PREFAB SA DIRECTORS REPORT
for the first semester of 2017
Half-yearly Report pursuant to A.S.F./C.N.V.M. Regulation no. 1/2006 - Appendix 32

For the financial year: 2017 (semester I)
Date of report: 16.08.2017
Name of the company - Prefab S.A
Registered Office - Bucuresti, Dr. Iacob Felix, nr. 17-19, et.2, sector 1
Premises: Calarasi, str. Bucuresti, nr. 396
Phone no./fax - 021-3315116/ 021-3305980
Tax Identification Number at Trade Registry Office - RO 1916198
Trade Register Registration Number - J40/9212/2003
Regulated market where the issued securities are traded - Bucharest Stock Exchange, Standard Category
Subscribed and paid in share capital - 24.266.709,5 lei
The main characteristics of the securities issued - the company has issued a number of 48.533.419 registered shares each with a nominal value of 0,5 lei, dematerialized
Accounting standard applied: International Financial Reporting Standards
Auditing: The financial statements are audited.

1. Analysis of the company's business

a. Description of the company's core business

PREFAB SA has as main activity: Manufacture of concrete products for construction - NACE Code 2361.

The ownership structure on 15.06.2017, according to data from the Central Depository was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	40.281.167	82.9968
SIF MUNTENIA	6.295.000	12.9704
OTHER SHAREHOLDER - LEGAL PERSONS	419.348	0.8640
OTHER SHAREHOLDER - NATURAL PERSONS	1.537.904	3.1688
TOTAL	**48.533.419**	**100**

b. Specification of the company foundation date

The company PREFAB S.A. was founded in the year 1990 by taking full heritage of ex « Intreprinderea de Materiale de Constructii Calarasi » which was founded in the year 1967.

The company PREFAB S.A. was organized in the current structure under Law no. 15/1990 and under Government Decision no. 1200/12.11.1990, being registered with the Trade Register under the no. J40/9212/2003.

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

In the first semester of 2017 there was no change/ significant reorganization, merger, division or dissolution.

On 30.06.2017 the company has the following premises:

1. Premises in Calarasi, str. Bucuresti, nr. 396, jud. Calarasi
2. Premises in Statiunea Jupiter, sat vacanta Zodiac, lot nr.3, Mangalia, jud. Constanta

d. Description of acquisitions and/or alienation of assets

During the first semester of 2017, in terms of modification of balance sheet fixed assets, there is an increase with 1.37%, an increase mainly influenced by the purchase of two trucks with shutters and cranes mounted, needed to transport the production to the client and the patterns required for the production of prefabricated according to the projects received.

There were not alienated assets that influence the execution of the object of activity of the company.

1.1.1. Elements of general evaluation

PREFAB SA has prepared the financial statements in accordance with International Financial Reporting Standards adopted by European Union (IFRS), in force on the annual reporting date of the company, namely on 30.06.2017:

1	Gross profit	107.589	lei
	Net profit	79.815	lei
2	Turnover	31.681.924	lei
3	Export including intra community supplies:	110.890	lei
4	Costs (total expenses)	39.034.232	lei
5	Operating expenses	38.060.123	lei
6	Financial expenses	974.109	lei
7	Total revenues	39.141.821	lei
8	Operating income	38.943.275	lei
9	Financial revenues	198.546	lei

The autoclaved aerated concrete (AAC), the masonry material produced by PREFAB S.A. in the first semester of 2017 raised to a production of 204.537,82 m³, with a monthly average of 40.907,56 m³, given that manufacturing activity started in February, in the conditions of a very heavy winter as it was this winter.

In the first semester of 2017, Prefab SA sold approximately 200.000 m³ of AAC.

Regarding the market of precast and prestressed concrete, electricity poles, highway items, precast parts for hiper or supermarkets, beams for road bridges, there were slight changes giving signs of revival. With regard to the PREMO - SENTAB sewerage market, this is in the same recession due primarily to financial bottlenecks in the investment field.

In the first semester of 2017, the total volume of precasts produced and marketed was 2.948,01 m³ plus concrete goods 547,10 m³, a very small volume for the existing production capacity.

Regarding the PREMO-SENTAB sewage pipes, the volume produced was 1.101,73 m³.

Concerning the activity of the cogeneration plant, the quantity of electricity produced in the first semester of 2017 was 11.941,60 MWh of which it was delivered in SEN the quantity of 9.447,78 MWh, the quantity of 2.493,82 MWh being used for internal consumption. For the quantity of electricity delivered in SEN, the company was qualified for the cogeneration bonus under the High Efficiency Cogeneration Support Scheme. For the first semester of 2017 it was in the amount of 207.61lei/ MWh delivered in SEN.

The quantity of thermal energy produced in the first semester of 2017 was: 29.189,93 MWh, wholly used for domestic consumption.

Liquidity:

- cash and accounts at banks at the beginning of the period: 588.058 lei
- cash and accounts at banks at the end of period: 1.141.727 lei
- cash flow: 553.669 lei
- current liquidity: 0.88
- immediate liquidity: 0.71

1.1.2. Evaluation of the technical level of the company

PREFAB SA is the main manufacturer in Romania of:

a. AAC (autoclaved aerated concrete) with a capacity of 500.000 m³ per year
b. Typified Precast with a capacity of 20.000 m³ per year
c. Concrete pipes for water and sewage networks (Premo and Sentab technology)
d. Untypified Precast

And one of the important suppliers of the local market for:

e. Aggregates
f. Concrete Goods
g. PVC Joinery
h. Electrical power (since April 2013)

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

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

PREFAB SA is one of the main national manufacturers of building materials, with a varied portfolio of traded products.

The main sale markets for PREFAB SA are: Romania, Bulgaria and Republic of Moldova

In *Romania* the sales market structure is:

a. for AAC: Muntenia, Transilvania, Moldova
b. for Precast: over Romania
c. for Aggregates, Concrete Goods, PVC Joinery: local market

It works as a policy of selling differentiated depending on the specificity of each product.

a. AAC is sold through distributors or DIY (Do It Yourself) chains
b. Precast are sold by auction method or negotiation on project

AAC sales by geographic areas:

Geographic area	Sales on 30.06.2017	Sales in 2016	Sales on 30.06.2016
1. Muntenia	85.37%	81.03%	86.91%
2. Transilvania	0.15%	0.27%	0.20%
3. Moldova	14.13%	17.97%	12.23%
4. Bulgaria	0.22%	0.18%	0.18%
5. Moldova (country)	0.13%	0.55%	0.48%
	100%	**100%**	**100%**

Due to the influence of transport costs on the sale of the products, in order to optimize, the activity was restricted in the geographical area in which the company is located.

b. The weight of each category of goods or services in the income and the total turnover of the company:

PREFAB SA continuously watched over the years the differentiation from the national competitors, giving special importance to refurbishment and modernization of production process, to increasing product quality and customer service, in terms of declining of purchasing power on market.

Description of products	30.06.2017 %	2016 %	30.06.2016 %
A.A.C.	70.53%	71.80%	75.18%
Tubes	3.22%	6.14%	5.74%
Precast	11.43%	9.5%	7.55%
Electric power	12.73%	11.62%	9.99%
Other products	2.09%	0.94%	1.54%

c. The new products contemplated for which will be affected a substantial volume of assets in the future financial year and the stage of development of these products

Through the specifics of activity, Prefab SA always has new products on the production line, depending on market demand structure of precast products, products that run on demand by adapting or creating new patterns, according to technical projects.

For the product AAC, the Hebel type manufacturing technology is strict and does not allow modifying products that are produced according to international product Standards, but in the branch of AAC, permanently take place improvements on technological lines of production, upgrades of IT systems for control of processes, periodic revisions and updates of technological equipment (mobile cranes, automatic cutting machine, autoclaving control etc.)

In the branch of Precasts, there are performed and sold two types of typified and un typified products.

The typified precast are standardized for different types of works. For example, the centrifuged poles of concrete for the overhead lines are standardized products with special conditions.

On the other hand, the commercial and industrial projects (industrial or commercial halls of Hypermarkets type) suppose to follow the dimensions of project precast, which basically means to enter into production almost every month new products, new patterns etc., to execute monthly new products, without substantial volume of new assets.

Since 2013 the new products obtained are electricity and heat, produced in high efficiency cogeneration to cover domestic consumption in the production process but also to deliver energy in SEN.

1.1.3. Evaluation of the technical-material supply activity

The main objectives of supply activity were:
- reducing acquisition costs, thus reducing production costs
- identifying new suppliers
- providing the necessary raw materials, spare parts, depending on stocks policy
- getting the best supply conditions in contracting (quality/ price/ payment terms)

The current stock in which is included the safety stock too, ensures the smooth running of the production activity.

The main suppliers of raw materials:

- cement	- CRH Ciment Romania SA.
	- Holcim Romania SA
- lime	- Celco SA
	- SMA Mineral Burgas
- aluminum paste	- Grimm Metallpulver Germany
- balls mill grinding	- Wirenet Services Corp Panama
- steel	- Arabesque Bucharest
	- Mairon Bucharest
	- D&D Drotaru Hungary
- marsh gas	- Engie Romania SA

Commercial relationships with main suppliers of raw materials, are based on compliance with the clauses included in contracts of sale concluded or where appropriate, extended at the beginning of each year. The choice of supplier is made having as basic principles the quality-price ratio, the payment conditions and the market development of that product.

1.1.4. Evaluation of the sale

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

Sequential sales activity for the period 2016 - 2017 is presented in the table 1.1.2, point a.)

Evolution of the turnover is as follows:

30.06.2017	31.12.2016	30.06.2016
31.681.924 lei	67.977.103 lei	30.632.255 lei

Prospects for medium and long-term sales are reported at the factory's existing capabilities, namely the expansion of production capacity.

It is thus expected for the period 2017 - 2019:

Domestic market:

- Maintaining sales volumes in traditional markets for AAC and increase margins.
- Gaining new markets for Typified Precast in Banat, Oltenia, Ardeal.
- Gaining new markets for Tubes in Banat, Oltenia, Ardeal, Moldova
- Increasing of sales volumes of Precast and Tubes in traditional markets from Muntenia, Dobrogea, Moldova.
- In long term, to own a market share of 12% from the market of untypified precast and infrastructure projects.

External market:

- Development of distribution networks in Bulgaria and Republic of Moldova, similar to that of Romania for AAC.

b. Description of the competitive situation in the objects to the business of the company, the market share of company products or services and the main competitors

In the first semester of 2017, Prefab SA sold around 200.000 m³ of AAC.
Traditional competitors on AAC market:
- Celco Constanta
- Prefabricate Vest Bucuresti
- Elpreco Craiova
- Somaco SA
- Soceram

In the first semester of 2017 the total volume of precast producted was 2.948,01 m³ plus concrete goods 547,10 m³, an unsatisfying volume for the installed capacity.

Traditional competitors in the market for precast and tubes:
- Asa Cons Consolis Turda
- Bauelemente Ploiesti
- Ergon Ploiesti
- Somaco Grup Prefabricate
- Lupp Sibiu
- Tiviere Construzioni
- Precon Bucuresti
- Dunapref Giurgiu

c. Description of any significant dependence of the company compared to one customer or compared to a group of customers whose loss would have a negative impact on company revenue

As the client list - supply chain, as well as balanced territorial dispersion, Prefab SA does not significantly depend on a single customer, as a result, the loss of a client can not have negative impact on company.

1.1.5. Assessment of aspects related to company's employees/staff

a. specifying both the number and the training level of the company's employees and the degree of unionization of the employment

On 30.06.2016 the medium number of employees is 382 and the effective one is 392 employees.
On 30.06.2017 the medium number of employees is 339 and the effective one is 416 employees
In relation to Employers, the employees are represented by Prefab Free Union. The unionisation in the first semester of 2017 is for 99%.
Regarding the *personnel recruitment and selection*, this period is characterized by a rather limited supply of qualified staff, introducing more rigorous selection phase of potential candidates.
The company attaches great importance to the organization of *training courses*, to the efficient work style and to the interdepartmental collaboration.
During the first semester of 2017 it was constantly watched the *evaluation of staff performance* and the setting of individual targets by checking their quarterly.

b. description of the relationship between manager and employees as well as any conflicting elements that characterize these reports

During the first semester of 2017 there were no conflicts between the company management and employees.

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

PREFAB S.A. proposes to intensify the concerns about ensuring and maintaining an environment on the level required by International and European Standards.

For that were established the following objectives:

1. Implementation and certification of an environmental management system. The company has environmental management certificate no. 08/27.06.2014 according to SR EN ISO 14001: 2005; Identification and control of environmental aspects associated with all activities taking place in the company, to ensure compliance with legal requirements and prevention of pollution by:

- minimizing the amount of waste generated and managing them safely when their occurrence can not be avoided;
- improving the quality of water discharged from the company;
- reducing NOx emissions into the atmosphere;
- reducing the consumption of natural resources.

2. Insurance of policy communication to the all internal and external stakeholders;
3. Creating conditions for implementation, maintenance and continuous improvement of environmental management system by providing competent human resources and material resources necessary to maintain the environmental policy and to meet the goals.

During the first semester of 2017, the legal and regulatory requirements were monitored, as well as the checks carried out by the state bodies.

1.1.7. Evaluation of research and development activity

The activity of research within the company PREFAB SA runs through Technical service and their laboratories and through collaborations with design institutes with direct implications in increasing the quality of products and services of our company, by improving the fabrication recipes and improvement schemes to increase the work productivity, namely:

- modernization of existing production capacities, improvement of work microclimate, extend the sales markets and the object of activity, automation of technological processes.
- the investments made were from own and borrowed sources.

1.1.8. The evaluation of the company's risk management

The company is exposed to the following risks:

• Credit risk
• Liquidity risk
• Market risk
• Currency risk
• Operational risk
• Risk related to balancing cost
• Tax risk

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

Background about risk management

The company Boards of Directors have overall responsibility for the establishment and oversight of the risk management framework in the company.
The activity is governed by the following principles:
a) principle of delegation;
b) principle of decisional autonomy;
c) principle of objectivity;
d) principle of investor protection;
e) principle of stock market development promotion;
f) principle of active role.
The Board of Directors is also responsible to examine and approve the strategic, operational and financial plan of entities and of corporate structure of the company.
Company risk management policies are defined to ensure the identification and analysis of risks faced by the company, to establish appropriate limits and controls and to monitorize the risk and to comply the limits set. Policies and risk management systems are reviewed regularly to reflect the changes occurred in the market conditions and in the company's activities. The company, through its standards and its procedures of training and management aims to develop an orderly and constructive control environment during which all employees understand their roles and obligations. The internal audit of entities oversees how directorate monitors the compliance with the policies and procedures for risk management and reviews the adequacy of the risk management framework in relation to the risks faced by entities.

Credit risk

The credit risk is the risk that the Company 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 Company.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and of the country in which it operates. Most clients of Company operates in Romania.

The ***main financial instruments*** used by the Company of which arise risks relating to financial instruments, are:

- Trade receivables and other receivables
- Cash and cash equivalents
- Investments in unlisted affiliated entities, classified according IAS 39 in “financial assets available for sale”
- Trade liabilities and other liabilities

Below is provided a summary of financial instruments obtained by category:

ASSETS	June 30, 2017	December 31, 2016
Trade receivables and similar	35.132.197	34.712.970
Cash and cash equivalents	1.141.727	588.058
Total	**36.273.924**	**35.301.028**
ASSETS	**June 30, 2017**	**December 31, 2016**

Shares held in subsidiaries	9.439.669	9.439.669
Other fixed titles	200	200
Total	**9.439.869**	**9.439.669**

LIABILITIES	June 30, 2017	December 31, 2016
Trade liabilities and assimilated	20.317.254	12.941.114
Current income tax liabilities	27.774	87.501
Total	**20.345.02**	**13.058.615**

The Company monitors the credit risk exposure by analyzing the seniority of receivables that it records and works permanently for the recovery of that past due date or outdated.

Liquidity risk

The liquidity risk is the risk that the Company may encounter difficulties in fulfilling the obligations related to liabilities that are settled in cash or in another financial asset transfer. The Company'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 Company's reputation.
The Company has committed long-term loans.
To counteract this risk factor, the Company has applied restrictive policies of delivery of products to uncertain customers. An important role was played by the Company'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 Company established by contract. There were extended the warranty contracts with mortgage in favor of banks with whom we have open credit lines and letters of guarantee so that we can pay our obligations in the event of a cash shortages.

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 Company'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.

Exposure to interest rate risk
The Company's exposure to the risk of interest rate changes refers mainly to variable interest bearing loans that the Company has for long-term.

Interest rate risk management
In order to manage the interest rate risk, the Company's liabilities are analyzed in terms of fixed and variable debt, of currencies and maturities.

The sensitivity analysis below was determined based on the exposure to interest rates on the date of financial statements. For the liabilities with variable rates, the analysis is prepared assuming the amount outstanding on the date of the financial statements was outstanding throughout the year. An increase or decrease of 1% is the management's assessment related to a possible reasonable changes of interest rates (the other variables remaining constant).

Analysis for change in interest rate risk:

Variable rate loans	**Effect of 1% change in interest rate**			
	30.06.2017	**2016**	**30.06.2017**	**2016**
Short term loans	30.502.999	29.299.869	292.998,69	305.029,99
Long term loans	16.722.838	18.824.053	188.240,53	167.228,38

Currency risk

The Company 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.
The foreign exchange rate variations risk generally was prevented by an appropriate management by converting foreign currency loans in national currency.

Foreign currency sensitivity analysis
Since the Company has operations in various currencies, are analyzed the industry specific activities and the corresponding exchange risks. The Company is mainly exposed to the exchange rate of the euro and US dollar against the Romanian leu. Other currencies have only a limited effect on cash flow and profit before interest and tax.
Foreign currency sensitivity analysis
The carrying amounts of the Company's assets and liabilities denominated in foreign currencies at the reporting date are as follows:

	Assets		**Liabilities**	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
EUR	14.070	32.115	874.391	1.183.382
USD	1.288	1.644	0	0

The following table details the company's sensitivity to a 10% increase or decrease in the exchange rate of EUR and USD. The sensitivity analysis includes only monetary items denominated in foreign currencies outstanding at the reporting date and adjusts their translation at the end of period for a 10% change in foreign exchange rates. A positive amount in the table below shows an increase in profit generated by a variation in exchange rates of 10% and a negative number indicates a decrease in profit by the same amount.

+10% increase in the exchange rate of foreign currencies

	Impact of EUR (i)	**Impact of USD (ii)**

	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Profit /loss	(86.033)	(115.127)	514	164

+10% decrease in the exchange rate of foreign currencies

	Impact of EUR (i)		Impact of USD (ii)	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
Profit /loss	86.033	115.127	(514)	(164)

(i) This impact is mainly attributable to the exposure to the EURO of the money available in bank, of the letters of credit, receivables, payables and bank loans, outstanding at the end of year.
(ii) This impact is mainly attributable to the exposure to the USD of the money available in bank, outstanding at the end of year.

The sensitivity analysis of currency risk inherent presented above shows the translation risk exposure at the end of year; nevertheless, the exposure during the year is permanently monitored and managed by the Company.

Operational risk

The operational risk is the risk of direct or indirect loss from a range of causes associated to the processes, staff, technology and infrastructure of Company and from external factors, other than the credit, the market and the liquidity risk, such as those arising from legal and regulatory requirements and the generally accepted standards regarding the organizational behavior. The Company is exposed to the risk of disasters too. In these conditions, the Company acted towards concluding insurance policies to protect against disasters the company assets.
The operational risks come from all the Company's operations. The main responsibility of developing and implementing controls related to operational risk turns to the entity's management. The responsibility is supported by the Company's development of general standards of operational risk management in the following areas:
• Requirements sof separation of duties
• Alignment with legal and regulatory requirements
• Documentation of controls and procedures
• Requirements for periodic review of operational risk to which the Company is exposed and the adequacy of controls and procedures to prevent the risks identified
• Requirements for reporting the operational losses and proposals to remedy the causes that generated them
• Develop some business continuity plans
• Development and professional training
• Setting ethical standards
• Preventing the risk of litigation, including the insurance, where applicable
• Minimizing the risks, including the efficient use of insurance, where appropriate

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.

Tax risk

From January 1, 2007, following the accession of Romania to the European Union, the Company had to obey the EU regulations and consequently, it was prepared for the implementation of the changes bring by the European legislation.
The Company has implemented these changes, but the way of their implementation remains open to tax audit for 5 years or even 7 years, starting with the financial year 2009.
The interpretation of texts and the practical implementation of the procedures of new applicable tax regulation harmonized with the European legislation, may vary from entity to entity and there is a risk that in some cases, the tax authorities could take a different position from that of the Company.
It is possible that the Company continue to be subject to tax audits in so far as new tax rules are issued.

