SIF BANAT-CRIŞANA SA

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

prepared in accordance with Rule no. 39/2015 approving the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector

This version of the accompanying documents re a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report prevails over this translation

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CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

CONTENTS **PAGE**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016
(All amounts are presented in RON)

	Note	Year ended as at 31 December 2016	Year ended as at 31 December 2015 (restated)
Revenue	8	544,540,691	456,515,972
Cost of sales of goods	9	(439,381,441)	(419,245,143)
Net gains from investment property	10	(24,348,453)	12,557,731
Net gains from financial assets	11	(4,639,710)	52,311,655
Other gains/losses – net	12	(4,630,871)	23,228,074
Operating profit		71,540,216	125,368,289
Finance income	13	7,535,079	11,819,463
Finance cost	13	(12,601,291)	(17,766,834)
Finance cost – net	13	(5,066,212)	(5,947,371)
Share of net profit of associates	31	9,404,288	8,238,336
Profit before income tax		75,878,292	127,659,254
Income tax expense	14	(13,167,369)	(25,447,359)
Profit for the period		62,710,923	102,211,895
Profit from continuing operations		63,674,457	103,429,434
Profit from discontinued operation	34	(963,534)	(1,217,539)
Profit for the period		62,710,923	102,211,895
Profit is attributable to:			
Owners		61,614,584	96,076,297
Non-controlling interests		1,096,339	6,135,598
Profit for the period		62,710,923	102,211,895
Earnings per share for profit			
Basic earnings per share		0.11	0.18
Diluted earnings per share		0.11	0.18
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Changes in the fair value of available-for-sale financial assets			
Amount transferred to profit and loss		3,861,082	(28,395,882)
Change in fair value		41,897,946	259,249,682
Tax effect on the above reserves		(7,321,445)	(36,191,166)
Items that will not be reclassified to profit and loss			
• Gain on revaluation of land and buildings		25,967,641	6,522,613
Other comprehensive income for the period		64,405,224	201,185,247
Total comprehensive income for the period		127,116,147	303,397,142

The consolidated financial statements were approved by the Board of Directors on July 27, 2017, reviewed and approved in final form at the meeting dated August, 16 2017 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
President, General Manager Vice-president

Ştefan Doba
Economic Manager

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016
(All amounts are presented in RON)

	Note	31 December 2016	31 December 2015 Restated	31 December 2014 Restated
ASSETS				
Cash and cash equivalents	15	104,589,882	50,078,246	83,224,321
Bank Deposits		53,701,555	159,995,924	56,814,783
Financial assets at fair value through profit and loss	16	309	449	132,318,525
Other Financial Assets	19	85,210,560	86,675,473	139,615,807
Inventories	20	57,895,933	54,396,288	53,931,092
Assets held for sale	34	9,188,638	27,104,429	-
Available-for-sale financial assets	17	1,276,444,115	1,112,420,462	763,520,822
Investments in Associates		64,747,102	57,827,997	53,215,559
Held-to-maturity investments	18	6,342,016	34,498,231	50,844,602
Investment properties	21	257,427,670	237,718,204	239,915,128
Property, plant and equipment	22	506,606,899	495,440,288	446,764,299
Other assets		4,430,584	9,997,863	5,120,141
Godwill		3,568,686	3,662,624	-
Investments		278,345	1,548,446	-
Total assets		2,430,432,294	2,331,364,924	2,025,285,079
LIABILITIES				
Other financial liabilities	23	99,394,413	102,309,870	100,280,231
Dividends	24	20,204,247	20,850,806	13,126,579
Deferred tax liabilities	25	158,444,322	148,822,379	106,357,052
Loans	26	135,703,844	111,566,492	114,733,697
Investments grants	27	41,511,736	44,379,488	44,372,329
Provisions for employee benefits and other		2,141,915	8,319,445	9,114,640
Other liabilities		1,598,457	1,510,975	1,432,563
Total liabilities		458,998,934	437,759,455	389,417,091
EQUITY				
Share capital	28	54,884,930	54,884,930	54,884,930
IAS 29 on share capital	28	684,298,992	684,298,992	684,298,992
Reserves from applying Law 133/1996	28	2,105,675,691	2,105,675,691	2,105,675,691
IAS 29 on Retain earnings	28	(2,644,488,595)	(2,644,488,595)	(2,644,488,595)
Treasury shares		(52,443,756)	-	-
Losses from redemption of treasury shares		(734,130)	-	-
Other reserves		(21,635,428)	(28,497,230)	(22,229,576)
Retained earnings		1,139,243,636	1,083,672,824	1,024,105,975
Reserves on revaluation of land and buildings		34,131,623	8,163,983	1,641,369
Legal reserves		15,530,829	13,860,975	12,347,732
Reserves in the fair value of available-for-sale financial assets		573,654,696	535,217,113	340,554,479
		1,888,118,488	1,812,788,683	1,556,790,997
Non-controlling interests		83,314,872	80,816,786	79,076,991
Total equity		1,971,433,360	1,893,605,469	1,635,867,988

The consolidated financial statements were approved by the Board of Directors on July 27, 2017, reviewed and approved in final form at the meeting dated August, 16 2017 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
President, General Manager

Ştefan Doba
Economic Manager

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016
(All amounts are presented in RON)

2015	**Share capital**	**Legal reserves**	**Reserves from applying Law 133/1996**	**Reserves in the fair value of available-for-sale financial assets**	**Other reserves**	**Reserves on revaluation of land and buildings**	**Retained earnings**	**IAS 29 effect**	**Total**	**Non-controlling interest**	**Total equity**
	(LEI)	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**
Balance at 1 January 2015	739,183,922	12,347,732	2,105,675,691	340,554,479	(22,229,576)	1,641,369	1,024,105,975	(2,644,488,595)	1,556,790,997	79,076,991	1,635,867,988
Profit for the period	-	-	-	-	-	-	96,076,292	-	96,076,292	6,135,598	102,211,890
Other movements											
Increase/ Decrease in reserves from revaluation of property plant and equipment of associates	-	-	-	-	-	195,379	-	-	195,378	-	195,378
Changes in revaluation of land and buildings	-	-	-	-	-	6,327,235	-	-	6,327,235	-	6,327,235
Reserves of the fair value of available-for-sale financial assets transferred to Profit and Loss	-	-	-	(33,815,368)	-	-	-	-	(33,815,368)	-	(33,815,368)
Changes in reserves in the fair value of available-for-sale financial assets	-	-	-	264,669,168	-	-	-	-	264,669,168	-	264,669,168
Deferred income tax	-	-	-	(36,191,166)	-	-	-	-	(36,191,166)	-	(36,191,166)
Total comprehensive income for the period	-	-	-	194,662,634	-	6,522,614	96,076,292	-	297,261,539	6,135,598	303,397,137
Dividends for payment for the year 2014	-	-	-	-	-	-	(54,884,927)	-	(54,884,927)	-	(54,884,927)
Dividends write off	-	-	-	-	-	-	12,892,850	-	12,892,850	-	12,892,850
Increase/Decrease in subsidiaries	-	-	-	-	-	-	-	-	-	(4,395,804)	(4,395,804)
Changes in reserves of subsidiaries	-	1,513,243	-	-	(6,267,654)	-	5,482,634	-	728,225	-	728,225

(All amounts are presented in RON)

	Share capital	Legal reserves	Reserves from applying Law 133/1996	Reserves in the fair value of available-for-sale financial assets	Other reserves	Reserves on revaluation of land and buildings	Retained earnings	IAS 29 effect	Total	Non-controlling interest	Total equity
	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)
Total transactions with shareholders recognized in equity	-	1,513,243	-	-	(6,267,654)	-	(36,509,443)	-	(41,263852)	(4,395,804)	(45,659,656)
Balance as at 31 December 2015	739,183,922	13,860,975	2,105,675,691	535,217,113	(28,497,230)	8,163,983	1,083,672,824	(2,644,488,595)	1,812,788,683	80,816,786	1,893,605,469

Compared to the presentation of the financial statements for the year 2015, within Other comprehensive income the deferred tax effect was inserted. From the values of the Reserve from the reevaluation of available-for-sale financial assets transferred to the statement of income and of the Net variation of the reserve from the reevaluation of the available-for-sale financial assets, the influence of the deferred income tax was removed, the respective amount being presented differently.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016
(All amounts are presented in RON)

2016	Share capital	Treasury shares	Losses from redemption of shares	Legal reserves	Reserves from applying Law 133/1996	Reserves in the fair value of available-for-sale financial assets	Other reserves	Reser ves on revaluation of land and buildings	Retained earnings	IAS 29 effect	Total	Non-controlling interest	Total equity
	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)	(LEI)
Balance at 1 January 2016	739,183,922	-	-	13,860,975	2,105,675,691	535,217,113	(28,497,230)	8,163,983	1,083,672,824	(2,644,488,595)	1,812,788,683	80,816,786	1,893,605,469
Profit for the period	-	-	-	-	-	-	-	-	61,614,584	-	61,614,584	1,096,339	62,710,923
Other movements													
Changes in revaluation of land and buildings	-	-	-	-	-	-	-	25,967,641	-	-	25,967,641	-	25,967,641
Reserves of the fair value of available-for-sale financial assets transferred to Profit and Loss	-	-	-	-	-	3,861,082	-	-	-	-	3,861,082	-	3,861,082
Changes in reserves in the fair value of available-for-sale financial assets	-	-	-	-	-	41,897,946	-	-	-	-	41,897,946	-	41,897,946
Deferred income tax	-	-	-	-	-	(7,321,445)	-	-	-	-	(7,321,445)	-	(7,321,445)
Total comprehensive income for the period	-	-	-	-	-	38,437,583	-	25,967,641	61,614,584	-	126,019,808	1,096,339	127,116,147
Increase/Decrease in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	3,889,629	3,889,629
Redemption of treasury shares	-	(52,443,756)	(734,130)	-	-	-	-	-	-	-	(53,177,886)	-	(53,177,886)

(All amounts are presented in RON)

2016	**Share capital**	**Treasury shares**	**Losses from redemption of shares**	**Legal reserves**	**Reserves from applying Law 133/1996**	**Reserves in the fair value of available-for-sale financial assets**	**Other reserves**	**Reserves on revaluation of land and buildings**	**Retained earnings**	**IAS 29 effect**	**Total**	**Non-controlling interest**	**Total equity**
	(LEI)	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**	**(LEI)**
Changes in reserves of subsidiaries	-	-	-	1,669,854	-	-	6,861,802	-	(6,043,773)	-	2,487,883	(2,487,883)	-
Total transactions with shareholders recognized in equity	-	(52,443,756)	(734,130)	1,669,854	-	-	6,861,802	-	(6,043,773)	-	(50,690,003)	1,401,746	(49,288,257)
Balance as at 31 December 2016	739,183,922	(52,443,756)	(734,130)	15,530,829	2,105,675,691	573,654,696	(21,635,428)	34,131,623	1,139,243,636	(2,644,488,595)	1,888,118,488	83,314,872	1,971,433,360

As concerns the financial statements for 2015, the Tax on related deferred profit line was inserted in the Other items of the global result. Out of the values of the Reserves from the revaluation of financial assets available for sale transferred into the profit and loss account and the Net Variation of the reserve from the revaluation of financial assets available for sale, the influence of the tax on related deferred profit was eliminated and the respective amount was presented distinctly.

The consolidated financial statements were approved by the Board of Directors on July 27, 2017, reviewed and approved in final form at the meeting dated August, 16 2017 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
President, General Manager

Ştefan Doba
Economic Manager

(All amounts are presented in RON)

	Year ended as at 31 December 2016	Year ended as at 31 December 2015 (restated)
Cash flows from operating activities		
Net profit for the period	62,710,923	102,211,895
Adjustments for:		
Depreciation and impairment of property, plant and equipment and intangible assets (Note 9)	41,583,828	41,630,758
(Gain)/Losses on disposal of property plant and equipment	(24,545,561)	(3,511,957)
(Gain)/Losses from revaluation of investment property (Note 10)	24,348,453	(13,700,343)
Expenditure related to adjustments for impairment	14,636,586	14,034,833
Net profit from sale of assets (Note 11)	(1,973,566)	(55,329,674)
(Net gains)/ Net losses from financial assets at fair value through profit or loss	(7,939,015)	672,551
(Net gains)/ Net losses from disposal / acquisition subsidiary	3,889,629	(1,014,994)
Share of results of associates	(9,404,288)	(8,238,336)
Income from dividends (Note 8)	(78,263,232)	(14,961,770)
Interest income	(5,581,462)	(7,354,932)
Interest expenses (Note 13)	3,624,083	4,660,036
Income tax (Note 14)	13,167,369	25,447,359
Operating cash flows before working capital changes	36,253,747	84,545,426
Working capital changes		
Decrease/(increase) in trade and other receivables	(2,199,012)	(19,002,922)
Decrease/(increase) in inventories	(3,499,645)	(465,195)
Increase/(decrease) in trade and other payables	2,619,765	3,451,451
Income tax paid	(17,859,557)	(19,875,279)
Interest paid	(2,422,704)	(569,973)
Net cash from operating activities	12,892,594	48,083,509
Net cash from investing activities		
Interest received	7,607,397	6,904,166
Payments for acquisition of property, plant and equipment	(59,540,074)	(42,025,915)
Payments for acquisition of shares (Note 17)	(126,342,136)	(31,209,803)
Proceeds from sales of shares	3,784,252	73,114,113
Proceeds from sales of assets held for sale	4,885,550	-
(Placements) / Proceeds from deposits greater than three months	106,294,369	(103,181,141)

	Year ended as at 31 December 2016	Year ended as at 31 December 2015
Proceeds (Payments)-net from sales of financial assets at fair value through profit or loss	-	18,369,463

(All amounts are presented in RON)

Proceeds (Payments) for acquisition of held-to-maturity investments	26,922,180	16,016,606
Proceeds from sales of property plant and equipment	14,928,186	1,983,981
Proceeds from dividends	84,819,124	15,862,790
Proceeds / Payments from associates	11,202,012	7,483,212
Acquisition of interests in subsidiaries	-	(6,657,600)
Proceeds / Payments from investments in other securities	1,270,097	312,218
Net cash from investing activities	75,830,957	(43,027,912)
Cash flows from financing activities		
Net cash in/out from loans	23,309,131	(19,268,114)
Dividends paid to the Company's shareholders	(3,970,007)	(30,944,403)
Redemption of treasury shares	(53,177,886)	-
Net cash from financing activities	33,838,762	(50,212,517)
Net increase/ (decrease) in cash and cash equivalents	54,884,788	(45,156,921)
Cash and cash equivalents at the beginning of the year	17,245,767	62,402,688
Cash and cash equivalents at the end of the year	72,130,555	17,245,767

Cash and cash equivalents include:

	31 December 2016	**31 December 2015**
Cash on hand	544,086	507,447
Current accounts at banks	91,408,572	24,867,783
Bank deposits with original maturity less than 3 months	12,217,000	13,540,949
Other values	420,224	11,162,067
Overdrafts	(32,459,327)	(32,832,479)
Cash and cash equivalents	72,130,555	17,245,767

The consolidated financial statements were approved by the Board of Directors on July 27, 2017, reviewed and approved in final form at the meeting dated August, 16 2017 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
President, General Manager

Ştefan Doba
Economic Manager

CONSOLIDATED ACCOUNTING POLICIES

1. REPORTING ENTITY

The Financial Investment Company Banat–Crişana SA („the Company") was established according to Law no. 133/1996 through the reorganization and transformation of the Private Property Fund Banat-Crişana and it is a trading joint-stock company operating according to Law 31/1990 and to Law no. 297/2004.

The registered office of SIF Banat–Crişana is situated in Arad, Calea Victoriei, nr. 35 A, judeţul Arad, cod 310158, phone: 0257.234.167, Fax: 0257.250.165. The registration number of the Trade Register Office is: J02/1898/1992, and the Sole Tax Registration Code is: 2761040.

The business object of the Company is:

- Making financial investments in order to maximize the value of equity according to the regulations in force;
- Managing the investment portfolio and exercising all rights related to the invested instruments;
- Other auxiliary and adjacent activities, according to the regulations in force.

The shares of the Company are listed in the Stock Exchange of Bucharest, starting with November 1st 1999 and are traded on the regulated market within the Premium category, having the indicative SIF BANAT-CRIȘANA.

The separate financial statements of ale Societatea de Investiţii Financiare Banat–Crişana SA were authorized by the Board of Directors on 20 March 2017, before the authorization of these consolidated financial statements. The Company applied an interpretation contained in the agenda paper issued by the European Commission Internal Market and Services for the meeting of the Accounting Regulatory Committee (document ARC/08/2007) about relationship between the IAS regulation and the 4th and 7th Company Law Directives. The Commission Services Department was of the opinion that, if a company chooses or is required to prepare its annual financial statements in accordance with IFRS as adopted by the European Union, it can prepare and file them independently from the preparation and filing of its consolidated financial statements.

The depository company of the Company is BRD Groupe Société Générale starting with 01/29/2014, before that date it was ING Bank NV Amsterdam Bucharest branch office, and the register services rendering company is Depozitarul Central SA of Bucharest.

The consolidated financial statements of the Company issued for year 2016 comprise the Company, its subsidiaries and associates („the Group"). The subsidiaries and the associates are presented at Note 3.

The activity developed by the Group is segmented on four main activities, respectively: financial, industry, agriculture, trade, restaurants and hotel activity.

The company took into account, as alternative situation, the exemption of S.I.F. from the issue of the consolidated financial statements, taking into account the provisions of IFRS 10 „*Consolidated financial statements”* (in force as at 01/01/2014) regarding the investment entities, the obligations of a parent company and the definition of the notion investment entities.

Paragraph 27 of IFRS prescribes that, "*A parent 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 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."*

Being that the Company does not measure and evaluate the performance of substantially all of its investments on a fair value basis, it does not fulfil the conditions necessary to be considered investment entity and this way, it cannot apply the exception supplied by IFRS 10.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements were prepared in accordance with Rule no. 39/2015 approving the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector (the "Rule").

The bookkeeping of the Company and of the subsidiaries is kept in lei.
As not all subsidiaries apply IFRS as accounting basis, the statements issued according to the Romanian Accounting Regulations (”RAR”) are reconsidered to emphasize the differences between the accounts compliant with RAR and those compliant with IFRS. Consequently, the statements compliant with RAR are adjusted, as the case may be, in order to harmonize these financial statements, in all significant aspects, with the requirements of IFRS adopted by the European Union by the Regulations 1606/2002 of the European Parliament and of the Council of the European Union in July 2002 and those of the FSA Regulations no. 39/2015.

Besides the specific consolidation adjustments, the main readjustment of the financial information presented in the financial statements issued according to RAR and IFRS adopted by the European Union are:

- Grouping more items in wider categories;

- Adjustments of the assets, liabilities and equity, according to IAS 29 - „Financial Reporting in Hyperinflationary Economies" because the Romanian economy has been a hyperinflationary economy until 31 December 2003;
- Fair value adjustments and for the depreciation of the value of financial assets, according to IAS 39 - „Financial Instruments: Recognition and Measurement";
- Adjustments in the consolidated statement of the global result to register the income from dividends on the declaration date and at their gross value;
- Adjustments for the recognition of the liabilities and receivables regarding the deferred corporate income tax, according to IAS 12 "Income taxes";
- Adjustments of real estate investments to measure them at their fair value, according to the provisions of IAS 40 "Real estate investments"; and
- Presentation requirements according to IFRS.

b) Presentation of consolidated financial statements

The Group has adopted a liquidity based presentation within the consolidated statement of the financial position and a presentation of the income and expenses depending on their nature within the consolidated statement of the global result, considering that these presentation methods supply reliable and more relevant information than that information that would have been presented based on other methods allowed by IAS 1 „Presentation of Financial Statements".

c) Basis of evaluation

The consolidated financial statements are issued based on the fair value convention for the financial assets and liabilities at the fair value through the profit and loss and the available-for-sale financial assets, the tangible assets such as the lands and buildings, real estate investments, except for those ones for which the fair value cannot be established reliably.

Other financial assets and liabilities, as well as the non-financial assets and liabilities are presented at amortized cost, revaluated value or historical cost.

The methods used for the evaluation of the fair value are presented at Note 4.

d) Going concern

The accompanying financial statements have been prepared based on the going concern principle, which assumes that SIF and the trading companies within its portfolio will be able to dispose of assets and to fulfil the obligations during the operational activity.

e) Measurement currency

The Group management considers that the functional currency, as defined by IAS 21 „The Effects of Changes in Foreign Exchange Rates", is the Romanian leu (RON or lei). The consolidated financial statements are presented in lei, rounded to the closest leu, the currency that the Group management chose as presentation currency.

f) Use of estimates and judgments

The preparation of consolidated financial statements in accordance with Rule no. 39/2015 approving the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector supposes the use by the Group management of estimates, judgments and hypotheses affecting the application of the accounting policies as well as the reported value of the assets, liabilities, income and expenses. The estimates and hypotheses associated to these judgments are based on the historical experience as well as on other factors considered reasonable within the context of these estimates. The results of these estimates form the basis of judgments related to the carrying amounts of the assets and liabilities that cannot be obtained from other sources of information. The results obtained can be different from the value of estimates.

The estimates and hypothesis are reviewed periodically. The review of the accounting estimates are recognized during the period in which the estimation is reviewed, if the review affects only that period or the period in which the estimate is reviewed and the future periods if the review affects both the current period and the future periods.
The judgments carried-out by the Group management in applying IFRS that have a significant aspect on the consolidated financial statements as well as the estimates involving a significant risk of a material adjustment during the future year are presented at Note 6.

g) Modifications of the accounting policies

The accounting policies adopted are applied consequently for all periods presented within these consolidated financial statements.

(All amounts are presented in RON)

3. BASIS OF CONSOLIDATION

a) Subsidiaries and associates

The subsidiaries are entities under the Company control. The control exists when the Company is exposed or has rights on the variable profitability based on its participation in the entity in which it invested and has the capacity to influence that income through its authority over the invested entity. On the control evaluation date, the potential or convertible voting rights exercised on the respective date are taken into account.

The financial statements of the subsidiaries are included in the consolidated financial statements as of the date when it begins exercising the control until its termination. The accounting policies of the subsidiaries were amended in order to harmonize them with the Group's policies.

The list of investments in subsidiaries as at 31.12.2016, 31.12.2015 is the following:

		Percentage held (%)	
No.	**Company name**	**31 December 2015**	**31 December 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 Bucureşti	98,94	98,94
6	Silvana SA Cehu Silvaniei	96,28	96,28
7	Iamu SA Blaj	76.69	76.69
8	Vrancart SA Adjud	74,72	74,72
9	Somplast SA Bistriţa	70,75	70,75
10	Central SA Cluj	63.51	63.51
11	Ario SA Bistriţa ***	93.64	93.64

* The list of investments of the entity SIF Imobiliare PLC Nicosia

(All amounts are presented in RON)

		Percentage held (%)	
No.	**Company name**	**31 December 2015**	**31 December 2016**
1	Comalim SA Arad	91,17	91,17
2	SIFI BH Est SA Bucuresti	92,12	94.77
3	SIFI Cluj Retail SA	89,45	89.45
4	SIFI CJ Logistic SA	84.74	84.74
5	SIFI CJ Agro SA	86,28	97.50
6	SIFI CJ Storage SA	87,39	92.10
7	SIFI CS Retail SA	57,57	57.57
8	Uniteh SA	50.20	50.20
9	Agrorent SA	99,42	99.42
10	Administrare Imobiliare SA	98,90	98.90
11	SIFI BH IND Vest SA	98,95	98.95
12	Bistrita Cluj SA	91,98	91.98
13	SIFI CJ Office SA	98,83	98.83
14	Central Petrosani SA	99.98	99.98
15	Cora SA Hunedoara	90,99	90.43
16	SIFI Baia Mare SA	92,59	92.59
17	SIFI Sighet SA	72,28	72.28
18	Urban SA	80,45	80.45
19	SIFI TM Agro SA ****	50,00	50.00
20	SIFI B One SA	99,90	99.90
21	SIFI BH Retail SA	99,90	99.90
22.	SIFI Properties SA București	0	99.90

** Vrancart SA Adjud owns as at 31 December 2015 a 100% shareholding in the company Giant Prodimpex SRL.

*** Ario SA Bistriţa is incurring the bankruptcy procedure, so that the voting rights held by SIF BANAT-CRIȘANA do not grant it the authority over the entity in which it invested and this way, it is excluded from the consolidation perimeter.

