

REPORT OF ADMINISTRATORS SC PREBET AIUD SA for the 1st semester 2017
Half-yearly Report according to the Regulation N.C.T.S. no. 1 / 2006-Annex 31
(all amounts are expressed in lei, where otherwise stated)

REPORT OF ADMINISTRATORS
SC PREBET AIUD SA for the 1st semester 2017
Half-yearly Report according to the Regulation N.C.T.S. no. 1 / 2006-Annex 31

For the financial year: 2017 (1st semester)

Report date: 14.08.2017

Name of the trading company - S.C. PREBET AIUD S.A.

Registered office – Aiud , Judetul Alba, str. Arenei , nr. 10

Telephone/fax number – 0258-861661 / 0258-861454

Unique registration number within the Trade Registry Office – RO1763841

Fiscal code within the Trade Registry Office – Alba – J/01/121/1991

Regulated market in which are traded the issued securities – B.V.B.

Subscribed and paid capital – 8.199.547,74 lei

Main characteristics of the issued securities – the company issued a number of 45,553.043 registered shares with a nominal value of 0,18 lei each, dematerialised

1. Analysis of the Company's business

a. Description of the core business of the trading company

SC PREBET AIUD SA has as main object of activity : Manufacture of concrete products for construction purposes, NACE code – 2361.

Shareholding structure on 30.06.2017 is the following:

| Shareholder | No. shares | % |
|-----------------------------|-------------------|------------|
| OTHER SHAREHOLDERS | 25.543.699 | 56.0747 |
| HAGEA LIVIU | 14.056.588 | 30.8576 |
| ASSOCIATION PAS PREBET AIUD | 5.952.756 | 13.0677 |
| TOTAL | 45.553.043 | 100 |

b. Specifying the date of incorporation of the trading company

The trading company PREBET AIUD S.A. was incorporate in 1991, by the purchase of the entire patrimony of the former Intreprinderi Prefabricate din beton Aiud (IPB) (Precast Concrete Company Aiud), founded in 1966..

The trading company PREBET AIUD S.A. was organized in the actual structure based on Law. No. 15/1990 and by the GD no. 93/04.02.1991, being registered within the Trade Registry under no. J/01/121/1991.

c. Description of each merger or significant reorganization of the trading company, of its subsidiaries or of the controlled companies, during the financial year

In the 1st semester 2017 was not significant modifications/reorganizations, mergers, divisions or dissolutions.

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d. Description of acquisitions and/or alienation of assets

During the 1st semester 2017, the company did not perform acquisitions or alienation of assets.

1.1.1. Elements of general assessment

SC PREBET AIUD SA: has prepared the financial statements in accordance with the International Standards of Financial Reporting adopted by the European Union (IFRS), in force at the annual reporting date and with the provisions of OPFM 2844/2016, with subsequent amendments and completions:

| | |
|----------------------------|----------------|
| a) Gross profit : | 669.103 lei |
| b) Net profit: | 571.780 lei |
| c) Turnover: | 10.105.068 lei |
| d) Costs (total expenses): | 11.303.531 lei |
| e) Operating expenses: | 11.259.758 lei |
| f) Financial expenses: | 43.773 lei |
| g) Financial revenues: | 32.614 lei |
| h) Operating expenses: | 11.940.020 lei |
| i) Total revenues: | 11.972.634 lei |

a) Profit

At the end of the 1st semester 2017 the company registered a gross profit of 669.103 lei.

b) Turnover

Achieved turnover 10.105.068 lei.

c) Export

The company does not export products.

d) Costs

The total costs related to the manufacture for the total manufactured are in amount of 11.303.531 lei at the revenues of 11.972.634 lei .

e) Market held percentage

Due to the diversity of manufactured products and multitude of producers of precast elements on the domestic market it is difficult to establish a weighting for each element of precast concrete product.

f) Liquidity

At the end of the review period is registered a minus of treasury compared to early of 2.901.473 lei

Liquidity:

- Cash and bank account at the beginning of the period: 8.172.328 lei
- Cash and deposits at the end of the period: 5.270.855 lei
- Cash Flow: - 2.901.473
- Current liquidity: 7.61
- Immediate liquidity: 6.35

1.1.2. Assessment of the technical level of the trading company

Main achieved products are:

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- a. Prestressed concrete traverses for railways
- b. Concrete beams for road bridges with armature reinforced or post-reinforced and various length and sections
- c. Prefabricated for railways and road culverts
- d. Prefabricated for electrification and signaling of road ways
- e. Dales for railway level crossing
- f. Prefabricated for channel with pockets for overhaul of locomotives and wagons
- g. Reinforced concrete traverses biblock type for underground and tram
- h. Various prefabricated for structures

Description of the main products manufactured and/or services provided specifying:

a. Main outlet markets for each product or service and the distribution methods:

Outlet market of the company's products is represented by the domestic market having as distribution modality the direct sale to the contractor or subcontractor who has contracted works to the end beneficiary of the required product.

b. Share of each category of goods or services in revenues and in the total turnover of the trading company for the past three years:

In 1st semester 2017 the total volume of prefabricated was 8.133 m³ of which bulk concrete 1070 m³.

The products manufactured by the company are found in two broad categories of products, plus bulk concrete:

- a) reinforced and prestressed concrete sleepers
- b) other reinforced and prestressed concrete products
- c) bulk concrete

| Product name | 1 st semester 2017 % | 1 st semester 2016 % | 1 st semester 2015 % |
|--------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Concrete sleepers for railways | 21.48% | 26.23% | 41.64% |
| Diverse concrete products | 65.36% | 60.91% | 55.76% |
| Bulk concrete | 13.16% | 2.86% | 2.60% |

c. New products considered for which it shall be affected a substantial volume of assets in future financial year and also the stage of development of these products

By the specific of the activity SC PREBET AIUD SA always has new products on the production line, depending on market demand structure of prefabricated products, products that run on demand, by adapting or creating new patterns, according to technical projects

As a novelty element implemented in the last part of last year and in the first semester of this year is the endowment of the company with a universal stand, which allows the casting of beams with reinforced reinforcement of lengths and high heights.

1.1.3. Assessment of the technical-material supply

The main objectives of the supply activity were:

- Reducing acquisition costs, thus reducing the production costs
- Identifying new suppliers

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- Providing the necessary of raw materials, spare parts, depending on store policy
- Obtaining the best conditions to supply on contracting (quality/price/payment terms)

Current stock in which is also included the safety stock ensures a good running of the production activity.

- metal plate
- cement
- concrete steel
- Moravia Steel
- SC Holcim S.A. Bucuresti
- Mitlin PH Construct Craiova
- Dacotrans Sperieteni
- D&D Drotaru Ungaria

Commercial relationships with main suppliers of raw materials, are based on compliance with the clauses included in Sale – purchase contracts concluded or prolonged after at the beginning of each year. The provider is chose, having as basic principles, the quality-price report, terms of payment and market development of that product.

Material supply sources are both in the domestic market but also imported from the European community depending on the type of the manufactured product.

1.1.4. Assessment of selling activity

a. Description of the evolution of sequential sales on domestic and/or foreign market and the prospects of sales on medium and long term

Sales are made only on the domestic market and somewhat have seasonal character in the winter months their volume is substantially reduced.

Sales prospects depend on the medium and long term government policy regarding the allocation of financial resources for various works which include our products.

Evolution of the turnover for the last 3 years is as follows:

| 30.06.2017 | 30.06.2016 | 30.06.2015 |
|----------------|----------------|----------------|
| 10.105.068 lei | 12.117.899 lei | 10.230.383 lei |

b. Description of the competitive situation in the field of activity of the trading company, the market share of products or services of the trading company and the main competitors

In the 1st semester 2017 the share of sleepers product represented 25% of the goods production volume the difference being represented by the product category other precast concrete elements.

The company capitalized its products only on the domestic market throughout the entire country less in the area of Dobrogea and the South – East part of Romania.

The main competitors of our market are:

- Somaco Grup Prefabricate Bucuresti
- Macon Deva
- ASA Cons Turda
- Lupp Sibiu
- METABET Pitesti
- TRAVERTEC BUZAU
- DUNAPREF Giurgiu
- Other manufacturing concrete companies and that produce concrete elements

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c. Description of each significant dependency of the trading company on one single customer or group of customers whose loss would have a negative impact on company's revenues

Given the diversified customer portfolio, SC PREBET AIUD SA is not significantly depending on a single customer. In terms of risk management concept, and by the fact that the company has customers whose source of contracts and works is represented by the investments undertaken by entities that are directly or indirectly subordinated to the Romanian State (RNCMNR CFR), we can say that there is a company dependences in investment contracts financed by the national or local budget.

1.1.5. Assessment of aspects related with employers/personnel of the trading company

a. indicating the number and training level of the trading company's employees and the degree of unionization of the workforce

On 30.06.2017 the average number of employees is 190, and the effective one is of 198 employees.

In relation to Employers, the employees are represented by the Free Trade Union PREBET AIUD the unionisation degree in 2017 is of 95%.

Regarding the recruitment and selection of personnel, this period is characterized by a rather limited offer of qualified personnel, introducing more rigorous selection phases of potential candidates.

The company grants a great importance to organize qualification courses, to streamline the way of working and interdepartmental collaboration.

During the 1st semester 2017 was constantly watched the assessment of staff's performances and fixing individual targets, with their quarterly check.

b. Description of reports between the manager and employees and any conflictual elements that characterize these reports

During the 1st semester 2017 there were no labor disputes between the company management and employees.

1.1.6. Assessment of aspects related to the impact of the basic activity of the issuer on the environment

We believe that the company shall not have environmental issues because the performed work is not a polluting activity, the evidence also being the existing environmental permit.

S.C. PREBET AIUD S.A. proposes to intensify the concerns to ensure and maintain an environment within a level required by the International and European Standards.

For this were established the following objectives:

1. The implementation and certification of an environmental management system. The company holds the environmental management certificate no.3695M/29.05.2014 in accordance with SR EN ISO 14001: 2005.
2. Identification and control of environmental aspects associated with all activities taking place within the company, to ensure compliance with legal requirements and prevent pollution by:
 - Minimizing the amount of generated waste and their manage in safely conditions when their occurrence can not be avoided;
 - Improving the quality of discharged water from the company;
 - Reducing emissions of pollutants into the atmosphere;
 - Reducing consumption of natural resources

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3. Ensuring communication of policy by all internal and external stakeholders of the company.
 4. Creating conditions for the implementation, maintenance and continuous improvement of environmental management system by providing competent human resources and material resources necessary to maintain the environmental policy and meeting objectives.
- In the first semester of this year, it was followed legal requirements and compliance with those contained in the regulatory legal acts, finding this and upon inspection by authorized bodies.

1.1.7. Assessment of research and development activity

The company does not have its own research department related to new products this thing is made through our beneficiaries' projects, these projects being prepared by specialized research and design institutions.

The research activity within SC PREBET AIUD SA is conducted by the Technical Manufacture Office and own laboratory as well as collaborations with design institutes, with direct implications in increasing the quality of products and services of our company, by improving the manufacture networks and the improvement schemes in order to growth Labour productivity, namely:

- Modernization of existing production capacities, improving the microclimate of work, extension of outlet market, and the scope of business, automation of technologic processes.
- Performed investments were from own sources.

1.1.8. Assessment of trading company's activity regarding the management of risk

The fact that the company made a profit in every year except the year of 2014 when he moved to restructure the staff and were made severance payments, makes us believe that there shall not be future problems and price risks, of credit, of liquidity and cash flow are reduced.

The following risk categories may have influence on company's activity:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational Risk
- Risk related to balancing cost

This note presents information about the Group's exposure towards each risk mentioned above, the Group targets, the policies and the processes for measuring and managing the risk and the procedures for managing the capital.

Credit risk

The credit risk is the risk that the Group incurs a financial loss due to a non-fulfillment of contractual obligations by a customer or counterparty to a financial instrument and this risk mainly result from the trade receivables of the Group.

Liquidity risk

The liquidity risk is the risk that the Group may encounter difficulties in fulfilling the obligations related to liabilities that are settled in cash or in another financial asset transfer. The Group's approach on liquidity risk is to ensure, to the extent possible, that it always hold sufficient liquidity to meet the liabilities

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when they become due, both under normal conditions and under stress, without incurring unacceptable losses or jeopardizing the Group's reputation.

To counteract this risk factor, the Group has applied restrictive policies of delivery of products to uncertain customers. An important role was played by the group's policy to require in some cases the payment in advance of the products delivered and a careful selection of new customers depending on their creditworthiness and financial discipline. There was requested guarantees for delivery contracts and tried to reduce the number of days of claims payment by customers of Group established by contract.

Market risk

The market risk is the risk that market prices variation, such as exchange rate, interest rates and market demand reduction, to affect the Group's revenues.

Market risk - instability in the sale market for building materials, characterized by a significant drop in demand, a prevent risk through market research and marketing policies. The risk of price volatility in electricity, gas, metals, diesel was prevented by finding new suppliers or renegotiating the contracts with the traditional suppliers.