1.1.9. Elements of perspective regarding the company's activity

a. presenting and analyzing the trends, elements, events or factors of uncertainty which affect or may affect the liquidity of the company compared to the same period of the last year.

The immediate liquidity is 0.71 on 30.06.2017. The recommended acceptable value is around 2, this giving the guarantee to cover the current liabilities from the current assets.

b. presenting and analyzing the effects of capital expenditures, current or anticipated on the financial statement of the company compared to the same period of the last year.

During the first semester of 2017, in terms of modification of balance sheet fixed assets, there is an increase with 1.37%, an increase mainly influenced by the purchase of two trucks with shutters and cranes mounted, needed to transport the production to the client and the patterns required for the production of prefabricated according to the projects received.

The investment program proposed for 2017 stands at a value of 3.010.649 lei. Among the major investments planned to be built, we include:

- osmosis enlarge capacity by purchasing a complete kit for converting the existing demineralisation plant RO 01-15 IN installation type ro 03-18.
- introduction of branch Ballast in the energy circuit of the cogeneration plant.
- purchase of a drum with motor for the mobile mixer and a braid anchor
- replace the computers from dosing station and control room autoclaving, by changing the PLC and PC communication system.
- repair works on own to the concrete station PREMO and SENTAB.
- production of metal molds for projects to be carried out in the ward.
- purchase a used bulldozer for ballast maneuvers to shore.
- purchase of two trucks with crane and trailer, purchase of two forklifts to handle the AAC
- replacement of 6 KV cable for supply AAC - Compressors and Precasts.
- upgrading the facilities and equipment from Branches AAC, Tubes and Precast etc.

Some of these objectives have already been achieved in the first semester of 2017, namely:

- purchase of two trucks with crane and trailer.
- making of metal patterns for projects that will run in the section.

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

The basic activity is still affected by the low level of the civil and industrial building materials market and by the lack of investment in national infrastructure and lack of skilled labor.

In terms of value, the rate of completion of production in the first semester of 2017 (AAC realized/proposed) is 95.12%, identical to the rate of physical completion of production (AAC realized/proposed) which is 95.12%.

Operating income of the company in the first half of 2017 increased compared to the first semester of 2016 about 5.87%, while the operating income decreased by 25.97% in the first semester of 2017 compared to the first semester of 2016. The current economic context is further characterized by excessive taxation, foreign exchange risk with the influence on the price of some raw materials and materials, rising labor costs, rising raw material prices and materials.

2. Tangible assets of the company

2.1. Specification of the location and characteristics of the main production capacities owned by the company

The assets and the production capacities are located on land in the company's patrimony and operates in the following structure:

1. PREMO tubes:
   - PREMO - IPREROM production technology;
   - production capacity: 210 km equivalent ∅600
2. SENTAB tubes:
   - production capacity: 122 km equivalent ∅600;
3. Autoclaved aerated concrete:
   - production technology is based on HEBEL license;
   - production capacity: 500 000 m³;
4. Various precast elements:
   - production technology - type STAND;
   - projected capacity: 50 000 m³;
5. Mineral aggregates:
   - extraction technology from the Danube with the repressed - absorbance dredger;
   - raw material processing in sorting - ranking stations;
   - production capacity: 700 000 m³;
6. Power: the high-efficiency cogeneration plant equipped with a generator of 5,4 MW, that produces electricity and steam.

2.2. Description and analysis of the group properties rate of wear

- Buildings = 40.87 %
- Equipments = 39.40 %

2.3. Specification of potential issues related to the ownership of tangible assets of the company

The company is the owner of its assets and there are no disputes about the ownership.

3. Market of securities issued by the company

3.1. Since July 5, 2010, the shares issued by PREFAB S.A. are traded on the regulated market administrated by Bucharest Stock Exchange, in the Sector Equity, Standard Category since January 05, 2015.

3.2.

Dividends	**2008** - lei -	**2009** - lei -	**2010** - lei -	**2011** - lei -	**2012** - lei -	**2013** - lei	**2014** - lei	**2015** - lei	**2016** -lei
due	4.479.634,5737	-	-	-	-	-	-	-	-
paid	-	2.682.556	1.690.048	1.221	329	30	92	123	28

Dividends paid in the year 2009, of the profit distributed in the year 2008, were in the amount of 2.682.556 lei.
Dividends paid in the year 2010, of the profit distributed in the year 2008, were in the amount of 1.690.048 lei.
Dividends paid in the year 2011, of the profit distributed in the year 2008, were in the amount of 1.221 lei.
Dividends paid in the year 2012, of the profit distributed in the year 2008, were in the amount of 329 lei.
Dividends paid in the year 2013, of the profit distributed in the year 2008, were in the amount of 30 lei.
Dividends paid in the year 2014, of the profit distributed in the year 2008, were in the amount of 92 lei.
Dividends paid in the year 2015, of the profit distributed in the year 2008, were in the amount of 123 lei.
Dividends paid in the year 2016, of the profit distributed in the year 2008, were in the amount of 28 lei.
Dividends paid in the year 2017, of the profit distributed in the year 2008, were in the amount of 0 lei.

The net profit of the year 2015 was assigned based on the General Meeting of Shareholders decision no. 2 of 28.04.2016, as follows:

Net income 2015 :	1.081.334,00 lei
Dividends distributed to shareholders	648.891,81 lei
Other reserves:	432.442,19 lei

The value of dividends due to shareholders in the year 2015 in the amount of 648.891,81 was transferred to the Central Depository, in fully on 1.06.2016, for payment to shareholders, under the agreement concluded.

Dividends	**2015** - lei -	**2016** - lei -
due	648.891,81	-
paid	-	648.891,81

The net profit of the year 2016 worth 1.174.965 lei was assigned based on the General Meeting of Shareholders decision of 19.04.2017, according to legal regulations, as follows:

Profit distribution in 2016 for Prefab SA:

Net profit 2016:	1.174.965,00 lei
Legal reserve:	70.822,00 lei

Dividends to be distributed to shareholders	564.414,33 lei
Other reserves	539.728,67 lei

The equivalent dividends to shareholders for the year 2016 amounting to 564.414,33 was transferred to the Central Depository in full on 03.07.2017 for payment to the shareholders according to the contract concluded.

3.3. The company has not acquired its own shares.

3.4. PREFAB SA has holdings in these companies with a total value 9.439.668,9 lei as follows:

- 99.9% of PREFAB INVEST SA Bucuresti capital
- 100% of PREFAB BG EOOD SA Bulgaria capital
- 99.8707% of FOTBAL CLUB PREFAB 05 SA Modelu capital

Wishing to establish an association to promote activities related to the production of precast concrete industry, PREFAB SA - the parent company, along with 8 other renowned companies in this branch, they agreed to constitute « PREFBETON Concrete Precast Manufacturers Association ». The purpose of the Association is to promote products precast concrete, to represent, support and protect the interests of technical, economic and legal information concerning trade and industry precast concrete, to develop and encourage cooperation in scientific, technical and standardization area and to foster agreements between specialists in the country. The initial patrimony of the Association was 1,800 Ron, the contribution of Prefab SA being 200 Ron.

3.5. The company has not issued bonds or other debt securities.

4. Management of the company

4.1. Board of Directors of PREFAB S.A. has the following composition:

Starting with 29.09.2016, according to the decision of AGOA no. 9/29.09.2016 until 23.06.2017, the Board of Directors of PREFAB S.A. had the following components:

Item no.	Name and surname	Position	Profession
1.	Milut Petre Marian	Chairman of Board of Directors	Engineer
2.	Momanu Radu	member	Engineer
3.	Negrau Relu Dorin	member	Jurist

Starting with 23.06.2017, according to the decision of A.G.O.A. no. 2/19.04.2017 until 23.06.2021, the Board of Directors of PREFAB S.A. has the following components:

Item no.	Name and surname	Position	Profession
1.	Milut Petre Marian	Chairman of Board of Directors	Engineer
2.	Ionescu Marian Valentin	member	Jurist
3.	Milut Anca Teodora	member	Architect

a. Name: Milut
1) Surname: Marian Petre
Age: 61 years
Qualification: engineer
Professional experience:

1980 - 1981	- engineer at IAMSAT Bucharest
1981 - 1982	- engineer at Sistem Hewlett Packard Romania
1982 - 1993	- IRUC Workshop Head of territory
1993 - present	- Chairman of S.C. Romerica International SRL Bucharest
1998 - present	- Chairman of Board of Directors of PREFAB S.A.

2) Name: Ionescu
Surname: Marian Valentin
Age: 56 years
Qualification: jurist
Professional experience:

1991 - 1993	- legal adviser - S.C. Grantmetal S.A.
1992 - 1993	- legal adviser - S.C. Bursa Romana de Marfuri S.A.
1994 - 1997	- parliamentary expert - Romanian Senate
1997 - 1998	- Minister for Privatization - Ministry of Privatization
1998 - 1999	- legal adviser - Herzfeld &Rubin S.R.L.
2001 - 2003	- policy officer for Local Agenda 21 - National Center for Sustainable Development
2003 - 2004	- senior policy reform specialist - Development Alternatives Inc - Suc. Bucharest
2005 - 2015	- General manager and sole shareholder - Unic Management Consulting S.R.L.
August 10, 2010 - August 8,2016	- member of the Board of Directors of PREFAB S.A.
September 2015- November 2016	- adviser to the Minister of Foreign Affairs
December 2015 - August 2016	- adviser to the Minister of Labor, Family, Social Protection and the Elderly
August 2016 - January 2017	- Secretary of State, Ministry of Labor, Family, Social Protection and the Elderly/ Ministry of Labor and Social Justice
23.06.2017 - present	- Member of the Board of Directors PREFAB S.A.

3) Name: Milut
Surname: Anca Teodora
Age: 28 years
Qualification: architect
Professional experience:

August 2009- January 2010	supervisor stand, MOMA foods, Euston Station, London, England
December 2010- March 2011	Architect Assistant, BCA London, 7a Lamb's Conduit Passage, London, England
June 2011 - October 2011	Architect Assistant, Geneto, Nakagyo, Kyoto, Japan
April 2012 - October 2012	Architect Assistant, Sinsa-Dong, Kangnam-gu, South Korea

January 2013 - present Architect consultant at Prefab Invest Bucharest
23.06.2017 - present Member of the Board of Directors PREFAB S.A.

b. We specify that there are no litigation or administrative proceedings in which to be involved members of the Board of Directors.

c. On 30.06.2017, the administrators hold on PREFAB S.A. a number of shares, as follows:

Item no.	Name and surname	Number of shares	Percentage
1.	Milut Petre Marian	0	0
2.	Ionescu Marian Valentin	0	0
3.	Milut Anca Teodora	0	0

d. Not applicable.

4.2. On 30.06.2016, the executive management was made up of:

Item no.	Name and surname	Position	Profession
1.	Milut Petre Marian	General director	Engineer
2.	Boitan Daniela	Economic director, with responsibilities of deputy general director	Economist
3.	Cocoranu Tudor	Energy Director	Engineer
4.	Macovei Olimpian	Commercial Director	Jurist

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

b. Any agreement, understanding or family connection between a person and another person because of that the person has been appointed as a member of the executive management;
It's not necessary.

c. On 30.06.2017 the Executive Board members held at PREFAB S.A. a number of shares as follows:

Item no.	Name and surname	Number of shares	Percentage
1.	Milut Petre Marian	0	0%
2.	Boitan Daniela	9.240	0,0190%
3.	Cocoranu Tudor	0	0
4.	Macovei Olimpian	800	0.00164%

4.3. In the last 5 years people in paragraphs 4.1 and 4.2. were not involved in litigation or administrative proceedings.

5. a. ECONOMIC AND FINANCIAL SITUATION

STATEMENT OF FINANCIAL POSITION

	June 30, 2017	December 31, 2016
Intangible assets	222.727.204	219.449.140
Tangible assets	245.817	337.401
Investment property	2.929.980	2.929.980
Investments in affiliates	9.439.869	9.439.869
Biological assets	11.745	12.263
TOTAL INTANGIBLE ASSETS	**235.354.615**	**232.168.653**
Stocks	8.683.176	7.331.709
Trade receivables and other receivables	35.132.197	34.712.970
Cash and cash equivalents	1.141.727	588.058
Other assets (Prepayments)	891.947	750.940
TOTAL CURRENT ASSETS	**45.849.047**	**43.383.677**
1.TOTAL ASSETS	**281.203.662**	**275.552.330**
Share capital	24.266.709	24.266.709
Adjustments to the share capital	0	0
Other components of share capital	(366.662)	(366.662)
Share premium	14.305.342	14.305.342
Revaluation reserves	123.203.224	123.203.224
Reserves	35.954.535	35.414.806
Retained earnings except that from the adoption for the first time of IAS 29	9.552.175	9.552.175
Profit at the end of the reporting period	79.815	1.174.965
Distribution of profit	0	70.822
2. TOTAL EQUITY	**206.995.138**	**207.479.737**
Long term loans	16.561.384	18.824.053
Deferred income tax liability	366.662	366.662
TOTAL LONG-TERM LIABILITIES	**16.928.046**	**19.190.715**
Trade payables and other payables	20.317.254	12.971.114
Short term loans	30.664.453	29.299.869
Current income tax liability	27.774	87.501
TOTAL SHORT-TERM LIABILITIES	**51.009.481**	**42.358.484**
Subsidies for investment, of which:	**6.270.997**	**6.523.394**
- current party	504.795	504.795
- more than one year	5.766.202	6.018.599
3. TOTAL LIABILITIES	**281.203.662**	**275.552.330**

b. PROFIT AND LOSS ACCOUNT

Indicators	30.06.2017	30.06.2016
Turnover	31.681.924	30.632.255
Other operating income	7.261.351	6.148.386
Operating income	**38.943.275**	**36.780.641**
Expenditure on goods	1.773	276
Material expenses	25.398.714	22.418.129
Other operating expenses	3.214.896	4.677.828
Taxes/fees/payments	477.805	556.986
Staff costs	5.804.200	4.874.557
Amortization expenses	3.162.735	3.060.216
Adjustments on current assets	0	0
Adjustments for provisions	0	0
Total operating expenses	**38.060.123**	**35.587.716**
Operational result	**883.152**	**1.192.925**
Financial income	**198.546**	**104.238**
Financial expenses	**974.109**	**865.911**
Financial result	**-775.563**	**-761.673**
Total revenue	**39.141.821**	**36.884.879**
Total expenses	**39.034.232**	**36.453.627**
Profit before tax	**107.589**	**431.252**
Corporation tax	**27.774**	**111.497**
Net profit	**79.815**	**319.755**

We attached to this report the Financial Statements on 30.06.2017.

7. Signatures

Chairman of the Board of Directors,

Milut Petre Marian

Board of Directors Registrar
Manoliu Nicoleta

Statement of the Board of Directors of PREFAB S.A.

The Board of Directors of PREFAB S.A. hereby declares that assumes responsibility for preparing the Quarterly financial statements on June 30, 2017.

The Board of Directors of PREFAB S.A., in terms of the Quarterly financial statements on June 30, 2017, confirms as follows:

a) The Quarterly financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

b) The accounting policies used in preparation of the Quarterly financial statements are in accordance with the applicable accounting regulations.

c) The Quarterly financial statements provides an accurate picture of the financial position, financial performance and of other information related to the activity developed.

d) The company operates in conditions of continuity.

This statement is in accordance with the provisions of Art. 30 of Accounting Law no. 82/1991, republished.

Chairman of the Board of Directors,

Milut Petre Marian

TABLE OF CONTENTS

STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2017	December 31, 2016
Intangible assets	5	222.727.204	219.449.140
Tangible assets	4	245.817	337.401
Investment property	6	2.929.980	2.929.980
Investments in affiliates	7	9.439.869	9.439.869
Biological assets		11.745	12.263
TOTAL INTANGIBLE ASSETS		**235.354.615**	**232.168.653**
Stocks	9	8.683.176	7.331.709
Trade receivables and other receivables	8	35.132.197	34.712.970
Cash and cash equivalents	10	1.141.727	588.058
Other assets (Prepayments)		891.947	750.940
TOTAL CURRENT ASSETS		**45.849.047**	**43.383.677**
1.TOTAL ASSETS		**281.203.662**	**275.552.330**
Share capital	11	24.266.709	24.266.709
Adjustments to the share capital		0	0
Other components of share capital	20	(366.662)	(366.662)
Share premium	12	14.305.342	14.305.342
Revaluation reserves	12	123.203.224	123.203.224
Reserves	12	35.954.535	35.414.806
Retained earnings except that from the adoption for the first time of IAS 29	13	9.552.175	9.552.175
Profit at the end of the reporting period	14	79.815	1.174.965
Distribution of profit	**14**	0	70.822
2. TOTAL EQUITY		**206.995.138**	**207.479.737**
Long term loans	18	16.561.384	18.824.053
Deferred income tax liability	20	366.662	366.662
TOTAL LONG-TERM LIABILITIES		**16.928.046**	**19.190.715**
Trade payables and other payables	19	20.317.254	12.971.114
Short term loans	17	30.664.453	29.299.869
Current income tax liability	26	27.774	87.501
TOTAL SHORT-TERM LIABILITIES		**51.009.481**	**42.358.484**
Subsidies for investment, of which:	21	**6.270.997**	**6.523.394**
- current party		504.795	504.795
- more than one year		5.766.202	6.018.599
3. TOTAL LIABILITIES		**281.203.662**	**275.552.330**

Explanatory notes at the financial statements from 1 to 34 are an integral part of these financial statements.
The interim financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,
Eng. Milut Petre Marian

Economic Director,
Ec. Boitan Daniela

STATEMENT OF PROFIT OR LOSS AND OTHER ITEMS OF GLOBAL RESULT
for the 6 month period ended on 30 June 2017

		Note	June 30, 2017	June 30, 2016
1.	Revenue from sales	22	31.681.924	30.632.255
2.	Cost of sales	23	30.652.261	29.048.673
3.	**Gross margin**		**1.029.663**	**1.583.582**
4.	Other operating incomes	22	7.261.351	6.148.386
5.	Distribution expenses	-	913.575	883.307
6.	Administrative expenses	-	1.407.688	1.361.049
7.	Other operating expenses	23	5.086.599	4.294.687
8.	**Operating result**		**883.152**	**1.192.925**
9.	Financial income	24	198.546	104.238
10	Financial expenses	25	974.109	865.911
11.	**Financial result**		**(775.563)**	**(761.673)**
12.	**PROFIT FROM CURRENT ACTIVITY**		107.589	431.252
13.	Income tax expense	26	27.774	111.497
14.	**Net profit for the period**	**26**	**79.815**	**319.755**
15.	**Other elements of the overall result of the total period, of which**		**0**	**0**
16.	- increases/decreases in tangible assets revaluation reserve		0	0
17.	- Tax on other items of global result		0	0
18.	**Total of global result for the period**		**79.815**	**319.755**
19.	Core earnings per share	27	0.001644	0.006588
20.		27	0.001644	0.006588

Note: although the company presents consolidated financial statements, it chose the presentation of earnings per share and of diluted earnings in the individual financial statements. (IAS 33 Earnings per share)

Explanatory notes at the financial statements from 1 to 34 are an integral part of these financial statements.
The interim financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,
Eng. Milut Petre Marian

Economic Director,
Ec. Boitan Daniela

STATEMENT OF CHANGES IN EQUITY for the 6 month period ended on 30 June 2017

	Share capital	Adjustments of share capital (acct. 1028)	Other own capital items (acct. 1034)	Share premium	Own shares	Reserves	Retained and current earnings	Total
January 01, 2017	**24.266.709**	**0**	**(366.662)**	**14.305.342**	**0**	**158.618.030**	**10.656.318**	**207.479.737**
Current global result							79.815	79.815
Dividend distribution						0	(564.414)	(564.414)
Allocations other reserves						539.729	(539.729)	0
Reserve increase from assets revaluation			0			0	0	0
Transfer reserve from revaluation to retained earnings						0	0	0
June 30, 2017	**24.266.709**	**0**	**(366.662)**	**14.305.342**	**0**	**159.157.759**	**9.631.990**	**206.995.138**

Explanatory notes at the financial statements from 1 to 34 are an integral part of these financial statements.
The interim financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,
Eng. Milut Petre Marian

