66	1,028,300,818
- PZU sales	690,480	13.5%	218.64	150,968,264
PE positive imbalances <sup>*)</sup>	14,827	0.3%	165.28	2,450,621
<b>Total sales First half-year of 2019</b>	<b>5,112,324</b>	<b>100%</b>	<b>231.38</b>	<b>1,182,875,714</b>

<sup>\*) NB: RON 104,201 of the value presented represents redistributed revenues resulted from the balancing of the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018.</sup>

As compared to the same period of the previous year, the quantity of electricity sold on the competition market of bilateral contracts increased by 9%, and benefited from an increase of the average sale price on this market by 18% (price without Tg), while the electricity quantity sold on the spot market (PZU) decreased by 35%, whereas an average sale price on this market higher by 38% (price without Tg) was registered.

### Sales on the regulated market

In the six-month period that ended on June 30, 2019, the Company sold approximately 0.1% of energy on the regulated market at a regulated price. For the year 2019, in order to comply with the provisions of the Government Emergency Ordinance no. 114/28.12.2018, ANRE issued Decision no. 326/2019, by which it established a quantity of energy to be sold by SNN on regulated contracts of 1,377 GWh (out of which 6.1 GWh for the period January 1 - June 30, 2019), and for the following years, the sales obligations based on regulated contracts for SNN to be set at a maximum level of 65% of the amount of electricity delivered. Also, ANRE established by said Decision the regulated price that must be used in 2019, i.e. 188.33 RON/MWh, value which does not include the tariff for electric energy transmission service paid to Transelectrica S.A. for the introduction of electricity in the electricity transmission network.

In the first half-year of 2019, the energy quantities sold based on contracts concluded on the regulated market were compliant with ANRE Decision no. 326/25.02.2019. ANRE established a regulated price for SNN of RON 188.33 /MWh (without Tg).

### Sales on the competitive market

The sold electricity quantities on the competitive market of bilateral contracts represented in the first half-year of 2019 a percentage rate of 86% out of the total volume of the sold energy. The average sale price on bilateral contracts in the first half-year of 2019 was RON 233.66 /MWh (with T<sub>g</sub>), recording an increase of 18.2% as compared to the average price recorded in the first half-year of 2018, of RON 197.68 /MWh (with T<sub>g</sub>); given the fact that the values of the electric power input transport fee in the T<sub>g</sub> network were the following: RON 1.05 /MWh for the period July 1, 2017 - June 30, 2018, according to ANRE Order no. 48/22.06.2017 and RON 1.18 /MWh for the period July 1, 2018 - June 30, 2019, according to ANRE Order no. 108/20.06.2018.

The electricity quantity sold based on contracts, on the spot market (PZU) and on PE is 5,112,324 MWh, 2.9% more than the sales program, of 4,968,531 MWh (sized on the production estimate, without estimating unplanned outages) and 0.26% less than the electricity quantity sold in the same period of 2018.

On the spot market (PZU), during the first half-year of 2019, a quantity of electricity representing 13.5% of the total sale volumes was sold, compared to the percentage share of 20.6% recorded in the same period of 2018. The energy average selling price on the spot market (PZU) achieved by SNN in the 1st half-year of 2019 was 218.64 lei/MWh (with T<sub>g</sub> included), compared to 158.73 lei/MWh (with T<sub>g</sub> included) recorded during the same period of 2018.

The revenues obtained from the electricity market related to electricity deliveries in the first half-year of 2019 are 1,182,875,714 lei (out of which 104,201 lei represents redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018), 0.16% higher than the budget revenues for the first semester of 2019, and 21.8% higher than the revenues in the same period of the previous year.

### 3. Degree of achievement of investments at the end of the first half of 2019

The total value of the investment program of SNN for 2019 is 256,548 thousand RON (without the component allocated to the payment of the debt service related to long-term loans), a program approved by Resolution no. 6/20.05.2019 of the Ordinary General Assembly of Shareholders of SNN.

The comparative situation of the investment accomplishments (value and percentage) for the first half-year of 2019 compared to the same period of 2018 is presented in the table below:

Year	Value of the investment program [thousand RON]	Performed (01.01 - 30.06) [thousand RON]	Achievement level (01.01 - 30.06) (%)
2019	256,548	136,948	53.4%
2018	244,867	74,582	30.5%

As in the previous years, Nuclearelectrica S.A. structured its investment development program on objectives defined in relation to the needs of the production branches (Cernavoda NPP and Pitesti NFF), so as to achieve a high level of utilization of the production capacity (EAF Energy Availability Factor) in compliance with the nuclear safety norms and the long-term maintenance of the level of excellence in the operation of the plant. At the same time, the goal of the development program is to cover the necessity to upgrade/refurbish certain systems, for economic reasons (specific consumption reductions, improvement of certain parameters related

to served processes, with a positive impact on efficiency), and legal ones – the need to implement upgrades associated with nuclear security, environment protection and labor security, representing imperative requirements from the regulatory authorities in the field.

The investment program of SNN for 2019 annexed to BVC was value-sized by considering the ongoing contractual commitments, the estimates regarding the investment objectives to be made, including amounts allocated to investment projects for which the fulfillment of certain requirements outside the control of SNN is anticipated (e.g. prior approvals of regulation authorities, legal terms regarding the completion of public tender procedures, including appeals, obtaining the necessary approvals from SNN corporate bodies, etc.), in order to allow the implementation of these projects by fitting into the approved budget values.

The budget engagement degree on June 30, 2019 is over 95%, and the remaining unengaged investment objectives are in various procurement procedure implementation stages. The budget engagement represents the sum of all the endeavors of the company in implementing investments, including already concluded contracts, an advanced progress in obtaining authorizations, approvals, etc., controlled by the company.

Additional information may be obtained from the Department for Communication and Relations with Investors, e-mail: [investor.relations@nuclearelectrica.ro](mailto:investor.relations@nuclearelectrica.ro).

**Cosmin Ghita**  
**General Manager**

**Adrian Gabriel Dumitriu**  
**Financial Manager**



## HALF-YEARLY REPORT

**regarding the economic and financial activity of S.N. Nuclearelectrica S.A. according to the provisions of art. 65 of Law no. 24/2017 on the issuers of financial instruments and market operations and Annex no. 14 to ASF Regulation no. 5/2018 regarding issuers of financial instruments and market operations for the 6-month period that ended on June 30, 2019  
(First half-year of financial year 2019)**

Half-year report according to:

Art. 65 of Law no. 24/2017 on issuers of financial instruments and market operations and Annex no. 14 to ASF Regulation no. 5/2018 for the 6-month period that ended on June 30, 2019 (1st half-year of financial year 2019)

Report date:

August 12, 2019

Issuer's name:

**S.N. Nuclearelectrica S.A. ("SNN")**

Registered office:

Bucharest, No. 65, Polona Street, District 1

Telephone/Fax Number:

+40 21 203 82 00; +40 21 316 94 00

Web/Email:

www.nuclearelectrica.ro; office@nuclearelectrica.ro

Trade Register sole registration number:

10874881

Registration number in the Trade Register:

J40/7403/1998

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange (www.bvb.ro) Premium Category

Subscribed and paid-up share capital:

RON 3,015,138,510

301.513.851 shares, nominal value of 10 lei/share, dematerialized, nominative, ordinary, indivisible, with equal voting rights, freely tradable on Bucharest Stock Exchange under the SNN symbol starting with 04.11.2013.

Main features of the securities issued by the issuer:

Revised simplified individual interim financial statements and revised simplified consolidated interim financial statements on the date and for the period of 6 months that ended on June 30, 2019 drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards ("IFRS"), based on Accounting Standard 34 - "Interim financial reporting" adopted by the European Union.

Applicable accounting standards:

Romanian Leu (RON) – all the presented amounts are in RON, unless indicated otherwise.

Reporting currency:

Reported period:

**First half-year of financial year 2019**

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## 1. ECONOMIC AND FINANCIAL SITUATION

The information and the revised simplified individual interim financial statements and revised simplified consolidated interim financial statements as at and for the period of 6 months that ended on June 30, 2019 presented in this report are revised by the financial auditor of S.N. Nuclearelectrica S.A. and were drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”), based on the International Accounting Standard 34 - “Interim financial reporting” adopted by the European Union.

The submitted indicators are in lei (RON) unless otherwise stated.

### 1.1. ECONOMIC AND FINANCIAL INDIVIDUAL SITUATION

#### a) Statement of financial position as at June 30, 2019

Indicator [thousand RON]	June 30, 2019 (revised)	December 31, 2018 (audited)
Non-current assets	6,489,986	6,671,436
Current assets	2,160,627	2,194,769
<b>Total Assets</b>	<b>8,650,613</b>	<b>8,866,205</b>
Equity capital	7,090,878	7,179,131
Total liability, out of which:	1,559,735	1,687,074
Long-term debts	1,027,182	1,122,870
Short-term debts	532,553	564,204
<b>Total Equity and Liability</b>	<b>8,650,613</b>	<b>8,866,205</b>

#### b) Statement of financial performance and global result for the 6-month period that ended on June 30, 2019

Indicator [thousand RON]	6-month period ended on June 30, 2019 (revised)	6-month period ended on June 30, 2018 (revised)
Operating revenues	1,208,559	1,006,687
Operating expenses	(844,374)	(791,433)
<b>Operating profit</b>	<b>364,185</b>	<b>215,254</b>
Financial revenues	34,734	46,652
Financial expenses	(38,797)	(31,716)
<b>Net financial (expenses)/revenues</b>	<b>(4,063)</b>	<b>14,936</b>
<b>Profit before income tax</b>	<b>360,122</b>	<b>230,190</b>
Net income tax expense	(69,461)	(47,876)
<b>Profit for the period</b>	<b>290,661</b>	<b>182,314</b>
<b>Other elements of the global result</b>	<b>-</b>	<b>-</b>
<b>Global result</b>	<b>290,661</b>	<b>182,314</b>
<b>Basic earnings per share (RON/share)</b>	<b>0.96</b>	<b>0.60</b>
<b>Diluted earnings per share (RON/share)</b>	<b>0.96</b>	<b>0.60</b>



## c) Cash flow statement for the 6-month period ended on June 30, 2019

Indicator [thousand RON]	6-month period ended on June 30, 2019 (revised)	6-month period ended on June 30, 2018 (revised)
Profit before income tax	360,123	230,190
Non-monetary value adjustments and modifications	235,318	275,289
Net cash flow from operating activities	470,111	448,529
Cash flow used in investing activities	(90,600)	(46,339)
Net cash flow from financing activities	(482,650)	(378,783)
Net decrease in cash and cash equivalents	(103,139)	23,407
Cash and cash equivalents at the beginning of the period	1,611,176	1,713,350
Cash and cash equivalents at the end of the period	1,508,037	1,176,757

## 1.2. ECONOMIC AND FINANCIAL CONSOLIDATED SITUATION

## a) Statement of financial position as at June 30, 2019

Indicator [thousand RON]	June 30, 2019 (revised)	December 31, 2018 (audited)
Non-current assets	6,492,232	6,673,099
Current assets	2,158,305	2,193,166
<b>Total Assets</b>	<b>8,650,537</b>	<b>8,866,265</b>
Equity	7,090,695	7,178,990
Total liability, out of which:	1,559,842	1,687,275
Long-term debts	1,027,182	1,122,870
Short-term debts	532,660	564,405
<b>Total Equity and Liability</b>	<b>8,650,537</b>	<b>8,866,265</b>

## b) Statement of financial performance and global result for the 6-month period that ended on June 30, 2019

Indicator [thousand RON]	6-month period ended on June 30, 2019 (revised)	6-month period ended on June 30, 2018 (revised)
Operating revenues	1,208,557	1,006,684
Operating expenses	(844,375)	(791,434)
<b>Operating profit</b>	<b>364,182</b>	<b>215,250</b>
Financial revenues	34,695	46,648
Financial expenses	(38,797)	(31,716)
<b>Net financial (expenses)/revenues</b>	<b>(4,102)</b>	<b>14,932</b>
<b>Profit before income tax</b>	<b>360,080</b>	<b>230,182</b>
Net income tax expense	(69,461)	(47,876)
<b>Profit for the period</b>	<b>290,619</b>	<b>182,306</b>
<b>Other elements of the global result</b>	<b>-</b>	<b>-</b>
<b>Global result</b>	<b>290,619</b>	<b>182,306</b>
<b>Basic earnings per share (RON/share)</b>	<b>0.96</b>	<b>0.60</b>
<b>Diluted earnings per share (RON/share)</b>	<b>0.96</b>	<b>0.60</b>

**c) Situation of the treasury flows for the 6-month period ended on June 30, 2019**

<b>Indicator [thousand RON]</b>	<b>6-month period ended on June 30, 2019 (revised)</b>	<b>6-month period ended on June 30, 2018 (revised)</b>
Profit before income tax	360,081	230,182
Non-monetary value adjustments and modifications	235,388	275,289
Net cash flow from operating activities	470,100	448,516
Cash flow used in investing activities	(91,165)	(46,749)
Net cash flow from financing activities	(482,650)	(378,781)
Net decrease in cash and cash equivalents	(103,715)	22,986
Cash and cash equivalents at the beginning of the period	1,611,959	1,713,834
Cash and cash equivalents at the end of the period	1,508,244	1,736,820

**2. ANALYSIS OF THE ISSUER'S ACTIVITY****2.1. Factors that can influence the liquidity of the issuer**

Among the factors that may affect the company's liquidity in the future, we mention:

- Energy prices on the competitive market;
- Price of the main raw materials and the fees related to the services used by the company in the current activity;
- Fluctuations in interest rates and exchange rates;
- Maintenance investment volume;
- The level of taxation, including the introduction of new taxes.

There are many internal and external factors that may influence the company's liquidity, but on short and even medium term, the company has a very good liquidity.

**2.2. Capital, current or anticipated expenses**

The investment program in the last two years is as follows:

<b>Investments [thousand RON]</b>	<b>2019</b>	<b>2018</b>
Value of the investment program	256,548	244,867
Realised investment program as at June 30	136,948	74,582

The completion degree of the investment program as of June 30, 2019 is 53.4%, compared to June 30, 2018, when the achievements from the investment program were 30.5%.

### **2.3. Events, transactions and economic changes that significantly affect the revenues from the main activity**

The income from the main activity is affected by:

- Production of electricity by CNE Cernavoda, closely related to the operational performance of the two nuclear units;
- Evolution of prices on the competitive market and the company's ability to successfully compete in these conditions;
- Evolution of the internal and regional demand and supply of electricity, integration degree of the markets from the region.

### **2.4. Other significant events from the 1st half-year of 2019**

Other significant events from the 1st half-year of 2019 that were not already presented in the quarterly report related to the 1st quarter of 2019 are as follows:

#### **a) The Project for the Units 3 and 4 Cernavoda NPP**

By Resolution no. 4/10.04.2019 of the Extraordinary General Meeting of Shareholders, the following activities regarding Units 3 and 4 Cernavoda NPP were approved:

1. Approval of the Preliminary Form of the Investors Agreement regarding Units 3 and 4 Cernavoda NPP concluded between China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment (RO) CO.S.A. and S.N. Nuclearelectrica S.A. (item 2 of EGMS agenda from April 10, 2019);
2. Approval of the authorization of the Chairman of the Board of Directors of S.N. Nuclearelectrica S.A. to sign the Preliminary Form of the Investors Agreement (item 1 above), in the name and on behalf of the Company (item 3 of EGMS agenda from April 10, 2019);
3. Approval of the authorization of the Board of Directors of S.N. Nuclearelectrica S.A. to initiate and carry out the necessary steps to finalize the Articles of Incorporation of the project company, in accordance with the provisions set in the Preliminary Form of the Investors Agreement (item 1 above); the mandate thus granted to the Board of Directors of SNN may be assigned to the executive management, and the final form of the Articles of Incorporation of the project company will be submitted for the approval of the Extraordinary General Meeting of Shareholders of SNN (item 5 of EGMS agenda from April 10, 2019).

On May 8, 2019, SN Nuclearelectrica SA and China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment signed the Preliminary Form of the Investors Agreement regarding the continuation of the Units 3 and 4 Cernavoda NPP Project.

#### **b) Approving the distribution of the net profit of financial year 2018**

By Resolution no. 5/23.04.2019 of the Ordinary General Meeting of Shareholders of SNN were approved the distribution of the net profit for the financial year 2018 by destinations, the total value of gross dividends in value of RON 378,914,310, the value of the gross dividend per share in value of RON 1.25670615, the dividend payment date, namely the date of June 28, 2019 and the payment methods, according to the report submitted to the shareholders for this item of the agenda (item 5 of EGMS agenda from April 23, 2019).

### **c) Planned outage of Unit 2 Cernavoda NPP**

Starting from May 3, 2019 at 11:00, Unit 2 CNE Cernavoda entered the planned outage program, while the synchronization with the National Energy System was made on June 7, 2019 at 22:00.

During the planned outage, which is made once every two years for every unit, more than 9,000 activities of the following programs were carried out:

- Preventive and corrective maintenance program;
- Inspection program;
- The mandatory testing program during the period of planned outages, according to the requirements of the National Committee for Nuclear Activities Control, which can only be made with the plant stopped;
- Program for implementation of the project modifications by certain systems/equipment/components.

All the objectives of the planned outage were achieved under safety conditions for the staff of the plant, for the public and the environment, according to the procedures approved used by CNE Cernavoda Branch.

## **3. CHANGES WITH IMPACT ON THE CAPITAL AND MANAGEMENT OF THE ISSUER**

### **3.1. Situations where the issuer could not comply with its financial obligations in the 1st half-year of 2019**

Not applicable.

### **3.2. Modifications regarding the rights of the holders of securities issued by the issuer**

Not applicable.

### **3.3. Other amendments**

Not applicable.

## **4. SIGNIFICANT TRANSACTIONS**

Information regarding the significant transactions concluded with the related parties during the 1st half-year of 2019 are presented in Annex 8.2. The financial auditor issued a report on these legal acts, published on July 25, 2019 both on the website of the Bucharest Stock Exchange ([www.bvb.ro](http://www.bvb.ro)), and on the website of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), "Relations with investors" section.

## **5. EVENTS AFTER JUNE 30, 2019**

### **The Project for Units 3 and 4 Cernavoda NPP**

Resolution no. 9 / July 29, 2019 of the Extraordinary General Meeting of Shareholders approved the endorsement of the SNN Board of Directors to approve the modification of the deadlines / due dates provided in the preliminary form of the Investors' Agreement related to the Project for Units 3 and 4 of CNE Cernavoda.

## **6. MAIN RISKS AND UNCERTAINTIES FOR THE FOLLOWING 6 MONTHS OF THE FINANCIAL YEAR 2019**

There are no risks and uncertainties for the following 6 months of financial year 2019, other than those related to the basic activity, identified and presented in this report. The Company estimates that it will obtain at least the profit budgeted for the current year, without exceeding the total operating expenses planned by the Revenue and Expense Budget approved by the AGOA Resolution no. 6 / May 20, 2019.

## **7. STATEMENTS AND SIGNATURES**

Based on the best available information, we confirm that the revised Simplified Individual Interim Financial Statements and the Revised Simplified Consolidated Interim Financial Statements on the date and for the period of 6 months that ended on June 30, 2019 drafted according to the Order of the Minister of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standard (“IFRS”), based on the Accounting International Stand 34 – “Interim financial reporting” adopted by the European Union, provides an accurate and real image regarding the financial position, the financial performance and the cash flows for the 6-month period that ended on June 30, 2019 and that this report, drafted according to the provisions of art. 65 of Law no. 24/2017 on the issuers of financial instruments and market operations and Annex no. 14 to ASF Regulation no. 5/2018 regarding issuers of financial instruments and market operations for the 6-month period that ended on June 30, 2019, comprises accurate and real information according to the development and performance of the company and the group.

**Iulian Robert Tudorache,**  
**Chairman of the Board of Directors**

**Approved,**  
**Adrian Gabriel Dumitriu,**  
**Chief Financial Officer**

## 8. APPENDIXES

### 8.1 Economic and financial INDICATORS

Indicator name	Calculation method	M.U.	Value 30.06.2019 <sup>*)</sup>
<b>1. The current liquidity indicator</b>	Current assets/ Current debts	x	4.06
<b>2. Indebtedness degree indicator</b>			
2.1. Indebtedness degree indicator (1)	Borrowed capital/ x 100 Equity	%	8.4%
2.1. Indebtedness degree indicator (2)	Borrowed capital/ capital x 100 Engaged	%	7.8%
<b>3. Debt turnover rate - customers</b>	Average customer balance/ Turnover x 180	days	21
<b>4. Turnover speed of fixed assets<sup>**)</sup></b>	Turnover/ Non-current assets	x	0,37

<sup>\*)</sup> Based on the Revised Simplified Individual Interim Financial Statements on the date and for the 6 month period ended on June 30, 2019.

<sup>\*\*)</sup> The turnover speed of fixed assets is calculated by updating the half-yearly turnover (360 days/180 days).

### 8.2 LEGAL ACTS reported in the 1st half-year of 2019 according to art. 82 of Law no. 24/2017 regarding the issuers of financial instruments and market operations

The transactions with related parties related to the first half-year of 2019 were reported in the Current Reports of January 15, 2019 (term deposit – without extension), February 1, 2019 (term deposit – without extension), February 4, 2019 (service contract addendum), February 15, 2019 (rent contract addendum), February 19, 2019 (term deposit – without extension), March 7, 2019 (contract and term deposit – without extension), March 19, 2019 (service contract addendum and framework service agreement), April 5, 2019 (sectorial contract for products), April 17, 2019 (service contract addendum), April 25, 2019 (contract and term deposits – without extension), May 8, 2019 (term deposit – without extension), May 15, 2019 (term deposit – without extension), May 16, 2019 (subscription for using/operating water resources), May 20, 2019 (service contract), June 4, 2019 (addendum for framework service agreement), June 7, 2019 (term deposit – without extension), June 11, 2019 (contract), June 19, 2019 (addendum for framework service agreement), June 25, 2019 (term deposit – without extension) and July 2, 2019 (addendum for framework service agreement).

### 8.3 Major litigations in progress on June 30, 2019 (over 500 thousand RON), including the non-monetary evaluated ones

The list of major litigations in progress as of June 30, 2019 is found in Annex 4 – “Major litigations in progress as of June 30, 2019 (over 500 thousand RON), including those that did not undergo monetary evaluation” included in the Half-year report of the Board of Directors of S.N. Nuclearelectrica S.A. on the management activity for period January 1 – June 30 2019, published on the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), “Relations with investors” section.

### 8.4 REVISED SIMPLIFIED INDIVIDUAL INTERIM FINANCIAL STATEMENTS on the date and for the 6-month period ended on June 30, 2019

Revised simplified individual interim financial statements on the date and for the period of 6 months that ended on June 30, 2019 drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”), based on Accounting Standard 34 - “Interim financial reporting” adopted by the European Union, are published on the internet page of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), Relations with investments section.

### **8.5 REVISED SIMPLIFIED CONSOLIDATED INTERIM FINANCIAL STATEMENTS on the date and for the 6-month period ended on June 30, 2019**

Revised simplified consolidated interim financial statements on the date and for the period of 6 months that ended on June 30, 2019 drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”), based on Accounting Standard 34 - “Interim financial reporting” passed by the European Union, are published on the internet page of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), Relations with investments section.

### **8.6 HALF-YEAR REPORT of the Board of Directors on the administration activity for period January 1 – June 30, 2019**

Half-year report of the Board of Directors on the administration activity for January 1 - June 30, 2019 drafted according to the provisions of art. 55 of Emergency Ordinance no. 109/2011 on the corporate governance of public companies, as further amended and supplemented (“GEO no. 109/2011”), is published on the website of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), Investor Relations section.





## **S.N. Nuclearelectrica S.A.**

### **Simplified Individual Interim Financial Statements as of and for the six-month period ended on June 30, 2019**

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

**S.N. Nuclearelectrica S.A.**

Simplified Individual financial position as of June 30, 2019

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

	Note	June 30, 2019 (revised)	December 31, 2018 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	4	6,227,703,592	6,364,461,135
Intangible assets	5	56,301,624	54,834,052
Financial assets	9	64,291,386	110,451,459
Financial investments	6	141,689,201	141,689,201
<b>Total non-current assets</b>		<b>6,489,985,803</b>	<b>6,671,435,847</b>
<b>Current assets</b>			
Inventories	7	380,856,096	368,742,400
Trade receivables and other receivables	8	161,279,378	183,694,590
Prepayments		69,090,605	10,201,321
Bank deposits	9	41,363,543	20,954,979
Cash and cash equivalents	9	1,508,037,353	1,611,175,766
<b>Total current assets</b>		<b>2,160,626,975</b>	<b>2,194,769,056</b>
<b>Total assets</b>		<b>8,650,612,778</b>	<b>8.866.204.903</b>
<b>Equity and liabilities</b>			
<b>Equity capital</b>			
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 adjustments to the share capital</i>		<i>195,502,743</i>	<i>195,502,743</i>
Share premiums	10	31,474,149	31,474,149
Prepaid reserve	10	21,553,537	21,553,537
Revaluation reserve	10	242,686,801	257,407,532
Retained earnings	10	3,584,521,861	3,658,054,141
<b>Total own equity</b>		<b>7,090,877,601</b>	<b>7,179,130,612</b>
<b>Liabilities</b>			
<b>Long-term debts</b>			
Long term borrowings	11	597,621,593	683,967,469
Provisions for risks and expenses	12	182,537,293	182,883,283
Deferred revenues		107,584,962	114,757,293
Deferred tax liability		100,820,536	102,644,715
Obligations regarding employees benefits		38,617,348	38,617,348
<b>Total long term liabilities</b>		<b>1,027,181,732</b>	<b>1,122,870,108</b>
<b>Current liabilities</b>			
Accounts payable and other liabilities	13	218,521,266	197,107,880
The current share of provisions for risks and expenses	12	44,465,419	33,831,052
Current tax liability		18,973,465	98,958,158
Deferred revenues		41,101,719	30,913,233
Current portion of long-term loans	11	209,491,576	203,393,860
<b>Total current liabilities</b>		<b>532,553,445</b>	<b>564,204,183</b>
<b>Total liabilities</b>		<b>1,559,735,177</b>	<b>1,687,074,291</b>
<b>Total equities and liabilities</b>		<b>8,650,612,778</b>	<b>8.866.204.903</b>

**S.N. Nuclearelectrica S.A.**

Simplified Individual Profit and Loss Statement for the six-month period ended on June 30, 2019

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

Note	3-month period that ended on June 30, 2019 (not revised)	3-month period ended on June 30, 2018 (not revised)	The period of 6 months that ended on June 30, 2019 (revised)	The period of 6 months that ended on June 30, 2018 (revised)
<b>Incomes</b>				
Sales of electricity	516,302,109	427,379,354	1,181,738,098	968,624,843
Proceeds from electric power transmission	2,568,964	2,367,945	5,803,810	5,217,522
<b>Total revenues</b>	<b>518,871,073</b>	<b>429,747,299</b>	<b>1,187,541,908</b>	<b>973,842,365</b>
Other income	11,681,477	7,753,906	21,017,962	32,845,094
<b>Operational expenses</b>				
Impairment and depreciation	(138,480,117)	(136,595,688)	(274,872,313)	(272,098,843)
Personnel expenses	(118,348,313)	(118,793,029)	(233,780,362)	(205,019,781)
Cost of traded electricity	(36,640,275)	(10,833,501)	(42,201,756)	(31,948,200)
Repairs and maintenance	(21,830,278)	(36,720,040)	(31,603,656)	(50,095,717)
Electricity transmission expenses	(2,568,964)	(2,367,945)	(5,803,810)	(5,217,522)
Cost with spare parts	(6,078,907)	(9,157,678)	(9,774,582)	(11,869,136)
Cost of nuclear fuel	(22,683,004)	(24,037,226)	(50,905,952)	(51,508,890)
Other operating expenses	(105,958,539)	(83,973,512)	(195,432,059)	(163,674,714)
<b>Total operating expenses</b>	<b>(452,588,397)</b>	<b>(422,478,619)</b>	<b>(844,374,490)</b>	<b>(791,432,803)</b>
<b>Operating result</b>	<b>77,964,153</b>	<b>15,022,586</b>	<b>364,185,380</b>	<b>215,254,656</b>
Financial expenses	(7,012,346)	(26,387,361)	(38,796,971)	(31,715,965)
Financial revenues	20,428,268	21,383,582	34,734,215	46,651,551
<b>Net financial result</b>	<b>13,415,922</b>	<b>(5,003,779)</b>	<b>(4,062,756)</b>	<b>14,935,586</b>
<b>Profit before income tax</b>	<b>91,380,075</b>	<b>10,018,807</b>	<b>360,122,624</b>	<b>230,190,242</b>
Profit tax expenses, net	(20,004,197)	(4,702,678)	(69,461,325)	(47,875,836)
<b>Profit for the period</b>	<b>71,375,878</b>	<b>5,316,129</b>	<b>290,661,299</b>	<b>182,314,406</b>

The simplified individual interim financial statements presented on page 1 to 36 were signed on August 12, 2019 by:

**Cosmin Ghita**  
General Manager

**Adrian Gabriel Dumitriu**  
Financial Manager

**S.N. Nuclearelectrica S.A.**

The Simplified Individual Statement of Comprehensive Income for the six-month period ended on June 30, 2019

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

	Note	3-month period that ended on June 30, 2019 (not revised)	3-month period ended on June 30, 2018 (not revised)	The 6-month period ended on June 30, 2019 (revised)	The 6-month period ended on June 30, 2018 (revised)
<b>Profit for the period</b>		<b>71,375,878</b>	<b>5,316,129</b>	<b>290,661,299</b>	<b>182,314,406</b>
<b>Other elements of the global result</b>					
Actuarial (loss) on defined benefits plan					-
<b>Other elements of the global result</b>					-
<b>Total global result for the period</b>		<b>71,375,878</b>	<b>5,316,129</b>	<b>290,661,299</b>	<b>182,314,406</b>
<b>Earnings per share</b>					
Basic earnings per share (RON/share)	21	<b>0.24</b>	<b>0.02</b>	<b>0.96</b>	<b>0.60</b>
Diluted earnings per share (RON/share)	21	<b>0.24</b>	<b>0.02</b>	<b>0.96</b>	<b>0.60</b>

**S.N. Nuclearelectrica S.A.**

Simplified Individual Statement of Changes in Equity for the six-month period ended on June 30, 2019

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

	<b>Share capital</b>	<b>Capital-related premiums</b>	<b>Reserve paid in advance</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total own equity</b>
<b>Balance as at January 1, 2019 (audited)</b>	<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>257,407,532</b>	<b>3,658,058,141</b>	<b>7,179,130,612</b>
<b>Comprehensive income for the period</b>						
<i>Period profit</i>	-	-	-	-	290,661,299	290,661,299
<i>Other elements of the global result</i>	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>290,661,299</b>	<b>290,661,299</b>
Transfer of the revaluation reserve to the result carried forward	-	-	-	(14,720,731)	14,720,731	-
Dividends distributed	-	-	-	-	(378,914,310)	(378,914,310)
<b>Balance as of June 30, 2019 (revised)</b>	<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>242,686,801</b>	<b>3,584,521,861</b>	<b>7,090,877,601</b>



**S.N. Nuclearelectrica S.A.**

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

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

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

**S.N. Nuclearelectrica S.A.**

Simplified Individual Cash Flow Statement for the six-month period ended on June 30, 2019

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

	<b>6-month period ended on June 30, 2019 (revised)</b>	<b>6-month period ended on June 30, 2018 (revised)</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>360,122,624</b>	<b>230,190,242</b>
<b>Adjustments for:</b>		
Impairment and depreciation	274,872,313	272,098,843
Impairment on trade and other receivables	(1,287,664)	(2,567,154)
Impairment on inventories	(622,878)	(2,294,426)
Provisions corresponding to operating liabilities and expenses	6,471,408	(2,117,903)
Value increase on tangible assets	-	(1,435,103)
Earnings/(Losses) from asset assignment	(49,206)	761,930
Net financial revenues	3,417,564	(16,606,903)
<b>Changes in:</b>		
Decrease in trade receivables and other receivables	21,150,840	17,361,485
Increase in inventories	(9,331,744)	(12,270,671)
Variation of deferred income	3,016,155	4,667,264
Variation of deferred expense	(58,889,284)	(12,695,609)
Increase/(Decrease) of trade liabilities and other liabilities	(3,429,523)	30,387,379
<b>Cash flows generated from operating activities</b>	<b>595,440,605</b>	<b>505,479,375</b>
Income tax paid	(151,270,197)	(65,617,318)
Interest received	30,560,746	13,084,873
Interest paid	(4,619,794)	(4,418,601)
<b>Net cash flow from operating activities</b>	<b>470,111,360</b>	<b>448,528,329</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(10,892,449)	(2,045,221)
Purchases of tangible assets	(105,508,159)	(63,361,668)
Proceeds from sale of tangible assets	49,206	259,295
Decrease/ (Increase) in bank deposits and financial assets representing collateral bank deposits related to letters of bank guarantee	25,751,509	23,840,528
Purchases of financial assets	-	(5,032,931)
<b>Net cash flow used in investing activities</b>	<b>(90,599,893)</b>	<b>(46,339,997)</b>
<b>Cash flow from financing activities</b>		
Repayments of borrowings	(107,281,971)	<b>(105,702,064)</b>
Dividends	(375,367,909)	<b>(273,078,968)</b>
<b>Net cash flow from financing activities</b>	<b>(482,649,880)</b>	<b>(378,781,032)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(103,138,413)</b>	<b>23,407,300</b>
<b>Cash and cash equivalents as at 1 January (see Note 9)</b>	<b>1,611,175,766</b>	<b>1,713,349,815</b>
<b>Cash and cash equivalents as at June 30 (see Note 9)</b>	<b>1,508,037,353</b>	<b>1,736,757,115</b>



## **S.N. Nuclearelectrica S.A.**

Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

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

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### **1. REPORTING ENTITY**

Societatea Nationala Nuclearelectrica S.A. (the "Company" or "SNN") is a national joint-stock company, one-tier management system, having a head office and two branches without legal personality, CNE Cernavoda branch (Nuclear Power Plant) – with registered office in Constanta County, Cernavoda City, 2 Medgidiei Street, registered with the Trade Register under number J13/3442/2007, and FCN Pitesti branch (Nuclear Fuel Plant) - with registered office in Arges County, Mioveni City, 1 Campului Street, registered with the Trade Register under number J03/457/1998, respectively. The address of the registered office is Bucharest Municipality, District 1, 65 Polona Street.

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

The Company's main activity consists in electricity and thermal energy production by nuclear processes. The main place of business is within the Branch Cernavoda NPP, where the Company owns and operates two operational nuclear reactors (Unit 1 and Unit 2). The two nuclear operational reactors are based on CANDU technology (Canada Deuterium Uranium type PHWR). Besides, at Cernavoda the Company owns two nuclear reactors in the early stages of construction (Unit 3 and Unit 4). The construction of Units 3 and 4 was planned to be completed by the Energonuclear S.A. subsidiary; at present, there is the revised form of the Strategy to continue Units 3 and 4 Project, endorsed by the Board of Directors of SNN and approved by the Extraordinary General Meeting of Shareholders by Decision no. 11 / 14.09.2018 (for more information, see Note 6).

The Company owns a reactor (Unit 5) for which the Company shareholders approved changing the initial destination in March 2014, namely, the use of Unit 5 for carrying out the activities related to the operation of Units 1 and 2. The project intended to change the initial destination of Unit 5 is currently being implemented and it is expected to be finalized during 2020. The unit 5 is fully depreciated, since there was no plan to continue its construction as a nuclear unit.

Manufacturing of nuclear fuel bundles CANDU type required for operating the two nuclear operational reactors located in the branch Cernavoda NPP is performed by the Company in the branch Pitesti NFF.

The electricity sector is regulated by the National Energy Regulatory Authority ("ANRE"), an autonomous public institution. The electricity market in Romania was undergoing a process of gradual liberalization up to the end of 2017. In 2017, the Company participated in the electricity market, both on the competitive segment, and on the regulated market segment, in which ANRE has set, by means of annual decisions, the quantities of electricity that need to be sold by the Company on the regulated market and the regulated prices to be charged, respectively; since 2018, the Company has participated in the electricity market, only on the competitive segment.

On June 30, 2019 the Company's shareholders are: The Romanian State via the Ministry of Energy which holds 248,736,619 shares, representing 82.4959% of the share capital, Fondul Proprietatea S.A. holding 21,268,355 shares, representing 7.0539% of the share capital and other individuals and legal entities shareholders holding together 31,508,877 shares, representing 10.4502% of the share capital.

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

*The notes on pages 1-24 are an integral part of these simplified individual interim financial statements*

This a free translation from the Romanian version. In case of any differences between the Romanian and English version, the Romanian version prevails.

