



SIF BANAT-CRIȘANA
SOCIETATE DE INVESTIȚII FINANCIARE

**CONSOLIDATED REPORT
OF THE BOARD OF DIRECTORS**

— FOR THE YEAR ENDED DECEMBER 31, 2016 —

FREE TRANSLATION from Romanian which is the official and binding version

CONTENTS

INTRODUCTION	3
<hr/>	
1. GENERAL INFORMATION ON SIF BANAT-CRIȘANA GROUP	
1.1 General information on SIF Banat-Crișana	4
1.2 Entities included in the consolidation	5
<hr/>	
2. PRESENTATION OF THE ENTITIES WITHIN THE GROUP	
2.1 Information on the activity of SIF Banat-Crișana	7
2.2 Information on the entities included in the consolidation	10
<hr/>	
3. SUMMARY OF CONSOLIDATED FINANCIAL DATA FOR THE GROUP AS AT 31.12.2016	
3.1 Consolidated profit and loss and other comprehensive income	17
3.2 Consolidated statement of financial position	18
<hr/>	
4. DESCRIPTION OF MAIN RISKS FOR THE GROUP	19
<hr/>	
5. CORPORATE GOVERNANCE	23
<hr/>	
6. OTHER INFORMATION	
Events after the date of the balance sheet	28
Assessment of matters concerning the employees	31
Assessment of matters concerning the environment	31
Branches of subsidiaries	33
<hr/>	
ANNEXES	
<hr/>	
ANNEX 1	The consolidated financial statements for the year ended December 31, 2016, prepared pursuant to Norm no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority (ASF) – Financial Instruments and Investments Sector – audited
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INTRODUCTION

This report presents the annual consolidated financial results of SIF Banat-Crişana, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and ASF Norm no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by ASF from the Financial Instruments and Investments Sector.

The Company's consolidated financial statements prepared for the year ended on December 31, 2016 include the Company, its subsidiaries and affiliated entities (hereinafter referred to as "Group").

Pursuant to the requirements of ASF Norm no. 39/2015, the Board of Directors of SIF Banat-Crişana as parent company of the Group is required to prepare a consolidated report of administrators presenting the development and the performance of the activities and the position of the entities included in the consolidation. SIF Banat-Crişana also drew up a report of the Board of Directors for the parent entity, which accompanied the Separate Financial Statements as at December 31, 2016 approved by the Ordinary General Meeting of Shareholders held on April 20, 2017.

The company examined the cases of excepting SIF Banat-Crişana from drawing up consolidated financial statements, given the provisions of IFRS 10 "*Consolidated Financial Statements*" (in force starting 01.01.2014) on investment entities, obligations of a parent company and the definition of investment entities.

Paragraph 27 of IFRS 10 provides that "*A parent (company) shall determine whether it is an investment entity. An investment entity is an entity that: (a) obtains funds from one or more investors for the purpose of providing this (those) investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.*"

Considering that the Company does not measure and assess the performance of almost all its investments on a fair value basis, SIF Banat-Crişana considered that currently does not qualify to be considered investment entity, and thus cannot apply the exception provided by IFRS 10.

Since the adoption of Directive 2013/34 EC on the annual financial statements, the consolidated financial statements and related reports of certain types of undertakings, the groups are defined as "a parent company and all its subsidiaries". What determines whether an entity is a subsidiary of a parent is the notion of "control". Recital in pt. 31 of the Directive details the specific circumstances in which control is deemed to have been exercised.

Although the relationship between an investment fund in general (and a financial investment company in particular) and its portfolio companies is fundamentally different from the one existing in a group of companies (undertakings) or a conglomerate, these structures fall under the definition of "Group" as currently defined by EU legislation.

Investment funds select companies to invest in, holding a minority or majority stake in these companies, and from a legal point of view, they can be group companies (undertakings). However, in practice: (i) these portfolio companies will operate independently of one another and the parent (i.e. the fund itself); (ii) the financing structures of the portfolio companies will generally be independent of each other.

From the perspective of a fund manager or an investment fund, its business purpose will be to invest funds only to benefit from the appreciation of the invested capital or investment income, or both. This is very different from seeking to derive benefits from the operational activities of the portfolio companies it invested in.

1. GENERAL INFORMATION

1.1 GENERAL INFORMATION ON SIF BANAT-CRIȘANA

CORPORATE NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none">▪ closed-end investment company self-managed with diversified investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005▪ set up as a joint stock company in November 1996 pursuant to Law no. 133/1996 for the transformation of Private Ownership Funds into Financial Investment Companies▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none">▪ RON 54,884,926.80 – subscribed and paid-in capital▪ 548,849,268 shares issued; 518,000,000 outstanding shares▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none">▪ J02/1898/1992 at Trade Registry of the Arad Court▪ Unique Registration Code 2761040▪ Number in ASF Registry PJR09SIIR/020002/2006
MAIN ACTIVITY	Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except insurance and pension funding (CAEN code 64), and the main object of activity: other financial intermediation n.c.a. (CAEN code 6499): <ul style="list-style-type: none">▪ financial investments to maximize the value of own shares pursuant to the regulations in force;▪ management of the investment portfolio and exercising all rights associated to the investments;▪ other additional and related activities pursuant to the regulations in force
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	KPMG Audit S.R.L. Bucharest for 2015 financial year, PricewaterhouseCoopers Audit SRL starting with 2016 financial year
DEPOSITARY BANK	BRD - Groupe Société Générale
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	Bucharest 175 Calea Floreasca, 7th floor, room A1, S1, 014459, Bucharest

1.2 ENTITIES INCLUDED IN THE CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights to the variable return based on its participation in the investee entity and has the ability to influence those revenues through its authority over the entity in which it invested. When assessing control, potential voting rights that are exercisable or convertible at that time are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the moment the exertion of control begins and until its termination. Accounting policies of subsidiaries have been changed to align them with those of the Group.

The list of SIF Banat-Crișana's holdings in subsidiaries is as follows:

No.	Company name	Percentage held (%)	
		31.12.2015	31.12.2016
1	SIF Imobiliare PLC Nicosia	99.99	99.99
2	SAI Muntenia Invest SA Bucharest	99.96	99.96
3	Napomar SA Cluj-Napoca	99.43	99.43
4	SIF Hoteluri SA Oradea	98.99	98.99
5	Azuga Turism SA Bucharest	98.94	98.94
6	Silvana SA Cehu Silvaniei	96.28	96.28
7	Iamu SA Blaj	76.69	76.69
8	Central SA Cluj	63.51	63.51
9	Vrancart SA Adjud	74.72	74.72
10	Somplast SA Bistrița	70.75	70.75
11	Ario SA Bistrița	93.64	93.64

* SIF Imobiliare PLC has 22 branches, presented under Cap. 6 - Other information - Branches of subsidiaries

The company Ario SA Bistrița is in bankruptcy, so the voting rights held by SIF Banat-Crișana not give authority over the investee entity, and is therefore excluded from the scope of consolidation.

Associated entities

Associated companies are those companies in which the Company can exercise significant influence, but not the control on the financial and operating policies.

The companies in which SIF Banat-Crișana holds between 20-50%, on which exerts a significant influence and which fall within the scope of consolidation are presented in the following table:

No.	Company name	Percentage held (%)	
		31.12.2015	31.12.2016
1	Gaz Vest SA Arad	25.82	25.82
2	Biofarm SA Bucharest	22.06	23.22

The company has representatives on the Board of Directors of both entities and takes part in the development of their policies. In accordance with IFRS (IAS 28, paragraph 6), SIF Banat-Crișana exercises a significant influence on these two entities. The consolidated financial statements comprise the two companies in the scope of consolidation by equity method from the date on which the Group began to exercise significant influence.

Transactions eliminated on consolidation

Settlements, transactions and unrealized gains arising from intragroup transactions, are fully eliminated in the consolidated financial statements.

The accounting policies disclosed in *Note 4 of the consolidated financial statements for 2016* have been consistently applied by all entities within the Group in the periods presented in these consolidated financial statements.

2. PRESENTATION OF THE ENTITIES WITHIN THE GROUP

2.1 INFORMATION OF THE ACTIVITY OF SIF BANAT-CRIȘANA

KEY FINANCIAL AND OPERATIONAL INFORMATION

FINANCIAL POSITION [RON mn]				
	2013	2014	2015	2016
Total assets, of which	1,612.83	1,638.61	1,941.52	2,110.19
Total financial assets	1,515.19	1,537.76	1,763.12	2,071.89
Equity	1,441.56	1,540.04	1,788.81	1,954.25
Total liabilities	171.27	98.56	152.72	155.94

FINANCIAL PERFORMANCE (IFRS) [RON mn]				
	2013	2014	2015	2016
Revenues	28.23	22.60	51.28	107.16
Gains from investments	56.98	140.52	52.85	2.26
Expenses	17.77	14.61	15.78	25.12
Gross profit	67.44	148.51	88.34	84.30
Net profit	45.12	139.00	75.32	81.36

FINANCIAL INDICATORS [%]				
	2013	2014	2015	2016
ROE (net profit / equity)	3.13	9.03	4.21	4.16
ROA (net profit / total assets)	2.80	8.48	3.88	3.86
Gross profit margin (gross profit / total revenues)	58.7	61.6	63.5	36.91

PERFORMANCE OF SHARES AND NET ASSET				
	2013	2014	2015	2016
Share price (end of period, RON)	1.292	1.303	1.688	1.848
NAV*/S (RON)	2.9094	2.9228	3.3541	3.7075
PER	15.72	5.14	12.30	11.5
Dividend / share (RON)	-	0.1	-	-
Accounting net asset / share (RON) RAS	2.6265	2.8059	3.2592	3.7727
Nominal value of share (RON)	0.1	0.1	0.1	0.1
Number of shares	548,849,268	548,849,268	548,849,268	548,849,268
Outstanding shares	548,849,268	548,849,268	548,849,268	518,000,000