Currency risk

The group has transactions and loans in other currency than the functional currency (RON). The transactions made in foreign currencies are converted into Lei on the rate of exchange ruling at the transaction date.

Operational risks

The results of the Company can be influenced by operational risks specific to its activity, related to the operation in parameters or interruption of operation systems, safety data and information stored, dependence on new technologies, loss of key personnel, difficulties in introducing new products, increased competition from third local or foreign competitors, including the risk of error or fraud.

The Board of Directors of the Company has the overall responsibility for the establishment and supervision of risk management in the Company.

The activity is governed by the following principles:

- a) the principle of delegation of competencies;
- b) the principle of decision-making autonomy;
- c) the principle of objectivity;
- d) the principle of investment protection;
- e) the principle to promote the development of the stock market;
- f) the principle of active role.

The Board of Directors is also responsible for examining and approving the strategic, operational and financial plan of the Company, and also the corporate structure of the Company. Company's Risk management policies are also defined to ensure the identification and analysis of risks that the Company is facing with, establishing appropriate limits and controls, and risk monitoring and setting the compliance limits. Policies and risk management systems are regularly reviewed to reflect the occurred changes in market conditions and the Company's activities. The Company, through its standards and training and management procedures, aims to develop an orderly and constructive control environment,

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in which all employees understand their roles and obligations.

Internal audit of the Company's entities oversees how management monitors compliance with policies and procedures for risk management and reviews the adequacy of the risk management framework in relation to the risks faced by entities.

Risk related to balancing cost

This risk is specific to the activity on the production and sale of electricity and it is generated by any unrealistic forecasting of quantities and delivery hourly volumes of electricity supply which may impact the financial situation by occurrence of additional costs for balancing. It is estimated that this risk is reduced due to the forecasting activity carried out by the special department of the entity.

Risk factors

Any economic activity implies risks. Investors should carefully consider the potential impact that it may cause the following categories of risk factors before deciding to invest in the shares of the company. The risks and uncertainties outlined in the following paragraphs may adversely affect, as appropriate, the continuation of the operating activities of the Company, its financial position and performance, prospects, evolution of trading price, including the ability to pay dividends. Additional risk factors and uncertainties that do not exist at this time may have, depending on further evolutions, a negative impact on the aspects described above.

Emerging market risk

Romania is considered an emerging economy. Investors who want to invest in the shares of an issuer listed on emerging market should be aware of the fact that such an economy shows higher risks compared to a developed economy, with an infrastructure policy, legal and financial advanced, able to provide effective levers to counter the systemic imbalances that might arise. Although Romania is a Member State of the European Union, this status ensures the prerequisites for continuing the structural reforms and the improvement of the economic environment, there is the risk that unforeseen events, associated with an emerging market economy, to significantly affect the Company's activity and its financial prospects.

Romania's emerging economy status can cause a slow pace of capital market development, expressed through a slow rate of growth in the value of transactions, of capitalization and/or the number of issuers and investors. Other characteristics of an emerging market that can have negative consequences refer to a lower value of liquidity and higher volatility compared to the mature equity markets. Also between evolutions in stock prices listed on a stock emerging market and the evolutions in mature markets there may be a high correlation, which means that economic and financial developments in other countries together with developed economy can influence the evolution of prices and transactions recorded on the market where the company is listed.

All these elements can influence the potential development of the Company. Moreover, the company's activity may be influenced the volatility of the interest rate and the exchange rate, characteristics specific for an emerging economy, although the recent developments suggest some stability of these financial variables.

Risk of politic instability

Political instability may lead to the postponement of implementation of structural reforms designed to support a sustainable development of the Romanian economy and favor the creation of an economic and financial infrastructure aimed to enhance the economic and financial attractiveness of foreign direct investments and/or the portfolio. A negative perception can influence the volume of the Romanian political

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class, the character and structure of the Romanian investments, foreign and/or domestic. Instability at the political level can have a significant negative effect on the confidence of resident or non-resident investors, on the degree of liquidity and market capitalization, including upon the evolution of the stock quote.

Risk of modifying the tax legislation

Tax legislation in Romania is subject to extensive and frequent changes which could adversely affect the Company's business and/or the gains made by investors from owning or trading the shares (raising of taxes, introducing new taxes, reduction or suspension of tax breaks, etc.). There is the risk that the Company or the investors in their actions to be exposed in the future to increased taxes or new taxes (additional) that could not be predicted or estimated on the date of preparation of this report.

Financial and economic risk

Business, financial situation and the prospects of the Company depend on the development level of the economy and the capital market in Romania, and consequently on the volume and value of transactions in the capital market. The international financial crisis affecting economies and capital markets world could have adverse and difficult effects to assess in the Romanian economy, national currency and markets in which they the Company operates, resulting in decrease in the volume and value of transactions, decrease of the price of the traded financial instruments, etc. The negative effects on the Romanian economy could lead to diminished purchasing power and the financial resources of companies and individuals in Romania, including those of investors who perform market transactions where the Company is listed.

Liquidity and price developments in the regulated markets of capital in Romania are affected directly or indirectly by the evolution of international capital markets risk of regional instability amid armed conflicts can also cause substantial financial losses that are difficult to predict the date of this Report.

Risk related to competition

The company estimates that, currently, there is a high risk of competition to the outlet markets where operates. However, the risk of market penetration of delivered products and offered services by the Company should be considered by investors when they substantiate the investment in the Company's shares.

Nonpayment risk (credit)

Unfavorable changes occurred in the creditworthiness of the Company's customers, amid amplification of financial difficulties arising from the economic and financial crisis may cause adverse effects on the ability of the Company to collect cash or cash equivalents resulting from the sale, which could cause uncertainty about business continuity, as well as declines in financial performance indicators by recognizing adjustments for the impairment of these assets.

Risk related to permits and licenses

The Company's business is subject to certain permits and licenses specific for the industry activity. Possible changes in the conditions required to be insured by the Company or in the maintenance requirements of these permits and licenses, including changes in criteria for obtaining or renewing may adversely affect the Company's business or the financial prospects of the Company.

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1.1.9. Perspective elements regarding the activity of the trading company

a. presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the liquidity of the trading company compared to the same period of the last year.

Immediate liquidity of the company is 6.35, and the indicator of current liquidity is 7.61. The acceptable recommended value is around 2, giving this guarantee to cover the current liabilities from the current assets.

b. presentation and analysis of the effects for the capital expenses, actual or anticipated on the financial situation of the trading company with the same period of the last year

In the first half of the year 2017 the volume of investments was 1,502,210 lei, and the value of the immobilizations under execution of 447,462 lei compared to the similar period last year (2,805 lei) shows a substantial increase.

The acquisitions were mainly related to the endowment of the company with cranes that allow the handling of large-sized monobloc beams.

For the year 2017, an investment volume of 5,200,000 lei is proposed

c. presentation and analysis of events, transactions, economic changes that significantly affect the revenues from the basic activity

In the first semester of 2017 the company managed to fulfill the binnual indicators in the income and expenditure budget, existing prerequisites for achieving BVC total for the year 2017.

2. Tangible assets of the trading company

2.1. Specifying the location and characteristics of the main production facilities owned by the trading company

All production capacities of the company are located in its premises with the title deed for the land.

The main production facilities are:

- Production hall of concrete sleepers for railways;
- Stand for beam bridges with different sections;
- Polygon of heavy products;
- Station for the production of concrete;
- Ballast sorting station;
- Prefabrication plant of poles for electrification;

2.2. Description and analysis of the degree of wear of the trading company properties

The machines with production capacities have an average degree of wear. Lack of liquidity in the past years for making investment have contributed to these effects.

Between, December 2012 - March 2014 the company purchased 6 fixed assets through a program of European funding aspect that contributed to the replacement of old production capacities and to a high degree of wear and tear.

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2.3. Specifying the potential problems related to ownership of tangible assets of the trading company

The Company owns its assets and there are no disputes about the ownership right.

3. Market securities issued by the trading company

3.1. The securities issued by our company are traded only in Romania on the Bucharest Stock Exchange.

3.2. In the last 5 years the situation of dividends distribution was as follows:

- year 2012 were paid dividends in amount of 455.530 lei
- year 2013 no dividends were paid
- year 2014 no dividends were paid
- year 2015 – for the year 2015 were paid dividends in amount of – 501.083,00 lei
- year 2016 – for the year 2016 were paid dividends in amount of – 1.275.484 lei

3.3. Description of any activities of the trading company to purchase its own shares.

The Company has not taken any decision to repurchase its own shares.

3.4. If the trading company has, branches specify the number and the nominal value of shares issued by the parent company owned by the subsidiary.

Not appropriate

3.5. If the trading company issued debentures and/or other debt as securities presentation of how the trading company pays its obligations to the holders of such securities.

The Company did not issue debentures or other debt securities.

4. Management of the trading company

4.1. Presentation of trading Company's administrators

| No. | Surname, Name | Position | Profession |
|-----|----------------------|--------------|------------|
| 1. | Hagea Liviu | President BD | Economist |
| 2. | Racasan Stefan | Member | Engineer |
| 3. | Demeter Ioan | Member | Economist |
| 4. | Rivis Laurentiu | Member | Lawyer |
| 5. | Tilincea Radu Marcel | Member | Engineer |

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a) CV (surname, name, age, qualification, professional experience, etc.)

1) Surname: Hagea

Name: Liviu

Age: 67 years

Qualification: Economist

Professional experience: 39 years

Seniority in the position: 10 years

Holds the position of chairman of the Board of Directors, he graduated the Faculty of Foreign Trade of the Academy of Economic Studies in Bucharest (year 1973) and holds the position of Administrator in the company since 2008.

The professional training is demonstrated by the capacity of director in a company from the foreign trade of Belgium (between, 1992 - 1997), respectively the capacity of Secretary of State held during 1997 -1998 in the Ministry of Industry and Trade.

2) Surname: Racasan

Name: Stefan

Age: 63 years

Qualification: Engineer

Professional experience: 38 years

Seniority in the position: 4 years

He is executive member of the Board of Directors and CEO; He is a graduated of the Polytechnic Institute in Cluj Napoca - Faculty of Civil Engineering (year 1980) and holds the position of CEO in the company since 2014. Mr. Racasan Ștefan activates in the company since 1980, accumulating a relevant professional experience in coordinating the quality control activities, of extraction and sorting units, of planning and organization of investment projects or supply, transport and delivery.

3) Surname:Demeter

Name: Ioan

Age: 52 years

Qualification: Economist

Professional experience: 8 years

Seniority in the position: 8 years

Executive member of the Board of Directors: is graduated from the Faculty of Management in Brasov, specialization in Business Administration (year 2011) and holds the second mandate as administrator for the Issuer since 2014 (the first mandate being in 2009 - 2010). Mr. Ioan Demeter is working within the Issuer since 1983, and is mainly involved in the Office of Shareholders. A relevant period of time (2000 - 2009) and 2013-2014 held the position of Chairman of the trade union organization, in the position of ELECTROMECHANIC respectively REFERENT SHAREHOLDERS OFFICE and HEAD OF SHAREHOLDERS OFFICE, employed within the Issuer.

4) Surname: Rivis

Name: Laurentiu

Age: 37 years

Qualification: Lawyer

Professional experience: 15 years

Seniority in the position: - years

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Non-executive member of the Board of Directors: is a graduate Universitatea de Vest Vasile Goldis Arad, Faculty of Law (year 2002) , Mr. Ravis Laurentiu graduated in alternative investment fund managers' and „ International Financial Reporting Standards - IFRS " and participated in several national and international conferences. Referring to professional experience after graduation worked as a legal adviser in the company Bega Timisoara group, and since 2005 works in the S.I.F. Banat - Crisana Arad, with different functions currently being director.

5) Surname : Tulinca

Name : Radu Marcel

Age : 53 years

Qualification: Engineer

Professional experience: 27 years

Seniority in the position: 4 years

Non-executive member of the Board of Directors: graduated the Military Technical Academy in Bucharest, specializing in aircraft and aircraft engines (year 1990). Mr. Tulinca Marcel Radu has professional experience in military aeronautics and energy (natural gas), develops his activity in the MND - Unit of Campia Turzii (1990-1993) and in Romgaz SA - Tirgu Mures (1993 - 2006). Mr. Marcel Radu Tulinca hold a non-executive mandate under SC VES SA Sighisoara 2005 - 2009. Between 2010 - 2011 he hold the position of non-executive director for the Issuer, mandate that was resumed in the year of 2014 and held up to date.

b. Any agreement, understanding or family connection between that person and another person due to whom that person was appointed administrator.

c. Administrator's participation in the share capital of the trading company.

On 30.06.2017 the administrators held in S.C. PREBET AIUD S.A. a number of shares, as follows:

| No. | Surname and name | Number of shares | Percentage |
|-----|---------------------|------------------|------------|
| 1. | Hagea Liviu | 14.056.588 | 30.8576% |
| 2. | Racasan Stefan | 182.417 | 0.4004% |
| 3. | Demeter Ioan | 279.509 | 0.6135% |
| 4. | Ravis Laurentiu | - | - |
| 5. | Tulinca Radu Marcel | 100.005 | 0.2195% |

d. List of affiliate persons to the trading company.