Economic Director,
Ec. Boitan Dan

STATEMENT OF CASH FLOW
Indirect method

Item name	30.06.2017	30.06.2016
Cash flows from operating activities:		
(+) Net profit before tax	107.589	431.252
Adjustments for:		
(+) Depreciation and value adjustments related to tangible and intangible assets	3.162.735	3.060.216
(-) Value adjustments reversed during the year		
(+) Subsidies - variation	-252.397	-261.966
(+) Expenses interest and other financial expenses	974.109	865.911
(-) Interest income and other financial income	198.546	104.238
(-) Loss/ (profit) from sale of tangible assets	0	1.286.992
(-) Income tax paid	27.774	111.497
Operating profit before changes in working capital		
(-) Decrease/ increase of trade receivables and otherwise	-419.227	-826.947
(-) Decrease/ increase of stocks	1.351.467	-452.103
(+) Decrease/ increase commercial debts and otherwise	2.286.413	376.878
Net cash from operating activities	**5.119.889**	**4.248.614**
Cash flows from investing activities:		
(-) Payments for acquisition of tangible and intangible assets	2.892.572	4.301.629
(+) Proceeds from sale of tangible and intangible assets	0	1.286.992
(+) Interests received	198.546	104.238
Net cash from investing activities	**-2.694.026**	**-2.910.399**
Cash flows from financing activities:		
(+) Loans received	0	0
(-) Repayments of loans	898.085	387.756
(-) Interests paid	974.109	865.911
Net cash from financing activities	**-1.872.194**	**-1.253.667**
Increase /Decrease of net cash and cash equivalents	**553.669**	**84.548**
Cash and cash equivalents at the beginning of financial year	**588.058**	**365.202**
Cash and cash equivalents at the end of financial year	**1.141.727**	**449.750**

Explanatory notes at the financial statements from 1 to 34 are an integral part of these financial statements.
The interim financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Eng. Milut Petre Marian	**Ec. Boitan Daniela**

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
for the 6 month period ended on 30 June 2017

1. Information about the company

PREFAB S.A. is a company limited by shares thet operates in accordance with the Law no. 31/1990 on the companies, republished, including subsequent amendments and additions, founded on the basis of Government Decision no. 1200/November 12, 1990.
The company is registered at Trade Registry Office under no. J40/9212/04.07.2003 and had the tax registration no. RO 1916198.
PREFAB S.A. is a company that produces precast concrete elements and other construction materials; was founded in 1967 to meet the requirements of elements for residential construction, industrial objectives, agribusiness and irrigation; was privatized in 1999 by buying the majority of shares of F.P.S. by the company with mixed capital, Romerica International.
The share capital subscribed and paid on 30.06.2017 is **24.266.709,5 lei**, divided into **48.533.419 shares** at a nominal value of 0.5 lei/share.
During the first semester of 2017, the share capital of PREFAB S.A has not changed.
The shares of PREFAB SA Bucuresti are traded on the Bucharest Stock Exchange, at the first category, starting with July 5, 2010 and since January 05, 2015 to Standard Category
The last trading price of the Company PREFAB SA Bucuresti shares, available on 27.07.2017 was for 1.2 lei/share.
The specific activities of independent registry for PREFAB SA were carried out by the *Central Depository.*
PREFAB S.A. holds shares worth 149.850 lei and a share of 99.9% in the share capital of PREFAB INVEST S.A.Bucuresti. This holding is materialized in a number of 3.996 shares with nominal value of 37.5 lei per share and gives control over it, considering the percentage held in the share capital of this company. Equity were recorded at the actual cost.
The Company holds equity-shares at PREFAB BG EOOD, trading company established in 2003, with sole shareholder 100% PREFAB S.A. and a share capital of 18.918,90 lei.
It also holds equity-shares worth 9.270.900 lei at Fotbal Club Prefab 05, a company founded in 2005, representing 99.8707% of the share capital. These titles are materialized in 30.903 shares with nominal value of 300 lei per share.

Wishing to establish an association to promote activities related to the production of precast concrete industry, PREFAB SA - the parent company, along with 8 other renowned companies in this branch, they agreed to constitute « PREFBETON Concrete Precast Manufacturers Association ». The purpose of the Association is to promote products precast concrete, to represent, support and protect the interests of technical, economic and legal information concerning trade and industry precast concrete, to develop and encourage cooperation in scientific, technical and standardization area and to foster agreements between specialists in the country. The initial patrimony of the Association was 1800 Ron, the contribution of Prefab SA being 200 Ron.
The company has not issued bonds or other debt securities.

On 30.06.2017, the company has the following premises:
1. Premises in Calarasi, str. Bucuresti, nr. 396, jud. Calarasi
2. Premises in Statiunea Jupiter, sat vacanta Zodiac, lot nr.3, Mangalia, jud. Constanta

Ownership structure according to data received from the Central Depository on 15.06.2017, was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	40.281.167	82.9968
SIF MUNTENIA	6.295.000	12.9704
OTHER SHAREHOLDER - LEGAL PERSONS	419.348	0.8640
OTHER SHAREHOLDER - NATURAL PERSONS	1.537.904	3.1688
TOTAL	**48.533.419**	**100**

2. BASIS OF PREPARATION

2.1. Declaration of conformity

The financial statements of the Company have been prepared in accordance with IAS 34 "Interim Financial Reporting", with the recognition and measurement principles stipulated by International Financial Reporting Standards adopted by European Union („IFRS") in force on the company annual reporting date, respectively June 30, 2017 in accordance with the provisions of **Ordinance of the Public Finances Ministry no. 2844/2016**, including subsequent amendments and additions, being available on the premises of the Company situated in str. Bucuresti, nr. 396.
The interim individual financial statements on 30.06.2017 include the statement of financial position, the statement of profit or loss and other elements of the global result, the statement of changes in equity, the statement of cash flows explanatory notes prepared for a period of 6 months, which end on 30.06.2017.
The date of passing to IFRS is 01.01.2011 and the first year of preparation of individual financial statements in accordance with IFRS was the year 2012.

In accordance with the Ordinance of the Public Finances Ministry no. 881/2012 provisions on the application by companies whose values are admitted to trading on a regulated market of the International Financial Reporting Standards and of Minister of Finance Order no. 2844/2016 for approval of Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, **the companies whose securities are admitted to trading on a regulated market are required**, starting with the fiscal year 2012, to apply the International Financial Reporting Standards (IFRS) for the preparation of the annual financial statements. Because SC Prefab SA adopts IFRS as the new basis of accounting for the year 2012, the company has applied including the provisions of IFRS 1 "First-time Adoption of International Financial Reporting Standards"
IFRS 1 is applied in all cases in which an entity adopts for the first time IFRS, by an explicit and unreserved statement of compliance with IFRS.
Starting with 01.01.2016, the company has implemented a new IT system for registering operations in the financial accounting records, for drawing up the reports provided by Accounting Law no. 82/1991 and the other accounting regulations applicable to the entity.

2.2. Basis of assessment

The financial statements are presented in RON ("Romanian leu"), have been prepared under the historical cost, except for the revaluation of certain fixed assets and financial instruments that are measured at fair value and the elements of share capital, legal reserves and other reserves from net profit, which was adjusted to International Accounting Standard ("IAS") 29 "Financial reporting in hyperinflationary economies", until December 31, 2003.
The interim financial statements for the 6 months period ended on 30.06.2017 have been prepared using the principles for business continuity.

2.3. Functional and presentation currency

According to the Minister of Finance Order no. 2844/2016 for the approval of Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, Chapter I pt. 4 "**Accounting is kept in Romanian language and currency**. Accounting of transactions in foreign currency is kept both in national currency and in foreign currency. The currency means a currency other than RON. The annual consolidated financial statements are prepared in Romanian and in national currency."
The operations denominated in foreign currencies are recorded in RON at the official rate of exchange on the settlement date. Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are expressed in RON at the exchange rate of the day. The gains or losses from their settlement and from the conversion of monetary assets and liabilities denominated in foreign currencies using the exchange rate from the end of financial year, are recognized in the result of exercise. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are recorded in RON at the exchange rate from the transaction date.
For the evaluation of the foreign currency items at the end of each reporting period, it is used the exchange rate of the currency market communicated by National Bank of Romania in the last banking day of the month in question.

The exchange rates of main currencies were the following:

CURRENCY	Rate on 30 June 2017	Rate on 31 December 2016	Rate on 30 June 2016
EUR	4.5539	4.5411	4.5210
USD	3.9915	4.3033	4.0624

2.4. Use of estimates and professional judgment

Preparation of financial statements in accordance with IFRS adopted by European Union requires by the management the use of estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. The estimates and judgments associated to this are based on historical data and other factors considered to be eloquent in this circumstances and the result of these factors forms the basis of the judgments used in determining the carrying amounts of assets and liabilities for which there are no other evaluation sources available. The actual results could differ from these estimates.
The estimates and judgments are reviewed periodically. The revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the current and in future periods, if the revision affects both the current period, and the future periods. The effect of change related to the current period is recognized as income or expense in the current period. If there is, the effect on future periods is recognized as income or expense in those future periods.
The management of the company believes that any deviations from these estimates will not have a material impact on the financial statements in the near future.

The estimates and assumptions are used mainly to impairment of fixed assets, of securities held and valued at cost, estimating the useful life of a depreciable asset, for adjustment of impairment of receivables, for provisions, for recognition of deferred income tax assets.
According to IAS 36, both tangible and intangible assets are analyzed to identify any indications of impairment at the balance sheet date.
Impairment loss is recognized to reduce the net carrying amount of the asset to its recoverable amount. If the reasons for recognition of an impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased until the net book value that would have been determined if no impairment loss had been recognized.
The rating for doubtful debts is made individually and is based on the best estimate of the management regarding the present value of cash flows which is expected to be received. The company reviews its trade receivables and for other nature at each financial position date, to assess whether must register in profit and loss account an impairment of value. In particular, the professional judgment of the management it is necessary to estimate the amount and to coordinate the future cash flows when is determined the impairment loss. These estimates are based on assumptions about many factors and the actual results may differ resulting in future changes of the adjustments.
The deferred tax assets are recognized for the tax losses, to the extent that it is probable that a taxable profit will exist in order to be covered the losses. It is necessary to exercise the professional judgment to determine the value of assets regarding the deferred tax recognizable based on probability in terms of period and the level of the future taxable profit and the future tax planning strategies.

3. PRINCIPLES, POLICIES AND ACCOUNTING METHODS

According to IFRS - International Accounting Standard 8 ”Accounting policies, changes in accounting estimates and errors”, the *accounting policies* represent the principles, bases, conventions, rules and the specific practices applied by this entity in preparing and presenting the financial statements.
The Company has selected and applied consistently the accounting policies for transactions, other events and similar conditions, unless a standard or an interpretation specifically requires or permits the classification of items that might be appropriate for the application of different accounting policies. If a standard or an interpretation requires or permits such a classification, it must be consistently selected and applied for each category an appropriate accounting policy.
The Company change an accounting policy only if the change:
- is required by a standard or an interpretation; or
- results in financial statements providing reliable and more relevant information about the effects of transactions, of other events or conditions on the financial position, financial performance or cash flows of the entity.

We present a summary of the significant accounting policies which have been applied consistently to all periods presented in the financial statements:

3.1. Intangible assets and tangible assets; property investments;

3.1.1. The intangible assets acquired by the Company are measured at the cost less the accumulated amortization and the impairment losses.
The Company chose as its accounting policy for evaluating the intangible assets after the initial recognition, the cost model.
The Company has opted to use for the amortization of intangible assets the straight line depreciation formula.
To determine whether an intangible asset is measured at a depreciated cost, the Company applies IAS 36 ”Impairment of assets”. An impairment loss is recognized immediately in profit or loss.

For the purpose of presenting the profit and loss account, the gains or the losses arising with the cessation of the use or leaving an intangible asset, is determined as the difference between revenues by the output of asset and its unamortized value, including the expenses incurred in removing it from record and must be presented as a net amount in the profit and loss account, according to IAS 38 ”Tangible assets”.

Goodwill
The goodwill acquired in a business combination is initially measured at cost, representing the excess of the cost of the business combination over the Company's interest in the net fair value of assets, liabilities and contingent liabilities recognized.
The goodwill is not amortized but it is tested for impairment at least once a year. The goodwill impairment losses are recognized immediately against income and are not reversed in subsequent periods.

3.1.2. The tangible assets are initially recognized at the acquisition or construction cost and are presented net of accumulated amortization and accumulated impairment losses.
The cost of purchased tangible assets is represented by the value of the consideration given to acquire the assets and the amount of other costs directly attributable to bringing the asset to the location and condition necessary so that they can operate in the manner intended by the management. The cost of self-constructed assets includes the wage costs, the material costs, the indirect production costs and other costs directly attributable to bringing the asset to the current location and condition.
The company opted to use to assess after the initial recognition of tangible assets, the **revaluation model**. Under the revaluation model, an item of tangible asset whose fair value can be measured reliably must be carried at a revalued amount, this being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.
The revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ significantly from that which would be determined using fair value at the end of the reporting period.
The fair value of land and buildings is generally determined based on market evidence, through an evaluation carried out by professionally qualified valuers.
The fair value of tangible asset elements is generally determined by the market value assessment.
Frequency of revaluations depends on changes in fair value of tangible assets revalued. If the fair value of an asset differs significantly from the carrying value, it is required a new revaluation.
When a tangible asset element is revalued, any accumulated depreciation at the revaluation date is treated by the company as follows: it is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset, after revaluation, to be equal to its revalued amount.
Consequently, frequency of revaluations depends on changes in the fair value of tangible assets. If the fair value of an item of tangible assets revalued at the balance sheet date is significantly different from its carrying amount, is necessary another revaluation. If the fair values are volatile, as can be for land and buildings, are necessary frequent revaluations. If the fair values are stable over a long period of time, as can be the case with installations and equipment, the assessments may be needed less frequently. IAS 16 suggests that the annual reassessments may be needed if there are significant and volatile changes in values.
The Company opted for revaluation of buildings and lands at least once every three years, and for the other categories of assets at least once every five years.
If a tangible asset item is revalued, then the entire class of tangible assets of which that asset belongs shall be revalued.
The last revaluation was performed on December 31, 2014 according to the regulations in force at that time, in order to determine their fair value, taking into account the inflation, the utility of goods, their condition and the market value. The results were recorded on the basis of the Report of technical expertise rating prepared by a certified valuation company. The decrease in book value resulting from

these revaluations was debited to revaluation reserve in the limit of the existing amounts from its revaluation.
The residual value and the useful life of the asset shall be reviewed at least at the end of financial year.
The depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for operate in the manner intended by the management.
The depreciation of an asset ceases at the first date between the date when the asset is classified as held for sale (or included in a disposal group which is classified as held for sale), in accordance with IFRS 5 and the date when the asset is recognized. Therefore, the depreciation does not cease when the asset is not used or is out of service, unless it is fully depreciated.
The lands and the buildings are separable assets and are separately accounted even when they are acquired together. The owned lands are not depreciated.
If the cost of land includes the costs of disassembly, removal, restoration, these costs are amortized over the period when it is obtained benefits as a result of performing these costs.
The depreciation method used reflects the expected pattern of consumption of future economic benefits of the asset by unit. At the end of each financial year is reviewed the method of depreciation and if is noticed a significant change of the expected pattern of consumption of future economic benefits, this is changed to reflect the changed pattern.
PREFAB SA has opted to use straight line depreciation method for all fixed assets.
The residual value, the life and the depreciation method are reviewed on the date of the financial statements.
The useful life of tangible assets on the date of these financial statements are within the limits set on the Government Decision no. 2139/2004 and they are estimated by management as fair.
The depreciation calculated are the following useful lives for different categories of property:

Tangible assets	**Duration (years)**
Constructions	8-60
Technological equipment	3-24
Devices and systems of measurement, control and adjustment	4-24
Means of conveyance	4-18
Furniture, office equipment, human and material values protection equipment	3-18

Depreciation policy applied by the company
According to IAS 36 ”Impairment of assets”, both tangible and intangible assets are investigated to identify if present any indications of impairment at the balance sheet date. For the intangible assets with indefinite useful life, the impairment test are performed annually, even if there is no indication of impairment. If the carrying amount of an asset exceeds its recoverable value, an impairment loss is recognized to reduce the carrying amount of the asset to its recoverable amount. If the reasons for recognition of an impairment loss disappear in the subsequent periods, the net carrying amount of the asset is increased until the net book value, that would have been determined if no impairment loss had been recognized. The difference is presented as other operating income.
The carrying amount of an item of a tangible asset is derecognized on disposal or when no future benefits are expected from its use or disposal. The revaluation surplus included in equity related to an item of a tangible asset is transferred directly to the retained earnings when the asset is derecognised on disposal or scrapping.
Any gain or loss arising on derecognition of an item of a tangible asset must be included in the profit or loss when the item is derecognised.
If are repeatedly sold the items of the tangible assets that have been held for rental to others, these assets will be transferred in stocks at the carrying value on the date when they cease to be rented and they are held for sale. The proceeds from the sale of these assets are recognized as income in accordance with IAS 18 ”Incomes”.

The assets classified as "held for sale" are presented at the lower value of net book value and fair value less the costs for sale. The fixed assets (or the groups of fixed assets) are classified as "held for sale" if their carrying amount will be recovered principally through a sales operation, and not through their continued use. This classification is based on assumptions that the sale of those assets have a high probability and that the assets are available for the immediate sale and in the form in which they are in that moment.

3.1.3. Property investments

According to IAS 40 "**Property investments**", an investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows which are largely independent from the other assets held by the company. Thus, the property investments are different from the real estate property used by the owner. The production of goods or the provision of services (or the use of property for administrative purposes) generate cash flows which cannot be attributed only to the real estate property, but also to other assets used in the production process or in that of supply of goods or services.
The evaluation of real estate investments at the initial recognition is made at cost. The cost of a real estate investment consists of the purchase price plus any directly attributable expenditure (professional fees for legal services, property transfer taxes etc.). The property investments are presented later in the financial statements at the fair value.
After the initial recognition, an entity that chooses the fair value model must evaluate all of its investment property at fair value, unless it cannot be reliably determined.
A gain or loss generated by a change in fair value of investment property is recognized in the profit or the loss from the period in which it arises.
An entity measures the fair value without deducting the transaction costs it may incur for the sale or for other type of disposal.

The Company has elected the fair value model for the evaluation after recognition and the presentation of real estate investments in the financial statements. The fair value is determined annually by an authorized assessor. The fair value of the investment property reflects the market conditions at the end of the reporting period.
From an accounting perspective, is no longer recorded the amortization but is recorded the depreciation/appreciation according to the annual evaluation at the fair value through the profit or loss account, depending on the outcome of the evaluation.

3.2. Leasing

The tangible assets may include too the assets held under a finance lease. Since the Company benefits from the advantages associated with the ownership right, the assets must be capitalized to the lowest value of the present value of minimum lease payments and their fair value, and then depreciated over the useful life or the lease term, if it is less than the useful life. Simultaneously it is recognized a liability equal to the amount capitalized and the future lease payments are split into the finance charges and principal (reduction of the outstanding debt).
All the lease agreements that are not classified as finance leases are treated as operating leases and the payments are included in the expenses of the period.
On 30.06.2017, the Company has no ongoing leasing contracts.

3.3. Biological assets

In the meaning of IAS 41 "Agriculture", an agricultural activity represents the administration by a company of the biological transformation and harvesting biological assets for sale or for conversion into agricultural products or in additional biological assets.
A biological asset is an animal or a plant. On the initial recognition of a biological asset is possible to be not available the prices or the values determined on the market and the alternative estimates of fair value may be unreliable. In this case, according to pt. 30 from IAS 41, that asset must be measured at cost less any accumulated depreciation and any accumulated impairment loss.
The Company has established an agricultural sector, and the production obtained is destined to the domestic consumption directed to the company canteen. In order to reduce costs, this sector, excepted the vines, did not work in the year 2017.
By the SAPARD program were upgraded two of the three existing vegetable greenhouses. The entire production is consumed internally.
The free spaces inside the Company were planted with vegetables and culture of the vine for grapes and the production will be destined for domestic consumption.
The Company recognized as biological assets the vineyard valued at cost less the depreciation, under the provisions above, following that once the fair value can be measured reliably to be presented at this value less the costs of sale.
The length of depreciation is 24 years. All the difference in revaluation of assets reclassified in this category was transferred to retained earnings originated from the transition to IFRS.

3.4. Assets and financial liabilities

The investments for which there is no price list or an active market are presented at cost or at a smaller value where there is a permanent impairment. Interest-bearing loans are shown at nominal value and that with interest-free and low interest, are shown at their present value.
The securities available for sale are presented at their fair value. Temporary decreases in value and increases in fair value are not recognized in the profit and loss account, but in equity. Temporary decreases in fair value are recognized in the profit and loss account.
Investments held until maturity are presented at amortized cost (reduced accordingly if it is found a temporary impairment).
Securities designated as financial assets at fair value through profit and loss account are reflected at fair value including gains and losses in profit and loss account. Equity and other financial assets for which there is no active market trading or market values, whose fair value cannot be estimated in a credible way, are stated at cost less the impairment losses.
Financial instruments at fair value through profit and loss are measured at the fair value and the subsequent changes are recognized in other comprehensive income.
Classification:
IAS 39, pt. 9 and 45 classify the financial instruments held by entities in the following categories:
Financial assets or liabilities evaluated at fair value through profit and loss account
This category includes financial assets or financial liabilities held for trading and financial instruments classified at fair value through profit or loss account at the moment of initial recognition. An asset or a financial liability is classified in this category if it was acquired mainly with speculative purpose or if it was designated in this category by the management of the Company. The company has no assets or financial liabilities held for trading classified at fair value through profit and loss account on June 30, 2017.
Investments held until maturity
Investments held until maturity are those non-derivative financial assets with fixed or determinable parts and fixed maturities, which the Company has the firm intention and the ability to hold them until maturity. Investments held until maturity are measured at amortized cost by effective interest method minus impairment losses. The Company has no investments held until maturity on June 30, 2017.