## **S.N. Nuclearelectrica S.A.**

Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

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

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### **2. BASIS OF PREPARATION**

#### **a) Statement of compliance**

The simplified individual financial statements have been prepared in accordance with the Order of the Ministry of Public Finance no. 2844/2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards ("IFRS"), as further amended ("OMPF 2844/2016"). As per the OMPF 2844/2016, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure provided by the European Commission Regulation no. 1.606/2002 of the European Parliament and of the Council dated on 19 July 2002 regarding the application of the international accounting standards.

These simplified individual interim financial statements were drafted according to IAS 34 *Interim financial reporting*, as passed by the European Union. These do not include the necessary information for a complete set of financial statements according to the IFRS, and must be read with the annual financial statements of the Company, drafted on December 31, 2018. Nevertheless, certain selected explanatory notes are included in order to explain the events and transactions that are significant for understanding the modifications occurred in the financial position and performance of the Company from the latest individual financial statements on the date and for the financial year that ended on December 31, 2018.

The Simplified Individual Interim Financial Statements on the date and for the six-month period that ended on June 30, 2019 have been revised by an independent auditor.

These Simplified Individual Interim Financial Statements were authorized for issue and signed on August 13, 2019 by the Company's management.

#### **b) Use of estimates and professional judgments**

Preparing these simplified individual interim financial statements means that the managers use reasoning, estimates and hypotheses that affect the application of accounting policies, and the acknowledged value of the assets, debts, revenues and expenses. Actual results may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are acknowledged in the period in which the estimates are 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 (key assumptions relating to the continuance of the Project for Units 3 and 4).

The significant reasoning used by the managers for applying the accounting policies of the Company and the main uncertainty sources regarding the estimates was the same as the one applied for the Individual Financial Statements on and for the financial year that ended on December 31, 2018.

#### **c) Presentation items**

On December 31, 2018, the Company reconsidered the presentation of cash, cash equivalents and bank deposits items in the statement of financial position as follows:

- the "Bank deposits" position represents the collateral deposits related to bank guarantee letters issued by banks on behalf of the Company in favor of clients, with a maturity of between 3 and 12 months;
- "Cash and cash equivalents" includes, besides cash and other cash equivalents, collateral bank deposits related to maturity letters of guarantee up to 3 months, as well as common bank deposits without commitments, which can be accessed by the Company without restrictions and without significant losses as a result of their liquidation, irrespective of their maturity.

*The notes on pages 1-24 are an integral part of these simplified individual interim financial statements*

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**S.N. Nuclearelectrica S.A.**

Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

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

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Consequently, for the consistent reflection of the comparative values, the items in the statement of financial position as of June 30, 2018 were reallocated according to the rations presented, with an impact on the comparative values presented in the statement of cash flows as of June 30, 2019, as follows:

<b>Cash flow elements</b>	<b>30 June 2018 (revised)</b>	<b>Reallocations</b>	<b>30 June 2018 (revised, reallocated)</b>
Decreasing of bank deposits and financial assets representing collateral bank deposits related to bank guarantee letters	223.666.528	(199.826.000)	23.840.528
<b>Net increase in cash and cash equivalents</b>	<b>223.233.300</b>	<b>(199.826.000)</b>	<b>23.407.300</b>

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these simplified individual interim financial statements are the same as those applied in the individual financial statements of the company on the date and for the financial year that ended on December 31<sup>st</sup>, 2018.

The individual financial statements are prepared on the assumption that the Company will continue its operations in the foreseeable future. To assess the applicability of this assumption, the senior management analyzes projections of future cash inflows.

*The notes on pages 1-24 are an integral part of these simplified individual interim financial statements*

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**S.N. Nuclearelectrica S.A.**

Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

*(All amounts are presented in RON, unless otherwise indicated)***4. TANGIBLE ASSETS**

	<b>Land</b>	<b>Nuclear power plants</b>	<b>Machinery, equipment and other assets</b>	<b>Non-current assets in progress</b>	<b>TOTAL</b>
<b>Cost</b>					
<b>Balance as at January 1, 2018 (audited, restated)</b>	<b>31,534,439</b>	<b>5,698,230,344</b>	<b>1,611,461,143</b>	<b>851,807,266</b>	<b>8,193,033,192</b>
Additions	-	-	13,818,163	115,752,495	129,570,658
Revaluation of buildings and land	767,960	20,172,017	35,259,740	-	56,199,716
Offset of accumulated depreciation upon revaluation	-	(1,059,894,917)	(60,605,906)	-	(1,120,500,824)
Transfers	-	71,734,118	24,051,133	(95,785,251)	-
Transfer to inventories	-	-	-	(1,800,278)	(1,800,278)
Transfer to intangible assets	-	-	-	(7,852,267)	(7,852,267)
Derecognition of U1 inspections	-	(52,473,435)	-	-	(52,473,435)
Disposals	-	-	(2,241,701)	(1,257,641)	(3,499,343)
<b>Balance as at December 31, 2018 (audited)</b>	<b>32,302,399</b>	<b>4,677,768,128</b>	<b>1,621,742,571</b>	<b>860,864,324</b>	<b>7,192,677,421</b>
<b>Balance as at January 1, 2019 (audited)</b>	<b>32,302,399</b>	<b>4,677,768,128</b>	<b>1,621,742,571</b>	<b>860,864,324</b>	<b>7,192,677,421</b>
Additions	-	-	21,778,469	109,141,154	130,919,623
Transfers	-	-	18,423,748	(18,423,748)	-
Inventories transfers	(120,740)	-	(2,159,074)	358,229	(1,921,585)
Transfer to intangible assets	-	-	-	(1,935,590)	(1,935,590)
Disposals	-	-	(2,321,449)	-	(2,321,449)
<b>Balance as of June 30, 2019 (revised)</b>	<b>32,181,659</b>	<b>4,677,768,128</b>	<b>1,657,464,265</b>	<b>950,004,370</b>	<b>7,317,418,421</b>
<b>Depreciation and impairment losses</b>					
<b>Balance as at January 1, 2018 (audited, restated)</b>	<b>550,782</b>	<b>781,264,650</b>	<b>546,513,811</b>	<b>140,629,875</b>	<b>1,468,959,117</b>
Depreciation charges	-	414,761,137	110,140,683	-	524,901,820
Offset of accumulated depreciation upon revaluation	-	(1,059,894,917)	(60,605,906)	-	(1,120,500,824)
Cumulative depreciation of U1 inspections derecognized	-	(52,473,435)	-	-	(52,473,435)
Offset of accumulated disposals	-	-	(1,841,771)	-	(1,841,771)
Impairment adjustments	-	-	10,077,433	(906,054)	9,171,379
<b>Balance as at December 31, 2018 (audited)</b>	<b>550,782</b>	<b>83,657,435</b>	<b>604,284,249</b>	<b>139,723,821</b>	<b>828,216,287</b>
<b>Balance as at January 1, 2019 (audited)</b>	<b>550,782</b>	<b>83,657,435</b>	<b>604,284,249</b>	<b>139,723,821</b>	<b>828,216,287</b>
Depreciation charges	-	209,661,506	52,860,978	-	262,522,484
Offset of accumulated disposals	-	-	(1,986,123)	-	(1,986,123)
Derecognition of the accumulated amortization of transfers into inventory	-	-	(48,181)	-	(48,181)
Impairment adjustments	-	-	-	1,010,363	1,010,363
<b>Balance as of June 30, 2019 (revised)</b>	<b>550,782</b>	<b>293,318,940</b>	<b>655,110,923</b>	<b>140,734,184</b>	<b>1,089,714,830</b>
<b>Carrying amount</b>					
<b>Balance as at January 1, 2018 (audited, restated)</b>	<b>30,983,658</b>	<b>4,916,965,695</b>	<b>1,064,947,332</b>	<b>711,177,390</b>	<b>6,724,074,075</b>
<b>Balance as at December 31, 2018 (audited)</b>	<b>31,751,617</b>	<b>4,594,110,693</b>	<b>1,017,458,322</b>	<b>721,140,502</b>	<b>6,364,461,135</b>
<b>Balance as of June 30, 2019 (revised)</b>	<b>31,630,877</b>	<b>4,384,449,188</b>	<b>1,002,353,341</b>	<b>809,270,186</b>	<b>6,227,703,592</b>

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Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

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

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The position "Machinery, equipment and other assets" mainly include the heavy water used for the operation of Units 1 and 2, with a net accounting value on June 30, 2019 amounting to RON 432,495,060 (December 31, 2018: RON 432,488,488) and administrative buildings with a net carrying amount on June 30, 2019 amounting to RON 267,458,434 (December 31, 2018: RON 277,883,541).

In 2019, the Company purchased 7.8 tons of heavy water from the National Administration of State Reserves and Special Issues ("ANRSPS") required for Units 1 and 2, amounting to RON 15,649,064 (in 2018, 5.3 tons were purchased, amounting to RON 10,339,066).

On June 30, 2019, the net carrying amount of the assets under construction related to Units 3 and 4 amounts to RON 505,978,256 (December 31, 2018: 506,035,734 RON), out of which the accounting value of Units 3 and 4 is 273,960,000 RON (December 31, 2018: 273,960,000 RON), the rest representing heavy water purchased for Units 3 and 4, namely approx. 75 tons, whose accounting value on June 30, 2019 is RON 159,238,387 (December 31, 2018: 159,238,387 RON), and equipment and other assets for Units 3 and 4. Before 1991 the nuclear Units 1, 2, 3, 4 and 5 were considered as a single project and therefore the construction costs incurred had not been allocated per unit. Subsequently, the Company allocated the costs for the construction of Units 3 and 4 of the nuclear power plant and for Unit 5.

On December 31, 2013 the Group recognized a depreciation adjustment of 100% of the Unit 5 since there were no plans to resume its construction. On December 31, 2018 the gross accounting value for Unit 5 is RON 137 million (December 31, 2018: 137 million RON). In March 2014, the Company shareholders approved the change of destination and use of Unit 5 for other activities of the Company, project under implementation the result of which will be an asset with a different use than the initial use of Unit 5.

On June 30, 2019, the difference remaining to 809,270,186 RON of net "Assets in progress" (December 31, 2018: RON 721,140,502) represents non-current assets in progress, related to Units 1 and 2, such as: D2O detritiation installation amounting to RON 63,238,682, construction of facilities for storage and loading of the nuclear fuel used (DICA) amounting to RON 28,011,166, improvement of nuclear security systems after Fukushima amounting to RON 31,668,393.

The main investments made by the Company in the six-month period ended on June 30, 2019 for projects in progress related to Units 1 and 2 include:

- Annual inspections conducted during the planned outage of Unit 2, amounting to RON 56,102,036 (December 31, 2018: 66,015,629 RON at Unit 1) - the "Assets in progress" includes the equivalent value of the regular general inspections and the capital repairs performed on Unit 2 CNE Cernavoda during the planned outage, which took place in period May 3 – June 7, 2019, capitalized according to IAS 16, in amount of 56,102,036 RON. This major inspection on Unit 2 is to be commissioned after the completion and acceptance of the inspection report;
- Improving the Nuclear security systems following the Fukushima event amounting to RON 12,177,525 (December 31, 2018: RON 8,732,940);
- Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to RON 5,281,747 (December 31, 2018: RON 8,772,512);
- Modernization of the physical protection system in value of 2,123,491 RON (December 31, 2018: 4,724,696 RON).

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

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The main investments performed by the Company in the six-month period that ended on June 30, 2019 from the projects in progress related to Units 1 and 2 are represented by: assembling spare parts on the operated equipment in value of RON 10,482,861, assembling a spectrometer in order to determine the metallic impurities in uranium in value of RON 862,088 and capital repairs on U1 compressors in value of RON 1,329,255.

In the first half-year of 2019, GAS Resolution 5/23.04.2019 approved the sale of asset "Singles' accommodation unit". Thus, from the "Machinery, equipment and other assets" position and from the "Lands" position, the amounts related to this asset were transferred to assets, namely RON 2,159,074 and RON 120,740, which are reflected in the "Inventory transfer" line. The amounts comprise the building, the related land, the central heating network connection installation, parking fittings, sports land, green areas, located at address: No. 14, Salciei Street, Cernavoda, Constanta county.

On June 30, 2019, the Company has fixed assets purchased based on credit from suppliers (commercial credit) amounting to RON 38,148,669 (December 31, 2018: RON 14,722,450).

*Decommissioning of nuclear units*

The nuclear power Unit 1 is scheduled to operate until 2026, and Unit 2 until 2037. The Company has not recorded a provision for the decommissioning of the two units because it is not responsible for the decommissioning works. According to Government Decision no. 1080/ 2007, the Nuclear Agency and Radioactive Waste ("ANDR") is responsible for collecting the contributions paid by the Company for the remaining useful life of these units and assume the responsibility for the management of the entire decommissioning process at the end of the useful life of the two units, as well as for the permanent storage of the resulting waste (refer to Note 12). The Company's expenditure related to the contributions to ANDR for the six-month period ended on June 30, 2019 amounts to RON 48,709,675 (the 6-month period ended on June 30, 2018: 48,525,230 RON).

*Assets pledged as security*

As at June 30, 2019, and December 31, 2018, respectively, the Company has no pledged or mortgaged assets.

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Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

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

**5. INTANGIBLE ASSETS**

	<b>Licenses and software</b>	<b>Power plant software and other intangible assets</b>	<b>TOTAL</b>
<b>Cost</b>			
<b>Balance as at January 1, 2018 (audited)</b>	<b>63,908,923</b>	<b>185,630,128</b>	<b>249,539,051</b>
Reallocations	122,135,570	(120,135,570)	-
Additions	546,221	3,996,061	4,542,282
Transfers	26,084,953	(26,084,953)	-
Transfer form tangible assets	25,934	7,826,332	7,852,267
Disposals	(384,987)	(34,274)	(419,261)
<b>Balance as at December 31, 2018 (audited)</b>	<b>212,316,615</b>	<b>49,197,724</b>	<b>261,514,339</b>
<b>Balance as at January 1, 2019 (audited)</b>	<b>212,316,615</b>	<b>49,197,724</b>	<b>261,514,339</b>
Additions	10,859,088	12,361	10,871,449
Transfers	-	-	-
Transfer form tangible assets	1,935,590	-	1,935,590
Disposals	-	-	-
<b>Balance as of June 30, 2019 (revised)</b>	<b>225,111,292</b>	<b>49,210,085</b>	<b>274,321,378</b>
<b>Accumulated amortization</b>			
<b>Balance as at January 1, 2018 (audited)</b>	<b>62,187,283</b>	<b>124,815,811</b>	<b>187,003,093</b>
Depreciation charges	15,325,502	4,770,954	20,096,456
Amortization related to disposals	(384,988)	(34,274)	(419,262)
Transfers and reallocations	100,638,341	(100,638,341)	-
<b>Balance as at December 31, 2018 (audited)</b>	<b>177,766,138</b>	<b>28,914,150</b>	<b>206,680,287</b>
<b>Balance as at January 1, 2019 (audited)</b>	<b>177,766,138</b>	<b>28,914,150</b>	<b>206,680,287</b>
Depreciation charges	8,519,698	2,819,769	11,339,467
Amortization related to disposals	-	-	-
<b>Balance as of June 30, 2019 (revised)</b>	<b>186,285,836</b>	<b>31,733,919</b>	<b>218,019,754</b>
<b>Carrying amount</b>			
<b>Balance as at January 1, 2018 (audited)</b>	<b>1,721,640</b>	<b>60,814,318</b>	<b>62,535,957</b>
<b>Balance as at December 31, 2018 (audited)</b>	<b>34,550,477</b>	<b>20,283,573</b>	<b>54,834,052</b>
<b>Balance as of June 30, 2019 (revised)</b>	<b>38,825,457</b>	<b>17,476,167</b>	<b>56,301,624</b>

As at June 30, 2019, the position "Software for the nuclear power plant and other tangible assets" includes other intangible assets representing ongoing licenses and software amounting to RON 4,457,176 (December 31, 2018: 3,466,815 RON). In the first half-year of 2019, licenses and software in value of 10,859,088 RON.

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

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### **6. FINANCIAL INVESTMENTS**

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

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

On June 30, 2019 and December 31, 2018, the Company owns 100% of the share capital of EnergoNuclear S.A. The value of the interest as at June 30, 2019 and December 31, 2018 amounts to RON 141,666,101.

By the Decision of the Prime Minister no. 318 of December 18, 2018, the Working Group was established for the negotiation of the Intergovernmental Agreement between Romania and the People's Republic of China on the cooperation for the implementation of the Units 3 and 4 Cernavoda NPP Project ("IGA").

In the period January 21 - 23, 2019, a meeting of the mixed work group Romania - China took place regarding IGA, and the following actions were identified: (1) the JVCO establishment as soon as possible to support the implementation of CfD in Romania, ongoing process; (2) the Romanian party to finalize the preparatory technical measures in view of submitting to the Romanian Parliament and to the European Commission the legislative amendments and updates associated with the adoption of the CfD mechanism; (3) SNN and CGN to resume negotiations on the Investors Agreement ("IA") in preliminary form.

In meeting of February 4, 2019, the SNN Board of Directors approved the revised mandate of the SNN Negotiating Committee to negotiate the IA and the Articles of Incorporation ("AI") in a preliminary form to allow the establishment of JVCo by initial minimal cash contribution, calibrated to the development needs of the Project.

On March 15, 2019, the discussions regarding the IA in preliminary form, and the AI of JVCo were finalized.

By Resolution no. 4/10.04.2019 of the Extraordinary General Assembly of Shareholders, the following activities regarding Units 3 and 4 Cernavoda NPP were approved:

1. Approval of the Preliminary Form of the Investors Agreement regarding Units 3 and 4 Cernavoda NPP concluded between China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment (RO) CO.S.A. and S.N. Nuclearelectrica S.A. (item 2 of EGMS agenda from April 10, 2019);
2. Approval of the authorization of the Chairman of the Board of Directors of S.N. Nuclearelectrica S.A. to sign the Preliminary Form of the Investors Agreement (item 1 above), in the name and on behalf of the Company (item 3 of EGMS agenda from April 10, 2019);
3. Approval of the authorization of the Board of Directors of S.N. Nuclearelectrica S.A. to initiate and carry out the necessary steps to finalize the Articles of Incorporation of the project company, in accordance with the provisions set in the Preliminary Form of the Investors Agreement (item 1 above); the mandate thus granted to the Board of Directors of SNN may be assigned to the executive management, and the final form of the Articles of Incorporation of the project company will be submitted for the approval of the Extraordinary General Meeting of Shareholders of SNN (item 5 of EGMS agenda from April 10, 2019).

On May 8, 2019, SN Nuclearelectrica SA and China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment signed the Preliminary Form of the Investors Agreement regarding the continuation of the Units 3 and 4 Cernavoda NPP Project.

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Resolution no. 9 / July 29, 2019 of the Extraordinary General Assembly of Shareholders approved the endorsement of the SNN Board of Directors to approve the modification of the deadlines / due dates provided in the preliminary form of the Investors' Agreement related to the Project for Units 3 and 4 of CNE Cernavoda

Regarding the activity of Energonuclear S.A.:

- With the EGMS Resolution of SNN no. 4/11.07.2017, the shareholders of SNN approved the granting by SNN of a loan convertible in shares amounting to maximum RON 4,000,000 to the Energonuclear S.A. ("EN") branch, in order to finance the maintenance and conservation activities for the site of Units 3 and 4 of Cernavoda NPP; until 30.06.2019, Energonuclear requested an installment of RON 2,500,000 to be granted from the maximum amount, for which SNN registered an interest of RON 75,056, capitalized.

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

## 7. INVENTORIES

On June 30, 2019 and December 31, 2018, the inventories are as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited)</b>
Spare parts	144,252,070	141,293,048
Consumables and other materials	38,967,044	40,636,148
Nuclear fuel	157,855,443	134,039,382
Uranium	35,536,331	38,490,987
Other inventories	4,245,208	14,282,835
<b>TOTAL</b>	<b>380,856,096</b>	<b>368,742,400</b>

## 8. TRADE RECEIVABLES AND OTHER RECEIVABLES

On June 30, 2019 and December 31, 2018, the trade receivables and other receivables are as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited)</b>
Trade receivables	124,831,659	168,524,274
Adjustments for impairment of trade receivables	(9,686,694)	(10,858,933)
Other receivables	20,438,456	23,029,979
Adjustments for impairment of other receivables	(3,074,604)	(3,190,028)
Taxes and duties	28,770,561	6,189,298
<b>Total</b>	<b>161,279,378</b>	<b>183,694,590</b>

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As at June 30, 2019, the significant trade receivables in balance are from: The company of the Electricity and Gas Market Operator "OPCOM" S.A. - 2,469,206 RON (December 31, 2018: 1,164,061 RON), CEZ Vanzare S.A. – 1,854,000 RON (December 31, 2018: 3,260,654 RON), CIGA Energy S.A. – 410,412 RON (December 31, 2018: 578,328 RON), Utilitati Publice Cernavoda – 1,379,576 RON (December 31, 2018: 413,021 RON).

The sales performed in the period of 6 months that ended on June 30, 2019 to the company of the Electricity and Natural Gas Market Operator "OPCOM" S.A. represented approximately 8.38% (December 31, 2018 approximately 13%), to ALRO 7.71% (December 31, 2018 approximately 6.47%), to Electrica Furnizare 16.68% (December 31, 2018: 9%), to E.ON Energie Romania S.A. 7.07% (December 31, 2018 - 7.45%) and to GEN-I, trgovanje in prodaja elektricne energije, d.o.o. 8.04% (December 31, 2018 - 6.87) from 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 22.

On June 30, 2019, the "Trade receivables" and "Adjustments for impairment of trade receivables" positions include a net amount of RON 17,391,594 related to receivables from affiliated parties (December 31, 2018: 2,680,295 RON). On June 30, 2019, the "Other receivables" and "Adjustments for impairment of other receivables" positions include a net amount of RON 2,575,056 related to receivables from affiliated parties (December 31, 2018: RON 2,535,503), of which RON 2,575,056 represent the loan granted to the Energonuclear S.A. branch, including capitalized interest.

On June 30, 2019 the "Duties and Taxes" position mainly represents the VAT to be recovered amounting to RON 28,770,561 (December 31, 2018: 6,189,298 RON).

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

On June 30, 2019 and December 31, 2018, the cash and cash equivalents are as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited)</b>
Cash and cash equivalents in RON	1,479,538,419	1,606,936,087
Cash and cash equivalents in foreign currencies	28,498,934	4,239,679
<b>Total cash and cash equivalents</b>	<b>1,508,037,353</b>	<b>1,611,175,766</b>

The "Cash and cash equivalents" position also includes bank deposits with an initial maturity of less than one year, amounting to RON 1,346,937,474 (December 31, 2018: RON 1,438,730,983), as well as the amount of RON 4,086,987 representing letters of credit issued in favor of providers of equipment, spare parts, services and technical support (December 31, 2018: RON 2,945,617).

On June 30, 2019 and December 31, 2018, all bank deposits presented under the "Bank deposits" positions are in RON.

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited)</b>
Bank deposits	<b>41,363,543</b>	<b>20,954,979</b>

On June 30, 2019, the Company is in possession of letters of guarantee issued by different banks at the request of the Company in favor of third parties, for a total value of RON 100,621,998 (December 31, 2018: RON 126,373,507), for which a cash collateral in the form of collateral deposits was established, divided as follows: RON 1,346,937,474 in the "Cash and cash equivalents" position (December 31, 2018: RON 0) related to letters of bank guarantee with maturity of less than 3 months, RON 41,363,543 under the "Bank deposits" position (December 31, 2018: RON 20,954,979) related to letters of bank guarantee with a maturity of up to one year and RON 59,258,455 under the "Financial assets" position for letters of bank guarantee with a maturity of over one year (December 31, 2018: RON 105,418,528). These letters of bank guarantee are related to the Company's participation on the electricity market, mostly representing the Company's sales of electricity.

As at June 30, 2019 and December 31, 2018 the "Financial assets" position included the previously mentioned collateral deposits, as well as the amount of RON 5,032,931 representing the Company's contribution as new member of the European Liability Insurance for the Nuclear Industry ("ELINI").

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**10. EQUITY****Share capital**

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

According to the articles of incorporation, the authorized capital of the Company is 3.016.200.000 RON. The subscribed share capital paid on June 30, 2019 is RON 3,015,138,510.

As at June 30, 2019 and December 31, 2018, the share capital includes the effect of reassessments registered in the previous years required by the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". The reconciliation of the share capital is as follows:

	<b>June 30, 2019</b> <b>(revised)</b>	<b>December 31, 2018</b> <b>(audited)</b>
Subscribed and paid statutory share capital	3,015,138,510	3,015,138,510
Differences related to the restatement according to IAS 29	195,502,743	195,502,743
<b>Share capital (restated value)</b>	<b>3,210,641,253</b>	<b>3,210,641,253</b>

As at June 30, 2019 and December 31, 2018, the value of the statutory subscribed and paid-off share capital amounts to RON 3,015,138,510, consisting of 301,513,851 ordinary shares having the nominal value of 10 RON each.

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

The shareholding structure on June 30, 2019 and December 31, 2018 is as follows:

<b>Shareholders</b>	<b>Number of shares</b> <b>June 30, 2019</b>	<b>% of the</b> <b>share capital</b>	<b>Number of shares</b> <b>December 31, 2018</b>	<b>% of the</b> <b>share capital</b>
The Romanian State by the Ministry of Energy	248,736,619	82.4959%	248,736,619	82.4959%
Fondul Proprietatea S.A.	21,268,355	7.0539%	27,408,381	9.0903%
Other investors	31,508,877	10.4502%	25,368,851	8.4138%
<b>Total</b>	<b>301,513,851</b>	<b>100%</b>	<b>301,513,851</b>	<b>100%</b>

**Share premiums**

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

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**Prepaid reserve**

The prepaid reserves amount to RON 21,553,537 as of June 30, 2019 (December 31, 2018: RON 21,553,537) and represent public utility objectives at CNE Cernavoda, amounting to RON 5,439,321 as of June 30, 2019 (December 31, 2018: RON 5,439,321) and received budgetary allocations related to the period 2007-2011 -16.114.216 for the construction of the Training and Recreation Center for Youth and Children in Cernavoda, unfinished investment, amounting to RON 30 as of June 2019, 31 (December 31, 2018: RON 16,114,216).

**Revaluation reserves**

As at June 30, 2019 the revaluation reserve amounts to RON 242,686,801 (December 31, 2018: RON 257,407,532), net of deferred tax related to the revaluation reserve. The last revaluation of lands, buildings and constructions took place on December 31, 2018 by an independent valuer, Primoval SRL, member of the National Association of Certified Assessors in Romania ("ANEVAR").

During the 6-month period ended on June 30, 2019, the Company recognized a decrease of the revaluation reserve amounting to RON 14,720,731 following its transfer into the reported result (6 months ended on June 30, 2018: 12,999,409 RON).

**Retained earnings**

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

In the six-month period ended on June 30, 2019, the Company declared dividends amounting to RON 378,914,310 (June 30, 2018: 271,362,466 RON). Unpaid gross dividends as at June 30, 2019 amounted to RON 1,088,570 (June 30, 2018: 2,414,090 RON).

**Legal reserves**

On June 30, 2019, the amount of the legal reserve is RON 122,593,972 (December 31, 2018: RON 122,593,972) and it is presented cumulatively under the "Retained earnings" position.

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**11. BORROWINGS**

The loan reimbursements in the six-month period ended on June 30, 2019 were as follows:

	Currenc y	Interest rate	Value	Year of final maturity
<b>Balance as at January 1, 2019 (audited)</b>			<b>909,860,972</b>	
New issues				
<b>Reimbursements, out of which</b>			<b>(107,281,971)</b>	
Societe Generale – ANSALDO BC	EUR	EURIBOR 6M + 0.45%	(18,255,505)	2022
Societe Generale - AECL BC	CAD	CDOR 6M + 0.375%	(34,351,986)	2022
EURATOM	EUR	EURIBOR 6M + 0.08%	(54,674,480)	2024
<b>Exchange rate differences</b>			<b>23,847,164</b>	
<b>Balance as of June 30, 2019 (revised)</b>			<b>826,426,166</b>	

*(i) Long term loans*

As at June 30, 2019 and December 31, 2018, the long-term loans from credit institutions are as follows:

	June 30, 2019 (revised)	December 31, 2018 (audited)
Societe Generale - ANSALDO BC	109,219,330	125,506,545
Societe Generale - AECL BC	208,183,586	228,883,938
EURATOM	509,023,249	555,470,490
<b>Total long-term loans</b>	<b>826,426,165</b>	<b>909,860,973</b>
Less: Current portion of long-term loans	(215,655,293)	(209,456,905)
Less: Balance of commitment and insurance fees (long term)	(13,149,279)	(16,436,599)
<b>Total long-term loans net of the short-term portion</b>	<b>597,621,593</b>	<b>683,967,469</b>

On June 30, 2019, the financial indicators related to the loan granted by EURATOM were met.

*(ii) Short-term borrowings*

As at June 30, 2019 and December 31, 2018, the short-term borrowings are as follows:

	June 30, 2019 (revised)	December 31, 2018 (audited)
Current portion of long-term loans	215,655,293	209,456,905
Interests related to the long-term borrowings	410,922	511,595
Short-term transaction costs	(6,574,639)	(6,574,460)
<b>Total short-term loans</b>	<b>209,491,576</b>	<b>203,393,860</b>

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**12. PROVISIONS FOR RISKS AND EXPENSES**

On June 30, 2019 and December 31, 2018, respectively, the Company recognized the following provisions, included under the position "Provisions for risks and expense" and the position "Current share of provisions for risks and expenses":

	<b>June 30, 2019</b> <b>(revised)</b>	<b>December 31,</b> <b>2018</b> <b>(audited)</b>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	65,831,098	60,633,302
Obligations regarding the low and medium radioactive and non-radioactive waste	101,538,567	97,648,239
Provision for litigations with nuclear risk increment	39,047,406	34,937,153
Employees' participation to the profit	13,090,000	16,000,000
Provisions for litigations	7,495,641	7,495,641
<b>Total</b>	<b>227,002,712</b>	<b>216,714,335</b>

On June 30, 2019, the provisions in the total amount of RON 227,002,712 represent long-term and short-term liabilities, as follows:

	<b>Long-term</b> <b>share</b> <b>(&gt; 1 year)</b>	<b>Current</b> <b>share</b> <b>(&lt; 1 year)</b>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	41,481,648	24,349,450
Obligations regarding the low and medium radioactive and non-radioactive waste	94,512,598	7,025,969
Provision for litigations with nuclear risk increment	39,047,406	-
Employees' participation to the profit	-	13,090,000
Provisions for litigations	7,495,641	-
<b>Total</b>	<b>182,537,293</b>	<b>44,465,419</b>

The "Employees' participation to the profit" position represents the commitment of the Company towards its employees in relation to providing the amounts related to the participation of the employees to the profit of the Company for the year of 2019, as a result of achieving the result set forth by the budget on June 30, 2019, based on the income and expenditure budget approved by GAS Resolution no. 6 /May 20, 2019.

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**13. TRADING AND OTHER LIABILITIES**

On June 30, 2019 and December 31, 2018, trading and other liabilities are as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited)</b>
Non-current assets suppliers	38,148,669	14,722,450
Trade payables	82,988,594	60,462,083
Liabilities towards the employees	61,097,128	24,440,168
Payables to the State	28,463,623	89,292,102
Dividends payables	4,042,918	4,278,146
Other payables	3,780,334	3,912,931
<b>Total</b>	<b>218,521,266</b>	<b>197,107,880</b>

As at June 30, 2019, the main suppliers in balance are: General Electric Global Services GMBH – 18,301,437 RON (December 31, 2018: RON 4,959,751), Nuclear Risk Insurers Limited - RON 10,940,770 (December 31, 2018: 0 RON), Apele Romane Bucuresti – RON 10,252,153 (December 31, 2018: RON 11,951,605), General Concrete S.R.L. – RON 8,071,292 (December 31, 2018: RON 5,160,292).

On June 30, 2019, the "Accounts payable and other liabilities" position includes the amount of RON 24,953,253 (December 31, 2018: RON 29,081,865) related to liabilities to affiliated parties, of which, under the "Suppliers" and "Non-current assets suppliers" positions, the amount of RON 16,858,520 (December 31, 2018: RON 20,779,125) and under the position "Payables to the State" the amount of RON 8,094,733 (December 31, 2018: RON 8,302,740), representing the contribution to ANDR, for the decommissioning of nuclear facilities and the permanent storage of radioactive waste.

The "Liabilities towards the employee" position includes the amount of RON 49,476,654, representing the commitment related to granting the amounts to be distributed according to the revenue and expenditure budget approved by GAS Resolution no. 6/ May 20, 2019, related to salaries, bonuses, contributions and other allowances and prize-awarding fund, which will be granted by the end of 2019, under the form of bonuses, but which are related to the 6-month period ended on June 30, 2019.

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

	<b>The 3-month period ended on June 30, 2019 (not revised)</b>	<b>The 3-month period ended on June 30, 2018 (not revised)</b>	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Sales of electricity on regulated market	564,990	-	1,148,813	-
Sales of electricity on free market	514,073,844	426,534,956	1,175,923,091	965,667,600
Sales of thermal energy	1,657,313	844,033	4,652,589	2,953,839
Revenues from green certificates	5,962	365	13,605	3,404
<b>Total</b>	<b>516,302,109</b>	<b>427,379,354</b>	<b>1,181,738,098</b>	<b>968,624,843</b>

*(ii) The amount of energy sold*

	<b>The 3-month period ended on June 30, 2019 (not revised)</b>	<b>The 3-month period ended on June 30, 2018 (not revised)</b>	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Quantity of electricity sold on regulated market (MWh)	3,000	-	6,100	-
Quantity of electricity sold on free market (MWh)	2,351,305	2,348,818	5,091,397	5,106,310
<b>Total</b>	<b>2,354,305</b>	<b>2,348,818</b>	<b>5,097,497</b>	<b>5,106,310</b>

The Company is a participant in the balancing market, but also a Responsible Party in the balancing, according to the conventions concluded with the transport and system operator Transelectrica SA. The quantity of energy sold presented does not include the quantity of energy corresponding to the income from positive unbalances valued on the Balancing Market, amounting to 14,827 MWh for the 6-month period that ended on June 30, 2019 (19,090 MWh for the 6-month period that ended on June 30, 2018).

The Company is developing the activity of producing thermal energy by exploiting the energetic capacities corresponding to the units for producing electrical and thermal energy consisting in two heat switches with a full thermal power of 40 Gcal/h and 46.51 MW. The Company delivers thermal energy to the local thermal energy distribution company SC Utilitati Publice SA Cernavoda, as well as to other final consumers in the locality Cernavoda – business entities, social - cultural institutions. The sales of thermal energy in the first half-year of 2019 are RON 4,652,589 (June 30, 2018: 2,953,839 RON).

The electricity sector is regulated by the National Energy Regulatory Authority (“ANRE”), an autonomous public institution. In 2018 ANRE no longer set for manufacturers delivery obligations under regulated contracts, by abrogating Order no. 83/2013 on the methodology of setting prices for the electricity sold by the manufacturers based on regulated contracts and electricity quantities from the regulated contracts concluded by the manufacturers with last-instance suppliers, after completing the schedule for gradually removing regulated fees. Following the Government Emergency Ordinance no. 114 / 28.12.2018, amending and supplementing Electricity and natural gas law no. 123/2012, by establishing the supply of electricity under conditions regulated by ANRE for household clients, between March 1<sup>st</sup>, 2019 and February 28<sup>th</sup>, 2022 and introducing as an additional obligation of manufacturers to deliver last-instance suppliers, between March 1<sup>st</sup>, 2019 and February 28<sup>th</sup>, 2022, the electricity that is necessary for ensuring the consumption of household consumers for which regulated fees are applied, ANRE issued Order no. 10 / February 01,

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2019 for approving the Methodology for setting the prices for the electricity sold by the manufacturers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by the manufacturers with last-instance suppliers. ANRE sets for the manufacturers in the indicated period obligations to sell firm quantities of electricity based on regulated contracts. For 2019, the quantity to be attributed to SNN for regulated contracts is 1,377 GWh (out of which 6.1 GWh for the period January 1 - June 30, 2019), and for the following years, the sale obligations based on the regulated contracts attributed to SNN shall be set to a maximum level of 65% of the delivered electricity quantity. Also, ANRE set by annual decision the regulated price that must be charged during the current year; the regulated price is set based on economically justified costs, i.e. cost plus profit margin, using a methodology approved by ANRE.

In the six-months period that ended on June 30, 2019, the Company sold approximately 0.1% of the energy on the regulated market (the Company did not sell energy on the regulated market in the six-months period that ended on June 30, 2018). The total quantity of electricity sold in the six-month period ended on June 30, 2019 is 5,112,324 MWh, compared to 5,125,400 MWh, sold in the six-month period ended on June 30, 2018. The sale price of the electricity on the regulated market in the six-month period ended on June 30, 2019 is 188.33 RON/MWh, value which does not include the tariff for electric energy transmission service paid to Transelectrica S.A. for the introduction of electricity in the electricity transmission network.