**** SIFI TM AGRO SA holds interests in Pont Automall SRL and Pont Agrinvest SRL that were not included in the consolidated financial statements of SIFI Plc.

b) Associates

The associates are those entities in which the Company can exercise a significant influence, but not the control over the financial and operational policies.

(All amounts are presented in RON)

- The companies in which SIF BANAT-CRIȘANA holds between 20-50%, over which it exercises a significant influence and that enter the consolidation field are Biofarm and Gaz Vest.

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

SIF Banat has representatives in the Board of directors of the two entities Biofarm and Gaz Vest and participates in the issue of their policies. According to IFRS (IAS 28, paragraph 6), SIF Banat-Crișana exercises significant influence over these two entities and will enter the consolidation perimeter.

In order to apply the derogation from the equity method according to article 18 of IAS 28 „Investments in Associates and Joint Ventures", respectively to evaluate the associates over which it has significant influence at the fair value through profit of loss, SIF BANAT-CRIȘANA must consolidate similarly the respective investments in its stand alone financial statements (according to article 11 of the international standard IAS 27 „Separate financial statements").

According to the Stand Alone Financial Statements of SIF BANAT-CRIȘANA, prepared according to the „Rule 39/2015 approving the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector", the two associate companies over which SIF BANAT-CRIȘANA are has significant influence are evaluated at the fair value through other items of the global result. Therefore, SIF BANAT-CRIȘANA cannot apply the aforementioned derogation to account for the associates with significant influence, evaluating the 2 companies in order to consolidate according to the equity method.

(All amounts are presented in RON)

- The companies in which SIF BANAT-CRIȘANA holds between 20-50%, over which it does not exercise a significant influence and that do not enter the consolidation field are divided as follows:

  - Companies undergoing liquidation, insolvency, bankruptcy etc.

No.	Company name	Percentage held (%) 01.01.2015	31.12.2016	Status
1	Aradeanca SA Arad	39,16	39,16	Insolvency
2	Mobila Uşi SA Bacău	32,45	32,45	Liquidation
3	Elbac SA Bacău	32,45	32,45	Liquidation
4	Agroproduct SA Reşiţa	30,00	30,00	Reorganization
5	Agroindustriala Nădlac	30,00	30,00	Dissolution
6	Uzina Ardealul Alba Iulia	29.51	29.51	Liquidation
7	Commixt SA Ocna Mureş	28,97	28,97	Liquidation
8	Mobimet SA Haţeg	28,87	28,87	Liquidation
9	Metalurgica SA Marghita	28,41	28,41	Bankruptcy
10	Sunprod Galda de Jos	27,09	27,09	Liquidation
11	Mebis SA Bistriţa	26,78	26,78	Insolvency
12	Exfor SA Bucureşti	24,23	24,23	Liquidation
13	Agroindustriala SA Gu	23,62	23,62	Liquidation
14	Agrotransport SA Reşiţa	23,46	23,46	Reorganization
15	Agroindustriala Socgat Gataia	22.65	22.65	Dissolution
16	Mopal SA Bistriţa	21,89	21,89	Reorganization
17	Molidul SA Suceava	21,63	21,63	Reorganization
18	Transilvania Aiud	20,19	20,19	Liquidation
19	Metalurgica SA	20,01	20,01	Reorganization

In accordance with IFRS (IAS 28, paragraph 9), an entity loses significant influence over an investee when it loses the power to participate in the financial and operating policy decisions of that investee. It could occur, for example, when an associate becomes subject to the control of a government, court, administrator or regulator.
As the associates in the table above are in bankruptcy / insolvency / dissolution it can be concluded that SIF BANAT-CRIȘANA lost significant influence over the investee entities and so they are excluded from the scope of consolidation.

(All amounts are presented in RON)

- Companies over which it does not exercises significant influence

No.	Company name	Percentage held (%) 31 December 2015	31 December 2016
1	Nord Construcţii SA Carei	44.31	44.31
2	Comar SA Baia Mare	34,94	34,94
3	Atlascard SA Deva	31,36	31,36
4	Petrocart	30,18	30,18
5	Forestiera SA Tîrgovişte	25,75	25,75
6	Mobicom SA Satu Mare	24.11	24.11
7	Agromec Gataia	23,91	23,91
8	CTCE SA Alba Iulia	23,24	23,24
9	Comat Alba	20,67	0
10	Comat Caraş Severin	20,41	20,41
11	Molidul SA Suceava	21,63	21,63

Since the criteria mentioned in IAS 28 ("Criteria significant influence") - paragraph 6 are not met, it can be concluded that SIF BANAT-CRIȘANA does not have significant influence over the associates in the table above, which are excluded from the scope of consolidation.

c) Transactions removed at consolidation

The settlements and the transactions within the Group, as well as the profit not realized resulted from transactions within the Group, are removed wholly from the consolidated financial statements.

The accounting policies presented below have been applied coherently for all periods presented within these consolidated financial statements. The accounting policies have been applied coherently by all the Group entities.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Transactions in foreign currency

The operations expressed in foreign currency are registered in lei at the official exchange rate on the settlement date of the transactions. The monetary assets and liabilities registered in foreign currency on the preparation date of the consolidate statement of the financial position are converted in the functional currency at the exchange rate of the respective day. The earnings or the losses of the monetary items are represented by the difference between the amortized cost expressed in the functional currency at the beginning of the reporting period, adjusted with the actual interest and the payments of the period, and the amortized costs in foreign currency converted in the functional currency at the closing exchange rate of the period.

The non-monetary assets and liabilities denominated in foreign currency that are measured at the fair value are translated in the functional currency at the exchange rate on the date when the fair value was determined.
The earnings or the losses from settlement are recognized in the profit and loss statement, except for the cases in which the differences of the exchange rate result from the conversion of the financial instruments classified as available for sale that are included in the reserve resulting from the modification of the fair value of these financial instruments and from the cases in which the differences of exchange rate result from the conversion of financial instruments classified at the fair value through profit and loss that are presented as being earnings or losses from the fair value.

The exchange rates of the main foreign currencies were:

Currency	Spot rate 31 December 2015	Spot rate 31 December 2016
EUR	4.5245	4.5411
USD	4.1477	4.3033

b) Accounting for the hyperinflation effect

According to IAS 29 („Financial Reporting in Hyperinflationary Economies") the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented according to the purchase power terms of the currency on the issuing date of the consolidated statement of the financial position, that is the non-monetary items are reconsidered by applying the general price index on the acquisition or contribution date.

According to IAS 29, an economy is considered as being hyperinflationary if, besides other factors, the cumulated inflation rate on a three-year period exceeds 100%.

The continuous decrease of the inflation rate and other factors related to the characteristics of the economic environment of Romania indicates the fact that the economy whose functional currency was adopted by the Group ceased to be hyperinflationary, with effect over the financial periods starting with January 1st 2004. Therefore, the provisions of IAS 29 were adopted for the issue of the consolidated financial statements until December 31st 2003.

Thus, the values expressed in the current measurement unit as at December 31st 2003 are treated as base for the carrying amounts reported in the consolidated financial statements and do not represent evaluated values, replacement cost, or any other measurement of the current value of the assets or of the prices at which the transactions would take place at this moment.

In order to issue the consolidated financial statements as at December 31st 2016, the Group adjusted the following elements to be expressed in the current measurement unit as at 31 December 2003:

- The share capital and the reserve elements (See note 28);
- The available-for-sale financial assets evaluated at cost, for which there is no active market and for which it is not possible to determine the fair value under a reliable manner (See note 4 d));

c) Cash and cash equivalents

The cash comprised the cash on hand and cash at bank and the short-term bank deposits. The cash equivalents are short-term and very liquid financial investments that are slightly convertible in cash and are referred to a non-significant risk for modifying the value.
When issuing the consolidated statement of the treasury flows, the following were considered cash and cash equivalents: the effective cash, the current accounts at banks and the deposits having an initial due date smaller than 90 days, less the authorized overdraft.

d) Financial assets and liabilities

(i) Classification

The Group classifies the financial instruments held into the following categories:

Financial assets or liabilities evaluated at the fair value through the profit and loss account

This category includes financial assets or financial liabilities held for trading, derivative instruments, structured instruments and financial instruments set at a fair value through the profit or loss account upon the initial recognition. A financial asset or liability is classified within this category if it was acquired mainly as speculative purpose or if it was set within this category by the Group management.
The structured derivative financial instruments are classified as being held for trading if they do not represent instruments used for the hedge accounting.

Investments held to maturity

The investments held to maturity represent those non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the firm intent and the possibility to keep them to maturity, other than:

- those that the Group, upon the initial recognition, sets as being evaluated at the fair value through profit or loss;
- those that the Group sets as being available for sale; and
- those corresponding to the definition of loans and receivables.

The Group must not classify any financial asset as being kept to maturity if during the current exercise or during the last two previous exercises, it sold or it reclassified before the maturity a calculated value in the total value of this category of investments, other than those from sales or reclassifications that:

- are so close to the maturity or the anticipated reimbursement date of the financial asset (for example, at less than three months before the due date) so that the modifications of the interest market rate do not have a significant effect over the fair value of the financial asset;
- take place once the entity has collected the greatest part of the initial value of the financial asset by scheduled payments or anticipated payments; or
- can be assigned to an isolated event that goes beyond the entity's control field, is not repetitive and could not be anticipated reasonably by the entity.

The investments held to maturity are measured at amortized cost by the effective interest method minus impairment losses.

Loans and receivables

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than:

- those that the Group intends to sell immediately or in the near term (that must be classified as being held for trading) and those that the entity, upon the initial recognition, sets as being at the fair value through profit or loss;
- those that the Group, upon the initial recognition, sets as being available for sale; or
- those for which the holder might not recover substantially the entire initial investment, from other cause than the loan deterioration (that have to be classified as being available for sale).

Available-for-sale financial assets

The available-for-sale financial assets are those financial assets that are not classified as loans and receivables, investments held to maturity, or financial assets at fair value through profit and loss.

After the initial recognition, the available-for-sale financial assets for which there is an active market are measured at the fair value and the modifications of fair value, other than the impairment losses, as well as the earnings and losses resulted from the variation of the exchange rate corresponding to the available-for-sale monetary items, are recognized directly in the equity. When the asset is derecognized, the earnings or the cumulated loss recognized in equity is transferred to the profit and loss account.

(ii) Recognition

The assets and the liabilities are recognized on the date when the Group becomes contractual part to the conditions of the respective instrument. The financial assets and liabilities are measured upon the initial recognition at the fair value plus the directly assignable trading costs, except for the Financial assets at fair value through profit or loss for which the trading costs are not included in the value of the instrument and of the investments in shares whose fair value could not be determined reliably and are recognized initially at the cost.

(iii) Compensations

The financial assets and liabilities are compensated, and the net result is presented in the statement of the financial position only when there is a legal compensation right and if there is the intent to settle them on a net basis or if it is intended to realize the assets and extinguish the debt simultaneously.

The income and expenses are presented net only when the accounting standards allow it, or for the profit and loss resulted from a group of similar transactions such as those of the Group's trading activity.

(iv) Evaluation

After the initial recognition, the Group must evaluate the financial assets, including the derivative instruments that are established as assets, at their fair value, without any deduction for the transaction costs that might be borne from sale or other disposal, the following categories of financial assets are excepted:

a) Loans and receivables - evaluated at the amortized cost through the effective interest method;
b) Investments held to maturity – evaluated at the amortized cost through the effective interest method; and
c) Investments in equity that have not a market price listed on an active market and whose fair value cannot be evaluated reliably and derivative instruments that have as support assets such equity instruments – evaluated at cost.

All financial assets, excepting those evaluated at the fair value through profit or loss, are tested periodically for the value depreciation.

After the initial recognition, the Group must evaluate all financial liabilities at amortized cost according to the effective interest method, except for the financial liabilities evaluated at the fair value through profit or loss, respectively of the financial liabilities that appear when the transfer of a financial asset does not fulfil the conditions for derecognition and is accounted for using the continuous involvement approach.

Evaluation at amortized cost

The amortized cost of a financial asset or of a financial liability is the value at which the financial asset or the financial liability is evaluated after the initial recognition minus the reimbursement of principal, plus or minus the cumulated amortization using the effective interest method for each difference between the initial value and the value at maturity, and minus any discount (direct or by using an adjustment account) for the depreciation or the impossibility to recover.

The effective interest rate represents the rate updating exactly the future payments and receipts in cash during the forecasted life of the financial instrument or, as the case may be, on a shorter term, up to the level of the net carrying amount of the financial asset or of the financial liability. When calculating the effective interest rate, the Group must estimate the cash flows taking into account all contractual conditions of the financial instrument, but must not take into account the future losses from the modification of the loan risk. The calculation includes all commissions and points paid or received by the parties participating in the contract that make integral part of the effective interest rate, the trading costs and all the other premiums and discounts.

Evaluation at fair value

Fair value represents the price that would be received when selling an asset or paid for the extinction of a debt within a transaction developed under normal conditions between the participants in the main market, on the evaluation date, or in the absence of the main market, on the most advantageous market to which the Group has access on that date.
The Group measures the fair value of a financial instrument using the prices listed on an active market for that instrument, using the closing price.
A financial instrument is considered as being listed on an active market when the listed prices are available immediately and regulated from a change, a dealer, a broker, an association in the industry, a service for establishing the prices or a regulation agency, and these prices reflect transactions that occur actually and regularly, developed under objective market conditions.

Within the category of shares listed on an active market we include all those shares admitted for trading at the Stock Exchange or on the alternative market that present frequent transactions (for example: at least 30 within the 30-days interval of trading before the evaluation date. The criterion for establishing the active market must be set so that to ensure a stable shares portfolio evaluated at cost/at the fair value from a reporting period to another one). The market price used to determine the fair value is the closing price of the market on the last trading day before the evaluation date.

The fund units are evaluated based on VUAN, calculated by the fund administrator using the closing quotations for the listed financial instruments. If the Group notices that in order to hold a fund there is no active market, it recurs for evaluation to the public financial statements of the fund holding, respectively to the value of the net asset. According to the net assets, a corrected VUAN is obtained for the evaluation of the fund units in the Group's financial statements.

Government bonds are evaluated based on the market quotation available on Bloomberg for the issue multiplied by the nominal unit value.

In the absence of a price quotation on an active market, the Group uses evaluation techniques. The fair value of the financial assets not traded on an active market is determined by authorized evaluators within the evaluation department operating within the Group.

The evaluation techniques include techniques based on the use of observable input, as well as the quoted price of the identical item held by other party as an asset, on a non-active market, and for the assets for which the observable prices are not available, evaluation techniques based on the analysis of the updated cash flows, and other evaluation methods used regularly by the market participants, using at maximum the market information, being based at minimum on the specific company information. The Group uses evaluation techniques that maximize the use of observable data and minimize the use of non observable data.

The values resulted through the use of an evaluation model is adjusted depending on a number of factors, because the evaluation techniques do not reflect reliably all factors taken into account by the market participants when a transaction is celebrated. The adjustments are registered so that to reflect the risk models, the differences between the sale and purchase quotations, the liquidity risks as well as other factors. The Group management considers that these adjustments are necessary to present a faithful measure of the value of the financial instruments held at fair value in the statement of the financial position.

The financial instruments that have no active market and their fair value cannot be determined reliably, they are evaluated at cost and tested periodically for the value depreciation**.** The evaluation of these shares brings forth the risk that reliable values do not result from them due to (i) the lack of reasonable information concerning such companies, due to our position as minority shareholders, (ii) the companies are not solvable, there is no potential purchaser and there are no comparables on the market.

(iv) Identification and evaluation of the value depreciation

For each reporting period, the Group evaluates the measure in which there is any objective proof that a financial asset or a group of financial assets is depreciated.

A financial asset or a group of financial assets is depreciated and impairment losses are incurred only if there is objective evidence of depreciation following one or many events that occurred after the initial recognition of the asset and if that event (or events) triggering losses had an impact over the future estimated treasury flows of the financial assets or of the group of financial assets that can be estimated reliably.

The objective evidence that a financial asset or group of financial assets is impaired comprises observable information about the following events that trigger losses:

(a) the significant financial difficulty of the issuer or of the debtor;
(b) a breach of the contract (eg. breach of the obligation to pay the interest or the principal);
(c) the creditor, due to economic or legal reasons related to the financial difficulties incurred by the debtor, grants to the debtor a concession that the creditor would not have taken into consideration otherwise;
(d) the issuer, the debtor incurs the bankruptcy procedure or it is probable that it will incur the bankruptcy or other form of financial reorganization;
(e) the disappearance of an active market for that financial asset because of financial difficulties; or
(f) observable data showing that there is a quantifiable decrease in the future treasury flows estimated from a group of financial assets from the initial recognition of those assets, although the decrease cannot be identified yet with the individual financial assets of the group, including:
    (i) non favourable modifications of the status of the debtor's payments within the group (eg. higher number of postponed payments); or
    (ii) national or local economic conditions that are correlated to the non-execution of the obligations regarding the group assets.
(g) information regarding the significant modifications that took place in the technological, market, economic or legal environment where the issuer operates, and indicates that fact that the cost of an investment in the equity instrument might not be recovered. The significant or extended decrease of the fair value of an investment in an equity instrument below its costs also represents an objective depreciation evidence.

If there is any evidence of this type, the Group applies the provisions below to determine the value of any impairment loss, different for:

a) The financial assets accounted for at the amortized cost;
b) The available-for-sale financial assets at fair value or at cost.

In specific situations, the necessary observable data for the estimation of the value of a loss from the depreciation of a financial asset may be limited or may no longer be completely relevant for the current statements. For instance, this could be the case when a debtor faces financial difficulties and there is little historical information available concerning similar debtors. In such circumstances, the Group uses the experience-based rationale in order to estimate the value of any depreciation loss. Similarly, the Group uses the experience-based rationale in order to adjust the observable data in order for a group of financial assets to reflect the current statements.

Financial assets accounted for at the amortized cost

If there is objective evidence that a loss was incurred from the loans and receivables or investments held to maturity impairment accounted for at the amortized cost, the loss value is evaluated as being the difference between the carrying amount of the asset and the updated value of the future estimated cash flows (excluding the future losses from the loan risk that were not incurred), updated with an initial effective interest rate of the financial asset.

When such a loss from depreciation occurs, the carrying amount of the asset is reduced by using an adjustment account for impairment.
The value of loss from impairment is recognized in the profit or loss.
If, during a subsequent period, the value of the impairment loss decreases, and the decrease can be correlated objectively to an event occurred after the impairment has been recognized, the loss from the impairment recognized before is resumed using an adjustment account for impairment.

The resumption cannot result in a carrying amount of the financial asset higher than the value that would have been the amortized cost if the depreciation had not been recognized, when the impairment loss is resumed.
The resumption value of the impairment loss is recognized in profit or loss.

Available-for-sale financial assets

As regards the available-for-sale financial assets, when a decrease of the fair value of an available-for-sale financial asset was recognized directly in the equity and there is objective evidence that the asset is impaired, the cumulated loss that was recognized directly in the equity will be resumed from the equity accounts and recognized in the statement of income if the financial asset has not been derecognized yet.

The value of the cumulated loss that is resumed from the equity accounts to the statement of income will be the difference between the acquisition cost (net of principal reimbursements and amortization) and the current fair value, minus any impairment loss of that financial assets recognized before in the profit and loss.

The impairment losses of the assets recognized in the profit or loss account of some shares classified as being available for sale cannot be resumed in the profit or loss. If, during a subsequent period, the fair value of an impaired participation increases, the increase of the value will be recognized directly in other elements of the global result.

If there are objective clues related to a loss from the impairment of an unlisted share that is not presented at the fair value because the fair value cannot be measured reliably, or related to a derivative financial asset that is related to will be settled by such an unlisted instrument, the value of the loss from impairment is measured as the difference between the carrying amount of the financial asset and the updated value of the future cash flows using the current domestic profitability rate of the market for a similar financial asset. These impairment losses are not resumed in the profit and loss.

In order to determine whether an asset is impaired, the Group takes into account relevant loss generating events, such as the significant and long-term decrease of the fair value below the cost; the market conditions and the field of activity, if these ones influence the recoverable value of the asset; the financial conditions and the short-term perspectives of the issuer, including any non favourable specific events that may influence the operations developed by the issuer, the recent losses of the issuer, the qualified report of the independent auditor over the most recent financial statements of the issuer etc.

Taken into account the intrinsic limitations of the methodology applied and the significant incertitude of the evaluation of the assets on the international and local markets, the Group estimations can be reviewed significantly after the approval date of the financial statements.

(v) Derecognition

The Group derecognizes a financial asset when the rights to receive cash flows from that financial asset expires or when the Group transferred the rights to receive the contractual cash flows corresponding to that financial asset in a transaction in which it transferred significantly all risks and benefits of the ownership right.

Any interest in the financial assets transferred retained by the Group or created for the Group is recognized as an asset or liability.
The Group derecognizes a financial debt when all contractual obligations ended or when the contractual obligations are cancelled or expired.

(vi) Reclassifications

The Group:

a) Cannot reclassify a derivative instrument besides the category of instruments evaluated at the fair value through profit or loss while it is held or issued;
b) Cannot reclassify any financial instrument outside the category of instruments evaluated at the fair value through profit or loss if upon the initial recognition it was set by the entity at the fair value through profit or loss; and
c) Can, if the financial asset is not held anymore for sale or redemption in the near future (despite the fact that the financial asset might have been acquired or appeared particularly for the sale or redemption in the near future), reclassify that financial asset outside the category of instruments evaluated at the fair value through profit or loss.

The Group should not reclassify any financial instrument in the category of instruments evaluated at the fair value through profit or loss after the initial recognition.
If, following the modification of the intent or capacity, the classification of an investment is not adequate as being kept to maturity, this one must be reclassified as being available for sale and will be revaluated at the fair value.

Anytime when the sales or the reclassification of a value more than not significant from the investments kept to maturity do not fulfil any of the requirements imposed, all investments kept to maturity remained reclassified as being available for sale and maintained within this classification category for a period of at least 2 years.

If a reliable evaluation of the fair value of a financial asset or of a financial liability becomes available for which such an evaluation has not been available before, the assets or the liabilities must be revaluated at the fair value, and the difference between the carrying amount and the fair value must be accounted for at equity or in profit and loss.