Not appropriate.

4.2. List of executive members of the trading company:

| No. | Surname and name | Position | Profession |
|-----|------------------|------------------|------------|
| 1. | Racasan Stefan | General manager | Engineer |
| 2. | Cimpean Ioan | Economic manager | Economist |

REPORT OF ADMINISTRATORS SC PREBET AIUD SA for the 1st semester 2017
Half-yearly Report according to the Regulation N.C.T.S. no. 1 / 2006-Annex 31

(all amounts are expressed in lei, where otherwise stated)

| | | | |
|----|-----------------|---------------------|-----------|
| 3. | Sandu Alexandru | Production manager | Engineer |
| 4. | Groza Titus | Development manager | Economist |
| 5. | Ranca Flaviu | Sales manager | Engineer |

a. The term for which the person is part of the executive management

Not appropriate.

b. Any agreement, understanding or family connection between that person and another person due to whom that person was appointed administrator.

Not appropriate.

c. Participation of that person in the share capital of the trading company

On 30.06.2017 the members of executive management held in S.C. PREBET AIUD S.A. a number of shares, as follows:

| No. | Surname, name | Number of shares | Percent |
|-----|-----------------|------------------|---------|
| 1. | Racasan Stefan | 182.417 | 0.4004% |
| 2. | Cimpean Ioan | 17.673 | 0.0388% |
| 3. | Sandu Alexandru | - | - |
| 4. | Groza Titus | - | - |
| 5. | Ranca Flaviu | - | - |

4.3. For persons mentioned in paragraphs 4.1 and 4.2 indication of any litigation or administrative proceedings in which were involved related to their activity for the issuer.

In the last 5 years the persons described in section 4.1 and 4.2. were not involved in litigation or administrative proceedings.

REPORT OF ADMINISTRATORS SC PREBET AIUD SA for the 1st semester 2017
Half-yearly Report according to the Regulation N.C.T.S. no. 1 / 2006-Annex 31
(all amounts are expressed in lei, where otherwise stated)

5. Economic and financial situation

a. Balance sheet items

| Name of indicators | 31.12.2016 | 30.06.2017 |
|--|-------------------|-------------------|
| Tangible assets | 13.061.174 | 14.232.316 |
| Intangible assets | - | - |
| TOTAL FIXED ASSETS | 13.061.174 | 14.232.316 |
| Stocks | 4.561.611 | 6.135.444 |
| Receivables and other receivables | 11.259.940 | 11.362.208 |
| Cash and cash equivalent | 8.172.328 | 5.270.855 |
| Other assets (expenses in advance) | - | - |
| TOTAL CURRENT ASSETS | 23.993.879 | 22.768.507 |
| 1.TOTAL ASSETS | 37.055.053 | 37.000.823 |
| Subscribed and paid capital | 8.199.548 | 8.199.548 |
| Capital adjustments | 57.644.064 | 57.644.064 |
| Other elements of ownership equity | - 647.854 | -647.854 |
| Capital premium | - | - |
| Reassessment reserves | 3.779.677 | 3.737.282 |
| Reserves | 14.858.327 | 16.080.724 |
| Reported result except that from the first adoption of date of IAS 29 | - 63.521.958 | -63.521.958 |
| Reported result from the adoption of the premium for IAS 29 | 5.280.937 | 5.323.332 |
| Profit at the end of the reporting period | 2.647.696 | 571.780 |
| Distribution of profit | -149.815 | - |
| 2.TOTAL OWNERSHIP EQUITY | 28.090.622 | 27.368.918 |
| Long term loans | - | - |
| Debt with deferred income tax | 604.251 | 604.251 |
| TOTAL DEBTS ON LONG TERM | 604.251 | 604.251 |
| Trade payables and other debts | 3.758.047 | 4.798.828 |
| Short term loans | - | - |
| Current income tax liability | - | 61.000 |
| TOTAL DEBTS ON LONG TERM | 3.758.047 | 4.858.828 |
| Subsidies on investments | 1.820.652 | 1.748.358 |
| Provisions | 2.781.481 | 2.401.468 |
| 3.TOTAL LIABILITIES | 37.055.053 | 37.000.823 |

REPORT OF ADMINISTRATORS SC PREBET AIUD SA for the 1st semester 2017
Half-yearly Report according to the Regulation N.C.T.S. no. 1 / 2006-Annex 31
(all amounts are expressed in lei, where otherwise stated)

b. Profit and loss account

| Indicator name | 30.06.2016 | 30.06.2017 |
|---|-----------------------|-----------------------|
| NET TURNOVER | 12.117.899 | 10.105.068 |
| Changes in inventories of finished goods and production in progress | 1.481.924 | 1.382.973 |
| Variation in the production of tangible assets | - | 284.402 |
| Other revenues | 205.927 | 167.577 |
| OPERATING INCOMES - TOTAL | 13.805.750 | 11.940.020 |
| Raw materials and used consumables | (6.361.601) | (6.183.774) |
| Other external expenses (with energy and water) | (548.673) | (566.405) |
| Employee's benefits expense | (3.378.684) | (3.324.075) |
| Expenses with depreciation and amortization | (470.100) | (508.128) |
| Other expenses | (944.449) | (677.376) |
| OPERATING EXPENSES - TOTAL | (11.703.507) | (11.259.758) |
| OPERATING PROFIT OR LOSS | 2.102.243 | 680.262 |
| FINANCIAL INCOMES | 12.879 | 32.614 |
| FINANCIAL EXPENSES | (18.311) | (43.773) |
| FINANCIAL PROFIT OR LOSS | (5.432) | (11.159) |
| TOTAL REVENUES | 13.818.629 | 11.972.634 |
| TOTAL EXPENSES | (11.721.818) | (11.303.531) |
| GROSS PROFIT | 2.096.811 | 669.103 |
| CORPORATE TAX | (306.553) | (97.323) |
| NET PROFIT | 1.790.258 | 571.780 |

c. Cash flow

At the end of the year the company registers available cash 5.270.855 lei reduced the amount of 2.901.473 lei in comparison with the beginning of the year (8.172.328 lei).

6. Signatures

President of the Board of Directors,
 Ec. Hagea Liviu

Economic Manager,
 Ec. Cimpean Ioan

S.C. PREBET AIUD S.A.*Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017**(All amounts are expressed in lei, where otherwise stated)***CONTENT**

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(All amounts are expressed in lei, where otherwise stated)

SITUATION OF FINANCIAL POSITION

| Name of indicators | 31.12.2016 | 30.06.2017 |
|---|-------------------|-------------------|
| Tangible assets | 13.061.174 | 14.232.316 |
| Intangible assets | - | - |
| TOTAL FIXED ASSETS | 13.061.174 | 14.232.316 |
| Stocks | 4.561.611 | 6.135.444 |
| Receivables and other receivables | 11.259.940 | 11.362.208 |
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| TOTAL CURRENT ASSETS | 23.993.879 | 22.768.507 |
| 1.TOTAL ASSETS | 37.055.053 | 37.000.823 |
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| Capital premium | - | - |
| Reassessment reserves | 3.779.677 | 3.737.282 |
| Reserves | 14.858.327 | 16.080.724 |
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| Distribution of profit | -149.815 | - |
| 2.TOTAL EQUITY | 28.090.622 | 27.368.918 |
| Long term loans | - | - |
| Debt with deferred income tax | 604.251 | 604.251 |
| TOTAL DEBTS ON LONG TERM | 604.251 | 604.251 |
| Trade payables and other debts | 3.758.047 | 4.798.828 |
| Short term loans | - | - |
| Current income tax liability | - | 61.000 |
| TOTAL DEBTS ON LONG TERM | 3.758.047 | 4.858.828 |
| Subsidies on investments | 1.820.652 | 1.748.358 |
| Provisions | 2.781.481 | 2.401.468 |
| 3. TOTAL PASIVE | 37.055.053 | 37.000.823 |

The explanatory notes to the financial statements from 1 to 28 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 11.08.2017 and were signed by:

President of Board of Directors,

Ec. Hagea Liviu

Economic director,

Ec. Cimpean Ioan

S.C. PREBET AIUD S.A.*Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017**(All amounts are expressed in lei, where otherwise stated)***SITUATION ON PROFIT OR LOSS AND OTHER ELEMENTS OF COMPREHENSIVE INCOME**
For the 1st semester ended on 30.06.2017

| Indicator name | 30.06.2016 | 30.06.2017 |
|---|-----------------------|-----------------------|
| NET TURNOVER | 12.117.899 | 10.105.068 |
| Changes in inventories of finished goods and production in progress | 1.481.924 | 1.382.973 |
| Variation in the production of tangible assets | - | 284.402 |
| Other revenues | 205.927 | 167.577 |
| OPERATING INCOMES - TOTAL | 13.805.750 | 11.940.020 |
| Raw materials and used consumables | (6.361.601) | (6.183.774) |
| Other external expenses (with energy and water) | (548.673) | (566.405) |
| Employee's benefits expense | (3.378.684) | (3.324.075) |
| Expenses with depreciation and amortization | (470.100) | (508.128) |
| Other expenses | (944.449) | (677.376) |
| OPERATING EXPENSES - TOTAL | (11.703.507) | (11.259.758) |
| OPERATING PROFIT OR LOSS | 2.102.243 | 680.262 |
| FINANCIAL INCOMES | 12.879 | 32.614 |
| FINANCIAL EXPENSES | (18.311) | (43.773) |
| FINANCIAL PROFIT OR LOSS | (5.432) | (11.159) |
| TOTAL REVENUES | 13.818.629 | 11.972.634 |
| TOTAL EXPENSES | (11.721.818) | (11.303.531) |
| GROSS PROFIT | 2.096.811 | 669.103 |
| CORPORATE TAX | (306.553) | (97.323) |
| NET PROFIT | 1.790.258 | 571.780 |

The explanatory notes to the financial statements from 1 to 28 are an integral part of these financial statements.
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President of Board of Directors,

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Economic director,

Ec. Cimpean Ioan

S.C. PREBET AIUD S.A.*Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017**(All amounts are expressed in lei, where otherwise stated)***STATEMENT OF CHANGES IN EQUITY**

| | Share capital | Share capital adjustments (ct 1028) | Other elements of equity (ct 1034) | Premium share | Own shares | Reserves | Retained and current earnings | Total |
|--|----------------------|--|---|----------------------|-------------------|-------------------|--------------------------------------|-------------------|
| 31 December 2016 | 8.199.548 | 57.644.064 | (647.854) | - | - | 18.638.004 | (55.743.140) | 28.090.622 |
| Current overall result | - | - | - | - | - | - | 2.075.916 | 2.075.916 |
| Legal reserve allocations | - | - | - | - | - | - | 149.815 | 149.815 |
| Allocations other reserves | - | - | - | - | - | 1.222.397 | - | 1.222.397 |
| Coverage loss passage IFRS | - | - | - | - | - | - | - | - |
| Reserves increase in assets revaluation | - | - | - | - | - | (42.395) | - | (42.395) |
| Reserve transfer of reevaluation in retained | - | - | - | - | - | - | 42.395 | 42.395 |
| 31 December 2016 | 8.199.548 | 57.644.064 | (647.854) | - | - | 19.818.006 | (57.626.846) | 27.386.918 |

The explanatory notes to the financial statements from 1 to 28 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 11.08.2017 and were signed by:

President of Board of Directors,

Ec. Hagea Liviu

Economic director,

Ec. Cimpean Ioan

S.C. PREBET AIUD S.A.*Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017**(All amounts are expressed in lei, where otherwise stated)***STATEMENT OF TREASURY FLOWS
Direct method**

| Item name | 31.12.2016 | 30.06.2017 |
|---|----------------------|----------------------|
| Cash flows from operating activities: | 60.164.147 | 24.317.666 |
| Proceeds from customers | 30.825.812 | 12.171.370 |
| Payments to suppliers and employees | 29.338.335 | 12.146.296 |
| Paid interests | - | - |
| Paid corporation tax | 461.313 | 0 |
| Proceeds from insurance against earthquakes | - | - |
| Net cash from operating activities | 1.026.164 | 25.047 |
| Cash flows from investments activities | 1.961.911 | 1.621.170 |
| Payments for purchase of shares | - | - |
| Payments for purchase of tangible assets | 1.961.911 | 1.621.170 |
| Proceeds from sale of tangible assets | - | - |
| Collected interest | 0 | 3.577 |
| Collected dividends | - | - |
| Net cash from investment activities | (1.961.911) | (1.617.593) |
| Cash flows from investment activities | 493.164 | 1.308.954 |
| Proceeds from share issuance | - | - |
| Proceeds from long term loans | - | - |
| Payment of debts regarding the financial leasing | - | - |
| Paid dividends | 493.164 | 1.308.954 |
| Net cash from financing activities | (493.164) | (1.308.954) |
| Net increase in cash and cash equivalents | (1.428.911) | (2.901.473) |
| Cash and cash equivalents at beginning of financial year | 9.601.239 | 8.172.328 |
| Cash and cash equivalents at end of financial year | 8.172.328 | 5.270.855 |

The explanatory notes to the financial statements from 1 to 28 are an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 11.08.2017 and were signed by:

President of Board of Directors,

Ec. Hagea Liviu

Economic director,

Ec. Cimpean Ioan

S.C. PREBET AIUD S.A.

Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

EXPLANATORY NOTES TO THE FINANCIAL SITUATIONS For the 1st semester concluded on June 30, 2017

1. Information about the company

S.C. PREBET AIUD S.A. is a joint stock company which operates in accordance with the provisions of Law No.31/1990 on the trading companies, republished with subsequent amendments and completions, established under GD No. 93/04.02.1991.

The company is registered at the Trade Register under no. J01/121/1991 has the unique registration code RO 1763841.

S.C. PREBET AIUD S.A. is a company that produces precast of reinforced concrete and prestressed concrete for railway and road communication ways, the successor of the former company of precast concrete (IPB) founded in 1966.

Subscribed and paid up share capital on 30.06.2017 is of **8.199.547,74** lei, divided into **45,553.043 shares** at a nominal value of 0.18 lei/share.

During the 1st semester 2017, the share capital of SC PREBET AIUD S.A. has not undergone changes.

The shares of S.C. PREBET AIUD S.A. are traded on the Bucharest Stock Exchange, Standard category starting on 24/09/2015.

The trading price of the shares of Prebet Aiud, in the last 52 weeks ranged in a maximum of 0.4080 lei and a minimum of 0.2550 lei, currently the value being around 0.3300 lei per share

The activities specific of independent registry for S.C.PREBET AIUD SA were conducted by the Central Depository.

Shareholding structure on 30.06.2016 was as follows:

| Shareholder | No. shares | % |
|---------------------------|-------------------|------------|
| OTHER SHAREHOLDERS | 25.543.699 | 56.0747 |
| HAGEA LIVIU | 14.056.588 | 30.8576 |
| ASOCIATIA PAS PREBET AIUD | 5.952.756 | 13.0677 |
| TOTAL | 45.553.043 | 100 |

2. BASES OF PREPARATION

2.1. Conformity declaration

The Company's financial statements are prepared in accordance with the recognition and measurement principles required by the International Financial Reporting Standards, as adopted by the European Union (, IFRS ") effective on the semestrial reporting date of the Company, June 30, 2017 and in accordance with the OMPF 2844/2016, as amended and supplemented, being available at company's headquarters in Aiud, str. Arena, no.10.

The financial statements contain the position of the financial statement, the profit or loss situation and of other elements of comprehensive income, the situation of changes in equity, the situation of treasury flows and the explanatory notes.

The registration date at IFRS is 24/09/2015 based on the ASF decision no. 2339. The year 2015 is the first year in which the financial statements have been prepared in accordance with IFRS.

In accordance with the provisions of OMPF 2844/2016 on the application by the trading companies whose values are admitted to be traded on a regulated market of International Financial Reporting Standards and the Order of the Minister of Public Finance No.1286/2012 for the approval of the Accounting regulations compliant with the International Standards of financial reporting, applicable to the trading companies whose securities are admitted to be traded on a movable regulated market, the trading companies whose securities are admitted to be traded on a regulated market are required, starting with the fiscal year 2012 to apply the International Standards of Financial Reporting (IFRS) in preparing the financial annual statements. Because SC Prebet Aiud adopts IFRS as the new basis of accounting for the year 2015, the company applied inclusively the provisions of IFRS 1 "Adoption for the first-time of the International Standards of Financial Reporting ". IFRS 1 applies in all situations in which an entity adopts IFRS for the first time, by an explicit and unreserved statement of compliance with IFRS.

SC Prebet Aiud applies all IFRS effective at the reporting date for IFRS financial statements.

2.2. Assessment basis

The financial statements are presented in RON ("Romanian Lei") have been prepared on the historical cost basis, except the revaluation of certain fixed assets and financial instruments that are measured at fair value and

S.C. PREBET AIUD S.A.

Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

the elements of social capital, legal reserves and other reserves from the net profit, which were adjusted according to International Accounting Standard ("IAS") 29 "The financial reporting in hyperinflationary economies", until December 31, 2003.

The financial statements ended on 30.06.2017 have been prepared using the principles for business continuity.

2.3. Functional and presentation currency

Items included in the financial statements of the Company are assessed using the currency of the economic environment in which the entity operates ("the functional currency"), meaning "lei". The financial statements are presented in lei, which is the functional currency and of presentation of the Company.

According to the Order of the Minister of Public Finance No.1286/2012 for the approval of the Regulations in accordance with the International Standards of Financial Reporting applicable to trading companies whose securities are admitted to be traded on a regulated market, Chapter I pt. 4 "Accounting is held in Romanian language and in the national currency. The accounting of the transactions made in currency must be kept both in national currency and in foreign currency. By currency means a currency other than the "lei". The Individual annual financial statements are prepared in Romanian language and in the national currency. "

The operations denominated in foreign currency are recorded in lei at the official exchange rate ruling at the transaction settlement. The monetary liabilities registered in estimates at the date of drawing up the financial position are expressed in lei at the respective day. Profits or losses from their settlement and from the conversion of the monetary liabilities denominated in foreign currency using the exchange rate at the end of the financial year are recognized in the result of monetary year. Monetary liabilities which are valued at a historical cost in a foreign currency are recorded in lei the exchange rate of the transaction date.

For evaluation at the end of each reporting period, of foreign currency items, is used the exchange rate of the currency market, announced by the National Bank of Romania in the last banking day of the month in question.

The exchange rates of main currencies were the following:

| Currency | Exchange rate 31 Dec 2016 | Exchange rate 30 Jun 2017 |
|-----------------|--------------------------------------|--------------------------------------|
| EUR | 4.5411 | 4.5539 |
| USD | 4.3033 | 4.9915 |

2.4. Use of estimates and professional judgment

Preparation of financial statements in accordance with IFRS as adopted by the European Union requires for the management to use estimates and assumptions that affect the application of accounting policies and also the reported amounts of assets, liabilities, incomes and expenses. The estimates and judgments associated with them are based on historical data and other factors thought to be eloquent in the given circumstances, and the result of these factors form the basis for judgments used in determining the accounting values of assets and liabilities for which do not exist other sources available of evaluation. Actual results could be different from the estimate values.

The estimates and judgments are periodically reviewed. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or the current periods and the future periods, if the revision affects both the current period and the future periods. The effect of the change for the current period is recognized as income or expense in the current period. If any, effect on future periods is recognized as income or expense in those future periods.

Management believes that any deviations from these estimates will not have a material impact on the financial statements in the near future.

Estimates and assumptions are used primarily for impairment of fixed assets, of held securities and valued at cost, estimating the useful life of a depreciable asset, for the allowance for impairment of receivables, provisioning; for recognition assets regarding the deferred income.

In accordance with IAS 36, tangible assets are analyzed to identify if present indications of impairment at the balance sheet date.

An impairment loss is recognized to reduce the net accounting amount of the asset namely for the recoverable amount. If the reasons for recognizing an impairment loss disappear in the subsequent periods, the net asset value is increased to the net asset value that have been determined if no impairment loss had been recognized.

Evaluation for doubtful debts is made individually and is based on management's best estimate of the present value of cash flows that are expected to be received. The company reviews its trade receivables and of other resources every time of

S.C. PREBET AIUD S.A.

Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

the financial position, to assess if is need to record in the profit and loss account a value depreciation. In particular the professional judgment of the management it is necessary for estimating the value and to coordinate the future cash flows when determining the impairment loss .These estimates are based on assumptions about several factors and the actual results may differ, resulting in future changes of adjustments .

Deferred tax assets are recognized for tax losses, to the extent that it is probable that shall exist a taxable profit that might be cover the losses. Este need to exercise the professional judgment to determine the amount of deferred income tax assets that can be recognized, based on probability in terms of time and the level of the future taxable profit and the future tax planning strategies.

3. PRINCIPLES, POLICIES AND ACCOUNTING STATEMENTS.

According to the International Accounting Standard IFRS 8 Accounting Policies, Changes in Accounting Estimates and Errors" *the accounting policies* represent principles, bases, conventions, rules and specific practices applied by this entity in preparing and presenting the financial statements.

The company has consistently selected and applied the accounting policies for similar transactions, other events and similar conditions, unless a standard or an interpretation specifically requires or allows the categorization of items for which it may be appropriate the application of different accounting policies. If a standard or an interpretation requires or allows such categorization, must be selected and consistently applied to each category, an appropriate accounting policy.

The company modifies an accounting policy only if the change:

- Is required by a standard or an interpretation; or
- Results in the financial statements providing reliable and more relevant information about the effects of the transactions, other events or conditions on the financial position, financial performance or cash flows of the entity.

We present a summary of significant accounting policies that have been consistently applied for all periods presented in the financial statements

3.1. Tangible assets, property investments

3.1.1. Tangible assets they are initially recognized at the cost of acquisition or construction and are net stated by the accumulated amortization and the loss in the accumulated impairment.

The cost of purchased tangible assets is represented by the value of consideration given to acquire those assets and the value of other costs directly attributable to bringing the asset to the location and necessary condition for them to work in the proper manner intended by management. The cost of self-constructed assets includes the cost with wages, the material costs, indirect production costs and other costs directly attributable to bringing the asset to the location and current conditions.

The company chose to use for the assessment after the initial recognition of the tangible assets, the revaluation model. Under the revaluation model, an item of tangible asset whose fair value can be reliably measure shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

Revaluations should be made with sufficient regularity to ensure that the carrying amount does not significantly differ from that which would be determined using the fair value at the end of the reporting period.

The fair value of land and buildings is generally determined based on market evidence, by an assessment carried out by professionally qualified valuers.

The fair value of tangible assets elements is usually their market value determined by assessment.

The frequency of revaluations depends on changes in fair value of revaluated tangible assets. If the fair value of an asset significantly differs from the book value, is required a new revaluation.

When an item tangible asset is reassessed, any accumulated depreciation at the date of reassessment is treated by the company as follows: is proportionately restated with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation, to be equal with its revalued amount.

Therefore, the frequency of revaluations depends on changes in the fair value of tangible assets. If the fair value of a revalued tangible asset on the balance date differs significantly from its carrying amount, a new revaluation is required. If the fair values are volatile, as can be for land and buildings, frequent revaluations may be required. If the fair values are stable over a long period of time, as may be the case of plants and equipment, the assessments may be needed less often. IAS 16 suggests that annual reassessments may be needed if there are significant and volatile changes in values.

The company opted for revaluation of land and buildings at least once every three years.

If an item of tangible assets is revalued then the entire class of tangible assets from which that asset belongs should be revalued.

The last revaluation was performed on December 31, 2014 in accordance with regulations in force at the time in question, in order to determine their fair values, taking into account inflation, utility of goods, their condition and the market value. The results were registered on the Technical expertise assessment report prepared by an authorized valuation company.

S.C. PREBET AIUD S.A.

Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

Land and buildings are separable assets and are accounted separately even when they are acquired together.

Owned lands are not depreciated.

If the cost of the land includes costs of disassembly, removal, restoration, these costs are depreciated over the period in which are obtained benefits as a result of carrying out these costs.

The used depreciation method reflects the expected pattern of consumption of future economic benefits of the asset by the company.

SC PREBET AIUD SA has opted to use the straight-line method of depreciation for all categories of fixed assets.

The useful life of tangible assets at the date of these financial statements fits within the limits stipulated in the GD 2139/2004 and are estimated by management to be correct.

The calculated depreciation has the following useful lives in different categories of assets:

| Tangible assets | Duration (years) |
|---|-------------------------|
| Buildings | 8-60 |
| Technologic equipment | 3-24 |
| Systems and equipment for measuring, control and adjustment | 4-24 |
| Means of transport | 4-18 |
| Furniture, office equip., protection equip. human and material values | 3-18 |

Depreciation policy applied by the company

In accordance with IAS 36 "Depreciation of Assets", the intangible assets are investigated to identify any indications of depreciation on the balance date. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized to reduce the carrying amount of the asset to its recoverable amount. If the reasons for recognizing an impairment loss disappear in the subsequent periods, the carrying value of the asset is increased to the net carrying amount that would have been determined no impairment loss had been recognized. The difference is shown as other operating incomes.

The carrying amount of an item of tangible assets is derecognised on disposal or when no future benefits are expected from its use or disposal. The revaluation surplus included in equity in respect of an item of tangible assets are directly transferred in the reported result when the asset is derecognised on disposal or cassation. Gains or losses resulting from derecognition of an item of tangible asset should be included in profit or loss when the item is derecognised.

3.1.2. Investment property

According to IAS 40 "Investment Property", an investment property is held to earn rental income or for capital appreciation or both. Therefore, an investment property generates treasury flows that are largely independent from other assets held by the company. Thus, investment properties differ from the properties used by the owner. Production of goods or provision of services (or the use of property for administrative purposes) generates cash flows that can not be attributable only to investment property, but also to other assets used in the production or supply of goods or services.