### 15. OTHER INCOMES

	<b>The 3-month period ended on June 30, 2019 (not revised)</b>	<b>The 3-month period ended on June 30, 2018 (not revised)</b>	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Income from investment subsidies	3,590,013	3,593,811	7,182,591	7.188.568
Revenues from penalties and compensation	247,189	(167,267)	400,934	15.987.495
Revenues from the reverse of provisions, net	(869,520)	3,460,636	-	1.638.878
Other income	8,713,795	866,726	13,434,437	8,030,153
<b>Total</b>	<b>11,681,477</b>	<b>7,753,906</b>	<b>21,017,962</b>	<b>32,845,094</b>

### 16. EMPLOYEES COSTS

	<b>The 3-month period ended on June 30, 2019 (not revised)</b>	<b>The 3-month period ended on June 30, 2018 (not revised)</b>	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Wages and salaries	109,958,389	111,403,846	218,531,873	191.957.031
Expenditure on social security and assimilated costs	8,389,924	7,389,183	15,248,489	13.062.750
<b>Total costs borne for employees</b>	<b>118,348,313</b>	<b>118,793,029</b>	<b>233,780,362</b>	<b>205.019.781</b>

On June 30, 2019, personnel expenses include the Company's commitments towards its employees amounting to RON 48,737,446 (June 30, 2018: RON 56.072.898), representing the commitment of the Company related to granting the amounts related to the employees' participation in the company's profit, amounting to RON 13 million, based on the achievement of the result set forth by the budget on 30.06.2019, and the commitment related to granting the amounts to be distributed according to the revenue and expenditure budget approved by GAS Resolution no. 6/20.05.2019, related to salaries, bonuses, contributions and other allowances, which will be granted until the end of 2019 as bonuses, but which are related to the 6-month period ended on June 30, 2019.

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**17. OTHER OPERATIONAL COSTS**

	<b>The 3-month period ended on June 30, 2019 (not revised)</b>	<b>The 3-month period ended on June 30, 2018 (not revised)</b>	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Other expenses with services provided by third parties	19,271,880	21,998,305	33,060,597	40,323,947
Expenses with ANDR	24,327,179	24,252,627	48,709,675	48,525,230
Energy and water expenses	17,524,050	17,489,178	37,337,531	37,150,721
Fuel and other consumables expenses	12,532,120	8,343,924	23,659,006	16,042,231
Expenses with ANRE contribution	10,624,848	474,979	21,249,695	949,958
Costs of insurance premiums	1,743,984	1,818,767	5,284,839	5,402,397
Transport and telecommunication expenses	2,121,985	1,825,623	3,841,093	3,254,616
Expenses related to provisions and impairments	10,465,246	-	10,465,246	-
Other operating expenses	7,347,247	7,770,109	11,824,377	12,025,614
<b>Total</b>	<b>105,958,539</b>	<b>83,973,512</b>	<b>195,432,059</b>	<b>163,674,714</b>

**Expenses with ANDR**

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

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

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

**Expenses with ANRE contribution**

The contribution to ANRE based on the Government Emergency Ordinance no. 114/2018 according to which the Company pays 2% of the turnover achieved from the activities carried out under the licenses held, amounting to RON 21,249,695 (June 30, 2018: 949,958 RON). For the year 2018, the contribution was paid based on ANRE Order no. 126/2017, which set a percentage of 0.1% of the turnover achieved from the activities carried out under the licenses held.

**Other operating expenses**

The position "Other operating expenses" includes the expenses related to the operating authorizations paid to CNCAN Bucharest amounting to RON 4,959,723 (June 30, 2018: 4,975,085 RON).

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**18. FINANCIAL INCOMES AND EXPENSES**

	<b>The 3-month period ended on June 30, 2019 (not revised)</b>	<b>The 3-month period ended on June 30, 2018 (not revised)</b>	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Income from interests	14,417,549	10,163,629	28,008,716	16,718,278
Foreign exchange gains	6,010,719	11,219,953	6,725,499	29,933,273
Dividends income	-	-	-	-
<b>Total financial revenues</b>	<b>20,428,268</b>	<b>21,383,582</b>	<b>34,734,215</b>	<b>46,651,551</b>
Foreign exchange losses	3,164,803	(22,043,787)	(30,990,529)	(23,953,518)
Interest related expenses	(3,847,543)	(4,343,574)	(7,806,442)	(7,762,447)
<b>Total financial expenses</b>	<b>(7,012,346)</b>	<b>(26,387,361)</b>	<b>(38,796,971)</b>	<b>(31,715,965)</b>
<b>Net financial income/(expense)</b>	<b>13,415,922</b>	<b>(5,003,779)</b>	<b>(4,062,756)</b>	<b>14,935,586</b>

**19. INCOME TAX**

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

	<b>The 3-month period ended on June 30, 2019 (not revised)</b>	<b>The 3-month period ended on June 30, 2018 (not revised)</b>	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Current income tax expense	20,435,099	4,402,537	71,285,504	48,296,504
(Income)/Expense from deferred tax, net	(430,902)	300,141	(1,824,179)	(420,668)
<b>Total</b>	<b>20,004,197</b>	<b>4,702,678</b>	<b>69,461,325</b>	<b>47,875,836</b>

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**20. TRANSACTIONS WITH RELATED-PARTIES***i) Transactions with state-owned companies*

The company operates in an economic environment dominated by companies owned or controlled by the Romanian state through its governmental authorities and agencies, collectively referred to as state-owned companies.

The company has carried out significant transactions with other state owned or controlled companies including: sales of electricity (OPCOM S.A.); purchases of electricity transmission and balancing services (C.N. Transelectrica S.A.); purchasing heavy water necessary for supplementing the reserve for Units 1 and 2 at CNE Cernavoda (National Administration for State Reserves and Special Matters - Territorial Unit 515 Bucharest); purchases of radioactive wastewater treatment services, for the water originated from the production activities (Autonomous Administration of Technologies for Nuclear Energy - Institute for Nuclear Research Pitesti) and the payment of the contribution for the management of the decommissioning process of the two units and for the final storage of nuclear waste at the end of the useful life of the two units, as well as for the permanent storage of the resulting residues (Nuclear and Radioactive Waste Agency).

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

	Sales in the period of 6 months that ended on		Receivables as at	
	June 30, 2019 (revised)	June 30, 2018 (revised)	June 30, 2019 (revised)	December 31, 2018 (audited)
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	151,004,515	167,516,362	2,853,681	1,811,364
Societatea de Distributie a Energiei Electrice Transilvania Sud S.A.	30,732,242	-	-	-
C.N. Transelectrica S.A.	20,492,757	8,137,628	11,028	14,107
Utilitati Publice S.A. Cernavoda	4,707,853	3,001,989	1,505,336	1,484,528
Energonuclear S.A.	46,228	8,279	2,575,534	2,537,812
Autonomous Administration of Technologies for Nuclear Energy - ICN	3,319	1,849	-	-
Compania Nationala Administratia Canalelor Navigabile S.A.	2,774	3,230	413	2,162
Autonomous Administration of Technologies for Nuclear Energy - CITON	168	504	-	-
The National Energy Regulatory Authority <sup>*)</sup>	-	-	21,249,695	-
Compania Nationala a Uraniului S.A.	-	35,718	24,613,381	53,577
Societatea de Distributie a Energiei Electrice Muntenia Nord S.A.	-	20,546,564	-	-
<b>Total</b>	<b>206,989,856</b>	<b>199,252,122</b>	<b>52,809,068</b>	<b>5,903,550</b>

<sup>\*)</sup> The receivable in the balance on June 30, 2019, related to the Energy Regulation National Authority represents the contribution paid in advance for period July 01, 2019 - December 31, 2019, in virtue of Government Emergency Ordinance no. 114/2018, according to which the Company pays 2% of its turnover obtained from the activities performed based on the licenses it owns.

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Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

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

	Purchases in the period of 6 months that ended on		Payables as at	
	June 30, 2019 (revised)	June 30, 2018 (revised)	June 30, 2019 (revised)	December 31, 2018 (audited)
Nuclear and Radioactive Waste Agency	48,709,674	48,525,229	8,094,733	8,302,740
Romanian Waters Bucharest	28,343,376	28,300,927	10,252,153	11,951,605
The National Energy Regulatory Authority <sup>*)</sup>	21,253,695	949,958	-	-
Administratia Nationala a Rezervelor de Stat si Probleme Speciale	15,564,733	-	-	-
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	12,849,540	10,634,495	116,237	34,683
National Commission for Nuclear Activities Control	9,015,126	9,251,651	-	-
Compania Nationala a Uraniului S.A.	7,667,566	3,457,040	42,182	-
C.N. Transelectrica S.A.	5,886,803	5,234,749	3,824,083	6,895,972
Administratia Bazinala de Apa Dobrogea Litoral	4,889,699	4,990,041	1,444,582	2,526,881
Autonomous Administration of Technologies for Nuclear Energy - ICN	3,198,958	1,668,248	1,442,918	975,441
Compania Nationala Administratia Canalelor Navigabile S.A.	2,891,916	242,500	1,318,067	512,887
Raja S.A.	1,306,387	1,465,076	276,687	563,274
Utilitati Publice S.A. Cernavoda	323,632	263,791	4,750	100,139
State Inspection for the Control of Boilers, Pressure Vessels and Lifting Installations	68,043	108,446	17,810	35,775
Dobrogea Meteorological Center	54,642	48,395	17,054	24,947
The National Institute of Hydrology and Water Management	27,500	27,500	10,908	26,273
Autonomous Administration of Technologies for Nuclear Energy - CITON	12,200	585,226	-	734,774
<b>Total</b>	<b>162,063,489</b>	<b>115,753,271</b>	<b>26,862,165</b>	<b>32,685,391</b>

<sup>\*)</sup> The purchases from period 01.01.2019 – 30.06.2019 related to the Energy Regulation National Authority represent the contribution paid in advance for this period, in virtue of Government Emergency Ordinance no. 114/2018, according to which the Company pays 2% of its turnover obtained from the activities performed based on the licenses it owns.

The balance of debts to affiliated parties as at June 30, 2019 presented above included the advance payments received from customers, affiliated parties, amounting to RON 2,044,727 presented in the Individual Statement of the Financial Position as at June 30, 2019 within the group "Current Liabilities" under the position "Short-term Deferred Income" (December 31, 2018: 9,511,296 RON).

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

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*ii) Compensation to senior management of the Company*

The Company's Management is composed of:

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

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

	<b>6-month period ended on June 30, 2019 (revised)</b>	<b>6-month period ended on June 30, 2018 (revised)</b>
Remuneration of the management of the Company (gross amounts)	3,906,471	4,445,166
	<b>3,906,471</b>	<b>4,445,166</b>

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

**21. EARNINGS PER SHARE**

As of June 30, 2019 and June 30, 2018, the result per share is:

*(i) Basic earnings per share*

	<b>The 3-month period ended on June 30, 2019 (not revised)</b>	<b>The 3-month period ended on June 30, 2018 (not revised)</b>	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
<b>Net profit in the period</b>	<b>71,375,878</b>	<b>5,316,129</b>	<b>290,661,299</b>	<b>182,314,406</b>
Number of ordinary shares at the beginning of the period	301,513,851	301,513,851	301,513,851	301,513,851
Number of ordinary shares issued during the period	-	-	-	-
<b>Weighted-average number of ordinary shares at the end of the period</b>	<b>301,513,851</b>	<b>301,513,851</b>	<b>301,513,851</b>	<b>301,513,851</b>
<b>Basic earnings per share (RON/share)</b>	<b>0.24</b>	<b>0.02</b>	<b>0.96</b>	<b>0.60</b>

*(ii) Diluted earnings per share*

	<b>The 3-month period ended on June 30, 2019 (not revised)</b>	<b>The 3-month period ended on June 30, 2018 (not revised)</b>	<b>6-month period that ended on June 30 2019 (revised)</b>	<b>6-month period that ended on June 30 2018 (revised)</b>
<b>Net profit in the period</b>	<b>71,375,878</b>	<b>5,316,129</b>	<b>290,661,299</b>	<b>182,314,406</b>
Number of ordinary shares at the beginning of the period (a)	301,513,851	301,513,851	301,513,851	301,513,851
Number of ordinary shares issued during the period	-	-	-	-
Number of ordinary shares at the end of the period (a)	301,513,851	301,513,851	301,513,851	301,513,851
Number of shares corresponding to the prepaid share reserve (b) (see Note 10)	-	-	-	-
<b>Weighted-average number of ordinary shares (diluted) on June 30 (a) + (b)</b>	<b>301,513,851</b>	<b>301,513,851</b>	<b>301,513,851</b>	<b>301,513,851</b>
<b>Diluted earnings per share (RON/share)</b>	<b>0.24</b>	<b>0.02</b>	<b>0.96</b>	<b>0.60</b>

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Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

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

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

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

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

On June 30, 2019, the Company is exposed to a concentrated crediting risk, considering that approximately 60% (June 30, 2018: 35%) of the net trade receivables are related to Company Romanian Electricity and Gas Market Operator (OPCOM), CEZ Vanzare (refer to Note 8). The counterparty risk is limited considering the guarantees obtained from clients as bank guarantee letters.

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

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

	Net value	
	June 30, 2019 (revised)	December 31, 2018 (audited)
<b>Financial assets</b>		
Financial assets	64,291,386	110,451,459
Net trade receivables	115,144,965	157,655,341
Cash and cash equivalents	1,508,037,353	1,611,175,766
Bank deposits	41,363,543	20,954,979
Other receivables, net	46,134,413	26,029,249
	<b>1,774,971,660</b>	<b>1,926,276,794</b>

The ageing of trade receivables on the reporting date is:

	Gross value June 30, 2019 (revised)	Adjustments for depreciation June 30, 2019 (revised)	Gross value December 31, 2018 (audited)	Adjustments for depreciation December 31, 2018 (audited)
Not past due	114,545,432	-	157,227,064	-
Past due 1 - 30 days	248,426	-	417,512	-
Past due 31 - 90 days	350,151	-	10,270	-
Past due 91 - 180 days	1,654	(698)	10,494	-
Past due 181 - 270 days	-	-	-	-
Past due 271 - 365 days	-	-	27,007	(27,007)
Past due more than one year	9,685,996	(9,685,996)	10,831,927	(10,831,927)
<b>Total</b>	<b>124,831,659</b>	<b>(9,686,694)</b>	<b>168,524,274</b>	<b>(10,858,933)</b>

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Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

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

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

	<b>June 30, 2019</b> <b>(revised)</b>	<b>December 31, 2018</b> <b>(audited)</b>
<b>Balance as at January 1</b>	(10,858,933)	(13,427,586)
Depreciation adjustments reversed, net	1,172,239	2,568,653
<b>Balance at the end of the period</b>	<b>(9,686,694)</b>	<b>(10,858,933)</b>

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

	<b>Gross value</b> <b>June 30, 2019</b> <b>(revised)</b>	<b>Adjustments for</b> <b>depreciation</b> <b>June 30, 2019</b> <b>(revised)</b>	<b>Gross value</b> <b>December 31,</b> <b>2018</b> <b>(audited)</b>	<b>Impairment</b> <b>adjustments</b> <b>December 31,</b> <b>2018</b> <b>(audited)</b>
Not past due	44,564,502	-	24,554,140	-
Past due 1-30 days	1,521,204	-	1,467,610	-
Past due 31-90 days	-	-	3,592	-
Past due 91-180 days	-	-	1,946	-
Past due 181-270 days	-	-	1,961	-
Past due 271-365 days	48,707	-	-	-
Past due more than one year	3,074,604	(3,074,604)	3,190,028	(3,190,028)
<b>Total</b>	<b>49,209,017</b>	<b>(3,074,604)</b>	<b>29,219,277</b>	<b>(3,190,028)</b>

**b. Capital management*****Fair value of financial instruments***

Fair value is the amount for which the financial instrument may be exchanged in usual transactions conducted under objective conditions between willing parties knowingly, other than those determined by the liquidation or forced sale. Fair values are obtained from quoted market prices or discounted cash flow models as appropriate. As at June 30, 2019 and December 31, 2018, respectively, the management considers that the fair values of cash and cash equivalents, trade receivables and other receivables, trade payables as well as other short-term liabilities approximates their carrying amounts.

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

	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level</b>
<b>June 30, 2019 (revised)</b>			
<b>Financial assets</b>			
Financial assets	64,291,386	64,291,386	2
Net trade receivables	115,144,965	115,144,965	2
Cash and cash equivalents	1,508,037,353	1,508,037,353	2
Bank deposits	41,363,543	41,363,543	2
Net other receivables	46,134,413	46,134,413	2
	<b>1,774,971,660</b>	<b>1,774,971,660</b>	

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Notes to the Simplified Individual Financial Statements drafted on the date and for the period of six months ended as at June 30, 2019

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

	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level</b>
<b>December 31, 2018 (audited)</b>			
<b>Financial assets</b>			
Financial assets	110,451,459	110,451,459	2
Net trade receivables	157,665,341	157,665,341	2
Cash and cash equivalents	1,611,175,766	1,611,175,766	2
Bank deposits	20,954,979	20,954,979	2
Net other receivables	26,029,249	26,029,249	2
	<b>1,926,276,794</b>	<b>1,926,276,794</b>	
<b>June 30, 2019 (revised)</b>			
<b>Long-term financial liabilities</b>			
Long-term financial borrowings	597,621,593	597,621,593	2
Provisions for risks and expenses	182,537,293	182,537,293	2
	<b>780,158,886</b>	<b>780,158,886</b>	
<b>Short-term financial liabilities</b>			
Suppliers, including suppliers of non-current assets	121,137,263	121,137,263	2
The current share of provisions for risks and expenses	44,465,419	44,465,419	2
Current portion of long-term loans	209,491,576	209,491,576	2
Employee benefits and other payables	97,384,003	97,384,003	2
	<b>472,478,261</b>	<b>472,478,261</b>	
<b>December 31, 2018 (audited, restated)</b>			
<b>Long-term financial liabilities</b>			
Long-term financial borrowings	683,967,469	683,967,469	2
Provisions for risks and expenses	182,883,283	182,883,283	2
	<b>866,850,752</b>	<b>866,850,752</b>	
<b>Short-term financial liabilities</b>			
Suppliers, including suppliers of non-current assets	75,184,533	75,184,533	2
The current share of provisions for risks and expenses	33,831,052	33,831,052	2
Current share of long-term loans	203,393,860	203,393,860	2
Employee benefits and other payables	121,923,347	121,923,347	2
	<b>434,332,792</b>	<b>434,332,792</b>	

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### **23. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS**

#### ***(i) Taxation***

The Romanian taxation system is in a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of tax legislation. In some cases, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities together with late payment interest and penalties. In Romania tax periods remain open for tax for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated, and they are not aware of any circumstances which may give rise to a potential material liability in this respect.

On February 29, 2016, the National Agency for Fiscal Administration - the General Directorate against Fiscal Fraud completed the control initiated on September 9, 2015, which had the purpose of checking the commercial transactions carried out by the Company in the period 2011 - 2015 with companies Eco Petroleum S.A. and Oil Prod S.R.L. The control authority proceeded to calculate the Company's tax liabilities jointly due to the state budget in relation to the payment of the excise duties on diesel (by attracting the joint liability) and ruled the imposition of precautionary measures for the amount of RON 1,436,176, representing a percentage of 100% of the equivalent amount of the calculated tax liabilities, amount that is seized at the Treasury.

Upon the request of the General Directorate against fiscal fraud the Company was subjected to a partial tax audit by the National Agency for Fiscal Administration (ANAF) aiming the VAT and excises (diesel, biodiesel and electricity) for the period 2011-2012; the tax audit was initiated on 17 March 2016 and completed on 16 March 2017. According to the preliminary tax audit report no. 292/15.03.2017 ANAF established additional payment obligations representing the VAT in amount of 273.425 RON, to which accessories are added. The company lodged partial objections to the preliminary inspection report,

On 17.11.2017 the Company received from ANAF - DGAMC Decision no. 112/15.11.2017 in response to the appeal filed by the Company, whereby the former ruled the annulment, in part, of the Taxation Decision regarding the main tax liabilities related to the differences of the bases of taxation established during the tax inspection for the amount of Lei 194,051, representing additional VAT, with the competent tax inspection authorities subsequently proceeding to a new check of the same period and the same type of tax taking into account the legal provisions applicable in the case in question.

Based on the Tax Audit Notice no. F-MC 16/11.01.2018 a control team visited the Company's registered office in order to re-check the VAT for the period 01.01.2011-31.12.2012. The re-verification action ended with the fiscal inspection process F-MC 60 / 04.04.2018 and the decision regarding the modification of the tax base no. F-MC 117/04.04.2018, through which no value added tax obligations have been established.

On 18.06.2019, Romanian Court of Accounts, in virtue of Mandate no. IV/40.420/June 18, 2016, initiated the "verification of the implementation of the measures ordered by Resolutions no. 14/June 15, 2012 and 16/May 11, 2015 ».

This action was completed by the «Follow-up report on the implementation of the measures ordered by Resolution no. 14/15.06.2012 (taken over by Resolution no. 14/15.04.2013) », registered with SNN under no. 7506/24.06.2019. The summary of this Report states that out of the 10 measures ordered by the aforementioned Resolution, 8 measures were implemented, and the 2 remaining ones, which were partially performed, are pending resolution in various courts.

Regarding Resolution no. 16 / May 11, 2015, the «Follow-up report on the implementation of the measures ordered by Resolution no. 16 / May 11, 2015» was drafted, registered with SNN under no. 7787/July 01, 2019. The summary of the Report shows that SNN implemented 11 measures out of the 13 ordered by the aforementioned Resolution. For the two measures that were partially ordered, SNN submitted objections with CCR under no. SNN 8302/July 12, 2019. This endeavor is ongoing.

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### ***(ii) Other check-ups***

In the period 10.01.2018-04.05.2018 the Romanian Court of Accounts carried out a control on the topic "Control regarding the situation, evolution and manner of administration of the public and private patrimony of the state, as well as the legality of the income earned and the expenses incurred", finalized by the Control Report no. 5.445 / 04.05.2018 and issued the Decision no.5 / 08.06.2018. The Company filed a complaint against this decision as a result of which the Commission for the settlement of the appeals issued the Decision no. 29 / 31.07.2018. Currently, the Company is in litigation with the Court of Accounts on the measures ordered by the aforementioned decision.

Between 27.03.2018-24.08.2018 the Prime Minister's Control Body carried out a control with the following objectives: verification of compliance with the legal provisions regarding the organization and functioning of the entity, of the managerial activity regarding the operation of Cernavoda Nuclear Power Plant units 1 and 2, verification of compliance with corporate governance rules, verification of compliance with legal provisions regarding the award, execution and performance of contracts, verification of compliance with legal provisions regarding the income set and earned, and regarding the engagement and incurring of expenses, the status of the litigations pending before the courts of law. This control was finalized with the Inspection report no.127 / 04.01.2019 to which the Company formulated a point of view with Letter no. 1465 / 02.05.2019.

On the basis of the FMC Tax Inspection Notice 163 / 23.07.2018, on 23.08.2018, a control team came to the Company's headquarters to audit the income tax for the period 2012-2017, the tax on the income earned by non-resident persons in Romania, the income from dividends received in Romania by non-residents and the income from royalties obtained in Romania by non-residents for the period 2015-2017, VAT for the period 2013-2017, tax on interest income obtained in Romania by non-resident persons for the period 2015-2017. We mention that at the date of this tax inspection, it is ongoing.

### ***(iii) Insurance policies***

As at June 30, 2019, the following operational insurance policies are in force:

- Property insurance policy for material damages, all risks, including mechanical and electrical destruction (for CNE Cernavoda Units 1 and 2 and FCN Pitesti). The compensation limit is subject to a maximum of USD 1.560 million per year for all losses.
- Third party liability insurance for nuclear damages. The compensation limit is DST 300 million (for CNE Cernavoda Units 1 and 2)
- Civil / professional liability insurance policy for SNN directors and officers ("D&O") for a liability limit (insured amount of EUR 33).

### ***(iv) Environmental issues***

The Company recorded no liability as at June 30, 2019 and December 31, 2018 for any anticipated costs relating to environmental issues, including legal and consulting fees, site studies, the design and implementation of remediation plans. The responsibility for decommissioning of nuclear installations was taken over by ANDR (see Note 19). The management considers that the nuclear plant fully complies with the Romanian and international environmental standards and estimates that additional costs associated with environmental compliance on June 30, 2019 are not significant.

However, enforcement of environmental regulations in Romania is evolving and their application by the government authorities is continuously being reconsidered. The Group periodically assesses its obligations under environmental regulations. The established obligations are acknowledged immediately. Potential liabilities, which might arise because of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be significant. In the current enforcement climate under existing legislation, the Group's management believes that there are no significant liabilities for environmental damage.

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### **(v) Ongoing litigations**

During 2019, the Group was involved in a number of legal proceedings arising during its normal course of business. The management of the Group regularly analyses the ongoing litigation sand, after consulting with its legal advisers and lawyers, decides whether to create a provision for the amounts involved or to present them in the financial statements.

In the opinion of the Group's management, there are no current legal actions or claims, which might have significant effects on the financial earnings and the financial position of the Group that has not been presented in these Financial Statements.

### **(vi) Commitments**

On June 30, 2019, the total amount of commitments is fully reflected under the position "*Trading and other liabilities*", representing capital and operating expenses.

### **(vii) Guarantees**

Trading of electricity produced on platforms operated by OPCOM, assume that for some transactions the Company must provide letters of guarantee for participation in certain markets such as DAM (Day After Market) and IM (Intra-day Market), auctions (PCSU–Centralized Market for Universal Service) or in favor of clients (PCCB-NC - Centralized Market for Bilateral Contracts with Continuous Negotiation, PCCB-LE - Centralized Market for Bilateral Contracts through Extended Auctions and PCSU - Centralized Market for Universal Service).

As at June 30, 2019, the total value of letters of bank guarantee issued in favor of customers for contracts concluded on PCCB-NC, PCCB-LE and PCSU amounts to RON 42.83 million, and in favor of clients for contracts concluded on the regulated markets in value of 20.01 RON, and in favor of OPCOM for the participation to DAM and IM amounted to RON 36.28 million.

Moreover, on June 30, 2019 the Company has established letters of guarantee issued in favor of Transelectrica S.A. and Ciga Energy S.A. amounting to RON 1.5 million, with the role of ensuring the liquidity on the Balancing Market, through the establishment by each of Party Responsible for Balancing of a financial guarantee in favor of Transelectrica S.A. and Ciga Energy S.A., respectively, on the account of the Convention of the Party Responsible for the Balancing concluded between the Company as license holder and Transelectrica S.A. and Ciga Energy S.A., respectively.

For all these letters of guarantee, the Company established collateral deposits at banks issuing the letters of guarantee.

On June 30, 2019 the Company has established a Treasury deposit in the amount of RON 1,436,176, standing for the liens according to the decision made by ANAF - General Directorate against tax fraud.

As at June 30, 2019, the value of the bank guarantee letters issued by clients in favor of the Company for the contracts concluded on PCCB-NC, PCCB-LE and PCSU is in amount of RON 236,2 million. These guarantees cover the risk of unfulfilling the contractual obligations assumed by the clients through the energy sale contracts.

## **24. SUBSEQUENT EVENTS**

No elements such as subsequent events were identified.

**Cosmin Ghita**  
**General Manager**

**Adrian Gabriel Dumitriu**  
**Financial Manager**

*The notes on pages 1-24 are an integral part of these simplified individual interim financial statements*  
This a free translation from the Romanian version. In case of any differences between the Romanian and English version, the Romanian version prevails.

## REVIEW REPORT\*

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

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

#### *Introduction*

1. We have performed a review on the accompanying statutory condensed individual interim financial statements of S.N. NUCLEARELECTRICA S.A. (the "Company"), which comprise the individual interim statement of financial position as at 30 June 2019, the individual interim statement of comprehensive income, individual interim statement of changes in shareholders' equity, individual interim cash flow statement for the six months period then ended, including a summary of significant accounting policies and other explanatory information.

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

2. The Company's management is responsible for the preparation and fair presentation of these condensed individual interim financial statements in accordance with the Order of the Ministry of Public Finance no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, as subsequently amended ("OMFP 2844/2016"), and for such an internal control as management determines is necessary to enable the preparation of 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 these individual interim financial statements based on our review.

#### *Scope of review*

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

*Basis for qualified conclusion*

5. As stated in the Note 4 to the accompanying condensed individual interim financial statements, as at 30 June 2019, 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 2018), 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 allocated for the units 3 and 4 as at 30 June 2019 in amount of RON 43,524,186 (RON 43,524,186 as at 31 December 2018). Consequently, we were not able to determine if adjustments are needed on the fixed assets, deferred tax liability and retained earnings as at 30 June 2019 and therefore on the depreciation and amortization, profit tax and net profit for the six months period then ended.

*Qualified Conclusion*

6. Based on our review, we conclude that, except for the matter described in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying condensed individual interim financial statements of S.N. NUCLEARELECTRICA S.A. as at 30 June 2019 are not prepared, in all material respects, in accordance with the OMFP no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, as subsequently amended.

*Emphasis of matters*

7. Without issuing additional reserves on our conclusion, we draw attention to the Note 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 regarding future events, which are believed to be reasonable under the circumstances, and other factors under the assumption that the current negotiations between the management of the 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 exercise, the impact of which cannot be reasonably estimated as of the date of the issue of these condensed individual interim financial statements.



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

Bucharest, 12 August 2019

**Ella Chilea**

Auditor registered in the Public Electronic Register under no. 2190 / 2007

On behalf of **MAZARS ROMANIA S.R.L.**

Company registered in the Public Electronic Register under no. 699/29.01.2007.



## **S.N. Nuclearelectrica S.A.**

**Simplified Consolidated Interim Financial Statements  
as of and for the 6-month period ended on  
June 30, 2019**

Prepared in accordance with  
**International Accounting Standard 34 - "Interim Financial Reporting"** adopted by  
the European Union

**S.N. Nuclearelectrica S.A.**

Simplified Consolidated financial position as of June 30, 2019

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

	Note	June 30, 2019 (revised)	December 31, 2018 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	4	6,371,615,316	6,507,789,378
Intangible assets	5	56,302,153	54,834,581
Financial assets	8	64,291,386	110,451,459
Financial investments		23,100	23,100
<b>Total non-current assets</b>		<b>6,492,231,955</b>	<b>6,673,098,518</b>
<b>Current assets</b>			
Inventories	6	380,844,525	368,741,789
Trade receivables and other receivables	7	158,762,571	181,308,809
Prepayments		69,090,605	10,201,321
Bank deposits	8	41,363,543	20,954,979
Cash and cash equivalents	8	1,508,243,683	1,611,958,742
<b>Total current assets</b>		<b>2,158,304,927</b>	<b>2,193,165,640</b>
<b>Total assets</b>		<b>8,650,536,882</b>	<b>8,866,264,158</b>
<b>Equity and liabilities</b>			
<b>Equities</b>			
Share capital	9	3,210,641,253	3,210,641,253
Share premiums	9	31,474,149	31,474,149
Prepaid share capital reserve	9	21,553,537	21,553,537
Revaluation reserve	9	1,820,339,902	1,820,339,902
Retained earnings	9	2,006,686,277	2,094,981,448
<b>Total equity</b>		<b>7,090,695,118</b>	<b>7,178,990,289</b>
<b>Liabilities</b>			
<b>Long-term debts</b>			
Long term borrowings	10	597,621,593	683,967,469
Provisions for risks and expenses	11	182,537,293	182,883,283
Deferred revenues		107,584,962	114,757,293
Deferred tax liability		100,820,535	102,644,715
Obligations regarding employees benefits		38,617,348	38,617,348
<b>Total long term liabilities</b>		<b>1,027,181,731</b>	<b>1,122,870,108</b>
<b>Current liabilities</b>			
Accounts payable and other liabilities	12	218,627,854	197,307,458
The current share of provisions for risks and expenses	11	44,465,419	33,831,052
Current tax liability		18,973,465	98,958,158
Deferred revenues		41,101,719	30,913,233
Current portion of long-term loans	10	209,491,576	203,393,860
<b>Total current liabilities</b>		<b>532,660,033</b>	<b>564,403,761</b>
<b>Total liabilities</b>		<b>1,559,841,764</b>	<b>1,687,273,869</b>
<b>Total equities and liabilities</b>		<b>8,650,536,882</b>	<b>8,866,264,158</b>

**S.N. Nuclearelectrica S.A.**

Simplified Consolidated Profit and Loss Statement for the 6-month period ended on June 30, 2019

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

	Note	6-month period ended on June 30, 2019 (revised)	6-month period ended on June 30, 2018 (revised)
<b>Incomes</b>			
Sales of electricity	13	1,181,737,208	968,622,676
Proceeds from electric power transmission		5,803,810	5,217,522
<b>Total revenues</b>		<b>1,187,541,018</b>	<b>973,840,198</b>
Other income	14	21,015,830	32.843.365
<b>Operational expenses</b>			
Impairment and depreciation		(274,872,313)	(272,098,843)
Personnel expenses	15	(233,780,362)	(205,019,781)
Cost of traded electricity		(42,201,756)	(31,948,200)
Repairs and maintenance		(31,603,656)	(50,095,717)
Electricity transmission expenses		(5,803,810)	(5,217,522)
Cost of spare parts		(9,774,582)	(11,869,136)
Cost of nuclear fuel		(50,905,952)	(51,508,890)
Other operating expenses	16	(195,432,058)	(163,674,714)
<b>Total operating expenses</b>		<b>(844,374,489)</b>	<b>(791,432,803)</b>
<b>Operating result</b>		<b>364,182,359</b>	<b>215,250,760</b>
Financial expenses		(38,797,222)	(31,716,495)
Financial revenues		34,695,445	46,647,771
<b>Financial result</b>	17	<b>(4,101,777)</b>	<b>14,931,276</b>
<b>Profit before income tax</b>		<b>360,080,582</b>	<b>230,186,036</b>
Profit tax expenses, net	18	(69,461,441)	(47,875,845)
<b>Profit for the period</b>		<b>290,619,141</b>	<b>182,306,191</b>

The simplified consolidated interim financial statements presented on page 1 to 37 were signed on August 12, 2019 by:

**Cosmin Ghita**  
General Manager

**Adrian Gabriel Dumitriu**  
Financial Manager

**S.N. Nuclearelectrica S.A.**

Simplified Consolidated Statement of Comprehensive Income for the 6-month period ended on June 30, 2019

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

		<b>6-month period ended on June 30, 2019 (revised)</b>	<b>6-month period ended on June 30, 2018 (revised)</b>
<b>Profit for the period</b>		<b>290,619,141</b>	<b>182,306,191</b>
<b>Other elements of the global result</b>			
Actuarial loss on defined benefits plan		-	-
<b>Other elements of the global result</b>		-	-
<b>Total comprehensive income</b>		<b>290,619,141</b>	<b>182,306,191</b>
<b>Earnings per share</b>			
Basic earnings per share (RON/share)	<b>21</b>	<b>0.96</b>	<b>0.60</b>
Diluted earnings per share (RON/share)	<b>21</b>	<b>0.96</b>	<b>0.60</b>

**S.N. Nuclearelectrica S.A.**

Simplified Consolidated Statement of Changes in Equity for the 6-month period ended on June 30, 2019

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

	Note	Share capital	Share premiums	Prepaid reserve	Revaluation reserve	Retained earnings	Total own equity
<b>Balance as at January 1, 2019 (audited)</b>		<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>1,820,339,902</b>	<b>2,094,981,447</b>	<b>7,178,990,288</b>
Effect of corrections		-	-	-	-	-	-
<b>Balance as at January 1, 2019 (audited, restated)</b>		<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>1,820,339,902</b>	<b>2,094,981,447</b>	<b>7,178,990,288</b>
<b>Comprehensive income for the period</b>							
<i>Period profit</i>		-	-	-	-	290,619,141	290,619,141
<i>Other elements of the global result</i>		-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	-	<b>290,619,141</b>	<b>290,619,141</b>
Dividends distributed	9	-	-	-	-	(378,914,311)	(378,914,311)
<b>Balance as of June 30, 2019 (revised)</b>		<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>1,820,339,902</b>	<b>2,006,686,277</b>	<b>7,090,695,118</b>

**S.N. Nuclearelectrica S.A.**

Simplified Consolidated Statement of Changes in Equity for the 6-month period ended on June 30, 2019

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

Note	Share capital	Share premiums	Prepaid reserve	Revaluation reserve	Retained earnings	Total own equity
<b>Balance as at January 1, 2018 (audited)</b>	<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>1,773,743,734</b>	<b>2,390,637,477</b>	<b>7,428,050,150</b>
Effect of corrections	-	-	-	-	55,971,531	55,971,531
<b>Balance as at January 1, 2018 (audited, restated)</b>	<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>1,773,743,734</b>	<b>2,446,609,008</b>	<b>7,484,021,681</b>
<b>Comprehensive income for the period</b>						
<i>(Retreated) profit of the period</i>	-	-	-	-	410,565,969	410,565,969
<i>Other elements of the global result</i>	-	-	-	46,596,168	(5,393,764)	41,202,404
<b>Total comprehensive income for the year</b>	-	-	-	<b>46,596,168</b>	<b>405,172,766</b>	<b>451,768,373</b>
Dividends distributed	-	-	-	-	(756,799,766)	(756,799,766)
<b>Balance as of June 30, 2018 (revised, restated)</b>	<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>1,820,339,902</b>	<b>2,094,981,447</b>	<b>7,178,990,288</b>

**S.N. Nuclearelectrica S.A.**

Simplified Consolidated Cash Flow Statement for the 6-month period ended on June 30, 2019

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

	<b>6-month period ended on June 30, 2019 (revised)</b>	<b>6-month period ended on June 30, 2018 (revised)</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>360,080,582</b>	<b>230,182,036</b>
<b>Adjustments for:</b>		
Impairment and depreciation	274,872,313	272,098,843
Impairment on trade and other receivables	(1,287,664)	(2,567,154)
Impairment on inventories	(628,878)	(2,294,426)
Provisions corresponding to operating liabilities and expenses	6,471,408	(2,117,903)
Value increase on tangible assets	-	(1,435,103)
Earnings/(Losses) from asset assignment	(49,206)	761,930
Net financial revenues	3,457,097	(16,602,593)
<b>Changes in:</b>		
Decrease in trade receivables and other receivables	21,281,866	17,358,456
Increase in inventories	(9,320,784)	(12,270,671)
Variation of deferred income	3,016,155	4,667,264
Variation of deferred expense	(58,889,284)	(12,695,609)
Increase/(Decrease) of trade liabilities and other liabilities	(3,541,115)	30,386,112
<b>Cash flows generated from operating activities</b>	<b>595,468,490</b>	<b>505,471,183</b>
Income tax paid	(151,270,313)	(65,617,327)
Interest received	30,521,213	13,080,518
Interest paid	(4,619,794)	(4,418,601)
<b>Net cash flow from operating activities</b>	<b>470,099,596</b>	<b>448,515,773</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(11,196,527)	(2,042,238)
Purchases of tangible assets	(105,768,963)	(63,773,466)
Proceeds from sale of tangible assets	49,206	259,295
Decrease/ (Increase) in bank deposits and financial assets representing collateral bank deposits related to letters of bank guarantee	25,751,509	23,840,528
Purchases of financial assets	-	(5,032,931)
<b>Net cash flow used in investing activities</b>	<b>(91,164,775)</b>	<b>(46,748,812)</b>
<b>Cash flow from financing activities</b>		
Repayments of borrowings	(107,281,971)	<b>(105,702,064)</b>
Dividends	(375,367,909)	<b>(273,078,968)</b>
<b>Net cash flow from financing activities</b>	<b>(482,649,880)</b>	<b>(378,781,032)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(103,715,059)</b>	<b>22,985,929</b>
<b>Cash and cash equivalents as at January 1 (see Note 8)</b>	<b>1,611,958,742</b>	<b>1,713,834,079</b>
<b>Cash and cash equivalents as at June 30 (see Note 8)</b>	<b>1,508,243,683</b>	<b>1,736,820,008</b>



## **S.N. Nuclearelectrica S.A.**

Notes to the Simplified Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as at June 30, 2019

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

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### **1. REPORTING ENTITY**

Societatea Nationala Nuclearelectrica S.A. (the "Company" or "SNN") is a national joint-stock company, one-tier management system, having a head office and two branches without legal personality, CNE Cernavoda branch (Nuclear Power Plant) – with registered office in Constanta County, Cernavoda City, 2 Medgidiei Street, registered with the Trade Register under number J13/3442/2007, and FCN Pitesti branch (Nuclear Fuel Plant) - with registered office in Arges County, Mioveni City, 1 Campului Street, registered with the Trade Register under number J03/457/1998, respectively. The address of the registered office is Bucharest Municipality, District 1, 65 Polona Street.