OPERATIONAL DATA				
	2013	2014	2015	2016
Number of permanent employees, year end	51	48	41	38
Branch offices	2	2	1	1

SHAREHOLDING STRUCTURE as at December 31, 2016		
	number of shareholders	stake
Romanian individuals	5,765,205	39.97%
Non-resident individuals	1,962	0.39%
Romanian legal entities	177	30.35%
SIF Banat-Crișana (treasury stock) **	1	5.62%
Non-resident legal entities	37	23.67%
TOTAL	5,767,382	100%

* non-portfolio items calculated based on accounting records pursuant to RAS for 2013 -2015; and under IFRS for 2016

** as at December 31, 2016, SIF Banat-Crișana holds 30,849,268 own shares (with a nominal value of RON 0.1/share) with a book value of RON 52.44 million, repurchased in the public tender offer from August 2016, approved by ASF Decisions no. 1499/27.07.2016 and no. 1613/10.08.2016

MILESTONES OF SIF BANAT-CRIȘANA'S ACTIVITY DURING 2016

Portfolio management

SIF Banat-Crișana has as investment objective the management of a diversified portfolio of high-quality assets, able to provide a constant flow of revenues, the preservation and the medium-long term growth of capital, to increase the value for shareholders.

The strategic vision is the development of the Company through and effective administration and the increase of the value of the assets under managements, by improving resource allocation and attaining higher yields for the invested capital.

The asset allocation strategy aims to maximize portfolio's performance under the prudential conditions imposed by the regulations governing the operation of the Company. The prudential limits applicable to investments made by the Company are set by Law no. 297/2004 regarding the capital market with subsequent amendments and Regulation no. 15/2004 regarding authorization and operation of asset management companies, collective investment undertakings and depositories.

SIF Banat-Crișana's Net Asset Value (NAV) recorded a positive evolution in 2016, **up 4.3%** from the end of 2015 to **RON 1,920.5 mn** (2015: RON 1,840.9 mn). Net Asset Value per Share (NAV/S) rose by 10.5% to **RON 3.7075** at 2016 year-end, compared to RON 3.3541 December 31, 2015.

As at December 31, 2016, the value of SIF Banat-Crișana's stock portfolio reached RON 1,665.97 mn (calculated pursuant to ASF Reg. no. 9/2014 and ASF Reg. no. 10/2015), having the dominant weight, of 86.75% of the total assets under management.

SIF Banat-Crișana's portfolio of assets fell within the holding limits set by ASF regulations throughout the year 2016.

The most important holdings as share in SIF Banat-Crișana's net assets are holdings in companies listed on regulated markets. Considering the specificity of SIF Banat-Crișana's activity, the structure and exposure of the portfolio should be adapted to the current economic realities to be able to achieve performant returns in correlation with the assumed investment risks.

At 2016-year end, SIF Banat-Crișana holds the majority stakes in 11 companies, with an aggregate value of RON 451.3 mn, standing for 23.25% in NAV.

The companies in which SIF Banat-Crișana holds majority and control are classified as subsidiaries as per International Financial Reporting Standards.

During 2016, SIF Banat-Crișana's leadership focused on streamlining the administration of majority stakes, in order to ensure a high financial return, a competitive management and the construct of development programs.

The majority holdings are subject to rigorous analysis and monitoring, the managerial involvement of SIF Banat-Crișana focusing on:

- providing support in preparing and optimizing budgets;
- negotiating competitive performance criteria with the management teams;
- valuating and monthly analysing the recorded results and supporting the implementation of measures to streamline the activities;
- implementing best practice of corporate governance, up-to-date management techniques and promoting resourceful management teams;
- regularly visits to companies and analysing, together with the management teams, the results, prospects, opportunities and potential risks.

Purchases and sales of financial assets in 2016

During 2016 the following acquisitions and entries of financial assets were performed:

- purchases of shares on the domestic markets, totalling RON 11.35 mn;
- direct investment in the share capital increase of subsidiaries: Vrancart, in the amount of RON 12.9 mn, paid in full; SIF Imobiliare Plc, amounting to EUR 2.99 million, of which was paid EUR 2.59 mn;
- shares acquired free of charge, following the share capital increase by incorporation of reserves by Banca Transilvania (27.5 mn shares);
- purchase of fund units in the amount of RON 14 mn;
- purchase of govt. bonds denominated in RON, amounting to RON 100.99 mn (including accrued coupon on acquisition and acquisition costs).

Disposals and outflows of financial assets during 2016 include:

- sales of shares listed on the domestic markets totalling RON 1.53 mn;
- direct sales of shares held in closed companies totalling RON 2.25 mn;
- value of the securities portfolio written-off the portfolio following the liquidation of companies amounting to RON 113 mn (provisions for the full amount was performed in the previous years);
- proceeds from the redemption in advance of bonds issued by Industrial Energy denominated in RON, with a nominal value of RON 26.95 mn.

Objectives and lines of action for 2017

Rigorously analysing the factors and elements that generate effects on the investment activity and on the domains on which SIF Banat-Crişana has exposures, the following lines of action were defined for 2017:

- Continuing the repositioning of the portfolio to optimize its structure, reducing associated risks and increase the liquidity of the portfolio
- Focus on the fundamental value of assets and creating long-term value
- Continuing the development of a core stock portfolio with a high dividend yield (above 5%), to provide a permanent cash-flow for the company
- Monitoring the companies and new investment opportunities (start-ups, IPO and SPO)
- Diversification of financial instruments portfolio that have a lower weight in the current structure
- Effective management of holdings
- Second buyback program
- Increasing visibility, transparency and improving corporate governance.

Detailed information on SIF Banat-Crişana's activity during 2016 and the company's activity program and budget for 2017, approved by the Ordinary General Meeting of Shareholders held on April 20, 2017, is available on the company's website, www.sif1.ro, in the *Investor Relations - Financial Results* section.

2.2 INFORMATION ON THE CONSOLIDATED ENTITIES INCLUDED IN THE CONSOLIDATION

SIF IMOBILIARE PLC

Stake held by SIF Banat-Crişana as at 31.12.2016: 99.99%

SIF Imobiliare Plc is listed on BVB since December 23, 2013, its securities being traded on AeRo under the ticker SIFI (ISIN: CY0104062217). The independent auditor for SIF Imobiliare Plc is Evoserve Auditors Limited from Cyprus.

The holding SIF Imobiliare Plc, registered in Cyprus, was founded in August 2013 as an investment vehicle by incorporating 18 companies from SIF Banat-Crişana's portfolio with activities in the real estate sector, to ensure a unified management, increase the rates of return for the companies in the portfolio and to seize the opportunities arising in the market.

In 2014, SIF Imobiliare Plc contributed to the establishment of three new companies, that entered into its portfolio: two companies with activities in renting commercial premises and one in agriculture.

In 2015 SIF Imobiliare Plc had a portfolio of stakes in 21 companies, of which 19 companies having assets in the real estate and rental activity and two companies with operations in the agriculture.

In 2016 SIF Imobiliare Plc contributed to the establishment of a new company, that entered into its portfolio: SIFI Properties.

The holding SIF Imobiliare Plc has optimized its activity by restructuring the management and the activities of the companies held in the portfolio. Thus, it was implemented a resource planning system - ERP Atlantis at companies' level, the integration of all internal information at subsidiaries level into a single platform, aiming to ensure data transparency within the group and facilitate decision-making process in order to improve the efficiency and effectiveness of the business.

The analyses of the business opportunities were continued, aiming to improve the performance of SIFI's global portfolio, and rationalization and review of operational processes at affiliates level, in order to increase their efficiency, as well as achieving a quantum leap on performance measures such as return of investments, cost reduction and improving the quality of services.

In 2016 the company increased its capital by EUR 2.99 million, by cash contribution of the shareholders, for the development of activity with investments in the agricultural field.

Also in 2016, the restructuring of the portfolio continued, by starting two merger projects, namely SIFI B One (acquiring company), which will merge with SIFI CS Retail, Urban SA and Agrorent SA as absorbed companies - a process completed in March 2017, and the merger of Cora SA (acquiring company) with Central SA (acquired company) - ongoing process.

IFRS indicators:

<i>(RON million)</i>	2014	2015*	2016	2016/2015 (%)
Total Assets	301.2	330.9	351.9	106.3
Equity	198.3	242.5	267.9	110.5
Operating Income	23.8	84.1	31.1	37
Net Profit/Loss	14.1	57.8	19.3	33.4
Total comprehensive income	n/a	14	19.3	137.9

*data restated in SIF Banat-Crişana's consolidated financial statements as at December 31, 2016

SAI MUNTENIA INVEST SA BUCHAREST

Stake held by SIF Banat-Crişana as at 31.12.2016: 99.96%

The Investment Management Company (SAI) Muntenia Invest SA was established in 1997, and is in SIF Banat-Crişana's portfolio since 2013. The company is the manager of SIF Muntenia SA and FDI Plus Invest.

The company's main activity consists in specific services on the management of undertakings for collective investment in transferable securities (UCITS) and the management of other collective investment undertakings (UCI), holding the ASF authorization for operating as investment management company (SAI). The activity of SAI Muntenia Invest is regulated and supervised by the ASF.