Evaluation of real estate investments at the initial recognition is made at cost. The cost of real estate investment consists of the purchase price plus any directly attributable expenditure (professional fees for legal services, property transfer taxes, etc.). Investment properties are subsequently presented in the financial statements at the fair value.

After the initial recognition the entity chooses the fair value model and evaluates all of its investment property at the fair value, unless this can not be reliably determined. A gain or loss generated by a change in the fair value of the investment property is recognized in the profit or loss in the period in which it appears.

The entity determines the fair value without deducting the transaction costs that it may incur on sale or other type of disposal.

3.2. Leasing

Tangible assets may include assets held under a Financial Leasing Agreement. As the company enjoys the benefits associated with ownership, the assets should be capitalized, at the lowest value of the updated value of minimum lease payments and their fair value, and subsequently amortized over the useful life or the lease term, if it is less than the useful life. Simultaneously is recognized a liability equal to the capitalized amount and future lease payments are divided into expenses for financing the lease and the principal (reducing the outstanding debt).

All lease agreements that are not classified as finance leases are treated as operating leases and related payments are included in expenses of the period.

On 30.06.2017 the company has no ongoing Leasing Agreements.

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3.3. Interests for loans

Borrowing interests that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized until the asset is ready for be used or sold. All other costs related to borrowing are considered expenses in the loss and profit account for the period in which appear.

3.4. Government subsidies

In accordance with IAS 20, government subsidies are only recognized when there is sufficient certainty that all attached conditions to grant these subsidies shall be met and that the subsidies shall be received. Subsidies that meet these criteria are presented as other liabilities and are systematically recognized in the loss and profit account over the useful life of the asset to which it relates.

3.5 Stocks

In accordance with IAS 2 "Stocks", these are assets that are:

- held for resale in the ordinary course of business
- in course of production for such a sale or
- as materials and other supplies that will be used in the production process or for provision of services

Stocks are stated at the lower value of cost and net realizable value. Net realizable value is estimated on the selling price in the normal business, less estimated costs of completion and selling. For damaged or slow moving stocks are constituted provisions based on management estimates. Assessment for impairment of stocks is performed at individual level and is based on management's best estimate of the present value of the cash flows that are expected to be received.

To estimate these flows, the management makes certain estimates on the utility value of the stocks, taking into account the expiration date, the possibility of use in the current activity of the Company and other factors specific to each category of stock.

Constitution and resume of adjustments for costs depreciation are made on account of profit and loss.

The company uses to determine the cost of supplied materials the method to the first-in, the first-out (FIFO).

3.6. Receivables and other similar assets

With the exception of derivative financial instruments that are recognized at the fair value and items denominated in a foreign currency, that are translated at the closing rates, receivables and other similar assets are carried at amortized cost. This value can be considered a reasonable estimate of the fair value, given that in most cases the maturity is less than one year.

In order to present the annual financial statements, receivables are assessed at the probable charged value.

When it is estimated that a claim shall not be fully collected, in accounting are registered adjustments for depreciations, in the amount that can not be recovered. The objective evidence indicating that financial assets are impaired may include: failure to meet the payment obligations by a debtor, restructuring of an amount due to the company according to terms that the company in other circumstances would not accept, indications that a debtor shall enter into bankruptcy, the disappearance of active markets for an instrument. All receivables that are individually significant are assessed for impairment at each activity. Losses are recognized in the profit and loss account and are reflected in an allowance account for receivables. Loss from impairment losses recognized in prior periods are assessed at each reporting date to determine whether there is evidence that the loss has decreased or no longer exists. An impairment loss is reversed if there are no changes in the estimates used to determine the recoverable amounts. An impairment loss is reversed only to the extent the carrying amount of the asset not exceed the carrying amount of the asset that would have determined if no impairment had been recognized.

Deregistration of receivables occurs as a result of cashing them or ceding them to a third party.

Current receivables can be deducted from records and by the mutual compensation between third parties of receivables and liabilities, under the law.

The decrease in receivables whose terms to be collected are prescribed is done after the company obtains documents showing that all legal steps have been taken for their settlement with the approval of the Board of Directors.

3.7. Cash and cash equivalents

In terms of the Statement of Treasury Flows, it is considered that cash is the cash in hand and from the current bank accounts. Cash equivalents represent deposits and investments with high degree of liquidity, with maturities less than three months.

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3.8. Debts

A liability is a present obligation of the Company arising from past events and through its settlement is expected to result an outflow of resources embodying economic benefits.

A liability is recognized in accounting and presented in the financial statements when it is probable that an outflow of resources embodying economic benefits shall result from the liquidation of a present obligation (probability) and when the value that shall be achieved this settlement can be reliably measured (credibility).

Distinction must be made between short-term debts and long term debts.

Current liabilities are those debts that must be paid within a period of up to one year.

A liability shall be classified as short-term liabilities, also called current liabilities when:

- a) is expected to be settled during the normal operating cycle of the trading companies; or
- b) held primarily for trading;
- c) is due within 12 months after the balance sheet date;
- d) the company has no unconditional right to defer the payment of the liability for at least 12 months after the balance sheet date.

All other liabilities should be classified long term liabilities, even in situations where they must be settled within 12 months after the balance sheet date if:

- The original term was for a period longer than 12 months;
- The company intends to refinance the obligation on long term and the intention is supported by an agreement to refinance or reschedule the payments, which is completed before the financial statements are approved for publication.

The Company derecognizes a liability when the contractual obligations are discharged or canceled or expire.

If the goods and services provided in connection with the current activities have not yet been invoiced, but if the delivery was made and their value is available, that obligation is recorded as a liability (rather than as provisions).

The amounts representing dividends are payable in the reporting result following that, after approval by the General meeting of shareholders of the destination, to be reflected in the account 457 "Payable dividends".

3.9. Corporate tax including deferred tax

Tax on profit for the period comprises the current tax and the deferred tax.

Profit tax is recognized in the statement of comprehensive income or in other elements of the comprehensive income if the tax relates to items recognized in tax equity.

3.9.1. Current tax corporate

Current payable charge is based on taxable profit of the year. Taxable profit differs from the profit reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that shall never become taxable or deductible. The debt of the company related with the current corporate tax is calculated using tax rates that have been provided by the law or in a draft bill at the end of the year. Currently the tax rate is of 16%.

3.9.2. Deferred tax

Deferred tax is provided using the balance sheet on temporary differences of assets and liabilities (the differences between the carrying amounts shown in the balance sheet of the Company and its tax base). The reporting tax loss is included into the calculation of the debt on deferred corporate tax. The debt regarding the deferred tax is recognized only to the extent that it is probable to be obtained taxable profit in the future, after the compensation with the tax loss of previous years and with the corporate tax that has to be recovered.

Assets and liabilities regarding the corporate tax are compensated when there exists this right and when are relate to corporate taxes perceived by the same taxation authority. If the probability to achieve the asset of deferred corporate tax is greater than 50%, then the asset is considered. Otherwise is recorded a valuation allowance for deferred tax asset.

3.10. Revenue recognition

Revenues are measured at the fair value of the consideration received or that has to be received. Revenues are reduced appropriately with the estimated of goods returned to customer, or refused to be paid for god reasons.

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Sale of goods

Revenues from the sale of goods are recognized when all the following conditions are met:

- The company has transferred to the buyers the significant risks and advantages of ownership of the goods;
- The company no longer manages the goods sold at the level it should be done in case of holding them and no longer have effective control over them;
- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- transaction costs can be reliably measured.

A very important element in accounting revenues is determining the moment when such income should be recognized. Income from ordinary activities is recognized when it is probable that the company to lie in future economic benefits and when these benefits can be reliably measured.

The amount of revenues arising from a transaction is usually determined by agreement between the entity and the buyer or user of the asset. The revenues are measured at the fair value of consideration received or that has to be received, taking into account the amount of any trade discounts and granted volume rebates.

Provision of services

When the outcome of a transaction involving the provision of services can be reliably estimated, the revenue associated with the transaction must be recognized according to the stage of completion of the transaction on the closing date of the reporting period.

The outcome of a transaction can be reliably estimated when all the following conditions are met:

- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the transaction shall be generated for the entity;
- Stage of completion of the transaction at the balance sheet date can be reliably assessed; and
- Costs incurred for the transaction and the costs to complete the transaction can be reliably measured.

Revenue recognition depending on the stage of completion of the transaction is the "percentage of completion method". Under this method, revenues are recognized in the accounting periods in which the services are provided. Recognition of revenues on this basis provides useful information on the extent of the proportions of the activity for the provision of services and its results during a period.

Revenues are recognized only when it is probable that the economic benefits associated with the transaction shall flow for the entity. When appears an uncertainty about the collectability of an amount already included in revenues, the amount that can not be collected or the amount whose collection has ceased to be probable is recognized as an expense rather than as an adjustment to the amount of revenue originally recognized.

When the outcome of a transaction involving the rendering of services can not be reliably estimated, the revenue should be recognized only to the extent of the expenses recognized that are recoverable.

Rental incomes from investment property are recognized in the linearly loss and profit account, for the term of the Lease Agreement.

Dividends and interest

Dividend incomes are recognized when is established the shareholder's right to receive the payment.

Dividend incomes are recorded at the gross value that includes tax on dividends, which is recognized as a current corporate tax expense.

Interest income are recognized on accrual accounting, by reference to the outstanding principal and the effective interest rate, that rate that exactly updates the future estimated flows of the received cash.

3.11. Provisions - IAS 37 Provisions, contingent liabilities and contingent assets”

Provision is made for current obligations to third parties where it is probable that those obligations to be settled and the necessary amount for the settlement of the obligation can be reliably estimated. Provisions for individual obligations are constituted at an amount equal to the best estimate of the amount required to settle the obligation.

According to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision must be recognized if:

- a) the company has a present obligation (legal or constructive) as a result of a past event;
- b) it is likely that for to settlement of the obligation to be required an outflow of resources embodying economic benefits;
- c) Can be made an estimate of the value of the obligation.

If these conditions are not met, a provision must not be recognized.

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Provisions are grouped into categories and are constituted for:

- a) litigation;
- b) guarantees to customers;
- c) disposal of tangible assets and other similar actions related thereto;
- d) restructuring;
- e) employees' benefits;
- f) other provisions

Provisions for guarantees granted to customers are constituted within the level established in the commercial contracts concluded with the beneficiaries and especially include performance guarantees.

Provisions for restructuring

The implicit obligation to restructure arises where a company:

- Has a detailed formal plan for restructuring in which to be highlighted: the activity or part of the activity to which it relates, main affected locations, the location, function and approximate number of employees that shall receive compensation for termination of their activity, involved expenses, the date on which shall be implemented the restructuring plan
- Has generated a justified expectation of those affected that the restructuring shall be accomplished by starting to implement that restructuring plan or by communicating its main features of it to those who shall be affected by the restructuring process

The restructuring provision includes only direct expenses related to restructuring.

Provisions for employees' benefits

For the annual leave that was not performed, for other long-term benefits granted to employees (if they are stipulated in the employment contract) and those granted upon termination of the employment agreement, are recorded provisions in the financial year. When their recognition as liabilities towards employees, the value of the provision shall be reversed through the related income accounts.

Other provisions

In the situation in which are identified liabilities with uncertain timing or amount that qualify for the recognition of provisions under IAS 37 but are not found in any of the categories identified above record other provisions.

At the end of each reporting period the provision is analyzed again and is adjusted to reflect the current best estimate. When it is found from the analysis that there is likely to be necessary outflows of resources embodying economic benefits to settle the obligation, the provision must be annulled.

The Company did not recognize a provision for operating losses. Predicting operating losses indicate that certain operating assets may be impaired in this situation we test these assets in accordance with IAS 36 Depreciation of Assets.

3.12. Employees' benefits – IAS 19 "Employees' benefits"

Short term benefits

Obligations with short-term benefits granted to employees are not updated and are recognized in comprehensive income to the extent that the service is provided.

Short-term benefits granted to employees include salaries, insurance premiums and contributions to social security. Short - term benefices are recognized as expense when the services are provided. It is recognized a provision for the amounts expected to be paid as premiums on short-term or staff participation scheme to profit under the condition in which the company currently has a legal or constructive obligation to pay those amounts as a result of past service rendered by employees and whether that obligation can be reliably estimated.

Benefices after the conclusion of the employment agreement

Both the company, and its employees have the legal obligation to contribute to social security established to the National Pension Fund administered by the National House of Pensions (contribution plan founded on the principle of "pay on the way").

Therefore a company has no further legal or constructive obligation to pay further contributions. Its only obligation is

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to pay contributions when they are due. If the Company ceases to employ people who are contributors to the financing plan of the National House of Pensions, one will have any liability to pay the benefits earned by its own employees in the previous years. Company's contributions to the Plan of contributions are reported as expense in the year to which it relates.

Defined contribution plans

The Company makes payments on behalf of their employees to the Romanian state pensions system, health insurances and unemployment benefits in the normal course of the business.

All company employees are members and have the obligation to contribute to the pension system of the Romanian state. All related contributions are recognized in the income statement in the period when are performed. The company is not engaged in any other system benefits post-employment. The company has no obligation to provide further services to current or former employees.