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

On June 30, 2019 and December 31, 2018, the Company held 100% of Energonuclear S.A. ("Energonuclear"); company with headquarters in Bucharest, District 2, 5-7 Vasile Lascar Street, 3rd floor and registered with the Trade Registry under the number J40/3999/2009, having sole registration number 25344972, tax attribute RO. The main business of Energonuclear consists in "Engineering activities and technical consultancy related to it" – NACE Code 7112.

These Consolidated Interim Financial Statements prepared on and for the 6-month period ended on June 30, 2019, comprise the Financial Statements of the Company and its subsidiary Energonuclear, collectively referred to as the "Group".

The main activity of the Group consists in electricity and thermal energy production by nuclear processes. The main place of business is within the Branch Cernavoda NPP, where the Company owns and operates two operational nuclear reactors (Unit 1 and Unit 2). The two nuclear operational reactors are based on CANDU technology (Canada Deuterium Uranium type PHWR). Besides, at Cernavoda the Company owns two nuclear reactors in the early stages of construction (Unit 3 and Unit 4). The construction of Units 3 and 4 was planned to be completed by the Energonuclear S.A. subsidiary; at present, there is the revised form of the Strategy to continue Units 3 and 4 Project, endorsed by the Board of Directors of SNN and approved by the Extraordinary General Meeting of Shareholders by Decision no. 11 / 14.09.2018 (for more information, see Note 19).

The Group owns a reactor (Unit 5) for which the Group shareholders approved changing the initial destination in March 2014, namely, the use of Unit 5 for carrying out the activities related to the operation of Units 1 and 2. The project intended to change the initial destination of Unit 5 is currently being implemented and it is expected to be finalized during 2020. The unit 5 is fully depreciated, since there was no plan to continue its construction as a nuclear unit.

Manufacturing of nuclear fuel bundles CANDU type required for operating the two nuclear operational reactors located in the branch Cernavoda NPP is performed by the Group in the branch Pitesti NFF.

The electricity sector is regulated by the National Energy Regulatory Authority ("ANRE"), an autonomous public institution. The electricity market in Romania was undergoing a process of gradual liberalization up to the end of 2017. In 2017, the Group participated in the electricity market, both on the competitive segment, and on the regulated market segment, in which ANRE has set, by means of annual decisions, the quantities of electricity that need to be sold by the Company on the regulated market and the regulated prices to be charged, respectively; since 2018, the Company has participated in the electricity market, only on the competitive segment.

On July 30, 2018, the shareholders of the Group are: The Romanian State through the Ministry of Energy which holds 248,736,619 shares, representing 82.4959% of the share capital, Fondul Proprietatea S.A. which holds 21,476,350 shares, representing 7.1228% of the share capital and other natural persons and legal entities shareholders holding together 31,300,882 shares, representing 10.3813% of the share capital.

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

*Notes on pages 1-25 are an integral part of these Simplified Consolidated Interim Financial Statements.*

This a free translation from the Romanian version. In case of any differences between the Romanian and English version, the Romanian version prevails.

**S.N. Nuclearelectrica S.A.**

Notes to the Simplified Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as at June 30, 2019

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

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**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These Consolidated Interim Financial Statements were prepared on the basis of the Ministry of Public Finance Order no. 2844/2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards ("IFRS") ("OMPF 2844/2016"). As per the OMFP 2844/2016, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure provided by the European Commission Regulation no. 1.606/2002 of the European Parliament and of the Council dated on 19 July 2002 regarding the application of the international accounting standards.

These Simplified Consolidated Interim Financial Statements were drafted according to IAS 34 *Interim financial reporting*, as passed by the European Union. These do not include the necessary information for a complete set of financial statements according to the IFRS, and must be read with the Consolidated Financial Statements drafted on the date and for the financial year ended on December 31, 2018. Nevertheless, certain selected explanatory notes are included in order to explain the events and transactions that are significant for understanding the modifications occurred in the financial position and performance of the Group from the latest Consolidated Financial Statements prepared on the date and for the financial year that ended on December 31, 2018.

The Consolidated Individual Interim Financial Statements on the date and for the 6-month period that ended on June 30, 2019 have been revised by an independent auditor.

These Simplified consolidated Interim Financial Statements were authorized for issue and signed on August 12, 2019 by the management of the Group.

**b) Use of estimates and professional judgments**

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

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

Information about assumptions that have a significant risk of resulting in material adjustments within the next financial years is included in Note 19 (continued activity of Energonuclear and of the Project for Units 3 and 4).

The significant reasoning used by the managers for applying the accounting policies of the Group and the main uncertainty sources regarding the estimates was the same as the one applied for the Consolidated Financial Statements prepared on and for the financial year that ended on December 31, 2018.

**c) Presentation items**

On December 31, 2018, the Company reconsidered the presentation of cash, cash equivalents and bank deposits items in the statement of financial position as follows:

- the "Bank deposits" position represents the collateral deposits related to bank guarantee letters issued by banks on behalf of the Company in favor of clients, with a maturity of between 3 and 12 months;
- "Cash and cash equivalents" includes, besides cash and other cash equivalents, collateral bank deposits related to maturity letters of guarantee up to 3 months, as well as common bank deposits without commitments, which can be accessed by the Company without restrictions and without significant losses as a result of their liquidation, irrespective of their maturity.

*Notes on pages 1-25 are an integral part of these Simplified Consolidated Interim Financial Statements.*

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**S.N. Nuclearelectrica S.A.**

Notes to the Simplified Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as at June 30, 2019

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

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Consequently, for the consistent reflection of the comparative values, the items in the statement of financial position as of June 30, 2018 were reallocated according to the ratios presented, with an impact on the comparative values presented in the statement of cash flows as of June 30, 2019, as follows:

<b>Cash flow elements</b>	<b>30 June 2018 (revised)</b>	<b>Reallocations</b>	<b>30 June 2018 (revised, reallocated)</b>
Decreasing of bank deposits and financial assets representing collateral bank deposits related to bank guarantee letters	223.666.528	(199.826.000)	23.840.528
<b>Net increase in cash and cash equivalents</b>	<b>223.233.300</b>	<b>(199.826.000)</b>	<b>23.407.300</b>

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these Simplified Consolidated Interim Financial Statements are the same as those applied in the Consolidated Financial Statements prepared on the date and for the financial year that ended on December 31, 2018.

These Simplified Consolidated Interim Financial Statements were prepared on the assumption that the Group will continue to operate in the foreseeable future. To assess the applicability of this assumption, the senior management analyses projections of future cash inflows.

*Notes on pages 1-25 are an integral part of these Simplified Consolidated Interim Financial Statements.*  
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**S.N. Nuclearelectrica S.A.**

Notes to the Simplified Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as at June 30, 2019

*(All amounts are presented in RON, unless otherwise indicated.)***4. TANGIBLE ASSETS**

	<b>Land</b>	<b>Nuclear power plants</b>	<b>Machinery, equipment and other assets</b>	<b>Non-current assets in progress</b>	<b>TOTAL</b>
<b>Cost</b>					
<b>Balance as at January 1, 2018 (audited, restated)</b>	<b>31,534,439</b>	<b>5,698,230,344</b>	<b>1,947,064,756</b>	<b>1,002,091,910</b>	<b>8,678,921,450</b>
Additions			13,818,163	117,453,141	<b>131,271,305</b>
Revaluation of buildings and land	767,960	20,172,017	35,259,740	-	<b>56,199,716</b>
Offset of accumulated depreciation upon revaluation	-	(1,059,894,917)	(60,605,906)	-	<b>(1,120,500,824)</b>
Transfers	-	71,734,118	24,051,133	(95,785,251)	-
Transfer from inventories	-	-	-	(1,800,278)	<b>(1,800,278)</b>
Transfer to intangible assets	-	-	-	(7,852,267)	<b>(7,852,267)</b>
Derecognition of U1 inspections	-	(52,473,435)	-	-	<b>(52,473,435)</b>
Disposals	-	-	(2,241,701)	(1,257,641)	<b>(3,499,343)</b>
<b>Balance as at December 31, 2018 (audited)</b>	<b>32,302,399</b>	<b>4,677,768,128</b>	<b>1,957,346,184</b>	<b>1,012,849,615</b>	<b>7,680,266,326</b>
<b>Balance as at January 1, 2019 (audited)</b>	<b>32,302,399</b>	<b>4,677,768,128</b>	<b>1,957,346,184</b>	<b>1,012,849,615</b>	<b>7,680,266,326</b>
Additions	-	-	21,778,469	109,724,912	<b>131,503,381</b>
Transfers	-	-	18,423,748	(18,423,748)	-
Inventories transfers	(120,740)	-	(2,159,074)	358,229	<b>(1,921,585)</b>
Transfer to intangible assets	-	-	-	(1,935,590)	<b>(1,935,590)</b>
Disposals	-	-	(2,321,449)	-	<b>(2,321,449)</b>
<b>Balance as of June 30, 2019 (revised)</b>	<b>32,181,659</b>	<b>4,677,768,128</b>	<b>1,993,067,878</b>	<b>1,102,573,419</b>	<b>7,805,591,084</b>
<b>Balance as at January 1, 2018 (audited, restated)</b>	<b>550,782</b>	<b>781,264,650</b>	<b>882,117,425</b>	<b>149,286,369</b>	<b>1,813,219,225</b>
Depreciation charges	-	414,761,137	110,141,237	-	<b>524,902,374</b>
Offset of accumulated depreciation upon revaluation	-	(1,059,894,917)	(60,605,906)	-	<b>(1,120,500,824)</b>
Accumulated amortization for U1 inspections	-	(52,473,435)	-	-	<b>(52,473,435)</b>
Offset of accumulated disposals	-	-	(1,841,771)	-	<b>(1,841,771)</b>
Adjustments for impairment of intangible assets	-	-	10,077,433	(906,054)	<b>9,171,379</b>
<b>Balance as at December 31, 2018 (audited)</b>	<b>550,782</b>	<b>83,657,435</b>	<b>939,888,417</b>	<b>148,380,315</b>	<b>1,172,476,948</b>
<b>Balance as at January 1, 2019 (audited)</b>	<b>550,782</b>	<b>83,657,435</b>	<b>939,888,417</b>	<b>148,380,315</b>	<b>1,172,476,948</b>
Depreciation charges	-	209,661,506	52,861,255	-	<b>262,522,761</b>
Offset of accumulated disposals	-	-	(1,986,123)	-	<b>(1,986,123)</b>
Derecognition of the accumulated amortization of transfers into inventory	-	-	(48,181)	-	<b>(48,181)</b>
Adjustments for impairment of intangible assets	-	-	-	1,010,363	<b>1,010,363</b>
<b>Balance as of June 30, 2019 (revised)</b>	<b>550,782</b>	<b>293,318,940</b>	<b>990,715,368</b>	<b>149,390,678</b>	<b>1,433,975,768</b>
<b>Balance as at January 1, 2018 (audited, restated)</b>	<b>30,983,658</b>	<b>4,916,965,695</b>	<b>1,064,947,331</b>	<b>852,805,541</b>	<b>6,865,702,225</b>
<b>Balance as at December 31, 2018 (audited)</b>	<b>31,751,617</b>	<b>4,594,110,693</b>	<b>1,017,457,767</b>	<b>864,469,300</b>	<b>6,507,789,378</b>
<b>Balance as of June 30, 2019 (revised)</b>	<b>31,630,877</b>	<b>4,384,449,188</b>	<b>1,002,352,510</b>	<b>953,182,741</b>	<b>6,371,615,316</b>

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The position "Machinery, equipment and other assets" mainly include the heavy water used for the operation of Units 1 and 2, with a net accounting value on June 30, 2019 amounting to RON 432,495,060 (December 31, 2018: RON 432,488,488) and administrative buildings with a net carrying amount on June 30, 2019 amounting to RON 267,458,434 (December 31, 2018: RON 277,883,541).

In 2019, the Company purchased 7.8 tons of heavy water from the National Administration of State Reserves and Special Issues ("ANRSPS") required for Units 1 and 2, amounting to RON 15,649,064 (in 2018, 5.3 tons were purchased, amounting to RON 10,339,066).

On June 30, 2019, the net carrying amount of the assets under construction related to Units 3 and 4 amounts to RON 505,978,256 (December 31, 2018: 506,035,734 RON), out of which the accounting value of Units 3 and 4 is 273,960,000 RON (December 31, 2018: 273,960,000 RON), the rest representing heavy water purchased for Units 3 and 4, namely approx. 75 tons, whose accounting value on June 30, 2019 is RON 159,238,387 (December 31, 2018: 159,238,387 RON), and equipment and other assets for Units 3 and 4. Before 1991 the nuclear Units 1, 2, 3, 4 and 5 were considered as a single project and therefore the construction costs incurred had not been allocated per unit. Subsequently, the Company allocated the costs for the construction of Units 3 and 4 of the nuclear power plant and for Unit 5.

On December 31, 2013 the Group recognized a depreciation adjustment of 100% of the Unit 5 since there were no plans to resume its construction. On December 31, 2018 the gross accounting value for Unit 5 is RON 137 million (December 31, 2018: 137 million RON). In March 2014, the Company shareholders approved the change of destination and use of Unit 5 for other activities of the Company, project under implementation the result of which will be an asset with a different use than the initial use of Unit 5.

On June 30, 2019, the difference remaining to 809,270,186 RON of net "Assets in progress" (December 31, 2018: RON 721,140,502) represents non-current assets in progress, related to Units 1 and 2, such as: D2O detritiation installation amounting to RON 63,238,682 construction of facilities for storage and loading of the nuclear fuel used (DICA) amounting to RON 28,011,166 improvement of nuclear security systems after Fukushima amounting to RON 31,668,393.

The main investments made by the Company in the six-month period ended on June 30, 2019 for projects in progress related to Units 1 and 2 include:

- Annual inspections conducted during the planned outage of Unit 2, amounting to RON 56,102,036 (December 31, 2018: 66,015,629 RON at Unit 1) - the "Assets in progress" includes the equivalent value of the regular general inspections and the capital repairs performed on Unit 2 CNE Cernavoda during the planned outage, which took place in period May 3 – June 7, 2019, capitalized according to IAS 16, in amount of 56,102,036 RON. This major inspection on Unit 2 is to be commissioned after the completion and acceptance of the inspection report;
- Improving the Nuclear security systems following the Fukushima event amounting to RON 12,177,525 (December 31, 2018: RON 8,732,940);
- Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to RON 5,281,747 (December 31, 2018: RON 8,772,512);
- Modernization of the physical protection system in value of 2,123,491 RON (December 31, 2018: 4,724,696 RON).

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The main investments performed by the Company in the six-month period that ended on June 30, 2019 from the projects in progress related to Units 1 and 2 are represented by: assembling spare parts on the operated equipment in value of RON 10,482,861, assembling a spectrometer in order to determine the metallic impurities in uranium in value of RON 862,088 and capital repairs on U1 compressors in value of RON 1,329,255.

In the first half-year of 2019, GAS Resolution 5/23.04.2019 approved the sale of asset "Singles' accommodation unit". Thus, from the "Machinery, equipment and other assets" position and from the "Lands" position, the amounts related to this asset were transferred to assets, namely RON 2,159,074 and RON 120,740, which are reflected in the "Inventory transfer" line. The amounts comprise the building, the related land, the central heating network connection installation, parking fittings, sports land and green areas, located at address: No. 14, Salciei Street, Cernavoda, Constanta county.

On June 30, 2019, the Company has fixed assets purchased based on credit from suppliers (commercial credit) amounting to RON 38,219,161 (December 31, 2018: RON 14,722,450).

*Decommissioning of nuclear units*

The nuclear power Unit 1 is scheduled to operate until 2026, and Unit 2 until 2037. The Company has not recorded a provision for the decommissioning of the two units because it is not responsible for the decommissioning works. According to Government Decision no. 1080/ 2007, the Nuclear Agency and Radioactive Waste ("ANDR") is responsible for collecting the contributions paid by the Company for the remaining useful life of these units and assume the responsibility for the management of the entire decommissioning process at the end of the useful life of the two units, as well as for the permanent storage of the resulting waste (refer to Note 12). The Company's expenditure related to the contributions to ANDR for the six-month period ended on June 30, 2019 amounts to RON 48,709,675 (the 6-month period ended on June 30, 2018: 48,525,230 RON).

*Assets pledged as security*

As at June 30, 2019, and December 31, 2018, respectively, the Company has no pledged or mortgaged assets.

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**5. INTANGIBLE ASSETS**

	<b>Licenses and software</b>	<b>Power plant software and other intangible assets</b>	<b>TOTAL</b>
<b>Cost</b>			
<b>Balance as at January 1, 2018 (audited)</b>	<b>64,216,654</b>	<b>185,627,004</b>	<b>249,843,658</b>
Additions	546,221	3,996,061	4,542,282
Transfers and reallocations	122,135,570	(122,135,570)	-
Transfer from tangible assets	25,934	7,826,332	7,852,267
Disposals	(384,987)	(34,274)	(419,261)
<b>Balance as at December 31, 2018 (audited)</b>	<b>212,624,346</b>	<b>49,194,600</b>	<b>261,818,946</b>
<b>Balance as at January 1, 2019 (audited)</b>	<b>212,624,346</b>	<b>49,194,600</b>	<b>261,818,946</b>
Additions	10,859,088	12,361	10,871,449
Transfers	-	-	-
Transfer form tangible assets	1,935,590	-	1,935,590
Disposals	-	-	-
<b>Balance as of June 30, 2019 (revised)</b>	<b>225,419,023</b>	<b>49,206,961</b>	<b>274,625,985</b>
<b>Accumulated amortization</b>			
<b>Balance as at January 1, 2018 (audited)</b>	<b>62,324,837</b>	<b>124,982,334</b>	<b>187,307,171</b>
Depreciation charges	15,325,502	4,770,954	20,096,456
Amortization related to disposals	(384,988)	(34,274)	(419,262)
Transfers and reallocations	100,638,341	(100,638,341)	-
<b>Balance as at December 31, 2018 (audited)</b>	<b>177,903,692</b>	<b>29,080,673</b>	<b>206,984,365</b>
<b>Balance as at January 1, 2019 (audited)</b>	<b>177,903,692</b>	<b>29,080,673</b>	<b>206,984,365</b>
Depreciation charges	8,519,698	2,819,769	11,339,467
Amortization related to disposals	-	-	-
<b>Balance as of June 30, 2019 (revised)</b>	<b>186,423,390</b>	<b>31,900,442</b>	<b>218,323,832</b>
<b>Carrying amount</b>			
<b>Balance as at January 1, 2018 (audited)</b>	<b>1,891,817</b>	<b>60,644,669</b>	<b>62,536,487</b>
<b>Balance as at December 31, 2018 (audited)</b>	<b>34,720,654</b>	<b>20,113,927</b>	<b>54,834,581</b>
<b>Balance as of June 30, 2019 (revised)</b>	<b>38,995,634</b>	<b>17,306,520</b>	<b>56,302,153</b>

As at June 30, 2019, the position "Software for the nuclear power plant and other tangible assets" includes other intangible assets representing ongoing licenses and software amounting to RON 4,457,176 (December 31, 2018: 3,466,815 RON). In the first half-year of 2019, licenses and software in value of 10,859,088 RON.

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**6. INVENTORIES**

On June 30, 2019 and December 31, 2018, the inventories are as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited)</b>
Spare parts	144,252,070	141,293,048
Consumables and other materials	38,967,044	40,636,148
Nuclear fuel	157,855,443	134,039,382
Uranium	35,536,331	38,490,987
Other inventories	4,233,637	14,282,224
<b>Total</b>	<b>380,844,525</b>	<b>368,741,789</b>

**7. TRADE RECEIVABLES AND OTHER RECEIVABLES**

On June 30, 2019 and December 31, 2018, the trade receivables and other receivables are as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited)</b>
Trade receivables	124,831,181	168,522,269
Adjustments for impairment of trade receivables	(9,686,694)	(10,858,933)
Other receivables	17,897,953	20,628,177
Adjustments for impairment of other receivables	(3,074,604)	(3,190,028)
Taxes and duties	28,794,735	6,207,324
<b>Total</b>	<b>158,762,571</b>	<b>181,308,809</b>

As at June 30, 2019, the significant trade receivables in balance are from: The company of the Electricity and Gas Market Operator "OPCOM" S.A. - 2,469,206 RON (December 31, 2018: 1,164,061 RON), CEZ Vanzare S.A. - 1,854,000 RON (December 31, 2018: 3,260,654 RON), CIGA Energy S.A. - 410,412 RON (December 31, 2018: 578,328 RON), Utilitati Publice Cernavoda - 1,379,576 RON (December 31, 2018: 412,021 RON).

The sales performed in the period of 6 months that ended on June 30, 2019 to the company of the Electricity and Natural Gas Market Operator "OPCOM" S.A. represented approximately 8.38% (December 31, 2018 approximately 13%), to ALRO 7.71% (December 31, 2018 approximately 6.47%), to Electrica Furnizare 16.68% (December 31, 2018: 9%), to E.ON Energie Romania S.A. 7.07% (December 31, 2018 - 7.45%) and to GEN-I, trgovanje in prodaja elektricne energije, d.o.o. 8.04% (December 31, 2018 - 6,87) from the total electricity sales of the Group.

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

On June 30, 2019, the "Trade receivables" and "Adjustments for impairment of trade receivables" positions include a net amount of RON 14,816,060 related to receivables from affiliated parties (December 31, 2018: 2,677,987 RON).

On June 30, 2019 the "Duties and Taxes" position mainly represents the VAT to be recovered amounting to RON 28,794,735 (December 31, 2018: 6,207,324 RON).

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**8. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND FINANCIAL ASSETS**

On June 30, 2019 and December 31, 2018, the cash and cash equivalents are as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited)</b>
Cash and cash equivalents in RON	1,479,722,599	1,607,697,425
Cash and cash equivalents in foreign currencies	28,521,084	4,261,317
<b>Total cash and cash equivalents</b>	<b>1,508,243,683</b>	<b>1,611,958,742</b>

The "Cash and cash equivalents" position also includes bank deposits with an initial maturity of less than one year, amounting to RON 1,346,937,474 (December 31, 2018: RON 1,438,730,983), as well as the amount of RON 4,086,987 representing letters of credit issued in favor of providers of equipment, spare parts, services and technical support (December 31, 2018: RON 2,945,617).

On June 30, 2019 and December 31, 2018, all bank deposits presented under the "Bank deposits" positions are in RON.

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited)</b>
Bank deposits	<b>41,363,543</b>	<b>20,954,979</b>

On June 30, 2019, the Group is in possession of letters of guarantee issued by different banks at the request of the Group in favor of third parties, for a total value of RON 100,621,998 (December 31, 2018: RON 126,373,507), for which a cash collateral in the form of collateral deposits was established, divided as follows: RON 1,346,937,474 in the "Cash and cash equivalents" position (December 31, 2018: RON 0) related to letters of bank guarantee with maturity of less than 3 months, RON 41,363,543 under the "Bank deposits" position (December 31, 2018: RON 20,954,979) related to letters of bank guarantee with a maturity of up to one year and RON 59,258,455 under the "Financial assets" position for letters of bank guarantee with a maturity of over one year (December 31, 2018: RON 105,418,528). These letters of bank guarantee are related to the Company's participation on the electricity market, mostly representing the Group's sales of electricity.

As at June 30, 2019 and December 31, 2018 the "Financial assets" position included the previously mentioned collateral deposits, as well as the amount of RON 5,032,931 representing the Company's contribution as new member of the European Liability Insurance for the Nuclear Industry ("ELINI").

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**9. EQUITY****Share capital**

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

According to the articles of incorporation, the authorized capital of the Company is 3.016.200.000 RON. The subscribed share capital paid on June 30, 2019 is RON 3,015,138,510.

As at June 30, 2019 and December 31, 2018, the share capital includes the effect of reassessments registered in the previous years required by the application of IAS 29 "Financial Reporting in Hyperinflationary Economies".

The reconciliation of the share capital is as follows:

	<b>June 30, 2019 (revised)</b>	<b>December 31, 2018 (audited)</b>
Subscribed and paid statutory share capital	3,015,138,510	3,015,138,510
Differences related to the restatement according to IAS 29	195,502,743	195,502,743
<b>Share capital (restated value)</b>	<b>3,210,641,253</b>	<b>3,210,641,253</b>

As at June 30, 2019 and December 31, 2018, the value of the statutory subscribed and paid-off share capital amounts to RON 3,015,138,510, consisting of 301,513,851 ordinary shares having the nominal value of 10 RON each.

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

The shareholding structure on June 30, 2019 and December 31, 2018 is as follows:

<b>Shareholders</b>	<b>Number of shares June 30, 2019</b>	<b>% of the share capital</b>	<b>Number of shares December 31, 2018</b>	<b>% of the share capital</b>
The Romanian State by the Ministry of Energy	248,736,619	82.4959%	248,736,619	82.4959%
Fondul Proprietatea S.A.	21,268,355	7.0539%	27,408,381	9.0903%
Other investors	31,508,877	10.4502%	25,368,851	8.4138%
<b>Total</b>	<b>301,513,851</b>	<b>100%</b>	<b>301,513,851</b>	<b>100%</b>

**Share premiums**

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

**Prepaid reserve**

The prepaid reserves amount to RON 21,553,537 as of June 30, 2019 (December 31, 2018: RON 21,553,537) and represent public utility objectives at CNE Cernavoda, amounting to RON 5,439,321 as of June 30, 2019 (December 31, 2018: RON 5,439,321) and received budgetary allocations related to the period 2007-2011 -16.114.216 for the construction of the Training and Recreation Center for Youth and Children in Cernavoda, unfinished investment, amounting to RON 30 as of June 2019, 31 (December 2018, 2017: RON 16,114,216).

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**Revaluation reserves**

As at June 30, 2019 the revaluation reserve amounts to RON 1,820,339,902 (December 31, 2018: RON 1,820,339,902), net of deferred tax related to the revaluation reserve. The last revaluation of lands, buildings and constructions took place on December 31, 2018 by an independent valuer, Primoval SRL, member of the National Association of Certified Assessors in Romania ("ANEVAR"). Following the revaluation, the Group recognized an increase in the revaluation reserve amounting to RON 55,471,628, of which the deferred tax debt of RON 8,875,461 was deducted.

**Retained earnings**

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

In the six-month period ended on June 30, 2019, the Company declared dividends amounting to RON 378,914,310 (June 30, 2018: 271,362,466 RON). Unpaid gross dividends as at June 30, 2019 amounted to RON 1,088,570 (June 30, 2018: 2,414,090 RON).

**Legal reserves**

On June 30, 2019, the amount of the legal reserve is RON 122,883,973 (December 31, 2018: RON 122,883,967) and it is presented cumulatively under the "Retained earnings" position.

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**10. BORROWINGS**

The loan reimbursements in the 6-month period ended on June 30, 2019 were as follows:

	Currency	Interest rate	Value	Year of final maturity
<b>Balance as at January 1, 2019 (audited)</b>			<b>909,860,972</b>	
New issues				
<b>Reimbursements, out of which</b>			<b>(107,281,971)</b>	
Societe Generale – ANSALDO BC	EUR	EURIBOR 6M + 0.45%	(18,255,505)	2022
Societe Generale - AECL BC	CAD	CDOR 6M + 0.375%	(34,351,986)	2022
EURATOM	EUR	EURIBOR 6M + 0.08%	(54,674,480)	2024
<b>Exchange rate differences</b>			<b>23,847,164</b>	
<b>Balance as of June 30, 2019 (revised)</b>			<b>826,426,166</b>	

*(i) Long term loans*

As at June 30, 2019 and December 31, 2018, the long-term loans from credit institutions are as follows:

	June 30, 2019 (revised)	December 31, 2018 (audited)
Societe Generale - ANSALDO BC	109,219,330	125,506,545
Societe Generale - AECL BC	208,183,586	228,883,938
EURATOM	509,023,249	555,470,490
<b>Total long-term loans</b>	<b>826,426,165</b>	<b>909,860,973</b>
Less: Current portion of long-term loans	(215,655,293)	(209,456,905)
Less: Balance of commitment and insurance fees (long term)	(13,149,279)	(16,436,599)
<b>Total long-term loans net of the short-term portion</b>	<b>597,621,593</b>	<b>683,967,469</b>

On June 30, 2019, the financial indicators related to the loan granted by EURATOM were met.

*(ii) Short-term borrowings*

As at June 30, 2019 and December 31, 2018, the short-term borrowings are as follows:

	June 30, 2019 (revised)	December 31, 2018 (audited)
Current portion of long-term loans	215,655,293	209,456,905
Interests related to the long-term borrowings	410,922	511,595
Short-term transaction costs	(6,574,639)	(6,574,460)
<b>Total short-term loans</b>	<b>209,491,576</b>	<b>203,393,860</b>

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**11. PROVISIONS FOR RISKS AND EXPENSES**

On June 30, 2019 and December 31, 2018, respectively, the Group recognized the following provisions, included under the position "Provisions for risks and expense" and the position "Current share of provisions for risks and expenses":

	<b>June 30, 2019</b> <b>(revised)</b>	<b>December 31,</b> <b>2018</b> <b>(audited)</b>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	65,831,098	60,633,302
Obligations regarding the low and medium radioactive and non-radioactive waste	101,538,567	97,648,239
Provision for litigations with nuclear risk increment	39,047,406	34,937,153
Employees' participation to the profit	13,090,000	16,000,000
Provisions for litigations	7,495,641	7,495,641
<b>Total</b>	<b>227,002,712</b>	<b>216,714,335</b>

On June 30, 2019, the provisions in the total amount of RON 227,002,712 represent long-term and short-term liabilities, as follows:

	<b>Long-term</b> <b>share</b> <b>(&gt; 1 year)</b>	<b>Current</b> <b>share</b> <b>(&lt; 1 year)</b>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	41,481,648	24,349,450
Obligations regarding the low and medium radioactive and non-radioactive waste	94,512,598	7,025,969
Provision for litigations with nuclear risk increment	39,047,406	-
Employees' participation to the profit	-	13,090,000
Provisions for litigations	7,495,641	-
<b>Total</b>	<b>182,537,293</b>	<b>44,465,419</b>

The "Employees' participation to the profit" position represents the commitment of the Company towards its employees in relation to providing the amounts related to the participation of the employees to the profit of the Company for the year of 2019, as a result of achieving the result set forth by the budget on June 30, 2019, based on the income and expenditure budget approved by GAS Resolution no. 6 /May 20, 2019.

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**12. ACCOUNTS PAYABLE AND OTHER LIABILITIES**

On June 30, 2019 and December 31, 2018, trading and other liabilities are as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(revised)</b>	<b>(audited, restated)</b>
Non-current assets suppliers	38,219,161	14,774,344
Trade payables	82,988,597	60,576,534
Liabilities towards the employees	61,109,813	24,450,054
Payables to the State	28,486,931	89,315,449
Gross dividends payable	4,042,918	4,278,146
Other payables	3,780,434	3,912,931
<b>Total</b>	<b>218,627,854</b>	<b>197,307,458</b>

As at June 30, 2019, the main suppliers in balance are: General Electric Global Services GMBH – 18,301,437 RON (December 31, 2018: RON 4,959,751), Nuclear Risk Insurers Limited - RON 10,940,770 (December 31, 2018: 0 RON), Apele Romane Bucuresti – RON 10,252,153 (December 31, 2018: RON 11,951,605), General Concrete S.R.L. – RON 8,071,292 (December 31, 2018: RON 5,160,292).

On June 30, 2019, the "Accounts payable and other liabilities" position includes the amount of RON 24,953,253 (December 31, 2018: RON 29,081,865) related to liabilities to affiliated parties, of which, under the "Suppliers" and "Non-current assets suppliers" positions, the amount of RON 16,858,520 (December 31, 2018: RON 20,779,125) and under the position "Payables to the State" the amount of RON 8,094,733 (December 31, 2018: RON 8,302,740), representing the contribution to ANDR, for the decommissioning of nuclear facilities and the permanent storage of radioactive waste.

The "Liabilities towards the employee" position includes the amount of RON 49,476,654, representing the commitment related to granting the amounts to be distributed according to the revenue and expenditure budget approved by GAS Resolution no. 6/ May 20, 2019, related to salaries, bonuses, contributions and other allowances and prize-awarding fund, which will be granted by the end of 2019, under the form of bonuses, but which are related to the 6-month period ended on June 30, 2019.

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

	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Sales of electricity on regulated market	1,148,813	-
Sales of electricity on free market	1,175,923,091	965,665,798
Sales of thermal energy	4,652,589	2,953,839
Revenues from green certificates	12,715	3,039
<b>Total</b>	<b>1,181,737,208</b>	<b>968,622,676</b>

*(ii) The amount of energy sold*

	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Quantity of electricity sold on regulated market (MWh)	6,100	-
Quantity of electricity sold on free market (MWh)	5,091,389	5,106,302
<b>Total</b>	<b>5,097,489</b>	<b>5,106,302</b>

The Group is a participant in the balancing market, but also a Responsible Party in the balancing, according to the conventions concluded with the transport and system operator Transelectrica SA. The quantity of energy sold presented does not include the quantity of energy corresponding to the income from positive unbalances valued on the Balancing Market, amounting to 14,827 MWh for the 6-month period that ended on June 30, 2019 (19,090 MWh for the 6-month period that ended on June 30, 2018).