If, at certain moment, a financial asset or a financial liability must be accounted for at cost or at the amortized cost, and not at the fair value, the fair value of the financial asset or of the financial liability at that date becomes its new cost or amortized cost, as the case may be; this situation might appear:

- Following the modification of the entity's intent or capacity;
- Under the rare situations in which a reliable evaluation of the fair value is not available anymore;

Any previous earnings or losses from that asset that were recognized at other items of the global result are accounted for as follows:

a) For a financial asset with fixed maturity, the loss or the earnings must be amortized in profit or loss during the useful life of the investment maintained to maturity according to the effective interest method. Any difference between the new amortized cost and the value at maturity must also be amortized during the remained life of the financial asset using the effective interest method, similarly to the amortization or a premium and of a discount. If the financial asset is impaired subsequently, any earnings or loss that was recognized before directly to other elements of the global result is reclassified from the equity in profit or loss;
b) As concerns a financial asset that has no fixed maturity, the earnings or the loss must be recognized in the profit or loss when the financial asset is sold or disposed of by any other means. If the financial asset is impaired subsequently, any earnings or loss that was recognized at other elements of the global results is reclassified from equity to profit or loss.

(vii) Earnings and losses

The earnings or losses resulted from a modification of the fair value of a financial asset or of a financial liability that is not part of a hedge relation against the risks are recognized as follows:

a) The earnings or the losses generated by financial assets or financial liabilities classified as being evaluated at the fair value through profit or loss are recognized in profit or loss;
b) The earnings or the losses generated by an available-to-sale financial asset are recognized at other elements of the global result, except for the impairment losses

When the asset is derecognized, the cumulated losses or earnings recognized before at other elements of the global result are reclassified at equity in profit or loss.
On the impairment or derecognition date of the financial assets and financial liabilities accounted for at amortized cost, as well as by the amortization process, the Group recognizes the earnings or the loss in the profit and loss statement.

As concerns the financial assets recognized using the accounting on the settlement date, no modification of the fair value of the asset to be received during the period between the trading date and the settlement date is not recognized for the assets registered at cost or at amortized cost (except for the impairment losses). For the assets accounted for at the fair value, the modification of the fair value must be recognized on profit or loss or in equity, as the case may be.

e) Other financial assets and liabilities

Other financial assets and liabilities are evaluated at amortized cost using the effective interest method, minus any impairment losses.

f) Assets classified as held for sale

These assets are evaluated at the smallest value between the carrying amount and the fair value minus the sale costs.

The non-current assets and the groups intended for disposal are classified as held for sale if their carrying amount is recovered mainly following a sale operation and not following their continuous use. This condition is considered fulfilled only when the sale is probable and is estimated to be completed within more than one year as of the classification date, and the assets are available for immediate sale, as these ones are presented on the respective date.

g) Tangible assets

(i) Recognition and evaluation

The tangible assets recognized as assets are evaluated initially at cost. The cost of a tangible asset item is composed of the purchase price, including the non recoverable taxes, after having deducted any price trade discounts and any costs that might be assigned directly to bringing the asset to the location and provided that this one can be used to the management purpose pursued, such as: expenses on employees resulting directly from the construction or purchase of the asset, the arrangement costs of the layout, the initial delivery and handling costs, the installation and assembling costs, the professional fees.

The tangible assets are classified by the Group into the following classes of assets of the same type and with similar uses:

- Lands and buildings;
- Technical installations and transport means;
- Other equipment, tools and furniture

(ii) Evaluation after recognition

After the recognition as asset, the tangible assets items such as the lands and buildings, whose fair value can be evaluated reliably are accounted for at a revaluated value, this one being the fair value on the revaluation date minus any amortization accumulated subsequently and any losses accumulated from impairment. Other tangible assets are measured at cost minus the cumulated amortization and the eventual impairment losses.

The revaluations are regularly made in order to ensure that the carrying amount does not differ significantly from what would have been determined by using the fair value at the end of the reporting period.
If an item of the tangible assets is revaluated, then the entire class of tangible assets of which that item makes part is referred to revaluation.
If the carrying amount of an asset is increased following a revaluation, the increase is recognized in other items of the global results and cumulated in equity, as revaluation excess.

However, the increase will be recognized in the profit or loss if this one compensates a decrease from the revaluation of the same asset recognized before in the profit or loss.

If the carrying amount of an asset is reduced following a revaluation, this decrease is recognized in the profit or loss.
However, the discount will be recognized in other items of the global result if the revaluation excess presents a credit balance for that type of asset. The transfers from the revaluation excess to the result carried-forward are not realized through profit or loss.

(iii) Subsequent costs

The subsequent costs corresponding to the tangible assets are evaluated according to the general recognition criterion of the tangible assets described at chapter (i) Recognition.

The daily maintenance costs („expenditure on maintenance and repairs”) corresponding to the tangible assets are not capitalized; they are recognized as costs of the period in which they are incurred. These costs consist mainly in expenditure with work force and consumables and can also include the low value components.

The expenditure on maintenance and repairs of the tangible assets is registered in the statement of income when they appear, and the significant improvements to the tangible assets that increase their value of the life, or increase significantly the capacity to generate some economic benefits by these ones are capitalized.

(iv) Amortization

Amortization is calculated for the cost of the asset or other value that replaces the cost, minus the residual value. The amortization is recognized on the statement of income using the linear method for the estimated useful life for the tangible assets, as of the date when they are available for use, this modality reflects most faithfully the forecasted modality of consumption of the economic benefits incorporated in the assets.

The estimated useful life for the current period and for the comparative periods are the following:

Constructions	10-50 years
Equipment, technical installations and machinery	3-30 years
Transport means	4-12 years
Furniture and other tangible assets	3-20 years

The amortization methods, the estimated useful life as well as the residual values are reviewed by the Company management at any reporting date.

(v) Sale/retirement of tangible assets

The carrying amount of a tangible asset item is derecognized (removed from the statement of the financial position) upon disposal or when no future economic benefit is expected from its use or disposal.
The tangible assets retired or sold are removed from the balance sheet together with the corresponding cumulated amortization. Any profit or loss resulted from such an operation is included in the current profit or loss account.

Leasing

The tangible assets also include the assets held based on a financial leasing contract. As SIF and the trading companies in the portfolio enjoy of the risks and advantages corresponding to the property right, the assets must be capitalized at the smallest value between the updated value of the minimum leasing payments and their fair value. The amortization policy of the assets under leasing will be coherent to that one applicable to the amortizable assets held under property. If there is no reasonable modality the certitude that the property right is obtained until the end of the leasing contract, the assets will be amortized wholly within the shortest term between the term of the leasing contract and the useful life.
A debt equivalent to the capitalized amount is recognized concomitantly and the future leasing payments are divided into financing expenses of leasing and principal (reduction of the outstanding debt).
All leasing contracts that are not classified as financial leasing are treated as operational leasing and the corresponding payments are included in the expenses of the period.

Financial leases

Lease is classified as financial leasing when, according to the leasing terms, the risks and benefits of the property are transferred to the lessee. All the other leasing forms are classified as operational leasing.
The assets held following the financial leasing are identified as the company assets at their fair value at the beginning of the leasing period or, if smaller, at the updated value of the minimum leasing payments. The liabilities corresponding to that one who supplies the goods for leasing are included in the balance sheet as financial leasing obligations. The payments of the leasing installments are divided into financing leasing expenses and reduction of the leasing debt in order to obtain a constant periodic rate of the interest at the balance of the debt remained for each period. The financing interests are registered as loss or profit, except for the situation in which they can be assigned directly to long-term assets, when these ones are capitalized according to the general policy of the company related to the loan costs.

The leasing installments are divided between the capital components and the interest so that the interest corresponding to the payment is registered in the statement of income during the leasing and represents a constant percent of the reimbursement balance of the payment capital. The capital part reduces the amount payable to the lessor.

Operational leasing

The leasing in which an important part of risks and benefits obtained following the property is retained by the lessor is classified as operational premises. The leasing payments in case of operational leasing will be recognized in the statement of income as linear expenses during the leasing contract.

h) Intangible assets

The intangible assets are evaluated initially at cost. After the initial recognition, an intangible asset is accounted for at cost minus the cumulated amortization and any losses from cumulated impairment.

Goodwill

Goodwill represents the value with which the cost of an acquisition exceeds the fair value of the net identifiable assets at the date of acquisition held in SIF in the companies within the portfolio in which it holds more than 50% of the acquired titles. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill corresponding to the acquisition of an associate is included in the investments in associates and is tested in order to identify the impairment as part of the total balance. Goodwill recognized separately is tested every year in order to identify depreciation and is registered at cost minus losses from cumulated impairment. The impairment losses corresponding to the goodwill are not resumed. The earnings or the loss from the sale of an entity includes the carrying amount of the goodwill corresponding to the entity sold.

Goodwill is assigned to the cash generating units in order to identify impairment. The assignation is realized by the cash generating units or by the groups of such units estimated to enjoy of the combination of enterprises following which the goodwill appeared.

Trademarks and licenses

The trademarks and the licenses acquired are presented at historical cost. The trademarks and the licenses have a determined useful life, being registered at cost minus cumulated amortization. Amortization is calculated using the straight-line method in order to assign costs regarding the trademarks and licenses during the estimated useful life (up to 20 years).

Computer programs

The licenses acquired for the computer programs are capitalized based on costs registered for the acquisition and installation of the respective program. These costs are amortized during the useful life (maximum five years).

The costs with the development and maintenance of the computer programs are recognized as an expense, when they are incurred. The costs that are associated directly to a sole or identifiable product and are probable to generate economic benefits exceeding the cost, for a period higher than one year, are recognized as intangible assets. The direct costs include expenses on the personnel of the development team and an adequate part of the administration expenses.

The costs for the development of computer programs recognized as assets are amortized during the useful life (without exceeding five years).

(i) Subsequent expenses

The subsequent expenses are capitalized only when they increase the value of future economic benefits incorporated in the assets to whom they are meant. All the other expenses, including the expenses for the impairment of goodwill and domestically generated marks, are recognized in the statement of income when they are incurred.

(ii) Amortization of intangible assets

Amortization is calculated for the cost of assets or another value substituting the cost, minus the residual value. Amortization is recognized in the statement of income using the straight-line method for the estimated useful life for intangible assets, as of the date when they are available for use, this modality reflects the forecasted modality to consume the economic benefits incorporated in the assets.

The useful life estimated for the current period and for comparative periods are the following:

Computer programs	1-3 years
Other intangible assets	1- 5 years

The amortization methods, the useful life and the residual values are reviewed at every year-end and are adjusted under a corresponding manner.

i) Real estate investments

A real estate investment is a real estate property (land, building or part of building) held by the Group rather to derive income from leasing or to increase the share capital or both of them, than to be used to produce or supply goods or services or to administrative purposes or to be sold during the normal development of the activity.

(i) Recognition

A real estate investment must be recognized as asset if, and only if there is the probability that the future economic benefits associated to real estate investment correspond to the Group and the cost of the real estate investment can be evaluated under a reliable manner.

(ii) Evaluation

Evaluation at recognition

A real estate investment must be evaluated initially at cost, including the trading costs. The cost of a real estate investment bought includes the purchase price of this one plus any directly attributable expenses (for example, professional fees to render legal services, taxes for the transfer of the ownership right and other trading costs).

Evaluation after recognition

Fair value based model

After the initial recognition, all real estate investments are evaluated at their fair value, except for the situations in which the fair value cannot be determined reliably on a going concern principle.

Under exceptional situations in which, upon the first time acquisition of a real estate investment, there is clear evidence that the fair value of the real estate investment cannot be determined reliably on a going concern basis, the Group evaluates that real estate investment using the cost model. It is supposed that the residual value of the real estate investment equals to zero. All the other real estate investments are evaluated at the fair value. If the Group evaluated previously a real estate investment at the fair value, then it will continue the evaluation of that real estate investment at fair value until the disposal time.

The earnings or the losses resulted following the modification of the fair value of the real estate investments are recognized in the profit or loss of the period in which they are incurred.

The fair value of the real estate investments must reflect the market conditions at the end of the reporting period.

(iii) Transfers

The transfers into and from the real estate investments category must be made when and only when there is a modification of use, emphasized by:

(a) Inception of use by the Group – for the transfers from the real estate investments category to the tangible assets category used by the Group;
(b) Inception of the arrangement process for the sale perspective – for transfers from the real estate investment category to the inventories category, held for sale.
(c) End of use by the Group– for the transfers from the tangible assets used by the Group to the real estate investments category;
(d) Beginning of an operational leasing with another party – for the transfers from the inventory category to the real estate investment category.

For the transfer of a real estate investment accounted for at the fair value in the category of real estate investments used by the holder or of the inventories, the supposed cost of the property to account for it must be its fair value as of the modification date of the use.

(iv) Derecognition

The carrying amount of a real estate investment is derecognized (removed from the consolidated statement of the financial position) on the disposal date or when the investment is definitively withdrawn from the use and the generation of future economic benefits is not forecast anymore from its disposal.
The earnings or the losses generated from the retirement or disposal of a real estate investment must be recognized in the profit or loss during the retirement or disposal period.

j) Inventories

Inventories are assets held to be sold within the normal development of business, assets in progress, to be sold within the normal development of business, or assets as raw materials, materials and other consumables, to be used in the production process or to render services.
The inventories are evaluated at the smaller value between the cost and the net realizable value. The inventories cost comprises all costs corresponding to the acquisition and processing, as well as other costs incurred to bring the inventories to the current status and place. The net realizable value is the estimated sale price that would be obtained within the normal development of the activity, less the estimated costs to complete the goods and the estimated costs to make the sale. The costs of inventories that are not normally fungible and of the goods and services produced for and meant to some different orders is determined through the specific identification of individual costs. For the fungible inventories, the cost is determined with the help of the formula "first in, first out" (FIFO). For Napomar and SIF Imobiliare companies, the discharge from administration method used was „Weighted Average Cost" (WAC). As the value of the inventories of these subsidiaries is immaterial, an adjustment to harmonize with the group policy was not considered necessary.
The inventories such as the inventory objects must be reclassified as non-current assets according to IFRS and amortized during the estimated life. As their value at the group level is immaterial, the realization of an adjustment was not considered to be necessary.
The inventories such as the finished products are recognized at the standard cost.

k) Depreciation of assets other than the financial ones

The carrying amount of the Group assets that are not financial, other than the assets such as the deferred taxes is reviewed every reporting date in order to identify the existence of the impairment indexes. If there are such indexes, the recoverable value of the respective assets is estimated.

A loss from depreciation is recognized when the carrying amount of the asset or of the cash generating unit exceeds the recoverable value of the asset or of the cash generating unit. A cash generating unit is the smallest identifiable group that generates cash and is independent from other assets and other groups of assets. The impairment losses are recognized in the statement of income.

The recoverable value of an asset or of a cash generating unit is the maximum between the use value and the fair value less the costs for the sale of that asset or unit. In order to determine the net usage value, the future cash flows are updated using an update rate before taxation that reflects the current market conditions and the risks specific to the respective asset.
The losses from depreciation during the previous periods are evaluated every reporting date in order to determine if they are reduced or do not exist anymore. The impairment loss is resumed if a change occurred in the estimations used to determine the recovery value. The impairment loss is resumed only if the carrying amount of the asset does not exceed the carrying amount that would have been calculated, net of amortization and impairment, if the impairment loss would not have been recognized.
The non-financial assets, other than the goodwill, that were affected by impairment are reviewed for the eventual resumption of impairment every reporting date.

l) Subsidies for investments

The subsidies for investments are recognized in the consolidated statement of the financial position at the initial value granted, when there is sufficient certitude that they will be received and that the Group will comply with the conditions imposed when is granted the subsidies. The group received subsidies for investments to acquire tangible assets. These ones are presented in the consolidated statement of the financial position as debts and are recognized in the profit and loss according to the straight-line method, during the life of the assets corresponding to them.

m) Share capital

The ordinary shares are recognized in the share capital. The incremental costs assignable to the issue of shares are deducted from the capital, net of taxation effects.

n) Provisions for risks and expenses

The provisions are recognized in the consolidated statement of the financial position when a past event related obligation arises for the Group and it is probable that in the future it is necessary to consume some economic resources that extinguish this obligation and a reasonable estimation of the value can be made. In order to determine the provision, the future cash flows are updated using an update rate before taxation that reflects the current market conditions and the specific risks of the respective debt. The value disclosed as provision is the best estimate of the expenses necessary for the settlement of the current liability as at the end of the year.

o) Income from the sale of goods and rendering of services

The income from the sale of goods and the rendering of services is registered net of the trading reductions, the value added tax and other taxes related to the turnover.
The income from the sale of goods is recognized when all the conditions below are fulfilled:

- The risks and significant advantages resulting from the property over the goods were transferred to buyer;
- The Group does not manage anymore the goods sold at the level at which it would have made it if it held them under its property and does not hold the actual control over them;
- The size of the income can be evaluated reliably;
- It is probable that the economic benefits associated to the transaction be generated to the Group; and
- The transaction costs can be evaluated reliably.

The income corresponding to a contract involving the rendering of services is recognized when they can be estimated reliably and provided that the contract is executed. The result of a transaction can be estimated reliably when all conditions below are fulfilled:

- The value of income can be estimated reliably
- It is probable that the economic benefits associated to transaction be generated to the entity
- The status of execution of the transaction on the closing date of the balance can be evaluated reliably; and
- The costs incurred during the transaction and the completion costs of the transaction can be evaluated reliably.

p) Income and expenses on interest

The income and the expenses on interest are recognized in the consolidated statement of the profit or loss and of other items of the global result through the effective interest method. The interest rate represents the rate that updates exactly the payments and receipts in cash forecasted in the future during the expected life of the financial asset or liability (or, as the case may be, on a shorter period) at the carrying amount of the financial asset or liability.

q) Income from dividends

The dividends for an equity instrument available for sale are recognized in the profit or loss when the right of the entity to receive the payment is established.
As concerns the dividends received as shares as an alternative to the cash payment, the income from dividends is recognized at the level of the cash that would have been received, in correspondence with the increase of the corresponding participation. The Group does not register income from the dividends corresponding to the shares received free of charge when these ones are distributed prorate to all shareholders.
The income from the dividends is registered at the gross value including the dividends tax that is recognized as a current expense on income tax.

r) Income from lease

The income from lease is generated by the real estate investments rented by the Group as operational leasing contracts and is recognized in the linear profit or loss during the entire contract term.

s) Recognition of expenses

The expenses are emphasized when they are made, and their recognition in the profit and loss is realized according to the exercise independence principle.
The exploitation expenses are recognized in the profit and loss during the period in which they were carried-out.
The expenses for bank commissions are registered when they are incurred.
The expenses for transactions are recognized at the same time with the income from these operations, on the settlement date for listed titles, respectively on the receipt date of the last installment if the unlisted titles are sold in installments.
On the entry date, the cost of titles is represented by the acquisition cost, and on the balance date, the acquisition cost is adjusted with the value resulted following the evaluation of titles.
The expenses for commissions, quotas and taxes are recognized when they are incurred.

The salary expenses and the corresponding contributions are recognized when they are incurred, according to the exercise independence principle

t) Employee benefits

i) Short-term benefits

The obligations with the short-term benefits granted to employees are not updated and are recognized in the statement of global result while the corresponding service is rendered.

The short-term benefits of the employees include salaries, premiums and contributions to social security. The short-term benefits of the employees are recognized as expense when the services are rendered. It is recognized a provision for the amounts expected to be paid as short-term cash premium or participation schemes of the personnel in profit given the fact that the Group has at present a legal or implicit obligation to pay those amounts as a result of the past services rendered by the employees and if the respective obligation can be estimated reliably.

ii) Determined contribution plans

The Group makes payments on behalf of its own employees to the pension system of the Romanian state, the health insurance and the unemployment fund, during the development of the normal activity. The Group also retains and pays to the private pension fund, the amounts with which the employees were enrolled in a facultative pension plan.

All Group employees are members and also have the legal obligations to contribute (by means of social security) to the pension system of the Romanian State (a State determined contribution plan). All the corresponding contributions are recognized in the statement of income of the period when they are incurred. The Group has no other supplementary obligations.

The Group is not committed in any independent pension system and, therefore, it has no other obligation. The Group has not the obligation to render subsequent services to the ex or actual employees.

iii) Long-term employee benefits

The net obligation of the Group as concerns the benefits corresponding to the long-term services is represented by the value of future benefits that the employees earned in exchange of the services rendered by these ones during the current period and previous periods. Within the group, depending on the regulations of the collective employment

contract in force, the retiring people for the age limit can enjoy of a subsidy at the level of five net average salaries per Group.
The net obligation of the Group as concerns the long-term benefits determined based on the collective employment contract is estimated using the projected unit credit method and is recognized on the profit and loss statement on the commitment accounting principle. The excess or deficit resulted from the modification of the update rate and from other actuarial hypothesis is recognized as income or expense during the working period of the employees participating in this plan.

u) Borrowing costs

The Group capitalizes the borrowing costs for the eligible assets according to IAS 23”Borrowing cost”, reviewed.

v) Corporate income tax

The current corporate income tax includes both the current income tax and also the deferred income tax. The current corporate income tax includes the income on dividends income recognized at the gross value.
The income tax is recognized in the profit or loss or in other items of the global result if the tax corresponds to the capital items.
The current tax is the payable tax corresponding to the profit realized during the current period, determined based on the percentages applied on the balance sheet date and on all adjustments corresponding to the previous periods.

The deferred tax is determined using the balance sheet method for those temporary methods appearing between the tax calculation basis of the tax for assets and liabilities and their carrying amount used for reporting in the consolidated financial statements.

The deferred tax is not recognized for the following temporary differences: initial recognition of the goodwill, initial recognition of the assets and liabilities resulted from transactions that are not joint ventures and that do not affect the accounting profit or the tax profit resulted from the investments in subsidiaries, provided that these ones are not resumed in the near future. The deferred tax is calculated based on the taxation percentages expected to be applicable to the temporary differences when resuming them, based on the legislation in force on the reporting date or on the legislation issued on the reporting date and that will come in force subsequently.

The receivable regarding the deferred tax is recognized only if it is probable to obtain a taxable profit in the future after the compensation against the tax loss of the previous years and against the income tax to be recovered. The receivable regarding the deferred tax is reduced if the corresponding tax benefit is improbable to be realized.

The additional taxes that appear from the distribution of dividends are recognized at the same date with the payment obligation of the dividends.
The receivables and the debts regarding the deferred tax calculated are presented at the net value in the Group consolidated financial statements.
The receivables and the debts regarding the deferred tax are compensated if there is a legal right to compensate the receivables and debts regarding the current tax referring to the taxes collected by the same tax authority, from the same taxable entity, or by different tax entities, that intend to compensate the receivables and debts regarding the current tax on a net basis or the assets and liabilities regarding their tax will be realized simultaneously.

As at 31 December 2016 and 31 December 2015 the corporate income tax was 16%.

w) Share result

The group presents the basic and diluted share result for the ordinary shares. The basic share result is determined by distributing the profit or the loss assignable to the ordinary shareholders of the Group to the weighted average number of ordinary shares corresponding to the reporting period. The diluted share result is determined by adjusting the profit or the loss attributable to the ordinary shareholders and to the weighted average number of ordinary shares with the dilution effects generated by the potential ordinary shares.

x) Dividends

Dividends are treated as a profit distribution during the period in which they were declared and approved by the General Meeting of Shareholders. The profit available for distribution is the profit of the year registered in the stand alone financial statements issued according to the International Financing Reporting Standards adopted by the European Union.
The dividends not claimed for three years and for which the right to claim has been prescribed are recorded in the retained earnings

y) Segments reporting

A segment is a different component that supplies certain products or services (activity segment) or supplies products and services within certain geographical environment (geographical segment) and that is referred to risks and benefits different from those of the other segments. The management considers the real estate activities of some subsidiaries as financial activity and was therefore these activities were included in the segment of financial activity.

z) Adoption of new or reviewed Standards and interpretations

The following amended standards entered into force for the Group as at 1 January 2016 but had no significant impact on the Group:

- IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and applicable for the annual periods starting in or after January 2016).
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (issued on 6 May 2014 and applicable for the period starting in or after January 2016).
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and applicable for the period starting in or after January 2016).
- Agriculture: Bearer Plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and applicable for the annual periods starting on 1 January 2016).
- Stand-alone Financial Statements - Equity Method - Amendments to IAS 27 (issued on 12 August 2014 and applicable for the annual periods starting on 1 January 2016).
- Annual improvements to the IFRS standards of 2014 (issued on 25 September 2014 and applicable for the periods starting on or after 1 January 2016).
- Disclosure Initiative (Amendments to) IAS 1 (issued in December 2014 and effective for annual periods starting on or after 1 January 2016).
- Investment entities: exception from consolidation (amendments) IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods starting on or after 1 January 2016).