IFRS indicators:

<i>(RON million)</i>	2014	2015	2016	2016/2015 (%)
Total Assets	27.7	19.6	21.3	110.8
Equity	23.1	17.5	19.5	111.4
Operating Income	28.0	17.9	18.2	101.7
Net Profit/Loss	11.1	5.4	7.5	138.9

NAPOMAR SA CLUJ-NAPOCA

Stake held by SIF Banat-Crişana as at 31.12.2016: 99.43%

The company was founded in 1973 under the name *Întreprinderea de Maşini Unelte* (Factory of Grinding Machines), and in 1991 was transformed into joint stock company Napomar SA. Since 1998, SIF Banat-Crişana is the majority shareholder.

Company's business is the manufacture of equipment and machinery - tools for metal processing and the main lines of activity are the production of machine tools and machine tool components, energy production equipment, production of marine rescue equipment.

During 2010 - 2013 the company was retrofitted to European standards through an extensive investment program (over RON 55 mn).

The most serious problem the Company is facing for several years now is the lack of qualified staff available on the labour market. This situation, together with the lack of experience in using the new ERP integrated IT system (implemented in January 2016), led to the under-use of the technological equipment and, implicitly, to the achievement of results below expectations in the financial year 2016.

IFRS indicators:

<i>(RON million)</i>	2014	2015	2016	2016/2015 (%)
Total Assets	64.7	60.3	52.5*	87.1
Equity	34.0	32.2	27.5*	85.4
Operating Income	31.8	30.7	28.3	92.2
Net Profit/Loss	(1.4)	(1.8)	(14.6)*	-

*data restated in SIF Banat-Crişana's consolidated financial statements as at December 31, 2016

SIF HOTELURI SA ORADEA

Stake held by SIF Banat-Crişana as at 31.12.2016: 98.99%

The company SIF Hoteluri resulted from the change of Calipso's company name in 2014.

SIF Hoteluri is listed on BVB, with the ticker CAOR.

At the end of October 2015, SIF Hoteluri has completed the process of merger by acquiring other five majority companies in the portfolio with activity in the hospitality field, fully taking over their patrimony.

With the completion of the merger it was intended the establishment of an integrated management system to improve the financial performance of the acquired units and creating more value for the shareholders. In March 2016, a new management team was elected, which to reviewed the business opportunities of the company, to improve its performance, the operational

processes at the workplaces were revised, and a rigorous cost and operational profit control was established.

Following the merger, SIF Hoteluri became the owner of 6 hotels with 2, 3 and 5-stars classification, providing touristic, public food, catering and event planning services, as well as recreational and body maintenance services.

The most important asset of the Company's portfolio is still *DoubleTree by Hilton* hotel in Oradea offering tourist services at the highest level. In August 2016, the hotel was reclassified to 4 stars as a result of the new commercial strategy and the higher potential in this market segment, and the projected results began to confirm starting with 2016 (revenues above RON 12 million and increase in occupancy to 57% (2015: 49%).

IFRS indicators:

<i>(RON million)</i>	2014	2015	2016	2016/2015 (%)
Total Assets	82.6	110.6	115.4	104.3
Equity	64.4	92.4	98.0	106.1
Operating Income	11.7	12.1	20.1	166.1
Net Profit/Loss	0.0	(9.6)	3.7	-

AZUGA TURISM SA BUCHAREST

Stake held by SIF Banat-Crişana as at 31.12.2016: 98.94%

The company Azuga Turism SA is part of SIF Banat-Crişana's portfolio of closed unlisted companies, operating in the field of tourism services.

The company has as assets a three-star hotel, an entertainment centre, a sports field, the facility of cableway transportation - gondolas, ski lifts, baby ski, a centre for renting sports equipment, public food services units, all assets located in the city Azuga, in the upper valley of Prahova touristic area.

The facility of cableway transportation with gondolas, the most valuable asset of the company, has a transport capacity of 1,200 persons per hour, on a length of 2 km, covering a difference in height of 600 m and serves the two ski slopes Sorica and Cazacu. The city of Azuga entered in the winter tourism circuit starting with this equipment entering into service.

The Hotel "Azuga Ski&Bike Resort", with an accommodation capacity of 60 beds, ranked as a three-star hotel, is located at the bottom of the ski slopes, offering guests accommodation, food and leisure. For the high-quality services offered to customers, the hotel was honoured by Booking.com with the award of excellence "Award Guest Review 2015".

Located in a mountainous tourist area, the company operates mainly in two seasons - winter and summer - which induces large periodic fluctuations cash inflows.

To counteract the less productive periods in terms of tourism, the company offers services for hosting events organized by private companies for training courses, team-buildings and other events.

At the same time, the company has a tradition of organizing in the spring - autumn periods several annual mountain biking competitions (on difficulty categories), providing full services to the participants (accommodation, food, transport at the place of departure, washing and repairing for bicycles, etc.).

The year 2016 was not representative of the Company as, unlike 2015, when the total number of ski days stood at 90, it did not even reach 30 in 2016, which negatively affected the Company's turnover.

IFRS indicators:

<i>(RON million)</i>	2014	2015	2016	2016/2015 (%)
Total Assets	46.8	43.4	32.3	74.4
Equity	44.0	43.2	31.9	73.8
Operating Income	3.4	3.4	2.5	73.5
Net Profit/Loss	(1.1)	(0.2)	(11.8)*	-

* data restated in SIF Banat-Crişana's consolidated financial statements as at December 31, 2016

SILVANA SA CEHU SILVANIEI

Stake held by SIF Banat-Crişana as at 31.12.2016: 96.28%

The company was founded in 1977 under the name *Întreprinderea de tricotaje* (Knitwear factory) Cehu Silvaniei. In 1991, it transformed into a joint stock company under the name SILVANA SA, and since 1997 SIF Banat-Crişana is the majority shareholder.

Silvana SA is listed on BVB, ATS segment – AeRo standard (symbol SIXX).

The business of the company is the manufacture of knitted and crocheted clothing items.

Over 95% of the company's annual production is exported (to England), which caused difficulties in 2016, both through the depreciation of the British pound and the deterioration of the market because of Brexit.

IFRS indicators:

<i>(RON million)</i>	2014	2015	2016	2016/2015 (%)
Total Assets	12.7	11,9	7,0	58,8
Equity	10.4	10,7	5,5	51,4
Operating Income	19.1	21,0	14,0	66,7
Net Profit/Loss	0.8	1,1	(4.5)*	-

* data restated in SIF Banat-Crişana's consolidated financial statements as at December 31, 2016

IAMU SA BLAJ

Stake held by SIF Banat-Crişana as at 31.12.2016: 76.69%

The company IAMU SA Blaj was founded in 1972 as *Întreprinderea de Accesorii pentru Maşini-Unelte* (Factory of Accessories for Machine Tools) in 1990 and transformed into SC IAMU SA. SIF Banat-Crişana became majority shareholder in 2001.

IAMU SA is listed on BVB, ATS segment - AeRo standard (symbol - IAMU).

The business of the company is the manufacture and supply of precision engineering products ranging from accessories, equipment and components parts for machine tools and components for linear technique and mini-technique.

During 2009-2015 the company was almost entirely modernized, reaching advanced technological standards today and aiming to become a European leader in the field of linear mini-technique.

Starting 2008, the company has implemented a new tracking system production, IPS, based on lean management and the principle of 'just in time'. The company has a stable market, both domestic and foreign, developing a partnership of over 19 years with Bosch-Rexroth Mechatronics company. IAMU obtained "preferential supplier status" for companies in the Robert Bosch GmbH concern.

IFRS indicators:

<i>(RON million)</i>	2014	2015	2016	2016/2015 (%)
Total Assets	69.1	67.0	74.4	111.0
Equity	34.8	41.4	46.1	111.3
Operating Income	76.0	75.8	75.9	100.2
Net Profit/Loss	4.7	5.9	6.3	106.7

VRANCART SA ADJUD

Stake held by SIF Banat-Crişana as at 31.12.2016: 74.72%

Vrancart SA (market symbol VNC) is listed on the Bucharest Stock Exchange since July 15, 2005, currently being traded in the Main segment, Standard category.

The main activity of Vrancart is the production and sale of papers for the production of corrugated cardboard in various assortments, corrugated cardboard, packages made of corrugated cardboard (boxes) of different sizes, embossed and printed, toiled and various hygienic-sanitary papers.

The large investments made in the recent years have led to a steady increase in turnover and the company's profitability.

Significant in company's activity during 2016 were the acquisition of a stake of 70% in Rom Paper SRL Braşov, the main independent tissue paper converter - the completion of the transaction took place in January 2017 and the share capital increase by RON 17.2 million lei - operation registered with Depozitarul Central in January 2017

IFRS indicators:

(RON million)	2014	2015	2016	2016/2015 (%)
Total Assets	220.0	243.0	291.5	120.0
Equity	127.3	142.9	166.4	116.4
Operating Income	197.4	211.1	232.3	110.0
Net Profit/Loss	18.9	18.3	20.5	112.0

SOMPLAST SA NĂSĂUD

Stake held by SIF Banat-Crişana as at 31.12.2016: 70.75%

The company was founded in 1978 under the name *Întreprinderea de Prelucrare Mase Plastice Năsăud* (Plastic Processing Factory) and in 1991 turned into joint stock company Somplast SA. In 2001 SIF Banat-Crişana became the majority shareholder following a share capital increase.

Somplast SA is listed on BVB ATS segment - Standard Aero (symbol-SOPL).

The main activity of the company is the processing of plastics polypropylene and polyethylene of low and high density (injected, blown, pipes, foils and flexible packaging).

With over 140 employees, Somplast SA produces plastic parts, its products can be divided into three broad categories: polythene foils and products made from foil, pipes for the transportation and distribution of water and gas, blown and injected products. Somplast SA is authorized recycler for polyethylene and polypropylene products.