The Group is developing the activity of producing thermal energy by exploiting the energetic capacities corresponding to the units for producing electrical and thermal energy consisting in two heat switches with a full thermal power of 40 Gcal/h and 46.51 MW. The Company delivers thermal energy to the local thermal energy distribution company SC Utilitati Publice SA Cernavoda, as well as to other final consumers in the locality Cernavoda – business entities, social - cultural institutions. The sales of thermal energy in the first half-year of 2019 are RON 4,652,589 (June 30, 2018: 2,953,839 RON).

The electricity sector is regulated by the National Energy Regulatory Authority (“ANRE”), an autonomous public institution. In 2018 ANRE no longer set for manufacturers delivery obligations under regulated contracts, by abrogating Order no. 83/2013 on the methodology of setting prices for the electricity sold by the manufacturers based on regulated contracts and electricity quantities from the regulated contracts concluded by the manufacturers with last-instance suppliers, after completing the schedule for gradually removing regulated fees. Following the Government Emergency Ordinance no. 114 / 28.12.2018, amending and supplementing Electricity and natural gas law no. 123/2012, by establishing the supply of electricity under conditions regulated by ANRE for household clients, between March 1<sup>st</sup>, 2019 and February 28<sup>th</sup>, 2022 and introducing as an additional obligation of manufacturers to deliver last-instance suppliers, between March 1<sup>st</sup>, 2019 and February 28<sup>th</sup>, 2022, the electricity that is necessary for ensuring the consumption of household consumers for which regulated fees are applied, ANRE issued Order no. 10 / February 01, 2019 for approving the Methodology for setting the prices for the electricity sold by the manufacturers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by the manufacturers with last-instance

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suppliers. ANRE sets for the manufacturers in the indicated period obligations to sell firm quantities of electricity based on regulated contracts. For 2019, the quantity to be attributed to SNN for regulated contracts is 1,377 GWh (out of which 6.1 GWh for the period January 1 - June 30, 2019), and for the following years, the sale obligations based on the regulated contracts attributed to SNN shall be set to a maximum level of 65% of the delivered electricity quantity. Also, ANRE set by annual decision the regulated price that must be charged during the current year; the regulated price is set based on economically justified costs, i.e. cost plus profit margin, using a methodology approved by ANRE.

In the six-months period that ended on June 30, 2019, the Group sold approximately 0.1% of the energy on the regulated market (the Company did not sell energy on the regulated market in the six-months period that ended on June 30, 2018). The total quantity of electricity sold in the six-month period ended on June 30, 2019 is 5,112,324 MWh, compared to 5,125,400 MWh, sold in the six-month period ended on June 30, 2018. The sale price of the electricity on the regulated market in the six-month period ended on June 30, 2019 is 188.33 RON/MWh, value which does not include the tariff for electric energy transmission service paid to Transelectrica S.A. for the introduction of electricity in the electricity transmission network.

**14. OTHER INCOMES**

	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Income from investment subsidies	7,182,591	7.188.568
Revenues from penalties and compensation	400,935	15.987.495
Revenues from the reverse of provisions, net	-	1.638.878
Other income	13,432,304	8.028.424
<b>Total</b>	<b>21,015,830</b>	<b>32.843.365</b>

**15. EMPLOYEES COSTS**

	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised)</b>
Wages and salaries	218,531,873	191.957.031
Expenditure on social security and assimilated costs	15,248,489	13.062.750
<b>Total</b>	<b>233,780,362</b>	<b>205.019.781</b>

On June 30, 2019, personnel expenses include the Company's commitments towards its employees amounting to RON 48,737,446 (June 30, 2018: RON 56.072.898), representing the commitment of the Company related to granting the amounts related to the employees' participation in the company's profit, amounting to RON 13 million, based on the achievement of the result set forth by the budget on 30.06.2019, and the commitment related to granting the amounts to be distributed according to the revenue and expenditure budget approved by GAS Resolution no. 6/20.05.2019, related to salaries, bonuses, contributions and other allowances, which will be granted until the end of 2019 as bonuses, but which are related to the 6-month period ended on June 30, 2019.

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**16. OTHER OPERATIONAL COSTS**

	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised, restated)</b>
Other expenses with services provided by third parties	33,060,597	40.323.948
Expenses with ANDR	48,709,674	48.525.229
Energy and water expenses	37,337,531	37.150.721
Fuel and other consumables expenses	23,659,006	16.042.231
Expenses with ANRE contribution	21,249,695	949,958
Costs of insurance premiums	5,284,839	5.402.397
Transport and telecommunication expenses	3,841,093	3.254.616
Expenses related to provisions and impairments	10,465,246	-
Other operating expenses	11,824,377	12,025,614
<b>Total</b>	<b>195,432,058</b>	<b>163.674.714</b>

***Expenses with ANDR***

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

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

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

***Expenses with ANRE contribution***

The contribution to ANRE based on the Government Emergency Ordinance no. 114/2018 according to which the Company pays 2% of the turnover achieved from the activities carried out under the licenses held, amounting to RON 21,249,695 (June 30, 2018: 949,958 RON). For the year 2018, the contribution was paid based on ANRE Order no. 126/2017, which set a percentage of 0.1% of the turnover achieved from the activities carried out under the licenses held.

***Other operating expenses***

The position "Other operating expenses" includes the expenses related to the operating authorizations paid to CNCAN Bucharest amounting to RON 4,959,723 (June 30, 2018: 4,975,085 RON).

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**17. FINANCIAL INCOMES AND EXPENSES**

	<b>6-month period ended on June 30, 2019 (revised)</b>	<b>6-month period ended on June 30, 2018 (revised)</b>
Interest income	27,969,183	16.713.923
Foreign exchange gains	6,726,262	29.933.848
Dividends income	-	-
<b>Total financial revenues</b>	<b>34,695,445</b>	<b>46,647,771</b>
Foreign exchange losses	(30,990,780)	(23.954.048)
Interest related expenses	(7,806,442)	(7.762.447)
<b>Total financial expenses</b>	<b>(38,797,222)</b>	<b>(31,716,495)</b>
<b>Net financial income/(expense)</b>	<b>(4,101,777)</b>	<b>14,931,276</b>

**18. INCOME TAX**

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

	<b>6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised, restated)</b>
Current income tax expense	71,285,620	48.296.513
Deferred tax release, net	(1,824,179)	(420.668)
<b>Total</b>	<b>69,461,441</b>	<b>47,875,845</b>

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**19. GROUP ENTITIES**

On June 30, 2019 and December 31, 2018, the Company owns 100% of the share capital of EnergoNuclear S.A. The value of the interest as at June 30, 2019 and December 31, 2018 amounts to RON 141,666,101.

By the Decision of the Prime Minister no. 318 of December 18, 2018, the Working Group was established for the negotiation of the Intergovernmental Agreement between Romania and the People's Republic of China on the cooperation for the implementation of the Units 3 and 4 Cernavoda NPP Project ("IGA").

In the period January 21 - 23, 2019, a meeting of the mixed work group Romania - China took place regarding IGA, and the following actions were identified: (1) the JVCO establishment as soon as possible to support the implementation of CfD in Romania, ongoing process; (2) the Romanian party to finalize the preparatory technical measures in view of submitting to the Romanian Parliament and to the European Commission the legislative amendments and updates associated with the adoption of the CfD mechanism; (3) SNN and CGN to resume negotiations on the Investors Agreement ("IA") in preliminary form.

In meeting of February 4, 2019, the SNN Board of Directors approved the revised mandate of the SNN Negotiating Committee to negotiate the IA and the Articles of Incorporation ("AI") in a preliminary form to allow the establishment of JVCo by initial minimal cash contribution, calibrated to the development needs of the Project.

On March 15, 2019, the discussions regarding the IA in preliminary form, and the AI of JVCo were finalized.

By Resolution no. 4/10.04.2019 of the Extraordinary General Assembly of Shareholders, the following activities regarding Units 3 and 4 Cernavoda NPP were approved:

1. Approval of the Preliminary Form of the Investors Agreement regarding Units 3 and 4 Cernavoda NPP concluded between China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment (RO) CO.S.A. and S.N. Nuclearelectrica S.A. (item 2 of EGMS agenda from April 10, 2019);
2. Approval of the authorization of the Chairman of the Board of Directors of S.N. Nuclearelectrica S.A. to sign the Preliminary Form of the Investors Agreement (item 1 above), in the name and on behalf of the Company (item 3 of EGMS agenda from April 10, 2019);
3. Approval of the authorization of the Board of Directors of S.N. Nuclearelectrica S.A. to initiate and carry out the necessary steps to finalize the Articles of Incorporation of the project company, in accordance with the provisions set in the Preliminary Form of the Investors Agreement (item 1 above); the mandate thus granted to the Board of Directors of SNN may be assigned to the executive management, and the final form of the Articles of Incorporation of the project company will be submitted for the approval of the Extraordinary General Meeting of Shareholders of SNN (item 5 of EGMS agenda from April 10, 2019).

On May 8, 2019, SN Nuclearelectrica SA and China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment signed the Preliminary Form of the Investors Agreement regarding the continuation of the Units 3 and 4 Cernavoda NPP Project.

Resolution no. 9 / July 29, 2019 of the Extraordinary General Assembly of Shareholders approved the endorsement of the SNN Board of Directors to approve the modification of the deadlines / due dates provided in the preliminary form of the Investors' Agreement related to the Project for Units 3 and 4 of CNE Cernavoda

Regarding the activity of Energonuclear S.A.:

- With the EGMS Resolution of SNN no. 4/11.07.2017, the shareholders of SNN approved the granting by SNN of a loan convertible in shares amounting to maximum RON 4,000,000 to the Energonuclear S.A. ("EN") branch, in order to finance the maintenance and conservation activities for the site of Units 3 and 4 of Cernavoda NPP; until 30.06.2019,

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Energonuclear requested an installment of RON 2,500,000 to be granted from the maximum amount, for which SNN registered an interest of RON 75,056, capitalized.

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

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**20. TRANSACTIONS WITH RELATED-PARTIES***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 governmental authorities and agencies, collectively referred to as state-owned companies.

The Group has carried out significant transactions with other state owned or controlled companies including: sales of electricity (OPCOM S.A.); purchases of electricity transmission and balancing services (C.N. Transelectrica S.A.); purchasing heavy water necessary for supplementing the reserve for Units 1 and 2 at CNE Cernavoda (National Administration for State Reserves and Special Matters - Territorial Unit 515 Bucharest); purchases of radioactive wastewater treatment services, for the water originated from the production activities (Autonomous Administration of Technologies for Nuclear Energy - Institute for Nuclear Research Pitesti) and the payment of the contribution for the management of the decommissioning process of the two units and for the final storage of nuclear waste at the end of the useful life of the two units, as well as for the permanent storage of the resulting residues (Nuclear and Radioactive Waste Agency).

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

	Sales in the period of 6 months that ended on		Receivables as at	
	June 30, 2019 (revised)	June 30, 2018 (revised)	June 30, 2019 (revised)	December 31, 2018 (audited)
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	151,004,515	167,516,362	2,853,681	1,811,364
Societatea de Distributie a Energiei Electrice Transilvania Sud S.A.	30,732,242	-	-	-
C.N. Transelectrica S.A.	20,492,757	8,137,628	11,028	14,107
Utilitati Publice S.A. Cernavoda	4,707,853	3,001,989	1,505,336	1,484,528
Autonomous Administration of Technologies for Nuclear Energy - ICN	3,319	1,849	-	-
Compania Nationala Administratia Canalelor Navigabile S.A.	2,774	3,230	413	2,162
Autonomous Administration of Technologies for Nuclear Energy - CITON	168	504	-	-
The National Energy Regulatory Authority <sup>*)</sup>	-	-	21,249,695	-
Compania Nationala a Uraniului S.A.	-	35,718	24,613,381	53,577
Societatea de Distributie a Energiei Electrice Muntenia Nord S.A.	-	20,546,564	-	-
<b>Total</b>	<b>206,943,628</b>	<b>199,243,843</b>	<b>50,233,534</b>	<b>3,365,738</b>

<sup>\*)</sup> The receivable in the balance on June 30, 2019, related to the Energy Regulation National Authority represents the contribution paid in advance for period July 01, 2019 - December 31, 2019, in virtue of Government Emergency Ordinance no. 114/2018, according to which the Group pays 2% of its turnover obtained from the activities performed based on the licenses it owns.

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	Purchases in the period of 6 months that ended on		Payables as at	
	June 30, 2019 (revised)	June 30, 2018 (revised)	June 30, 2019 (revised)	December 31, 2018 (audited)
Nuclear and Radioactive Waste Agency	48,709,674	48,525,229	8,094,733	8,302,740
Romanian Waters Bucharest	28,343,376	28,300,927	10,252,153	11,951,605
National Energy Regulatory Authority	21,253,695	949,958	-	-
National Administration of States Reserves and Special Matters	15,564,733	-	-	-
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	12,849,540	10,634,495	116,237	34,683
National Commission for Nuclear Activities Control	9,015,126	9,251,651	-	-
Compania Nationala a Uraniului S.A.	7,667,566	3,457,040	42,182	-
C.N. Transelectrica S.A.	5,886,803	5,234,749	3,824,083	6,895,972
Administratia Bazinala de Apa Dobrogea Litoral	4,889,699	4,990,041	1,444,582	2,526,881
Autonomous Administration of Technologies for Nuclear Energy - ICN	3,198,958	1,668,248	1,442,918	975,441
Compania Nationala Administratia Canalelor Navigabile S.A.	2,891,916	242,500	1,318,067	512,887
Raja S.A.	1,306,387	1,465,076	276,687	563,274
Utilitati Publice S.A. Cernavoda	323,632	263,791	4,750	100,139
State Inspection for the Control of Boilers, Pressure Vessels and Lifting Installations	68,043	108,446	17,810	35,775
Dobrogea Meteorological Center	54,642	48,395	17,054	24,947
The National Institute of Hydrology and Water Management	27,500	27,500	10,908	26,273
Autonomous Administration of Technologies for Nuclear Energy - CITON	12,200	585,226	-	734,774
<b>Total</b>	<b>162,063,489</b>	<b>115,753,271</b>	<b>26,862,165</b>	<b>32,685,391</b>

<sup>\*)</sup> The purchases from period 01.01.2019 – 30.06.2019 related to the Energy Regulation National Authority represent the contribution paid in advance for this period, in virtue of Government Emergency Ordinance no. 114/2018, according to which the Group pays 2% of its turnover obtained from the activities performed based on the licenses it owns.

The balance of debts to affiliated parties as at June 30, 2019 presented above included the advance payments received from customers, affiliated parties, amounting to RON 2,044,727 presented in the Simplified Consolidated Statement of the Financial Position as at June 30, 2019 on the "Short-term Deferred Income" line (December 31, 2018: 9,511,296 RON).

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**S.N. Nuclearelectrica S.A.**

Notes to the Simplified Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as at June 30, 2019

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

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**ii) Compensation to senior management of the Group**

The Company's Management is composed of:

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

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

	<b>6-month period ended on June 30, 2019 (revised)</b>	<b>6-month period ended on June 30, 2018 (revised)</b>
Remuneration of the management of the Group (gross amounts)	3,957,771	4.496.466
	<b>3,957,771</b>	<b>4.496.466</b>

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

**21. EARNINGS PER SHARE**

As of June 30, 2019 and June 30, 2018, the result per share is:

*(i) Basic earnings per share*

	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised, restated)</b>
<b>Net profit in the period</b>	<b>290,619,141</b>	<b>182,306,191</b>
Number of ordinary shares at the beginning of the period	301,513,851	301,513,851
Number of ordinary shares issued during the period	-	-
Weighted-average number of ordinary shares at the end of the period	301,513,851	301,513,851
<b>Basic earnings per share (RON/share)</b>	<b>0.96</b>	<b>0.60</b>

*(ii) Diluted earnings per share*

	<b>The 6-month period ended on June 30, 2019 (revised)</b>	<b>The 6-month period ended on June 30, 2018 (revised, restated)</b>
<b>Net profit / (net loss) of the period</b>	<b>290,619,141</b>	<b>182,306,191</b>
Number of ordinary shares at the beginning of the period	301,513,851	301,513,851
Number of ordinary shares issued during the period	-	-
Number of ordinary shares at the end of the period (a)	301,513,851	301,513,851
Number of shares corresponding to the prepaid share reserve (b) (see Note 9)	-	-
<b>Weighted-average number of ordinary shares (diluted) on June 30 (a) + (b)</b>	<b>301,513,851</b>	<b>301,513,851</b>
<b>Diluted earnings per share (RON/share)</b>	<b>0.96</b>	<b>0.60</b>

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

**22. FINANCIAL RISK MANAGEMENT****(i) Financial risk factors****Credit risk**

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

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

On June 30, 2019, the Group is exposed to a concentrated crediting risk, considering that approximately 60% (June 30, 2018: 35%) of the net trade receivables are related to Company Romanian Electricity and Gas Market Operator (OPCOM), E.ON Energie Romania S.A. and Met Romania Energy S.A. (refer to Note 8). The counterparty risk is limited considering the guarantees obtained from clients as bank guarantee letters.

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

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

	Net value	
	June 30, 2019 (revised)	December 31, 2018 (audited)
<b>Financial assets</b>		
Financial assets	64,291,386	110,451,459
Net trade receivables	115,144,487	157,663,336
Cash and cash equivalents	1,508,243,683	1,611,958,742
Bank deposits	41,363,543	20,954,979
Other receivables, net	43,618,084	23,645,473
	<b>1,772,661,183</b>	<b>1,924,673,989</b>

The ageing of trade receivables on the reporting date is:

	Gross value June 30, 2019 (revised)	Adjustments for depreciation June 30, 2019 (revised)	Gross value December 31, 2018 (audited)	Impairment adjustments December 31, 2018 (audited)
Not past due	114,544,954	-	157,225,060	-
Past due 1 - 30 days	248,426	-	417,512	-
Past due 31 - 90 days	350,151	-	10,270	-
Past due 91 - 180 days	1,654	(698)	10,494	-
Past due 181 - 270 days	-	-	-	-
Past due 271 - 365 days	-	-	27,007	(27,007)
Past due more than one year	9,685,996	(9,685,996)	10,831,927	(10,831,927)
<b>Total</b>	<b>124,831,181</b>	<b>(9,686,694)</b>	<b>168,522,270</b>	<b>(10,858,933)</b>

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Notes to the Simplified Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as at June 30, 2019

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

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

	<b>June 30, 2019 (revised)</b>	<b>December 31, 2018 (audited)</b>
<b>Balance as at January 1</b>	(10,858,933)	(13,427,586)
Depreciation adjustments reversed, net	1,172,239	2,568,653
<b>Balance at the end of the period</b>	<b>(9,686,694)</b>	<b>(10,858,933)</b>

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

	<b>Gross value June 30, 2019 (revised)</b>	<b>Adjustments for depreciation June 30, 2019 (revised)</b>	<b>Gross value December 31, 2018 (audited)</b>	<b>Impairment adjustments December 31, 2018 (audited)</b>
Not past due	42,048,173		22,170,365	
Past due 1-30 days	1,521,204		1,467,610	
Past due 31-90 days	-		3,592	
Past due 91-180 days	-		1,946	
Past due 181-270 days	-		1,961	
Past due 271-365 days	48,707		-	
Past due more than one year	3,074,604	(3,074,604)	3,190,028	(3,190,028)
<b>Total</b>	<b>46,692,688</b>	<b>(3,074,604)</b>	<b>29,219,277</b>	<b>(3,190,028)</b>

**(ii) Carrying amount versus fair value**

Fair value is the amount for which the financial instrument may be exchanged in usual transactions conducted under objective conditions between willing parties knowingly, other than those determined by the liquidation or forced sale. Fair values are obtained from quoted market prices or discounted cash flow models as appropriate. As at June 30, 2019 and December 31, 2018, respectively, the management considers that the fair values of cash and cash equivalents, trade receivables and other receivables, trade payables as well as other short-term liabilities approximates their carrying amounts.

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

	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level</b>
<b>June 30, 2019 (revised)</b>			
<b>Financial assets</b>			
Financial assets	64,291,386	64,291,386	2
Net trade receivables	115,144,487	115,144,487	2
Cash and cash equivalents	1,508,243,683	1,508,243,683	2
Bank deposits	41,363,543	41,363,543	2
Net other receivables	43,618,084	43,618,084	2
	<b>1,772,661,183</b>	<b>1,772,661,183</b>	

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Notes to the Simplified Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as at June 30, 2019

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

	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level</b>
<b>December 31, 2018 (audited)</b>			
<b>Financial assets</b>			
Financial assets	110,451,459	110,451,459	2
Net trade receivables	157,663,336	157,663,336	2
Cash and cash equivalents	1,611,958,742	1,611,958,742	2
Bank deposits	20,954,979	20,954,979	2
Net other receivables	23,645,473	23,645,473	2
	<b>1,924,673,989</b>	<b>1,924,673,989</b>	
<b>June 30, 2019 (revised)</b>			
<b>Long-term financial liabilities</b>			
Long-term financial borrowings	597,621,593	597,621,593	2
Provisions for risks and expenses	182,537,293	182,537,293	2
	<b>780,158,886</b>	<b>780,158,886</b>	
<b>Short-term financial liabilities</b>			
Suppliers, including suppliers of non-current assets	121,207,758	121,207,758	2
The current share of provisions for risks and expenses	44,465,419	44,465,419	2
Current portion of long-term loans	209,491,576	209,491,576	2
Employee benefits and other payables	97,420,096	97,420,096	2
	<b>472,584,849</b>	<b>472,584,849</b>	
<b>December 31, 2018 (audited, restated)</b>			
<b>Long-term financial liabilities</b>			
Long-term financial borrowings	683,967,649	683,967,649	2
Provisions for risks and expenses	182,883,283	182,883,283	2
	<b>866,850,752</b>	<b>866,850,752</b>	
<b>Short-term financial liabilities</b>			
Suppliers, including suppliers of non-current assets	75,350,880	75,350,880	2
The current share of provisions for risks and expenses	33,831,052	33,831,052	2
Current share of long-term loans	203,393,860	203,393,860	2
Employee benefits and other payables	121,956,580	121,956,580	2
	<b>434,532,372</b>	<b>434,532,372</b>	

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**23. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS****(i) Taxation**

The Romanian taxation system is in a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of tax legislation. In some cases, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities together with late payment interest and penalties. In Romania tax periods remain open for tax for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated, and they are not aware of any circumstances which may give rise to a potential material liability in this respect.

On February 29, 2016, the National Agency for Fiscal Administration - the General Directorate against Fiscal Fraud completed the control initiated on September 9, 2015, which had the purpose of checking the commercial transactions carried out by the Company in the period 2011 - 2015 with companies Eco Petroleum S.A. and Oil Prod S.R.L. The control authority proceeded to calculate the Company's tax liabilities jointly due to the state budget in relation to the payment of the excise duties on diesel (by attracting the joint liability) and ruled the imposition of precautionary measures for the amount of RON 1,436,176, representing a percentage of 100% of the equivalent amount of the calculated tax liabilities, amount that is seized at the Treasury.

Upon the request of the General Directorate against fiscal fraud the Company was subjected to a partial tax audit by the National Agency for Fiscal Administration (ANAF) aiming the VAT and excises (diesel, biodiesel and electricity) for the period 2011-2012; the tax audit was initiated on 17 March 2016 and completed on 16 March 2017. According to the preliminary tax audit report no. 292/15.03.2017 ANAF established additional payment obligations representing the VAT in amount of 273.425 RON, to which accessories are added. The company lodged partial objections to the preliminary inspection report,

On 17.11.2017 the Company received from ANAF - DGAMC Decision no. 112/15.11.2017 in response to the appeal filed by the Company, whereby the former ruled the annulment, in part, of the Taxation Decision regarding the main tax liabilities related to the differences of the bases of taxation established during the tax inspection for the amount of Lei 194,051, representing additional VAT, with the competent tax inspection authorities subsequently proceeding to a new check of the same period and the same type of tax taking into account the legal provisions applicable in the case in question.

Based on the Tax Audit Notice no. F-MC 16/11.01.2018 a control team visited the Company's registered office in order to re-check the VAT for the period 01.01.2011-31.12.2012. The re-verification action ended with the fiscal inspection process F-MC 60 / 04.04.2018 and the decision regarding the modification of the tax base no. F-MC 117/04.04.2018, through which no value added tax obligations have been established.

On 18.06.2019, Romanian Court of Accounts, in virtue of Mandate no. IV/40.420/June 18, 2016, initiated the "verification of the implementation of the measures ordered by Resolutions no. 14/June 15, 2012 and 16/May 11, 2015 ».

This action was completed by the «Follow-up report on the implementation of the measures ordered by Resolution no. 14/15.06.2012 (taken over by Resolution no. 14/15.04.2013) », registered with SNN under no. 7506/24.06.2019. The summary of this Report states that out of the 10 measures ordered by the aforementioned Resolution, 8 measures were implemented, and the 2 remaining ones, which were partially performed, are pending resolution in various courts.

Regarding Resolution no. 16 / May 11, 2015, the «Follow-up report on the implementation of the measures ordered by Resolution no. 16 / May 11, 2015» was drafted, registered with SNN under no. 7787/July 01, 2019. The summary of the Report shows that SNN implemented 11 measures out of the 13 ordered by the aforementioned Resolution. For the two measures that were partially ordered, SNN submitted objections with CCR under no. SNN 8302/July 12, 2019. This endeavor is ongoing.

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**(ii) Other check-ups**

In the period 10.01.2018-04.05.2018 the Romanian Court of Accounts carried out a control on the topic "Control regarding the situation, evolution and manner of administration of the public and private patrimony of the state, as well as the legality of the income earned and the expenses incurred", finalized by the Control Report no. 5.445 / 04.05.2018 and issued the Decision no.5 / 08.06.2018. The Company filed a complaint against this decision as a result of which the Commission for the settlement of the appeals issued the Decision no. 29 / 31.07.2018. Currently, the Company is in litigation with the Court of Accounts on the measures ordered by the aforementioned decision.

Between 27.03.2018-24.08.2018 the Prime Minister's Control Body carried out a control with the following objectives: verification of compliance with the legal provisions regarding the organization and functioning of the entity, of the managerial activity regarding the operation of Cernavoda Nuclear Power Plant units 1 and 2, verification of compliance with corporate governance rules, verification of compliance with legal provisions regarding the award, execution and performance of contracts, verification of compliance with legal provisions regarding the income set and earned, and regarding the engagement and incurring of expenses, the status of the litigations pending before the courts of law. This control was finalized with the Inspection report no.127 / 04.01.2019 to which the Company formulated a point of view with Letter no. 1465 / 02.05.2019.

On the basis of the FMC Tax Inspection Notice 163 / 23.07.2018, on 23.08.2018, a control team came to the Company's headquarters to audit the income tax for the period 2012-2017, the tax on the income earned by non-resident persons in Romania, the income from dividends received in Romania by non-residents and the income from royalties obtained in Romania by non-residents for the period 2015-2017, VAT for the period 2013-2017, tax on interest income obtained in Romania by non-resident persons for the period 2015-2017. We mention that at the date of this tax inspection, it is ongoing.

**(iii) Insurance policies**

As at June 30, 2019, the following operational insurance policies are in force:

- Property insurance policy for material damages, all risks, including mechanical and electrical destruction (for CNE Cernavoda Units 1 and 2 and FCN Pitesti). The compensation limit is subject to a maximum of USD 1.560 million per year for all losses.
- Third party liability insurance for nuclear damages. The compensation limit is DST 300 million (for CNE Cernavoda Units 1 and 2)
- Civil / professional liability insurance policy for SNN directors and officers ("D&O") for a liability limit (insured amount of EUR 33).

**(iv) Environmental issues**

The Group recorded no liability as at June 30, 2019 and December 31, 2018 for any anticipated costs relating to environmental issues, including legal and consulting fees, site studies, the design and implementation of remediation plans. The responsibility for decommissioning of nuclear installations was taken over by ANDR (see Note 19). The management considers that the nuclear plant fully complies with the Romanian and international environmental standards and estimates that additional costs associated with environmental compliance on June 30, 2019 are not significant.

However, enforcement of environmental regulations in Romania is evolving and their application by the government authorities is continuously being reconsidered. The Group periodically assesses its obligations under environmental regulations. The established obligations are acknowledged immediately. Potential liabilities, which might arise because of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be significant. In the current enforcement climate under existing legislation, the Group's management believes that there are no significant liabilities for environmental damage.

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**(v) Ongoing litigations**

During 2019, the Group was involved in a number of legal proceedings arising during its normal course of business. The management of the Group regularly analyses the ongoing litigation and, after consulting with its legal advisers and lawyers, decides whether to create a provision for the amounts involved or to present them in the financial statements.

In the opinion of the Group's management, there are no current legal actions or claims, which might have significant effects on the financial earnings and the financial position of the Group that has not been presented in these Financial Statements.

**(vi) Commitments**

On June 30, 2019, the total amount of commitments is fully reflected under the position "*Trading and other liabilities*", representing capital and operating expenses.

**(vii) Guarantees**

Trading of electricity produced on platforms operated by OPCOM, assume that for some transactions the Company must provide letters of guarantee for participation in certain markets such as DAM (Day After Market) and IM (Intra-day Market), auctions (PCSU—Centralized Market for Universal Service) or in favor of clients (PCCB-NC - Centralized Market for Bilateral Contracts with Continuous Negotiation, PCCB-LE - Centralized Market for Bilateral Contracts through Extended Auctions and PCSU - Centralized Market for Universal Service).

As at June 30, 2019, the total value of letters of bank guarantee issued in favor of customers for contracts concluded on PCCB-NC, PCCB-LE and PCSU amounts to RON 42.83 million, and in favor of clients for contracts concluded on the regulated markets in value of 20.01 RON, and in favor of OPCOM for the participation to DAM and IM amounted to RON 36.28 million.

Moreover, on June 30, 2019 the Company has established letters of guarantee issued in favor of Transelectrica S.A. and Ciga Energy S.A. amounting to RON 1.5 million, with the role of ensuring the liquidity on the Balancing Market, through the establishment by each of Party Responsible for Balancing of a financial guarantee in favor of Transelectrica S.A. and Ciga Energy S.A., respectively, on the account of the Convention of the Party Responsible for the Balancing concluded between the Company as license holder and Transelectrica S.A. and Ciga Energy S.A., respectively.

For all these letters of guarantee, the Company established collateral deposits at banks issuing the letters of guarantee.

On June 30, 2019 the Company has established a Treasury deposit in the amount of RON 1,436,176, standing for the liens according to the decision made by ANAF - General Directorate against tax fraud.

As at June 30, 2019, the value of the bank guarantee letters issued by clients in favor of the Company for the contracts concluded on PCCB-NC, PCCB-LE and PCSU is in amount of RON 236,2 million. These guarantees cover the risk of unfulfilling the contractual obligations assumed by the clients through the energy sale contracts.

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**24. Miscellaneous*****(i) Details of the group of companies***

The Group is part of a group of companies controlled by the Romanian State represented by the Ministry of Energy.

***(ii) Investments in associates***

The Group holds participating interests in Bursa Romana de Marfuri S.A.: having the registered office in Bucharest, 50-52 Buzesti Street; number of shares owned as at June 30, 2019: 23 shares, nominal value of share capital owned: 23.000 RON, representing 0,29% of the number of issued shares.

The Company is a founding member of the Romanian Atomic Forum - ROMATOM, Romanian legal entity of private law, independent union nationally representative, without patrimonial or gain purpose, nongovernmental, non-profit, apolitical, consisting of associate or supporting members, with registered office in Bucharest, 5-7 Vasile Lascar street, 1st floor. In the General Assembly of Shareholders, each founding member and each associate member are entitled to a deliberative vote number, calculated according to the turnover related to activities performed in the nuclear field in the previous year, by value tranches, as follows: between EUR 0 and EUR 500,000 turnover - 1 vote; between EUR 500,000 and EUR 3 million turnover - 2 votes; between EUR 3 million and EUR 10 million turnover - 3 votes; EUR 10 million turnover - 4 votes. The company meets the criteria for entitlement to 4 votes. The equivalent cash contribution made by the Company as a founding member is 100 RON.

**25. SUBSEQUENT EVENTS**

No elements such as subsequent events were identified.

**Cosmin Ghita**  
**General Manager**

**Adrian Gabriel Dumitriu**  
**Financial Manager**

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## REVIEW REPORT\*

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

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

#### *Introduction*

1. We have performed a review on the accompanying statutory condensed consolidated interim financial statements of S.N. NUCLEARELECTRICA S.A. (the "Company") and of its subsidiary ENERGONUCLEAR S.A. (together referred to as "the Group"), which comprise consolidated interim statement of financial position as at 30 June 2019, the consolidated interim statement of comprehensive income, consolidated interim statement of changes in shareholders' equity, consolidated interim cash flow statement for the six months period then ended, including a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

#### *Scope of review*

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



#### *Basis for qualified conclusion*

5. As stated in the Note 4 to the accompanying statutory condensed consolidated interim financial statements, as at 30 June 2019, the Group has recorded tangible assets in progress with the book value of RON 273,960,000 (RON 273,960,000 as at 31 December 2018), comprising capitalized items for the units 3 and 4 of Cernavodă nuclear power station. Before 1991, nuclear unit stations 1, 2, 3, 4 and 5 were considered a single project and therefore, the realized constructions costs were not allocated at the level of each unit. Subsequently, the Company has done the allocation of the construction costs for the units 3 and 4 of the nuclear power station. We could not obtain sufficient and relevant evidence in relation with the accuracy of this split, which has effect on the valuation of these assets. These limitations have impact as well on the deferred tax liability allocated for the units 3 and 4 as at 30 June 2019 in amount of RON 43,524,186 (RON 43,524,186 as at 31 December 2018). Consequently, we were not able to determine if adjustments are needed on the fixed assets, deferred tax liability and retained earnings as at 30 June 2019 and therefore on the depreciation and amortization, profit tax and net profit for the six months period then ended.

#### *Qualified Conclusion*

6. Based on our review, we conclude that, except for the matter described in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of S.N. NUCLEARELECTRICA S.A. as at 30 June 2019 are not prepared, in all material respects, in accordance with the OMFP no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, as subsequently amended.

#### *Emphasis of matters*

7. Without issuing additional reserves on our conclusion, we draw attention to the Note 19 of the statutory condensed consolidated interim financial statements, which describes the fact that there is an uncertainty with regards to the going concern of the subsidiary Energonuclear S.A. The total estimated recoverable amount of the investment in Units 3 and 4 of Cernavodă, including also all capitalized individual elements of the Company, was determined by the management based on certain assumptions, professional judgments, expectations regarding future events, which are believed to be reasonable under the circumstances, and other factors under the assumption that the current negotiations between the management of the Group and the selected investor will be successfully concluded. In the event that any of the assumptions, professional judgments, expectations of future events and other factors do not materialize, this may cause a material adjustment to the carrying amounts of the consolidated Company's assets, liabilities and results within the current or next financial exercise, the impact of which cannot be reasonably estimated as of the date of the issue of these consolidated interim financial statements.

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

Bucharest, 12 August 2019

**Ella Chilea**

Auditor registered in the Public Electronic Register under no. 2190 / 2007

On behalf of **MAZARS ROMANIA S.R.L.**

Company registered in the Public Electronic Register under no. 699/29.01.2007.



**HALF - YEAR REPORT**

**OF**

**THE BOARD OF DIRECTORS**

**S.N. NUCLEARELECTRICA S.A.**

**(“SNN”)**

**First semester of 2019**

**Report date: August 2019**

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## 1. BASIS OF REPORT

The half-year report of the Board of Directors for the period January 1 - June 30, 2019 is drafted in virtue of the provisions of art. 55 of Government Emergency Ordinance no. 109/2011 regarding the corporate governance of public companies, as further amended and supplemented (“GEO no. 109/2011”).

## 2. FINANCIAL STATEMENT ANALYSIS

The information and the Revised Simplified Individual Interim Financial Statements on the date and for the period of 6 months that ended on June 30, 2019 presented in this report are revised by the financial auditor of S.N. Nuclearelectrica S.A. and were drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”), based on the International Accounting Standard 34 - “Interim financial reporting” passed by the European Union.

The submitted indicators are in lei (RON) unless otherwise stated.

### 2.1. Financial position statement as of June 30, 2019

The financial position on June 30, 2019 is presented in **Annex 1**.