The Company does not currently grant benefits as employee's participation to profit, but can granted with the approval of the General Shareholders Meeting.

The company can provide benefits in the form of an entity's own shares, with the approval of the General Shareholders Meeting.

3.13. Year result

In accounting, the profit and loss are determined cumulatively at the beginning of the financial year. The result for the year is calculated as the difference between the incomes and expenditure of the year.

The final result of the financial year is determined when this is ended and represents the final balance of profit and loss account.

Profit distribution is carried out in accordance with the legal provisions in force. The amounts representing reserves from the profit of the current financial year, on the basis of legal provisions, for example legal reserve established under the provisions of Law 31/1990 is recorded at the end of the current exercise. Accounting profit remaining after this allocation is taken at the beginning of the following financial year for which the annual financial statements are prepared in the account 1171 "The reported resulted representing the undistributed profit or uncovered losses "from which are distributed to other destinations decided by the General meeting of Shareholders, with the observance of the legal provisions. Highlighting in accounting of the profit destinations is made after the General Meeting of shareholders has approved the distribution of profit by recording the amounts of dividends due to shareholders, reserves and other destinations, according to the law.

3.14. Earnings for action. Diluted earnings.

This indicator provides a way to give the users information about the profitability of investments in the company. The indicator explores the relationship between a company's profits during the year and the number of existing shares in that year.

The company shows the earnings per basic share ("CPA") for its ordinary shares. CPA basis is calculated by dividing the attributable earnings or loss holders of ordinary shares of the Company at the number of shares highlighted in the share capital of the company.

3.15 Dividends

The share of profits that is paid according to the law, to each shareholder represents dividend. Dividends distributed to shareholders, proposed or declared after the balance sheet date, and other similar distributions made of profit, are not recognized as a liability at the balance sheet date, but when it is established the right of shareholders to collect them.

Accounting profit remaining after the distribution of the reserve share legally achieved, up to 20% of the share capital is taken within the reporting earnings at the beginning of the financial year following that for which are prepared the annual financial statements, where shall be assigned to other legal destinations legal to AGA decision.

Highlighting in accounting of the destinations of accounting profit is made in the following year after the General Meeting of Shareholders that approved the distribution of profit, by recording the amounts representing dividends due to shareholders or associates, reserves and other destinations, according to the law. On the recordings made on the distribution of profits can not returned.

When accounting the dividends are considered the provisions of IAS 10.

3.16. Capital and reserves.

Capital and reserves (equity) represents the right of shareholders in the assets of an entity after deducting all liabilities. Own equity include: provision of capital, capital premium, reserves, retained earnings, the result of the financial year.

The share capital composed of common shares is recorded at the value established on the basis of the documents of incorporation. In the first set of financial statements prepared in accordance with IFRS, the Company has applied IAS 29

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"Financial reporting in hyperinflationary economies" for the contributions of the shareholders obtained before 01.01.2004, namely they have been adjusted with the appropriate inflation index.

Own shares repurchased under the law, are presented in the balance sheet as an equity correction.

Profit or losses related to the issuance, redemption, sale, transfer free of charge or cancellation of the equity instruments of

the entity (stocks, shares) are directly recognized in equity in lines "Profits/ or losses related to equity instruments".

The company recognizes changes in the share capital in accordance with the legislation in force only after their approval in the General Meeting of Shareholders and their registration in the Trade Registry Office.

Reevaluation reserves

After recognition as an asset, an item of tangible assets whose fair value can be reliably measured shall be carried at a revalued amount, being its fair value at the date of the revaluation less any accumulated amortization and any subsequent accumulated impairment losses. Revaluations should be made with sufficient regularity to ensure that the carrying amount does not materially differ from that which would be determined using the fair value at the balance sheet date.

If the carrying amount of an asset is increased as a result of a revaluation, this increase should be recorded directly in equity in the line item "revaluation reserves". However, the increase shall be recognized in the profit or loss to the extent that it compensates a decrease in the reevaluation of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is impaired as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be debited directly to equity in the line item "revaluation reserves" to the extent that there is a credit balance in the revaluation surplus for that asset.

The revaluation surplus included in equity related to an item of tangible assets should be transferred directly to the retained earnings when the asset is derecognised.

Starting May 1, 2009 revaluation reserves of fixed assets, including lands, performed after January 1, 2004, which are deducted from taxable income through tax depreciation or expenditures on ceased and/or withdrawn assets, is taxed simultaneously with the deduction of the tax depreciation respectively at the outflow of these fixed assets, as appropriate and in accordance with the Tax Code.

Reserves from the revaluation of fixed assets, including land, performed until December 31, 2003 plus the portion of revaluation performed after January 1, 2004 related to the period until April 30, 2009 shall not be taxed when transferred to the reporting result (ct 1175) but when the destination is changed.

Fixed assets revaluation reserves are transferred to the reporting result at the moment of the inventory outflow of revalued fixed assets.

The reserves made are taxable in the future, in the situation of changing the destination of reserves in any form, in case of liquidation, merger of the Company including its use to cover accountancy losses, except for transfer, after May 1, 2009, of reserves made for assessments after January 1, 2004.

Legal provisions

According to the legislation in Romania, the companies must assign a value equal to at least 5% of profit before taxation, in legal reserves until it reaches 20% of the share capital. When this level has been reached, the company may make additional allocations only of net profits. The legal reserve is deductible under the limit of 5% applied to the accounting profit before the determination of the profit tax.

The entity was established under Law No.31/1990 on trading companies.

In the first set of financial statements prepared in accordance with IFRS, the Company has applied IAS 29- "Financial Reporting in savings hyperinflations economies" correcting the historical cost of share capital, legal reserves and other reserves, with the effect of inflation until December 31, 2003. These adjustments were recorded in separate analytical accounts.

4. TANGIBLE ASSETS

The company opted in accordance with the provisions of IFRS 1 "First-time application of IFRS" to use the exemption on the involved cost. Under this optional waivers, an entity that adopts IFRS for the first time IFRS may choose to use a revaluation under the general accountancy principles previously accepted of an item of tangible asset to or before the date of transition to IFRS as deemed cost, if the revaluation was on date of the revaluation broadly comparable to the fair value, the cost or the amortized cost under IFRS, adjusted to reflect, for example, changes in a general or specific price.

On 31.12.2014 the entity has revalued, with independent authorized experts in the field of buildings, lands and equipment existing in the heritage at the time. Depreciation was restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals with its revalued amount.

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| Tangible assets | Lands | Buildings | Technical facilities and machines | Other facilities, machinery and furniture | Current tangible assets | Total |
|------------------------|------------------|------------------|--|--|--------------------------------|-------------------|
| COST | | | | | | |
| 01.01.2016 | 1.685.000 | 4.954.433 | 13.656.020 | 61.989 | - | 20.357.442 |
| Increases | - | - | 2.586.957 | 8.291 | - | 2.595.248 |
| Deductions | - | - | - | - | - | - |
| 31.12.2016 | 1.685.000 | 4.954.433 | 16.242.977 | 70.280 | - | 22.952.690 |
| Increases | - | - | 1.679.269 | - | - | 1.679.269 |
| Deductions | - | - | - | - | - | - |
| 30.06.2017 | 1.685.000 | 4.954.433 | 17.922.246 | 70.280 | - | 24.631.959 |
| AMORTIZATION | | | | | | |
| 01.01.2016 | - | 579.158 | 8.334.488 | 47.579 | - | 8.961.225 |
| Increases | - | 259.911 | 667.326 | 3.054 | - | 930.291 |
| Deductions | - | - | - | - | - | - |
| 31.12.2016 | - | 839.069 | 9.001.814 | 50.633 | - | 9.891.516 |
| Increases | - | 128.999 | 377.049 | 2.080 | - | 508.128 |
| Deductions | - | - | - | - | - | - |
| 30.06.2017 | - | 968.068 | 9.378.863 | 52.713 | - | 10.399.644 |
| NET VALUES | | | | | | |
| 01.01.2016 | 1.685.000 | 4.375.275 | 5.321.532 | 14.410 | - | 11.396.217 |
| 31.12.2016 | 1.685.000 | 4.115.364 | 7.241.163 | 19.647 | - | 13.061.174 |
| 30.06.2017 | 1.685.000 | 3.986.365 | 8.543.383 | 17.567 | - | 14.232.315 |

S.C. PREBET AIUD S.A.**Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017***(All amounts are expressed in lei, where otherwise stated)***4.1 Tangible assets entered and put into operation**

In the first half of 2017 investments were made in a total value of 1,502,210 lei and consisted mostly of the provision of two mobile cranes which allow the handling of products with heavy weight.

4.2 Outgoing tangible assets

The Company has not performed collections in the first semester.

4.3 Pledge tangible assets

To guarantee the agreement of guarantee to the Loan agreement signed with the bank BRD GROUPE SOCIETE GENERALE, the company mortgaged in favor of the bank the plot of land (company headquarters) with the destination yards and building in surface of 150.863 m² situated in Aiud, str. Arenei, nr. 10, jud. Alba together with all buildings (prefabricated beams hall, administrative pavilion, sorting station, etc.)

4.4 Assets in progress

On 30.06.2017, the Company does not record amounts in the statement of assets in progress.

5. Receivables in other assets

The receivables are recorded at the nominal value and are recognized in the analytic accounting, on each natural or legal person.

a) Trade receivables are presented below

| | Receivables | Balance on December 31, 2016 | Balance on June 30, 2017 |
|---|---|---|---|
| 1 | Trade receivables – third parties | 12.989.991 | 13.125.098 |
| 2 | Adjustments for impairment of trade receivables | (2.264.336) | (2.262.494) |
| 3 | Trade receivables, net | 10.725.655 | 10.862.604 |

At the end of the 1st semester 2016 the total volume of receivables was of 11.362208 lei of which trade receivables of 10.862,604 lei, subsidies to receive 491.835 lei, other receivables 7,769 lei.

The main customers of our company were Strabag SRL, Asociatia Aktor - Euroconstruct, Tirrena Scavi Condote, FCC Cons, Romfer.

Of the receivables volume 13,112,138 lei, the amount 2,204,596 lei that represents a performance guarantee granted to beneficiaries and that was provisioned.

Doubtful customers or in litigation had at 30.06.2017 the gross value of 2.378.117 lei in slight increase compared to the beginning of the year.

b) Adjustments of depreciation for trade receivables and other receivables

The evolution of adjustments for impairment is as follows:

| | December 31, 2016 | June 30, 2017 |
|---------------------------------------|--------------------------|----------------------|
| At the beginning of the period | 1.913.574 | 2.584.609 |
| Increases/ (resumption) | 1.109.072 | 171.216 |
| Diminution | 483.037 | 551.229 |
| At the end of the period | 2.584.609 | 2.204.596 |

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6. STOCKS

| June 30, 2017 | Cost | Adjustments | Net value |
|-----------------------------------|------------------|--------------------|------------------|
| 1. Raw materials and consumables | 1.229.611 | - | 1.229.611 |
| 2. Finished goods and merchandise | 5.057.042 | 151.209 | 4.905.833 |
| Total | 6.286.653 | 151.209 | 6.135.444 |

| December 31, 2016 | Cost | Ajustari | Valoarea neta |
|----------------------------------|------------------|-----------------|----------------------|
| 1. Raw materials and consumables | 1.054.315 | - | 1.054.315 |
| 2. Finished goods | 3.674.069 | 166.773 | 3.507.296 |
| Total | 4.728.384 | 166.773 | 4.561.611 |

The main categories of stocks are raw materials, consumables and products.

The cost of stocks includes all costs of purchase and other costs incurred to bring the stocks in the form and place where they are found.

The cost of finished goods comprises direct costs associated with production, namely: direct materials, consumed energy for technological purposes, direct labor and other direct production costs and indirect costs of production and also the quota of indirect expenses of production rationally allocated rationally as related to their manufacture.

On inventory outflow the stocks are assessed based on the management price set in the commercial agreements concluded with suppliers namely the beneficiaries.

On 30.06.2017 the company recorded adjustments for impairment of inventories of finished goods amounting to 166.920 lei.

7. CASH AND CASH EQUIVALENTS

On 30.06.2016 the cash and cash equivalents are worth of 5,270,855 lei, reduced in comparison with the values recorded on 30.06.2016, namely 8,172,328 lei.

| | Balance on December 31, 2016 | Balance on June 30, 2017 |
|-----------------------------|---|-------------------------------------|
| Cash in hand | 1.358 | 2.290 |
| Deposits and bank available | 8.170.970 | 5.268.565 |
| TOTAL | 8.172.328 | 5.270.855 |

On 30.06.2016 the company recorded short-term deposits opened at BRD in amount of 5.000,000 lei.

The value of the Bank comfort letter for the performance bond given to beneficiaries and the guarantee for advance returning at the end of the year was 887.139 lei.

8. EQUITY

Subscribed and paid up share capital is worth OF 8,199,547.74 lei, consisting of 45.553,043 shares with nominal value of 0,18lei/share. Shareholders' structure on 30.06.2017 is:

S.C. PREBET AIUD S.A.

Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

| Shareholder | No. shares | % |
|---------------------------|-------------------|------------|
| OTHER SHAREHOLDERS | 25.543.699 | 56,0747 |
| HAGEA LIVIU | 14.056.588 | 30,8576 |
| ASOCIATIA PAS PREBET AIUD | 5.952.756 | 13,0677 |
| TOTAL | 45.553.043 | 100 |

The members of the Board of Directors on 30.06.2016 held shares of the company on the market (as independent shareholders) as follows:

| No. | Surname and name | Number of shares | Percentage |
|-----|----------------------|------------------|------------|
| 1. | Hegea Liviu | 14.056.588 | 30,8576 % |
| 2. | Racasan Stefan | 182.417 | 0,4004 % |
| 3. | Tilincea Radu Marcel | 100.005 | 0.2195% |
| 4. | Demeter Ioan | 279.509 | 0.6135% |
| 5. | Rivis Laurentiu | 0 | 0 |

Nominative shares are issued in dematerialized form, each having a nominal value of 0.18 lei share. During the financial year 2015 the nominal value of share has not changed. We mention that the shares of S.C. Prebet Aiud S.A are traded on the Bucharest Stock Exchange, Class I, starting on 24/09/2015. The prices of the company's shares have an oscillating tendency, manifested in terms of the number of traded shares, the trend due mainly to lack of liquidity and also general reductions of transactions on BSE.

The last trading price of the Company's shares SC PREBET AIUD SA valid on 21.07.2016 was of 0.250 lei/share.

The specific activities of the independent registry for S.C. PREBET AIUD SA were conducted by the *Central Depository*.

9. RESERVES

Reserves include the following components

| | Balance on December 31, 2016 | Balance on June 30, 2017 |
|-------------------------|---------------------------------|-----------------------------|
| Legal reserves | 2.511.870 | 2.511.870 |
| Other reserves | 12.346.457 | 13.568.854 |
| Reserves of revaluation | 3.779.677 | 3.737.282 |
| Total | 18.530.583 | 19.818.006 |

The company's total reserves have increased from the beginning of the year with the amount of 1,287,423 lei.

Legal reserves were maintained at the same level as the beginning of the year.

Other reserves (distribution of net profit in 2016) increased by amount of 1,222,397 lei.

Revaluation reserves were decreased by the amount of 42,395 lei.

The following describes the nature and purpose of each reserve within the equity:

| Reserve | Description and purpose |
|----------------|---|
| Legal reserves | According to Law 31/1990 every year is taken at least 5% of profit for the formation of the reserve fund, until it reaches at least one fifth of the share capital. |

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(All amounts are expressed in lei, where otherwise stated)

13. OTHER LIABILITIES

Their structure is basically the following:

| Other liabilities | Balance on December 31, 2016 | Balance on June 30, 2017 |
|--|---|-------------------------------------|
| Liabilities for staff and assimilate | 145.677 | 165.718 |
| Liabilities for social security budget | 272.132 | 138.047 |
| Liabilities in for state budget | 243.715 | 836.778 |
| Liabilities for shareholders | 113.273 | 79.803 |
| Other liabilities | 0 | 0 |
| Total liabilities | 774.797 | 1.220.346 |

14. DEFERRED TAX

Variation of deferred tax liabilities is presented in the following table:

| Description | December 31, 2016 | June 30, 2017 |
|--------------------------------------|--------------------------|----------------------|
| Initial balance | 617.817 | 604.251 |
| Deferred tax revaluation differences | (13.566) | - |
| Final balance | 604.251 | 604.251 |

15. SUBSIDIES FOR INVESTMENTS

The company has collected the amount of 491,835.54 lei from the Ministry of European Funds for a project conducted during 2012-2014 by the Sectoral Programme Increase of Economic Competitiveness.

This amount is subject to litigation before the courts of law.

16. OPERATING REVENUES

| Revenues | June 30, 2016 | June 30, 2017 | Difference (2017- 2016) |
|---|----------------------|----------------------|------------------------------------|
| Sold production | 12.003.915 | 10.056.760 | (1.947.155) |
| Incomes related to costs of product stocks | 1.481.924 | 1.382.973 | (98.951) |
| Revenues from the production of assets and property investments | 0 | 284.402 | 284.402 |
| Revenues from selling of goods | 136.291 | 82.178 | (54.113) |
| Granted trade discounts | (22.307) | (33.870) | (11.563) |
| Other operating incomes | 205.927 | 167.577 | (38.350) |
| Total | 13.805.750 | 11.940.020 | (1.865.730) |

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Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

Revenues from sold production are structured in the following product categories:

| Product name | 1 st semester 2015 | 1 st semester 2016 | 1 st semester 2017 |
|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | % | % | % |
| Concrete sleepers for railways | 41,64% | 26,23% | 21,48% |
| Various concrete products | 55,76% | 60,91% | 65,36% |
| Concrete commodity | 2,6% | 2.86% | 13.16% |

17. OPERATING EXPENSES

| Expenses | June 30, 2016 | June 30, 2017 | Difference (2017 -2016) |
|--|-------------------|-------------------|---------------------------|
| Expenses with raw materials and materials | 6.361.601 | 6.183.774 | (177.827) |
| Expenses with energy and water | 548.673 | 566.405 | 17.732 |
| Other production expenses | 122.116 | 71.419 | (50.697) |
| Total cost materials | 7.032.390 | 6.821.598 | (210.792) |
| Wages and compensation | 2.728.953 | 2.671.333 | (57.620) |
| Expenses with insurances and social protection | 649.731 | 652.742 | 3.011 |
| Total staff expenses | 3.378.684 | 3.324.075 | (54.609) |
| Amortization | 470.100 | 508.128 | 38.028 |
| Adjustments for depreciation | 46.854 | (383.320) | (430.174) |
| Adjustments for depreciation of finite products | - | - | - |
| Total amortization and denreciation | 516.954 | 124.808 | (234.830) |
| Expenditure on external supply | 621.681 | 849.333 | 47.373 |
| Expenses with other taxes, duties and similar expenses | 139.498 | 96.205 | (9.565) |
| Other expenses | 14.300 | 43.739 | 120.687 |
| Total other operating expenses | 775.479 | 616.984 | 158.495 |
| Total | 11.703.507 | 11.259.758 | (443.749) |

Prices of supplied raw material and materials were generally consistent with the trend of growth in the first part of the interval.

In general the sources of supply are safe, aiming to maintain a minimum of two suppliers/assortment.

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Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

18. FINANCIAL REVENUES

| Revenues | June 30, 2016 | June 30, 2017 | Difference (2017-2016) |
|----------------------------------|----------------------|----------------------|-------------------------------|
| Income from currency differences | 7.390 | 29.020 | 21.630 |
| Interest income | 5.418 | 3.577 | (1.841) |
| Other financial incomes | 71 | 17 | (54) |
| Total | 12.879 | 32.614 | 19.735 |

19. Financial expenses

| Expenses | June 30, 2016 | June 30, 2017 | Difference (2017-2016) |
|----------------------------------|----------------------|----------------------|-------------------------------|
| Expenses on liabilities | 0 | 0 | 0 |
| Expense exchange rate difference | 18.311 | 43.773 | 25.462 |
| Total | 18.311 | 43.773 | 25.462 |

Financial expenses increased from the previous year due to exchange rate differences.

As shown the interest bank expense bank was 0, the company did not needed to use the credit line.

20. TAX CORPORATE

Information about the tax corporate (according to the declaration 101):

| Indicators | Amounts 30.06.2016 | Amounts 30.06.2017 |
|-------------------------|-------------------------------|-------------------------------|
| Operating revenues | 13.805.750 | 11.940.020 |
| Operating expenses | 11.703.507 | 11.259.758 |
| Operating result | 2.102.243 | 680.262 |
| Financial revenues | 12.879 | 32.614 |
| Financial expenses | 18.311 | 43.773 |
| Financial result | (5.432) | (11.159) |
| Gross result | 2.096.811 | 669.103 |

21. BASIC EARNINGS PER SHARE. DILUTED EARNINGS.

| | 30.06.2016 | 30.06.2017 |
|---------------------------------|-------------------|-------------------|
| Basic earnings per share | 0.0393 | 0.0126 |
| Diluted earnings | 0.0393 | 0.00126 |

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(All amounts are expressed in lei, where otherwise stated)

22. AVERAGE NUMBER OF EMPLOYEES

a) Average number of employees evolved as follows:

| | Financial year concluded on June 30, 2016 | Financial year concluded on June 30, 2017 |
|----------------------|--|--|
| Staff management | 8 | 6 |
| Administrative staff | 38 | 35 |
| Production staff | 163 | 149 |
| TOTAL | 209 | 190 |

b) Evolution of employees structure after the training level is shown below:

| Year | 30.06.2016 | 30.06.2017 |
|---|-------------------|-------------------|
| Higher education staff | 15% | 12% |
| Secondary education staff | 40% | 42% |
| Staff with professional and qualification studies | 37% | 40% |
| Unskilled staff | 8% | 6% |

c) Expenses with wages and related taxes recorded during the 1st semester 2016 and 2017 are as follows:

| | June 30, 2016 | June 30, 2017 |
|---|----------------------|----------------------|
| Wages expenses | 2.728.953 | 2.671.333 |
| Expenses with insurances and social protection | 649.731 | 652.742 |
| Total | 3.378.684 | 3.324.075 |

23. TRANZACTII CU PARTI AFILIATE

The company is managed in a single system, by a Board of Directors composed of 5 directors, temporary and revocable, elected by the General Meeting of Shareholders, the majority of the Board members are non-executive directors, elected for a period of 4 years.

The current structure of the Board of Directors of the Company is as follows:

| No, | Surname and name | Position | Profession |
|-----|----------------------|---------------|------------|
| 1. | Hagea Liviu | Presedinte BD | Economist |
| 2. | Racasan Stefan | Membru | Inginer |
| 3. | Demeter Ioan | Membru | Economist |
| 4. | Rivis Laurentiu | Membru | Jurist |
| 5. | Tilincea Radu Marcel | Membru | Inginer |

S.C. PREBET AIUD S.A.

Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

On 30.06.2016 the members of the Board of Directors held shares from the share capital of SC PREBET AIUD S.A. as follows :

| No. | Surname and name | Number of shares | Percentage |
|-----|----------------------|------------------|------------|
| 1. | Hagea Liviu | 14.056.588 | 30.8576% |
| 2. | Racasan Stefan | 182.417 | 0.4004% |
| 3. | Demeter Ioan | 279.509 | 0.6135% |
| 4. | Rivis Laurentiu | 0 | 0 |
| 5. | Tilincea Radu Marcel | 100.005 | 0.2195% |

Executive management on 30.06.2017 is formed:

| No. | Surname and name | Position | Profession |
|-----|------------------|---------------------|------------|
| 1. | Racasan Stefan | Director general | Inginer |
| 2. | Cimpean Ioan | Director economic | Economist |
| 3. | Sandru Alexandru | Director productie | Inginer |
| 4. | Groza Titus | Director dezvoltare | Inginer |
| 5. | Ranca Flaviu | Director vanzari | Inginer |

On 30.06.2017 the member of executive management held shares in the share capital of S.C. PREBET AIUD S.A. as follows:

| No. | Surname and name | Number of shares | Percentage |
|-----|------------------|------------------|------------|
| 1. | Racasan Stefan | 182.417 | 0.4004% |
| 2. | Cimpean Ioan | 17.673 | 0.0388% |
| 3. | Sandru Alexandru | 0 | 0 |
| 4. | Groza Titus | 0 | 0 |
| 5. | Ranca Flaviu | 0 | 0 |

Gross allowance of the Board members during the financial year 2015 was of 241.545 lei.

Gross allowance of the executive management during the financial year 2015 was of 285.461 lei.

The Company has no contractual obligations to former managers and directors and did not grant advances or loans for current managers and administrators.

The Company has no further obligations assumed by the nature of guarantees on behalf of the administrators.

24. CONTINGENTS AND LIABILITIES

Court actions

The Company is subject to a number of court actions resulting from the process of collective redundancies which occurred in the year of 2014. The amounts related to the demands of these lawsuits have been provisioned. The Company's management believes that beyond the amounts already recorded in these financial statements as provisions or adjustments for the impairment of assets and described in the notes to this financial statements, other court actions shall

S.C. PREBET AIUD S.A.

Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

not have significant adverse effects on economic performance and on the financial position of the Company. Currently there is only on issue reflected by the diminution of provisions with labor disputes.

Regarding the trail case with the Ministry of European Funds regarding a claim in the amount of 491.835,54 lei there are great chances to collect it. We mention that the collection (non-collection) of this amount does not change the company's financial results (revenues, expenses, profit).

25. RISK MANAGEMENT

The fact that the company made a profit in every year except the year of 2014 when he moved to restructure the staff and were made severance payments, makes us believe that there shall not be future problems and price risks, of credit, of liquidity and cash flow are reduced.

The following risk categories may have influence on company's activity:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational Risk
- Risk related to balancing cost

This note presents information about the Group's exposure towards each risk mentioned above, the Group targets, the policies and the processes for measuring and managing the risk and the procedures for managing the capital.