IFRS indicators:

(RON million)	2014	2015	2016	2016/2015 (%)
Total Assets	23.4	24.9	24.8	99.6
Equity	13.5	13.1	11.8	90.1
Operating Income	32.7	32.7	32.1	98.2
Net Profit/Loss	0.1	0.3	-1.3	NA

CENTRAL SA CLUJ-NAPOCA

Stake held by SIF Banat-Crişana as at 31.12.2016: 63.51%

The company was founded in 1991, on the structure of the department store in Cluj-Napoca. SIF Banat-Crişana became the majority shareholder in July 2014.

The object of activity is retail trade in non-specialized stores. Since 2015, the largest share in company's turnover is the activity of rental of commercial spaces.

The company owns a single asset, Magazinul Central (Central Department Store), located in the central area of Cluj-Napoca. The store has a built area of 18,686 sqm, of which 1,126 square meters underground parking, and a useful floor area of 15,571 sqm.

Following the acquiring of the majority stake, SIF Banat-Crișana involved in restructuring and streamlining of the activity of the company, which led to good financial results in 2016 (net profit margin = 16%) with prospects for further improvement.

IFRS indicators:

<i>(RON million)</i>	2014	2015	2016	2016/2015 (%)
Total Assets	39.7	37.9	31.7*	83.6
Equity	26.8	27.3	22.4*	82.1
Operating Income	8.5	5.2	5.4	103.8
Net Profit/Loss	(1.1)	0.5	(9.9)*	-

* data restated in SIF Banat-Crișana's consolidated financial statements as at December 31, 2016

GAZ VEST SA ARAD

Stake held by SIF Banat-Crișana as at 31.12.2016: 25.82%

The company was established in 2000 with private capital, with the following shareholders: Comera Arad with a stake of 62.22%, EIP NV Amsterdam NV with 36.37%, other shareholders 1.11%. SIF Banat-Crișana became shareholder in 2002 with an investment of RON 9,789,300 and subsequently participated in a capital increase with RON 717,500.

The main activity of the company is the distribution and supply of natural gas in areas from the West side of Romania, in the counties Arad, Timiș, Bihor, Satu Mare and Gorj, rural areas and small towns. With 81 employees, the company operates a network of over 1,000 km of pipelines, serving over 15,000 consumers. In addition to the main business, the company also provides other services and works related to gas distribution and supply (design, commissioning, verification).

IFRS indicators:

<i>(RON million)</i>	2014	2015	2016	2016/2015 (%)
Total Assets	67.5	70.6	73.7	104.4
Equity	53.1	55.6	57.4	103.2
Operating Income	39.0	40.8	44.9	110.0
Net Profit/Loss	6.5	8.6	9.9	115.1

BIOFARM SA BUCUREȘTI

Stake held by SIF Banat-Crișana as at 31.12.2016: 23.22%

Company founded in 1921, Biofarm is one of the first medicines and dietary supplements manufacturers in Romania, having a competitive portfolio, of over 200 products, covering 62 therapeutic areas.

Biofarm, ticker BIO, is listed on BVB since November 19, 1996, currently traded in Main segment, Premium category.

During 2016, SIF Banat-Crișana increased its stake in Biofarm from 22.06% to 23.22%.

Biofarm has a continuous business development and a robust balance sheet in a highly competitive business environment. It has a stable position on the Romanian pharmaceutical market and remains among the top 10 producers and aims to improve its position on the international market. Biofarm is currently present in 13 countries.

IFRS indicators:

<i>(RON million)</i>	2014	2015	2016	2016/2015 (%)
Total Assets	208.5	216.9	239.3	110.3
Equity	168.8	182.1	197.1	108.2
Operating Income	128.9	149.3	152.1	101.9
Net Profit/Loss	26.5	27.2	29.5	108.5

PRESENTATION ON SEGMENT

The activity performed by the Group is segmented on the following main activities: financial, industry, commerce - restaurants - hospitality.

The financial activity includes the business of three companies in the group: SIF Banat-Crişana SA, SAI Muntenia and SIF Imobiliare Plc. (2015: 3).

The industry activity includes the business of 5 companies in the group: Vrancart SA, Napomar SA, IAMU SA, Somplast SA and Silvana SA (2015: 5), having as main activity the manufacture of machinery and machine tools for metal processing, manufacture of plates and profiles of plastic, paper and corrugated cardboard, and the manufacture of knitted garments.

The activity of agriculture includes one company (2015: 1)

The activity of commerce, restaurants and hospitality includes the business of three companies in the group: SIF Hoteluri SA, Azuga Turism SA and Central SA (2015: 3). The main financial indicators, namely total assets, liabilities, equity, operating income, financing expense, profit before tax and net profit are presented in the reporting on segment in *Note 30 of consolidated financial statements*, annexed.

Transactions between business segments are conducted under normal market conditions, and assets and liabilities on segment include both items directly attributable to those segments and items that can be allocated using a reasonable basis.

3. SUMMARY OF CONSOLIDATED FINANCIAL DATA FOR THE GROUP AS AT 31.12.2016

3.1 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(extract from the accompanying consolidated financial statements)

	31 DEC 2016	31 DEC 2015 (restated)
Operational revenues	544,540,691	456,515,972
Operational expenses	(439,381,441)	(419,245,143)
Gain on investment property, net	(24,348,453)	12,557,731
Gain on financial assets, net	(4,639,710)	52,311,655
Other gains / (losses), net	(4,630,871)	23,228,074
Operating profit	71,540,216	125,368,289
Financial income	7,535,079	11,819,463
Financial expenses	(12,601,291)	(17,766,834)
Financial result – net	(5,066,212)	(5,947,371)
Profit / (loss) of financial year of associates	9,404,288	8,238,336
Profit before tax	75,878,292	127,659,254
Income tax expenses	(13,167,369)	(25,447,359)
Profit for the year	62,710,923	102,211,895
Profit for the financial year - from continuing operations	63,674,457	103,429,434
Loss for the financial year - from discontinued operations	(963,534)	(1,217,539)
Profit for the financial year	62,710,923	102,211,895
Profit is attributed to:		
Parent company	61,614,584	96,076,297
Non-controlling interests	1,096,339	6,135,598
Total profit for the financial year	62,710,923	102,211,895
Earnings per share attributable to shareholders in the year		
Basic earnings per share	0.11	0.18
Diluted earnings per share	0.11	0.18
Other comprehensive income		
Net amount transferred to profit or loss	3,861,082	(28,395,882)
Net change in fair value	41,897,946	259,249,682
The effect of the income tax related to them	(7,321,445)	(36,191,166)
Change in the revaluation reserve of tangible assets	25,967,641	6,522,613
Total other comprehensive income	64,405,224	201,185,247
Total comprehensive income for the period	127,116,147	303,397,142

3.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(extract from the accompanying consolidated financial statements)

	31 DEC 2016	31 DEC 2015 (restated)
Assets		
Cash and cash equivalents	104,589,882	50,078,246
Bank deposits	53,701,555	159,995,924
Financial assets at fair value through profit and loss	309	449
Trade receivables	85,210,560	86,675,473
Stock	57,895,933	54,396,288
Non-current assets held for sale	9,188,638	27,104,429
Financial assets available for sale	1,276,444,115	1,112,420,462
Investments in associated entities	64,747,102	57,827,997
Investments held to maturity	6,342,016	34,498,231
Investment property	257,427,670	237,718,204
Tangible assets	506,606,899	495,440,288
Other current assets	4.430.584	9,997,863
Goodwill	3,568,686	3,662,624
Investments	278,345	1,548,446
Total assets	2,430,432,294	2,331,364,924
Liabilities		
Trade liabilities	99,394,413	102,309,870
Dividends to be paid	20,204,247	20,850,806
Deferred income tax liabilities	158,444,322	148,822,379
Loans	135,703,844	111,566,492
Investment subsidies	41,511,736	44,379,488
Provisions for pensions and similar obligations	2,141,915	8,319,445
Other liabilities	1,598,457	1,510,975
Total liabilities	458,998,934	437,759,455
Equity		
Statutory share capital	54,884,930	54,884,930
The effect of applying IAS 29 on share capital	684,298,992	684,298,992
Reserves set-up under Law no. 133/1996	2,105,675,691	2,105,675,691
Effect of applying IAS 29 to items of capital over retained earnings	(2,644,488,595)	(2,644,488,595)
Own shares	(52,443,756)	-
Losses from the redemption of own shares	(734,130)	-
Other reserves	(21,635,428)	(28,497,230)
Accumulated profit	1,139,243,636	1,083,672,824
Reserves from revaluation of tangible assets	34,131,623	8,163,983
Legal reserves	15,530,829	13,860,975
Reserves from revaluation of financial assets available for sale	573,654,696	535,217,113
	1,888,118,488	1,812,788,683
Non-controlling interests	83,314,872	80,816,786
Total equity	1,971,433,360	1,893,605,469

4. DESCRIPTION OF MAIN RISKS FOR THE GROUP

The main types of risks the Group is exposed to are credit risk, liquidity risk, market risk.

Risk management is considering the maximization of Group's profit relating to the level of risk it is exposed. Market risk includes currency risk, interest rate risk, and equity price risk.

The Group uses of a range of policies and procedures for the management and evaluation of the types of risk to which it is exposed, both at parent company level and its subsidiaries. These policies and procedures are presented in detail in the subchapters dedicated to each type of risk in *Note 5* of the Consolidated financial statements, in annex.

4.1 Financial risks

(a) Market risk

Market risk is the current or future risk of losses on balance sheet and off-balance sheet positions due to the unfavourable fluctuations of the prices on market (such as stock prices, interest rates, exchange rates). The management sets the risk limits that can be accepted, limits that are regularly monitored. However, the use of this approach does not prevent losses beyond the limits set in the event of a more significant market fluctuation.