Some new standards, amendments and interpretations of the standards are not in force yet for the year ended as at 31 December 2016 and were not applied for the issue of these financial statements:

Standards issued but not yet valid and not adopted earlier
IFRS 9 "Financial Instruments" (issued in July 2014 and in force for annual periods starting on or after J January 2018). Key features of the new standard are:

- Financial assets are classified into three measurement categories: those to be measured subsequently at amortized cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVTPL).

- The classification of receivables is determined by the entity's business model for the administration of financial assets and by the contractual cash flows representing only principal and interest payments (SPPI). If a debt instrument is held for collection purposes, it can be calculated at the depreciated cost if the SPPI requirement is also fulfilled. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVTPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, the changes in fair values disclosed in the profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that the entities will have to incur an immediate loss equal to the ECL in the next 12 months from the initial recognition of the financial assets that are not impaired (or loss expected during the life of the trade receivables). If there was a significant increase in credit risk, impairment is measured using the projected loss of life, instead of the expected loss for the next 12 months. The model includes operational simplifications for leasing receivables and for trade ones.

- Requirements for hedge accounting have been amended to more closely align the accounting with risk management. The standard provides entities an accounting policy choice between applying hedge accounting requirements of IFRS 9 or continue to apply IAS 39 to all hedging instruments as standard addresses not currently accounts for macro coverage.

The Group currently assesses the impact of the new standard on the financial statements and does not intend to adopt IFRS 9 before it becomes compulsory.

IFRS 15. Revenue from contracts with customers (issued on 28 May 2014 and effective for periods beginning on or after 1 January, 2017)
The new standard introduces the core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any goods or services which are distinct from one another, should be disclosed separately and any discounts or contract price discounts should be generally allocated to separate items. When the price varies irrespective of the reason, the minimum amounts should be disclosed unless there is a significant risk of repetition. The costs incurred for guaranteeing contracts with customers should be capitalized and amortized during the period in which the contract benefits are consumed.
The Group currently assesses the impact of the new standard on the financial statements.

IFRS 16 "Leasing" (issued in January 2016 and applicable for the periods starting in or after 1 January 2019).
For leaseholders, the result will be that almost all the leasing contracts will be disclosed in the balance sheet, considering that the differences between the operational and financial leases will be eliminated. In compliance with the new standard, an asset (the right to use a leased good) and a financial debt to pay rent will be disclosed. The only exceptions are the short-term leasing contracts and the low-value ones. Accounting for lessors will not change significantly. The standard is in force for annual periods starting on 1 January 2019 and early application is allowed. The Group expects that IFRS 16 should have an insignificant impact on the current accounting practices.

Disclosure - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017)

The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Group will apply this disclosure starting with financial year 2017.
There are no other standards and interpretations that are not in force yet and which would be expected to impact the Company's financial position or performance.
The following other new standards are not expected to have a significant impact on the Group when they are adopted:

- The sale or contribution of assets between an investor and the associate or joint venture - Amendments to IFRS 10 and IAS 28 (issued on September 11, 2014 and effective for annual periods beginning on or after a date to be set by IASB)
- Recognition of Deferred Tax Assets for Unrealized Losses - Amendments to IAS 12 (issued in January 2016 and effective for annual periods beginning on or after 1 January 2017).

- Amendments to IFRS 2 "Shared-based payment" (issued on 20 July 2016 and in force for annual periods starting on or after 1 January 2018 or 1).
- Application of IFRS 9 Financial Instruments with IFRS 4 Insurance contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the aproach, for annual periods starting in January 2018 or after 1 for the entities that choose to apply the temporary exception option or, if the entity applies IFRS9 for the first time, for the entities that choose to apply the overlapping approach).
- Amendments to IFRS 2 "Shared-based payment" (issued on 8 July 2016 and in force for annual periods starting on or after 28 January 2017 or 1 for the amendment of IFRS 12 and on or after 1 January 2018 for the amendments to IFRS 1 and IAS 28).
- IFRIC 22 Foreign Currency Transactions (issued on 8 December 2016 and in force for annual periods starting on or after 1 January 2018).
- Investment property transfers - Amendments to IAS 40 (issued in on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

Onless otherwise provided for above, the new standards and interpretations are not expected to significantly affect the Group's financial statements.

5 SIGNIFICANT RISK MANAGEMENT

According to the business object, the Group is exposed to various types of risks associated to the field of activity in which they act. The main types of risks to which the Group is exposed are:

- Market risk (risk of interest rate, foreign currency risk and price risk);
- Credit risk;
- Liquidity risk;
- Taxation risk;
- Business environment risk;
- Operational risk.

The administration of the risks takes into account the maximization of the Group profit related to the risk level to which it is exposed.

The Group uses a variety of policies and procedures for managing and evaluating the types of risk to which it is exposed. These policies and procedures are presented within the sub-chapter dedicated to each type of risk.

5.1 Financial risk

(a) Market risk

The market risk is the risk that the changes in the market prices, as well as the prices of the shares, the interest rates and the exchange rates affect the Group income or the value of the financial instruments held. The market risk of the equity represents the risk that the value of such an instrument fluctuates following the modifications of the market prices, either because of some factors specific to the issuer activity or of some factors affecting all instruments traded on the market.

The market risk of the equity instruments results mainly from the available shares for sale. The entities in which the Group holds shares operate in various industries.

The goal of administering the market risk is to control and to manage the exposures to the market risk within acceptable parameters, provided that the output is optimized.
The Group strategy for the management of the market risk is managed by the investment goal, and the market risk is administered according to the policies and procedures practiced.

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

i) Price risk

The price risk is the risk of incurring losses both from the balance entries and from the extra-balance entries, because of the evolutions of the assets prices.

The Group is exposed to the risk that the fair value of the financial instruments held fluctuates following the changes in the market prices, either it is caused by factors specific to the activity of the issuer or factors that affect all instruments traded on the market.
The board of directors follow-up the modality to achieve the market risk management, and the internal procedures dispose that, when the price risks do not comply with the Group investment procedures and principles it must be proceeded to rebalance the portfolio.

During the latest years, following the worldwide financial crisis, Romania was also affected by the price risk through the impairment of the shares quotations.

A positive variation of 10% of the price of the Financial assets at fair value through profit and loss (Level 1) would lead to an increase of the profit after taxation, with 26 lei (31 December 2015: RON 38), a negative variation of 10% with an equal net impact and with opposite sign.

(All amounts are presented in RON)

A positive variation of 10% of the prices of the available financial assets for sale evaluated at their fair value would result in an increase of equity, net of the profit tax, with RON 107,221,306 (31 December 2015: RON 90,712,163, a negative variation of 10% having a net equal impact and with opposite sign).

The Group holds shares in companies that operate in various fields of activity, as follows:

Industry	2016	%	2015	%
Agriculture, forestry and fishing	665,734	-	896,310	-
Wholesale and retail, repair of motor vehicles	7,712,559	1	7,934,783	1
Constructions	1,217,306	-	1,217,304	-
Hotels and restaurants	2,175,624	-	2,135,824	-
Extraction industry	48,652,649	4	49,433,082	5
Processing industry	45,391,571	4	45,971,496	4
Financial intermediations and insurance	971,105,052	88	930,776,847	87
Real estate investment	-	-	-	-
Production and supply of electricity, gas, water	9,056,320	1	5,815,780	1
Financial services applicable to the real-estate field.	-	-		
Transport and storage	19,740,660	2	16,750,049	2
Other activities	2,537,009	-	2,827,560	-
Total	1,108,254,484	100	1,063,759,034	100

As the table above shows, as at 31 December 2016 the Group held mainly shares in companies that activate in the financial- banking and insurance field, with a weight of 88% of the total portfolio, the same as at 31 December 2015.

As at 31 December 2015 and 31 December 2016 the Group holds fund units at the Closed Investment Funds Active Plus and Omnitrend. The Group is exposed to the price risk through the investments made with a different degree of risk by these Investment Funds.

ii) Interest rate risk

The interest rate risk represents the risk that the income or expenses, or the value of the Group assets or liabilities fluctuate following the variation of the interest rates on the market.

(All amounts are presented in RON)

As concerns the interest bearing financial instruments: the interest rate risk is composed of the fluctuation risk registered in the value of certain financial instruments following the variation of the interest rates and from the risk of the differences between the due date of the interest bearing financial assets and the interest bearing liabilities. But the interest rate risk can also influence the value of the interest bearing assets (for example: bonds), so that an increase of the interest rate on the market will determine the reduction of the future cash flows and can result in the reduction of their price, if they determine the increase of the investor's preference to place their funds in banking deposits or other instruments whose interest increased, and vice-versa – a reduction of the interest rate on the market can determine the increase of the price of shares and bonds and will determine an increase of the fair value of the future cash flows.
The Group does not use derivative financial instruments to protect against the interest rate fluctuations.

The table below shows the annual interest rates obtained by the Group for interest-bearing assets during 2016:

	RON Range		EUR Range	
Financial assets and liabilities	**Min**	**Max**	**Min**	**Max**
Cash and cash equivalents				
Bank deposits	0.43%	2.15%	1.35%	1.35%
Available-for-sale financial assets*	2.9%	3.25%		
Investments held to maturity	8%	8%	6.06%	6.3%
Loans	2.36%	5.50%	1.30%	3.11%

*Financial assets held for sale include government securities

The table below shows the annual interest rates obtained by the Group for interest-bearing assets during 2015:

	RON Range		EUR Range	
Financial assets and liabilities	**Min**	**Max**	**Min**	**Max**
Cash and cash equivalents				
Bank deposits	0.35%	3.4%	0.02%	2.2%
Available-for-sale financial assets*	4.7%	4.7%		
Held-to-maturity investments	8%	8%	6.3%	6.56%
Loans	1.35%	6%	1.60%	4.50%

The table below comprises a summary of the Group's exposure to the interest rate risks. The table includes the Group's assets and liabilities at the book values, classified depending on the most recent date between the interest rate changing date and the maturity date.

	2016	2015
Cash and cash equivalents	12,217,000	13,540,949
Bank deposits	53,286,407	159,043,439
Available-for-sale financial assets	103,690,723	-
Held-to-maturity investments	6,160,454	33,087,934
Loans	(135,555,359)	(111,328,025)
TOTAL	39,799,246	94,344,297

Financial assets held for sale and exposed to the interest rate risk are government securities.

The impact over the net profit of the Group of a modification of ± 1.00% of the interest rate corresponding to the floating interest bearing assets and liabilities denominated in other currencies, together with a modification of ± 1.00% of the interest rate for floating interest-bearing assets and liabilities denominated in RON is RON 2,420,534 (31 December 2015: RON 997,761).

iii) Currency risk

The currency risk is the risk of registering some losses or nor achieving the profit estimated following the non favorable fluctuations of the exchange rate. The Group invests in financial instruments and incurs transactions that are denominated in foreign currency, other than the functional currency, so that, it is exposed to the risks that the exchange rate of the national currency related to other foreign currency has adverse effects over the fair value or future cash flows of that part of the financial assets and liabilities denominated in another foreign currency.
The Group carried-out transactions during the reporting periods both in the Romanian currency (Leul), and in foreign currency. The Romanian currency fluctuated compared to the foreign currencies, EURO, USD, GBP and HUF.

The financial instruments used give the possibility to keep the value of the monetary assets held in RON, realizing investments and cashing the interests depending on the due date.

The Group's financial assets and liabilities in RON and foreign currencies as at 31 December 2016 may be analyzed as follows:

(All amounts are presented in RON)

31 December 2016 In RON	EUR (equivalent in RON)	USD (equivalent in RON)	GBP (equivalent in RON)	HUF (equivalent in RON)
Financial assets				
Cash and cash equivalents	6,098,919	162,213	25,406	868
Bank deposits	6,145,691	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale financial assets *	395,459,759	-	-	-
Investments held to maturity	6,336,716	-	-	-
Other assets	8,695,151	37,025	165,443	-
TOTAL	422,736,236	199,238	190,849	868
Financial liabilities	-	-	-	-
Loans	(58,414,646)	-	-	-
Dividends payable	-	-	-	-
Other liabilities	-	-	-	-
TOTAL	(58,414,646)	-	-	-
Net financial assets	364,321,590	199,238	190,849	868

*the financial assets held for sale in EUR include the shares held abroad (Austria - Erste Bank) and fund units.

As at 31 December 2016 the Group holds fund units at the Closed Investment Funds Active Plus and Omnitrend. The Group is exposed to the foreign currency risk through the investments made by these Investment Funds.

As at 31 December 2016 the assets of the Closed Investment Fund Omnitrend were mainly represented by traded shares held in SIF Moldova – 42.7% (31 December 2016: 38.4%) and shares and bonds traded at the official quota of an exchange stock of a non-member state 51.5% (31 December 2016: 59.3%) (Transeastern Power Trust).

As at 31 December 2016 the total assets of Active Plus closed investment fund were represented mainly of traded shares held in the 80.7% (31 December 2016: 77%) and other securities admitted for trading on a market in another Member State 19.2% (31 December 2016: 23%), and structured products from Merrill Lynch Intl&CO with underlying shares SIF2.

The Group's financial assets and liabilities in RON and foreign currencies as at 31 December 2015 may be analyzed as follows:

(All amounts are presented in RON)

31 December 2015 **In RON**	**EUR (equivalent in RON)**	**USD (equivalent in RON)**	**GBP (equivalent in RON)**	**HUF (equivalent in RON)**
Financial assets				
Cash and cash equivalents	15,805,698	511,817	307,413	292
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale financial assets	391,269,791	-	-	-
Investments held to maturity	6,320,509	-	-	-
Other assets	-	-	-	-
TOTAL	413,395,998	511,817	307,413	292
Financial liabilities				
Loans	(65,025,299)	-	-	-
Dividends payable	-	-	-	-
Other liabilities	-	-	-	-
TOTAL	(65,025,299)	-	-	-
Net financial assets	348,370,699	511,817	307,413	292

The following table presents the profit or loss sensitivity as well as the sensitivity of equity to potential change at the end of the reporting period in the foreign currency exchange rates related to the reporting currency, while maintaining all the other variables constant:

	31 December 2016		**31 December 2015**	
	Impact over the profit and loss statement	**Impact over other items of the global result**	**Impact over the profit and loss statement**	**Impact over other items of the global result**
Increase with 5% (2015: 5%)	(1,557,525)	16,875,452	(2,067,223)	14,655,013
Decrease 5% (2015: 5%)	1,557,525	(16,875,452)	2,067,223	(14,655,013)
Total	-	-	-	-

(b) Credit risk

The credit risk is the risk that a counterparty of a financial instrument fails to fulfill an obligation or a financial commitment in which it entered a relation with the Group, resulting a loss for the Group.

The Group is exposed to the credit risk following the investments realized in bonds issued by trading companies or the Romanian State, the current accounts and the bank deposits and other receivables.
The Group management follows-up closely and constantly the exposure to the credit risk so that it does not incur losses following the concentration of the credit in certain sector or field of activity. As at 31 December 2016 and 31 January 2015 the Company did not have security interests as insurance nor other credit rating improvements. As at 31 December 2016 and 31 December 2015, the Group registered outstanding financial assets, but which are not impaired.

(All amounts are presented in RON)

Exposure from the current accounts and bank deposits (exclusive the attached interest)

31 December 2016	Current accounts	Bank deposits	Bonds issued by financial institutions (Held to maturity)	Government bonds	Other financial assets	Total
Curente şi nedepreciate						
Rating A-	7.594.428	-	-	-	-	7.594.428
BBB+	60.060.984	778.799	-	-	-	60.839.783
BBB-	9.786.028	-	-	103.690.723	-	113.476.751
BB	3.619.184	1.231.314	-	-	-	4.850.498
BB-	53.572	2.500.000	6.336.716	-	-	8.890.288
B	5.382.424	45.804.312	-	-	-	51.186.736
CCC+	4.519	-	-	-	-	4.519
C	244.123	9.004.000	-	-	-	9.248.123
NR	4.663.311	6.185.000	-	-	85.210.560	96.058.871
TOTAL	91.408.573	65.503.425	6.336.716	103.690.723	85.210.560	352.149.997

31 December 2015	Current accounts	Bank deposits	Corporate bondsn(held to maturity)	Bonds issued by financial institutions (held to maturity)	Other financial assets	Total
Curente şi nedepreciate						
Rating A-	1.937.434	183.935	-	-	-	2.121.369
BBB+	100.000	11.782.257	-	-	-	11.882.257
BBB-	(0)	52.599	-	-	-	52.599
BB	9.296.712	6.617.447	-	-	-	15.914.159
BB-	-	1.406.725	-	6.320.509	-	7.727.234
B	43.243.263	4.219.545	-	-	-	47.462.808
CCC+	9.646.234	3.151	-	-	-	9.649.385
C	93.630.000	206.471	-	-	-	93.836.471
NR	14.730.744	395.653	28.177.722	-	86.675.473	129.979.592
TOTAL	172.584.387	24.867.783	28.177.722	6.320.509	86.675.473	318.625.874

(All amounts are presented in RON)

Exposure of current accounts and placements with banks (excluding interest accrued)

Bank	**31 December 2015**	**31 December 2016**	**Rating**
ING Bank	28.415	5.614.161	A2
Trezorerie	119.351	135.905	A3
Garanti Bank	1.643.775	1.844.362	A3
CEC Bank	329.827	-	AA+
Veneto Banca	39.434.717	41.174.555	B
Raiffeisen Bank Romania	2.987.124	2.821.827	Ba1
Libra bank	5.040.967	7.190.355	Baa3
Banca Transilvania	15.914.159	4.850.498	BB
Credit Europe Bank	1.406.725	2.553.572	BB-
Intesa Sanpaolo Romania	52.599	9.786.028	BBB-
BRD - Groupe Société Générale	3.534.490	42.026.206	BBB+
Banca Comerciala Romana	3.437.326	5.644.719	BBB+
Unicredit Tiriac Bank	4.910.442	13.168.858	BBB+
Piraeus Bank Romania	48.780.554	45.832	C
Bancpost Romania	45.055.917	9.202.292	C
Alpha Bank Romania	9.649.385	4.519	CCC+
Volksbank Bank	217	-	NR
Banca Comerciala Carpatica	835	-	NR
Banca Feroviara	5.807.383	2.006.721	NR
Marfin Bank	9.247.276	8.815.887	NR
Alte banci	70.687	25.701	NR
TOTAL (nota 15)	197.452.171	156.911.998	

* also includes the amount of RON 15,298,336 under settlement, collected on 03.01.2017.
** for banks which had no rating, we considered the rating of the parent company.

The cash and cash equivalents and bank deposits are not overdue nor impaired. Corporate bonds are not overdue, nor impaired.

(All amounts are presented in RON)

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with short-term financial liabilities, that are extinguished by the cash payment or by other financial means, or such obligations should be extinguished under a non favorable manner for the Group.

The Groups follows the evolution of the liquidity level in order to be able to pay the obligations on the date when these ones become due and analyzes permanently the assets and liabilities, depending on the period remaining until the contractual due dates.
The structure of the assets and liabilities was analyzed based on the period remaining as of the balance sheet date until the contractual date of the due date, both as at 31 December 2016 and as at 31 December 2015, as follows:

31 December 2016	**Carrying amount**	**Less than 3 months**	**Between 3 and 12 months**	**More than 1 year**	**Without pre-established maturity**
Financial assets					
Cash and cash equivalents	104,589,881	103,634,586	-	-	955,295
Bank deposits	53,701,555	29,965,043	22,957,071	779,441	-
Financial assets at fair value through profit and loss	309	-	-	-	309
Available-for-sale financial assets	1,276,444,115	-	-	103,690,723	1,172,753,392
Investments held to maturity	6,342,016	5,300	-	6,336,716	-
Other assets	85,210,560	85,210,560	-	-	-
Total financial assets	1,526,288,436	218,815,489	22,957,071	110,806,881	1,173,708,997
Financial liabilities					
Loans	135,703,844	14,312,561	60,139,705	61,251,579	-
Dividends payable	20,204,246	20,204,246	-	-	-
Other liabilities	99,394,413	58,474,232	-	40,920,181	-
Total financial liabilities	255,302,504	92,991,039	60,139,705	102,171,670	-
Liquidity surplus	1,270,985,933	125,825,450	(37,182,634)	8,635,121	1,173,708,997

(All amounts are presented in RON)

31 December 2015	Carrying amount	Less than 3 months	Between 3 and 12 months	More than 1 year	Without pre-established maturity
Financial assets					
Cash and cash equivalents	210,074,170	60,317,037	130,837,613	775,952	18,143,568
Financial assets at fair value through profit and loss	449	-	-	-	449
Available-for-sale financial assets	1,112,420,461	6,518	-	-	1,112,413,943
Investments held to maturity	34,498,231	-	-	34,498,231	-
Other assets	86,675,473	85,082,620	1,591,853	-	-
Total financial assets	1,443,668,784	145,407,175	132,429,466	35,274,183	1,130,557,960
Financial liabilities					
Loans	111,566,492	18,326,127	32,170,781	61,069,584	-
Dividends payable	20,850,806	20,850,806	-	-	-
Other liabilities	102,309,870	57,206,310	2,819,920	2,132,200	40,151,440
Total financial liabilities	234,727,168	96,383,243	34,990,701	63,201,784	40.151.440
Liquidity surplus	1,208,941,616	49,023,932	97,438,765	(27,927,601)	1,090,406,520

5.2 Other risks

By the nature of the business object, the Company is exposed to various types associated to financial instruments and to market on which it invests. The main types of risks the Company is exposed to are:

- taxation risk;
- economic environment risk;
- operational risk.

The risk management takes into account the maximization of the Company profit related to the risk level it is exposed to.
The Company uses various management and measurement policies and procedures for the risk types it is exposed to. These policies and procedures are presented at subchapter dedicated to each type of risk.

(a) Taxation risk

Starting with January 1st 2007, following the adhesion of Romania to the European Union, the Group has to fulfill the regulations of the European Union, and therefore it prepared for the application of the changes brought by the European legislation. The Group implemented these changes, but the implementation modality remains open to the tax audit during 5 years.
The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations, could vary and there is the risk that under certain situations the tax authorities should adopt a different position from that of the Group.

From the profit tax point of view corresponding to the financial exercise 2015 there is the risk of different interpretation by the tax organisms of the accounting treatment determined by the transition to IFRS as accounting basis.

Furthermore, the Government of Romania holds a number of agencies authorized to carry-out the audit (control) of the companies operating within the territory of Romania. These controls are similar to the tax audits of other countries, and can cover only tax aspects, and other legal and regulatory aspects that present an interest for those agencies. It is possible that the Group be subject to the tax inspection while new tax regulations are issued.

(b) Risk corresponding to the economic environment

The adjustment process of the values depending on the risk that has taken place on the international financial markets during the latest years affected their performance seriously, including the financial market of Romania, resulting in an increased incertitude related to the future economic evolution.