<b>Indicator</b> <b>[thousand RON]</b>	<b>June 30, 2019</b> <b>(reviewed)</b>	<b>December 31, 2018</b> <b>(audited)</b>	<b>Variation</b>
Non-current assets	6,489,986	6,671,436	(2.7%)
Current assets	2,160,627	2,194,769	(1.6%)
<b>Total assets</b>	<b>8,650,613</b>	<b>8,866,205</b>	<b>(2.4%)</b>
Long-term debts	1,027,182	1,122,870	(8.5%)
Current liabilities	532,553	564,204	(5.6%)
<b>Total liabilities</b>	<b>1,559,735</b>	<b>1,687,074</b>	<b>(7.5%)</b>
<b>Equity</b>	<b>7,090,878</b>	<b>7,179,131</b>	<b>(1.2%)</b>
<b>Total equities and liabilities</b>	<b>8,650,613</b>	<b>8,866,205</b>	<b>(2.4%)</b>

**Non-current assets** registered a slight drop of 2.7% compared to the level registered on December 31, 2018, especially due to the drop of the net value of the tangible assets by acknowledging the amortization for the first semester of 2019. The impact of the period’s depreciation was partially compensated by the investments performed for Units 1 and 2 Cernavoda NPP.

**Current assets** recorded a slight decrease of 1.6% compared to December 31, 2018, mainly due to the decrease of cash liquidities (cash, cash equivalents and bank deposits) and commercial receivables and other receivables.

**Long-term debts** decreased by 8,5%, as compared to the values recorded on December 31, 2018. The decrease is mainly caused by the decrease of the long term portion of the external credits contracted from Societe Generale and EURATOM for building and starting up Unit 2 Cernavoda NPP, following

the reclassification of the outstanding installments in the short-term portion, gradually with the maturity of the credits.

**Current debts** decreased by 5.6% compared to the values registered on December 31, 2018, based on the decrease of the payable profit tax, partially compensated by the increase of the other current debt elements, mainly commercial debts and other debts and advance revenues.

## 2.2. Profit and loss account for the 6-month period that ended on June 30, 2019

During the period of 6 months that ended on June 30, 2019, SNN recorded a net profit of 290,661 thousand lei.

Indicator [thousand RON]	6-month period ended on June 30, 2019 (reviewed)	6-month period ended on June 30, 2018 (reviewed)	Variation
<b>Production (GWh)*</b>	4,919	4,969	(1.0%)
Operating income, out of which:	1,208,559	1,006,687	20.1%
<i>Income from electricity sales**</i>	<i>1,181,738</i>	<i>968,625</i>	<i>22.0%</i>
Operating expenses, minus impairment and depreciation	(569,502)	(519,334)	9.7%
<b>EBITDA</b>	<b>639,057</b>	<b>487,353</b>	<b>31.1%</b>
Impairment and depreciation	(274,872)	(272,099)	1.0%
<b>EBIT</b>	<b>364,185</b>	<b>215,254</b>	<b>69.2%</b>
Net financial result	(4,063)	14,936	n/a
Net corporate tax expense	(69,461)	(47,876)	45.1%
<b>Net profit</b>	<b>290,661</b>	<b>182,314</b>	<b>59.4%</b>

\*Electricity produced and delivered by Cernavoda NPP in the National Energy System.

\*\*Including revenues from the sale of thermal energy, insignificant in the total revenues.

**The Operational profit** (EBITDA) increased by 31.1% as compared to the same period of the previous year, mainly following the increase of operational revenues by 20.1%, influenced by the increase by 22% of the revenues from the sale of electricity.

**The Operating income** increased by 20.1%, influenced by the 22.1% increase in the weighted average price of the electricity sold in the first half-year of 2019 as compared to the weighted average price in the first half-year of 2018, given the sale of a total quantity of electricity over the period January 1 - June 30, 2019 similar to the total quantity sold over the period January 1 - June 30, 2018 (only 1% decrease).

As compared to the same period of the previous year, the quantity of electricity sold on the competition market of bilateral contracts increased by 9%, and benefited from an increase of the average sale price on this market by 18% (price without Tg), while the electricity quantity sold on the spot market (PZU) decreased by 35%, whereas an average sale price on this market higher by 38% (price without Tg) was registered.

Also, in the six-months period that ended on June 30, 2019, the Company sold approximately 0.1% of the energy on the regulated market (the Company did not sell energy on the regulated market in the six-months period that ended on June 30, 2018), at regulated price. For the year 2019, in order to

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comply with the provisions of the Government Emergency Ordinance no. 114/28.12.2018, ANRE issued Decision no. 326/2019, by which it established a quantity of energy to be sold by SNN on regulated contracts of 1,377 GWh (out of which 6.1 GWh for the period January 1 - June 30, 2019), and for the following years, the sales obligations based on regulated contracts for SNN to be set at a maximum level of 65% of the amount of electricity delivered. Also, ANRE established by said Decision the regulated price that must be used in 2019, i.e. 188.33 RON/MWh, value which does not include the tariff for electric energy transmission service paid to Transelectrica S.A. for the introduction of electricity in the electricity transmission network.

**Operating expenses** increased by 9.7% over the period January 1 - June 30, 2019, as compared to the same period of the year of 2018. This evolution is mainly determined by the increase of the expenses with the purchased electricity and the slight increase of personnel expenses, partially compensated by the decrease of the repair and maintenance expenses.

**Net currency exchange differences** negatively influenced the net result, so in the first half-year of 2019, net financial expenses were recorded, while in the same period of the previous year net financial revenues were recorded. The main currencies to which there are exposures are EUR and CAD.

The increase of the **corporate tax expense** diminishes the positive influences of the other elements. This increase was caused by the increase of taxable profit calculated for the first half-year of 2019 compared to that calculated for the same period of the previous year.

The profit and loss account for the period of 6 months ended on June 30, 2019 is presented in **Annex 2**.

### **2.3. The execution of the Revenues and Expenses Budget as of June 30, 2019**

The revenue and expenses budget ("BVC") of SNN for the year 2019 was approved by the Resolution of the General Assembly of Shareholders no. 6/20.05.2019.

The company is monitored regarding the compliance with the performance indicators, objectives and criteria, respectively the compliance with the salary payroll level, with the revenues and expenses level, the program to reduce the arrears and the outstanding receivables.

The execution of the Revenue and Expenses Budget on June 30, 2019 is presented in **Annex 3** to this report.

As per the analysis of the Budget of Revenues and Expenses execution as of June 30, 2019 (presented in **Annex 3**), a degree of accomplishment of the programmed operating revenues of 99.3% and a decrease of the operating expenses compared to the budgeted level of 12.5% results. The performance level of the total income is 98.9%, higher than the performance level of the total expenses of 87.1%.

## **3. OPERATIONAL ACTIVITIES**

### **3.1. Electricity production**

The gross production of electricity of the two operational units of CNE Cernavoda was 5,367,792 MWh in the first half-year of 2019 (of which 2,388,927 MWh in the second quarter of 2019); from this gross production, the own technological consumption of the Units during operation, and during the

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outages ensured from own production was 449 thousand MWh in the first half-year of 2019 (of which 212 thousand MWh in the second quarter of 2019).

Thus, the electricity produced and delivered in the National Energy System (“SEN”) was 4,918,714 MWh in the first half-year of 2019, compared to the same period of 2018 (4,969,271 MWh), representing a 1% decrease; in the second quarter of 2019 the quantity of electricity that was produced and delivered in SEN was 2,177,190 MWh, a 3% decrease compared to the level recorded in the second quarter of 2018, of 2,255,289 MWh.

The net electricity production program approved by the Board of Directors for 2019 (February 2019 revision) considered a quantity of 10,228,403 MWh; out of this quantity, for the first half-year of 2019, the production program considered a quantity of 4,790,566 MWh, being implemented in a percentage of 102.7% and for the second quarter of 2019 it considered a quantity of 2,066,616 MWh, being implemented in a percentage of 105.4%.

The installed power usage factor, recorded by each operational unit within CNE Cernavoda during the second quarter of 2019, and cumulated since the start of the commercial usage (Unit 1 on December 2nd, 1996, Unit 2 on November 1st, 2007) until June 30, 2019 was the following:

Cernavoda NPP unit	Cumulated first quarter 2019	April 2019	May 2019	June 2019	Cumulated First semester 2019	Cumulated from the commercial exploitation
Unit 1	96.69%	96.47%	95.96%	94.46%	96.16%	90.66%
Unit 2	99.80%	99.53%	7.63%	73.96%	79.68%	93.94%

The lower value of the factor for using the installed capacity at Unit 2 CNE Cernavoda reflects the influence of the scheduled outage for an actual duration of 850.6 hours, registered as of May 3, 2019, 11:00, completed on June 7, 2019, 21:22. The unplanned extension of the scheduled outage of Unit 2 CNE Cernavoda lasted for 98.4 hours, and the initial planned moment of the re-synchronization was June 3, 2019, 19:00.

### 3.2. Electricity sales

Within the activity of electricity trading, the Company is obligated to submit letters of bank guarantee to certain contractual partners, according to the provisions stipulated in the electricity sale-purchase contracts. Mainly, these refer to: the contract concluded with C.N. Transelectrica S.A. for electricity transportation (a letter of bank guarantee is not necessary given the status of good payer; the contract provides the situations where the security is mandatory); the agreement concluded with OPCOM S.A. for electricity trading on PZU (Next Day Market ) and PI (Intra-daily Market); regulated contracts, concluded with last resort providers, based on ANRE Decision no. 326/2019; contracts concluded on the PCCB – NC platform (centralized market of bilateral electricity contracts – the trading method according to which contracts are awarded by Continuous Negotiation); contracts concluded on the PCSU platform (centralized market for the universal service), plus tender procedure securities; the agreement for PE (balancing market) concluded with C.N. Transelectrica S.A. and the contract concluded with Ciga Energy S.A. for PE representation.

For the purpose of this activity, over the first half-year of 2019, 7 letters of bank guarantee were issued, out of which, for 3 letters of bank guarantee, collateral deposits were set up at the equivalent

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amount. The cumulated value thereof is of RON 27,889,284, out of which, for RON 20,012,775, collateral deposits have been set up. Over the period January 1 - June 30, 2019, a number of 24 collateral deposits were liquidated related to the letters of bank guarantee amounting to RON 36,967,531, issued in 2018. On June 30, 2019, there are in the balance 42 letters of bank guarantee amounting to RON 127,082,234, out of which, for 32 letters of bank guarantee, there are collateral deposits set up amounting to RON 100,621,998.

The quantities of electricity sold in the first half-year of 2019 and the corresponding incomes, separated by types of sale contracts, are presented in the table below:

#### Electricity sales (quantities, prices and values) in the first half-year of 2019

Sales by types	Quantities in MWh	% of total sales	Average price [Ron/MWh with Tg included]	Revenues from sales [Ron]
Sales on the regulated market	6,100	0.1%	189.51	1,156,011
Sales on the free market (bilateral contracts and PZU sales), out of which:	5,091,397	99.6%	231.62	1,179,269,082
- Sales on PCCB - LE, PCCB - NC, PCSU, PC - OTC contracts and supply contracts	4,400,917	86.1%	233.66	1,028,300,818
- PZU sales	690,480	13.5%	218.64	150,968,264
PE positive imbalances <sup>*)</sup>	14,827	0.3%	165.28	2,450,621
<b>Total sales in the first half-year of 2019</b>	<b>5,112,324</b>	<b>100%</b>	<b>231.38</b>	<b>1,182,875,714</b>

<sup>\*)</sup> NB: RON 104,201 of the value presented represents redistributed revenues resulted from the balancing of the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018.

The electricity quantity sold based on contracts, on the spot market (PZU) and on PE is 5,112,324 MWh, 2.9% more than the sales program, of 4,968,531 MWh (sized on the production estimate, without estimating unplanned outages) and 0.26% less than the electricity quantity sold in the same period of 2018.

The difference between the electricity sold by the Company and the electricity produced and delivered by CNE Cernavoda (194 thousand MWh) is represented by the electricity purchased for the full coverage of the contractual obligations, an electricity quantity that was purchased 56% from the Centralized Markets, 36% from the spot market and the rest from PE.

The revenues obtained from the electricity market related to electricity deliveries in the first half-year of 2019 are 1,182,875,714 lei (out of which 104,201 lei represents redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018), 0.16% higher than the budget revenues for the first semester of 2019, and 21.8% higher than the revenues in the same period of the previous year.

According to the sales strategy, 9 contracts for purchase on the Centralized Markets were concluded between August 2018 and April 2019, for a constant power of 145 MWh, with delivery in May 2019, at an average price of 210.93 lei/MWh which partially covered the sale obligations assumed by the contracts whose average weighted price in May 2019 was 216.03 lei/MWh.

The average weighted sale price, for the electricity quantities sold (without the regulated market and PE), resulted in the first half-year of 2019, is of RON 231.62/MWh (including T<sub>g</sub>). For comparison, the weighted average price of all the transactions performed on the markets on which SNN operated in the first semester of 2019 (PCCB - LE, PCCB - NC, PCSU and PZU), calculated based on the values published by OPCOM in the monthly market reports, is 233.93 lei/MWh. In the first semester of 2018 the average weighted sale price, for the energy quantities sold (without PE) was 189.63 lei/MWh (including T<sub>g</sub>).

Following the Government Emergency Ordinance no. 114 / 28.12.2018, amending and supplementing Electricity and natural gas law no. 123/2012, by establishing the supply of electricity under conditions regulated by ANRE for household clients, between March 1<sup>st</sup>, 2019 and February 28<sup>th</sup>, 2022 and introducing as an additional obligation of manufacturers to deliver last-instance suppliers, between March 1<sup>st</sup>, 2019 and February 28<sup>th</sup>, 2022, the electricity that is necessary for ensuring the consumption of household consumers for which regulated fees are applied, ANRE issued Order no. 10 / February 01, 2019 for approving the Methodology for setting the prices for the electricity sold by the manufacturers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by the manufacturers with last-instance suppliers. ANRE sets for the manufacturers in the indicated period obligations to sell firm quantities of electricity based on regulated contracts. For 2019, the estimated quantity to be attributed to SNN for regulated contracts is 1,377 GWh (out of which 6.1 GWh for the period January 1 - June 30, 2019), and for the following years, the sale obligations based on the regulated contracts attributed to SNN shall be set to a maximum level of 65% of the delivered electricity quantity. Also, ANRE set by annual decision the regulated price that must be charged during the current year; the regulated price is set based on economically justified costs, i.e. cost plus profit margin, using a methodology approved by ANRE.

In the first half-year of 2019, the energy quantities sold based on contracts concluded on the regulated market were compliant with ANRE Decision no. 326/25.02.2019. ANRE established a regulated price for SNN of RON 188.33 /MWh (without T<sub>g</sub>).

The sold electricity quantities on the competitive market of bilateral contracts represented in the first half-year of 2019 a percentage rate of 86% out of the total volume of the sold energy. The average sale price on bilateral contracts in the first half-year of 2019 was RON 233.66 /MWh (with T<sub>g</sub>), recording an increase of 18.2% as compared to the average price recorded in the first half-year of 2018, of RON 197.68 /MWh (with T<sub>g</sub>); given the fact that the values of the electric power input transport fee in the T<sub>g</sub> network were the following: RON 1.05 /MWh for the period July 1, 2017 - June 30, 2018, according to ANRE Order no. 48/22.06.2017 and RON 1.18 /MWh for the period July 1, 2018 - June 30, 2019, according to ANRE Order no. 108/20.06.2018.

On the spot market (PZU), during the first half-year of 2019, a quantity of electricity representing 13.5% of the total sale volumes was sold, compared to the percentage share of 20.6% recorded in the same period of 2018. The energy average selling price on the spot market (PZU) achieved by SNN in the 1st half-year of 2019 was 218.64 lei/MWh (with T<sub>g</sub> included), compared to 158.73 lei/MWh (with T<sub>g</sub> included) recorded during the same period of 2018.

In the first semester of 2019, SNN implemented 195 energy sale contracts, as follows:

- 4 regulated contracts;
- 110 contracts concluded on PCCB - LE;
- 65 contracts concluded on PCCB - NC;

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- 13 contracts concluded on PCSU;
- one transaction concluded on PC - OTC;
- 2 supply contracts for 2 end users.

No contracts were terminated and no significant delays were notified compared to the due payment terms provided in the contracts during the first half-year of 2019. In all the cases in which there have been delays, the Company sent notifications and charged penalties according to the contractual provisions.

The quantities of energy sold in Q2 2019 and the corresponding incomes, separated on types of sale contracts, are presented in the table below:

#### Electricity sales (quantities, prices and values) during the second quarter of 2019

Sales by types	Quantities in MWh	% of total sales	Average price [Ron/MWh with Tg included]	Revenues from sales [Ron]
Sales on the regulated market	3,000	0.1%	189.51	568,530
Sales on the free market (bilateral contracts and PZU sales), out of which:	2,351,305	99.5%	219.17	515,340,627
- Sales on PCCB - LE, PCCB - NC, PCSU, PC - OTC contracts and supply contracts	1,927,959	81.6%	224.08	432,026,210
- PZU sales	423,346	17.9%	196.80	83,314,417
PE positive imbalances <sup>*)</sup>	9,100	0.4%	142.71	1,298,640
<b>Total sales in the second quarter of 2019</b>	<b>2,363,405</b>	<b>100%</b>	<b>218.84</b>	<b>517,207,798</b>

<sup>\*)</sup> NB: RON 86,453 of the value presented represents redistributed revenues resulted from the balancing of the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018.

The electricity quantity sold based on contracts, on the spot market (PZU) and on PE is 2,363,405 MWh, 5.7% more than the sales program, of 2,236,653 MWh (sized on the production estimate, without estimating unplanned outages) and by 0.13% higher than the electricity quantity sold in the second quarter of 2018.

The difference between the electricity sold by the Company and the electricity produced and delivered by CNE Cernavoda (186 thousand MWh) is represented by the electricity purchased for the full coverage of the contractual obligations, an electricity quantity that was purchased 58% from the Centralized Markets, 37% from the spot market and the rest from PE.

The revenues obtained from the electricity market related to electricity deliveries in the second quarter of 2019 are 517,207,798 lei (out of which 86,453 lei represents redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018), 0.17% higher than the budget revenues for the second quarter of 2019, and 20.6% higher than the same period of the previous year.

The average weighted sale price, for the electricity quantities sold (without the regulated market and PE), resulted in the second quarter of 2019, is of RON 219.17/MWh (including Tg). In the second quarter of 2018 the average weighted sale price, for the energy quantities sold (without PE) was 181.84 lei/MWh (including Tg).

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The sold electricity quantities on the competitive market of bilateral contracts represented in the second quarter of 2019 a percentage rate of 81.6% out of the total volume of the sold energy. The average sale price on bilateral contracts in the second quarter of 2019 was 224.08 lei/MWh (with  $T_g$  included), registering an increase of 18% compared to the average price registered in the second quarter of 2018, of 189.77 lei/MWh ( $T_g$  included), given that  $T_g$  in the second quarter of 2018 was lower by 0.13 lei/MWh.

On the spot market (PZU), over the second quarter of 2019, a quantity of electricity representing 17.9% of the total sale volumes was sold, as compared to the percentage share of 24.4% recorded over the second quarter of 2018. The energy average selling price on the spot market (PZU) achieved by SNN in the second quarter of 2019 was 196.8 lei/MWh (with  $T_g$  included), compared to 157.48 lei/MWh (with  $T_g$  included) recorded during the same period of 2018 (PZU and PI).

In the second quarter of 2019, SNN implemented 125 energy sale contracts, as follows:

- 4 regulated contracts;
- 77 contracts concluded on PCCB - LE;
- 32 contracts concluded on PCCB - NC;
- 10 contracts concluded on PCSU;
- 2 supply contracts for 2 end users.

### **3.3. Expenses in the energy market**

In the first half-year of 2019, the total value of the expenses on the electric power market, incurred by SNN, is of RON 48,632,644, out of which RON 7,014,594 represent expenses on the balancing market (PE), RON 5,803,810 represent  $T_g$  (the regulated tariff paid to CN Transelectrica SA for the injection of the electric power produced by Cernavoda NPP in the electric power transport network), RON 8,209 represent the expenses consisting in the equivalent value of the green certificates required to be purchased for the supplied electric power, RON 417,618 represent the tariffs paid to OPCOM SA for the sale and purchase transactions carried out on the platforms managed by OPCOM S.A.

In the first half-year of 2019 the expenses with the purchase of electricity from the Centralized Markets were 22,755,240 lei – for 107,880 MWh, and those from the spot market (PZU and PI) were 12,431,922 lei – for 68,755 MWh. The expenses with electricity purchase (Centralized Markets and spot market) amounted to 35,187,162 2017 lei (first half-year of 2018: 20,878,364 lei), for the purpose of ensuring the full compliance with the electricity delivery contractual obligations during the planned outage (including the unplanned outage, following the extension of the planned outage) of Unit 2 CNE Cernavoda; the purchased quantity of electricity was 176,635 MWh (first half-year of 2018: 110,415 MWh), at an average price of 199.21 lei/MWh (first half-year of 2018: RON 189.09/MWh).

The PE expenses in the first half-year of 2019 were 7,014,594 lei, and the purchased electricity quantity was 16,975 MWh (first half-year of 2018: RON 11,069,836, with the purchased quantity of electric power amounting to 45,666 MWh). This amount represents the equivalent value of the energy received from PE for compensating the negative unbalance, which occurred because of the differences between the energy quantities that were actually delivered and the quantities notified on the market according to the daily estimates for each hourly interval, and the value of the unbalance from notification, the penalties for the partial delivery of the balancing energy and redistributed costs resulted from the system balancing, based on ANRE Order no. 76/2017 and ANRE Order no. 31/2018.

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In the second half-year of 2019, the total value of the expenses on the electric power market, incurred by SNN, is of RON 39,543,003, out of which RON 3,665,036 represent expenses on the balancing market (PE), RON 2,568,963 represent Tg (the regulated tariff paid to CN Transelectrica SA for the injection of the electric power produced by Cernavoda NPP in the electric power transport network), RON 4,104 represent the expenses consisting in the equivalent value of the green certificates required to be purchased for the supplied electric power, RON 212,456 represent the tariffs paid to OPCOM SA for the sale and purchase transactions carried out on the platforms managed by OPCOM S.A.

In the second quarter of 2019 the expenses with the purchase of electricity from the Centralized Markets were 22,755,240 lei – for 107,880 MWh, and those from the spot market (PZU and PI) were 12,431,922 lei – for 68,755 MWh. The expenses with electricity purchase (Centralized Markets and spot market) amounted to 35,187,162 lei (second quarter of 2018: 17,866,753 lei), for the purpose of ensuring the full compliance with the electricity delivery contractual obligations during the planned outage (including the unplanned outage, following the extension of the planned outage) of Unit 2 CNE Cernavoda; the purchased quantity of electricity was 176,635 MWh (second half-year of 2018: 97,219 MWh), at an average price of 199.21 lei/MWh (second quarter of 2018: RON 183.78/MWh).

The purchases associated to the unplanned extension of the planned outage of Unit 2 CNE Cernavoda on the spot market (PZU and PI) were in total value of RON 6,881,850, for a total quantity of 34,854 MWh, at an average price of 197.45 RON/MWh.

The PE expenses in the second quarter of 2019 were 3,665,036 lei, and the purchased electricity quantity was 9,580 MWh (second quarter of 2018: RON 966,749, with the purchased quantity of electric power amounting to 7,766 MWh).

The expenses with purchases of electricity and negative imbalances were higher in the second quarter of 2019 than in the second quarter of 2018. The additional contracting during the planned outage, having the role of optimizing the portfolio of contracts and its extension led to the increase of the purchased electricity quantity, at a purchase price higher than the previous period.

### **3.4. The investment program on June 30, 2019**

The total value of the investment program of SNN for 2019 is 256,548 thousand RON (without the component allocated to the payment of the debt service related to long-term loans), a program approved by Resolution no. 6/20.05.2019 of the Ordinary General Assembly of Shareholders of SNN.

The comparative situation of the investment accomplishments (value and percentage) for the first half-year of 2019 compared to the same period of 2018 is presented in the table below:

<b>Year</b>	<b>Value of the investment program [thousand RON]</b>	<b>Performed (01.01 - 30.06) [thousand RON]</b>	<b>Achievement level (01.01 - 30.06) (%)</b>
2019	256,548	136,948	53.4%
2018	244,867	74,582	30.5%

As in the previous years, Nuclearelectrica S.A. structured its investment development program on objectives defined in relation to the needs of the production branches (Cernavoda NPP and Pitesti NFF), so as to achieve a high level of utilization of the production capacity (EAF Energy Availability

Factor) in compliance with the nuclear safety norms and the long-term maintenance of the level of excellence in the operation of the plant. At the same time, the goal of the development program is to cover the necessity to upgrade/refurbish certain systems, for economic reasons (specific consumption reductions, improvement of certain parameters related to served processes, with a positive impact on efficiency), and legal ones – the need to implement upgrades associated with nuclear security, environment protection and labor security, representing imperative requirements from the regulatory authorities in the field.

### ***Analysis of the completion degree of the investment program on June 30, 2019***

The investment program of SNN for 2019 annexed to BVC was value-sized by considering the ongoing contractual commitments, the estimates regarding the investment objectives to be made, including amounts allocated to investment projects for which the fulfillment of certain requirements outside the control of SNN is anticipated (e.g. prior approvals of regulation authorities, legal terms regarding the completion of public tender procedures, including appeals, obtaining the necessary approvals from SNN corporate bodies, etc.), in order to allow the implementation of these projects by fitting into the approved budget values. The budget engagement degree on June 30, 2019 is over 95%, and the remaining unengaged investment objectives are in various procurement procedure implementation stages. The budget engagement represents the sum of all the endeavors of the company in implementing investments, including already concluded contracts, an advanced progress in obtaining authorizations, approvals, etc., controlled by the company.

The largest investment programs planned to be finalized in 2019 are: acquisition of horizontal and vertical flow detector extraction equipment of the Hesir type, replacing the control part of an excitation system at Unit 2, modules DICA 10 and 11, as well as stage 1 of the modernization and extension of the Physical Protection System. In addition, the investment program includes inspections and capital repairs carried out at Unit 2 during the planned shutdown, other investment projects required within NPP, NFF and the headquarters, as well as investment objectives with completion in the next years.

In the first half-year of 2019, the investment regarding “Equipment for extracting HESIR horizontal and vertical flow detectors” was completed, and for the investments regarding “Replacement of the control section of the excitation system 2-41280-PL 1615 at Unit 2” and “DICA – Module 10” the reception of the works is scheduled for the end of July 2019.

Out of the investment projects provided in the investment program we mention:

- **“Planned outage of Unit 2 CNE Cernavoda (regular general inspections and capital repairs”**: budgeted 79,628 thousand lei – the value degree of implementation as of June 30, 2019 is 69.6%. Although the planned outage of Unit 2 of CNE Cernavoda ended on June 7, 2019, the final value of the implementation degree is to be determined after the completion and acceptance of the inspection report.

- **“Burnt fuel intermediary storage (including SICA Unit 2)”**: budgeted 12,925 thousand lei – the value achievement degree as of June 30, 2019 is 43.8%. In the period January - June 2019, the necessary costs for the intermediary storage of the burnt fuel were delivered according to the contractual schedule. The assembly works for modules 10 and 11 of the type Macstor 200, as well as the procurement procedure for “Physical Protection Expansion Integration Services to Include Combustion Fuel Storage Modules 9, 10 and 11 DICA-CR 27853” are in progress. The completion of Module 10 is estimated for the end of July 2019.

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- **“Modernization and expansion of the physical security system”**: budget 19,736 thousand lei – the achievement value degree on June 30, 2019 is 15.5%. The priority 2 stage 1 physical-protection works for supplementing the physical-protection system of CNE Cernavoda are in progress.

- **“Improving the CNE Cernavoda response, respectively the nuclear security functions in case of events outside the design bases following the nuclear accident occurred at the Fukushima 1 nuclear plant, Japan”**: budget 31,270 thousands lei - achievement value degree as of June 30, 2019 is 38.9%. Within the objective of changing the destination of the existing constructions on the site of Unit 5, the technical and economic documentation for the design activities was completed, and addendum 5 to the contract was signed, after the completion of the project and the approval of the economic documentation by Cernavoda NPP.

- **“Extending the life cycle of unit 1 by re-tubing the reactor and refurbishing the main systems (studies)”**: budget 3,665 thousand RON - the achievement value degree as of June 30, 2019 is of 6.9%. The procurement procedure for the assessment of the state of the systems and components of the Unit 1 (Condition Assessment) is in the final phase, of verifying the DUAE support documents. It is estimated that the contract will be estimated until the end of August. The integrated engineering service procurement procedure in relation to the extension of the lifecycle to 245,000 EFPH is the stage of analyzing the technical offers and formulating clarifications. The procurement procedure for “Engineering services for drafting the Feasibility Study regarding the Administration of Radioactive Waste generated during the refurbishing of Unit 1 and during the operation after refurbishing” has been launched, and the deadline for submitting tenders is the end of August 2019. The procurement for “Technical and economic documentation regarding the solution for replacing the nuclear fuel channels, calandria tubes and feeders (ICCTCF) of the reactor of Unit 1 of CNE Cernavoda” is to be launched.

- **“Fittings”**, representing procurements of goods and other investment expenses: budgeted at RON 70,999 thousand – the value degree of implementation on June 30, 2019 is 58.8%.

During the first half-year of 2019, it was necessary to identify the inclusion in the investment project for 2019 the common project COG – JP 4597/4400 “Pressure Tube Integrated Material Surveillance Program” (PT-IMSP), with an implemented value in this period of RON 7,359 thousand.

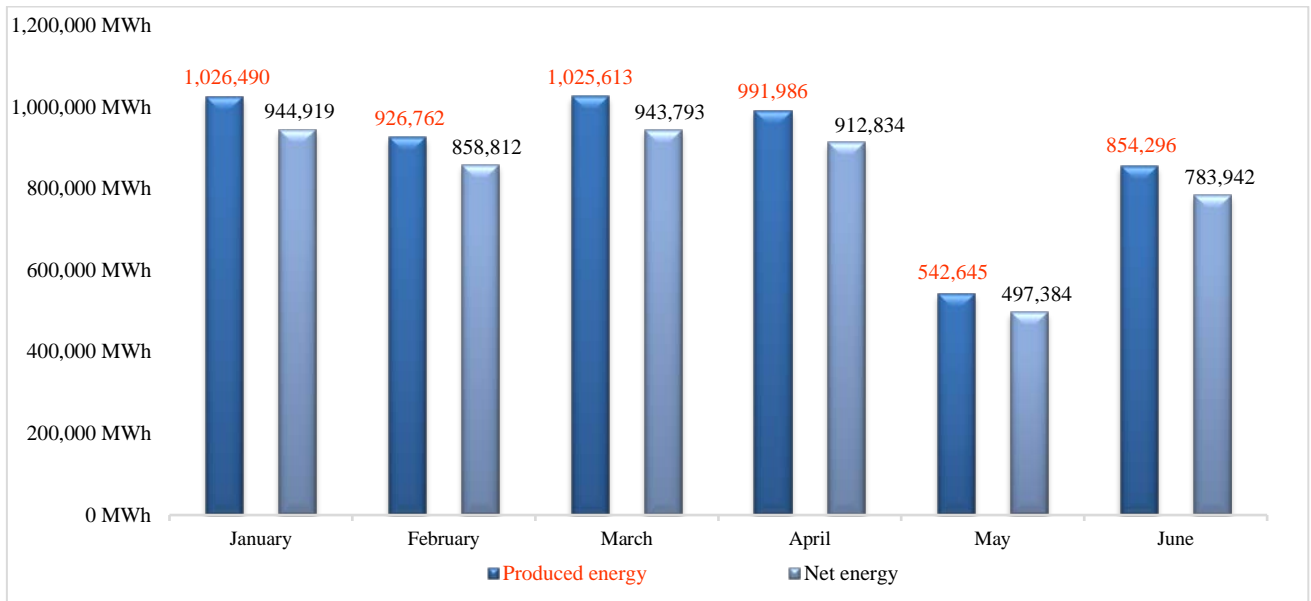
### 3.5. Activity of the Cernavoda NPP Branch

The operation activity was conducted without events that might have impact an impact on nuclear safety, upon the own personnel, population and environment. The relationship with the regulators was conducted in compliance with the requirements and conditions in the operation licenses.

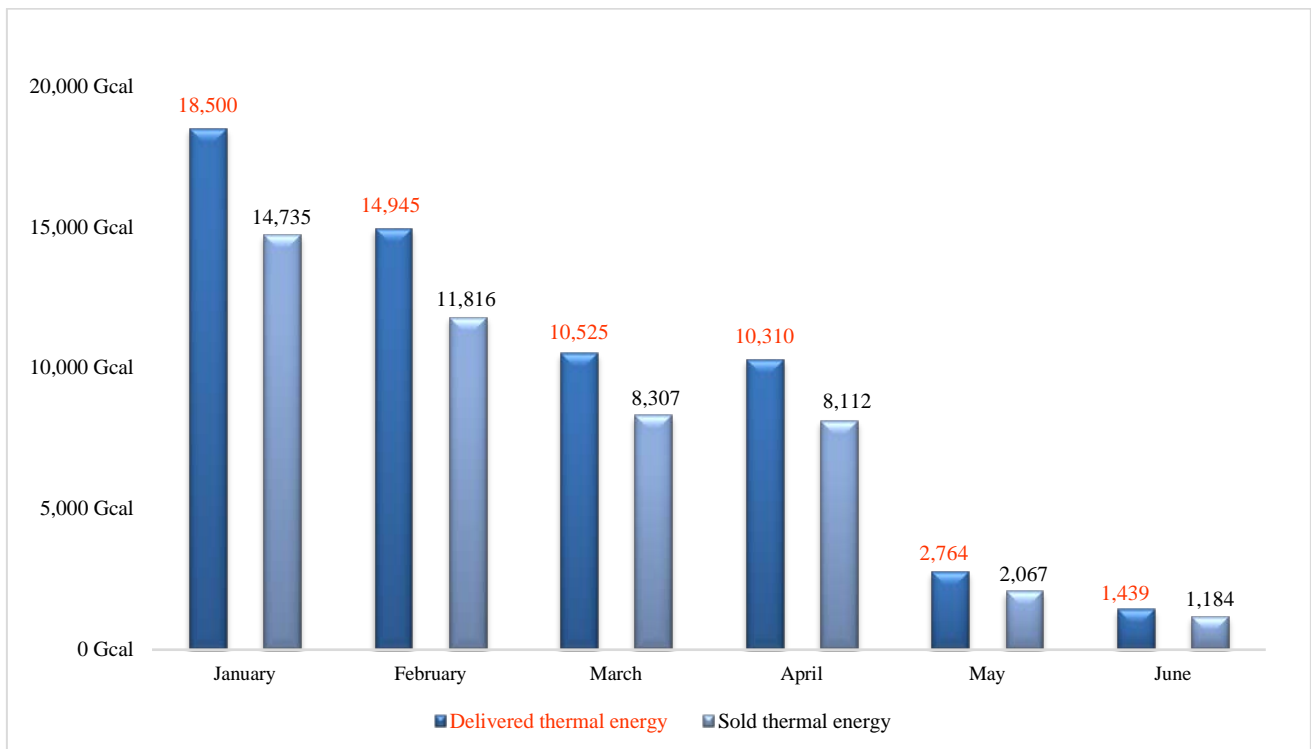
Over the 6-month period that ended on June 30, 2019, no operation event exceeding level 1 on the international scale of the nuclear events was registered, regarding the degrading of the in depth defense barriers, impact on the site or outside (INDICATOR 1).

The main indicators of the production activity are shown in the following graphics.