Credit risk

The credit risk is the risk that the Group incurs a financial loss due to a non-fulfillment of contractual obligations by a customer or counterparty to a financial instrument and this risk mainly result from the trade receivables of the Group.

Liquidity risk

The liquidity risk is the risk that the Group may encounter difficulties in fulfilling the obligations related to liabilities that are settled in cash or in another financial asset transfer. The Group's approach on liquidity risk is to ensure, to the extent possible, that it always hold sufficient liquidity to meet the liabilities when they become due, both under normal conditions and under stress, without incurring unacceptable losses or jeopardizing the Group's reputation.

To counteract this risk factor, the Group has applied restrictive policies of delivery of products to uncertain customers. An important role was played by the group's policy to require in some cases the payment in advance of the products delivered and a careful selection of new customers depending on their creditworthiness and financial discipline. There was requested guarantees for delivery contracts and tried to reduce the number of days of claims payment by customers of Group established by contract.

Market risk

The market risk is the risk that market prices variation, such as exchange rate, interest rates and market demand reduction, to affect the Group's revenues.

Market risk - instability in the sale market for building materials, characterized by a significant drop in demand, a prevent risk through market research and marketing policies. The risk of price volatility in electricity, gas, metals, diesel was prevented by finding new suppliers or renegotiating the contracts with the traditional suppliers.

Currency risk

The group has transactions and loans in other currency than the functional currency (RON). The transactions made in foreign currencies are converted into Lei on the rate of exchange ruling at the transaction date.

Operational risks

The results of the Company can be influenced by operational risks specific to its activity, related to the operation in parameters or interruption of operation systems, safety data and information stored, dependence on new technologies, loss of key personnel, difficulties in introducing new products, increased competition from third local or foreign competitors, including the risk of error or fraud.

The Board of Directors of the Company has the overall responsibility for the establishment and supervision of risk

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(All amounts are expressed in lei, where otherwise stated)

management in the Company.

The activity is governed by the following principles:

- a) the principle of delegation of competencies;
- b) the principle of decision-making autonomy;
- c) the principle of objectivity;
- d) the principle of investment protection;
- e) the principle to promote the development of the stock market;
- f) the principle of active role.

The Board of Directors is also responsible for examining and approving the strategic, operational and financial plan of the Company, and also the corporate structure of the Company. Company's Risk management policies are also defined to ensure the identification and analysis of risks that the Company is facing with, establishing appropriate limits and controls, and risk monitoring and setting the compliance limits. Policies and risk management systems are regularly reviewed to reflect the occurred changes in market conditions and the Company's activities. The Company, through its standards and training and management procedures, aims to develop an orderly and constructive control environment, in which all employees understand their roles and obligations.

Internal audit of the Company's entities oversees how management monitors compliance with policies and procedures for risk management and reviews the adequacy of the risk management framework in relation to the risks faced by entities.

Risk related to balancing cost

This risk is specific to the activity on the production and sale of electricity and it is generated by any unrealistic forecasting of quantities and delivery hourly volumes of electricity supply which may impact the financial situation by occurrence of additional costs for balancing. It is estimated that this risk is reduced due to the forecasting activity carried out by the special department of the entity.

Risk factors

Any economic activity implies risks. Investors should carefully consider the potential impact that it may cause the following categories of risk factors before deciding to invest in the shares of the company. The risks and uncertainties outlined in the following paragraphs may adversely affect, as appropriate, the continuation of the operating activities of the Company, its financial position and performance, prospects, evolution of trading price, including the ability to pay dividends. Additional risk factors and uncertainties that do not exist at this time may have, depending on further evolutions, a negative impact on the aspects described above.

Emerging market risk

Romania is considered an emerging economy. Investors who want to invest in the shares of an issuer listed on emerging market should be aware of the fact that such an economy shows higher risks compared to a developed economy, with an infrastructure policy, legal and financial advanced, able to provide effective levers to counter the systemic imbalances that might arise. Although Romania is a Member State of the European Union, this status ensures the prerequisites for continuing the structural reforms and the improvement of the economic environment, there is the risk that unforeseen events, associated with an emerging market economy, to significantly affect the Company's activity and its financial prospects.

Romania's emerging economy status can cause a slow pace of capital market development, expressed through a slow rate of growth in the value of transactions, of capitalization and/or the number of issuers and investors. Other characteristics of an emerging market that can have negative consequences refer to a lower value of liquidity and higher volatility compared to the mature equity markets. Also between evolutions in stock prices listed on a stock emerging market and the evolutions in mature markets there may be a high correlation, which means that economic and financial developments in other countries together with developed economy can influence the evolution of prices and transactions recorded on the market where the company is listed.

All these elements can influence the potential development of the Company. Moreover, the company's activity may be influenced the volatility of the interest rate and the exchange rate, characteristics specific for an emerging economy, although the recent developments suggest some stability of these financial variables.

Risk of politic instability

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Political instability may lead to the postponement of implementation of structural reforms designed to support a sustainable development of the Romanian economy and favor the creation of an economic and financial infrastructure aimed to enhance the economic and financial attractiveness of foreign direct investments and/or the portfolio. A negative perception can influence the volume of the Romanian political class, the character and structure of the Romanian investments, foreign and/or domestic. Instability at the political level can have a significant negative effect on the confidence of resident or non-resident investors, on the degree of liquidity and market capitalization, including upon the evolution of the stock quote.

Risk of modifying the tax legislation

Tax legislation in Romania is subject to extensive and frequent changes which could adversely affect the Company's business and/or the gains made by investors from owning or trading the shares (raising of taxes, introducing new taxes, reduction or suspension of tax breaks, etc.). There is the risk that the Company or the investors in their actions to be exposed in the future to increased taxes or new taxes (additional) that could not be predicted or estimated on the date of preparation of this report.

Financial and economic risk

Business, financial situation and the prospects of the Company depend on the development level of the economy and the capital market in Romania, and consequently on the volume and value of transactions in the capital market. The international financial crisis affecting economies and capital markets world could have adverse and difficult effects to assess in the Romanian economy, national currency and markets in which they the Company operates, resulting in decrease in the volume and value of transactions, decrease of the price of the traded financial instruments, etc. The negative effects on the Romanian economy could lead to diminished purchasing power and the financial resources of companies and individuals in Romania, including those of investors who perform market transactions where the Company is listed.

Liquidity and price developments in the regulated markets of capital in Romania are affected directly or indirectly by the evolution of international capital markets risk of regional instability amid armed conflicts can also cause substantial financial losses that are difficult to predict the date of this Report.

Risk related to competition

The company estimates that, currently, there is a high risk of competition to the outlet markets where operates. However, the risk of market penetration of delivered products and offered services by the Company should be considered by investors when they substantiate the investment in the Company's shares.

Nonpayment risk (credit)

Unfavorable changes occurred in the creditworthiness of the Company's customers, amid amplification of financial difficulties arising from the economic and financial crisis may cause adverse effects on the ability of the Company to collect cash or cash equivalents resulting from the sale, which could cause uncertainty about business continuity, as well and declines in financial performance indicators by recognizing adjustments for the impairment of these assets.

Risk related to permits and licenses

The Company's business is subject to certain permits and licenses specific for the industry activity. Possible changes in the conditions required to be insured by the Company or in the maintenance requirements of these permits and licenses, including changes in criteria for obtaining or renewing may adversely affect the Company's business or the financial prospects of the Company.

26. Analysis of main economic – financial indicators

| | 31.12.2016 | 30.06.2017 |
|--------------------------------|--------------|--------------|
| 1. Liquidity indicator | | |
| Current liquidity indicator | 9,15 | 7,61 |
| Immediate liquidity indicator | 7,47 | 6,35 |
| 2. Risk indicators | | |
| Degree of indebtness indicator | 0 | 0 |
| Indicator for loss covering | (no credits) | (no credits) |

3. Activity indicators

S.C. PREBET AIUD S.A.

Individual financial statements prepared in accordance with the International Financial Reporting Standards - for 1st semester 2017

(All amounts are expressed in lei, where otherwise stated)

| | | |
|--|-------------|----------|
| Stock turnover | 2,16 ori | 1,65 ori |
| Number of storage days | 84,71 zile | 109 zile |
| Turnover speed, for client debit items | 146,40 zile | 140 zile |
| Days payable outstanding | 36,27 zile | 37 zile |
| Tangible assets turnover | 1,100 ori | 0,71 ori |
| Total tangible assets turnover | 0,34 ori | 0,27 ori |

4. Profitability indicators

| | | |
|----------------------------|--------|-------|
| Return on capital employed | 6,58% | 2,08% |
| Sales gross marge | 17,30% | 6,62% |

5. Indicators regarding the result per share

| | | |
|-------------------|--------|--------|
| Rresult per share | 0.0393 | 0,0126 |
|-------------------|--------|--------|

27. OTHER INFORMATION

For the 1st semester 2016 the financial statements were audited by AMNIS AUDITEVAL SRL.

The company has held internal audit by service outsourcing and its contracting with SC RDR Contaudit SRL

28. SUBSEQUENT EVENTS TO THE REPORTING DATE

There are no subsequent events that may influence these financial statements.

The explanatory notes to the financial statements from 1 to 28 are an integral part of these financial statements. The financial statements were approved by the Board of Directors on 11.08.2017 and were signed by:

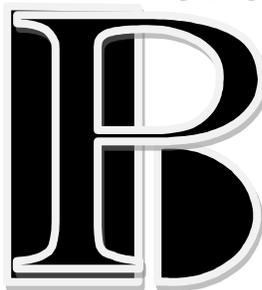
President Board of Directors,

Ec. Hagea Liviu

Economic manager,

Ec.Cimpean Ioan

S.C. PREBET AIUD S.A.



ROMÂNIA 515200 AIUD str. Arenei nr.10 jud.Alba

Tel: 0258/ 861661 fax : 0258/861454

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R.C. J 01/121/1991

COD FISCAL :RO 1763841

Web : www.prebet.ro

E-mail : office@prebet.ro



SR EN ISO 9001 : 2008
Certificat seria SMC Nr.046



Statement of S.C. PREBET AIUD S.A. Board of Administration

S.C. PREBET AIUD S.A. Board of Administration states hereby that it is liable for the financial statements issued on June 30 , 2017.

Subject to the financial statements issued on June 30 , 2017, S.C. PREBET AIUD S.A. Board of Administration confirms the followings :

- a) The financial statements at June 30, 2017 are issued according to the International Financial Reporting Standards as they were adopted for European Union.
- b) The accounting policies used to issuing the financial statement at June 30 , 2017 according to the applicable accounting regulations.
- c) The financial statement issued on June 30 , 2017 offer an accurate image about financial position , financial performance and other information subject to the activity performed.
- d) The compant perform it's activity under continuity conditions.
- e) We mention that the Financial Statements as at June 30, 2017 were audited by AMNIS AUDITEVAL SRL - independent auditor

This statement is in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016.

Administrator,

Name and surname : RACASAN STEFAN

Position : General Manager

Signature

Company stamp

Prepared by,

Name and surname : CIMPEAN IOAN

Position : Economic Manager

Signature

AUDITOR FINANCIAR AMNIS AUDITEVAL SRL

Valea Viilor, Romania, nr. 336, J 32/1038/2016, C.I.F. 36395912, tel. 0765.156.676
membra a Camerei Auditorilor Financiari din Romania, Autorizatia nr. 1334/2016

REVIEW REPORT OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of:

S.C. PREBET AIUD S.A.

Introduction

We reviewed the condition of assets, liabilities and equity, income statement and expenditures issued by the company PREBET AIUD S.A. on June 30, 2017. The management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Review aria

We conducted our review in accordance with the International Standard on Review Missions 2410, *Review of Interim Financial Information performed by an Independent Auditor of the entity*. A review of interim financial information consist of making interviewing, especially the persons responsible for financial and accounting matters, and applying analytical and other review procedures. Aria of a review, is substantially, lower than the scope of an audit conducted in accordance with the International Standards on Auditing and consequently, we are not allowed to obtain assurance that we would have noticed all significant aspects that could be identified in an audit. Therefore, we do not express an audit opinion.

AUDITOR FINANCIAR AMNIS AUDITEVAL SRL

Valea Viilor, Romania, nr. 336, J 32/1038/2016, C.I.F. 36395912, tel. 0765.156.676
membra a Camerei Auditorilor Financiari din Romania, Autorizatia nr. 1334/2016

Conclusion

Based on our review, we have not become aware of anything that would make us believe that the interim financial information attached does not give a true and fair view of the position and financial performance of the entity on June 30, 2017, for the six months ended at that date in accordance with the International Financial Reporting Standards.

09/08/2017

AIUD

FINANCIAL AUDITOR

Nistor Aurel,

Valea Viilor, nr.336, Jud. Sibiu

Inregistrat la Camera Auditorilor Financiari din Romania

cu nr. 4919/2015

pentru si in numele :

Inregistrata la Camera Auditorilor Financiari din Romania

cu nr. 1334/2016