Position risk is associated with the portfolio of financial instruments held by the parent company with the intention of benefiting from the favourable evolution of the price of those financial assets or any dividends / coupons granted by the issuers. The parent company is exposed to the position risk, both on the general and the specific one, due to the short-term investments in bonds, shares and fund units.

The management has consistently pursued and sought to minimize the potential adverse effects associated with this financial risk through an active policy of prudential diversification of the portfolio and the use of one or more risk mitigation techniques based on market price developments for the financial instruments held by the parent company.

Concentration risk

The concentration risk concerns all assets held by the Group, irrespective of the period of their ownership, and by diminishing this type of risk, it is intended the avoidance of a too large exposure on a single debtor / issuer at parent company level or respectively, at the level of subsidiaries.

The management's policy of diversification of exposures at parent company level applies to the portfolio structure, business model structure, and the structure of exposures to financial risks. Thus, this diversification policy implies: diversifying the portfolio by avoiding excessive exposure to a debtor, issuer, country or geographical region; the diversification of the structure of the business plan aims at avoiding excessive exposure to a particular business line / business sector at the level of the parent company and at the level of the subsidiaries towards a single product / service, customer or supplier, in line with their business strategy. Diversifying the financial risk structure is intended to avoid excessive exposure to a certain type of financial risk.

The market risk of equity instruments arises mainly from the shares available-for-sale. The entities in which the parent owns shares operate in various industries.

The objective of market risk management is to control and manage market risk exposures within acceptable parameters, while optimizing the returns.

The Group's strategy for market risk management is driven by its investment objective, and market risk is managed in accordance with its policies and procedures.

The Group is exposed to the following categories of market risk:

(i) Equity price risk

Price risk is the risk of losses from both balance sheet and off-balance sheet positions due to asset price developments.

The Company is exposed to the risk that the fair value of financial instruments held may fluctuate as a result of changes in market prices, whether caused by factors specific to the issuer's activity or factors impacting all instruments traded on the market.

The Board of Directors monitors the manner of implementing market risk management, and the internal procedures provide that when price risks are not consistent with the investment policy and the Company's principles, a rebalancing of the portfolio should be undertaken.

(ii) Interest rate risk

Interest rate risk is the risk that revenues or expenses, or the value of assets or liabilities of the Group to fluctuate due to changes in interest rates on the market.

Regarding financial instruments bearing interest: the risk of interest rate consists of the risk of fluctuation recorded in the value of a financial instrument due to changes in interest rates and of the risk of differences between maturity of financial assets bearing interest and the debt bearing interest. However, the risk of interest rate may also impact the value of assets bearing fixed interest rates (e.g. bonds) so that an increase in the market interest rate will diminish the value of future cash flows generated by them and might lead to their price reduction, if it generates an increase of investors' preference to invest their funds in bank deposits or other instruments whose interest grew, and vice versa - a reduction in the market interest rate may increase the price of shares and bonds and will lead to an increase of the fair value of future cash flows.

Regarding the Group's financial instruments bearing interest, the policy is to invest in financial instruments generally on short-term, no more than 12 months, thus considerably reducing both the risk of fluctuation and the risk of differences in maturity. As for the assets bearing fixed interest or marketable assets, the Group is exposed to the risk that the fair value of future cash flows related to financial instruments will fluctuate as a result of changes in market interest rates. However, most financial assets of the Group are in stable currencies whose interest rates are unlikely to vary significantly.

Thus, the Group will be subject to a limited exposure on fair value rate risk or future cash flows due to fluctuations in the prevailing levels of market interest rates.

The Group does not use derivative financial instruments to protect against fluctuations of interest rate.

(iii) Currency risk

Currency risk is the risk of loss or failure to achieve the estimated profit as a result of unfavourable exchange rate fluctuations. The Group invests in financial instruments and performs transactions which are denominated in currencies other than its functional currency, thus being exposed to risks that the exchange rate of the national currency in relation to another currency to adversely affect the fair value or future cash flows for the portion of those financial assets and liabilities denominated in other currencies.

The Company carried out transactions for the reporting period both in Romanian currency (RON) and foreign currency. The Romanian currency fluctuated compared to foreign currencies, EUR and USD.

The utilised financial instruments enable the value preservation of monetary assets held in RON, by making investments and collecting interest based on the maturity period.

The Group has not entered into any transaction with derivatives on the exchange rate during the financial years presented.

(b) Credit risk

Credit risk is the risk that one of the parties to a financial instrument fails in fulfilling an obligation or a financial commitment it entered in relationship with the Group, thus causing the Group to record a financial loss.

The Group is exposed to credit risk due to the investments in bonds issued by companies or Romanian State, in current accounts and bank deposits, and other receivables.

The leadership of the Group closely and constantly monitors the exposure to credit risk so as not to suffer losses due to credit concentration in a particular sector or industry.

Further information on Credit risk are presented in Note 5(b) of the *Consolidated Financial Statements*, attached.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations arising from short term financial liabilities, that are settled by payment in cash or other financial means, or that such obligations are settled in a manner unfavourable for the Group.

The Group monitors the evolution of liquidity to be able to fulfil its obligations on the date on which they become due, and permanently analyse the assets and liabilities, based on the remaining period until the contractual maturities.

4.2. Other risks

(d) Tax risk

Starting January 1, 2007, following Romania's accession to the European Union, the Group had to comply with EU regulations, and therefore prepared for the implementation of changes brought by the European legislation. The Group has implemented these changes, but the method of implementation remains open to fiscal controls for 5 years.

Interpretation of texts and the practical implementation of new tax regulations may vary and it is likely, in some cases, that the tax authorities and the Group have different views.

In terms of corporation tax for the financial year 2015 there is a risk of a different interpretation by the tax authorities for the accounting treatments that determined the transition to IFRS as accounting basis.

Moreover, the Romanian Government has a number of agencies authorized to audit (control) companies operating in Romania. These controls are similar to tax audits in other countries, and may cover not only fiscal issues, but other legal and regulatory issues of interest to these agencies. The Company may be subject to fiscal controls as new tax regulations are being issued.

(e) Economic environment risk

The effects of the international financial crisis have also been felt on the Romanian financial market in the form of the significant increase in the volume of non-performing loans in the domestic banking system, the impediment to access to finance, the depreciation of the national currency, the fall in real estate prices or the negative evolution of macroeconomic indicators. These effects have diminished considerably in the last period, with Romania's economy showing significant GDP growth rates. However, the risk of significant imbalances, with a negative impact on the economic performance of economic agents, remains a real possibility, especially in the context of uncertainties about the feasibility of some recently adopted fiscal and fiscal policies.

The leadership of the Group cannot foresee all the effects of the crisis impacting the financial sector in Romania, but considers that has adopted in 2016 the necessary measures for the sustainability and the development of the Group given the current conditions on the financial market, by monitoring cash flows and adjusting the investment policies.

The avoidance of risks and the mitigation of their effects are provided by the Group through an

investment policy that complies with prudential rules imposed by laws and applicable regulations. The Group has adopted risk management policies by which an active management is performed, specific procedures being applied for the identification, assessment, measurement and control of risks, apt to provide reasonable guarantee regarding the objectives of the Company, a constant balance between risk and expected profit being sought.

The risk management process aims at: (i) identifying and assessing the significant risk that might severely impact the fulfilment of the investment objective and developing activities to counter the identified risks, (ii) adapting the risk management policies to the financial progress of the capital market, monitoring the performance and improving the risk management procedures, (iii) reviewing investment decisions in relation to the evolution of the capital market, (iv) compliance with current legislation.

(f) Operational risk

Operational risk represents the risk of direct or indirect loss resulting from deficiencies or weaknesses in procedures, personnel, the Group's internal systems or from external events that can have an impact on its operations. Operational risks arise from all activities of the Company.

The objective of the Group is to manage operational risk in such way that limits the financial loss, or damages to its reputation and to achieve the investment objective of generating returns for investors.

The primary responsibility for the implementation and development of control over the operational risk lies with the Board of Directors of entities within the Group. This responsibility is supported by the development of general standards of operational risk management, including controls and processes to service providers and service arrangements with providers of services.

(g) Capital adequacy

The policy adopted by Group's leadership regarding capital adequacy focuses on maintaining a solid capital base, in order to support the ongoing development of the Group and attaining the investment objectives.

Group's equity includes share capital, different types of reserves and retained earnings. Equity totalled RON 1,971,443,360 as at December 31, 2016 (RON 1,893,605,469 as at December 31, 2015).

5. CORPORATE GOVERNANCE

SIF Banat-Crișana is committed to maintaining and developing the best practices of corporate governance, to ensure an efficient decision-making process, leading to the long-term viability of the business, achieving the objectives of the company and creating sustainable value for all stakeholders (shareholders, management, employees, partners and authorities). These goals are also pursued by the companies controlled by SIF Banat-Crișana, supporting the introduction of best practice corporate governance, modern management techniques, and by promoting efficient management team in these companies.

The status of compliance with the principles and recommendations of new Corporate Governance Code issued by the Bucharest Stock Exchange on September 2015, is published on Company's website, www.sif1.ro, and is part of the Annual report of the Board of Directors for the year 2016 submitted to the Ordinary General Meeting of Shareholders held on April 20, 2017.

Administration and management of SIF Banat-Crișana

Pursuant to Company's Articles of Association, SIF Banat-Crișana is administrated under a unitary system, capable to ensure an efficient operation of the Company, in accordance with the objectives of good corporate governance and the protection of the shareholder's legitimate interests.