Loans and receivables
The loans and the receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company intends to sell immediately or in the near future.
Financial assets available for sale
The financial assets available for sale are the financial assets not classified as loans and receivables, investments held until maturity or financial assets at fair value through profit and loss account.
On the date of passing to IFRS and on 30.06.2017, The Company has classified investments held in affiliated companies amounted to 9.439.669 in financial assets available for sale.
The estimated fair value at the date of the financial statements normally is based on available market information. When such quotes or prices are not available and no present value cannot be established, the determination of fair value is not feasible, the assessment being done at cost. (IAS 39,9 and 46c).

3.5. Interest on loans

The loans costs that are directly attributable to the acquisition, construction or production of a qualifying asset production are capitalized until the asset is ready for use or for sale. All other costs of borrowing are recognized as an expense in the profit and loss account for the period in which they arise.

3.6. Government grants

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

3.7. Stocks

According to IAS 2 ”**Stocks**”, these assets are:
- held for resale in the ordinary course of business
- under production for such a sale or
- in the form of materials and other consumables which will be used in the production process or for the provision of services

The stocks are stated at the lower value between the cost and the net realizable value. The net realizable value is the estimated on the basis of the selling price related to normal course of activity, less the estimated costs of completion and sale. For damaged or slow moving stocks, there are formed provisions on the basis of the management estimates. The evaluation for impairment of the stocks is performed individually and is based on the best estimate of the management regarding the present value of the cash flows which is expected to be received. To estimate these flows, the management makes certain estimates on the utility value of stock, given the expiry date, the possibility of use in the current activity of the company and other factors specific to each category of stock.
Setting and adjustment resumption for impairment of costs is done based on the profit and loss account.
To determine the cost of materials supplied, the Company uses the **weighted medium cost method determined at the end of each month**.

3.8. Receivables and other similar assets
With the exception of derivative financial instruments recognized at fair value and of items denominated in a foreign currency, which are converted at the closing rate, the receivables and the other similar assets are presented at amortized cost. This value can be considered a reasonable estimate of the fair value,

given that in most of cases, the maturity is less than one year. Long-term receivables are updated using the effective interest method.
In order to present in the annual financial statements, the receivables are measured at the likely amount receivable.
When it is estimated that a receivable will not be fully collected, in accounting are recorded adjustments for depreciation, on the amount that cannot be recovered. The objective evidence indicating that the financial assets are impaired may include: failure to meet payment obligations by a debtor, restructuring of an amount due to the company according to terms that in other conditions the company would not accept, indications that a debtor will enter in bankruptcy, disappearance of an active market for an instrument. All the receivables that individually are significant, are tested for impairment at each asset. Losses are recognized in profit or loss account and reflected in an adjustment account of receivables. The 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 were no changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount of the asset which could have determined if no impairment had been recognized. Deregistration of receivables occurs as a result of them cashing or disposal to a third party. Current receivables can be deducted from records by mutual compensation between the third parties of the receivables and liabilities, under the law. The deduction from records of the receivables whose terms of collection are prescribed, is performed after the company obtained documents showing that all legal steps have been undertaken for their settlement with the approval of the Board of Directors. The receivables deducted from records are recorded in the statement of order and records out of balance sheet and they are aimed for collection.

3.9. Cash and cash equivalents

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

3.10. Liabilities

A liability is an actual obligation of the Company arising from past events and the settlement of which is expected to result in an outflow of resources which incorporates economic benefits.
A liability is recognized in accounting and presented in the financial statements when it is probable that an outflow of resources bearing economic benefits will result from the settlement of a present obligation (probability) and when the amount at which the settlement will be achieved can be measured reliably (credibility).

It must be made distinction between the short-term debts and the long-term debts.

Current liabilities are those debts to be paid over a period of up to one year.
A liability shall be classified as short-term debt, also called current debt, when:

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

All the other liabilities shall be classified as ***long-term liabilities****, even in situations where they must be settled within 12 months of the balance sheet date, if:*

- *the initial 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 of payments, which is completed before the financial statements are approved for publication.

The liabilities are carried at amortized cost, except for financial derivative instruments which are stated at fair value.

Long-term liabilities are updated using the effective interest method. The discount rate used for this purpose is the rate ruling at the end of the year for instruments that represent debts with similar maturities. The carrying amount of other liabilities is the fair value, because they are predominantly short-term maturities.

The Company derecognizes a liability when the contractual obligations are paid or are canceled or expired.

If the goods and services supplied in connection with the activities have not yet been invoiced, but if the delivery has been made and their value is available, that obligation is recorded as a liability (not as a provision).

The amounts representing dividends payable are recorded in earnings following that, after approval by the general meeting of shareholders of this destination, to be reflected in the account 457 "Dividends to be paid".

3.11. Income tax including the deferred tax

The income tax for the period includes the current tax and the deferred tax.

Income tax is recognized in the statement of comprehensive income or in other comprehensive income items if it relates to items recognized in the own equity.

3.11.1. Current income tax

The current tax payment is based on taxable profit for the year. The 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 which are never taxable or deductible. The Company's liability for the current tax is calculated using tax rates that have been provided by law or in a draft law at the end of the year. Currently the tax rate is 16%.

3.11.2. Deferred tax

Deferred tax is provided using the balance sheet method for the temporary differences of assets and liabilities (differences between the carrying amounts shown in the balance sheet of the company and their tax base). The tax loss reported is included in the calculation of the debt regarding the deferred income tax. The debt regarding the deferred income tax is recognized only to the extent that is likely to be obtainde a future taxable profit, after compensation with the tax loss of previous years and with the income tax to be recovered.

Receivables and liabilities regarding the deferred income tax are compensated when there is a right and when they relate to the income taxes charged by the same taxation authority. If the probability of making the receivable regarding the deferred income tax is greater than 50%, then the debt is taken into account. Otherwise, it is recorded a value adjustment for the receivable regarding the deferred income tax.

3.12. Revenues recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced accordant with the estimated value of the goods returned by the clients, rebates and other similar items.

Sale of goods

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

• the Company has transferred to the buyers the significant risks and advantages arising from the ownership of goods;

• the Company no longer manages the goods sold at the level it should be done in case of holding their own and no longer have effective control over them;

• amount of revenue can be measured reliably;

• it is probable that the economic benefits associated with the transaction will flow to the company; and

• transaction costs can be measured reliably.

A primary issue in accounting of revenues is determining the moment when to recognize such an income. Income from ordinary activities is recognized when it is probable that the Company will flow to the future economic benefits and when these benefits can be measured reliably.
The amount of the revenues arising from a transaction is usually determined by the agreement between the entity and the buyer or user of the asset. The revenues are measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and quantity discounts granted.

Provision of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, the revenue associated with the transaction must be recognized according to the stage of completion of the transaction at the closing date of the reporting period.
The outcome of a transaction can be estimated reliably when all the following conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- stage of completion of the transaction at the balance sheet date can be measured reliably; and
- costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue recognition according to the stage of completion of the transaction is „percentage of completion method". According to this method, revenue is recognized in the accounting periods in which services are provided. The recognition of revenue on this basis provides useful information on the activity proportion of services performance and of its results during a period.
Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. When an uncertainty arises about the collectability of an amount already included in revenue, the amount that can not be collected or the amount of which recovery has ceased to be probable is rather recognized as an expense, than as an adjustment of the amount of revenue initially recognized. When the outcome of a transaction involving the rendering of services can not be estimated reliably, the revenue shall be recognized only to the extent of the expenses recognized that are recoverable.

Income from rents related to the real estate investments are linearly recognized in profit and loss account, on the duration of the lease.

Dividends and interests

Dividend income is recognized when it is established the shareholder's right to receive the payment. Dividend income is recorded at the gross amount including tax on dividends, which is recognized as a current income tax expense.
Interest income is recognized on an accrual accounting basis, by reference to the principal outstanding and the effective interest rate, the rate that exactly discounts the estimated future cash flow of the receipts.

3.13. Provisions - IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Provision is made for current obligations to third parties when it is probable that the obligation will be honored, and the amount required for the remittal of the obligations can be estimated reliably. Provision for individual obligations are set 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 current obligation (legal or default) generated by a past event;
b) It is likely to be required to settle the obligation an outflow of resources embodying economic benefits; and
c) It can be made an estimate of the amount of the obligation.

If these conditions are not met, any provision will be recognized.
The provisions are grouped by category in accounting and are constituted for:

a) litigation;
b) guarantees granted to customers;
c) decommissioning of tangible assets and other actions related thereto;
d) restructuring;
e) employees benefits;
f) other provisions.

When, on the basis of the analysis made by management together with the Legal Department on the chances of loss of process by the company, it is concluded that the estimated chances of loss are higher of 51%, it is constituted a provision at the credible estimated value.

Provisions for guarantees granted to customers are based on management and sales department estimates on the level of expenses with the repairs under warranty. The level of expenditure with repairs during the warranty period is determined as a percentage of the turnover of the reporting year.

Provisions for restructuring
The restructuring obligation arises where a company:
- has a detailed formal plan for restructuring in which to be pointed: the activity or the part of activity to which referred, the main locations affected, the location, the function and the approximate number of employees who will be compensated for termination of their activity, the expenses involved, the date on which it will be implemented the restructuring plan
- generated a justified expectation to those affected that the restructuring will be achieved by implementation start of that restructuring plan or by communicating its main characteristics of those who will be affected by restructuring
The restructuring provision includes only direct costs related to restructuring.

Provisions for employees benefits
For the remaining outstanding annual leave, for other long-term benefits granted to employees, (if they are stipulated in the labour contract), and those granted upon termination of employment are recorded

during the financial year as provisions. At the time of their recognition as liabilities towards employees, the amount of provisions will be resumed by the appropriate revenue accounts.

Other provisions
If there are identified timing debts or debts with uncertain value that are qualified for the recognition of provisions pursuant to IAS 37 but they are not found in any of the categories identified above, other provisions are recorded.
At the end of each reporting period, the provision shall be reviewed and adjusted to reflect the best current estimate. When it is found from the analysis that is not likely to be required outflow of resources which incorporates economic benefits to settle the obligation, the provision should be annulled.

The Company does not recognize the provision for operating losses. The preview of the operating losses indicate that certain operating assets may be impaired in this case are tested these assets pursuant to IAS 36 "Impairment of assets".

3.14. Employees benefits - IAS 19 "Employees benefits"

Short-term benefits

Obligations with short-term benefits granted to employees are not updated and are recognized in the statement of comprehensive income as the services are provided.
Short-term benefits granted to employees include salaries, bonuses and social insurance contributions. Short-term benefits are recognized as expense when the services are rendered. It is recognized a provision for the amounts expected to be paid as short-term cash bonuses or staff participation schemes to profit given that the company currently has a legal or constructive obligation to pay those amounts as a result of past service provided by employees and whether the obligation can be estimated reliably.

Benefits after conclusion of labor agreement

Both the Company and its employees have a legal obligation to contribute to social security established to National Pension Fund managed by the National House of Pensions (contribution plan founded on the principle "you will pay over time").
Therefore the Company has no legal or default obligation to pay future contributions. Its only obligation is to pay the contributions when they fall due. If the Company ceases to employ people who are contributors to the financing plan of the National House of Pensions, shall have no obligation to pay the benefits earned by its own employees in the previous years. The contributions of Company to the plan of contributions are presented as expenses 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 insurance and unemployment fund, in the normal course of business.
All employees of the Company are members and have the obligation to contribute to the Romanian state pensions system. All related contributions are recognized in profit or loss account of the period when performed. The Company is not engaged in any other post employment benefit system. The Company has no obligation to provide further services to current or former employees.
The Company has a voluntary pension program from the month of April 2008 for employees who have at least one year seniority in the company and aged between 18 and 52 years. The contribution is paid by the employer up to the limit of 200 euro/year. The contracts of employees are for the voluntary pension fund ING Optim managed by ING Asigurari de viaţa SA.

The Company does not currently grant benefits as employees participating in profits, but can be granted with the approval of the General Meeting of Shareholders.
The Company may grant benefits in form of the entity's own shares with the approval of the General Meeting of Shareholders.

3.15. Earnings for the year

In accounting, the cumulative gain or loss is determined at the beginning of the financial year.
The result for the year is calculated as the difference between the revenues and expenses of the year.
The final result for the financial year is fixed at its closure and represents the final balance of profit and loss account.
The profit distribution is carried out in accordance with the legal provisions in force. The amounts representing gross reserves from the current financial year, based on legal provisions, for example, legal reserve established under the provisions of Law 31/1990 is recorded at the end of the current year. The accounting profit remained after this allocation, is taken at the beginning of the financial year following that for which are prepared the annual financial statements in the account 1171 "Retained earnings representing the undistributed profit or the uncovered losses", where they are distributed to other destinations decided by the General Meeting of Shareholders, under the law. In accounting, the highlights of the destinations of accounting profit shall be made after the general meeting of shareholders approved the distribution of profit by recording the amounts of dividends due to shareholders, reserves and other destinations, according to the law.

3.16. Earnings per share. Diluted earnings.

IAS 33 “Earnings per share” requires that if an entity presents consolidated financial statements and separate financial statements, the presentation of earnings per share is drawn only on the basis of consolidated information. If it chooses to disclose earnings per share based on its separate financial statements, it must present such earnings per share information only on the statement of comprehensive income. In this case it should not disclose earnings per share in the consolidated financial statements.
An entity shall calculate the values of the diluted earnings per share at the profit or loss attributable to the ordinary shareholders of the parent company and, if recognized, at the profit or loss which derive from continuing operations attributable to those shareholders.
For the purpose of calculating the diluted earnings per share, an entity shall adjust the profit or loss attributable to the ordinary shareholders of the parent company and the weighted average number of shares outstanding with the effects of all the ordinary shares potentially diluted.
The objective of this indicator is to assess the participation of each ordinary share in the performance of an entity, taking into account the influence of all the ordinary shares potentially diluted in circulation at that moment.
Dilution is a reduction in earnings per share or an increase in loss per share resulting in the assumption that convertible instruments are convertible, that the options or the warrants are exercised or that the ordinary shares are issued upon the satisfaction of specified conditions.
Antidilution is an increase in earnings per share or a reduction in loss per share resulting in the assumption that convertible instruments are convertible, that the options or the warrants are exercised or that the ordinary shares are issued upon the satisfaction of specified conditions.
An ordinary share is an equity instrument which is subordinate to all other classes of equity instruments.
A potential ordinary share is a financial instrument or another contract which may entitle its holder to ordinary shares.
The Company has elected to present earnings per share and diluted earnings in these individual financial statements.

The Company presents the ***basic earnings per share („CPA")*** for its ordinary shares. The basic CPA is calculated by dividing the earnings or loss attributable to the holders of ordinary shares of the Company to the weighted average of the ordinary shares in circulation during the period.
The weighted average of the ordinary shares in circulation during the period = the number of shares in circulation at the beginning of the period adjusted with the number of shares repurchased or issued during that period multiplied by a weighting factor of time.
The weighting factor of time is the number of days that the shares were in circulation, as a proportion of the total number of days in the period.

3.17. Dividends

The quote of profit that is paid, under the law, to each shareholder of the entities constitute a dividend. The dividends distributed to shareholders, proposed or declared after the balance sheet date, and the other similar distributions conducted from profits, are not recognized as a liability at the balance sheet date, but when it is established the right of a shareholder to collect them.
Accounting profit remaining after allocation of the share of legal reserve made, limited to 20 % of the share capital, is taken within the earnings from the beginning of the next financial year to the one for which annual financial statements are prepared, and will be assigned to other legal destinations, according to Board of Directors decision of each entity.
The highlighting in accounting of the destinations of the accounting profit is carried out in the next year after the General Meeting of Shareholders which approved the distribution of profit, by recording the amounts representing dividends due to shareholders or associates, reserves and other destinations, under the law for each entity. No return can be made on recordings of the distribution of profit.
For the accounting of dividends are considered the IAS 10 provisions.

3.18. Capital and reserves

Capital and reserves (equity) is the right of shareholders to the assets of an entity, after deducting all liabilities. The equity contain: capital contributions, capital premiums, reserves, earnings, outcome of the financial year.
The ***share capital*** consisting of common shares, is recorded at the value established based on the constitution documents. In the first set of financial statements prepared in accordance with IFRS, the Company has applied IAS 29 «Financial reporting in hyperinflationary economies» for the contributions of shareholders obtained prior 01.01.2004, respectively they were properly adjusted with the inflation index.

The own shares repurchased, under the law, are presented in the balance as a correction to equity.
Gains or losses relating to the issuance, redemption, sale, transfer free of charge or cancel the entity's equity instruments (shares, holdings) are recognized directly in the equity in the rows „Gains or Losses related to equity instruments ".
The Company recognizes the changes in share capital in accordance with the legislation in force and only after their approval in the Extraordinary General Meeting of Shareholders and their registration in the Trade Register, for each entity.

Revaluation reserves. After the recognition as an asset, an item of tangible assets whose fair value can be measured reliably must be carried at a revalued amount, this being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. The revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using 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 item - row "revaluation reserves". Nevertheless, the increase shall be recognized in profit or loss to the extent that it offsets a decrease from revaluation 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, this decrease should be recognized in profit or loss. Nevertheless, the decrease shall be debited directly to equity in the item - row "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 can be transferred directly to retained earnings when the asset is derecognised.
Starting on May 1, 2009, the reserves from fixed assets revaluation, including the lands, performed after January 1, 2004, which are deducted from taxable income through tax depreciation or expenditures on assets sold and/or scrapped, are taxed simultaneously with the deduction of tax depreciation, respectively in the moment of the decrease from the management of these fixed assets, where appropiate, in accordance with the Tax Code.
The reserves from fixed assets revaluation, including the lands, performed until December 31, 2003 plus the portion of revaluation performed after January 1, 2004 of the period up to April 30, 2009, will not be taxed in the moment of the transfer to retained earnings (acct. 1175) but when the destination is changed.
The reserves from fixed assets revaluation are transferred to retained earnings in the moment of the decrease from the management of the revalued fixed assets.
The reserves made are taxable in future, in case of changes in reserves destination in any form, in case of liquidation, merger of the Company, including its use to cover the accounting losses, except the transfer, after the date of May 1, 2009, of the reserves related to the assessments made after January 1, 2004.

Legal reserves
In accordance with the legislation of Romania, the companies must assign a value equal to at least 5% from the profit before tax, in the legal reserves, until this reach 20% of the share capital. When this level has been reached, the Company may make additional allocations of net profits only. The legal reserve is deductible in limit of the quote of 5% applied to the accounting profit, before determining the profit tax.
The entities from Romania were founded according to Law no. 31/1990 on companies.
In the financial statements prepared in accordance IFRS, the company has applied IAS 29 - "Financial reporting in hyperinflationary economies", corrected the historical cost of the share capital, of the legal reserves and other reserves, with the effect of inflation, until December 31, 2003. These adjustments were recorded in different analytical accounts.

3.19. Segment reporting
An operating segment is a distinct component of the Company which engage in activities following which could get revenues and record charges, including revenues and expenses related to transactions with any of the other components of the Company and which is subject to risks and rewards that are different from those of other segments. The main format of segment reporting of the Company is reppresented by the segmentation on activities.
Given that the shares of Prefab SA are traded in the BUCHAREST STOCK EXCHANGE, and the Company applied IFRS, it shows in the annual financial statements and in the interim reports made under ***IAS 34 Interim Financial Reporting***, information about the business segments, about its products and services, about the geographic areas in which it operates and about the major customers.
In accordance with ***IFRS 8 "Segments of activity***", a segment of activity is a component of an entity:

- that engages in business activities which can get revenues and from which can incur expenditure (including income related to transactions with other components of the same entity)
- whose results from activity are periodically reviewed by the main factor of the entity's operational decision-maker in order to take decisions on the allocation of resources by segment and its performance evaluation, and

- for which separate financial information is available.

Considering the criteria for identifying the business segments and quantitative thresholds described in IFRS 8, Prefab SA identified as a business segment for which is presenting the information separately, the AAC segment.