**Produced/net electrical energy U1 + U2 (MWh)**  
**(Produced electrical energy: 5,367,792/Net electricity delivered: 4,941,684)**  
**(Own technological consumption cumulated for 2019: 8,02%)**



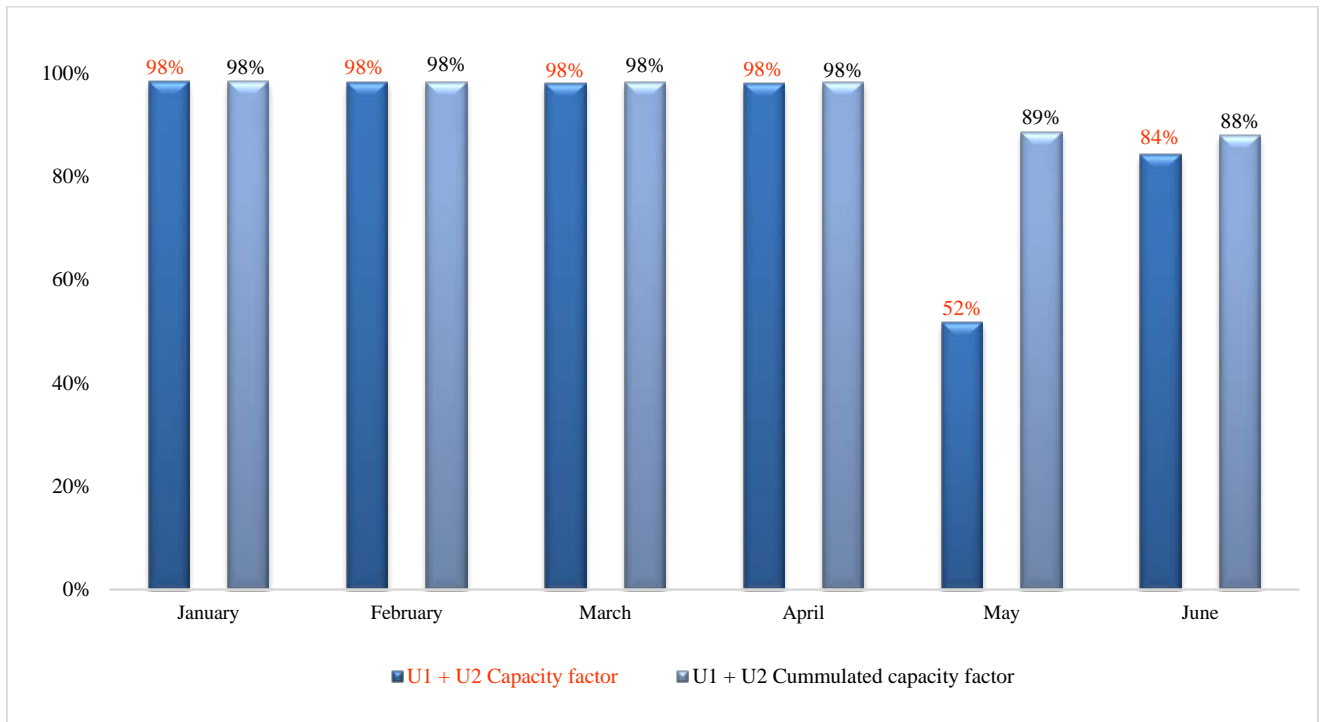
**Thermal energy delivered to the district heating/sold (Gcal)**  
**(Delivered thermal energy: 58,483/Sold thermal energy: 46,221)**



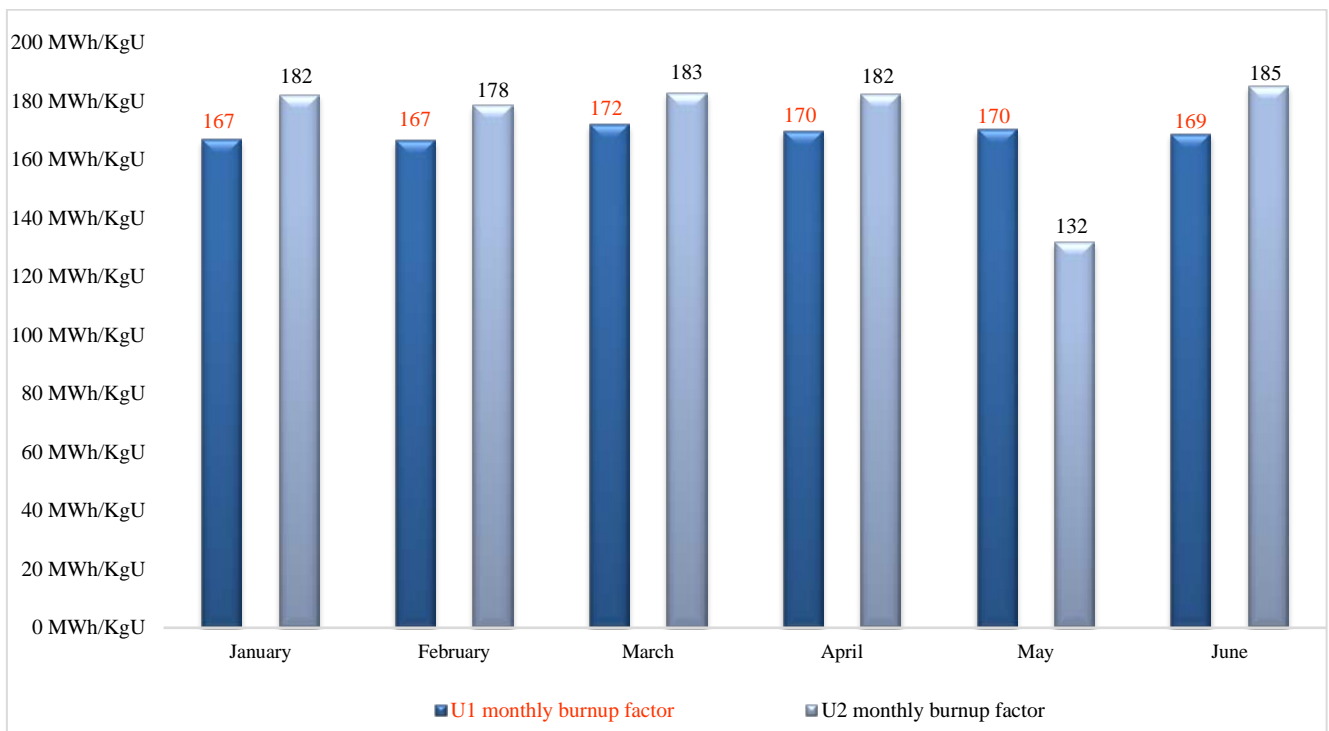
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**Installed capacity factor U1 + U2 (%)**  
**(Cumulated 2019: 87.92%)**



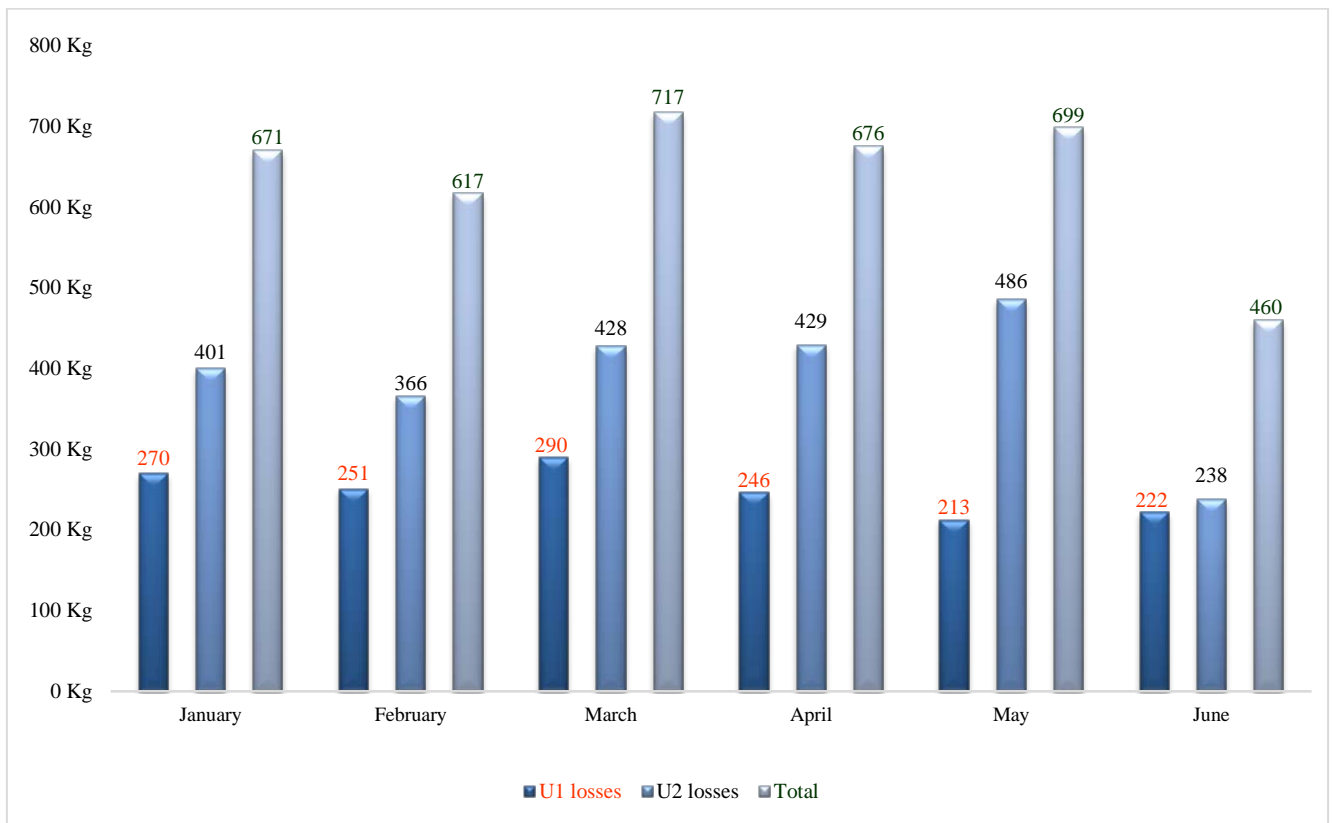
**Nuclear fuel burn up degree (MWh/KgU)**  
**(Cumulated 2019: 174/Provided in the project: min. 156)**



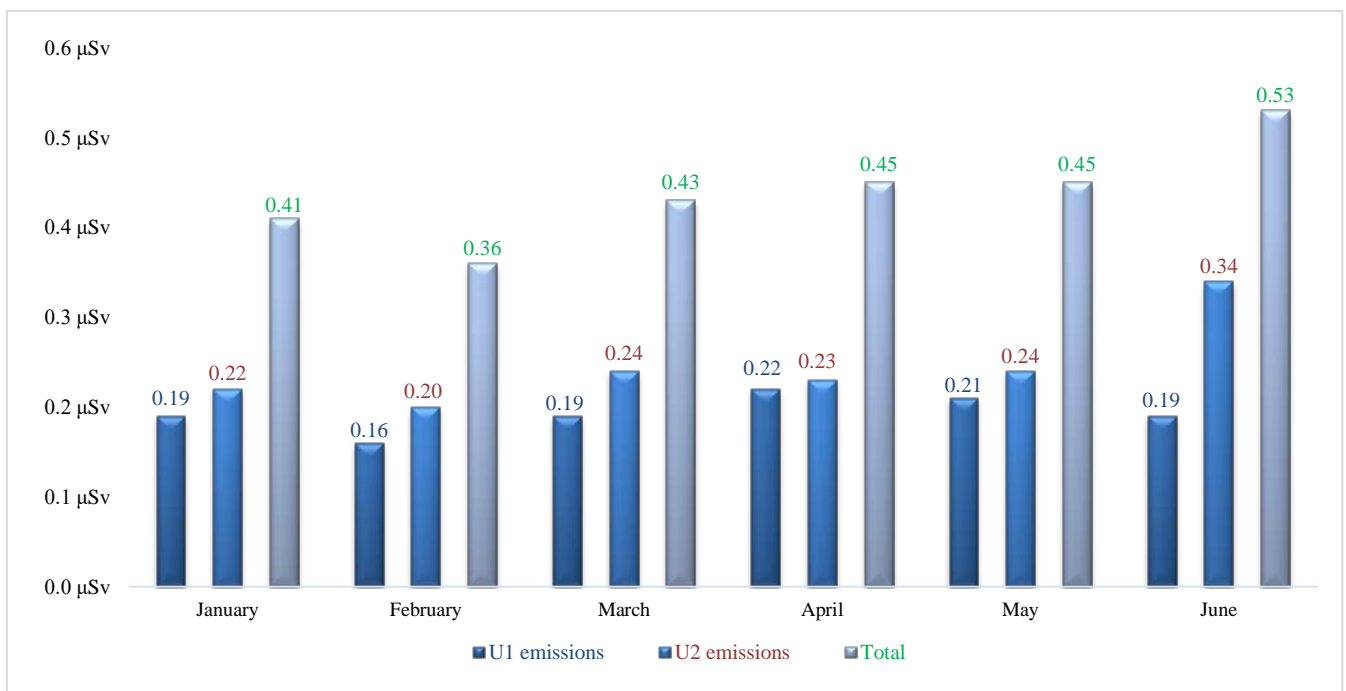
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**Heavy water loss U1+U2 (Kg)**  
**(Cumulated 2019: 3,839/Provided: max. 10,280)**



**Volume of radioactive emissions in the environment U1+U2 (µSv)**  
**(Total cumulated 2019: 2.63/Annual limit: 250)**



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### **3.6. Activity of the Pitesti NFF Branch**

In the first half-year of 2019, the Pitesti NFF Branch manufactured, controlled and accepted 5,909 nuclear fuel bundles, according to the manufacture plan, all of them within the specifications, and the production of nuclear fuel bundles increased by 1% compared to the same period of 2018, when 5,841 bundles were manufactured, inspected and accepted.

In the period January 1 - June 30, 2019, the Pitesti NFF branch delivered to Cernavoda NPP a quantity of 5,760 nuclear fuel bundles (first half-year of 2018: 5,040 bundles), and complied with the agreed delivery schedule.

In the first half-year of 2019, for the production of nuclear fuel, sintered uranium dioxide powder was consumed, at an average price of RON 392.68 /kg, from the existing stock on January 1, 2019, and from the purchases from CNU (National Company of Uranium) - Feldioara Branch and Cameco Canada.

## **4. OTHER SIGNIFICANT ASPECTS**

### **4.1. The Project for Units 3 and 4 Cernavoda NPP**

The main benchmarks for continuing the Project Units 3 and 4 CNE Cernavoda in the first semester of 2019 are the following:

- In the period January 21 - 23, 2019, a meeting of the mixed work group Romania - China took place regarding IGA, and the following actions were identified: (1) the JVCO establishment as soon as possible to support the implementation of CfD in Romania, ongoing process; (2) the Romanian party to finalize the preparatory technical measures in view of submitting to the Romanian Parliament and to the European Commission the legislative amendments and updates associated with the adoption of the CfD mechanism; (3) SNN and CGN to resume negotiations on the Investors Agreement (“IA”) in preliminary form.
  
- In meeting of February 4, 2019, the SNN Board of Directors approved the revised mandate of the SNN Negotiating Committee to negotiate the IA and the Articles of Incorporation (“AI”) in a preliminary form to allow the establishment of JVCo by initial minimal cash contribution, calibrated to the development needs of the Project.
  
- On March 15, 2019, the discussions regarding the IA in preliminary form, and the AI of JVCo were finalized.
  
- By Resolution no. 4/10.04.2019 of the Extraordinary General Assembly of Shareholders, the following activities regarding Units 3 and 4 Cernavoda NPP were approved:
  1. Approval of the Preliminary Form of the Investors Agreement regarding Units 3 and 4 Cernavoda NPP concluded between China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment (RO) CO.S.A. and S.N. Nuclearelectrica S.A. (item 2 of EGMS agenda from April 10, 2019);
  2. Approval of the authorization of the Chairman of the Board of Directors of S.N. Nuclearelectrica S.A. to sign the Preliminary Form of the Investors Agreement (item 1 above), in the name and on behalf of the Company (item 3 of EGMS agenda from April 10, 2019);

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3. Approval of the authorization of the Board of Directors of S.N. Nuclearelectrica S.A. to initiate and carry out the necessary steps to finalize the Articles of Incorporation of the project company, in accordance with the provisions set in the Preliminary Form of the Investors Agreement (item 1 above); the mandate thus granted to the Board of Directors of SNN may be assigned to the executive management, and the final form of the Articles of Incorporation of the project company will be submitted for the approval of the Extraordinary General Meeting of Shareholders of SNN (item 5 of EGMS agenda from April 10, 2019).

- On May 8, 2019, SN Nuclearelectrica SA and China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment signed the Preliminary Form of the Investors Agreement regarding the continuation of the Units 3 and 4 Cernavoda NPP Project.
- Resolution no. 9/29.07.2019 of the Extraordinary General Assembly of Shareholders approved the endorsement of the SNN Board of Directors to approve the modification of the deadlines/due dates provided in the preliminary form of the Investors' Agreement related to the Project for Units 3 and 4 of CNE Cernavoda.

#### **4.2. The litigation initiated by the Union of Cernavoda NPP and employees of the Cernavoda NPP Branch**

On the docket of the Constanta Court, a case was filed against SNN, no. 5802/118/2017, and its scope is unpaid salary rights, representing the equivalent value of the occupational risk (hazardous conditions) bonus, and the plaintiff is the Union of Cernavoda NPP on behalf of 757 employees of the Cernavoda NPP Branch.

The company deems these claims as groundless, as all due salary rights were paid to the employees, including the amounts of money that are subject to this litigation. The court rejected the exception of the work authority on trial, invoked by SNN, as groundless, and approved the evidence with documents and accounting studies, and prorogated the technical study related to the classification in the radiological risk areas after SNN submitted the documents. The following hearing is on September 27, 2019.

#### **4.3. The litigation initiated by the Free Union Energetica Nucleara '90 and employees of the Cernavoda NPP Branch**

On the docket of the Constanta Court, a case was filed against SNN, no. 7036/118/2017, and its scope is unpaid salary rights, representing the equivalent value of the occupational risk (hazardous conditions) bonus, and the plaintiff is the Energetica Nucleara '90 on behalf of 291 employees of the Cernavoda NPP Branch.

The company deems these claims as groundless, as all due salary rights were paid to the employees, including the amounts of money that are subject to this litigation. The court approved the evidence with documents and accounting study, and prorogated the technical expertise related to the classification in the radiological risk areas after SNN submitted the documents. The following hearing is on September 27, 2019.

#### **4.4. The litigation initiated by S.N. Nuclearelectrica S.A. against ArcelorMittal Galati S.A.**

The Court of Appeal of Galati approved the appeal filed by plaintiff S.N. Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by the Court of Law of Galati, Civil Section II in file no. 3490/121/2015, and fully changed the appealed judgment and, in the retrial stage, partially approved the case. Ordered defendant ArcelorMittal S.A. to pay to the plaintiff S.N. Nuclearelectrica S.A. the amount of RON 8,575,245.78, as damage compensations. Rejected as groundless the appeal filed against the judgment of May 26, 2016 issued by the Court of Law of Galati in file no. 3490/121/2015. Ordered the defendant to pay to the plaintiff the amount of RON 142,132.97, trial expenses - merits and appeal, with the right to recourse. S.N. Nuclearelectrica S.A. notified ArcelorMittal Galati S.A. for the payment of RON 1,394,378.75 that is outstanding in order to fully comply with the payment obligation imposed by the Resolution of the Court of Appeal representing damage compensations and the equivalent value of trial expenses, which ArcelorMittal Galati S.A. paid by bank transfer on July 11, 2019.

#### **4.5. Amendment of the Articles of Incorporation of the Company**

By Resolution no. 2/04.01.2019 of the Extraordinary General Assembly of Shareholders, the amendment of the Articles of Incorporation of SNN, according to the report submitted to the shareholders for this item on the agenda (item 2 of the EGMS agenda of January 4, 2019), was approved. The amendment is as follows: adding par. (7) to art. 8 which is specifying that the Board of Directors is authorized, for a period of three years, to increase the share capital by issuing new shares in exchange for the contributions of the shareholders up to an authorized capital value of RON 3,015,427,983.

#### **4.6. Activities approved for the increase of the share capital**

Resolution no. 2/04.01.2019 of the Extraordinary General Assembly of Shareholders approved the following activities for the increase of the share capital:

1. The appointment by the Trade Registry Office attached to the Bucharest Court of Law of an authorized assessor to appraise the land located on 23 Energiei Street, Cernavoda, Constanta County, in order to increase the share capital of S.N. Nuclearelectrica S.A., as per the note forwarded to the shareholders with regard to this item of the agenda (item 3 of EGMS agenda from January 4, 2019);
2. Conferral of power to the Board of Directors for S.N. Nuclearelectrica S.A. share capital increase up to a maximum value of authorized registered capital of RON 3,015,427,983 lei, according to the note forwarded to the shareholders in relation to this item of the agenda (item 4 of EGMS agenda from January 4, 2019).

#### **4.7. Appraisal mission lead by the World Association of Nuclear Operators “WANO”**

By the Current Report published on January 30, 2019, S.N. Nuclearelectrica S.A. is notifying the shareholders and investors on the appraisal mission lead by the World Association of Nuclear Operators “WANO” between 5 – 12 November 2018. This appraisal, carried out at the request of S.N. Nuclearelectrica S.A., by a team of 25 international experts sent by nuclear power plants from all over the world, concluded that the level of nuclear security at Cernavoda NPP is high.

#### **4.8. Changes in the management of the Company**

By Resolutions no. 2/04.02.2019 and no. 3/04.02.2019, SNN Board of Directors has approved the appointment of the Chief Executive Officer, Deputy Executive Officer and Chief Financial Officer for a period of 4 years, starting on February 11, 2019, as follows: Mr. Cosmin Ghita – as Chief Executive Officer; Mr. Dan Laurentiu Tudor – as Deputy Executive Officer and Mr. Adrian Gabriel Dumitriu – as Chief Financial Officer.

#### **4.9. Approval of regulated prices and quantities for the period March 1, 2019 - December 31, 2019**

By the Current Report published on February 27, 2019, S.N. Nuclearelectrica S.A. informs the shareholders and the investors about the Decision of the National Energy Regulatory Authority no. 326/25.02.2019, according to which S.N. Nuclearelectrica S.A. has the obligation to sell 1,377,328,968 MWh on the regulated market between March 1, 2019 - December 31, 2019 (March - April 2019, and July - December 2019, respectively), representing 13.4% of the total production schedules for 2019 at the regulated price of RON 188.33/MWh. This regulated price does not include the electricity transmission fee, in the amount of RON 1.18 / MWh (according to the Order of the National Regulatory Authority for Energy No. 108 / 20.06.2018).

#### **4.10. Signing the Memorandum of SNN – NuScale Power**

On March 19, 2019 a Memorandum of Agreement was signed with NuScale Power for an exchange of technical and economic information on the innovative nuclear technology developed by NuScale Power: nuclear power plant based on light water modular reactors to provide electricity, heat, desalination. This technology is the first and only technology subject to a certification assessment by the Nuclear Regulatory Commission of the United States, globally. The purpose of this Memorandum is to evaluate the development, authorization and construction of small modular reactors as a potential long-term solution for Romania.

#### **4.11. Approving the distribution of the net profit of financial year 2018**

By Resolution no. 5/23.04.2019 of the Ordinary General Assembly of Shareholders of SNN the distribution of the net profit for the financial year 2018 by destinations was approved, the total value of gross dividends in value of RON 378,914,310, the value of the gross dividend per share in value of RON 1.25670615, the dividend payment date, namely the date of June 28, 2019 and the payment methods, according to the report submitted to the shareholders for this item of the agenda (item 5 of EGMS agenda from April 23, 2019).

#### **4.12. Planned outage of Unit 2 CNE Cernavoda**

Starting from May 3, 2019 at 11:00, Unit 2 CNE Cernavoda entered the planned outage program and the synchronization with the National Energy System was made on June 7, 2019 at 22:00.

During the period of planned outage made once every two years, more than 9,000 activities of the following programs were carried out:

- Preventive and corrective maintenance program;
- Inspection program;

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- The mandatory testing program during the period of planned outages, according to the requirements of the National Committee for Nuclear Activities Control which can be made only with the plant stopped;
- Program for implementation of the project modifications by certain systems/equipment/components.

All the objectives of the planned outage were achieved under safety conditions for the staff of the plant, for the public and the environment, according to the procedures approved used by CNE Cernavoda Branch.

#### 4.13. Major litigations

The situation of the major litigations (in amount of over 500 thousand lei) and of the monetary unevaluated ones in progress on June 30, 2019 is presented in **Annex 4**.

#### 4.14. Other information

The half-yearly report of the Board of Directors for the first semester of 2019 is accompanied by the Revised Simplified Individual Interim Financial Statements on the date and for the period of 6 months that ended on June 30, 2019; these financial statements are published on the website of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), section Relations with Investors.

### 4. MAIN ECONOMIC FINANCIAL INDICATORS ON 30.06.2019

SNN performances are reflected in the accomplishment of the main economic financial indicators, as follows:

Indicator name	Calculation method	M.U.	Value 30.06.2019 <sup>*)</sup>
<b>1. The current liquidity indicator</b>	Current assets/ Current debts	x	4.06
<b>2. Indebtedness degree indicator</b>			
2.1. Indebtedness degree indicator (1)	Borrowed capital/ Equity x 100	%	8.4%
2.1. Indebtedness degree indicator (2)	Borrowed capital/ Engaged capital x 100	%	7.8%
<b>3. Turnover speed, for client debit items</b>	Average customer balance/ Turnover x 180	days	21
<b>4. Asset turnover speed<sup>**)</sup></b>	Turnover/ Non-current assets	x	0.37

<sup>\*)</sup> Based on the Revised Simplified Individual Interim Financial Statements on the date and for the 6 month period ended on June 30, 2019.

<sup>\*\*)</sup> The asset turnover speed is calculated by updating the quarterly turnover (360 days/180 days).

## 5. ACHIEVEMENT DEGREE OF THE KEY PERFORMANCE INDICATORS

By Resolution no. 12/28.09.2018 of the Ordinary General Meeting of the Shareholders of SNN, the structure of the Board of Directors of SNN was approved, for a 4-year term, starting with September 28, 2018, as follows:

<b>Item no.</b>	<b>Name and surname</b>	<b>Date of mandate expiry</b>
1.	Iulian – Robert Tudorache <sup>*)</sup>	28.09.2022
2.	Cosmin Ghita <sup>**)</sup>	28.09.2022
3.	Dumitru Remus Vulpescu	28.09.2022
4.	Cristian Gentea	28.09.2022
5.	Elena Popescu	28.09.2022
6.	Cristian Dima	28.09.2022
7.	Mihai Daniel Anitei	28.09.2022

<sup>\*)</sup> *Chairman of the Board of Directors of SNN, in virtue of the Resolution of the Board of Directors no. 165/02.10.2018.*

<sup>\*\*)</sup> *Also occupies the position of General Manager of SNN.*

By the Resolution of the Board of Directors no. 187/29.10.2018, the administration component of the Administration Plan was approved. By the Resolution of the Board of Directors no. 33/07.03.2019, the management component of the Administration Plan and the overall Administration Plan were approved.

By Resolution no. 3/10.04.2019 of the Ordinary General Meeting of Shareholders of SNN no. 3/10.04.2019, the following were approved:

- the financial and non-financial performance indicators that will form the annex to the contract of mandate of non-executive directors;
- the equivalent value corresponding to the annual variable component of the remuneration of non-executive directors of the company, amounting to 12 monthly fixed allowances;
- the form of the addendum to be concluded to the contract of mandate of the company's non-executive directors.

The mandate contracts and the addendums to the mandate contracts signed by SNN with the members of the Board of Directors provide their key performance indicators, and the quarterly and annual targets for 2019 - 2022. According to the provisions of the mandate contracts (section 5 of Annex 3 to the mandate contracts), the total achievement percentage of the key performance indicators is calculated for each quarter.

The calculation of the total achievement percentage of the key performance indicators for the first quarter of 2019 and the second quarter of 2019 is annexed to this report.

The achievement degree of the key performance indicators is determined by the total achievement percentage of the key performance indicators, in relation to the achievements to the weights of each short, medium and long term indicator. The achievement degree of the key performance indicators is limited to the 100% threshold, even if the achievements exceed the targets proposed by the mandate contract.



Thus, the indicators of the key performance indicators were achieved 95% for the first quarter of 2019 (so over the 75% threshold) and 100% for the second quarter of 2019 in total, for each member of the Board of Directors:

<b>Mandate contract</b>	<b>Achievement level First quarter of 2019</b>	<b>Achievement level Second quarter of 2019 (cummulated)</b>
Board of Directors	95%	100%

**Iulian Robert Tudorache,  
Chairman of the Board of Directors**

**Approved,  
Adrian Gabriel Dumitriu,  
Chief Financial Officer**

**Annex 1 - Financial position statement as of June 30, 2019**

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>(reviewed)</b>	<b>(audited)</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	6,227,703,592	6,364,461,135
Intangible assets	56,301,624	54,834,052
Financial investments	141,689,201	141,689,201
Financial assets	64,291,386	110,451,459
<b>Total non-current assets</b>	<b>6,489,985,803</b>	<b>6,671,435,847</b>
<b>Current assets</b>		
Inventories	380,856,096	368,742,400
Trade receivables and other receivables	161,279,378	183,694,590
Prepayments	69,090,605	10,201,321
Bank deposits	41,363,543	20,954,979
Cash and cash equivalents	1,508,037,353	1,611,175,766
<b>Total current assets</b>	<b>2,160,626,975</b>	<b>2,194,769,056</b>
<b>Total assets</b>	<b>8,650,612,778</b>	<b>8,866,204,903</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital, out of which:	3,210,641,253	3,210,641,253
<i>Subscribed and paid in share capital</i>	<i>3,015,138,510</i>	<i>3,015,138,510</i>
<i>Inflation adjustments to the share capital</i>	<i>195,502,743</i>	<i>195,502,743</i>
Share premiums	31,474,149	31,474,149
Reserve paid in advance	21,553,537	21,553,537
Revaluation reserve	242,686,801	257,407,532
Retained earnings	3,584,521,861	3,658,054,141
<b>Total own equity</b>	<b>7,090,877,601</b>	<b>7,179,130,612</b>
<b>Liabilities</b>		
<b>Long-term debts</b>		
Long term loans	597,621,593	683,967,469
Provisions for risks and expenses	182,537,293	182,883,283
Deferred revenues	107,584,962	114,757,293
Deferred tax liability	100,820,536	102,644,715
Obligations regarding employees benefits	38,617,348	38,617,348
<b>Total long term liabilities</b>	<b>1,027,181,732</b>	<b>1,122,870,108</b>
<b>Current liabilities</b>		
Accounts payable and other liabilities	218,521,266	197,107,880
The current share of provisions for risks and expenses	44,465,419	33,831,052
Current tax liability	18,973,465	98,958,158
Deferred revenues	41,101,719	30,913,233
Current share of the long-term borrowings	209,491,576	203,393,860
<b>Total current liabilities</b>	<b>532,553,445</b>	<b>564,204,183</b>
<b>Total liabilities</b>	<b>1,559,735,177</b>	<b>1,687,074,291</b>
<b>Total equities and liabilities</b>	<b>8,650,612,778</b>	<b>8,866,204,903</b>

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**Annex 2 - Profit and loss account for the 6-month period ended on June 30, 2019**

	<b>3-month period that ended on June 30, 2019 (unreviewed)</b>	<b>3-month period ended on June 30, 2018 (unreviewed)</b>	<b>6-month period ended on June 30, 2019 (reviewed)</b>	<b>6-month period ended on June 30, 2018 (reviewed)</b>
<b>Incomes</b>				
Sales of electricity	516,302,109	427,379,354	1,181,738,098	968,624,843
Proceeds from electric power transmission	2,568,964	2,367,945	5,803,810	5,217,522
<b>Total revenues</b>	<b>518,871,073</b>	<b>429,747,299</b>	<b>1,187,541,908</b>	<b>973,842,365</b>
Other income	11,681,477	7,753,906	21,017,962	32,845,094
<b>Operational expenses</b>				
Impairment and depreciation	(138,480,117)	(136,595,688)	(274,872,313)	(272,098,843)
Personnel expenses	(118,348,313)	(118,793,029)	(233,780,362)	(205,019,781)
Cost of traded electricity	(36,640,275)	(10,833,501)	(42,201,756)	(31,948,200)
Repairs and maintenance	(21,830,278)	(36,720,040)	(31,603,656)	(50,095,717)
Electricity transmission expenses	(2,568,964)	(2,367,945)	(5,803,810)	(5,217,522)
Cost of spare parts	(6,078,907)	(9,157,678)	(9,774,582)	(11,869,136)
Cost of nuclear fuel	(22,683,004)	(24,037,226)	(50,905,952)	(51,508,890)
Other operating expenses	(105,958,539)	(83,973,512)	(195,432,059)	(163,674,714)
<b>Total operating expenses</b>	<b>(452,588,397)</b>	<b>(422,478,619)</b>	<b>(844,374,490)</b>	<b>(791,432,803)</b>
<b>Operating profit</b>	<b>77,964,153</b>	<b>15,022,586</b>	<b>364,185,380</b>	<b>215,254,656</b>
Financial expenses	(7,012,346)	(26,387,361)	(38,796,971)	(31,715,965)
Financial revenues	20,428,268	21,383,582	34,734,215	46,651,551
<b>Net financial revenues (expenses)</b>	<b>13,415,922</b>	<b>(5,003,779)</b>	<b>(4,062,756)</b>	<b>14,935,586</b>
<b>Profit before income tax</b>	<b>91,380,075</b>	<b>10,018,807</b>	<b>360,122,624</b>	<b>230,190,242</b>
Net income tax expense	(20,004,197)	(4,702,678)	(69,461,325)	(47,875,836)
<b>Profit for the period</b>	<b>71,375,878</b>	<b>5,316,129</b>	<b>290,661,299</b>	<b>182,314,406</b>

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## Annex 3 - The execution of the Revenues and Expenses Budget as of June 30, 2019

								thousand RON	
		Indicators	Row no.	Budget Second quarter of 2019 (approved by AGOA Resolution no. 6/20.05.2019)	Achieved second quarter of 2019	% Achieved vs. Approved [Col. 5/Col. 4]	Variation (abs.) [Col. 5 - Col. 4]	Variation (abs.) [Col. 7/Col. 4]	
1		2	3	4	5	6	7	8	
I.		<b>TOTAL REVENUES (Row 2 + Row 5 + Row 6)</b>	1	1,257,122	1,243,343	98.9%	(13,779)	(1.1%)	
	1.	<b>Total operating income, out of which:</b>	2	1,217,032	1,208,609	99.3%	(8,423)	(0.7%)	
		c <sub>1</sub> Subsidies, in compliance with the legal provisions in force	3	-	-	-	-	-	
		c <sub>2</sub> Transfers, in compliance with the legal provisions in force	4	-	-	-	-	-	
	2.	<b>Financial revenues</b>	5	40,900	34,734	86.6%	(5,356)	(13.4%)	
	3.	<b>Extraordinary revenues</b>	6	-	-	-	-	-	
II.		<b>TOTAL EXPENSES (Row 8 + Row 20 + Row 21)</b>	7	1,014,426	883,221	87.1%	(131,205)	(12.9%)	
	1.	<b>Operating expenses (Row 9 + Row 10 + Row 11 + Row 19)</b>	8	964,817	844,424	87.5%	(120,393)	(12.5%)	
	A.	<b>Expenses with goods and services</b>	9	361,469	238,710	66.0%	(122,760)	(34.0%)	
	B.	<b>Expenses with taxes, duties and similar payments</b>	10	75,168	74,987	99.8%	(181)	(0.2%)	
	C.	<b>Personnel expenses (Row 12 + Row 15 + Row 17 + Row 18)</b>	11	240,472	238,627	99.2%	(1,845)	(0.8%)	
	C <sub>0</sub>	<b>Salaries expenses (Row 13 + Row 14)</b>	12	218,214	216,372	99.2%	(1,842)	(0.8%)	
	C <sub>1</sub>	<b>Salary expenses</b>	13	188,219	187,092	99.4%	(1,127)	(0.6%)	
	C <sub>2</sub>	<b>Bonuses</b>	14	29,995	29,279	97.6%	(715)	(2.4%)	
	C <sub>3</sub>	<b>Other personnel expenses, out of which:</b>	15	-	-	-	-	-	
		a) Expenses with compensations for early release of personnel	16	-	-	-	-	-	
	C <sub>4</sub>	<b>Expenses related to the mandate contract and other control authorities, commissions and committees</b>	17	3,095	3,092	99.9%	(3)	(0.1%)	
	C <sub>5</sub>	<b>Expenses related to social protection, special funds and other legal obligations</b>	18	19,163	19,163	100.0%	0	-	
	D.	<b>Other operational expenses</b>	19	287,707	292,100	101.5%	4,393	1.5%	
	2.	<b>Financial costs</b>	20	49,609	38,797	78.2%	(10,812)	(21.8%)	
	3.	<b>Extraordinary expenses</b>	21	-	-	-	-	-	
III.		<b>GROSS RESULT (profit/loss) (Row 1 – Row 7)</b>	22	242,697	360,123	148.4%	117,426	48.4%	
IV.		<b>CORPORATE TAX</b>	23	51,619	69,461	134.6%	17,843	34.6%	
V.		<b>PROFIT AFTER CORPORATE TAX</b>	24	191,078	290,661	152.1%	99,583	52.1%	

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**Annex 4 – Major litigations in progress on June 30, 2019 (over 500 thousand RON), including the non-monetary evaluated ones**

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
<b>SNN Executive</b>								
1.	2183/115/2010	Civil Court of Law Caras - Severin	Creditor	S.C. CET Energoterm Resita S.A.	Insolvency Bankruptcy Receivable 580,974.21 lei	Merits	Sentence no. 59/2019 ordered the closure of the insolvency procedure.	-
2.	9089/101/2013	Civil Court of Law Mehedinți	Creditor	Autonomous Administration for Nuclear Activities (RAAN)	Insolvency. Winding-up bankruptcy. Claim 7,828,405.48 lei	Merits	Procedure in progress. In virtue of art. 107 par. 1 let. c of Law no. 85/2006. Orders the start of the procedure for the bankruptcy of the debtor. In virtue of art. 107 par. 2 of Law no. 85/2006. Appoints as a temporary legal liquidator Euro Insol SPRL.	26.09.2019
3.	7238/120/2012	Civil Court of Law Dambovită	Creditor	S.C. Eco Energy S.R.L.	Bankruptcy Claim 2.464.059,64 lei	Merits	The closure of the insolvency procedure was ordered by Resolution no. 68 of 04.03.2019 and the notification of the Trade Register Office attached to the Dambovită Tribunal for the mention of deregistration.  Admits the proposal of the legal liquidator Aurora Insolvency I.P.U.R.L., on the proposal of closure of the simplified insolvency procedure against the debtor S.C. Eco Energy S.R.L. In virtue of art. 131 of the Insolvency Law. 85/2006, closes the simplified insolvency procedure against the debtor S.C. Eco Energy S.R.L, the creditors being: D.G.R.F.P. Ploiesti by the County Administration of Public Finances Dambovită, A.N.R.E., OET Obedineni Energinii Targovtsi OOD – Bucharest Branch, The National Company for Electricity Transmission „Transelectrica” S.A., Nuclearelectrica S.A., S.C. Enel Distribuție Banat S.A. and Transenergo Com S.A. Orders the deregistration of the company Eco Energy S.R.L. from the Trade Register. In virtue of art. 136 of Law no. 85/2006, releases the legal liquidator Aurora Insolvency I.P.U.R.L. of any duties and responsibilities regarding the procedure, de debtor and his estate, creditors, holders of securities. In virtue of art. 4 par. (4) of Law no. 85/2006, orders the payment to the legal liquidator Aurora Insolvency I.P.U.R.L, from the special liquidation fund managed by U.N.P.I.R., of the amount of RON 4,000, representing the fee, of the amount of RON 396.85, representing procedural expenses and of the amount of RON 571.20, representing the costs	Settled.