The effects of the international financial crises were also felt on the Romanian financial market particularly as: the significant increase of the volume of non performing loans in the autochthonous bank system, the hardening of the access to financing both for the population and for the economic agents, banks' orientation rather to the financing of authorities, through the acquisition of state titles rather than the financing of the economic development or of the consumption, the impairment of the national currency, the decrease of the prices at the real estate assets, the negative evolution of the macroeconomic indicators (inflation, budgetary deficit, current account deficit, decrease of the direct foreign investments, decrease of the unemployment rate etc.)

The Group cannot forecast all effects of the crisis with impact over the financial sector of Romania, but it considers that in 2016 it adopted the necessary measures to sustain and to develop the Group under the current conditions on the financial market, through the follow-up of the cash flows and harmonization of the investment policies.

Avoiding the risks, reducing their effects is ensured by the group according to an investment policy that fulfills the prudential rules imposed by the legal provisions and the applicable regulations in force.

The Group has adopted risk management policies according to which an active management is realized, applying specific risk identification, evaluation, measurement and control procedures, that should offer the reasonable assurance as concerns the fulfillment of the group goals, aiming a constant balance between risk and the expected profit.

The risk management process aims: (i) identifying and evaluating the significant risks with major impact in achieving the investment goal and the development of the activities that should counteract the risk identified; (ii) adapting the risk management policies to the financial evolutions of the capital market, following the performance and improving the risk management procedures; (iii) reviewing the investment decisions correlated to the evolution of the capital market and the monetary market; (iv) fulfilling the legislation in force.

The significant solvability problems of certain countries in the Euro area also continued during 2016, what resulted in speculations regarding the long-term sustainability of the Euro area. The deep recession in some counties, the worldwide consequences of the tax austerity programs and of other governmental actions, as well as the preoccupations related to the viability of the financial institutions in certain countries resulted in an increase of the state titles volatility, that has reached worrying levels during the latest year.

Most recently, certain actions undertaken by the European Central Banks and the European Commission led to positive results as regards the improvement of the market trust. Despite it, the situation remains fragile.

(c) Operational risk

The operational risk is the risk of registering direct or indirect losses resulted from lacks or deficiencies of the procedures, personnel, internal systems of the Group or from external events that may have an impact over its operations. The operational risks result from all the Group activities.
The goal of the Group is to manage the operational risk so that to limit the financial losses, not to damage the reputation and to achieve the investment goal to generate benefits for investors.
The primary responsibility regarding the implementation and development of the control over the operational risk corresponds to the Board of Directors. This responsibility is supported by the development of the general management standards of operational risk, comprising the controls and processes to the suppliers of services and the service commitments with the services suppliers.

(d) Capitals harmonization

The management policy as concerns the capital harmonization is focused on maintaining a solid capital basis, in order to support the continuous development of the Group and to reach the investment goals.
The equity of the Group includes the share capital, various types of reserves, the reported result and the minority interests. The equity amounted to RON 1,971,433,360 as at 31 December 2015 (RON 1,893,605,469 as at 31 December 2015).

6 ACCOUNTING ESTIMATIONS AND SIGNIFICANT JUDGMENTS

The management discusses the development, selection, presentation and application of the significant accounting policies and estimations. All these are approved within the meetings of the Company Board of Directors.
These presentations complete the information about the financial risk management (see note 5).

Key sources of the estimations incertitude

The significant accounting judgments for applying the accounting policies of the Group include:

Application of the Amendments to IFRS 10 Investment entities

The Group analyzed the possibility to apply IFRS 10 and the Amendments to *IFRS 10, IFRS 12 and IAS 27* (*Investment companies*), the criteria mentioned in the Amendments related to the fulfillment by the Group of the conditions of investment entity. The management conclusion is that, at present, the Group does not fulfill all requirements disposed by IFRS 10 and by the Amendments, such as: *the establishment of a strategy of exit* for substantially all the investments that could be held during an indefinite period of time and *fair value based administration* regarding the holdings in the portfolio companies.

Provisions for the receivables impairment

The assets registered at the amortized cost are evaluated for impairment according to the accounting policies described at notes 4(d)(iv) and 4(d)(v).
The evaluation for the receivables impairment is carried-out at individual level and is based on the best estimation of the management regarding the current value of the cash flows expected to be received. In order to estimate these flows, the management makes certain estimations related to the financial statement of the counterparty. Each impaired asset is analyzed individually. The precision of the provisions depends on the estimation of the future cash flows for the specific counterparties.

Determining the fair value of the financial instruments

The fair value of the financial instruments that are not traded on an active market is determined using the evaluation techniques described in the accounting policy 4(f)(iv). For rarely traded financial instruments and for which there is no transparency of prices, the fair value is less objective and is determined suing various levels of estimations regarding the liquidity degree, the concentration degree, the incertitude of the market factors, hypothesis and other risks affecting the respective financial instrument.

The Group uses the following hierarchy of methods to calculate the fair value:

- Level 1: The market price quoted on an active market for an identical instrument.
- Level 2: Evaluation techniques based on observable elements. This category includes evaluated instruments using: the market price quoted on the active markets for similar instruments; prices quoted for similar instruments on the markets considered less active; or other evaluation techniques in which the elements can be observable directly or indirectly from the market statistics.
- Level 3: Evaluation techniques greatly based on non-observable elements. This category includes all instruments for which the evaluation technique includes elements that are not based on observable data and for which the non-observable entry parameters can have a significant effect over the instrument evaluation. This category includes instruments that are evaluated based on the quoted prices for similar instruments but for which adjustments are necessary based greatly on non-observable data or on estimations to reflect the difference between the two instruments.

The fair value of the financial assets and liabilities that are traded on active markets is based on the prices quoted on the market or on the prices quoted by intermediaries. For all the other financial instruments, the Group determines the fair value using evaluation techniques. The evaluation techniques include the current net value and the models of the updated cash flows, the comparison with similar instruments for which there are observable market prices and other evaluation techniques. The hypothesis and the data used in the evaluation techniques include interest rates without risk and reference rates, credit spread and other premiums used to estimate the updated rates, yield of the bonds and capitals, exchange rates, capital price indexes, volatilities and forecasted correlations. The purpose of the evaluation techniques is to determine the fair value that should reflect the price of the financial instruments on the reporting date, price that would be determined under objective conditions by the market participants.

The Group uses recognized evaluation models to determine the fair value of the simple financial instruments that use only observable market data and ask very few estimations from the management (for example instruments that are not evaluated based on the prices quoted for similar instruments for which adjustments based on observable data or on estimations are not necessary to reflect the difference between the two instruments). The observable data and the entry parameters in the model are usually available on the market for capital instruments. Their availability reduces the need of estimations and of analyses from the management and the incertitude associated to determine the fair value. The availability degree of the observable market prices and of the entry data vary depending on the products and markets and is referred to the changes resulting from specific events and from the general conditions of the financial markets.

As concerns the shares that have no market price quoted on an active market, the Group uses the evaluation models that are usually derived from the known evaluation models. Part of or all the significant inputs in these models may not be observable on the market and result from the market prices or are estimated based on hypothesis.

(All amounts are presented in RON)

The evaluation models needing non-observable entry elements require to a greatest extent a high degree of analysis and estimation from the management to determine the fair value. The analysis and the estimation from the management interfere particularly in selecting the adequate evaluation model, in determining the future cash flows of the financial instrument, in determining the probability of non fulfilling the obligations by the counterparty and the advance payments and in selecting some adequate update rates.

As regards the financial instruments for which there is no active market (level 2 and 3), the fair value was determined by the authorized evaluators within the current evaluation Compartment within the Group, using the strategy established by the management of the issuing company and some evaluation techniques that include techniques based on the net updated value, updated cash flows method, comparison method with the similar instruments for which there is an observable market price. The evaluation techniques were used coherently and there is no modification in applying them.

An analysis of the financial instruments recognized at the fair value according to the evaluation method is presented in the table below:

31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss	449	-	-	449
Available-for-sale financial assets at fair value – shares	1,028,045,053	2,876,225	7,535,282	1,038,456,560
Available-for-sale financial assets at fair value – fund units	34,498,231	-	-	34,498,231
Available-for-sale financial assets at fair value - State titles	-	-	48,661,430	48,661,430
	1,062,543,733	2,876,225	56,196,712	1,121,616,670

(All amounts are presented in RON)

31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss	309	-	-	309
Available-for-sale financial assets at fair value – shares	1,074,917,566	3,010,212	5,781,151	1,083,708,929
Available-for-sale financial assets at fair value – fund units	-	-	64,499,756	64,499,756
Available-for-sale financial assets at fair value - State titles	103,690,723	-	-	103,690,723
Held-to-maturity investments	6,342,016	-	-	6,342,016
	1,184,950,614	3,010,212	70,280,907	1,258,241,733

The table below presents the reconciliation from the initial balance to the final balance for the available-for-sale financial assets at fair value, level 3 of the hierarchy of the fair values:

	Assets available for sale - shares	**Assets available-for-sale assets – fund units**
2015		
Balance as at 1 January 2015	11,105,843	48,136,143
(Earnings) or losses recognized in:	-	-
- other items of the global result	(3,570,561)	525,286
Balance as at 31 December 2015	7,535,282	48,661,429
2016		
Balance as at 1 January 2016	7,535,282	48,661,429
(Earnings) or losses recognized in:	-	-
- the statement of income	-	(4,077,417)
- other items of the global result	(1,016,193)	5,915,744
Adjustment for value loss recognized in the profit and loss	(737,936)	-
Acquisitions	-	14,000,000
Balance as at 31 December 2016	5,781,151	64,499,756

Although the Group considers its own estimations of the fair value as being adequate, the use of other methods or suppositions could result in different values of the fair value. For the fair values recognized following the use of a significant number of observable inputs (level 3), the change of one or many assumptions in order to make possible the alternative assumptions, would have effects over the global result as follows: a modification of the variables that were considered in determining the price of the shares classified at level 3 (shares that do not have a market price quoted on active market) what would result in its increase with 10% would involve the increase of other items of the global result, net of taxes amounting to RON 5.9 mil. (31 December 2015: RON 4.7 mil.). Implicitly, a modification of the variables resulting in a decrease of the share price with 10% would have an equal, contrary impact.

Classification of financial assets and liabilities

The Group accounting policies offer the basis so that the assets and liabilities should be classified, at the initial moment, in various accounting categories. In order to classify the assets and liabilities at the fair value through profit and loss, the Group determined that one or more criteria presented at note 4(f)(i) were complied with.

In order to classify the financial assets as being held to maturity, the Group determined that both the positive intention and the capacity to maintain that asset to maturity, required by note 4(d)(i), were complied with.

The details related to the classification of financial assets and liabilities of the Group are presented at note 7.

Determining the fair value in respect of investment properties

The fair value of the completed investment property is determined based on the income method with explicit hypotheses regarding the ownership benefits and debts throughout the useful life of the asset, including an exit price or closing value. The income capitalisation on property quotas is accepted as income assessment. To this cash flow series forecasted, a capitalisation rate is added as derived from the market in order to determine the actual value of the cash income associated with the property.
Specific income and the specific input and exist calendar are determined by events such as rent revision, lease agreement renewal, auxiliary lease periods, re-lease, rearrangement or renovation. The corresponding period is usually established by market behaviour. In case of property investments, the income estimated as gross income minus vacant spaces, non-recoverable expenses, collection losses, lease incentives, maintenance costs, costs with agencies and fees, and other operation and management expenses.

For the year ending as at 31 December 2016, the Group has obtained independent valuation reports on its property investment. The fair value of the property investment relies on these valuations. The Group's property investments are classified as Level 3 of the fair value hierarchy defined in IFRS 13.

For all the property investments, the current utilisation degree is equivalent to the highest and the best utilisation degree. The Group reviews the valuations conducted by the independent valuators for financial and reporting purposes. At each year end, the financial department or the valuation department, as the case may be:

- checks all major aspects related to the independent valuation report;
- appraises the valuation movements of the property investments and compares the same with the evaluation report in the previous year; and
- discusses with the independent valuator.

As at 31 December 2016, the property investments recognised at fair value had a vacancy degree of 2% (as at 31 December 2015: 2.40%).
At the end of the reporting period, the Group portfolio included retail spaces, office spares and industrial buildings.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Groups currently presents fair values according to a "fair value hierarchy" (according to IFRS 13), which categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs. The various levels of the fair value hierarchy are explained below:

– Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
– Level 2: Using an input model (other than quoted market prices included within Level 1) that are observable on the market, either directly or indirectly and
– Level 3: Using an input model with inputs that are not based on observable data.

The Group's property investments are classified at Level 3. There we no transfers between the hierarchy levels during the year.

The yield needed at the end of the calculation period ranges between 5.8% and 8.4%. The group's weighted average yield was 6.10% for the entire property portfolio.
Based on the 6.10% net yield at the year end, an increase/decrease of 25 basic points would result in the decrease/increase of the EUR 600,000 value in the Group's property investment portfolio.

Significant unobservable inputs used to measure the fair value categorised at Level 3 of the fair value hierarchy of the Group's property portfolio as well as the impact caused by the significant movements of such inputs on the fair value measurement are presented below:

Unobservable input	**Impact on the input decrease fair value**
Estimated rent value	Increase
Discount rate	Decrease
Capitalisation rate for residual value	Decrease

Information regarding the fair value measurement using significant unobservable inputs (Level 3) for 2016 are illustrated in the table below.

Segments	**Measurement method**	**Estimated rent value - EUR/sqm**	**Discount rates (%)**	**Capitalisation rate for the residual value (%)**
Retail	Income capitalisation method	EUR 2 – 5/sqm	8 – 11%	6.50 - 9.50%
Offices	Income capitalisation method	EUR 4 – 6/sqm	8 – 9 %	7 – 8 %
Industrial spaces	Income capitalisation method	EUR 1.5 – 3/sqm	9.75 - 11.75%	8.50 - 10.50%

*Amounts or percentages represent weighted averages

Determining the fair value in respect of land and buildings used by the Group

The fair value of tangible and intangible fixed assets is determined using various methods, depending on the type of activity carried out by the company within the Group that owns these assets.

Land is generally related to industrial buildings or hotels, and is valued at fair value using a market comparison method for land of similar size and location.

Industrial buildings are evaluated using the net replacement cost method, which includes a calculation of physical, functional and economic depreciation.

Hotel-type buildings are evaluated using the future cash flow method. For this projected cash flow series, a market capitalization rate is applied to determine the present value of cash income with the property.

(All amounts are presented in RON)

For the year ended December 31, 2016, the Group obtained independent valuation reports on most of its land and buildings. The fair value of land and buildings is based on these assessments. The Group's land and buildings are classified as Level Three of the fair value hierarchy as defined in IFRS 13.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Groups currently presents fair values according to a "fair value hierarchy" (according to IFRS 13), which categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs. The various levels of the fair value hierarchy are explained below:

– Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
– Level 2: Using an input model (other than quoted market prices included within Level 1) that are observable on the market, either directly or indirectly and
– Level 3: Using an input model with inputs that are not based on observable data.

The Group's land and buildings are classified at Level 3. There we no transfers between the hierarchy levels during the year.

Information regarding the fair value measurement using significant unobservable inputs (Level 3) for 2016 are illustrated in the table below.

Segments	**Measurement method**	**Physical depreciation**	**Functional depreciation**	**Economic depreciation**
Industrial and service – buildings	Cost replacement method net	0-60%	0-10%	0-60%

Segments	**Measurement method**	**Annual growth rate cash flows**	**Discount rate (%)**	**Capitalization rate for residual value (%)**
Hotel – buildings	The method of future cash flows	3-9%	8.5 – 9%	6 - 6.50%

Segments	**Measurement method**	**Average price / sqm**
Industrial – lands	Market Comparison Method	8-70 EUR
Hotels and services – lands	Market Comparison Method	70-400 EUR

(All amounts are presented in RON)

7 FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

For measurement purposes, IAS 39 "Financial instruments: Recognition and Measurement", the Group classifies financial assets into the following categories: (a) loans and receivables, (b) financial investments held for sale; (c) financial assets held to maturity and (d) financial assets at fair value through the profit and loss account.
The table below summarizes the carrying amounts and the fair values of the financial assets and liabilities as at 31 December 2016

	Trading assets	Loans and receivables	Available for sale securities	Held to maturity investments	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalent	**-**	**104,589,882**	**-**	**-**	**-**	**104,589,882**	**104,589,882**
Cash at hand	-	544,086	-	-	-	544,086	544,086
Cash in current accounts	-	91,828,796	-	-	-	91,828,796	91,828,796
Short term deposits	-	12,217,000	-	-	-	12,217,000	12,217,000
Long term bank deposits	**-**	**53,701,555**	**-**	**-**	**-**	**53,701,555**	**53,701,555**
Financial assets at fair value through profit and loss	**309**	**-**	**-**	**-**	**-**	**309**	**309**
Available for sale financial assets	**-**	**-**	**1,276,444,115**	**-**	**-**	**1,276,444,115**	**1,276,444,115**
Shares	-	-	1,108,253,637	-	-	1,108,253,637	1,108,253,637
Bonds	-	-	103,690,723	-	-	103,690,723	103,690,723
Unit funds	-	-	64,499,755	-	-	64,499,755	64,499,755
Held to maturity investments	**-**	**-**	**-**	**6,342,016**	**-**	**6,342,016**	**7,088,934**
Bonds issued by financial institutions	-	-	-	6,342,016	-	6,342,016	7,088,934
Other financial assets	**-**	**85,210,560**	**-**	**-**	**-**	**85,210,560**	**85,210,560**
Total financial assets	309	243,501,997	1,276,444,115	6,342,016	-	1,526,288,437	1,527,035,355
Loans	-	135,703,844	-	-	-	135,703,844	135,703,844
Dividends payable	-	-	-	-	20,204,247	20,204,247	20,204,247
Other financial liabilities	-	-	-	-	99,394,413	99,394,413	99,394,413
Total financial liabilities	-	135,703,844	-	-	119,598,660	255,302,504	255,302,504

(All amounts are presented in RON)

Accounting classifications and fair values

The table below summarizes the carrying amounts and the fair values of the financial assets and liabilities as at 31 December 2015:

	Trading assets	Loans and receivables	Available for sale securities	Held to maturity investments	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalent	**-**	**50,078,246**	**-**	**-**	**-**	**50,078,246**	**50,078,246**
Cash at hand	-	507,447	-	-	-	507,447	507,447
Cash in current accounts	-	36,029,850	-	-	-	36,029,850	36,029,850
Short term deposits	-	13,540,949	-	-	-	13,540,949	13,540,949
Long term bank deposits	**-**	**159,995,924**	**-**	**-**	**-**	**159,995,924**	**159,995,924**
Financial assets at fair value through profit and loss	**449**	**-**	**-**	**-**	**-**	**449**	**449**
Available for sale financial assets	**-**	**-**	**1,112,420,461**	**-**	**-**	**1,112,420,461**	**1,112,420,461**
Shares	-	-	1,063,759,032	-	-	1,063,759,032	1,063,759,032
Unit funds	-	-	48,661,429	-	-	48,661,429	48,661,429
Held to maturity investments	**-**	**-**	**-**	**34,498,231**	-	**34,498,231**	**34,498,231**
Corporate bonds	-	-	-	28,177,722	**-**	28,177,722	28,177,722
Bonds issued by financial institutions	-	-	-	6,320,509	-	6,320,509	6,320,509
Other financial assets	**-**	**86,675,473**	**-**	**-**	**-**	**86,675,473**	**86,675,473**
Total financial assets	449	296,749,673	1,112,420,461	34,498,231	-	1,443,668,784	1,443,668,784
Loans	-	111,566,492	-	-	-	111,566,492	
Dividends payable	-	-	-	-	20,850,806	20,850,806	
Other financial liabilities	-	-	-	-	102,309,870	102,309,870	
Total financial liabilities	-	111,566,492	-	-	123,160,676	234,727,168	

(All amounts are presented in RON)

In order to estimate the fair value of the financial assets and liabilities measured at amortized cost, the Group used the following estimations and carried-out the following significant judgments:

- For the cash and cash equivalents, other financial assets and liabilities that are issued or held on very short terms and that are generally interest bearing or are fixed interest bearing, the Group approximated the fair value with their cost;
- For the investments held to maturity, the Group used evaluation techniques of the type of the updated cash flows, using the observable inputs on the market (therefore, the evaluation was realized using the techniques at level 3).

8 OPERATING INCOME

	2016	2015
Income from the sale of goods	378,098,571	371,166,101
Income from lease	32,750,393	24,192,205
Income from interests corresponding to deposits	2,580,325	3,996,383
Income from dividends	78,263,232	14,961,770
Income from interests corresponding to investments	3,001,137	3,358,549
Income from services rendered	41,568,055	34,489,330
Other income	8,278,978	4,351,634
Total	544,540,691	456,515,972

9 OPERATING EXPENSES

	2016	2015
Expenses for goods	6,188,153	8,192,345
Expenses for amortization	41,583,828	40,488,146
Consumables (fuel, parking, spare parts)	65,669,810	65,536,021
Expenses for maintenance and repairs	4,384,753	4,164,103
Expenses for salaries and other expenses for personnel	129,105,892	114,025,566
Expenses for royalties, premises and rents	2,878,938	2,466,765
Expenses for electricity, heating and water	24,145,354	23,274,002
Expenses for raw materials	110,291,251	101,691,751
Services executed by third parties	39,736,141	40,654,765
Other operational expenses	15,397,321	18,751,679
Total	439,381,441	419,245,143

(All amounts are presented in RON)

Expenses for salaries and other expenses for personnel are detailed as follows:

	2016	2015
Expenses for salaries	100,072,757	88,512,561
Expenses for social security	23,521,813	20,315,381
Expenses for meal tickets	5,511,322	5,197,624
Total	129,105,892	114,025,566

The level of fees charged for the financial year by the audit firm for the statutory audit of the consolidated annual financial statements and for and other non-audit services, such as other insurance services, tax advisory services, is in accordance with the agreement agreed between the parties.

10 EARNINGS/ LOSS FROM INVESTMENT PROPERTY

	2016	2015
Earnings from investment properties	11,013,419	33,384,134
Loss from investment properties	(35,361,872)	(20,826,403)
Net effect of the change of value corresponding to the investment properties	(24,348,453)	12,557,731

(All amounts are presented in RON)

11 EARNINGS/ LOSS FROM FINANCIAL ASSETS

	2016	2015
Acquisition cost of the available-for-sale financial assets assigned	(1,594,350)	(25,480,819)
Receipts from sale	3,784,252	73,290,865
Other income /(expenses) from assignment (*)	-	7,492,746
Net earnings from the sale of financial assets	2,189,902	55,302,792

- Other net earnings / losses regarding the financial assets

	2016	2015
Expenses for adjustments for the impairment of the available-for-sale financial assets	(2,800,004)	(2,321,467)
Permanent impairment recycled from Other comprehensive income in respect of closed investment funds	(4,077,417)	-
Earnings from the financial assets at fair value through profit and loss	47,809	11,959,168
Losses of financial assets at fair value through profit and loss	-	(12,628,838)
Net loss from other financial assets	(6,829,612)	(2,991,137)
Total earnings from financial assets	(4,639,710)	52,311,655

(*) In year 2015 Other income from assignment (non cash) includes:

- the value of the building and land obtained following the withdrawal from Hidrotim SA Timişoara (RON 6.8 mil);
- the value of the land acquired following the withdrawal of a quota of Azuga SA (RON 0.7 mil).