3.20. Affiliated parties

By IFRS 10 Consolidated financial statements (in force since 1 January 2014), adopted by EU on 11 December 2012, were replaced the sections from IAS 27 Consolidated and individual financial statements treating the consolidated financial statements. In accordance with IFRS 10, there is only one basis for consolidation, which is the control. In addition, IFRS 10 includes a new definition of control that contains 3 elements: (a) authority over the entity in which it was invested, (b) exposure or rights to variable results based on its participation in the entity in which it was invested, and (c) ability to use authority over the entity in which it was invested to influence the value of the investor results. Broad guidelines were added in IFRS 10 to deal with complex scenarios. The changes introduced by IFRS 10 determines an exercise of significant judgment by management to determine which entities are controlled, and these need to be consolidated by the parent company, against the requirements that were included in IAS 27.
The management of PREFAB SA revised the degree of control held on investments in other entities in accordance with IFRS 10 and concluded that there was no effect on classifications to any of the Company's investments held in the reporting period or the comparative periods covered by these financial statements.
Information on relationships with affiliates, subsidiaries and associates are presented in note 29.

3.21. Changes in accounting policies

Section A: Information on the initial application of certain new regulations

IAS8.28: When the initial application of a IFRS has an effect on the current or any previous period, would have such an effect, except that it is impossible to determine the value of the adjustment or could have an effect on future periods, the entity must present:
(A) the title IFRS;
(B) as the case, the change in accounting policy shall be in accordance with its transitional provisions;
(C) the nature of the change in accounting policy;
(D) as the case, a description of the transitional provisions;
(E) where appropriate, the transitional provisions that may have an effect on future periods;
(F) for the current period and for each previous period presented, as far as possible, the amount of the adjustment;
(I) for each element/row affected; and
(Ii) if IAS 33 The earnings per share is applied to the entity, for earnings per share and diluted earnings per share;
(G) the value of the adjustment for periods prior to those presented, as far as possible; and
(H) if the retroactive application referred to in point 19 the letters (a) or (b) is impossible for a certain earlier period or for periods prior to those presented, the circumstances which led to the existence of this condition and a description of how the change in accounting policy was applied.

Initial application of new changes to existing standards, which are valid for the current reporting period

On the date of approval of these financial statements, no changes have been adopted by the European Union to existing standards issued by the International Accounting Standards Board (IASB) and effective for the current reporting period.

Section B: Information on issued standards that will enter into force at a later date, which are not applied by a company/group in its financial statements

IAS 8.30:
When an entity has not applied a new IFRS which was issued, but is not yet effective, the entity must present:
(A) this fact; and
(B) information known or reasonably foreseeable relevant for assessing the possible impact which application of the new IFRS it will have on the financial statements of the entity during the initial application period.

IAS 8.31:

According to point 30, an entity considers the disclosure:
(A) the title of the new IFRS;
(B) the nature of imminent changes or changes in accounting policy;
(C) the date until which application is required IFRS;
(D) the date it intends to apply initially IFRS; and
(E) or:
(I) an analysis of the impact that the IFRS application is expected to produce, to apply it to the financial statements of the entity; or
(Ii) if this impact is not known or reasonably estimated, a statement to that effect.

Standards and changes to existing standards issued by IASB and adopted by EU, but which are not yet applicable
On the date of approval of these financial statements, the following new standards issued by IASB and adopted by EU are not yet applicable:

• IFRS 9 "Financial Instruments" - adopted by the EU on 22 November 2016 (applicable to annual periods beginning on or after January 1, 2018);

• IFRS 15 "Revenue from contracts with customers" and amendments to IFRS 15 "IFRS 15 effective date" - adopted by the EU on September 22, 2016 (applicable for annual periods beginning on or after January 1, 2018).

• New standards and amendments to existing IASB standards but not yet adopted by the EU

Currently, the IFRS adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations that have not been approved for use in the EU [at the date of publication of the financial statements] (the input data set out below are for IFRS in full):

• IFRS 14 "Deferral accounts regulations" (effective for annual periods beginning on or after January 1, 2016) - The European Commission has decided not to launch the provisional approval of this standard and to wait for the final standard,

• IFRS 16 "Leasing Contracts" (effective for annual periods beginning on or after January 1, 2019),

• IFRS 17 "Insurance contracts" (effective for annual periods beginning on or after January 1, 2021),

• Amendments to IFRS 2 "Share-based Payment" - Classification and measurement of share-based payment transactions (effective for annual periods beginning on or after January 1, 2018);

• Amendments to IFRS 4 "Insurance contracts" - Application IFRS 9 Financial instruments with IFRS 4 Insurance contracts (effective for annual periods beginning on or after January 1, 2018, when IFRS 9 "Financial Instruments" becomes applicable for the first time;

• Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or contribution of assets between an investor and its associate or a joint venture and subsequent amendments (effective date deferred for the term Research on the Equity Method has been completed),

• Amendments to IFRS 15 "Revenue from contracts with customers" - Clarifications to IFRS 15 Revenue from contracts with customers (effective for annual periods beginning on or after January 1, 2018)

• Amendments to IAS 7 "Cash Flow Statement" - Information Disclosure Initiative (effective for annual periods beginning on or after January 1, 2017),

• Amendments to IAS 12 "Profit Taxes" - Recognition of assets on deferred tax for unrealized losses (effective for annual periods beginning on or after January 1, 2017)

• Amendments to IAS 40 "Investment Property" - Transfers of Investment Property (effective for annual periods beginning on or after January 1, 2018);

• Amendments to the different standards ”Improvements to IFRSs ((2014-2016)” resulting from the IFRS annual improvement project (IFRS 1, IFRS 12 and IAS 28), primarily to eliminate inconsistencies and clarify forms to be applied for annual periods beginning on or after 1 January 2017 and the amendments to IFRS 1 and IAS 28 apply to annual periods beginning on or after 1 January 2018)

• IFRIC 22 "Transactions in foreign currency and early analysis" (in force for annual periods beginning on or after 1 January 2018),

• IFRIC 23 "Uncertainty regarding Income Tax Treatments "(effective for annual periods beginning on or after 1 January 2019).

The Company anticipates that the adoption of these new standards, changes in existing standards and new interpretations will not have a material impact on the Company's financial statements during the initial period of application.
According to the company's estimates, the application of hedge accounting in a portfolio of assets or financial liabilities in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" would not have a material impact on the financial statements.

More details on individual standards, changes to existing standards, and interpretations that can be used appropriately:

• IFRS 9 "Financial Instruments", issued on July 24, 2014, is replacing the IASB with IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements on the recognition and measurement, depreciation, derecognition and overall accounting of hedging instruments.

Classification and measurement - IFRS 9 introduces a new approach to the classification of financial assets that is determined by the cash flow characteristics and the business model in which an asset is held. This principle-based approach replaces the requirements based on existing rules in accordance with IAS 39. The new model also results in a single depreciation model applied to all financial instruments.

Impairment - IFRS 9 introduced a new depreciation model for anticipated losses that will require a faster recognition of anticipated credit losses. Specifically, the new standard requires entities to take into account the credit losses expected from the time of the first recognition of financial instruments and to recognize lifetime loss on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially reformulated model for hedge accounting, with consolidated information on risk management activity. The new model represents a significant review of risk coverage that aligns the accounting treatment with its risk management activities.

Own credit - IFRS 9 eliminates the volatility in profit or loss due to changes in the credit risk of the liabilities selected to be measured at fair value. This change in accounting means that gains from impairment of an entity's own credit risk on those liabilities are no longer recognized in profit or loss.

• IFRS 14 "Regulatory deferral accounts" issued by the IASB on 30 January 2014. This standard is designed to allow entities that adopt IFRSs for the first time and who currently recognize deferral accounts in accordance with generally accepted accounting principles, the transition to IFRS.

• IFRS 15 "Revenue from contracts with clients" issued by the IASB on May 28, 2014 (on September 11, 2015, the date of entry into force of IFRS 15 of the IASB until 1 January 2018 and 12 April 2016, the IASB clarified This standard). IFRS 15 specifies how and when an entity applying IFRS will recognize revenue, as well as an obligation for those entities to provide information to users of financial statements with more relevant and relevant information. The standard supersedes IAS 18 Income, IAS 11 "Construction Contracts" and a number of income interpretations. Application of the standard is mandatory for all entities applying IFRS and applies to almost all contracts with clients: the main exceptions are leasing contracts, financial instruments and insurance contracts. The basic principle of the new standard is that companies recognize revenue to describe the transfer of goods or services to customers in quantities reflecting the fee (that is, the payment) that the company expects to be entitled to in exchange for those goods or services. The new standard will also lead to increased revenue disclosures, provide guidance on transactions that have not been previously addressed in a comprehensive manner (for example, service revenue and contract changes) and to improve guidance for multiple arrangements elements. The company is currently analyzing the implications of applying this new standard in the upcoming period.

• IFRS 16 "Leasing contracts" issued by IASB on January 13, 2016. In accordance with IFRS 16, the lessee recognizes an asset of the right of use and a leasing right. Assets for use are treated in the same way as other non-financial assets and as a consequence, they are depreciated. The lease rate is initially measured at the present value of the lease payments due during the lease term, updated to the implicit rate in the lease if it can be easily determined. If this rate can not be easily determined, the lessee must use the incremental loan rate. As in the case of predecessor IFRS 16, IAS 17, leasants classify leases as being of an operational or financial nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of a underlying asset. Otherwise, a lease is classified as an operating lease. For financial leases, a lessor recognizes financial income over the lease term based on a pattern that reflects a constant periodic rate of return on net investment. A lessor recognizes operating leases as

income on a straight-line basis, or, if more representative of the pattern in which the profit from the use of the underlying asset is diminished, another systematic basis.

• IFRS 17 "Insurance contracts" issued by IASB on May 18, 2017. The new standard requires that the insurance liabilities to be valued at a present value and provides a more uniform measurement and disclosure approach for all insurance contracts. These requirements are designed to achieve the objective of consistent, principle-based accounting for insurance contracts. IFRS 17 replaces IFRS 4 "Insurance contracts" and related interpretations while it applies.

• Amendments to IFRS 2 "Share-based payment" - Classification and measurement of share-based payment transactions issued by the IASB on 20 June 2016. The amendments provide for accounting requirements for: (a) the effects of the entry and non-application conditions on the valuation of cash-settled share-based payment transactions; (B) share-based payment transactions with a net settlement feature for sovereign debt obligations; And (c) an amendment to the terms and conditions of a share-based payment that changes the transaction classification from a cash-settled transaction to a share-based payment transaction.

• Amendments to IFRS 4 "Insurance Contracts" - Application of IFRS 9 Financial Instruments to IFRS 4 Insurance Contracts issued by the IASB on 12 September 2016. The amendments address the concerns arising from the implementation of the new IFRS 9 prior to the implementation of the replacement standard that the Board Emerging for IFRS 4.

• Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or asset contribution between an investor and its associate or joint venture issued by the IASB on 11 September 2014 (on December 17, 2015, IASB delayed indefinitely). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarifies that in a transaction involving an associate or a joint venture, the expansion of recognition of gains or losses depends on whether the assets sold or contributed constitute an enterprise.

• Amendments to IAS 7 "Statement of Cash Flows" - Publication published by the IASB on January 29, 2016. The amendments are intended to clarify IAS 7 to improve the information provided to users of financial statements about an entity's financing activities. Changes require an entity to provide information that allows users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes resulting from cash flows and non-cash changes.

• Amendments to IAS 12 "Income Taxes" - Recognition of deferred tax assets for unrealized losses issued by the IASB on 19 January 2016. The amendments to IAS 12 clarify how to account for deferred tax assets related to debt instruments at fair value.

• Amendments to IAS 40 "Investment Property" - Investment property transfers issued by IASB on December 8, 2016. The amendments specify that an entity will transfer a property to or from the investment property when and only when there is evidence of change in use. A change of use occurs if the property enters or ceases to meet the definition of real estate investment. A change in management's intentions to use a property in itself is not evidence of a change in use.

• Amendments to different standards "Improvements brought to IFRSs (cycle 2014-2016)" issued by IASB on December 8, 2016. Amendments to the different standards resulting from the annual improvement project IFRS (IFRS 1, IFRS 12 and IAS 28).

Amendments include: (i) eliminating the short - term exemptions provided for in points E3-E7 of IFRS 1, because they have at present fulfilled their intended purpose; (ii) clarifying the scope of the IFRS 12 by specifying that the publication requirements of IFRS 12, except as provided for in points B10-B16, applies to the interests of an entity listed in paragraph (5) which are classified as held for sale, held for distribution or as interrupted operations in accordance with IFRS 5 " Fixed assets held for sale and (Iii) clarifying the choice to measure at fair value through profit or loss an investment in an associate or in a joint venture owned by an entity that is a venture capital entity or other qualifying entity is available for each investment in a associate entity or a joint venture, after initial recognition.

• IFRIC 22 "Foreign Currency Transactions and Early Interpretation" issued by the IASB on December 8, 2016. The Interpretation notes that the transaction date for the purpose of determining the foreign exchange rate is the date of initial recognition of the non-monetary anticipated non-cash payment asset or the deferred income liability. If there are multiple payments or receipts in advance, a transaction date is set for each payment or receipt.

• IFRIC 23, "Uncertifiable Tax Treatment" issued by the IASB on June 7, 2017. It may be unclear how the tax law applies to a particular transaction or circumstance, or whether a tax authority will accept the tax treatment of a company. IAS 12 Income Taxes specifies how current tax and deferred tax are measured but not how the effects of uncertainty are reflected. IFRIC 23 provides requirements that add to the requirements of IAS 12 specifying how to reflect the effects of uncertainty in accounting for income taxes.

4. INTANGIBLE ASSETS

The intangible assets include software, licenses and various software and are accounted in the account 208 ”Other intangible assets”; They are depreciated on a straight-line; They are presented at historical cost, less the depreciation and any value adjustments. For the periods presented were not recorded value adjustments.
The Company has no internally generated intangible assets or acquired through a government grant and also, does not hold intangible assets with indefinite useful life.
The Company has no intangible assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5.
For the intangibles assets, the useful lives were estimated at 3 years.

The situation of the Company intangible assets on 30.06.2017 is as follows:

Cost

	Other intangible assets	Total
Balance on January 01, 2017	**1.668.575**	**1.668.575**
Entrances	8.573	8.573
Cessions	0	0
Balance on June 30, 2017	**1.677.148**	**1.677.148**

Accumulated amortization

	Other intangible assets	Total

Balance on January 01, 2017	**1.331.174**	**1.331.174**
Cost of the period	100.157	100.157
Cessions	0	0
Balance on June 30, 2017	**1.431.331**	**1.431.331**
Net book value January 01, 2017	**337.401**	**337.401**
Net book value June 30, 2017	**245.817**	**245.817**

5. TANGIBLE ASSETS

On 31.12.2014, the Company has reassessed with authorized independent experts in the field, buildings, land and equipment assets existing in its heritage at that time. The 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, to be equal to its revalued amount.

Tangible assets	Lands and landscapings	Buildings	Plant and machinery	Other systems, equipment and furniture	Tangible assets in progress	Total
COST						
01.01.2017	**117.335.543**	**66.773.861**	**107.177.883**	**1.827.286**	**3.358.904**	**296.473.477**
Increases	0	86.980	1.930.997	0	4.600.000	6.617.977
Discounts	0	0	0	0	3.000	3.000
30.06.2017	**117.335.543**	**66.860.841**	**109.108.880**	**1.827.286**	**7.928.904**	**303.061.454**
AMORTIZATION						
01.01.2017	**576.617**	**26.311.630**	**48.907.843**	**1.477.790**	**0**	**77.273.880**
Cost of the period	32.37	857.209	2.148.892	23.586	0	3.062.060
Outputs		0	0	0	0	0
30.06.2017	**608.990**	**27.168.839**	**51.056.735**	**1.501.376**	**0**	**80.335.940**
NET VALUES						
01.01.2017	**116.758.926**	**40.462.231**		**349.496**	**3.358.904**	**219.199.597**
30.06.2017	**116.726.553**	**39.692.002**	**58.052.145**	**325.910**	**7.928.904**	**222.725.514**

5.1. Tangible assets entered and put into operation

In the first semester of 2017 were made investments consisting in modernization and retechnologization of the technological installations and equipment worth 1.685.552 lei, representing modernization to the production activity.

5.2. Outgoing tangible assets

No assets were scrapped or alienated in the first half of 2017.

5.3. Pledged fixed assets

For guarantee of the guarantee agreements and credit contracts signed with the financing banks, the company mortgaged these assets in favor of that banks, as follows:

For all credit facilities contracted with Veneto Banca, the Company constituted these guarantees in favor of the bank as follows:

- Mortgage established on real estate - lot 2 (Premo) located in Calarasi, str. Bucuresti, nr. 396, jud. Calarasi, composed of a land of 69.552,2 m³ and the existing buildings on it with cadastral number 62/2.
- Issue of a promissory note in favor of the bank.
- Security mortgage on receivables resulting from commercial relations signed between Prefab S.A. and its debtors

For all credit facilities contracted with CEC Bank, the Company constituted these guarantees in favor of the bank as follows:

- Guarantee on real estate land with cadastral no. /top 22567 (surface 1209 m³), located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on real estate land with cadastral no. /top 22575 (surface 735 m³), located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Administrative building and annexes**, (land of 15.979 m³) with cadastral no. 22574-C1-C6, 22574, located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Section large tubes and decanter**, (land of 11815,08 m³) with cadastral no. 22566-C1-C2, 22566, located in Calarasi, str. Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Section of Prefabricated**, (land of 56.635 m³) with cadastral no. 22721-C1-C6, 22721, located in Calarasi, str. Bucuresti, nr. 396.
- Guarantee on residential real estate – **Block of houses P+3-Prefab House**, (land of 940.81 m³) with cadastral no. 23596 –C1, 23596, located in Calarasi, str. ing. Victor Orlovski, nr. 2.
- Guarantee on residential real estate – **Villa for accommodation P+1 E+M**, (land of 4000,08 m³) with cadastral no. 107450-C1-C2, 107450, located in Mangalia, localitatea Jupiter, str. Aldea, nr. 14.
- Mortgage on the present and future claims of the company born out of the commercial contract 50/09.11.2016 concluded with Arcocim SRL, and the commercial contract 51/09.11.2016 concluded with Oyl Company Logistic and the commercial contract 49/02.11.2016 concluded with Metale International, and to the current accounts opened at CEC Bank.
- Material guarantee on the following equipment:
    - pallet of AAC wrapping and twisting machine
    - molded fittings plant
    - slurry pumps
    - autoclave for the aerated concrete production

- an automatic lathe

For the credit facility contracted with BRD Groupe Societe Generale to achieve the Cogeneration Plant, the Company constituted these guarantees in favor of the bank as follows:

- rank I mortgage on the lot 11, cadastral no. 62/11 CF no. 25291/ Calarasi Municipality, with an area of 83.928,74 m³, located within the company PREFAB S.A. from Calarasi, str. Bucuresti, nr. 396.
- rank I mortgage on the lot 6, cadastral no. 62/6, CF no. 25177/ Calarasi Municipality, composed of a land area of 101.126 m³ and existing buildings on this lot, property of PREFAB S.A. from Calarasi, str. Bucuresti, nr. 396. pledge agreement on the project equipment.

5.4. Assets in progress

On 30.06.2017, the company recorded in the account of assets in progress the amount of 7.928.904 lei representing modernization of production capacity.

5.5. Advances for immobilizations

On 30.06.2017 the company paid to the suppliers of immobilizations the amount of 1.690 lei.

6. PROPERTY INVESTMENTS

The land and the building owned by the parent company in the resort Jupiter, are considered as Property investments, are not used by the company for conducting the operational activity and have not a destination established.

	Land and land improvements	**Constructions**	**Property investments in progress**	**Total**
Balance on January 01, 2017	**1.415.659**	**1.514.321**	**0**	**2.929.980**
Increases:	0	0	0	0
Discounts:	0	0	0	0
Balance on June 30, 2017	**1.415.659**	**1.514.321**	**0**	**2.929.980**

7. INVESTMENTS IN AFFILIATED ENTITIES

At the date of transition to IFRS and respectively on 30.06.2017, the Company classifies the investments held in affiliated companies amounted to 9.439.669 lei in financial assets available for sale in accordance with IAS 39. None of the companies where these investments are made is not rated on securities market.

The estimates of fair value at the balance sheet date are normally based on available market information. When such quotes and prices are not available and no present value cannot be established, the determination of fair value is not feasible, the assessment being done at cost. (IAS 39,9 and 46c)

The financial assets available for sale listed and whose fair value cannot be determined reliably are recorded at the acquisition cost less the impairment losses and are tested annually for impairment. To fix this, the management uses a series of judgments and envisages, in addition to other factors, the duration and extent to which the value of the investment at the reporting date is less than the cost of its; the financial health and the short-term perspective of the issuer, including the factors such as industry performance and the industry in which it operates, technological changes and operating cash flows and

for financing. On 30.06.2017, the management has not identified factors leading to record an impairment of investments held in subsidiaries.