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**S.N. Nuclearelectrica S.A.**

Half - year report of the Board of Directors for January 1 - June 30, 2019

(All amounts are expressed in RON, unless otherwise specified.)

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							of archiving and storing the documents of the debtor company. In virtue of art. 135 of Law no. 85/2006, orders the notification of this judgement to D.G.R.F.P. Ploiesti – County Administration of Public Finances and the Trade Register Office attached to the Dambovita Tribunal for the mention of deregistration. With appeal within 7 days from the intimation. Passed in a public session today, March 4, 2019.	
4.	873/1259/2008	Civil Court of Law Arges	Creditor	Termoficare 2000 S.A.	Insolvency Bankruptcy. Claim 2.713.986,71 lei	Merits	Procedure in progress.	17.09.2019
5.	18770/3/2007	Civil Court of Law Bucharest	Creditor	S.C. Con - Dem S.A.	Insolvency Bankruptcy. Claim 2,446,227.08 lei. The receivable approved in the payment program is RON 2.079,293.02 (85% of the receivable accepted in the table).	Merits	Procedure in progress.	18.09.2019
6.	3793/2/2013	Administrative Court of Appeal High Court of Cassation and Justice	Appellee	Greenpeace CEE Romania	Cancellation of the resolution of the environmental agreement and of the environment agreement related to the Project Units 3 and 4.	Second appeal	<p>Merits</p> <p>Admits the exception of lack of object of the second head of the initial petition (cancellation of the environment agreement regarding the project "Continuation of the construction works and completion of Units 3 and 4"). Rejects head II of the initial petition filed in relation to the cancellation of the environment agreement for the project "Continuation of construction and completion works of Units 3 and 4 Cernavoda NPP", as devoid of object. Overrules the rest of the petition, as it was completed by the additional petition, as ungrounded.</p> <p>Second appeal</p> <p>The Decision No. 2100 dated June 23rd 2016. Accepts the second appeal filed by the Greenpeace CEE Romania Foundation and the Bankwatch Romania Association against the decision no. 1436 from May 9th, 2014 of the Bucharest Court of Appeal – Section 8th administrative and fiscal department. Reverses the appealed sentence and sends the cause back to the retrial towards the same Court. Final, today, June 23rd, 2016.</p>	25.03.2020

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							Retrial merits (CAB) Rejects the summons as ungrounded. With appeal within 15 days from the intimation. Decision no. 2208/2017.  Retrial recourse (IC CJ)	
7.	11661/3/2014	Bucharest Court of Appeal Bucharest Court of Law – Retrial	Appellee	S.C. Fondul Proprietatea S.A.	Finding the absolute nullity of EGMS Resolution no. 1/11.03.2014.	Appeal Retrial merits	On the merits (TB) Rejected the request of Fondul Proprietatea accepting the exception of the lack of interest reported to the object of the request.  Appeal CAB Admits the appeal of Fondul Proprietatea, cancels the sentence appealed and sends the case for retrial at the same Court. Final.  Substance retrial (TB) The court ruled the suspension of the case due to the fact that the Bucharest Court of Law and Craiova Court of Appeal asked the Court of Justice of the European Union for some clarifications regarding the possibility of the existence of state aid in relation to the projects that are the scope of EGMS Resolution no. 1/11.03.2014.  In the public session of 19.01.2019, the court takes note of the waiver of judgment. With appeal within 30 days from the intimation.  The request of appeal is submitted to the Bucharest Court of Law - 6 <sup>th</sup> Civil Department.  Document: Resolution 142/19.01.2018.	The judgement was waived.
8.	1794/118/2016	Criminal Court of Law Constanta	Civil party	Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor SC Davy Security S.R.L. as a civil	Prejudice EUR 3,471,463.	Merits	Merits In order to continue the judicial investigation. Discussing the evidence.	18.09.2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
				liability party by a legal administrator.				
9.	38724/3/2014	Bucharest Law Court Section II - administrative division	Third party under seizure	The Romanian State by the Ministry of Public Finance.	Appeal to the enforcement and cancelling all the foreclosure decisions from the foreclosure file 22/2014 creditors Multipack S.R.L., European Food S.A., Starmil S.R.L., Micula Ioan.	Merits	Merits In virtue of art. 413, par. 1, point 1 NCPC suspends the trial until the final resolution of case no. 15755/3/2014. With appeal throughout the suspension.	Suspended.
10.	3490/121/2015	Civil Court of Law Galati Court of Appeal Galati ICCJ	Plaintiff	S.C. ArcelorMittal Galati S.A.	Claims RON 8,575,245,78 difference amount energy sale made redundant and other associated expenses.	Merits	Merits Rejects the action to oblige the defendant to pay damages deriving from contract no. 207/22.02.2013 as ungrounded.  Appeal Approves the appeal filed by plaintiff S.N. Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by Galati Court of Law - Civil Section II in Case File no. 3490/121/2015. Fully changes the appealed judgment and, in retrial. Partially admits the action. Orders the defendant ArcelorMittal Galati S.A. to pay to the plaintiff S.N. Nuclearelectrica S.A. the amount of RON 8,645,467.52, as damage compensations. Rejects as ungrounded the appeal filed against the resolution of May 26,2016 of the same court. Orders the defendant to pay to the plaintiff the amount of RON 142,132.97, trial expenses - merits and appeal. Resolution no. 227/27.09.2017.  Second appeal  Upholding the appeal - Upholding the appeal - with motion to quash - Orders retrial.  Details of the solution Admits the appeal of the appellant-defendant S.C. ArcelorMittal Galati S.A. against civil judgment no. 227/A of September 27, 2017 issued by Galati Court of Law - Civil Section I, which it	

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Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							<p>annuls remanding the case for retrial to the same court. Final.</p> <p>Appeal</p> <p>Civil judgment no. 102/A approves the appeal filed by plaintiff S.N. Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by Galati Court of Law - Civil Section II in Case File no. 3490/121/2015. Fully changes the appealed judgment and, in retrial, partially approves the case. Orders the defendant ArcelorMittal Galati S.A. to pay to the plaintiff S.N. Nuclearelectrica S.A. the amount of RON 8,575,245.78, as damage compensations. Rejected as groundless the appeal filed against the judgment of May 26, 2016 issued by the Court of Law of Galati in file no. 3490/121/2015. Orders the defendant to pay to the plaintiff the amount of RON 142,132.97, trial expenses - merits and appeal.</p> <p>With the right to appeal, which is to be submitted to the Galati Court of Appeal, within 30 days after the issuance. Pronounced today, 26.06.2019, by making the solution available to the parties by the registry of the Court.</p> <p>Resolution no. 102/26.06.2019.</p>	
11.	4959/2/2015	Administrative Bucharest Court of Appeal ICCJ	Plaintiff	Court of Auditors	Measure annulment TRIPS	Merits	<p>Merits</p> <p>Admits the request. Partially cancels resolution no. 59/17.07.2015 issued by the defendant, regarding point 3. Partially cancels the Decision no. 16/11.05.2015 issued by the defendant regarding the measures ruled at point 5 and the measure no. I3. Partially cancels the Control Report no. 4371/10.04.2015 issued by the defendant regarding point 3.1.5. Forces the defendant to pay RON 4,550 trial expenses to the plaintiff.</p> <p>Second appeal</p> <p>Rejects the second appeal formulated by the appellant-defendant Court of Auditors of Romania against the judgment no. 2015 of June 10, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section in file no. 4959/2/2015, as ungrounded. Final. Pronounced in open session today, April 17, 2019.</p>	Settled. Final.
12.	4906/2/2015	Administrative Bucharest Court of Appeal ICCJ	Plaintiff	Court of Auditors	Measure annulment PURCHASES	Merits	<p>Merits</p> <p>According to art. 413 par. 1 point 1 from the Civil Procedure Code, it suspends the trial of the case until the final settlement of file</p>	Settled. Final.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							<p>no.62136/299/2015 of Bucharest Court of Law District 1. With appeal throughout the duration of the suspension. Resolution - Suspension 18.01.2016. Dismisses the action as groundless. With appeal within 15 days from intimation. Pronounced today, 10.10.2016. Dismisses the action as groundless. With appeal within 15 days from intimation. Pronounced in public session today, 10.10.2016. Resolution no. 2961/2016.</p> <p>Second appeal Rejects the second appeal formulated by the appellant - claimant S.N. Nuclearelectrica S.A. against the civil judgment no. 2961 of October 10, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII, as ungrounded. Final. Pronounced in open session today, May 24, 2019.</p>	
13.	4912/2/2015	Administrative Bucharest Court of Appeal ICCJ	Plaintiff	Court of Auditors	Measure annulment POLICIES D&O	Merits	<p>Merits Admits the request. Overrules the inadmissibility solution of the partial annulment petition of the control report no.4371/10.07.2015. Admits the action. Partially annuls Resolution no.59/17.07.2015, issued by the defendant regarding pt.10, Decision no. 16/11.05.2015 issued by the defendant regarding the measure disposed at pt.II.12 from the resolution, as well as pt. 3.1.10 from Control Report no.4371/10.04.2015 issued by the defendant. With appeal within 15 days from intimation. Decision no.173/26.01.2016.</p> <p>Second appeal Rejects the second appeal formulated by the defendant Court of Auditors of Romania against the judgment no. 173 of January 26, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII, as ungrounded. Final. Pronounced in public session today, February 20, 2019.</p>	Settled. Final.
14.	4946/2/2015	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors Intervener General Concrete	Measure annulment GENERAL CONCRETE	Merits	<p>Merits In relation to the absence of the expertise report, delays the case and reissues a letter to the expert under the sanction of applying a judiciary fine according to art. 187 of the Civil Procedure Code for not submitting the report in due time. Resolution 09.06.2017.</p>	03.10.2019

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**S.N. Nuclearelectrica S.A.**

Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
15.	4958/2/2015	Administrative Bucharest Court of Appeal ICCJ	Plaintiff	Court of Auditors	Measure annulment NON-RESIDENTS	Merits	<p>Merits</p> <p>Partially cancels resolution no. 59/17.07.2015, namely regarding the rejection of point VI from Appeal no. 6420/28.05.2015 and, consequently, cancels the measure taken under point II.8 from Resolution no. 16/11.05.2015 for removing the non-compliance presented under point 3 from the same resolution, as well as pt. 3.1.3 from Inspection Report no. 4371/10.04.2005. With appeal within 15 days from intimation. Pronounced on March 10th, 2016.</p> <p>Second appeal</p> <p>Rejects the appeal formulated by the defendant Court of Auditors of Romania against the judgment no. 793 of March 10, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII, as ungrounded. Final. Pronounced in public session today, May 15, 2019.</p>	Settled. Final.
16.	4964/2/2015	Administrative Bucharest Court of Appeal ICCJ	Plaintiff	Court of Auditors	Measure annulment JUDGMENTS	Merits	<p>Merits</p> <p>Admits the exception of inadmissibility of the application end relating to cancellation of point 3.1.7 from Control Report No. 4371/ 10.04.2015 invoked by the defendant. Dismisses as inadmissible the request for annulment of section 3.1.7 from Control Report No. 4371/10.04.2015. Dismisses as groundless the redundant actions. With appeal within 15 days from the intimation. The appeal shall be lodged with the Bucharest Court of Appeal. Decision no.373/09.02.2016.</p> <p>Second appeal</p> <p>Rejects the second appeal formulated by the claimant S.N. Nuclearelectrica S.A. against the civil judgment no. 373 of February 9, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII, as ungrounded. Final. Pronounced in public session today, May 14, 2019.</p>	Settled. Final.
17.	45494/3/2015	Bucharest Law Court Civil Section VI Court of Appeal	Plaintiff asked to pay a security	Managers S.N. Nuclearelectrica S.A. and GMS members.	Prejudice 708,407 lei. Execution of measure disposed by CC through the 2012 report regarding D&O	Merits	<p>Merits</p> <p>Rejects the exception of the invoked procedure quality by the defendants Grama Mioara, Popescu Lucia -Ioana, Chiriac Cristiana and Serbanescu Cristian Ovidiu. Admits the prescription exception.</p>	In the retrial stage.

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**S.N. Nuclearelectrica S.A.**

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(All amounts are expressed in RON, unless otherwise specified.)

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
					policies.		<p>Dismisses the request, stating as prescribed the right to action. Dismisses the application of calling in warranty as left without object. Compels the plaintiff to pay the following trial expenses: 8,226.53 lei towards the defendant Grama Mioara, 7,873.53 lei towards the defendant Popescu Lucia - Ioana and 7,925.79 lei towards the defendant Chiriac Cristiana. With appeal within 30 days from the intimation. Resolution no.7583/29.11.2016.</p> <p style="text-align: center;">Appeal</p> <p>Approves the appeal. Partially cancels the appealed judgment regarding the approval of the exception of prescription of the amount of 6,465 EUR paid on 01.03.2011, of the amount of 3,397 EUR paid on 02.05.2011, of the amount of 39,250 EUR paid on 07.06.2011 and the accessories of these amounts and regarding the granting of trial expenses. Sends the case for retrial to the same court in these limits. Maintains the appealed judgement undecided. With second appeal within 30 days from communication. The appeal shall be lodged with the Bucharest Court of Appeal. Pronounced in public session today, 15.12.2017.</p> <p style="text-align: center;">Second appeal</p> <p>Approves the appeals formulated by defendants Budulan Pompiliu and Teodor Minodor Chirica, Chiriac Cristiana, Grama Mioara, Popescu Lucia Ioana, Serbanescu Cristian - Ovidiu against civil judgment no. 2250 of December 15, 2017 issued by the Bucharest Court of Appeal - Civil Section V, which it cancels and sends the case for retrial to the same court. Final.</p>	
18.	1367/2/2016	Administrative Bucharest Court of Appeal ICCJ	Plaintiff	National Agency for Fiscal Administration	Administrative act cancellation - Resolution no. 25/29.01.2016.	Merits	<p style="text-align: center;">Merits</p> <p>Dismisses the action as groundless. With appeal within 15 days from intimation. Resolution no. 2656/21.09.2016.</p> <p style="text-align: center;">Second appeal:</p> <p>Admits the second appeal formulated by the plaintiff S.N. Nuclearelectrica S.A. against the civil judgment no. 2656 of September 21, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII. Cancels the appealed ruling and, in retrial, admits the request of the plaintiff Societatea Nationala Nuclearelectrica S.A. Cancels Decision no. 25/29.01.2016 issued by the National Agency for Fiscal Administration – DGSC on the settlement of the plaintiff's appeal. Compels the defendant to the settlement on the merits of the appeal against the Notice of assessment no. F-MC 2261/08.10.2015 on the</p>	Settled. Final.

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Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							additional fiscal obligations to be paid set by the fiscal inspection for legal persons issued by the Directorate general for the administration of large taxpayers. Compels the defendant to pay the amount of RON 50 to the plaintiff as trial expenses. Final. Pronounced in open session today, March 01, 2019.	
19.	409/2/2016	Bucharest Court of Appeal	Civil Party	Tudor Ion Criminal group House of insolvency Banat liquidator CET Energo term Resita.	Tax evasion offenses, bribery, corrupt practices RON 580,974.21.	Merits	Procedure in progress.	20.08.2019
20.	6874/3/2016	Court of Law Bucharest	Defendant	Nuclear and Radioactive Waste Agency (ANDR)	Claims 131,080.08 Euros contributions according to HG [Government Decision] no. 1080/2007 for 2010 - 2012. Contributions for 2013-2015 for the energy difference produced and the delivered one in SEN. Penalties 2010 - 2015 until the actual payment.	Merits	Merits Rejects the exception of the prescription of the material right to action as ungrounded. Rejects the summons as ungrounded. With appeal within 30 days from the intimation. Appeal Dismisses the appeal as reasonable. With appeal within 30 days from the intimation. Resolution no. 2006/21.11.2017. Second appeal Dismisses, as reasonable, the second appeal of the plaintiff Nuclear Agency and for Radioactive Waste (ANDR) against the civil decision no. 2006/A of November 21, 2017, pronounced by the Bucharest Court of Appeal – Section VI Civil. Final.	Settled. Final.
21.	41419/3/2016	Civil Court of Law Bucharest S II	Appellant-Defendant	Energoc Security S.R.L.	SNN claims: RON 330,074.32 Claims Energoc Security: RON 2,206,539.80	Merits	Merits Management of the evidence with accounting expertise.	03.09.2019
22.	5802/118/2017	Labor Constanta Court	Defendant	CNE Union for 757 employees	Monetary rights hazardous conditions bonus.	Merits	Merits Pending accounting expertise.	27.09.2019

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Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
23.	7036/118/2017	Labor Constanta Court	Defendant	SLEN union for 132 employees 159 plaintiffs on their own behalf	Monetary rights hazardous conditions bonus.	Merits	Merits Pending accounting expertise.	27.09.2019
24.	10032/3/2018	Civil Bucharest Court, Civil Section VII Sema CAB	Plaintiff	KDF Energy	Appeal against the measure of the judicial administrator against the measure of rejection as ungrounded of the demand for the payment of the current receivable of RON 561,600.	Merits	Merits Approves the appeal. Finds the receivable of creditor S.N. Nuclearelectrica S.A. in the amount of RON 561,600, representing a termination damage for the electricity sale-purchase contract on PCCB-LE no. 908 / 11.10.2016, as a current receivable, the payment of which shall be made under the conditions of art. 75 par. 3 and 102 par. 6 of Law no. 85/2014. With appeal within 7 days from the intimation. The appeal application is to be submitted to Bucharest Court of Law. Resolution no. 4452/10.07.2018.  Appeal Approves the appeals. Changes the appealed sentence, i.e. dismisses the appeal as reasonable. Final. Passed in a public session.  Document: Resolution no. 592/04.04.2019.	Settled. Final.
25.	26294/3/2018	Civil Bucharest Court of Law	Plaintiff	Davi Comfire	Estimated damage RON 1,915,490 + Legal interest and trial expenses.	Merits	Merits Dismisses the application as groundless. Dismisses the application requiring the defendant to pay the trial expenses, as groundless. Compels the plaintiff to pay to the defendant the amount of RON 7,000, as trial expenses, representing the lawyer's fee. With appeal within 30 days from the intimation. The request of appeal will be submitted to the Bucharest Court of Law, 6th Civil Department, under sanction of annulment. Pronounced today, April 22, 2019 by making the solution available to the parties by the registry of the Court.  Document: Resolution no. 1060/22.04.2019.	Settled. Merits.
26.	6471/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 1 of the Authentication - Energonuclear loan.	Merits	Merits Admits the action. Partially cancels Resolution no.29/31.07.2018, respectively point.1, and Decision no.5/08.06.2018, respectively the	Settled. Merits.

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Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							measure ordered at point.I.4 to remove the deviation described in point 4. Compels the defendant to pay the trial expenses. With appeal within 15 days from the intimation. The appeal shall be lodged with the Bucharest Court of Appeal. Pronounced today, 29.03.2019, by making the solution available to the parties by the registry of the Court. Document: Resolution no. 1229/29.03.2019.	
27.	6472/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 4 of the Authentication – Uranium.	Merits	Merits Admits the action. Partially cancels Resolution no.29/31.07.2018, respectively point.4, and Decision no.5/08.06.2018, respectively the measure ordered at point.I.8 to remove the deviation described in point 10. Compels the payment of trial expenses. With appeal within 15 days from the intimation. The appeal shall be lodged with the Bucharest Court of Appeal. Pronounced today, 29.03.2019, by making the solution available to the parties by the registry of the Court. Resolution no. 1230/29.03.2019.	Settled. Merits.
28.	6479/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 5 in the Decision - ROEL Xerox.	Merits	Merits Partially admits the petition. Solution in brief: partially approves the case. Partially cancels Authentication no. 29 / July 31, 2018 and judgment no. 5 / June 08, 2018, both issued by defendant C.C.R. only regarding the establishment of the damage related to the use of the respective equipment at the Ministry of Economy / Energy, only starting with the start date of the activities of the Negotiation commission for the Project of units 3 and 4 of Cernavoda (an order issued under section II.3 of judgment no. 5 / June 08, 2018, regarding which the administrative appeal was rejected by section 5 of Authentication no. 29/31.07.2018). Rejects the rest of the case. With appeal within 15 days from intimation. The appeal is submitted to C.A.B.-Sa-VIII-a C.A.F. The issuance is made by notifying the solution to the parties by the registry of the court, according to art. 396 par. 2 of the Civil Procedure Code. Resolution no. 1730/14.05.2019.	Settled. Merits.
29.	6481/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 3 of the Authentication - BVC substantiation.	Merits	Merits Dismisses the action as groundless. With appeal within 15 days from intimation; the appeal shall be submitted to the Bucharest	Settled. Merits.

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Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							Court of Appeal. Pronounced today, June 05, 2019, by making the solution available to the parties by the registry of the Court.  Judgment of June 05, 2019.	
30.	6487/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 2 of the Authentication - Non-increase of the share capital.	Merits	Merits Dismisses the action as groundless. With appeal within 15 days from intimation; the appeal shall be submitted to the Bucharest Court of Appeal. Pronounced today, June 05, 2019, by making the solution available to the parties by the registry of the Court.  Judgment of June 05, 2019.	Solution provided in the merits stage.
31.	6676/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Suspension of measure point 4 of the Court Decision – Uranium.	Merits	Merits Admits the exception of non-admissibility. Rejects the petition for the suspension of the enforcement of point 4 of Decision no. 29/July 31 <sup>st</sup> , 2018 of the Court of Auditors, as inadmissible. Admits the petition of suspension of the enforcement of the measures ordered in point 1.8 of Decision no. 5/June 8 <sup>th</sup> , 2018. In virtue of art. 15 in Law no. 554/2004 orders the suspension of the enforcement of the measures ordered in point 1.8 of Decision no. 5/2018, until the final settlement of the action in annulment contemplated by file no. 6472/2/2018 registered pending with Bucharest Court of Appeal. It compels the defendant to the payment, in favor of the plaintiff, of the legal charges representing the judicial stamp duty, amounting to RON 20. Subject to appeal within 5 days of communication, the appeal petition being filed at Bucharest Court of Appeal. Resolution no. 3975/October 8 <sup>th</sup> , 2018.  Second appeal	09.10.2019
32.	6753/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Suspension of measure point 5 from the Authentication - ROEL.	Merits	Merits Overrules as inadmissible the petition of suspension of the performance of point 5 of Decision no. 29/July 31 <sup>st</sup> , 2018 passed by the Challenge Settlement Board within the Court of Auditors of Romania. Overrules as unsubstantiated the petition of suspension of the enforcement of point II.13 from Resolution no. 5/June 08, 2018 issued by the Court of Accounts of Romania - Department IV. With right to appeal within 5 days of communication. The application to	24.10.2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							exercise the appeal is submitted to C.A.B. Judgment no. 4169/17.10.2018.  Second appeal	
33.	6969/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Suspension of measure point 1 - Energonuclear loan.	Merits	Merits Rejects the suspension application. Solution in brief: rejects the suspension application as groundless. With appeal. Passed in a public session. Document: Resolution no. 4815/23.11.2018.  Second appeal	25.09.2019
34.	7061/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Suspension of measure point 3 from the BVC Authentication.	Merits	Merits Rejects the application as groundless. With the right to appeal within 5 days of the notification, which is to be submitted to the Bucharest Court of Appeal. Pronounced today, 23.11.2018, by making the solution available to the parties by the registry of the Court.  Second appeal : Rejects the second appeal formulated by the appellant-defendant Societatea Nationala Nuclearelectrica SA against the judgment no. 4845 of November 23, 2018 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII in file no. 7061/2/2018, as ungrounded. Final. Pronounced in open session today, March 6, 2019.	Settled. Final
35.	34778/3/2018	Labor - Bucharest Court of Law CAB	Defendant	Dima Tatiana	Action for cancelling the GMS Resolution.	Merits	Merits Approves the exception of not stamping the application, invoked ex officio. Cancels the application as unstamped. With appeal within 5 days of the ruling. The appeal application shall be submitted with the Bucharest Court of Law - Civil Section VI. Pronounced in public session today, 14.11.2018. Document: Resolution no. 3437/14.11.2018.  Appeal Approves the appeal. Cancels the appealed decision. Sends the file to the trial court, for retrial. Final. Pronounced in public session today, 26.03.2019.  Merits retrial	Term be set for retrial: 22.08.2019.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
36.	34088/3/2018	Civil Bucharest Court of Law	Defendant	Termogaz Company S.A.	Claims 575,391.88 lei - equivalent value of performed and unsettled works. Youth Center Social Program.	Merits	Merits	04.09.2019
37.	35693/299/2018	Civil Court of Law District 1 Civil Section I	Third party under seizure – SNN Debtor claimant AAAS Appellee The Ministry of Public Finance.	Ionita St. Barsoianu Theodora in foreclosure case no. 959/2010 BEJ Draganescu, Ionescu Crafcenco infringed parties FNI.	Seizure validation for RON 2,089,042.69.	Merits	Merits Rejects the exception of the operating authority; ruled as groundless. Rejects the exception of the lack of passive procedural quality as groundless. Rejects the application for validating the seizure, as groundless. Subject to appeal within 15 days of communication, the appeal petition being filed at the Court of Law of District 1, Bucharest. Pronounced in public session today, 19.06.2019.  Resolution no. 3733/19.06.2019.	Settled. Merits.
38.	35159/299/2018	Civil – Bucharest District 1 Court Section I Civil	Third party under seizure – SNN Debtor claimant the Ministry of Public Finances Appellee ASF, AAAS, ATCPMB.	Ionita Stefan – enforcement file 959/2010 BEJ Draganescu, Ionescu, Crafcenco	Appeal against enforcement RON 2,089,042.69.	Merits	Merits Admits the request. Orders the suspension of the enforcement procedure in the enforcement file no. 959/2010 by BEJA Draganescu, Ionescu and Crafcenco regarding the claimant the Ministry of Public Finances. Sets the term for the judgement of the enforcement appeal for 24.04.2018, with the summons of the parties, in public hearing. With appeal regarding the suspension of the enforcement within 15 days of communication. Pronounced in public session today, 20.03.2019.  Final authentication: 20.03.2019.  Second appeal	September 06, 2019
39.	35162/299/2018	Civil – Bucharest District 1 Court Section II Civil	Third party under seizure –	Ionita Stefan – enforcement file 959/2010 BEJ Draganescu, Ionescu,	Appeal against enforcement RON 2,089,042.69.	Merits	Merits Rejects the exception of the lack of passive procedural quality of the third party under seizure as groundless. Rejects the appeal against the enforcement as groundless. With appeal within 15 days	Settled. Merits.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
			SNN Debtor Claimant AAAS Appellee Ionita Stefan.	Crafcento			from intimation. Resolution no. 1611/21.03.2019.	
40.	7413/299/2019	Civil – Bucharest District 1 Court Section II Civil	Third party under seizure SNN Claimant AAAS Appellee Repair Plant Targu Jiu	Repair Plant Targu Jiu – enforcement file 233M/2010 of BEJ AD REM	Appeal against enforcement RON 3,895,186.86	Merits	Merits Pursuant to art. 155/1 Civil Procedure Code. 1865 suspends the trial of the case. With appeal throughout the duration of the suspension. Resolution - Suspension: 23.05.2019 Re-included on the dockets:	29.08.2019
<b>Cernavoda NPP Branch</b>								
1.	3338/118/2016	Civil/ Court of Appeal of Constanta	Appellee defendant	Employee group Sarman Costel, Dinu Sorin s.a.	Monetary rights radiological risk bonus.	Appeal	Merits Rejects the civil case formulated by Sarman Constantin, Dinu Sorin Stefan, Mitea Ionut Antonel, Cornateanu George, Manole Constantin, Matei Nicusor, Deciu Georgian, Tompe Augustin, Zanfir Bogdan, Mirsu Adrian, Anghel Ene Paul, and others against defendant S.N. Nuclearelectrica S.A., as groundless. With the right to appeal within 10 days after the notification of this Resolution. Resolution no. 2776/13.12.2017. Appeal	17.09.2019
2.	2853/118/2018	Labor/ Constanta Court	Defendant	Employee group Mihaila Alexandru, Munteanu Nicu and others	Monetary rights radiological risk bonus.	Merits	Merits Rejects the summons as ungrounded. With appeal within 10 days from the intimation. The appeal is to be submitted to the Constanta Court. Pronounced by making the solution available to the parties through the mediation of the registry of the Court today, 04.03.2019. Resolution no. 574/March 04, 2019. Appeal	October 01, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
3.	4133/118/2017	Labor / Constanta Court of Law	Defendant	Employee group Catranguiu Rica, Bejenaru Alexandru and others	Monetary rights radiological risk bonus.	Merits	Merits	25.09.2019
4.	3/118/2019	Civil/ Constanta Court	Plaintiff	Cernavoda City Hall	Claim of land in area of 1,393.62 sq m, in extension of Campus 1.	Merits	<p>Merits</p> <p>Approves the material non-competence exception, invoked ex officio. Rejects the material competence for the resolution of the case in favor of the Court of Law of Medgidia, Constanta County, the court to which the case is returned. Without appeal. Pronounced by making the solution available to the parties through the mediation of the registry of the Court today, June 14, 2019.</p> <p>Judgment no. 1576/14.06.2019.</p>	-
5.	3990/118/2018	Civil / Constanta Court of Law	Plaintiff	CNE S.A.	The obligation to demolish the building erected on the land owned by SNN in area of 579 sq m.	Merits	Merits	12.09.2019

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**Annex 5 – The accomplishment degree of the key performance indicators as at 31.03.2019 – Board of Directors**

Nr. Crt.	Objective/Performance indicators				Verification tool	Target Quarter I 2019	Realised Quarter I 2019	Accomplishment degree capped to 100%	Limity capped (%)
	Indicator	Weighting in the variable component of the short - term indicators	Weighting in the variable component of the medium - term indicators	Weighting in the variable component of the long - term indicators					
0	1	2	3	4	5	6	7	8	9
<b>Governance indicators</b>									
1	Monitoring the performance of the executive management	12,00%	-	-	Quarterly report of SNN directors	Accomplished	Accomplished	100%	12%
2	Monitoring of risk management	10,00%	-	-	Quarterly risk management report	Accomplished	Accomplished	100%	10%
3	Monitoring transparency in communication	8,00%	-	-	Regular publication of corporate governance information	Accomplished	Accomplished	100%	8%
4	Implementation of the company's strategy	-	5,00%	5,00%	Progress report	Accomplished	Accomplished	100%	10%
<b>Operational indicators</b>									
1	No operating events that exceeded Level 1 on the International Nuclear Event Scale	2,00%	-	-	INE Scale according to IEAE.org website	Accomplished	Accomplished	100%	2%
2	Degree of achievement of investment budget	10,00%	2,00%	2,00%	Annex no. 4 BVC	10,00%	6,60%	66%	9%
3	Obtaining an utilization coefficient of installed power capacity of minimum	7,00%	1,00%	1,00%	Realised production (MWh)/Maximum theoretical production (MWh)	80%	98%	100%	9%
4	EHS - Annual collective dose	2,00%	-	-	Total dose, average per unit, man Sv (ALARA quarterly report)	Annual indicator level.	0,02	100%	2%
5	EHS - Effluents in the environment	2,00%	-	-	MSv/CNE (ALARA quarterly report)	250	1,2	100%	2%
6	EHS - Maximum allowable dose	-	0,50%	0,50%	Msv/man (ALARA annual report)	20	2,75	100%	1%
<b>Financial indicators</b>									
1	Gross profit	7,00%	1,00%	1,00%	Form "Profit and Loss Account"	30.000.000 lei	268.742.549 lei	100%	9%
2	Average price/MWh on the competitive market	8,00%	1,00%	1,00%	Price published by OPCOM	90% * ROPEX_FM 31.12.N-1 (90% * 232,13 lei/MWh = 208,92 lei/MWh)	242,29 lei/MWh	100%	10%
3	Fitting in the total budgeted operating expenses	9,00%	1,00%	1,00%	Annex no. 1 BVC	Accomplished	Accomplished	100%	11%
<b>The weighted average degree of accomplishment of the key indicators</b>									<b>95%</b>

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## Annex 6 – The accomplishment degree of the key performance indicators as at 30.06.2019 – Board of Directors

Nr. Crt.	Objective/Performance indicators				Verification tool	Target Quarter II 2019	Realised Quarter II 2019	Accomplishment degree capped to 100%	Limity capped (%)
	Indicator	Weighting in the variable component of the short - term indicators	Weighting in the variable component of the medium - term indicators	Weighting in the variable component of the long - term indicators					
0	1	2	3	4	5	6	7	8	9
<b>Governance indicators</b>									
1	Monitoring the performance of the executive management	12,00%	-	-	Quarterly report of SNN directors	Accomplished	Accomplished	100%	12%
2	Monitoring of risk management	10,00%	-	-	Quarterly risk management report	Accomplished	Accomplished	100%	10%
3	Monitoring transparency in communication	8,00%	-	-	Regular publication of corporate governance information	Accomplished	Accomplished	100%	8%
4	Implementation of the company's strategy	-	5,00%	5,00%	Progress report	Accomplished	Accomplished	100%	10%
<b>Operational indicators</b>									
1	No operating events that exceeded Level 1 on the International Nuclear Event Scale	2,00%	-	-	INE Scale according to IEAE.org website	Accomplished	Accomplished	100%	2%
2	Degree of achievement of investment budget	10,00%	2,00%	2,00%	Annex no. 4 BVC	20,00%	53,38%	100%	14%
3	Obtaining an utilization coefficient of installed power capacity of minimum	7,00%	1,00%	1,00%	Realised production (MWh)/Maximum theoretical production (MWh)	80%	88%	100%	9%
4	EHS - Annual collective dose	2,00%	-	-	Total dose, average per unit, man Sv (ALARA quarterly report)	Annual indicator level.	0,15	100%	2%
5	EHS - Effluents in the environment	2,00%	-	-	MSv/CNE (ALARA quarterly report)	250	2,63	100%	2%
6	EHS - Maximum allowable dose	-	0,50%	0,50%	Msv/man (ALARA annual report)	20	6,19	100%	1%
<b>Financial indicators</b>									
1	Gross profit	7,00%	1,00%	1,00%	Form "Profit and Loss Account"	40.000.000 lei	360.122.624 lei	100%	9%
2	Average price/MWh on the competitive market	8,00%	1,00%	1,00%	Price published by OPCOM	90% * ROPEX_FM 31.12.N-1 (90% * 232,13 lei/MWh = 208,92 lei/MWh)	231,62 lei/MWh	100%	10%
3	Fitting in the total budgeted operating expenses	9,00%	1,00%	1,00%	Annex no. 1 BVC	Accomplished	Accomplished	100%	11%
<b>The weighted average degree of accomplishment of the key indicators</b>									<b>100%</b>

This is a free translation from the Romanian version.  
In case of any differences between the Romanian and English version, the Romanian version prevails.