



KPMG Audit SRL

Victoria Business Park

DN1, Soseaua Bucuresti-Ploiesti nr.
69-71

Sector 1

Tel: +40 (21) 201 22 22

+40 (372) 377 800

Fax: +40 (21) 201 22 11

+40 (372) 377 700

www.kpmg.ro

P.O. Box 18-191

Bucharest 013685

Romania

**Independent Auditors' Report
(free translation¹)**

To the shareholders of,
SIF Banat Crisana S.A.

Report on the Consolidated Financial Statements

- 1 We have audited the accompanying consolidated financial statements of SIF Banat Crisana S.A. and its subsidiaries ("the Company"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

- 2 Management of SIF Banat Crisana S.A. is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Financial Supervisory Authority Norm no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector ("Norm 39/2015") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version and refers to the Romanian version of the consolidated financial statements which was subject to our audit.





Auditors' responsibility

- 3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- 6 As at 31 December 2015 and 31 December 2014, the Company has not included in the consolidation two of its subsidiaries, namely Pont Agrinvest SRL and Pont Automall SRL. Management did not provide us with the financial statements of these two subsidiaries prepared in accordance with the Norm 39/2015 as of 31 December 2015 however the statutory financial statements of these two subsidiaries showed combined negative equity of RON 18,885,810 and combined net loss of RON 7,662,648. The statutory auditor of the two subsidiaries expressed a qualified opinion on the statutory financial statements for the year ended 31 December 2015, as the companies have not allocated the expenses for each crop during the 2015 financial year and elements of cost attributable to crops could not be identified. In addition, the statutory auditor could not confirm or verify lease debts of the two subsidiaries of RON 1,606,489 because balance confirmations could not be obtained. The effect of this departure (non consolidation) from the Norm no. 39/2015 on the consolidated financial statements for the year ended 31 December 2015 could not be determined.
- 7 As at 31 December 2014 the Company has not performed the revaluation of investment properties of RON 103,363,347 included in the Investment Property caption. The effect of this departure from the Norm no. 39/2015 on investment property and retained earnings at 31 December 2015, and on the net gain from investment property and net result for the year ended 31 December 2015 could not be determined.
- 8 As at 31 December 2015 there are indicators of impairment of land and buildings of one subsidiary with a net book value of RON 10,297,750 (31 December 2014: RON 10,669,021), representing a revalued amount determined based on a valuation report prepared by an independent valuator as at 31 December 2012, less accumulated depreciation. The Company's management has not performed a revaluation as at 31 December 2014 and 31 December 2015. The effect of this departure from Norm no.

39/2015 on the amounts presented in the consolidated financial statements for tangible assets and retained earnings at 31 December 2015 and operating expenses and net result for the year ended 31 December 2015 could not be determined.

- 9 As at 31 December 2015 the Company presented land and buildings of one subsidiary with a net book value of RON 15,332,558 (31 December 2014: RON 16,523,695) at a revalued amount determined based on a valuation report prepared by an independent valuator as at 31 December 2013, less accumulated depreciation. The valuation report did not contain sufficient information to support that the value of the land and buildings represents their fair value at 31 December 2013. Consequently, we were unable to determine if any adjustments for tangible assets and retained earnings as at 31 December 2015 and for the operating expenses and net result for the year ended 31 December 2015 were necessary.
- 10 As at 31 December 2015 and 31 December 2014 the Company presented in the consolidated statement of financial position in the Trade Payables caption payment obligations of RON 315.233 and respectively RON 1,035,356 from the acquisition of 95% of the Pont Agrinvest SRL's shares and 100% of the Pont Automall SRL's shares. The Company's management did not provide sufficient evidence to accurately provide evidence as at 31 December 2015 and 31 December 2014, the adjustment mechanism of the purchase price mentioned in the contracts of sale of shares. As a consequence, we were unable to determine if any adjustments to trade payables and retained earnings as at 31 December 2015 and to the operating expenses and net result for the year ended 31 December 2015 were necessary.

Qualified Opinion

- 11 In our opinion, except for the effects of the matters described in paragraphs 6, 7 and 8 and except for the possible effects of the matters described in paragraphs 9 and 10, the consolidated financial statements as at and for the year ended 31 December 2015 present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Financial Supervisory Authority Norm no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

Other Matters

- 12 As described in Note 2.a) to the accompanying consolidated financial statements, 31 December 2015 is the first financial year for which the Company has prepared consolidated financial statements in accordance with the Norm no. 39/2015. We have not expressed an opinion and have not issued a separate audit report on the consolidated statement of financial position as at 31 December 2014 and 1 January 2014, on the consolidated statements of profit and loss and other comprehensive income, on the consolidated statements of changes in equity and on the consolidated cash flow statement for the year ended 31 December 2014 and related notes, prepared in accordance with Norm no. 39/2015 and included in the accompanying consolidated financial statements.

13 This independent auditors' report is made solely to the SIF Banat Crisana S.A.'s shareholders, as a body. Our audit work has been undertaken so that we might state to the SIF Banat Crisana S.A.'s shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the SIF Banat Crisana S.A. and the SIF Banat Crisana S.A.'s shareholders, as a body, for our audit work, for the report on consolidated financial statements and the report on consolidated administrators' report or for the opinion we have formed.

Report on consolidated Administrators' Report

The Administrators are responsible for the preparation and presentation of the Administrators' Report in accordance with the Norm of the Financial Supervisory Authority no. 39/2015 articles 29 - 30 of the accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector and for such internal control as Administrators determine is necessary to enable the preparation and presentation of the consolidated Administrators' Report that is free from material misstatement, whether due to fraud or error.

The consolidated Administrators' Report presented from page 1 to 36 is not part of the consolidated financial statements.

Our qualified opinion on the consolidated financial statements does not refer to the Administrators' Report.

In connection with our audit of the consolidated financial statements as at and for the year ended 31 December 2015 we have read the Administrators' Report attached to the consolidated financial statements presented from page 1 to 36 and based on this we report that:

a) In the consolidated Administrators' Report we have not identified information which is not in accordance, in all material respects, with the information presented in the accompanying consolidated financial statements;

b) The consolidated Administrators' Report identified above includes, in all material respects, the information required by the Norm of the Financial Supervisory Authority no. 39/2015 articles 29 - 30 of the accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

c) the consolidated Administrator's Report identified above includes, in all material respects, the information required by Financial Supervisory Authority Norm no. 39/2015, article 29 (3), of the accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.



In addition, based on our knowledge and understanding of the entity and its environment acquired during our audit of the consolidated financial statements as at and for the year ended 31 December 2015, except for the effects of the matters described in paragraphs 6, 7 and 8 and except for the possible effects of the matters described in paragraphs 9 and 10, in Basis for qualified opinion section, we have not identified historical financial information included in the consolidated Administrators' Report that contains a material error.

The consolidated Administrator's report includes financial forecasts based on assumptions regarding potential future events or future actions of the management and also includes other operational data. Financial forecasts and/or operational data are not included within the scope of the audit of the financial statements and as a result our report does not refer to such information included in the consolidated Administrators' Report.

For and on behalf of KPMG Audit SRL:

Grecu Tudor Alexandru

**Refer to the original signed
Romanian version**

registered with the Chamber of Financial
Auditors of Romania under no 2368/2008

**Refer to the original signed
Romanian version**

registered with the Chamber of Financial
Auditors of Romania under no 9/2001

Bucharest, 16 August 2016