Participation situation of PREFAB SA at the share capital of other companies (unquoted) during the first semester of 2017 is as follows:

Company name	**Balance on 30.06.2017**			**Balance on 31.12.2016**		
	Value	No. shares	%	Value	No. shares	%
PREFAB INVEST S.A.	149.850	3.996	99.9	149.850	3.996	99.9
PREFAB BG EOOD Silistra	18.919	100	100	18.919	100	100
Fotbal Club S.A. Modelu	9.270.900	30.903	99.8707	9.270.900	30.903	99.8707
TOTAL	**9.439.669**			**9.439.669**		

These companies are included in the consolidated financial statements prepared in accordance with IFRS 10 *"Consolidated and Separate Financial Statements"* (are the financial statements of a group, presented as if they were a single economic entity)

Wishing to establish an association to promote activities related to the production of precast concrete industry, PREFAB SA - the parent company, along with 8 other renowned companies in this branch, they agreed to constitute « PREFBETON Concrete Precast Manufacturers Association ». The purpose of the Association is to promote products precast concrete, to represent, support and protect the interests of technical, economic and legal information concerning trade and industry precast concrete, to develop and encourage cooperation in scientific, technical and standardization area and to foster agreements between specialists in the country. The initial patrimony of the Association was 1800 Ron, the contribution of Prefab SA being 200 Ron.

8. RECEIVABLES AND OTHER ASSETS

The receivables are recorded at nominal value and are pointed in the analytical accounting for each person or entity. Foreign currency receivables have been assessed based on exchange rate in force at the end of the exercise, and the rate differences were recognized as incomes or expenses of the period.

a) The trade receivables are presented below.

	Receivables	**Balance on June 30, 2017**	**Balance on December 31, 2016**
1	Trade receivables from affiliated entities (subsidiaries)	30.773.665	32.033.162
2	Trade receivables - third parties	4.890.049	3.271.463
3	**Total of trade receivables**	**35.663.714**	**35.304.625**
4	Adjustments for impairment of trade receivables	(638.552)	(659.263)

5=3-4	**Trade receivables, net**	**35.025.162**	**34.645.362**

The main receivables are:
Customers net worth 35.025.162 lei consists of:

- Internal customers worth 33.604.046 lei, of which the most important are: Prefab Invest, Arcocim S.R.L., Arabesque, Metale International, Oyl Company Logistic, Concret Construct.
- Intra-community and external customers worth 54.026 lei, among which: RS Captivant Chisinau , Prefab BG EOOD Bulgaria.

The doubtful clients or in litigation had on 30.06.2017 the gross value of 1.453.496 lei keeping in balance, much of that registered at the beginning of the year which were not collected.
For these doubtful clients, the process started in the previous years have continued.
For some of them, for which the management has estimated that there is a risk of non-recovery, there are made adjustments for doubtful debts worth 638.552 lei. Also they were undertaken legal action to recover the debts.
Customers – invoices to be issued had on 30.06.2017 the value of 551.944 lei, the amount representing the value of the bonus of cogeneration related to month of June 2017, who was charged in July 2017, according to decision of ANRE.

Term liquidity analysis Trade receivables	**Balance on June 30, 2017**	**Balance on December 31, 2016**
Under a year	**35.025.162**	**34.645.362**
More than a year	**0**	**0**

Other assets	**Balance on June 30, 2017**	**Balance on December 31, 2016**
b) Other assets, of which:		
Debtors	1.017	1.017
Prepayments	891.947	750.940
VAT to be recovered	0	0
VAT not do in	25.797	33.513
Suppliers debtors	11.693	850
Other receivables	68.528	32.228
Total	**998.892**	**818.548**

Term liquidity analysis Other assets	**Balance on June 30, 2017**	**Balance on December 31, 2016**
Under a year	**998.892**	**818.548**

More than a year	**0**	**0**

Prepayments
Prepayments in the amount of 891.947 lei mainly represent insurance premiums for liability insurance, maintenance costs and taxes expenses that are downloaded monthly on costs.

Suppliers debtors
The suppliers debtors in the amount of 11.693 lei mainly represents the advances given to suppliers of stocks.

c) Adjustments of depreciation for trade receivables and other receivables

The evolution of adjustments of depreciation is as follows:

	June 30, 2017	December 31, 2016
At the beginning of the period	**659.263**	**659.263**
Increase/ (reversals)	0	0
Decreases	20.711	0
At the end of the period	**638.552**	**659.263**

9. STOCKS

December 31, 2016	Cost	Adjustments	Net value
1. Raw materials and consumables	3.383.077	0	3.383.077
2. Production in progress	768.859	0	768.859
3. Finished products and goods	2.932.241	3.560	2.928.681
4. Advances	251.092	0	251.092
Total	**7.335.269**	**3.560**	**7.331.709**

June 30, 2017	Cost	Adjustments	Net value
1. Raw materials and consumables	4.142.786	0	4.142.786
2. Production under execution	665.691	0	665.691
3. Finished goods and merchandise	3.874.961	3.560	3.871.401
4. Advances	3.298	0	3.298
Total	**8.686.736**	**3.560**	**8.683.173**

The main categories of stocks are the raw materials and and the consumables, the production in progress, the finished products and goods, the advances for purchases of stocks.
The cost of stocks includes all costs of acquisition and processing and other costs incurred in bringing the stocks to the form and in the place where there are.
The cost of finished products and of production in progress includes the direct costs related to production, namely: direct materials, energy consumption for technological purposes, direct labor and other direct costs of production and the quote of indirect production costs rationally allocated as related to their manufacturing.
On leaving the management, the stocks are evaluated based on the weighted average cost method.

This method involves the calculation of the cost of each element on the basis of the weighted average of the similar cost items being in stock at beginning of period and of the cost of similar items purchased or produced by the company during that period. The average is are calculated monthly, at the end of each month.
On the date of financial statements, the stocks are valued at the lower value between the cost and the net realizable value.
The net realizable value is the estimated selling price to be obtained in the ordinary course of business, less the estimated costs of property completion, when appropriate, and the estimated costs necessary for sale.
Where appropriate it is constitute provision for the outdated, slow moving or defective stocks.
On 31.12.2013, the parent company recorded adjustments for stocks impairment in the amount of 18.570 lei, based on the minutes of the inventory committee which analyzed the stock of finished products. Of these, on 31.12.2016 and 30.06.2017, are maintained adjustments in the amount of 3.560 lei.

10. CASH AND CASH EQUIVALENTS

On 30.06.2017 the cash and cash equivalents are in amount of 1.141.727 lei, lower than the values recorded on 31.12.2016 of 588.058 lei and shall consist of:

	Balance on June 30, 2017	**Balance on December 31, 2016**
Cash	1.266	581
Deposits and available money in banks	1.140.461	587.477
Letters	0	0
Total	**1.141.727**	**588.058**

On 30.06.2017 the company did not record short-term deposits opened at banks.
Of the total of cash accounts and cash equivalents, the restricted amounts on 31.12.2016 and on 30.06.2017 consisted of:

	Balance on June 30, 2017	**Balance on December 31, 2016**
Performance guarantees	187.082	158.831
Managers guarantees	71.988	50.160
Other guarantees	77.339	91.300
Total	**336.409**	**300.291**

11. EQUITY

The subscribed and paid **capital** worth 24.266.709,5 lei, composed of 48.533.419 shares with nominal value of 0,50 lei/share.

The ownership structure on 15.06.2017 according to data from the Central Depository, was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	40.281.167	82.9968
SIF MUNTENIA	6.295.000	12.9704
OTHER SHAREHOLDERS - LEGAL PERSONS	419.348	0.8640
OTHER SHAREHOLDERS - NATURAL PERSONS	1.537.904	3.1688
TOTAL	**48.533.419**	**100**

Board of Directors members on 30.06.2017 held shares of the Company on market (as independent shareholders) in this way:

Item no.	Name and surname	Number of shares	Percentage
1.	Milut Petre Marian	0	0
2.	Ionescu Marian Valentin	0	0
3.	Milut Anca Teodora	0	0

The shares are nominative, are issued in dematerialized form, each share having a nominal value of 0.50 lei/share. During the financial year 2017, the first semester, the nominal value of a share did not change.
We note that the actions Prefab S.A. are traded on the Bucharest Stock Exchange, Category Standard, starting with 05.01.2015. The prices of the company shares had a oscillating trend manifested in terms of number of shares traded, a trend primarily due to cash shortage and to the general reduction of transactions on the Bucharest Stock Exchange.
The last trading price of the Company's shares PREFAB SA Bucuresti, available on 27.07.2017 was for 1.2 lei/share.
The specific activities of independent registry for PREFAB SA were conducted by the *Central Depository.*

12. RESERVES

The reserves include the following components:

	Balance on June 30, 2017	Balance on December 31, 2016
Legal reserves	4.263.040	4.263.040
Other reserves	31.691.495	31.151.766
Revaluation reserves	123.203.224	123.203.224
Total	**159.157.759**	**158.618.030**

The company recorded at the end of the first semester of 2017 "**Legal reserves**" in the account 1061 the amount of 4.263.040 lei of which 1.482.798 lei represents reserves formed in accordance with IAS 29 „Financial reporting in hyperinflationary economies", the Company correcting the historical cost of the legal reserves with the effect of inflation until December 31, 2003.

The company recorded at the end of the first semester of 2017 "**Other reserves**" in the account 1068 the amount of 31.691.495 lei of which 2.676.474 lei represents reserves formed in accordance with IAS 29 „Financial reporting in hyperinflationary economies", the company correcting the historical cost of the other reserves with the effect of inflation until December 31, 2003.

The **revaluation reserves** are in the amount of 123.203.224 lei on 30.06.2017. The last revaluation was performed on December 31, 2014 for land, buildings and equipment from records according to the regulations in force based on Report of technical expertise rating prepared by an evaluation firm, member of ANEVAR, in order to determine their fair value, taking into account the inflation, the utility goods, their condition and the market value. The decrease or increase in book value resulting from these revaluations was debited to the revaluation reserve.
On 30.06.2017 the Company has not reviewed the elements of tangible assets, considering that the net value of which are shown reflect the fair value at the date of the financial statements.

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

Reserve	Description and purpose
Legal reserves	According to Law no. 31/1990, every year it is taken at least 5% of profit for the formation of reserve fund, until it reaches a minimum of one fifth of share capital.
Other reserves	Other reserves include on June 30, 2017 the reserves constituted on the net profit distribution, as well as the adjustment to inflation under IAS 29 of reserves.
Revaluation reserve fixed assets	If the carrying value of a tangible assets is increased as a result of revaluation, then the increase should be recognized in other comprehensive income items and accumulated in equity, with title of revaluation surplus. The revaluation reserves cannot be distributed and cannot be used to increase the share capital.

13. RETAINED EARNINGS

The retained earnings include the following components:

	Balance on June 30, 2017	Balance on December 31, 2016
Retained earnings, except the retained earnings due to the adoption for the first time of IAS 29 (acct. 117)	9.552.175	9.552.175
Total	**9.552.175**	**9.552.175**

14. DISTRIBUTION OF PROFIT

On 31.12.2016, Prefab S.A. recorded a net profit worth 1.174.965 lei of which was distributed based on the decision Board of Directors according to the legal regulations, as follows:

Net income 2016:	1.174.965,00 lei
Legal reserve:	70.822,00 lei
Dividends to be distributed to shareholders:	564.414,33 lei
Other reserves:	539.728,67 lei

The value of dividends due to shareholders for the year 2016, in the amount of 564.414,33 lei, has been transferred to the Central Depositary in full on 03.07.2017, for payment to the shareholders, according to the contract concluded.

The legal framework for setting up its own financing sources and other distributions from profit consists of the following legislation:

- Law no. 571/2003 on the Fiscal Code subsequently amended
- Law no. 31/1990 republished, on companies

15. PROVISIONS

PREFAB S.A. did not constituted in the first semester of 2017 provisions for risks and expenses, considering that the future uncertainty does not justify the creation of provisions or the deliberate evaluation of future obligations.

16. LOANS AND OTHER LIABILITIES

The liabilities are recorded at the nominal value and are recognized in the accounting for each person or entity. Foreign currency liabilities were valued based on exchange rate in force at the end of the exercise, and foreign exchange differences are recognized as income or expense for the period.

The liabilities situation is as follows:

Liabilities	Balance on June 30, 2017	Balance on December 31, 2016
Amounts owed to credit institutions	47.225.837	48.123.922
Advances collected for orders	3.347.272	714.269
Trade payables - suppliers, related parties	0	0
Trade payables - third-party providers	15.032.729	11.201.225
Other liabilities including tax and social security debts	1.965.027	1.143.121
Deferred income tax	366.662	366.662
Total liabilities	**67.937.527**	**61.549.199**

Analysis of chargeability term	**Balance on**	**Balance on**

	June 30, 2017	December 31, 2016
Under a year	51.009.481	42.358.484
More than a year	16.928.046	19.190.715
Total	**67.937.527**	**61.549.199**

The amounts due to credit institutions have the following composition:

Amounts due to credit institutions	Balance on June 30, 2017	Balance on December 31, 2016
Short term loans	30.664.453	29.299.869
Long term loans	16.561.384	18.824.053
Total	**47.225.837**	**48.123.922**

17. SHORT-TERM LOANS

The company benefited during the first semester of 2017 of short-term loans granted by commercial banks, as follows:

Bank	Loan type	Date of contract	Maturity	Currency	Principal	Balance on 30.06.2017
CEC Bank	Credit line	Contract credit line facility RQ151262997913 50/25.01.2016	28.01.2018	Ron	19.000.000	18.600.000 lei
Veneto Banca	Credit line	Convention credit line no. 8929/10.10.2013	2017	Ron	9.000.000	9.000.000 lei
Veneto Banca	Credit line	Convention credit line no. 10040/12.08.2014	2017	Ron	4.500.000	3.064.453 lei
Total						**30.664.453 lei**

18. LONG-TERM LOANS

The company benefited during the first semester of 2017 of long-term loans granted by commercial banks, as follows:

Bank	Loan type	Date of contract	Maturity	Currency	Principal	Balance on 30.06.2017
BRD Groupe Societe General	Long-term credit	Ctr.77/29.09.2011	20.10.2018	eur	4.778.750	2.558.949 lei
Veneto Banca	Credit line	Credit convention 10614/12.08.2014, addendum no.	31.07.2020	ron	7.500.000	4.625.000 lei

		2/14.08.2015				
CEC Bank	Long-term credit	Contract RQ151262997913 62/25.01.2016	28.01.2020	ron	7.700.000	5.850.238 lei
CEC Bank	Credit for investment	Contract RQ151262997913 19/ 25.01.2016	28.01.2023	ron	4.300.000	3.527.197 lei
Total						**16.561.384 lei**

During the first semester of 2017, the Company benefited from these loans, opened to Veneto Banca:

- a long-term loan worth 7.500.000 lei, under the Convention of credit line no. 10614 of 12.08.2014 and addendum no. 2 of 14.08.2015. Repayment is made in 60 monthly installments of 125.000 lei until 31.07.2020. The balance on 30.06.2017 is 4.625.000 lei.
- a credit line worth 4.500.000 Ron, under the Convention of credit line for bills discounted no. 10040/12.08.2014. The balance on 30.06.2016 is 3.064.453 lei.
- a credit line for the current activity worth 9.000.000 Ron, under the Convention of credit line no. 8929/10.10.2013 with due on 31.07.2017. The balance on 30.06.2017 is 9.000.000 Ron.

For all credit facilities contracted with Veneto Banca, the company constituted these guarantees in favor of the bank as follows:

- Mortgage established on real estate - lot 2 (Premo) located in Calarasi, str. Bucuresti, nr. 396, jud. Calarasi, composed of a land of 69.552,2 mq and existing buildings on it with cadastral number 62/2.
- Issue of a promissory note in favor of the bank.
- Security mortgage on receivables resulting from commercial relations signed between Prefab S.A. and its debtors

During the first semester of 2017, the company benefited from these loans at Cec Bank:

- a credit line for the current activity worth 19.000.000 lei, representing credit facility agreement no. RQ15126299791350 / 25.01.2016. The balance on 30.06.2017 is 18.600.000 Ron.
- Investment loan worth 4.300.000 lei based on the credit agreement no. RQ15126299791319/25.01.2016, the first installment being due in February 2016, and the last on 28.01.2023. The balance on 30.06.2017 is 3.527.197 Ron.
- Credit for financing the current activity worth 7.700.000 lei based on the credit agreement no. RQ15126299791362/25.01.2016. The repayment will be made in 47 monthly installments of 108.809,52 Ron, following that the last payment, the 48th, be in the amount of 2.585.952,56 Ron, the first installment being due in February 2016, and the last on 28.01.2020. The balance on 30.06.2017 is 5.850.238 Ron.

For all credit facilities contracted with CEC Bank, the company constituted these guarantees in favor of the bank as follows:

- Guarantee on real estate land with cadastral no. /top 22567(surface 1209 m³), located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on real estate land with cadastral no. /top 22575(surface 735 m³), located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Administrative building and annexes**, (land of 15.979 m³) with cadastral no. 22574-C1-C6, 22574, located in Calarasi, str Bucuresti, nr. 396.

- Guarantee on industrial real estate – **Section large tubes and decanter**, (land of 11815,08 m³) with cadastral no. 22566-C1-C2, 22566, located in Calarasi, str. Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Section of Prefabricated**, (land of 56.635 m³) with cadastral no. 22721-C1-C6, 22721, located in Calarasi, str. Bucuresti, nr. 396.
- Guarantee on residential real estate – **Block of houses P+3-Prefab House**, (land of 940.81 m³) with cadastral no. 23596 –C1, 23596, located in Calarasi, str. ing. Victor Orlovski, nr. 2.
- Guarantee on residential real estate – **Villa for accommodation P+1 E+M**, (land of 4000,08 m³) with cadastral no. 107450-C1-C2, 107450, located in Mangalia, localitatea Jupiter, str. Aldea, nr. 14.
- Mortgage on the present and future claims of the company born out of the commercial contract 50/09.11.2016 concluded with Arcocim SRL, and the commercial contract 51/09.11.2016 concluded with Oyl Company Logistic and the commercial contract 49/02.11.2016 concluded with Metale International, and to the current accounts opened at CEC Bank.
- Material guarantee on the following equipment:
    - Pallet of AAC wrapping and twisting machine
    - molded fittings plant
    - slurry pumps
    - autoclave for the aerated concrete production
    - an automatic lathe

The company benefited from a term loan concluded with BRD - Groupe Societe Generale worth 4.778.750 euros, its balance on 30.06.2017 being 2.558.948 euros, respectively 561.925 Ron.

For the credit facility contracted with BRD Groupe Societe Generale to achieve the Cogeneration Plant, the company constituted these guarantees in favor of the bank as follows:

- rank I mortgage on the lot 11, cadastral no. 62/11 CF no. 25291/ Calarasi Municipality, with an area of 83.928,74 mq, located within the company PREFAB S.A. from Calarasi, str. Bucuresti, nr. 396.
- rank I mortgage on the lot 6, cadastral no. 62/6, CF no. 25177/ Calarasi Municipality, composed of a land area of 101.126 mq and existing buildings on this lot, property of PREFAB S.A. from Calarasi, str. Bucuresti, nr. 396. pledge agreement on the future project equipment.

19. OTHER LIABILITIES

These mainly consist of:

Other liabilities	Balance on June 30, 2017	Balance on December 31, 2016
Liabilities for the staff and assimilated	755.995	480.423
Liabilities for the social security budget	371.837	227.909
Liabilities for the state budget	152.894	314.933
Liabilities to shareholders	684.201	119.786
Other liabilities	100	70
Total liabilities	**1.965.027**	**1.143.121**

20. DEFFERED TAX

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

Description	June 30, 2017	December 31, 2016
Initial balance	366.662	366.662
Deferred tax revaluation differences	0	0
Final balance	**366.662**	**366.662**

21. SUBSIDIES FOR INVESTMENTS

Variation in subsidies for investments is presented in the following table:

Description	June 30, 2017	December 31, 2016
Initial balance	6.523.394	7.038.311
Received during the year	0	0
Reversed during the year	0	0
Resumed at income	(252.397)	(514.917)
Final balance	**6.270.997**	**6.523.394**

The amounts represents subsidies recorded for the assets (co-financing) acquired within the projects developed by the parent company, namely:

- the Project 'Plan of rational energy use - Energy Efficiency Project at Prefab S.A.', worth 1.200.000 euro which was developed in partnership with BERD, where was obtained funding for 15 % of the investments made, respectively the amount of 812.124 lei (equivalent to 180.000 eur).
- the Project 'Making a cogeneration plant in order to improve the energy efficiency of S.C. Prefab S.A. activity', partially funded from European Funds under the Priority Axis 4 of the Sectoral Operational Programme: Increasing Economic Competitiveness, the Company concluding in this purpose the financing contract no. 18 EE/28.05.2012 with the Ministry of Economy, Trade and Business Environment. The grant amount approved by contract was 10.199.768,65 lei, of which in 2013 was collected the amount of 6.140.662,41 lei and in 2014 was collected the amount of 1.503.822,08 lei.