SIF Banat-Crișana is administered by a Board of Directors (i.e. administrators) elected by the ordinary general meeting of shareholders for a mandate of four years, with the possibility of being re-elected. The members of the Board must cumulatively meet the general conditions stipulated by Law no. 31/1990 regarding the companies, completed with the criteria established the legislation regarding the capital market, and the regulations issued by the Financial Supervisory Authority, are authorized in this function by ASF following their election by the general meeting of shareholders.

By Resolution no. 1 of the Extraordinary General Meeting of Shareholders held on August 30, 2016 it was approved the amendment of the Articles of Association in the sense of reducing the number of Board members from 7 (seven) to 5 (five) members, effective starting from April 24, 2017. ASF, by Endorsement no. 296/09.11.2016, approved this amendment, and art. 7 paragraph. (1) of the Articles of Association was rewritten accordingly.

Changes in the composition of the Board of Directors during 2016

During January 1, 2016 - April 26, 2016, the Company was administered by a Board of Directors comprising seven members, of which one interim (Ionel-Marian CIUCIOI) appointed by the Board of Directors of SIF Banat-Crișana on July 14, 2015, endorsed by ASF by Endorsement no. 312 / 16.09.2015.

The composition of the Board of Directors was the following: Mr. Bogdan-Alexandru Drăgoi – Chairman; Mr. Octavian Avrămoiu – Vice-Chairman; Mr. Ștefan Dumitru – member; Mr. Valentin Chiser – member; Mr. Ion Stancu – member; Mr. Dan Weiler – member; Mr. Ionel-Marian Ciucioi – interim member.

The Ordinary General Meeting of Shareholders held on April 26, 2016, elected Mr. Ionel-Marian CIUCIOI as member of the Board (administrator), with a term of office valid until the expiry of the mandate of the administrators in office (April 24, 2017). By Endorsement no. 186 / 28.07.2016, the Financial Supervisory Authority has authorized this change.

During April 26 – December 31, 2016, the composition of the Board of Directors was the following: Mr. Bogdan-Alexandru Drăgoi – Chairman; Mr. Octavian Avrămoiu – Vice-Chairman; Mr. Ștefan Dumitru – member; Mr. Valentin Chiser – member; Mr. Ion Stancu – member; Mr. Dan Weiler – member; Mr. Ionel-Marian Ciucioi – member.

The Audit Committee

The Audit Committee consists of at least three non-executive members of the Board of Directors. The president of the committee is an independent non-executive member. At least one member of the audit committee shall have competence in accounting or auditing.

The Board of Directors created therein, with an advisory capacity, an Audit Committee comprised of three non-executive directors.

As at December 31, 2016, the Audit Committee is comprised of: Mr. Valentin Chiser – President of the Committee, Mr. Ion Stancu – member, Mr. Ștefan Dumitru – member. The members of the Audit Committee have the appropriate experience for the specific duties incumbent as members of this Committee.

The Audit Committee assists the Board in fulfilling its responsibilities in matters of financial reporting, internal control and risk management; supports the Board in monitoring the trustworthiness and integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards the Company applied.

During 2016, the Audit Committee met in 8 sessions. These meetings were held for the monitoring of the financial reporting process, namely the annual financial statements prepared pursuant to the International Financial Reporting Standards (IFRS) approved by ASF Norm no. 39/2015 and the annual separate and consolidated financial statements; monitoring accounting reporting to the first half of 2016 and the quarterly reports prepared pursuant to ASF regulations; for the analysis and selection of financial offers for financial audit submitted for the approval of EGM; for the analysis and approval of the internal auditor's schedule for 2016; for the analysis of audit contract concluded with PricewaterhouseCoopers Audit SRL; for the evaluation of internal control activities; for the assessment of conflicts of interest in connection with transactions of the company and its subsidiaries with related parties; for the assessment of the effectiveness of internal control and risk management system; for the monitoring of the effectiveness of the Company's internal control and internal audit systems.

There is no Nomination Committee functioning within the Board of Directors. The Board in its entirety assumes the task that would be entrusted to a separate nomination committee, of evaluating the candidates for the position of administrator that would propose for the election to the general meeting of shareholders. Moreover, pursuant to the laws and regulations applicable to the Company, the conditions and criteria for eligibility and incompatibilities for the position of administrator of the Company are strict and are governed explicitly by the Financial Supervisory Authority, which is responsible and competent with the endorsement of the administrators elected by the general meeting of shareholders.

The Executive team

The effective management of the Company is performed by Executive Directors appointed by the Board of Directors, in accordance with the Company's bylaws and applicable regulations so that everyday management of the Company to be provided, at any moment, by at least two persons.

The Executive Directors must meet the conditions set by the regulations issued by the Financial Supervisory Authority applicable to the Company and are endorsed in this position by the Authority.

Pursuant to Company Law no. 31/1990, the Board of Directors has delegated some of his powers to the CEO (General Director) and the Deputy Director General, within the limits set by the law, Company's Articles of Association and the resolutions of the Board of Directors, except for the powers reserved for the general meeting of shareholders or the Board of Directors by the law and / or Company's Articles of Association.

The Chairman - CEO (Director General) and the Vice-Chairman - Deputy Director General exercise their mandate under a "Contract for the delegation of powers" granted by the Board, and are vested with all powers to act on behalf of the Company and to represent it in relations with third parties. The other two directors are employees of the Company and have limited powers of representation.

Responsibilities and duties of directors are set by the Board of Directors and are described in the Company's Internal Regulations.

Changes in the structure of executive management 2016

By Endorsement no. 75 / 25.02.2016, ASF endorsed the appointment of Mr. Laurențiu Riviș as Director pursuant to Resolution no. 3 /27.11.2015 and Resolution no. 8/29.01.2016 of the Board of Directors of SIF Banat-Crișana.

The composition of company's executive team during 2016 was the following: Mr. Bogdan-Alexandru Drăgoi, Mr Octavian Avrămoiu, Mrs Teodora Sferdian and Mr Laurențiu Riviș.

The participation of administrators and executive directors in the share capital of SIF Banat-Crișana

Name	Position	SIF1 shares held as at December 31, 2016	
		No. of shares	% of share capital
Bogdan-Alexandru DRĂGOI	Chairman – CEO (General Director)	10.000	0,0018%
Octavian AVRĂMOIU	Vice-Chairman, Deputy General Director	7.325	0,0013%
Ion STANCU	Non-executive administrator	24.425	0,004%
Dan Weiler	Non-executive administrator	10.000	0,0018%
Teodora SFERDIAN	Deputy General Director	13.005	0,002%
Laurențiu RIVIȘ	Director	1.500	0,00027%

To the knowledge of the Company, for the administrators and the directors, there are no identified agreements, arrangements or family connections between the respective person and another person for the reason that the respective person has been appointed in this position.

Further information on Corporate Governance for SIF Banat-Crișana can be found in Chapter 3 of the Annual Report of the Board of Directors accompanying the Separate Financial Statements for 2016, available on Company's website, www.sif1.ro in "Investor relations - Financial Results" section.

Information on the main elements of the internal control systems and risk management

At SIF Banat-Crişana

The various activities carried out by SIF Banat-Crişana generate equally complex risks and as well as a plethora of opportunities for the shareholders, and for the financial and capital of Romania as a whole. The management of the Company considers risk management an integral part of good governance and best management practices.

Since 2016, SIF Banat-Crişana ensures a permanent function for risk management, which is hierarchically and functionally independent of other functional departments, including here internal control functions and internal audit. Risk Management Department is the executive structure responsible for risk management within the Company, and in May 2016 the position of Risk Manager was established.

Company's management is responsible for providing the risk management function with the necessary authority, status, independence (including from the revenue-generating activities) and resources (financial, human and technical) to achieve the identifying, assessing and measuring of risks both across the organization and at individual level.

The executive team take the appropriate measures both for the adjustment of the risk infrastructure to the external environment and the risk profile, and as well for the timely and accurate communication within the organization of all aspects related to risk.

The Board of Directors of SIF Banat-Crişana approves and periodically reviews the risk strategy and the management policy of significant risks. Company's Board supervises the execution of risk management practices and their implementation in the Company, forewarning regarding the significant risks and the responses of the executive team.

The responsibility of risk management to which the Company is exposed is the duty of personnel in all business lines and is not limited to the Risk Manager or Risk Management Department.

The Company has implemented and continuously improves adequate and modern systems of risk management to accordingly identify, measure, manage and monitor the risks relevant for the investment strategy and the existing investment portfolio.

To effectively monitor the risks, the Company assesses the risk management systems with an appropriate frequency, at least once a year, and adjusts them whenever necessary.

SIF Banat-Crişana has adopted measures, processes and techniques that are appropriate and effective for the identification, measurement, management and monitoring at any time the risks the managed portfolio is or might be exposed to, observing all risk limits and compliance with risk profile.

The measures, processes and techniques mentioned are proportionately correlated to the nature, scale and complexity of the activity and meet the Company's moderate risk profile.

For risk management, by the Risk Manager's care, SIF Banat-Crişana monitors the risk of the portfolio it manages, having in view:

- to establish measures, processes and techniques of risk management necessary to ensure that risks related to positions held and their contribution to the global risk profile are correctly measured based on robust and reliable data, and that the measures, processes and techniques of risk measurement are properly documented;
- to carry out, where appropriate, periodic ex post tests to examine the validity of risk measurement methods which include model-based forecasts and estimates;

- to conduct periodic stress tests and adequate scenario analysis to meet the risks arising from changes in market conditions which may have a negative impact on the portfolio;
- to ensure that the risk level complies at every moment the risk limits established and approved;
- to establish, implement and maintain adequate procedures that, in the event of actual or anticipated breaches of risk limits, enable rapid remedial action to be taken in the interest of investors;
- to ensure that there are adequate systems and procedures for liquidity management.