(All amounts are presented in RON)

12 OTHER NET EARNINGS /LOSSES

	2016	2015
Sale of non-current assets:		
– Income	14,928,186	1,983,981
– Expenses	(9,617,377)	(1,527,976)
Impairment of current assets:		
– Reversals	4,176,879	8,705,445
– Amounts established during the period	(8,622,458)	(2,735,598)
Revaluation / value impairment effect on non-current assets:		
– Reversals	2,758,304	4,126
– Amounts established during the period	(24,915,001)	(11,273,142)
Modifications of provisions:		
– Reversals	9,926,455	3,275,856
– Amounts established during the period	(5,749,567)	(8,741,175)
Other (losses) / earnings – net	12,483,708	33,536,557
Total	(4,630,871)	23,228,074

At row Other net (losses) / earnings as at 31 December 2016 amounts of RON 11.3 mil.are registered, representing the difference between the recovered value of the receivables guaranteed from the debtors TM Agro (SIF Imobiliare) and the acquisition cost of the receivables assigned from the assignor Lemen Holding Limited (31 December 2016: RON 27.3 mil).

(All amounts are presented in RON)

13 FINANCIAL INCOME AND EXPENSES

	2016	2015
Expenses for interest	3,624,083	4,660,036
Losses from the exchange rate differences	8,931,539	13,078,594
Other financial expenses	45,669	28,204
Financial expenses	12,601,291	17,766,834
Earnings from the exchange rate differences	(7,534,008)	(11,820,093)
Other financial income	(1,065)	630
Financial income	(7,535,073)	(11,819,463)
Net financial expenses	5,066,218	5,947,371

14 PROFIT TAX

	2016	2015
Current profit tax (16%)	6,344,287	16,460,559
Dividends tax (0%, 10%, 16%)	3,570,410	1,998,113
Available-for-sale financial assets	(635,906)	1,878,158
Financial assets at fair value through profit and loss	(22)	1,557,868
Tangible assets /Real estate investment	2,934,627	3,627,704
Provisions for risks and expenses and adjustments of receivables and inventories	953,973	(75,043)
Total profit tax recognized in the result of the year	13,167,369	25,447,359

(All amounts are presented in RON)

The reconciliation of the profit before tax with the expenses for profit tax in the statement of income:

	2016	**2015**
Profit before tax	75,878,292	127,659,254
Tax according to the statutory taxation rate	12,140,527	19,913,668
Dividend tax	3,570,410	1,998,113
Effect on the corporate income tax of :		
The non-taxable income	(35,660,746)	(10,015,123)
The non-deductible expenses and assimilated items (*)	41,676,466	20,062,699
The deductions	(6,736,325)	(5,895,292)
The items similar to income	(2,885,091)	3,379,484
The items similar to expenses	-	(7,193,390)
Tax loss to recover from the previous years	-	(1,595,232)
The amounts representing sponsorship within the legal limits and other deductions	(717,611)	(484,196)
Tax credit	(1,472,833)	(1,712,061)
Deferred tax	3,252,572	6,988,689
Corporate income tax	9,914,797	18,458,672

(*) Starting with January 1st 2014, the amendments to the Fiscal code come into force, according to which the income from the sale/assignment of the participation titles and income from liquidation are included in the category of non-taxable income for the calculation of the income tax, together the dividend income, regardless if the legal entities in which participation titles are held are Romanian or foreign legal entities, from states with which Romania has celebrated conventions for avoiding the double taxation (including outside the EU). This income is not taxable if certain conditions are fulfilled (if on the date of sale / assignment of the participation title or on the date of beginning the liquidation operation the minimum period of 1 year is fulfilled regarding the continuous holding of a participation of minimum 10%). Taking into account that the economic benefits related to the available-for-sale financial assets that fulfill the conditions established in the Fiscal Code are not taxable, according to IAS 12, the tax basis of the respective assets is equal to the accounting base and, therefore, the receivables with the previous deferred tax were resumed for expenses recognized for the temporary differences generated by the adjustments for the loss of value.

During the previous years, following the acquisition of ERSTE shares by exchange with BCR shares, according to IFRS accounting system, the earnings were registered in the reported result and a deferred tax corresponding to transaction was established.

(All amounts are presented in RON)

The current income tax also comprises the deferred income tax corresponding to the sales of ERSTE shares during year 2015. The Group calculates the income tax resulted following the transaction with ERSTE shares as difference between the sale price and the tax basis of the share. In the absence of a specific tax regulation, the income tax is calculated both as difference between the sale price and the IFRS cost of the share and registered through the expenses for the income tax, and as difference between the IFRS cost of the share and the fiscal basis of the ERSTE share, by resuming the tax calculated from the deferred income tax.

15 CASH AND CASH EQUIVALENTS

	31 December 2016	31 December 2015
Cash on hand	544,086	507,447
Current accounts at banks	91,408,572	24,867,783
Deposits at bank with initial maturity smaller than 3 months	12,217,000	13,540,953
Other values	420,224	11,162,063
Total cash and cash equivalents with maturity smaller than 3 months	104.589.882	50.078.246
Deposits at bank with initial maturity higher than 3 months	53,286,425	159,043,439
Attached interest corresponding to deposits	415,130	952,485
Total cash and cash equivalents	158,291,437	210,074,170

Current accounts are opened with banks and bank deposits are pledged in favour to banks.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	31 December 2016	31 December 2015
Shares	309	449
Domestic market	309	449
Total	309	449

The evaluation of the shares at the fair value was realized by multiplying the number of shares held on the balance sheet date by the closing price on the last trading day during the reporting period. The shares are traded on the main market of the Stock of Exchange of Bucharest (BVB).

(All amounts are presented in RON)

In 2015, following the analysis carried-out regarding the strategy of maintaining some titles, the reclassification of the titles held as financial assets at fair value through profit and loss was at the financial assets held for sale was realized. The carrying amount of the reclassified titles amounted to RON 120.9 mil., and the market value on the reclassification moment amounted to RON 113.3 mil., recognizing an adjustment for the loss of value, in the profit and loss account in year 2015, amounting to RON 7,7 mil.

On 02/18/2015, the Group cashed from Royal Bank of Scotland the value of holding in Minilonng, amounting to EUR 0.9 mil., registering a loss of RON 2.8 mil., compared to the acquisition cost, that did not exceed the prudential adjustment of value registered as at 31.12.2014.

On 04/03/2015, the Group cashed from SSIF Swiss Capital the amount of RON 10.6 mil. the value of holding the SIF4 Pnote certificates, registering a profit of RON 0.4 mil. compared to the acquisition value, the value adjustment registered as at 31.12.2014 amounting to RON 2.8 mil.

17 FINANCIAL ASSETS AVAILABLE FOR SALE

	2016	2015
Shares evaluated at the fair value	1,083,708,928	1,038,456,557
Shares evaluated at cost	24,544,709	25,302,475
Fund units evaluated at the fair value	64,499,755	48,661,430
Government securities at fair value	103,690,723	-
Total	1,276,444,115	1,112,420,462

The evaluation of the shares at the fair value was realized by multiplying the number of shares held on the balance sheet date by the closing price on the last trading date during the reporting period or the price determined by other evaluation methods, respectively the evaluations realized by evaluators (see Note 6). As at 31 December 2016, the category of shares evaluated at the fair value includes mainly the value of the shares held in Banca Transilvania, Erste Group Bank AG, BRD - Groupe Societe Generale S.A. (31 December 2015: Erste Group Bank AG, Banca Transilvania, BRD - Groupe Societe Generale S.A).

The fund units include the shares held in the Closed Investment Fund Active Plus amounting to RON 56.6 mil. and at the Closed Investment Fund Omnitrend amounting to RON 12 mil.

(All amounts are presented in RON)

The adjustments made as at 31 December 2016 for the fund units held in the Closed Investment Fund Omnitrend amounting to RON 4.1 mil. were constituted based on the expenses (31 December 2015: RON 4.7 mil. was disclosed as other items of the global result).

The fair value of government securities was set taking into account the market quotation available on Bloomberg for the issue (expressed as percentage of the nominal amount of the issue) multiplied by the number of titles held and the nominal unit value.

The movement of the financial assets available for sale during the financial year ended as at 31 December 2016 is presented in the table below:

	Fair value Shares evaluated at the fair value	Equity Shares evaluated at cost	Fair value Fund units evaluated at the fair value	Total
1 January 2015	680,861,157	34,523,522	48,136,143	763,520,822
Reclassification from assets evaluated through profit and loss	113,276,062	-	-	113,276,062
Reclassification 2015	5,446,736	(5,446,736)	-	-
Acquisition 2015	30,205,442	-	-	30,205,442
Sales 2015	(56,044,216)	(1,829,980)	-	(57,874,196)
Establishment of adjustment of losses from impairment	(376,355)	(1,944,331)	-	(2,320,690)
Modification of the fair value	265,087,735	-	525,287	265,613,022
31 December 2015	1,038,456,561	25,302,475	48,661,430	1,112,420,462

The entries of shares during year 2015, amounting to RON 30.2 mil. include mainly the following:
- acquisitions of shares made at the stock exchange amounting to RON 31.2 mil (Romgaz RON 24.3 mil, Electrica RON 4.7 mil, Conpet SA RON 1.2 mil., Biofarm SA RON 1.0 mil., etc.);

The assignment of total shares amounting to RON 57.9 mil. comprises the carrying amount of the participation titles withdrawn from management, mainly as result of the sales of titles (BRD RON 28.0 mil, Erste Group Bank RON 27.3 mil, Transelectrica RON 0.6 mil, etc.) and of the withdrawals from Hidrotim SA company of RON 1.3 mil.

(All amounts are presented in RON)

	Fair value Shares evaluated at the fair value	**Equity** Shares evaluated at cost	**Fair value** Fund units evaluated at the fair value	**Fair value** Government securities at fair value	**Total**
1 January 2016	1,038,456,557	25,302,475	48,661,430	-	1,112,420,462
Acquisition 2016	8,258,738	-	14,000,000	100,989,762	123,248,500
Sales 2016	(1,309,036)	(501,650)	-	-	(1,810,686)
Establishment of adjustment of losses from impairment	(1,155,618)	(256,116)	(4,077,418)	-	(5,489,152)
Modification of the fair value	39,458,287	-	5,915,743	2,700,961	48,074,991
31 December 2016	1,083,708,928	24,544,709	64,499,755	103,690,723	1,276,444,115

The entries of shares during year 2016, include mainly the following:

- acquisitions of shares made at the stock exchange amounting to RON 8.3 mil (Romgaz RON 3.3 mil, Electrica RON 2.9 mil, Transgaz RON 2 mil., etc.);

The assignment of total shares amounting to RON 1.8 mil. comprises the carrying amount of the participation titles withdrawn from management, mainly as result of the sales of titles (Albalact RON 1.1 mil, Fondul Proprietatea RON 0.2 million etc.).

In 2016, fund units were purchased amounting to RON 14 million in the Closed Investment Fund Active plus

(All amounts are presented in RON)

18 INVESTMENTS HELD TO MATURITY

	31 December 2016	31 December 2015
Bonds	6,165,753	33,087,934
Attached interest corresponding to the state titles and bonds	176,263	1,410,297
Total	6,342,016	34,498,231

The bonds in balance as at 31 December 2016 include corporate bonds issued by Banca Transilvania in EURO, amounting to RON 6.2 mil. acquired in May 2013, convertible in shares of Transilvania bank, with due date in May 2020, with a variable annual rate of the interest based on EURIBOR + a margin established at 6.25%;

As at 31 December 2015 there were bonds issued by company Romenergo SA București, currently Industrial Energy, amounting to RON 26.95, purchased in June 2013, with due date in June 2017 and interest rate of 8% p.a., which were redeemed in 2016.

19 RECEIVABLES

	31 December 2016	31 December 2015
Trade receivables	82,368,768	71,234,896
Less: provisions for the impairment of trade receivables	(13,520,833)	(14,490,734)
Trade receivables – net	68,847,935	56,744,162
Out of which with related parties	367,562	-
VAT to recover	241,807	510,855
Tax receivable	732,279	-
Other receivables related to personnel	151,140	39,269
Advances to suppliers	16,180	21,770
Other receivables	14,853,657	29,359,417
Total trade receivables	85,210,560	86,675,473
Less long-term position:		
Loans from related parties	-	-
Other receivables	-	-
Total long-term position	-	-
Total short-term position	85,210,560	86,675,473

(All amounts are presented in RON)

Trade receivables not due	47,863,230	45,449,897
Trade receivables due, but not impaired	20,984,705	11,294,265

For all the trade receivables, the carrying amount is closed to their fair value.

As at 31 December 2016, the trade receivables amounting to RON 13.5 mil. (31 December 2015: RON 14.5 mil.) were impaired.

As at 31 December 2016, the trade receivables amounting to RON 20.9 mil. (RON 2015: 11.3 mil.) were overdue, but unimpaired. The analysis of the oldness of these trade receivables is as follows:

	31 December 2016	**31 December 2015**
Up to 30 days	17,240,517	8,745,969
Between 30 and 90 days	2,476,754	1,423,488
Between 90 and 180 days	941,250	738,312
Over 180 days	326,184	386,495
	20,984,705	11,294,265

General provision was not registered for these receivables.

The carrying amounts of the trade receivables and other receivables of the Group are denominated in the following currency:

	31 December 2016	**31 December 2015**
RON	59,950,316	46,196,947
EUR	8,695,151	9,453,704
USD	37,025	259,040
GBP	165,443	834,470
	68,847,935	56,744,162

The details of the various receivables as at 31 December 2016 and 31 December 2015 is presented below:

(All amounts are presented in RON)

	31 December 2016	31 December 2015
Various debtors	23,534,513	33,488,905
Other various receivables	50,946	1,373,141
Less: provision for the impairment of other receivables	(8,731,802)	(5,502,629)
Total Other Receivables	14,853,657	29,359,417

At row Various Debtors as at 31 December 2016 the Group registered litigious receivables at the purchase price amounting to RON 13.6 mil. (31 December 2015: RON 26.9 mil.) according to the Litigious Rights Assignment Contract celebrated between TM Agro and Lemen Holding Limited on May 28th 2014 and to the addendum no. 1 dated December 22nd 2014.

The modifications of the provision for impaired receivables were included in “other losses /earnings” in the profit and loss statement.
The maximum exposure to the credit risk on the reporting date is the carrying amount of each class of receivables mentioned above.

The Group has real estate guarantees established to guarantee the bank loans.

20 INVENTORIES

	31 December 2016	31 December 2015
Goods	11,587,514	13,174,622
Inventories at third parties	3,534,353	1,645,751
Production in course	7,824,752	5,288,690
Finished products	832,954	256,990
Raw materials and other materials	34,116,360	34,030,235
Total inventories	57,895,933	54,396,288

(All amounts are presented in RON)

21 INVESTMENT PROPERTY

The investment properties of the Group include mainly the constructions and buildings held by the companies within the portfolio for lease.

Cost (RON)	
Balance as at 1 January 2015	239,915,128
Entries	7,356,865
Transfer from tangible assets	7,457,430
Transfers from available-for-sale assets	(27,104,429)
Disposals	(3,329,185)
Effect of the change of the fair value	13,422,395
Balance as at 31 December 2015	**237,718,204**
Balance at 1 January 2016	237,718,204
Entries	24,910,671
Transfer from tangible assets	7,326,625
Transfers from available-for-sale assets	13,030,241
Disposals	(1,209,618)
Effect of the change of the fair value	(24,348,453)
Balance as at 31 December 2016	**257,427,670**
Net carrying amounts	
Balance as at 31 December 2015	237,718,204
Balance as at 31 December 2016	257,427,670

(All amounts are presented in RON)

22 TANGIBLE ASSETS

Cost or evaluation (RON)	Lands and buildings	Technical installations and machinery	Other installations, plants and furniture	Advances and tangible assets in course	Total
Balance as at 31 December 2015	235,123,469	228,893,031	16,752,629	5,955,318	486,724,447
Entries	66,277,542	775,952	198,379	34,710,516	101,962,389
Transfers from the assets in course	3,193,419	23,898,854	153,384	(27,197,109)	48,548
Transfers to intangibles	-	-	-	(575,238)	(575,238)
Disposals	(553,977)	(1,704,809)	(105,657)	(534,266)	(2,898,709)
Net values taken upon the acquisition of the subsidiary	2,015,795	1,420,139	19,980	10,000	3,465,914
Transfer to investment properties	(7,397,896)	(17,340)	-	-	(7,415,236)
Reevaluation	(10,212,437)	-	-	(1,519,205)	(11,731,642)
Update at inflation	-	(156,338)	-	-	(156,338)
Balance as at 31 December 2015	288,445,915	253,109,489	17,018,715	10,850,016	569,424,135
Balance as at 31 December 2015	288,445,915	253,109,489	17,018,715	10,850,016	569,424,135
Entries	676,441	1,212,300	552,920	61,632,405	64,074,066
Transfers from the assets in course	9,768,273	46,745,074	124,702	(56,638,049)	-
Transfer from intangible assets	-	-	-	(128,099)	(128,099)
Disposals	(3,516,738)	(2,823,120)	(621,000)	(7,332,026)	(14,292,884)
Transfer to investment properties	(5,337,981)	(976,212)	(131,452)	(880,981)	(7,326,626)
Reevaluation	16,687,905	-	-	-	16,687,905
Update at inflation	-	(33,404)	(5,984)	-	(39,388)
Cancellation of the impairment following the revaluation	(6,546,295)	-	-	-	(6,546,295)
Balance as at 31 December 2016	300,177,520	297,234,127	16,937,901	7,503,266	621,852,814

(All amounts are presented in RON)

Value adjustments	**Lands and buildings**	**Technical installations and machinery**	**Other installations, plants and furniture**	**Advances and tangible assets in course**	**Total**
Balance as at 31 December 2014	6,344,089	30,725,730	2,848,772	41,554	39,960,145
Expenses for amortization	6,362,799	31,035,007	2,755,632	42,101	40,195,539
Amortization corresponding to exits	(250,025)	(1,351,386)	(87,435)	-	(1,688,846)
Reclassification of amortization corresponding to the investment properties	(70,009)	-	-	-	(70,009)
Amortization corresponding to reevaluation	(5,002,975)	-	-	-	(5,002,975)
Return to amortization	524,038	-	-	-	520,257
Update at inflation	-	14,007	5,984	-	19,991
Cancellation of amortization retreatment	49,746	-	-	-	49,746
Balance as at 31 December 2015	7,953,882	60,423,358	5,522,953	83,655	73,983,848
Balance as at 1 January 2016	7,953,882	60,423,358	5,522,953	83,655	73,983,848
Expenses for amortization	6,747,504	31,202,009	2,688,160	-	40,637,673
Expenses for impairment	4,975,544	6,310,210	-		11,285,754
Amortization corresponding to exits	(340,754)	(3,274,831)	(582,567)	-	(4,198,152)
Reclassification of amortization corresponding to the investment properties	-	-	-	-	-
Amortization corresponding to reevaluation	(6,423,820)	-	-	-	(6,423,820)
Update at inflation	-	(33,404)	(5,984)	-	(39,388)
Cancellation of amortization retreatment	-	-	-	-	-
Balance as at 31 December 2016	12,912,356	94,627,342	7,622,562	83,655	115,245,915

(All amounts are presented in RON)

	Lands and buildings	Technical installations and machinery	Other installations, plants and furniture	Advances and tangible assets in course	Total
Net carrying amount					
Balance as at 31 December 2015	280,492,033	192,686,131	11,495,762	10,766,361	495,440,288
Balance as at 31 December 2016	287,265,164	202,606,785	9,315,339	7,419,611	506,606,899

Pledged assets and assets acquired following the obtaining of some loans

Napomar
The net value of the pledged assets as at 31.12.2016 amounts to RON 47.8 mil.
The net value of the pledged assets as at 31.12.2015 amounts to RON 42.3 mil.

SIF Hoteluri
As at 31 December 2016 and 31 December 2015 SIF Hoteluri holds tangible assets pledged (Hotel Doubletree by Hilton Oradea) at the net carrying amount of RON 59.5 mil as at 31 December 2016 (31 December 2015: RON 58.1 mil) for the loan contracted with Intesa San Paolo for investment activity.

IAMU
The assets pledged for the loan contracts in favor of BRD, at the net carrying amount, amount to 24.4 mil lei as at 31 December 2016 (31 December 2015: RON 28.3 mil).

Central Cluj
The first degree mortgage over the real estate property of SC CENTRAL SA.

Vrancart

Part of the tangible assets of Vrancart are mortgaged or pledged in order to guarantee the loans taken from banks. The net carrying amount of these pledged or mortgaged non-current assets amounts to RON 115.1 mil as at 31.12. 2015 (31.12.2015: RON 110.6 mil).

(All amounts are presented in RON)

Somplast
The other assets pledged in favor of Banca Transilvania SA Cluj and DGPFP Bistrita Nasaud, have the net carrying amount, amount of RON 2.7 mil as at 31 December 2016 (31 December 2015: RON 4.3 mil).

SIF Imobiliare
BH Retail company holds a mortgage established over the real estate trading premises, divided, arranged to be rented in favor of the bank to guarantee the loan, amounting to RON 26.8 mil (31 December 2015: RON 28.3 mil).
SIFI CJ Logistic company has 1 asset pledged in favor of the bank to guarantee the loans.

Assets held in financial leasing

Vrancart
The net carrying amount of the non-current assets acquired by financial leasing amounts to RON 3.2 mil as at 31.12.2016 (31.12.2015: RON 0.5 mil).

Somplast
As at 31 December 2016, the company has registered as financial leasing the property, plant and equipment having a net carrying amount of RON 0.2 mil (as at 31 December 2015: RON 0.1 mil). The assets held in leasing or acquired in installments are encumbered by pledge corresponding to the leasing debts or sale and purchase contracts in installments.

SIF Imobiliare
Administrare Imobiliare company holds a leasing contract for motor vehicle.

23 OTHER TRADE LIABILITIES

	31 December 2016	31 December 2015
Trade liabilities	34,064,936	31,683,672
Amounts owed to related parties	40,910,638	35,908,751
Amounts owed to employees	13,245,737	14,791,445
Advances from clients	1,342,440	2,181,192
Debt corresponding to the income tax	1,101,482	9,449,172
Social security and other taxes	-	737,446
VAT payable	1,684,286	1,858,444
Other liabilities – short-term	5,706,678	5,332,342
Avansuri de la clienti – pe termen lung	911,912	-
Other liabilities – long-term	426,304	367,406
Total liabilities	99,394,413	102,309,870

24 DIVIDENDS PAYABLE

(All amounts are presented in RON)

In RON	31 December 2016	31 December 2015
Dividends payable corresponding to year 2014	20,204,247	20,850,807
Total dividends payable	20,204,247	20,850,807

According to the Decision of the General Meeting of Shareholders, the dividends not taken during three years and for which the right to ask the payment was prescribed is registered in equity at Other reserves.