22. OPERATING INCOME

Income	June 30, 2017	June 30, 2016	Difference (2017-2016)
Production sold	31.681.924	30.632.255	1.049.669
Income related to product stocks costs	2.224.668	1.230.274	994.394
Income from production assets and real estate investments	4.759.743	2.897.106	1.862.637

Income from real estate investments	0	0	0
Other operating income	276.940	2.021.006	(1.744.066)
Total	**38.943.275**	**36.780.641**	**2.162.634**

Sales revenue is structured on the following product categories:

Name of products	**30.06.2017 %**	**2016 %**	**30.06.2016 %**
A.A.C.	70.53%	71.80%	75.18%
Tubes	3.22%	6.14%	5.74%
Precasts	11.43%	9.5%	7.55%
Electrical power	12.73%	11.62%	9.99%
Other products	2.09%	0.94%	1.54%

The autoclaved aerated concrete (AAC), the masonry material produced by PREFAB S.A. Bucuresti, in the first semester of 2017 raised to a production of 204.537,82 m³, with a monthly average of 40.907,56 m³, given that manufacturing activity started in February, in the conditions of a very heavy winter as it was this winter.

In the first half of 2017, Prefab SA sold approximately 200,000 m³ of AAC.

Regarding the market of precast and prestressed concrete, electricity poles, highway items, precast parts for hiper or supermarkets, beams for road bridges, there were slight changes giving signs of revival. With regard to the PREMO - SENTAB sewerage market, this is in the same recession due primarily to financial bottlenecks in the investment field.
In the first semester of 2017, the total volume of precasts produced and marketed was 2.948,01 m³ plus concrete goods 547,10 m³, a very small volume for the existing production capacity.
Regarding the PREMO-SENTAB sewage pipes, the volume produced was 1.101,73 m³.
Concerning the activity of the cogeneration plant, the quantity of electricity produced in the first semester of 2017 was 11.941,60 MWh of which it was delivered in SEN the quantity of 9.447,78 MWh, the quantity of 2.493,82 MWh being used for internal consumption. For the quantity of electricity delivered in SEN, the company was qualified for the cogeneration bonus under the High Efficiency Cogeneration Support Scheme. For the first semester of 2017 it was in the amount of 207.61lei/ MWh delivered in SEN.
The quantity of thermal energy produced in the first semester of 2017 was: 29.189,93 MWh, wholly used for domestic consumption.

23. OPERATING EXPENSES

Expenses	June 30, 2017	June 30, 2016	Difference (2017-2016)
Expenses for materials and supplies	**18.165.788**	**15.354.132**	**2.811.656**
Energy and water expenses	5.815.365	5.894.716	(79.351)
Other production expenses	1.419.334	1.169.281	250.053
Total cost materials	**25.400.487**	**22.418.129**	**2.982.358**
Wages and allowances	4.676.828	3.935.654	741.174
Social security and welfare expenses	1.127.372	938.903	188.469
Total expenses on staff	**5.804.200**	**4.874.557**	**929.643**
Amortization	3.162.735	3.060.216	102.519
Adjustments for impairment	0	0	0
Total amortization and depreciation	**3.162.735**	**3.060.216**	**102.519**
Expenses on external supply	3.197.562	4.210.521	(1.012.959)
Other taxes, duties and similar	477.805	556.986	(79.181)
Other expenses	17.334	467.307	(449.973)
Total other operating expenses	**3.692.701**	**5.234.814**	**(1.542.113)**
Total	**38.060.123**	**35.587.716**	**2.472.407**

The prices of raw material supply and materials recorded generally an evolution similar to those recorded in the previous year, being mainly affected by the national currency rate against the European currency and US dollar, the increase of costs for raw materials and auxiliary materials are due to particularly achieve a higher volume of products in the first semester of 2017, compared to the first semester of 2016, but also due to price increases registered by some raw materials and materials.
Generally, the sources of supply are safe, aiming to maintain a minimum number of 2 suppliers/assortment.

24. FINANCIAL INCOME

Incomes	June 30, 2017	June 30, 2016	Difference (2017-2016)
Income from rate differences	198.541	104.235	94.306
Interest income	5	3	2
Other financial income	0	0	0
Total	**198.546**	**104.238**	**94.308**

25. FINANCIAL EXPENSES

Expenses	June 30, 2017	June 30, 2016	Difference (2017-2016)
Interest expenses	749.377	740.569	8.808
Other financial expenses	224.732	125.342	99.390
Total	**974.109**	**865.911**	**108.198**

Other financial expenses mainly refer to expenses with exchange rate differences and increased by 99.390 lei, from 125.342 lei (30.06.2016) to 224.732 lei (30.06.2017) due to the devaluation of the national currency versus the European currency and the US dollar, with negative influence on the financial result of the company.

26. CORPORATION TAX

Information about the corporation tax (pursuant to declaration 101):

Indicators	Amounts 30.06.2017	Amounts 30.06.2016
Operating income	38.943.275	36.780.641
Operating expenses	38.087.897	35.699.213
Operating earnings	**855.378**	**1.081.428**
Financial income	198.546	104.238
Financial expenses	974.109	865.911
Financial earnings	(775.563)	(761.673)
Gross profit	**79.815**	**319.755**
Items similar to incomes, of which:	**23.580**	**222.224**
- items similar to incomes from other restatements		
	23.580	**222.224**
Items similar to expenses from other restatements	**19.911**	**19.911**
Fiscal depreciation	3.147.096	3.041.751
Deductible legal reserve	0	0
Other deductible amounts	0	0
Total deductions	**3.147.096**	**3.041.751**
Other non-taxable income	0	0
Income tax expenses	27.774	111.497
Non-deductible fines, penalties	6.250	1.191
Non-deductible entertainment expenses	68.764	38.432
Sponsorships expenses	8.654	1.070

Accounting depreciation expenses	3.162.735	3.060.216
Other non-deductible expenses	6.415	4.136
Total non-deductible expenses	**3.280.592**	**3.216.542**
Total taxable profits	**216.980**	**696.859**
Total income tax	**34.716**	**111.497**
Amounts representing sponsorship in the limits prescribed by law	**6.942**	**0**
Tax incom, of which:	**27.774**	**111.497**
- Current income tax	**27.774**	**111.497**
- Tax restatements	0	0
Net profit	**79.815**	**319.755**

27. BASIC EARNINGS PER SHARE. DILUTED EARNINGS.

	30.06.2017	**30.06.2016**
Basic earnings per share	**0.001644**	**0.006588**
Diluted earnings	**0.001644**	**0.006588**

The basic earnings per share and that diluted have the same value because there are no financial instruments with diluted effect on earnings.

28. MEDIUM NUMBER OF EMPLOYEES

a) Employees

The medium number of employees developed as follows:

	June 30, 2017	**June 30, 2016**
Management staff	6	5
Administrative staff	38	39
Production staff	295	338
TOTAL	**339**	**382**

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

Year	**June 30, 2017**	**June 30, 2016**
Personal with higher studies	20 %	22 %
Personal with secondary studies	10 %	10 %
Personal with professional studies and studies for qualification	66 %	63 %
Non qualified personal	4 %	5 %

c) The expenses for wages and related taxes registered in the first semester of 2017 and in the first semester of 2016 are the following:

	June 30, 2017	June 30, 2016
Wages expenses	4.676.828	3.935.654
Social security and welfare expenses	1.120.072	931.103
Voluntary pension expenses	7.300	7.800
Total	**5.804.200**	**4.874.557**

The company contributes to the national pension program under the laws in force and it has a voluntary pension program since April 2008 for the employees who have at least one year seniority in the company and aged 18 - 52 years. The contribution is paid by the employer, up to the limit of 200 euro/year, according to the Tax Code. The contracts concluded for employees are for the voluntary pension fund ING Optim administred by ING Asigurari de viaţa SA. The company has no other post-employment obligations relating to such insurance.
The expenses for wages and taxes increased with 929.643 lei, from 4.874.557 lei in the first semester of 2016 to 5.804.200 lei in the first semester of 2017 while the medium number of employees decreased from 382 (30.06.2016) to 3339 (30.06.2017).

29. TRANSACTIONS WITH AFFILIATES PARTIES
The company is managed in a single system by a Board of Directors composed of 3 directors, temporary and revocable, elected by the General Meeting of Shareholders, the majority of the Board members being non-executive directors, elected for aperiod of 4 years.

Starting with 29.09.2016, according to the decision of AGOA no. 9/29.09.2016 until 23.06.2017, the Board of Directors of PREFAB S.A. had the following components:

Item no.	Name and surname	Position	Profession
1.	**Milut Petre Marian**	**Chairman of Board of Directors**	**Engineer**
2.	**Momanu Radu**	**member**	**Engineer**
3.	**Negrau Relu Dorin**	**member**	**Jurist**

Starting with 23.06.2017, according to the decision of A.G.O.A. no. 2/19.04.2017 until 23.06.2021, the Board of Directors of PREFAB S.A. has the following components:

Item no.	Name and surname	Position	Profession
1.	**Milut Petre Marian**	**Chairman of Board of Directors**	**Engineer**
2.	**Ionescu Marian Valentin**	**member**	**Jurist**
3.	**Milut Anca Teodora**	**member**	**Architect**

On 30.06.2017 the members of the Board of Directors owned shares as follows:

Item no.	Name and surname	Number of shares	Percentage
1.	Milut Petre Marian	0	0
2.	Ionescu Marian Valentin	0	0
3.	Milut Anca Teodora	0	0

On 30.06.2017 the executive management consists of:

Item no.	**Name and surname**	**Position**	**Profession**
1.	**Milut Petre Marian**	**General director**	**Engineer**
2.	**Boitan Daniela**	**Economic director, with responsibilities of deputy general director**	**Economist**
3.	**Cocoranu Tudor**	**Energy Director**	**Engineer**
4.	**Macovei Olimpian**	**Commercial Director**	**Jurist**

Participation in the share capital of PREFAB S.A.

On 30.06.2017 the members of the executive management owned shares of the share capital of PREFAB S.A. as follows:

Item no.	Name and surname	Number of shares	Percentage
1.	Milut Petre Marian	0	0 %
2.	Boitan Daniela	9.240	0,0190%
3.	Cocoranu Tudor	0	0
4.	Macovei Olimpian	800	0.00164%

The gross allowance of the members of Board of Directors during the first semester of 2017 was 59.520 lei.
The gross allowance of the members of executive management during the first semester of 2017 was 318.000 lei.
The company has no obligations to former managers and administrators and no advances or loans were granted to current directors and administrators.
The company has no further obligations assumed by the nature of guarantees on behalf of directors.

Information on relationships with affiliated parties, subsidiaries and associates

Details of affiliated parties are as follows:

Name of entity	**Name of operations with the Group**	**Country of origin**	**Type of transactions**
o PREFAB S.A.	Parent company	Romania	commercial
o PREFAB INVEST S.A.	Branch of the parent company	Romania	commercial

	(99.9%)		
o PREFAB BG EOOD	Branch of the parent company (100%)	Bulgaria	commercial
o FOTBAL CLUB PREFAB 05	Branch of the parent company (99.8707%)	Romania	commercial

The situation of PREFAB SA transactions with the affiliated companies on 30.06.2017 compared with 31.12.2016, is as follows:

Receivables from the affiliated parties are as follows:

	June 30, 2017	December 31, 2016
PREFAB INVEST S.A.	30.344.311	31.625.713
ROMERICA INTERNATIONAL	393.293	393.839
PREFAB BG EOOD	36.061	13.610
FOTBAL CLUB PREFAB 05	0	0
Total	**30.773.665**	**32.033.162**

Payables to affiliated parties are as follows:

	June 30, 2017	December 31, 2016
PREFAB INVEST S.A.	0	0
ROMERICA INTERNATIONAL	0	0
PREFAB BG EOOD	9.108	0
FOTBAL CLUB PREFAB 05	0	0
Total	**9.108**	**0**

Sales of goods and services and /or fixed assets (values expressed in lei without VAT):

	June 30, 2017	December 31, 2016
PREFAB INVEST S.A.	8.755.612	11.096.338
ROMERICA INTERNATIONAL	0	1.026
PREFAB BG EOOD	42.666	79.131
FOTBAL CLUB PREFAB 05	0	0
Total	**8.798.278**	**11.176.495**

Acquisitions of goods and services (values expressed in lei without VAT):

	June 30, 2017	December 31, 2016
PREFAB INVEST S.A.	0	1.080.140
ROMERICA INTERNATIONAL	221.620	529.750
PREFAB BG EOOD	22.773	0
FOTBAL CLUB PREFAB 05	0	0

Total	**244.393**	**1.609.890**

Wishing to establish an association to promote activities related to the production of precast concrete industry, PREFAB SA - the parent company, along with 8 other renowned companies in this branch, they agreed to constitute « PREFBETON Concrete Precast Manufacturers Association ». The purpose of the Association is to promote products precast concrete, to represent, support and protect the interests of technical, economic and legal information concerning trade and industry precast concrete, to develop and encourage cooperation in scientific, technical and standardization area and to foster agreements between specialists in the country. The initial patrimony of the Association was 1,800 Ron, the contribution of Prefab SA being 200 Ron.

30. INFORMATIONS PER SEGMENTS OF ACTIVITY

The information on segments are reported according to the Company's activities. The transactions between the business segments are performed under normal market conditions.
Segment assets and liabilities include the items directly attributable to those segments and items that can be allocated using a reasonable basis.

PREFAB SA - is the mainly manufacturer in Romania of:

a. AAC (autoclaved aerated concrete) with a capacity of 500.000 m³ per year
b. Typified Precast
c. Concrete pipes for water and sewage networks (Premo and Sentab technology)
d. Untypified Precast

And one of the important suppliers of the local market for:

e. Aggregates
f. Concrete Goods
g. PVC Joinery
h. Electrical energy (since April 2013).

PREFAB SA has identified a segment of activity for which is presenting the information separately, namely **AAC Branch -** which earned revenues exceeding 70 % of sold production, for the product AAC.
The autoclaved aerated concrete (AAC), the masonry material produced by PREFAB S.A. Bucuresti, in the first semester of 2017 raised to a production of 204.537,82 m³, with a monthly average of 40.907,56 m³, given that manufacturing activity started in February, in the conditions of a very heavy winter as it was this winter.

In the first semester of 2017, Prefab SA sold approximately 200.000 m³ of AAC.

The structure of revenues and expenses for this business segment is as follows:

Revenues	**June 30, 2017**	**June 30, 2016**
Production sold	**22.343.537**	**23.028.541**
Other operating income	0	0
Total revenues	**22.343.537**	**23.028.541**

Expenses	June 30, 2017	June 30, 2016
Expenses for raw materials and supplies	**14.869.680**	**13.005.749**
Energy and water expenses	3.525.015	4.002.096
Other production expenses	0	0
Total cost of materials	**18.394.695**	**17.007.845**
Salaries and compensations	1.399.576	1.443.549
Expenses on social security and welfare	333.188	337.166
Total expenses on staff	**1.732.764**	**1.780.715**
Amortization	870.918	1.369.314
Adjustments for depreciation	**0**	**0**
Total amortization and depreciation	**870.918**	**1.369.314**
Expenses for external supply	232.312	529.553
Other taxes, duties and similar	24.641	126.974
Other expenses	0	0
Total other operating expenses	**256.953**	**656.527**
Administrative costs	**722.190**	**1.023.236**
Distribution expenses	**338.552**	**664.070**
Total expenses	**22.316.072**	**22.501.707**
Result of activity	**27.465**	**528.834**

PREFAB SA is one of the major national manufacturers of building materials, with a diverse portfolio of marketed products.
The main markets are in: Romania, Bulgaria and Republic of Moldova
In Romania the sales market structure is:

a. for AAC: Muntenia, Transilvania, Moldova
b. for Precast: over Romania
c. for Aggregates, Concrete Goods, PVC Joinery: local market

It works as a policy of selling differentiated depending on the specificity of each product.

a. AAC is sold through Distributors or DIY chains (Do It Yourself)
b. Precast are sold by auction method or negotiation on project.

In the first semester of 2017, Prefab SA sold approximately 200.000 m³ of AAC

AAC sales by geographic areas:

Geographic area	Sales on 30.06.2017	Sales in 2016	Sales on 30.06.2016
1. Muntenia	85.37%	81.03%	86.91%
2. Transilvania	0.15%	0.27%	0.20%
3. Moldova	14.13%	17.97%	12.23%
4. Bulgaria	0.22%	0.18%	0.18%
5. Moldova (country)	0.13%	0.55%	0.48%
	100%	100%	**100%**

ELECTRICITY PRODUCTION ACTIVITY

PREFAB SA performed during the period 2011-2013 a major investment project, namely: the project: 'Making a cogeneration plant in order to improve the energy efficiency of S.C. Prefab S.A. activity' - a project worth 22.400.846,58 lei (5.247.575 euro). This project was submitted on July 20, 2011 at the Intermediate Body for Energy for EU funding under the Priority Axis 4 of the Sectoral Operational Programme 'Increasing Economic Competitiveness' and it was declared eligible for funding, for this purpose being concluded the financing contract no. 18 EE/28.05.2012 with the Ministry of Economy, Trade and Business Environment for the grant maximum amount of 10.199.768,65 lei. The **main objective of the project** was the increase of energy use efficiency in the industrial activities of SC Prefab SA, by installing a high-efficiency cogeneration plant.
The project was completed with the commissioning on 15.04.2013 of the new production capacities in cogeneration of the electricity and heat.
On 24.04.2013, PREFAB SA obtained under Decision of ANRE no. 1038/24.04.2013, the «License no. 1222 to produce electricity for the commercial exploitation of the cogeneration plant with turbine with gas of 5,4 MW».
In the turnover recorded in the first semester of 2017, the electricity accounts for 12.73%.
The amount of electricity produced in the first semester of 2017 was 11.941,60 MWh of which was delivered to the SEN the amount of 9.447,78 MWh and 2.493,82 MWh being used internally.
For the amount of electricity delivered to SEN, the Company got qualified for cogeneration bonus in the Support scheme to promote the high-efficiency cogeneration. For the first semester of 2017 this was in amount of 207.61 lei/ MWh delivered to SEN.
The amount of thermal energy produced in the first semester of 2017 was 29.189,93 MWh, used entirely for domestic consumption.

31. COMMITMENTS AND CONTINGENTS

Court actions

The Company is subject to a number of court actions results in the normal course of carrying out the activity. The Company's management believes that besides the amounts already recorded in these financial statements as provisions or adjustments for impairment and described in the notes to these financial statements, other legal actions will have not significant adverse effects for the economic results and the financial position of the Company.

Insurances

In the first semester of 2017, the Company has signed several insurance contracts with the insurance companies which mainly refer to:

- Ensuring buildings and supplies (mainly pledged or mortgaged to banks)
- Insurance for vehicle fleet (RCA, CASCO)

Transfer price

In accordance with relevant tax law, the evaluation of transactions with related parties is based on the market price concept for the respective transaction. In this context, the transfer prices must be adjusted to reflect the market prices which would be made between entities that there is no affiliate relationship and that are acting independently based on normal market conditions.
It is likely that the checks transfer pricing to be achieved in future by the tax authorities, to determine whether these prices comply with the principle of "normal market conditions"and that the tax base is not

distorted. The management of the parent company believes that the transactions with the related parties respect the principle of market price for each transaction.

32. RISK MANAGEMENT

The Company is exposed to the following risks:
• Credit risk
• Liquidity risk
• Market risk
• Currency risk
• Operational risk
• Risk related to balancing cost
• Tax risk

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

Background about risk management

The Boards of Directors of the Company have overall responsibility for the establishment and oversight of the risk management framework in each Company.
The activity is governed by the following principles:
a) principle of delegation;
b) principle of decisional autonomy;
c) principle of objectivity;
d) principle of investor protection;
e) principle of stock market development promotion;
f) principle of active role.
The Board of Directors is also responsible to examine and approve the strategic, operational and financial plan of Company and of corporate structure of the Company.
Company risk management policies are defined to ensure the identification and analysis of risks faced by the Company, to establish appropriate limits and controls and to monitorize the risk and to comply the limits set. Policies and risk management systems are reviewed regularly to reflect the changes occurred in the market conditions and in the Company's activities. The Company, through its standards and its procedures of training and management aims to develop an orderly and constructive control environment during which all employees understand their roles and obligations. The internal audit of entities oversees how directorate monitors the compliance with the policies and procedures for risk management and reviews the adequacy of the risk management framework in relation to the risks faced by entities.