Risk management policies implemented by the Company include procedures necessary to enable the Company to assess the exposure to market risk, liquidity risk, operational risk and credit and counterparty risk, as well as exposure to all other relevant risks that may have a significant level for the Company, given the objectives and investment strategies, styles or methods of management for the asset management and thus could directly impact the interests of shareholders.

Policy risk management contains comprehensive safeguards against potential conflicts of interest, corrective action taken, the reasons why these measures should lead, according to reasonable expectations, to the independent exercise of risk management function and the manner the company intends to ensure that protective measures have a constant efficiency. The monitoring role of Risk Manager is carefully targeted to assess and measure the effectiveness of these actions.

At the consolidated entities

Subsidiaries and associated entities of SIF Banat-Crişana are exposed to a various risk which are carefully monitored by each company by complying to the policies and procedures approved by their boards of directors. The policies and risk management systems are regularly reviewed to reflect the changes in the regulatory environment, market conditions and activities carried out.

The implemented risk management policies aim to identify and analyse the financial and operational risk the respective company is exposed to, as well as the analysis and correction of risk factors associated to the activity carried out. The companies use a variety of policies and procedures for the management and evaluation of the types of risk to which they are exposed to.

Typically, the major concern for the management of the companies in the group is the empowerment and involvement of the personnel in risk the risk management processes, while complying with applicable law and respecting and maintaining the quality standards and internal working rules. From the reports issued by some companies it is clear that measures to improve the performance of the company are being taken, considering that flaws in the quality of processes and internal controls, and the manner of exploitation by their users could lead to underperformance.

There is increased concern within the group to strengthen the internal control systems and adapt the procedures to the ever-changing requirements of each entity.

Within the group companies listed on the BSE regulated market (SIF Hoteluri, Vrancart, Biofarm) and some on ATS (e.g. IAMU SA Blaj) the audit function is operational, periodically auditing the activities of the company in order to provide relevant information on carrying out of these activities, makes recommendations to improve processes, procedures and controls. The internal audit activity is carried out based on annual audit plans approved by the respective board of directors.

6. OTHER INFORMATION

EVENTS OCCURED AFTER THE DATE OF THE BALANCE SHEET

January 2017

- SIF Hoteluri announces the extension of the General Director 's mandate by the Board of Directors, by decision of 06.01.2017
- The Board of Directors of Napomar SA appoints a new General Director, by Board's decision of 11.01.2017
- On 25.01.2017 the share capital increase of Vrancart SA is registered, increase approved by the EGMS of 28.04.2016
- Amendments to the Constitutive Act of SAI Muntenia following the changes in the competences of the Board of Directors as per requirements of ASF Regulation No. 2/2016.

February 2017

- SIF Banat-Crișana published, on February 15, 2017, the preliminary financial results for the year ended December 31, 2016, prepared pursuant to IFRS by communicating to the market (BVB) and posting on company's website, www.sif1.ro.
- SIF Hoteluri informed the shareholders that, at the term of 09.02.2017 in the file no. 2147/111/2014 judged by the Bihor Tribunal (complainant: HAJDU-BAU, defendant: SIF Hoteluri SA), which has as its object the termination of the contract, the court granted a new term on 06.04.2017 for the assessment of evidence. *(Current Report - February 14, 2017)*
- SIF Hoteluri announced that on 13.02.2017 concluded, as a lender, a loan agreement with Napomar SA (borrower) to finance its operational activities. The value of contract was of RON 1,500,000, with an interest rate of 4% / year. The duration of contract is 12 months (until February 13, 2018). *(Current Report - February 15, 2017)*

March 2017

- The Board of Directors of SIF Hoteluri convened the OGM and EGM for April 28 (29), 2017 *(Current report of March 27, 2017)*
- On 03.03.2017, ASF endorsed Mr. Nicușor Marian Buică as administrator of SAI Muntenia Invest
- The OGM of SAI Muntenia Invest SA held on March 30, 2017, approved the financial statements as at 31.12.2016, the distribution of dividends, the Income and Expenditure Budget and the Investment Plan for 2017
- SIF Banat-Crișana convened the OGM and EGM for April 20 (21) 2017. *(Current Report of March 8, 2017)*
- SIF Banat-Crișana informed the investors that, in the Public Tender Offer approved by ASF through Decision no. 156 / 01.02.2017, acquired a total of 368,748 bonds newly issued by Vrancart SA Adjud (symbol market VNC24) totalling RON 36,874,800. The bonds were registered in the Registry of Bondholders kept by Depozitarul Central. *(Current Report of March 20, 2017)*
- The Agenda of SIF Banat-Crișana's EGM convened for April 20 (21), 2017, was amended considering the ASF letter no. SI/DRA 473.3/20.03.2017 *(Current Report of March 28, 2017)*

April 2017

- The annual OGM of SIF Banat-Crişana was held, at the first call, on April 20, 2017, and the shareholders approved the resolutions submitted by the Board of Directors concerning the approval of the financial statements for 2016, appropriation of 2016 profit, discharge from liability of the Board of Directors for the financial year 2016, Budget and Activity Plan for 2017, keeping the monthly remuneration for the members of the Board in the sum approved by the ordinary general meeting of shareholders of April 26, 2016, the general limits of all additional remunerations for the directors and administrators, election of the Board of Directors of SIF Banat-Crişana, for a term of office of 4 years, starting 24.04.2017, in the following composition: Bogdan-Alexandru DRĂGOI, Radu Răzvan STRĂUȚ, Sorin MARICA and Marcel Heinz PFISTER, setting the registration date for August 11 (ex-date August 10) as per the provisions of Art. 238, par. 1 of Law no. 297/2004, of CNVM Regulation no. 6/2009 and CNVM Regulation no. 1/2006. *(Current report of April 20, 2017)*
- The EGM of SIF Banat-Crişana was held on April 20, 2017, at the first call, and the shareholders approved the resolutions submitted by the Board of Directors of the Company on the amendment of the Articles of Association of the company, setting the registration date for May 12, 2017 (ex-date May 11, 2017) as per the provisions of Art. 238, par. 1 of Law no. 297/2004, of CNVM Regulation no. 6/2009 and CNVM Regulation no. 1/2006. *(Current report of April 20, 2017)*
- The Board of Directors (administrators) of SIF Banat-Crişana gathered on April 24, 2017, in the presence of the administrators elected by the Ordinary General Meeting of the Shareholders of April 20, 2017, and adopted the following decisions: elected Mr. Bogdan-Alexandru DRĂGOI as Chairman of the Board of Directors. Pursuant to the provisions of Art. 7 par. (6) of Company's Articles of Association, the Chairman of the Board also acts as CEO (general director). Mr. Bogdan-Alexandru DRĂGOI was endorsed by the Financial Supervisory Authority as Chairman - CEO of SIF Banat-Crişana by Endorsements no. 115 / 09.04.2015, no. 285 / 19.08.2015 and no. 75 / 25.02.2016; elected Mr. Radu-Răzvan STRĂUȚ as Vice-Chairman of the Board of Directors and appointed him as Deputy General Director as per the provisions of SIF Banat-Crişana's Internal Regulations; the Board of Directors approved the delegation of management competencies as per the provisions of art. 143 of Law no. 31/1990 to the Chairman-CEO and to the Vice-Chairman - Deputy General Director; appointed Mr. Marcel PFISTER and Mr. Sorin MARICA, non-executive administrators, in the Audit Committee. *(Current Report of April 24, 2017)*
- Vrancart SA Adjud informs the investors on 07.04.2017 on the issuance of the Certificate for the Registration of Securities for to the issuance of bonds approved by the resolution of the EGMS no 3 / 18.08.2016.
- The OGM of Silvana SA held on 03.04.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for 2017 and the election of the Board of Directors
- Resignation of General Manager of Central SA on 17.04.2017
- The OGM of IAMU SA held on 25.04.2017 approved: the financial statements as at 31.12.2016, the distribution of a gross dividend of RON 0.17 / share, the Income and Expenditure Budget and the Investment Plan for 2017
- The OGM of Vrancart SA held on 26.04.2017 approved: the financial statements as at 31.12.2016, the distribution of a gross dividend of RON 0.0136 / share, the Income and Expenditure Budget and the Investment Plan for 2017 and the appointment of the auditor
- By resolution no. 1/26.04.2017 the EMG of Vrancart SA approved the submission of an investment project for a State aid worth EUR 46 million.

- The OGM of Biofarm SA held on 26.04.2017 approved: the financial statements as at 31.12.2016, the distribution of a gross dividend of RON 0.017/share, the Income and Expenditure Budget and the Investment Plan for 2017 and the appointment of an auditor.
- The OGM of Somplast SA held on 27.04.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for 2017 and the appointment of a new auditor
- The OGM of HIF Hoteluri held on 28.04.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for 2017 and the appointment of an auditor.

May 2017

- The OGM of Azuga Turism SA held on 09.05.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for 2017
- The OGM of Central SA held on 17.05.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for 2017 and the election of an administrator on the vacant seat
- The OGM of GAZ Vest SA held on 25.05.2017 approved the financial statements as at 31.12.2016, the distribution of dividends, the Income and Expenditure Budget and the Investment Plan for 2017, election of the Board of Directors and the appointment of the financial auditor.
- The OGM of Napomar SA held on 29.05.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for 2017

June 2017

- Appointment of an interim administrator at Napomar SA, starting 01.06.2017 following the resignation of an administrator.