25 LIABILITIES REGARDING THE DEFERRED INCOME TAX

The assets and liabilities regarding the deferred tax as at 31 December 2016 are generated by the items detailed in the table below:

	Assets	Liabilities	Net
Financial assets at fair value through profit and loss	(309)	-	(309)
Available-for-sale financial assets	-	805,597,010	(805,597,010)
Tangible assets and investment properties			
Property, plant and equipments and Investment property	-	198,146,554	(198,146,554)
Value adjustments in respect of assets	13,466,865	-	13,466,865
Total	13,466,556	1,003,743,564	(1,003,743,564)
Tax corresponding to the loss carried forward	-	-	-
Net temporary differences - 16%	-	-	(990,277,008)
Net temporary differences - 10%	-	-	-
Liabilities regarding the deferred income tax	-	-	(158,444,322)

The assets and liabilities regarding the deferred tax as at 31 December 2015 are generated by the items detailed in the table below:

(All amounts are presented in RON)

	Assets	Liabilities	Net
Financial assets at fair value through profit and loss	(449)	-	(449)
Available-for-sale financial assets	-	763,821,268	(763,821,268)
Tangible assets and investment properties	-	166,318,158	(166,318,158)
Total	(449)	930,139,426	(930,139,875)
Tax corresponding to the loss carried forward	-	-	-
Net temporary differences - 16%	-	-	(930,139,875)
Net temporary differences - 10%	-	-	-
Liabilities regarding the deferred income tax	-	-	(148,822,379)

The movements during the years corresponding to the liabilities regarding the deferred tax are presented below:

	Value
Liabilities deferred tax 31 December 2014	106,357,052
Tax with impact over the profit and loss	6,988,689
Impact of assets evaluation reserves held for sale	35,476,638
Liabilities deferred tax 31 December 2015	148,822,379
Tax with impact over the profit and loss	3,252,674
Impact of assets evaluation reserves held for sale	6,369,269
Liabilities deferred tax 31 December 2016	158,444,322

Table of movements concerning liabilities from deferred income tax

	01/01/2016	Increases / decreases in	Increases / decreases in Other	31/12/2016

		the Profit and loss account	comprehensive income	
Financial assets at fair value through profit and loss	(72)	(23)	144	49
Available-for-sale financial assets	122,211,546	(636,049)	7,320,025	128,895,522
Tangible assets and real-estate investments	26,610,905	2,934,627	2,157,916	31,703,449
Provisions	-	953,974	(3,108,672)	(2,154,698)
	148,822,379	3,252,529	6,369,413	158,444,322

	01/01/2015	Increases / decreases in the Profit and loss account	Increases / decreases in Other comprehensive income	12/31/2015
Financial assets at fair value through profit and loss	(2,368,009)	1,557,868	810,069	(72)
Available-for-sale financial assets	84,950,872	1,878,300	35,382,372	122,211,546
Tangible assets and real-estate investments	23,774,188	3,627,704	-790,987	26,610,905
Provisions	-	-	-	-
	106,357,052	7,063,872	35,401,455	148,822,379

(All amounts are presented in RON)

26 LOANS

	31 December 2016	31 December 2015
Long-term		
Bank loans	60,722,261	56,849,626
Financial leasing liabilities	2,189,407	178,867
Total long-term loans	62,911,668	57,028,493
Short-term		
Authorised overdrafts	32,459,325	36,113,603
Financial leasing liabilities	797,318	184,157
Short-term loans	39,535,535	18,240,240
Total short-term loans	72,792,176	54,538,000
Total borrowings	135,703,844	111,566,492

The fair value of the loans equals to their carrying amount. The update impact is not significant because all loans are variable interest rates bearing.

The distribution of loans (inclusive the financial leasing liabilities) of the Group on currency is presented as follows:

Currency	31 December 2016	31 December 2015
EUR	58,414,646	65,025,299
RON	77,289,199	46,541,192
Total	135,703,844	111,566,491

The bank loans and the overdraft are guaranteed with the lands and buildings (Note 22) and the trade receivables (Note 19) of the Group.

(All amounts are presented in RON)

Detailed listing of bank loans cumulated at bank level (exclusive leasing)

Amount in RON

Banca/Societate	**2016**	**2015**
Banca Comerciala Romana	11,531,298	13,502,360
Banca Transilvania	8,220,703	6,449,777
BRD - Groupe Société Générale	31,214,546	18,035,179
ING Bank	13,118,319	3,688,875
Intesa Sanpaolo Romania	9,927,317	10,245,527
Raiffeisen Bank	18,425,279	18,263,815
Unicredit Bank	33,411,819	32,748,488
Veneto Banca	6,750,448	7,823,615
Other banks	117,392	445,831
Total	132,717,122	111,203,468

Liabilities regarding the financial leasing

The leasing liabilities are guaranteed effectively once the rights corresponding to the leased asset correspond to the lessor in case of failure to pay.

	31 December 2016	**31 December 2015**
Obligations from financial leasing– gross – minimum leasing payments		
Less than 1 year	858,770	187,512
More than 1 year and not more than 5 years	2,264,812	187,387
Future financial expenses corresponding to the financial leasing contracts	(136,859)	(11,876)
Updated value of the obligations from financial leasing	2,986,723	363,023

(All amounts are presented in RON)

The current value of the liabilities from financial leasing is as follows:

	31 December 2016	31 December 2015
Less than 1 year	797,317	184,157
More than 1 year and up to 5 years	2,189,406	178,866
	2,986,723	363,023

27 SUBSIDIES FOR INVESTMENTS

	31 December 2016	31 December 2015
IAMU	7,762,935	9,409,235
VRANCART	23,975,302	23,819,810
NAPOMAR	9,472,937	10,898,503
SOMPLAST	244,076	251,940
Other subsidies	56,486	-
Total subsidies	41,511,736	44,379,488

Vrancart obtained subsidies for investments from the Ministry of Economy and Research having as object the financing of modernization and development of the technological line for the manufacture of paper and from the Administration for Environment Fund, subsidy consisting in equipment for sludge burning Boiler, the non-refundable amount in the initial amount is RON 18,500,000,

Also, Vrancar company obtains subsides for investments for the purpose of funding collection centers, increasing the cardboard converting capacity and energy efficiency

Iamu obtained structural funds based on the contract concluded with the Management Authority regarding the granting of non reimbursable financing for the implementation of the project „Modernization of the production activity at SC Iamu SA Blaj".

Napomar obtained non reimbursable financing from the Ministry of Economy and Commerce and Business Environment for the project Modernization of Napomar SA company through the development of the production capacities and their capabilities.

In respect of the grants received, Vrancart, Iamu si Napomar must comply a number of indicators, as detailed below.

Vrancart. The financing contract signed with the Ministry of Economy and Research includes a series of indicators to be met at the end of the monitoring period. Currently, Vrancart has completed the project implementation phase and is in the project monitoring phase until January 2017.
If, at that time, the indicators are not fully realized, the non-reimbursable financing of ROL 18,500,000 can be withdrawn in proportion to the% non-fulfillment, except for the technically justified cases. Although the staff indicator was not met at the end of 2016 and 2015, the Company believes that it will be able to fully implement it until the end of the monitoring period.

Iamu. According to the financing contract, Iamu must meet at the end of the monitoring period, in 2017, a series of indicators assumed regarding the subsidies received. Failure to meet them will attract in 2017 the reimbursement of the amounts received as a grant proportional to the degree of non-fulfillment of these indicators.

Napomar. According to the financing contract, Napomar must meet certain indicators for the next 5 years from the official closure of the POS CCE. Failure to meet them will attract in March 2018 the reimbursement of the amounts received as a grant proportional to the degree of non-fulfillment of these indicators. The management appreciates that the Company will meet the result indicators at the end of the mandatory maintenance period.

(All amounts are presented in RON)

28 CAPITAL AND RESERVES

(a) Share capital

The share capital according to the Articles of Incorporation of the Group amounts to RON 54,884,926.80 being divided into 548,849,268 shares with a nominal value of RON 0.1 and results from the direct subscriptions realized at the share capital of SIF. Following the transformation in shares of the amounts granted as dividends based on law no. 55/1995 and according to the effect of law 133/1996. As at 31 December 2016, the number of shareholders was 5,767,382 (31 December 2015: 5,774,815).
The shares issued by SIF Banat Crişana are traded at the Stock Exchange of Bucharest in November 1999. The evidence of the shares and shareholders is kept by Depozitarul Central S.A. Bucureşti.
All shares are ordinary, they were subscribed and are paid integrally as at 31 December 2016, and 31 December 2015. All shares have the same voting right and have a nominal value of RON 0.1/ share. The number of shares authorized to be issued equals to the number of shares issued.

The reconciliation of the share capital according to IFRS conform to the Articles of Incorporation is presented in the table below:

31 December 2015	**Number of shareholders**	**Number of shares**	**Amount (RON)**	**(%)**
Individuals	5,774,552	242,270,261	24,227,026	44
Legal entities	263	306,579,007	30,657,901	56
Total	5,774,815	548,849,268	54,884,927	100

31 December 2016	Number of shareholders	Number of shares	Amount (RON)	(%)
Individuals	5,767,167	221,521,558	22,152,156	40
Legal entities	215	327,327,710	32,732,771	60
Total	5,767,382	548,849,268	54,884,927	100

	31 December 2016	**31 December 2015**
Statutory share capital	54,884,930	54,884,930
Effect of applying IAS 29 over the share capital	684,298,992	684,298,992
Share capital reconsidered	739,183,922	739,183,922

(All amounts are presented in RON)

Following the approval by the General Shareholders' Meeting in the month of April 2006, in august 2016, 30,849,268 shares were redeemed (the share capital will be reduced by 28,849,268 while 2,000,000 shares will be distributed to employees, managers and directors). The total redemption value of the shares was RON 52,443,756.

(b) *Reserves established following the application of Law no. 133/1996*

The reserve corresponding to the initial portfolio was established following the application of Law no. 133/1996, as difference between the value of the portfolio brought and the value of the share capital subscribed at SIF. Thus, these reserves are assimilated to a contribution premium and are not used to sell the non-current titles. The reconciliation of the reserve corresponding to the initial portfolio according to IFRS with that one according to the Accounting Regulations applicable until the application date of FSA Rule no. 39/2015 is presented in the table below:

	31 December 2016	31 December 2015
Reserves from applying Law 133/1996	145,486,088	145,486,088
Effect of application of IAS 29 over the reserve established following the application of Law no. 133/1996	1,960,189,603	1,960,189,603
Reserves established following the application of Law no. 133/1996	2,105,675,691	2,105,675,691

The hyperinflation effect over the share capital amounting to 684,298,992 lei and over the reserve established following the application of Law no. 133/1996 amounting to 1,960,189,603 was registered by the reduction of the result reported, resulting in a loss cumulated from the effect of application of IAS 29 over the capital item of 2,644,488,595 lei at the end of each period presented.

(c) *Reserves from the reevaluation of the available-for-sale financial assets*

This reserve comprises the net cumulated reserves of the fair values of the available-for-sale financial assets as of the classification date in this category until the date when these were derecognized or depreciated.
The reserves from the reevaluation of the available-for-sale financial assets are registered at the net value of the corresponding deferred tax. The value of the deferred tax recognized directly by the reduction of equity is presented at Note 25.

(All amounts are presented in RON)

(d) *Legal reserves*

According to the legal requirements, the Group establishes legal reserves amounting to 5% of the profit registered according to the applicable accounting reserves up to the level of 20% of the share capital according to the Articles of Incorporation. The value of the legal reserve as at 31 December 2015 amounts to RON 15,530,829 (31 December 2015: RON 13,860,975).
Legal reserves cannot be distributed to shareholders.

(e) *Dividends*

SIF Banat-Crișana shareholders did not approved during year 2016 the distribution of dividends out of the profit of the financial year 2015 (in 2015, dividends were distributed out of the profit for FY 2014 at the level of the amount of 0.1 lei/share, respectively the total amount of RON 54,884,927).

29 SHARE RESULT

The calculation of the basic share result was realized based on the profit assignable to ordinary shareholders and to the weighted average number of ordinary shares:

	2016	2015
Profit from continuous activities assignable to parent companies	61,614,584	96,076,297
Average number of ordinary shares issued in circulation	538,566,179	548,849,268
Basic share result	0,114	0,175

The diluted share result equals to the basic share result, because the Group did not register potential ordinary shares.

30 SEGMENTS REPORTING

The activity developed by the Group was segmented on four main activities, that is:
- financial;
- industry;
- agriculture;
- trade, restaurants and hotel activity.

The Group does not report the revenues from external customers, neither in total or by countries, because the information is not available and the cost of obtaining it is excessive.

(All amounts are presented in RON)

The activity of 3 companies was included within the financial activity (2015: 3).

The industry activity includes 5 companies (2015: 5) that have as business object the manufacture of plants and machinery for metals processing, manufacture of plates and plastic material profiles, manufacture of paper and corrugated carton and manufacture by knitting the clothes.

The agriculture activity includes 1 company (2015: 1).

The trade, restaurants and hotel activity includes 3 companies (2015: 3).

Assets	**2016**	**2015**
Industry	450,666,047	407,212,516
Trade, hotels, restaurants	179,420,113	192,005,107
Financial activity	1,966,719,097	2,165,017,888
Agriculture	130,623,106	97,050,550
Adjustments corresponding to consolidation	(296,996,069)	(529,921,136)
Total assets according to the consolidated statement of the financial position	2,430,432,294	2,331,364,924

Liabilities	**2016**	**2015**
Industry	192,792,167	166,899,858
Trade, hotels, restaurants	26,807,427	29,089,394
Financial activity	197,159,433	199,652,804
Agriculture	42,239,907	42,117,399
Adjustments corresponding to consolidation	-	-
Total liabilities according to the consolidated statement of the financial position	458,998,934	437,759,455

Equity	**2016**	**2015**
Industry	257,873,880	240,312,658
Trade, hotels, restaurants	152,612,686	162,915,707
Financial activity	1,818,811,530	2,004,539,953
Agriculture	39,131,332	15,758,287
Adjustments corresponding to consolidation	(296,996,069)	(529,921,136)

(All amounts are presented in RON)

Total equity according to the consolidated statement of the financial position	1,971,433,360	1,893,605,469

Operating revenue	**2016**	**2015**
Industry	382,709,739	371,137,166
Trade, hotels, restaurants	27,977,271	20,736,321
Financial activity	126,849,279	63,628,275
Agriculture	7,004,402	1,014,210
Total operating revenue according to the consolidated statement of the global result	544,540,691	456,515,972

Operating profit	**2016**	**2015**
Industry	12,262,363	29,353,312
Trade, hotels, restaurants	(12,813,908)	(15,205,826)
Financial activity	64,309,666	85,678,282
Agriculture	7,782,095	25,542,521
Total operating profit according to the consolidated statement of the global result	71,540,216	125,368,289

Financing expenses	**2016**	**2015**
Industry	5,584,676	6,987,387
Trade, hotels, restaurants	1,318,852	1,758,555
Financial activity	4,877,550	2,931,912
Agriculture	820,213	6,088,980
Total financing expenses according to the consolidated statement of the global result	12,601,291	17,766,834

Profit before tax	**2016**	**2015**
Industry	9,554,524	26,713,950
Trade, hotels, restaurants	(13,473,036)	(16,198,112)
Financial activity	72,834,269	93,094,120
Agriculture	6,962,535	24,049,297

(All amounts are presented in RON)

Total profit before tax according to the consolidated statement of the global result	75,878,292	127,659,254
Net profit	**2016**	**2015**
Industry	7,101,152	23,539,074
Trade, hotels, restaurants	(13,108,732)	(15,767,644)
Financial activity	56,343,185	74,384,968
Agriculture	12,375,318	20,055,498
Total net profit according to the consolidated statement of the global result	62,710,923	102,211,895

(All amounts are presented in RON)

31 PRESENTATION OF INTERESTS HELD IN OTHER ENTITIES

(a) List of companies in which SIF Banat-Crișana holds more than 50% and exercises the control over them

In respect of the List of companies in which SIF Banat-Crișana holds more than 50% and exercises the control over themSee note 3.

The following table provides information about each subsidiary that has non-controlling interest that is material to the Group:

	Place of business (and country of incorpo-ration if different)	**Proportion of non-controlling interest**	**Proportion of non-controlling interest's voting rights held**	**Profit or loss attribu-table to non-controlling interest**	**Accumulated non-controlling interest in the subsidiary**	**Dividends paid to non-controlling interest during the year**
Year ended 31 December 2016						
Central SA Cluj	Romania	36.49%	36.49%	(1,799,475)	8,183,027	-
Iamu SA Blaj	Romania	23.31%	23.31%	1,461,437	10,216,137	367,943
Vrancart SA Adjud	Romania	25.28%	25.28%	5,179,169	42,760,546	3,493,940
SIF Imobiliare	Romania	0.001%	0.001%	(3,040,614)	16,341,683	-
Total				**1,800,517**	**77,501,393**	**3,861,883**
Year ended 31 December 2015						
Central SA Cluj	Romania	36.49%	36.49%	177,706	9,982,502	-
Iamu SA Blaj	Romania	23.31%	23.31%	1,382,231	9,818,978	309,940
Vrancart SA Adjud	Romania	25.28%	25.28%	4,622,419	35,115,352	655,114
SIF Imobiliare	Romania	0.001%	0.001%	2,578,035	19,382,297	-
Total				**8,760,391**	**74,299,129**	**965,054**

(All amounts are presented in RON)

(b) Non-controlling interests – summarized financial information

The summarized financial information for each subsidiary holding non-controlling interests significant for the group is presented below.

The amounts presented for each subsidiary are before removing the balances and transactions between companies.

Summarized statement of the financial position

	Central SA Cluj		Vrancart SA Adjud		Iamu SA Blaj		SIF Imobiliare	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Current assets	2,563,722	1,847,530	103,521,115	76,241,599	23,450,590	22,706,464	57,387,677	52,347,261
Current liabilities	8,567,584	2,341,967	69,227,973	63,839,307	12,605,177	11,289,294	12,130,641	52,408,876
Net current assets	(6,003,862)	(494,437)	34,293,142	12,402,292	10,845,413	11,417,170	45,257,036	-6,1615
Non-current assets	29,168,471	36,115,014	187,930,744	166,746,361	51,374,481	44,341,454	293,674,677	278,560,588
Long-term liabilities	738,836	8,263,765	55,847,368	36,223,747	16,130,463	14,361,641	71,434,229	36,000,524
Net non-current assets	28,429,635	27,851,249	132,083,376	130,522,614	35,244,018	29,979,813	222,240,448	242,560,065
Net assets	22,425,773	27,356,812	166,376,518	142,924,906	46,089,431	41,396,983	267,497,484	242,498,450
Non-controlling interests	8,183,027	9,982,502	42,760,547	35,115,352	10,216,137	9,818,978	16,341,683	19,382,306

Summarized statement of the global result

	Central SA Cluj		Vrancart SA Adjud		Iamu SA Blaj		SIF Imobiliare	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Operating income	5,337,377	5,234,483	233,203,196	211,454,988	75,884,914	75,787,589	31,142,159	84,065,814
Net profit	(4,931,041)	486,962	20,485,031	18,282,935	6,271,376	5,931,485	(6,183,116)	57,799,340
Other items of the global result	-	-	(369,798)	(207,869)	-	(111,909)	-	(43,841,493)
Total global result corresponding to the period	(4,931,041)	486,962	20,115,233	18,075,066	6,271,376	5,819,576	(6,183,116)	13,957,847

(All amounts are presented in RON)

(c) Modifications of the participations in the equity of a subsidiary, that do not result in the loss of control

See note 3.

(d) Companies in which SIF holds more than 50% and does not exercise the control over them

See note 3.

(e) Interest in Associates

Set out below are the associates of the Group as at 31 December 2016 which, in the opinion of the directors, are material to the Group.

Name of entity	**Place of business / country of incorporation**	**% of ownership interest**		**Nature of relationship**	**Measurement method**	**Quoted fair value**		**Carrying amount**	
		2016	2015 %			**2016**	2015	**2016**	2015
Gaz Vest SA Arad	Romania	25.82	25.82	Associate (1)	Equity method	29,531,463	21,297,270	12,605,034	12,146,910
Biofarm SA Bucureşti	Romania	22.06	23.22	Associate (2)	Equity method	61,783,035	61,300,399	52,142,068	45,681,087
Total equity accounted investments						**91,314,498**	**82,597,669**	**64,747,102**	**57,827,997**

(1) Biofarm is one of the first Romanian manufacturers of medicines and food supplements. Ever since its foundation in 1921, the company has focused on the development, manufacturing and marketing of both powerful brands and generic products.
(2) S.C. Gaz Vest S.A. supplies and distributes natural gas used for: heating homes, schools and nurseries and for the needs of business firms.

(All amounts are presented in RON)

(f) Associates – summarized financial information

The summarized financial information for each significant associate for the group is presented below.

The amounts presented for each associate are before removing the balances and transactions between companies.

Summarized statement of the financial position

	Biofarm SA Bucureşti		Gaz Vest SA Arad	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Current assets				
Cash and cash equivalents	35,643,669	30,331,720	7,433,878	2,013,901
Other current assets	99,012,370	92,530,478	14,436,340	16,505,085
Total current assets	134,656,039	122,862,197	21,870,218	18,518,986
Non-current assets	104,604,506	90,461,898	51,805,162	52,092,474
Current liabilities				
Current financial liabilities (excluding other liabilities and provisions)	-	-	-	-
Other current liabilities	41,694,892	30,410,269	7,951,908	6,635,124
Total current liabilities	41,694,892	30,410,269	7,951,908	6,635,124
Long-term liabilities				
Long-term financial liabilities (excluding other liabilities and provisions)	-	783,208	-	-
Other long-term liabilities	419,154	-	8,312,796	8,339,568
Total long-term liabilities	419,154	783,208	8,312,796	8,339,568
Net assets	197,146,499	182,130,618	57,410,676	55,636,768

(All amounts are presented in RON)

Reconciliation of financial information summarized with the value of interest held in the associate entity

	Biofarm SA Bucureşti		Gaz Vest SA Arad	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
Net assets as at January 1st	182,130,618	168,798,966	55,636,768	53,068,579
Net profit / loss	29,477,747	27,226,492	9,910,630	8,645,128
Other items of the global result	-	885,667	-	-
Redemption of equity	-	-	-	-
Prescribed dividends	1,304,140	-	-	-
Distributed dividends	(15,766,005)	(14,780,509)	(8,136,723)	(6,076,938)
Net assets as at December 31st	197,146,500	182,130,616	57,410,675	55,636,769
Percentage held by SIF (%)	22.33%	22.06%	25.82%	25.82%
Profit/(loss) of the financial year corresponding to associate enterprises	6,845,381	6,006,164	2,558,907	2,232,172

Summarized statement of the global result

	Biofarm SA Bucureşti		Gaz Vest SA Arad	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
Operating income	149,920,095	150,824,119	44,938,181	40,811,610
Financial income	402,274	1,331,934	10,301	58,423
Expenses for impairment and amortization	(6,437,400)	(6,570,094)	(4,830,066)	(4,358,014)
Financial expenses	(536)	(1,456,339)	(4,596)	(1,653)
Expenses for income tax	(5,962,939)	(4,522,980)	(1,717,692)	(1,522,969)
Profit or loss from continuous activities	29,477,747	27,226,492	9,910,630	8,645,128
Net profit / loss	29,477,747	27,226,492	9,910,630	8,645,128
Other items of the global result	-	885,667	-	(327,865)
Total global result corresponding to the period	29,477,747	28,112,159	9,910,630	8,317,263
Dividends received from the associate entity	3,478,037	3,256,572	2,100,782	1,568,976

(All amounts are presented in RON)

(g) Investment in associates

The table below summarises the movements in the carrying amount of the Group's investment in associates.

	31 December 2016	31 December 2015
Carrying amount at 1 January	57,827,998	53,215,559
Increase (decrease) as a result of a change in ownership	3,093,636	1,004,362
Share of profit of associates	9,404,288	8,238,336
Share of other comprehensive income of associates	-	195,378
Dividends received from associates	(5,578,820)	(4,825,638)
Carrying amount at 31 December	64,747,102	57,827,997

32 COMMITMENTS AND CONTINGENT LIABILITIES

(a) *Actions in court*

The Group makes the object of a number of actions in court resulted during the normal development of the activity. The management considers that these actions will not have a significant effect over the economic results and the consolidated financial position.