July 2017

- By Endorsement no. 405 /July 13, 2017, ASF approved the change in the composition of the Board of Directors of the Company following the election of Bogdan-Alexandru DRĂGOI, Radu Răzvan STRĂUȚ, Sorin MARICA and Marcel Heinz PFISTER, as administrators, as per Resolution no. 1 of the Ordinary General Meeting of SIF Banat-Crișana's Shareholders held on 20.04.2017. *(Current Report of July 14, 2017)*
- By Endorsement no. 404 /July 13, 2017, ASF approved the changes in SIF Banat-Crișana's documents following the change in the composition of company's management, by the appointment of Mr. Bogdan-Alexandru Drăgoi as Chairman – CEO, according to the Resolution no. 1 of the Board of Directors of 24.04.2017. Subsequently, the composition of SIF Banat-Crișana's management team, at the date of this endorsement, is the following: Bogdan-Alexandru Drăgoi, Teodora Sferdian and Laurentiu Riviș. Regarding the request for the endorsement of Mr. Radu-Răzvan Străuț as Director of SIF Banat-Crișana, the Financial Supervisory Authority communicated that the analysis was still ongoing, and an answer would be given as soon as possible. *(Current Report of July 14, 2017)*
- By Endorsement no. 403/July 13, 2017, ASF approved the changes made in SIF Banat-Crișana's Articles of Association, as per Resolution no. 1 of EGM of 20.04.2017, respectively with the Company's Articles of Association, updated. *(Current Report of July 14, 2017)*
- SIF Banat-Crișana convened the OGM for August 30 (31) 2017 having on the Agenda the approval of consolidated financial statements prepared pursuant to IFRS *(Current Report of July 27, 2017)*

ASSESSMENT OF MATTERS CONCERNING THE EMPLOYEES

Evolution of the number of employees for SIF Banat-Crişana and the consolidated entities is presented in the table below:

Company name	Average no. of employees		
	2014	2015	2016
SIF Banat-Crişana	49	48	39
SIF Imobiliare	113	128	131
Napomar	309	316	310
Azuga Turism	17	31	22
SIF Hoteluri	101	108	183
Silvana	196	198	175
IAMU	696	724	713
Vrancart	903	936	1,017
Somplast	142	144	143
SAI Muntenia Invest	50	34	38
Central Cluj	87	21	19
Biofarm	380	394	388
Gaz Vest	78	80	81
TOTAL	3,121	3,162	3,219

There is no trade/labour union within SIF Banat-Crişana, the employees are represented in the negotiation of the collective labour contract by their representatives, elected pursuant to the legal requirements in force. The employment relationships are regulated by the Individual Labour Contracts and by the Collective Labour Contract.

SIF Banat-Crişana encourages the social dialogue, and provides a positive working environment offering equal opportunities to all its employees.

There were no conflicting aspects throughout 2016 in the relations between management and employees of SIF Banat-Crişana, nor in the companies in the scope of consolidation.

During 2016 there has been no collective layoffs in the case of SIF Banat-Crişana, or the companies in the scope of consolidation.

All the companies in the scope consolidation have organization and operation regulations approved by their Board of Directors, describing their organization, and regulating the functioning of their departments, establishing competencies for each department separately, their tasks and responsibilities.

ASSESSMENT OF MATTERS CONCERNING THE ENVIRONMENT

Although the specific activity of SIF Banat-Crişana does not have a negative impact on the environment, the Company is concerned with the use of procedures for proper management of environmental problems in its workflows related to the daily work carried out at the headquarters and the Bucharest branch, efficient use of energy, and protecting the environment.

Environmental aspects for the companies in the scope of consolidation:

- Vrancart SA - Has implemented an integrated quality-environment-health and occupational safety management system, according to ISO 9001/2008; ISO 14001/2004 and OHSAS 18001/2007, certified by the company Lloyd's Register England, Bucharest agent, valid until 2018.

During 2016 the supervising audits were performed to verify the implementation and maintenance of each system. The results showed that the management systems operate according to the requirements of the standards chosen as reference model.

The impact of company's business over the environment is constantly monitored through the implementation of Environmental Management System and implicitly by observing the legislation in force and the Integrated Environmental Authorization valid until 2025 and the Water Management Permit valid on 2017.

Vrancart operates in compliance with the environmental permits the company holds.

The general objectives of ISO management systems were included in the policies concerning quality, environment, health and work safety. For the achievement of the overall objectives, specific process objectives were set.

- IAMU S.A. – starting March 2006 has implemented and certified an Environmental Management System (EMS), pursuant to SR EN ISO 14001: 2005 standard, valid on 2018.

In December 2016, a supervising audit took place for the SSM that found no irregularities concerning the environment.

The company holds the Environment Authorisation - valid until 2022 and Water Management Permit - valid until 2018.

Having regard to the new activities carried out starting from 2015 (the tempering process in the linear tape SAFED oven with the in a hydrogen and nitrogen environment, together with the storage tanks of these hazardous materials), which are not included in the Environment Authorisation referred to above, the company has requested and received a revised authorization and for the new activities in January 2016.

IAMU is monitored both by "Romanian Waters" National Administration through the System of Water Management Alba, respectively Basin Administration of Water Mureş, as well as by the National Guard of Environment through Commissariat of Alba and permanently cooperates with the Agency for Environmental Protection Alba. The degree of compliance with the legal provisions and other applicable requirements for the organization during the year 2016, calculated according to the valuation matrix established by the company was of 99.73%.

The company was not sanctioned or fined for non-conformances relating to legal provisions concerning the protection of the environment.

For the full compliance with the provisions of the legislation in force concerning the avoidance of pollution of environmental factors such as water, air, soil and, having regard other applicable requirement, the organization has established a program of Environment Management, which is already 95% fulfilled.

The company constantly monitors the pollutant indicators of the waters in accordance with the program in the Water Management Permit.

- SOMPLAST S.A. - has implemented and certified the environmental management system ISO 14001: 2004; the company shall carry out its activity in accordance with the legal provisions, holding an Environment Authorization with validity until 2018.

Company's personnel are properly trained in the temporary storage, grind and re-use of waste results. Twice a year technical checks and measurements of gas emissions from the flare are performed. For the discharged waters duplicate determinations are made upon request. For the organic compounds, determinations in accordance with the provisions of the Environment Authorization are executed. The monitoring of waste is carried out in accordance with the legal provisions on protection of the environment.

- NAPOMAR S.A. - has implemented and certified the environmental management system in accordance with the SR EN ISO 14001-2005 standard, valid until March 2017.

The company holds an authorization to the environment for the pursuit of its business, valid until January 2023, as well as the authorizations for capturing and disposal of waste water (valid until December 2016) and for the welding procedures issued by Bureau Veritas (EN 287-1, EN ISO 96061).

- Silvana SA - has environment authorization for the pursuit of its business in accordance with the CAEN code, valid until January 2019. The company has implemented the environmental management system in accordance with ISO 14001:2005 standard.
- Biofarm SA - has implemented and certified the environmental management system according to ISO 14011:2009.

The activities carried out by the company for the protection of the environment allow its management to identify and monitor the environmental impact of the activities, products or services the company supplies.

The company holds an authorisation for water management valid until March 2017 and an environment authorization in effect until 2020. The impact of the activity of the company on the environmental factors has been within the limits imposed by the environmental authorisations issued.

- GAZ VEST S.A. - has implemented a system of environment management ISO 14001:2004; valid until 2018.
- AZUGA TURISM S.A. - holds an environment authorization for the pursuit of the company's business in accordance with the CAEN code, valid until January 2021.
- SIF HOTELURI S.A. - holds environmental authorizations for all the locations in which its activities are carried out in accordance with the CAED code.
- SAI MUNTENIA S.A. - for its activity does not need special environment authorizations.
- SIF IMOBILIARE Plc - for its activity does not need special environment authorizations.
- CENTRAL S.A. - for its activity does not need special environment authorizations.

BRANCHES OF SUBSIDIARIES

Subsidiary of SIF Banat-Crişana	Stake held in	% holding
Vrancart SA	Giant Prodimpex SRL	100
	Comalim SA Arad	91.17
	Agrorent SA Arad	99.42
	Administrare Imobiliare SA Bucharest	98.90
	SIFI BH Est SA Bucharest	94.77
	SIFI BH Ind Vest SA Bucharest	98.95
	SIFI Cluj Retail SA Bucharest	89.45
	Bistrita SA Bucharest	91.98
	SIFI CJ Logistic SA Bucharest	84.74
	SIFI CJ Agro SA Bucharest	97.50
	SIFI CJ Office SA Bucharest	98.83
	SIFI CJ Storage SA Bucharest	92.10
	SIFI CS Retail SA Bucharest	57.57
SIF Imobiliare Plc	Central SA Petroşani	99.98
	Cora SA Hunedoara	90.43
	SIFI Baia Mare SA Bucharest	92.59
	SIFI Sighet SA Bucharest	72.28
	Uniteh SA Timişoara	50.20
	Urban SA Lugoj	80.45
	SIFI B One SA Bucharest	99.90
	SIFI BH Retail SA Bucharest	99.90
	SIFI TM Agro SA Bucharest	50.00
	(SIFI TM AGRO SA holds interests in Pont Automall SRL and Pont Agrinvest SRL which are not included in the consolidated financial statements of SIFI Plc)	
	SIFI Properties SA Bucharest	99.90

This report is accompanied by the following annex:

ANNEX 1 Consolidated financial statements for the year ended December 31, 2016 prepared pursuant to Norm no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the ASF – Financial Instruments and Investments Sector - audited

The version prepared in Romanian of the consolidated report of the Board of Directors (which is the official and binding version) was approved by the Board of Directors of SIF Banat-Crişana in the meeting held on July 27, 2017, and revised and approved in final form in the meeting held on August 16, 2017.

Bogdan-Alexandru DRĂGOI

Chairman and CEO

Ştefan Doba

Economic Director