(b) *Transfer price*

The tax legislation of Romania comprises since 2000 regulations regarding the transfer prices between affiliates. The current legislative framework defines the "arm's length value" principle for the transactions between related parties, as well as the methods for establishing the transfer prices. Therefore, we expect the tax authorities to start inspections on the subject of transfer prices. In order to make sure that the tax result and/or the customs value of the imported goods is/are not distorted by the impact of the prices charged between affiliates, the Group cannot anticipate the result of such an inspection.

(c) *Other commitments*

As at 31 December 2016, the Group has obtained loans from banks for which the banks asked collateral guarantees represented by mortgages of non-current assets (lands, buildings) and movable guarantees over the receivables, inventories and cash.

33 TRANSACTIONS WITH RELATED PARTIES

The parties are considered related if one of the parties has the capacity to control the other party or to exercise a significant influence over this one in making the financial or functioning decisions.

The Group has identified the following related parties during the development of its activity:

Key management personnel

31 December 2016

- As at 31 December 2016 the Board of directors of SIF BANAT-CRIŞANA SA was formed of 7 members: Bogdan-Alexandru Drăgoi-President, Octavian Avrămoiu-Vice-president, Ștefan Dumitru. Valentin Chiser, Ion Stancu. Dan Weiler and Ionel Marian Ciucioi.
- As at 31 December 2016 the members of the executive management of SIF BANAT-CRIŞANA SA: Bogdan-Alexandru Drăgoi –General Manager, Octavian Avrămoiu – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș - Manager.

31 December 2015

- As at 31 December 2015 the Board of directors of SIF BANAT-CRIŞANA SA was formed of 7 members: Bogdan-Alexandru Drăgoi-Președinte, Octavian Avrămoiu-Vicepreședinte, Ștefan Dumitru, Valentin Chiser, Ion Stancu, Dan Weiler and Ionel Marian Ciucioi.
- As at 31 December 2015 the members of the executive management of SIF BANAT-CRIŞANA SA: Bogdan-Alexandru Drăgoi –General Manager, Octavian Avrămoiu – Deputy General Manager, Teodora Sferdian – Deputy General Manager.

During the financial exercise, transactions have not been carried-out and advances and loans have not been granted to the Company's managers and directors, except for the advances for business travels.

During year 2016, the gross amounts paid to the members of the Board of directors and to the Managers amounted RON 7,363 thousands (2015: RON 3,120).

The Group did not receive and did not grant guarantees in favor of any related party.

The following transactions were developed with related parties:
Agriventure Trading SAL (2015 and 2016) is considered related party because it has significant influence over a significant subsidiary, SIFI TM Agro, which owns a 50% participation. The nature of transactions with Agriventure is to provide loans to TM Agro.

(All amounts are presented in RON)

Industrial Energy (2016) is considered related party because it is controlled by the Board of Directors members of a significant subsidiary, Vrancart SA. The nature of transactions with Industrial Energy is the purchase of electricity by Vrancart from this company.

Danomar (2015 and 2016) is an associate of subsidiary Napomar SA. The nature of transactions with Danomar is sale of goods.

Hidrotim (2015) was a related party of of SIF Banat-Crisana until the withdrawal of SIF Banat-Crişana from its shareholding 2015 in exchange for a building received in Timisoara.

Ario SA Bistrita (2015 and 2016) is a subsidiary of SIF Banat-Crişana, undergoing a legal reorganization procedure and not included in the consolidation. The Group has an older debt of RON 300,000 to be recovered from this company.

(a) Sales of products and services

	2016	**2015**
Sales of goods:	81,287	717,746
Sales of services:	439,340	86,442
Company withdrawal	-	7,316,363
Total	520,627	8,117,483

The sales of services are negotiated with related parties by applying a margin to the production costs, margin ranging from 5% to 10% (2016: from 5% to 10%).

(b) Acquisitions of products and services

	2016	**2015**
Acquisitions of products:	-	34,639
Purchases of electricity:	8,188,096	-
Total	8,188,096	34,639

(c) Balances at the end of the year resulting from the sales /acquisitions of products /services

	31 December 2016	**31 December 2015**
Trade receivables from related parties	367,562	318,626
Debts towards related parties	(1,276,441)	(6,442)
Loans	(40,514,717)	(36,870,622)
Total	(41,423,596)	(36,558,438)

(All amounts are presented in RON)

The receivables from related parties result mainly from the sale transactions and are due after one month or two months as of the sale date. The receivables are not secured in kind and do not bear interest. Impairment adjustments of the receivables with related parties are not registered.

The debts to the related parties result mainly from the acquisition transactions and are due within one month or two months as of the acquisition date. The debts do not bear interest.

The Loans received from related parties relates to the borrowing in amount of EUR 8.5 mil. and the related interest in amount of EUR 0.2 mil. receiveded by TM Agro from Agriventure Trading SAL. This borrowing is presented in the Statement of Financial position row „Loans".

The transactions with related parties are realized under normal market conditions.
Most of the service purchases refer to the supply of electricity by Industrial Energy to Vrancart (based on the electricity supply contract signed between the parties). The selection of Industrial Energy as an electricity supplier was based on the lowest purchase price for electricity and the best contractual conditions criterias.

34 ASSETS HELD FOR SALE

Following a previous analysis, the Group decided during year 2015 to put on sale a part of the assets held. Therefore, these ones were reclassified from the category of investment property into the category of non-current assets meant for sale.
As at 31 December 2016, the group's decision to sell a part of the assets held is maintained. In 2016, out of the 36 assets proposed for sale, 7 were completely sold and one asset was partially sold. Also, 8 assets were removed from the list of assets available for sale, because there are either potential clients for their lease or they are to be developed, and 2 assets were entered on the list to be sold.

The assets of the Group meant to assignment that are classified as assets held for sale

Cost (RON)	***Total (RON)***
Balance as at 31 December 2015	27,104,429
Disposals	(4,885,551)
Transfer to/from investment properties	(13,030,241)
Balance as at 31 December 2016	9,188,638

(All amounts are presented in RON)

The aforementioned amount corresponds to the following entities:

Entity	31 December 2016	31 December 2015
Comalim SA	2,294,119	11,712,401
SIFI CJ Storage SA	-	1,134,749
Agrorent SA	1,279,918	1,983,129
SIFI CJ Office SA	-	5,624,800
SIFI CJ Agro SA	-	44,498
Central Petrosani S.A.	1,431,319	1,384,999
Cora SA	413,301	440,551
SIFI Baia Mare SA	526,458	240,301
SIFI Sighet SA	602,198	409,399
Urban SA	-	1,415,101
SIFI BH Retail SA	2,641,325	2,714,501
Balance as at 31 December 2015	9,188,638	27,104,429

The non-current assets meant to sale are reported within the segment “Financial activity” at Note 30 “Segments reporting”.

Discontinued activities	Year ended as at 31 December 2016	Year ended as at 31 December 2015
Operating income (*)	(285,845)	712,289
Operating expenses	(597,214)	(1,413,608)
Operating result	(883,059)	(701,319)
Expenses for income tax corresponding to discontinued activities	(80,475)	(516,220)
Loss corresponding to the financial year – from discontinued activities	(963,534)	(1,217,539)

(*) The Operational Income reported above concerning the year ended as at 31 December 2016 include the impact of the revaluation of assets amounting to RON 0,6 mil.

35 RETREATMENT EXCEPTIONS AND ADJUSTMENTS FOR CONSOLIDATED REPORTING IN ACCORDANCE WITH RULE 39 (ACCOUNTING REGULATIONS COMPLIANT WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS „IFRS")

For the preparation of these IFRS consolidated financial statements, the Group chose to apply the following facultative exceptions from the retroactive application:

Adjustments and exceptions for passing to IFRS

Gaz Vest company (associate entity with significant influence)

The gas distribution networks are treated as tangible assets according to the Order of the Minister of Public Finance 1.802, but according to IFRS these ones would be treated as intangible assets.

The impact over profit and loss statement resulted from the amortization of the gas distribution networks was analyzed.

The services concession agreements are treated within the international financial reporting standards by the IFRIC 12 Interpretation (International Standard regarding the "Services Concession Agreements").

Therefore, at the same time with the application of IFRIC 12, the company must recognize an intangible asset for the right to tax the users of the public service.

To the purpose of statutory reporting, Gaz Vest recognizes this infrastructure as a tangible asset, their value being amortized during the economic term of infrastructure.
According to IFRS, these networks should be recognized as intangible asset ("right of use of this infrastructure"), and will be amortized during the contract.

The amortization term of the intangible asset equals to the duration of the concession contract. As at 1 January 2014, the average duration remained of the contracts was: 41 years.

Thus, the annual amortization of the intangible assets resulted from the Concession contracts would amount to RON 0,8 mil. The difference between the expense with the amortization of the tangible asset and that of the intangible asset would amount to RON 1,6 mil. The impact over the Group result (that holds 25.82% in Gaz Vest) would be a gain of RON 0,4 mil.

The impact on the Statement of income SIF Banat-Crișana following the IFRS retreatment of these gas distribution networks as intangible assets is not significant, therefore it is not necessary to register an adjustment in order to retreat to IFRS.

36 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

January 2017

- SIF Hoteluri announces the extension of the General Manager's mandate by the Board of Directors by decision dated 06.01.2017
- The Board of Directors of Napomar SA appoints a new General Manager through the CA decision dated 11.01.2017
- On 25.01.2017 the share capital increase was registered at Vrancart SA, as approved by the EGMS on 28.04.2016
- The Constitutive Act of SAI Muntenia was amended following the changes in the attributions of the Board of Directors according to the requirements of the ASF Regulation 2/2016.

February 2017

- On 15 February 2017, SIF Banat-Crisana published the preliminary financial results for the year ended as at 31 December 2016, prepared in compliance with IFRS, by communication on the market (BVB) and posting on the Company web page at www.SIF Banat-Crișana.ro. (Current report - 15 February 2017)
- SIF Hoteluri informed the shareholders that at the deadline of 09.02.2017 in the file no. 2147/111/2014 (plaintiff: HAJDU-BAU, defendant: SIF Hotels SA) - Bihor Court, which has as its object the termination of the contract, the court granted a new deadline on 06.04.2017 for the taking of evidence. *(Current Report - February 14, 2017)*
- SIF Hotels announced that on February 13, 2017, concluded a loan agreement with Napomar SA (borrower) as a lender to finance operational activities. The contract value was 1,500,000 lei, with an interest rate of 4% / year. The contract duration is 12 months (until February 13, 2018). *(Current Report - February 15, 2017)*

March 2017

- The board of SIF Hoteluri convened the summoned the Ordinary General Meeting of Shareholders ("OGMS") and the Extraordinary General Meeting of Shareholders ("EGMS") for 28 (29) April 2017. (Current report - March 27, 2017)
- On 03.03.2017 ASF authorized as manager of SAI Muntenia Invest Mr. Nicusor Marian Buică
- On 30.03.2017 OGMS SAI Muntenia Invest SA approved the financial statements as of December 31, 2016, the distribution of dividends, the Income and Expenditure Budget and the Investment Plan for 2017
- The Board of directors of SIF Banat-Crișana summoned the OGMS and the EGMS for 20 (21) April 2017. (Current report – 8 March 2017)

- SIF Banat-Crișana informed the investors that, within the Public bid for sale authorized by ASF by Decision no. 156/01.02.2017, it had purchased 368,748 bonds newly-issued by VRANCART SA Adjud (market symbol VNC24), amounting to a total of RON 36,874,800. The bonds were recorded in the Central Depository of bond holders. (Current report – 20 March 2017)
- The Board of directors of SIF Banat-Crișana supplemented the agenda of The Extraordinary Meeting of Shareholders summoned for 20 (21) April 2017 as a result of the ASF address no. SI / DRA 473.3 / 20.03.2017. (Current report – 28 March 2017)

April 2017

- The OGMS of SIF Banat-Crișana took place, upon the first summoning, on 20 April 2017, and the shareholders of the company approved the resolutions proposed by the board of directors of the company related to the approval of the financial statements for 2016, the distribution of profit 2016 to the Other reserves, the granting of management release to the Board of directors for the financial year 2016, the income and expense budget and the activity schedule for 2017, the monthly remuneration for the members of the Board of Directors and the general limits of all the additional remunerations for directors and managers, the election of the Board of directors for a 4 year term and formed by: (Bogdan-Alexandru Drăgoi, Radu Răzvan Străuţ, Sorin Marica and Marcel Heinz Pfister, setting of the registration date for 11 August (former date 10 August). (Current report dated 20 April 2017).
- The EGMS of SIF Banat-Crișana took place on 20 April 2017, upon the first summoning, and the shareholders approved the resolutions proposed by the board of directors of the company related to the modification of the articles of incorporation of the company, the establishment of the registration date for 12 May 2017 (former date 11 May 2017) as per the provisions of art. 238 par. 1 of the Law no. 297/2004, of CNVM regulation no. 6/2009 and of of CNVM regulation no. 1/2006. (Current report dated 20 April 2017)
- On 24 April 2017, the Board of directors of SIF Banat-Crișana, in the presence of the directors appointed by the ordinary General Shareholders' Meeting of 20 April 2017 adopted the following:

– Appointed Mr. Bogdan-Alexandru DRAGOI as President of the Board. In compliance with the provisions of Art. 7 (6) of the Articles of association, the President of the Board also has the position as General Manager. Mr. Bogdan-Alexandru DRĂGOI was authorized by the Financial Supervisory Authority as President and General Manager of SIF Banat-Crișana by Approvals no.115/09.04.2015, no.285/19.08.2015 and no.75/25.02.2016.

– Appointed Mr. Radu Razvan Straut as Vice-president of the Board and appointed him Deputy General Manager in compliance with the provisions of the Internal regulations of SIF Banat-Crișana.

- The Board approved the delegation of management duties in compliance with the provisions of Art. 143 of Law no. 31/1990 by the President and General Manager and by the Vice-president and Deputy General Manager.
- Chose Mr. Marcel PFISTER and Mr. Sorin MARICA as non-executive directors within the Audit Committee. (Current report dated 24 April 2017)

- Vrancart SA Adjud informs the investors on April 7, 2017, regarding the issuance of the Securities Registration Certificate related to the issue of bonds approved by the decision of the AGM no. 3 / 08.18.2016
- The OGMS of Silvana SA dated 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 the CEO of Central SA on 17.04.2017
- The OGMS of IAMU SA dated 25.04.2017 approved: the financial statements as at 31.12.2016, the distribution of a gross dividend of 0.17 lei / share, the Income and Expenditure Budget and the Investment Plan for 2017
- The OGMS of Vrancart SA dated 26.04.2017 approved: the financial statements as at 31.12.2016, the distribution of a gross dividend of 0.0136 lei / share, the Income and Expenditure Budget and the Investment Plan for 2017 and the auditor's election
- Through the decision no. 1 / 26.04.2017 the AGA of Vrancart SA approved the submission of an investment project worth 46 million euros in order to obtain state aid
- The OGMS of Biofarm SA dated 26.04.2017 approved: the financial statements as at 31.12.2016, the distribution of a gross dividend of RON 0.017 per share, the Income and Expenditure Budget and the Investment Plan for 2017 and the election of an auditor
- The OGMS of Somplast SA as of April 27, 2017 approved the financial statements as at 31.12.2016 and the Income and Expenditure Budget and the Investment Plan for 2017, the election of the new board of directors, the election of a new auditor
- The OGMS of SIF Hoteluri dated 28.04.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for 2017, the election of an auditor

May 2017

- The OGMS of Azuga Turism SA dated 09.05.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for 2017
- The OGMS of Central SA dated 17.05.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for the year 2017 and the election of a vacancy manager
- The OGMS of Gaz Vest SA dated 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, the election of the Board of Directors and the financial auditor
- The OGMS of Napomar SA dated 29.05.2017 approved the financial statements as at 31.12.2016, the Income and Expenditure Budget and the Investment Plan for 2017

- On 15.05.2017 SIF Banat-Crişana signed a letter of support in favor of Napomar.

June 2017

- Appointment of a temporary administrator at Napomar SA, starting with 01.06.2017 following the resignation of an administrator

July 2017

- On 13 July 2017, ASF sent the following approvals:

1. ASF approval no. 403/13.07.2017 approving the amendments made in the Articles of association of SIF Banat-Crișana, in compliance with the EGMS Decision no. 1 of 20.04.2017, namely the updated Articles of association of the company.
2. ASF approval no. 404/13.07.2017 approving the amendments made in the documents of SIF Banat-Crișana following the change in the membership of the company management by the appointment of Mr. Bogdan-Alexandru Dragoi, in compliance with Decision no. 1 of the Board of Directors of 24.04.2017.

Consequently, the membership of the management of SIF Banat-Crișana as at the approval date is: Bogdan-Alexandru Drăgoi, Teodora Sferdian and Laurențiu Riviș. As concerns the request for the approval of Mr. Radu Razvan Straut as Manager of SIF Banat-Crișana, the Financial Supervisory authority communicated that it was being analyzed and that an answer would be provided as soon as possible.

3. ASF approval no. 405/13.07.2017 approving the amendments made in the documents of SIF Banat-Crișana, following the change of the Board membership for the company, in compliance with the OGMS Decision no. 1 of 20.04.2017, namely the updated Articles of association of the company.

The Board of directors of SIF Banat-Crișana has the following members: Bogdan-Alexandru Drăgoi, Radu-Răzvan Străuț, Sorin Marica, Marcel Heinz Pfister. (Current report dated 14 July 2017)

- SIF Banat-Crişana summoned the OGMS for 30 (31) August 2017 with the agenda of approving the consolidated financial statements prepared under IFRS. (Current report of July 27, 2017)

37 CORRECTION OF PRIOR YEAR ERRORS AND OTHER CHANGES IN PRESENTATION

The Group operated changes to the presentation of the financial statements for 2015, to certain entries in the Statement of profit or loss and other elements of comprehensive income, in the Statement of financial position and Statement of changes in equity, as follows:

a.- Statement of profit or loss and of other elements of comprehensive income for the financial year ended 31 December 2016

(All amounts are presented in RON)

As compared to the presentation from the financial statements for the financial year 2015, the following changes were operated in the presentation:

a) Decrease in value in the financial year 2015 of the assets reclassified as investment properties from the "Property Plant and Equipment" for Central Cluj (impacts the "Net gains from investment property" line and not the "Operating Expenses" line);
b) In 2015 the presentation of other elements of comprehensive income was made in net figures (gross amounts minus deferred income tax). In the current year's financial statements the gross figures are presented, with the line "Deferred income tax" related to these figures separately inserted.

	As per 2015 Charge	**Adjustments**	**2015 Restated**	**Type of restatement**
Cost of sales of goods	(420,387,755)	1,142,612	(419,245,143)	Error
Net gains from investment property	13,700,343	(1,142,612)	12,557,731	Error
Changes in the fair value of available-for-sale financial assets				
Net amount transferred to profit and loss	(28,395,882)	(5,419,486)	(33,815,368)	Presentation
Net change in fair value	223,058,516	41,610,652	264,669,168	Presentation
Tax effect on the above reserves	-	-36,191,166	(36,191,166)	Presentation

b.- Statement of financial position

The following structural changes were operated in order to improve the information disclosed in the financial statements for 2015:

Assets:

a) the balance sheet line item "Cash and Cash equivalents" was separated into "Cash and cash equivalent" and "Bank deposits "; (note 15)
b) the balance sheet line "Trade Receivables" was renamed "Other financial assets" and the amount on the prepayments account was transferred from the line "Other financial assets" to "Other assets";
c) The balance sheet line "Available-for-sale financial assets" was separated in two balance sheet lines "Investments in Associates" and "Available-for-sale financial assets";
d) The "Property Plant and Equipment" line was modified with the value of assets reclassified as investment properties in respect of Central Cluj's land and buildings (consequently they were transferred from the "Property Plant and Equipment" line to "Investment properties" line);

(All amounts are presented in RON)

Liabilities:

a) the balance sheet line "Trade Payables" was renamed "Other financial liabilities" and the amount on the deferred revenue account was transferred from the line "Other financial liabilities" to "Other liabilities";

Equity:

a) The equity lines "Reserves from applying Law 133/1996" and "IAS 29 on "Reserves from applying Law 133/1996" were merged into one line "Reserves from applying Law 133/1996".

	As per 2015 Closing	**Adjustments**	**2015 Restated**	**Type of restatement**
ASSETS				
Cash and cash equivalents	210,074,170	(159,995,924)	50,078,246	Error
Bank Deposits	-	159,995,924	159,995,924	Error
Other Financial Assets	87,841,167	(1,165,694)	86,675,473	Presentation
Other current assets	8,832,169	1,165,694	9,997,863	Presentation
Available-for-sale financial assets	1,170,248,459	(57,827,998)	1,112,420,461	Error
Investments in Associates		57,827,997	57,827,997	Error
Investment properties	201,656,057	36,062,147	237,718,204	Error
Property, plant and equipment	531,502,435	(36,062,147)	495,440,288	Error
LIABILITIES				
Other financial liabilities	103,820,845	(1,510,975)	102,309,870	Presentationr
Other liabilities	-	1,510,975	1,510,975	Presentation
EQUITY				
Reserves from applying Law 133/1996	145,486,088	1,960,189,603	2,105,675,691	Presentation
IAS 29 on reserves from applying Law 133/1996	1,960,189,603	(1,960,189,603)	-	Presentation

	As per 2014 Closing	**Adjustments**	**2014 Restated**	**Type of restatement**
ASSETS				
Cash and cash equivalents	140,039,104	(56,814,783)	83,224,321	Error
Bank Deposits	-	56,814,783	56,814,783	Error
Other Financial Assets	140,637,923	(1,022,116)	139,615,807	Presentation
Other current assets	4,098,025	1,022,116	5,120,141	Presentation
Available-for-sale financial assets	816,736,381	(53,215,559)	763,520,822	Error
Investments in Associates	-	53,215,559	53,215,559	Error
Investment properties	202,710,369	37,204,759	239,915,128	Error
Property, plant and equipment	483,969,058	(37,204,759)	446,764,299	Error
LIABILITIES				
Other financial liabilities	101,712,794	(1,432,563)	100,280,231	Presentation
Other liabilities	-	1,432,563	1,432,563	Presentation

(All amounts are presented in RON)

EQUITY				
Reserves from applying Law 133/1996	145,486,088	1,960,189,603	2,105,675,691	Presentation
IAS 29 on reserves from applying Law 133/1996	1,960,189,603	(1,960,189,603)	-	Presentation

c.- Statement of changes in equity

The changes operated are in accordance with the financial entries inserted in the statement of financial position and Statement of profit or loss and of other elements of comprehensive income.

d.- Statement of cash flow

The changes operated are in accordance with the financial entries inserted in the statement of financial position Statement of profit or loss and of other elements of comprehensive income.

	As per 2015 Closing	**Adjustments**	**2015 Restated**	**Type of restatement**
Net cash resulted from borrowings	(7,257,268)	12,010,846	4,753,578	Error
Net increase/ (decrease) in cash and cash equivalents	(32,745,879)	(12,010,846)	(44,756,725)	Error
Cash and cash equivalents at the beginning of the year	83,224,321	(20,821,633)	62,402,688	Error
Cash and cash equivalents at the end of the year	50,078,246	(32,832,479)	17,245,767	Error

The restatements on the Statement of cash flow are the and the reduction of the balance of cash and cash equivalents with the overdrafts balance.

The movement on overdrafts is presented below:

	2016	**2015**	**2014**
Overdrafts	32,459,327	32,832,479	20,821,633
Movements	373,152	-12,010,846	-