Credit risk
The credit risk is the risk that the Company 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 Company.
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and of the country in which it operates. Most clients of Company operates in Romania.
The ***main financial instruments*** used by the Company of which arise risks relating to financial instruments, are:

- Trade receivables and other receivables

- Cash and cash equivalents
- Investments in affiliated entities listed, classified according to IAS 39 "Financial assets available for sale"
- Trade liabilities and other liabilities

Below is provided a summary of financial instruments obtained by category:

ASSETS	June 30, 2017	December 31, 2016
Trade receivables and similar	35.132.197	34.712.970
Cash and cash equivalents	1.141.727	588.058
Total	**36.273.924**	**35.301.028**

ASSETS	June 30, 2017	December 31, 2016
Actiuni detinute la filiale	9.439.669	9.439.669
Other fixed titles	200	200
Total	**9.439.869**	**9.439.869**

LIABILITIES	June 30, 2017	December 31, 2016
Trade liabilities and assimilated	20.317.254	12.941.114
Current income tax liabilities	27.774	87.501
Total	**20.345.02**	**13.058.615**

The Company monitors the credit risk exposure by analyzing the seniority of receivables that it records and works permanently for the recovery of that past due date or outdated.

Liquidity risk

The liquidity risk is the risk that the Company may encounter difficulties in fulfilling the obligations related to liabilities that are settled in cash or in another financial asset transfer. The Company'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 Company's reputation.
The Company has committed long-term loans.
To counteract this risk factor, the Company has applied restrictive policies of delivery of products to uncertain customers. An important role was played by the Company'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 Company established by contract. There were extended the warranty contracts with mortgage in favor of banks with whom we have open credit lines and letters of guarantee so that we can pay our obligations in the event of a cash shortages.

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 Company'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.

Exposure to interest rate risk

The Company's exposure to the risk of interest rate changes refers mainly to variable interest bearing loans that the Company has for long-term.

Interest rate risk management
In order to manage the interest rate risk, the Company's liabilities are analyzed in terms of fixed and variable debt, of currencies and maturities.
The sensitivity analysis below was determined based on the exposure to interest rates on the date of financial statements. For the liabilities with variable rates, the analysis is prepared assuming the amount outstanding on the date of the financial statements was outstanding throughout the year. An increase or decrease of 1% is the management's assessment related to a possible reasonable changes of interest rates (the other variables remaining constant).

Analysis for change in interest rate risk:

Variable rate loans	**Effect of 1% change in interest rate**			
	30.06.2017	**2016**	**30.06.2017**	**2016**
Short term loans	30.502.999	29.299.869	292.998,69	305.029,99
Long term loans	16.722.838	18.824.053	188.240,53	167.228,38

Currency risk

The Company 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.
The foreign exchange rate variations risk generally was prevented by an appropriate management, in particular by converting foreign currency loans in national currency.

Foreign currency sensitivity analysis.
Since the Company has operations in various currencies, are analyzed the industry specific activities and the corresponding exchange risks. The Company is mainly exposed to the exchange rate of the euro and US dollar against the Romanian leu. Other currencies have only a limited effect on cash flow and profit before interest and tax.

The carrying amounts of the Company's assets and liabilities denominated in foreign currencies at the reporting date are as follows:

	Assets		Liabilities	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
EUR	14.070	32.115	874.391	1.183.382
USD	1.288	1.644	0	0

The following table details the Company's sensitivity to a 10% increase or decrease in the exchange rate of EUR and USD. The sensitivity analysis includes only monetary items denominated in foreign currencies outstanding at the reporting date and adjusts their translation at the end of period for a 10% change in foreign exchange rates. A positive amount in the table below shows an increase in profit generated by a variation in exchange rates of 10% and a negative number indicates a decrease in profit by the same amount.

+10% increase in the exchange rate of foreign currencies

	Impact of EUR (i)		Impact of USD (ii)	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
Profit /loss	(86.033)	(115.127)	514	164

-10% decrease in the exchange rate of foreign currencies

	Impact of EUR (i)		Impact of USD (ii)	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
Profit /loss	86.033	115.127	(514)	(164)

(i) This impact is mainly attributable to the exposure to the EURO of the money available in bank, of the letters of credit, receivables, payables and bank loans, outstanding at the end of year.
(ii) This impact is mainly attributable to the exposure to the USD of the money available in bank, outstanding at the end of year.

The sensitivity analysis of currency risk inherent presented above shows the translation risk exposure at the end of year; nevertheless, the exposure during the year is permanently monitored and managed by the Company.

Operational risk

The operational risk is the risk of direct or indirect loss from a range of causes associated to the processes, staff, technology and infrastructure of Company and from external factors, other than the credit, the market and the liquidity risk, such as those arising from legal and regulatory requirements and the generally accepted standards regarding the organizational behavior. The Company is exposed to the risk of disasters too. In these conditions, the Company acted towards concluding insurance policies to protect against disasters the company assets.
The operational risks come from all the Company's operations. The main responsibility of developing and implementing controls related to operational risk turns to the entity's management. The responsibility is supported by the Company's development of general standards of operational risk management in the following areas:
• Requirements sof separation of duties
• Alignment with legal and regulatory requirements
• Documentation of controls and procedures
• Requirements for periodic review of operational risk to which the Company is exposed and the adequacy of controls and procedures to prevent the risks identified
• Requirements for reporting the operational losses and proposals to remedy the causes that generated them
• Develop some business continuity plans
• Development and professional training
• Setting ethical standards
• Preventing the risk of litigation, including the insurance, where applicable
• Minimizing the risks, including the efficient use of insurance, where appropriate.

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.

Tax risk

From January 1, 2007, following the accession of Romania to the European Union, the Company had to obey the EU regulations and consequently, it was prepared for the implementation of the changes bring by the European legislation.
The Company has implemented these changes, but the way of their implementation remains open to tax audit for 5 years or even 7 years, starting with the financial year 2009.
The interpretation of texts and the practical implementation of the procedures of new applicable tax regulation harmonized with the European legislation, may vary from entity to entity and there is a risk that in some cases, the tax authorities could take a different position from that of the Company. It is possible that the Company continue to be subject to tax audits in so far as new tax rules are issued.

33. ANALYSIS OF THE MAIN ECONOMIC-FINANCIAL INDICATORS

	30.06.2017	30.06.2016

1. Liquidity indicators		
Current liquidity indicator	0.88	1.02
Immediate liquidity indicator	0.71	0.82
2. Risk indicators		
Indebtedness indicator	0.33	0.24
Interest coverage indicator	1.18 times	1.58 times
3. Activity indicators	3.83 times	3.13 times
Speed of stocks rotation	47 days	58 days
Number of days of storage	198 days	152 days
Rotational speed customer flow	78 days	58 days
Rotational speed of credit providers	0.13 times	0.13 times
Rotational speed of fixed assets	0.11 times	0.11 times
Rotational speed of total assets		
4. Profitability indicators		
Return on capital employed	0.004 times	0.005 times
Gross margin on sales	2.79%	3.89%
5. Earnings per share indicators		
Earning per share	0.001644	0.006588

34. EVENTS SUBSEQUENT TO REPORTING DATE

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

Explanatory notes at the financial statements from 1 to 34 are an integral part of these interim financial statements for a period of 6 months ending on 30/06/2017.
The interim financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Eng. Milut Petre Marian	**Ec. Boitan Daniela**

Statement of the Board of Directors
of PREFAB S.A.

The Board of Directors of PREFAB S.A. hereby declares that assumes responsibility for preparing the Financial Statements on June 30, 2017.

The Board of Directors of PREFAB S.A., in terms of the Financial Statements prepared on June 30, 2017, confirms as follows:

a) The Financial Statements from June 30, 2017 are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

b) The accounting policies used in preparation of the Financial Statements are in accordance with the applicable accounting regulations.

c) The Financial Statements prepared on June 30, 2017 provide an accurate picture of the financial position, the financial performance and of the other information related to the activity developed.

d) The Company operates in conditions of continuity.

This statement is in accordance with the provisions of Art. 30 of Accounting Law no. 82/1991, republished.

Chairman of the Board of Directors,

Eng. Milut Petre Marian

AUDIT EXPERT S.R.L.

Ploieşti, str. Mircea cel Bătrân, nr. 14 A
R.C. J29/ 68/ 1998, C.I.F. RO 10117602,
Tel/fax: 0244 596 421 , e-mail: auditexpert2004@yahoo.com
Chamber of Financial Auditors of Romania certificate no. 50/ 2001

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION PRESENTED ON 30.06.2017

To,

PREFAB S.A. BUCHAREST

Mr. Marian Petre Milut
Chairman of the Board

Introduction

1.We have reviewed the accompanying interim financial information of PREFAB S.A. Bucharest, presented on June 30, 2017 with the related statements of financial position, profit or loss and other items of comprehensive income, cash flow statement, statement of changes in equity for the six months ended on that date, and a summary of significant accounting policies and other explanatory notes, as well as the Accounting Reports concluded on June 30, 2017 consisting of: the statement of assets, liabilities and equity; the statement of income and expense and information data for the six-month period ended on that date according to O.M.F.P. no. 895 of June 16, 2017 for the approval of the Accounting Reporting System on June 30, 2017 of economic operators and for the regulation of some accounting aspects.

Management is responsible for the preparation and fair presentation of these statements and individual interim financial information in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent amendments and additions and with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting"as approved by the European Union. Also, the management of the Company is responsible for the preparation and fair presentation of the Accounting Report in accordance with O.M.F.P. no. 895 of 16th June 2017 for the approval of the Accounting Reporting System on June 30, 2017 of the economic operators, as well as for the regulation of some accounting aspects.

Our responsibility is to express a conclusion on this interim financial information and the Accounting Statements as at June 30, 2017 based on our review.

Scope of Review

2. We conducted our review in accordance with International Standard on Review Engagements (“ISRE”) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in the an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the interim financial information with related statements and the Accounting Reports of June 30, 2017 of PREFAB S.A. Bucharest, are not prepared, in all material respects, in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Standards in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent amendments and additions, to IAS 34 "Interim Financial Reporting" as it is Approved by the European Union, as well as with the provisions of the OMFP no. 895 of June 16, 2017 for the approval of the accounting reporting system on June 30, 2017 of the economic operators and for the regulation of some accounting aspects.

Ploiesti, August 09, 2017

Financial Auditor,

Roman Ileana - registered at the Chamber of Financial Auditors of Romania with certificate no. 1199/ 2001

On behalf of the company,

S.C. AUDIT EXPERT S.R.L. Ploiesti

Audit Firm - registered at the Chamber of Financial Auditors of Romania with certificate no. 50/ 2001

General Director,

Constantin Maria – Chamber of Financial Auditors of Romania certificate no. 184/ 2001

CONSOLIDATED MANAGERS REPORT
for the first semester of 2017
Report according to Regulation A.S.F./ C.N.V.M. no. 1/ 2006 – Annex 32

For the financial year: 2017 (the first semester)
Date of report: 16.08.2017
Name of the company - Prefab S.A.
Registered Office - Bucuresti, Dr. Iacob Felix, nr. 17-19 ,et.2, sector 1
Premises: Calarasi, str. Bucuresti, nr. 396
Phone no./fax - 021-3315116/ 021-3305980
Tax Identification Number at Trade Registry Office - RO 1916198
Trade Register Registration Number - J40/9212/2003
Regulated market where the issued securities are traded - Bucharest Stock Exchange, Standard category
Subscribed and paid in share capital - 24.266.709,5 lei
The main characteristics of the securities issued - the company has issued a number of 48.533.419 registered shares each with a nominal value of 0,5 lei, dematerialized
Accounting standard applied: International Financial Reporting Standards
Auditing: The financial statements are audited.

1. Activity of companies in the „ group''

a. Description of the Group's core business

PREFAB S.A. – the parent company is a company limited by shares in accordance with the provisions of 31/1990 Act on companies, republished, including subsequent amendments and additions.

PREFAB S.A. is registered at Trade Registry Office under no. 40/9212/04.07.2003 and has the tax registration number RO 1916198 and since January 01, 2006, following the provisions of the Tax Code amended to date, it was assigned the fiscal registration code for the purposes of VAT - RO 1916198. The main activity is according to the Articles of Association - Manufacture of concrete products for construction, NACE Code 2361.

The ownership structure on 15.06.2017, according to data from the Central Depository, was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	40.281.167	82.9968
SIF MUNTENIA	6.295.000	12.9704
OTHER SHAREHOLDER - LEGAL PERSONS	419.348	0.8640
OTHER SHAREHOLDER - NATURAL PERSONS	1.537.904	3.1688
TOTAL	**48.533.419**	**100**

PREFAB S.A., as parent company, as defined in the accounting regulations applicable to society groups, performs the consolidation of annual financial statements according to provisions of Art. 9, Para. 3 of Accounting Law no. 82/1991, republished, because it holds the majority of voting rights of shareholders or associates in other entities, called subsidiaries.
Also, being an entity whose securities are admitted to trading on a regulated market, PREFAB S.A. BUCURESTI, holding a position of control in several subsidiaries, according to provisions of Regulation

no. 31/2006 on completion of certain regulations of A.S.F./C.N.V.M, to implement certain provisions of European directives, is obliged to release to the public by sending to National Securities Commission and to the regulated market operator, the consolidated financial statements for the financial year ended on 30.06.2017.
Following the expansion of marketing activities, PREFAB SA has holdings in these companies with a total value of 9.439.668,9 lei, as follows :

- 99.9% of PREFAB INVEST SA Bucuresti capital
- 100% of PREFAB BG EOOD SA Bulgaria capital
- 99.8707% of FOTBAL CLUB PREFAB 05 SA Modelu capital

RELATED PARTIES:

PREFAB INVEST S.A.

Office: Str. Dr. Iacob –Felix , nr.17-19, etaj 2, camera 2, Bucuresti.
Date of foundation: 10/05/2000
Foundation method: subscription of shares
Main activity according to NACE: code 2361 - Manufacture of concrete products for construction
Directorate in the first semester of 2017:
Chairman of the Board of Directors - Eng. Milut Petre Marian
Director general - Eng. Nistor Carmen
Director economic - Ec. Tancu Razvan
Share capital: - 150.000 lei consisting of a number of 4.000 shares having the nominal value of 37.5 lei/share.

PREFAB BG EOOD SRL Bulgaria

Office: Silistra, Dobrich Street, no. 15, Bulgaria
Date of foundation: 06.02.2004
Foundation method: subscription of shares
Main activity according to NACE: code 2361 - Manufacture of concrete products for construction
Directorate in the first semester of 2017 - Manager: jr. Macovei Olimpian
Share capital - value 18.918,9 lei equivalent to 10.000 leva

FOTBAL CLUB PREFAB 05 SA

Office: str. Calarasi, nr. 175 B, com.Modelu, Calarasi
Date of foundation: 25/07/2005
Foundation method: subscription of shares
Main activity according to NACE: code 9319 - Other sports activities
Directorate in the first semester of 2017:
- Board of Directors consisting of:
1). Dumitriu Dumitru - Chairman of the Board of Directors
2). Dragomir Constantin
3). Nuta Domnica

Share capital - value 9.282.900 lei consisting of a number of 30.943 shares having the nominal value of 300 lei/share.

b. Specification of the company date of foundation

The parent company PREFAB S.A. was founded in the year 1990, by taking full heritage of ex « Intreprinderea de Materiale de Constructii Calarasi » which was founded in the year 1967.

The company PREFAB S.A. was organized in the current structure under Law no. 15/1990 and under Government Decision no. 1200/12.11.1990, being registered with the Trade Register under the no. J40/9212/2003.

PREFAB INVEST S.A.	**-** Date of foundation: 10.05.2000
PREFAB BG EOOD Bulgaria	**-** Date of foundation: 06.02.2004
FOTBAL CLUB PREFAB 05	- Date of foundation: 25.07.2005

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

During the financial year 2017, the first semester, there was no change/ significant reorganization, merger, division or dissolution for Prefab SA and affiliates.

On 30.06.2017, **the parent company PREFAB SA** has the following premises:

1. Premises in Calarasi, str. Bucuresti, nr. 396, jud. Calarasi
2. Premises in Statiunea Jupiter, sat vacanta Zodiac, lot nr.3, Mangalia, jud. Constanta

The other affiliates have no premises.

d. Description of acquisitions and/or alienation of assets

During the first semester of 2017, in terms of modification of balance sheet fixed assets, there is an increase with 1.43%, an increase mainly influenced by the purchase of two trucks with shutters and cranes mounted, needed to transport the production to the client and the patterns required for the production of prefabricated according to the projects received.

There were not alienated assets that influence the execution of the object of activity of the Group.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	Notes	June 30, 2017	January 01, 2016
Tangible assets		222.909.994	219.631.488
Intangible assets		246.745	338.850
Investment property		2.929.980	2.929.980
Investments in affiliates		300	300
Biological assets		11.745	12.263
TOTAL INTANGIBLE ASSETS		**226.098.764**	**222.912.881**
Stocks		8.689.314	7.333.702
Trade receivables and other receivables		41.088.185	39.359.533
Cash and cash equivalents		1.260.085	619.650
Other assets (Prepayments)		891.947	750.940
TOTAL CURRENT ASSETS		**51.929.531**	**48.063.825**
1.TOTAL ASSETS		**278.028.295**	**270.976.706**
Share capital		24.278.859	24.278.859
Adjustments to the share capital		0	0
Other components of share capital		(367.391)	(367.391)
Share premium		14.305.342	14.305.342
Revaluation reserves		123.230.103	123.230.103
Reserves		39.235.294	38.686.427
Reserves of conversion		4.410	3.658
Retained earnings except that from the adoption for the first time of IAS 29		599.517	656.945
Retained earnings from the adoption for the first time of IAS 29		0	0
Profit at the end of the reporting period		-5.490	1.126.700
Distribution of profit		0	70.822
2. TOTAL EQUITY		**201.280.644**	**201.849.821**
Long-term loans		16.561.384	18.824.053
Deferred income tax liability		367.392	367.392
TOTAL LONG-TERM LIABILITIES		**16.928.776**	**19.191.445**
Trade payables and other payables		20.799.737	12.716.506
Short term loans		30.664.453	29.299.869
Other liabilities		2.092.394	1.404.116
TOTAL SHORT-TERM LIABILITIES		**53.556.584**	**43.420.491**
Subsidies for investment, of which:		**6.270.997**	**6.523.394**
- current party		504.795	504.795
- more than one year		5.766.202	6.018.599
3. TOTAL LIABILITIES		**278.037.001**	**270.985.151**
4. MINORITY INTEREST		**(8.706)**	**(8.445)**

1.1.1. Elements of general evaluation

PREFAB SA has prepared the consolidated financial statements in accordance with International Financial Reporting Standards adopted by European Union (IFRS), in force on the annual reporting date of the company, namely on 30.06.2017.

Indicator	30.06.2017	30.06.2016
Net turnover	**33.100.908**	**31.266.362**
Other operating income	7.261.351	6.233.343
Total operating income	**40.362.259**	**37.499.705**
Raw materials and supplies expenses	18.183.701	15.369.561
Other material expenses	1.723.514	1.350.599
Energy and water expenses	5.820.004	5.903.368
Expenditure on goods	518.945	158.092
Trade discounts received	(801.230)	(244.043)
Staff costs	6.498.169	5.468.929
Depreciation and amortization expenses	3.163.256	3.064.437
Other operating expenses	4.448.811	5.381.848
Total operating expenses	**39.555.170**	**36.452.791**
Operating result	**807.089**	**1.046.914**
Interest income	124	121
Other financial income	198.541	104.235
Total financial income	**198.665**	**104.356**
Interest expenses	749.377	740.569
Other financial expenses	224.732	125.342
Total financial expenses	**974.109**	**865.911**
Financial result	**(775.444)**	**(761.555)**
Current result	**31.645**	**285.359**
Total income	**40.560.924**	**37.604.061**
Total expenses	**40.529.279**	**37.318.702**
Gross profit	**31.645**	**285.359**
Income tax	**37.135**	**111.497**
Net profit	**-5.490**	**173.862**

The autoclaved aerated concrete (AAC), the masonry material produced by PREFAB S.A. in the first semester of 2017 raised to a production of 204.537,82 m³, with a monthly average of 40.907,56 m³, given that manufacturing activity started in February, in the conditions of a very heavy winter as it was this winter.

In the first semester of 2017, Prefab SA sold approximately 200.000 m³ of AAC.

Regarding the market of precast and prestressed concrete, electricity poles, highway items, precast parts for hiper or supermarkets, beams for road bridges, there were slight changes giving signs of revival. With regard to the PREMO - SENTAB sewerage market, this is in the same recession due primarily to financial bottlenecks in the investment field.

In the first semester of 2017, the total volume of precasts produced and marketed was 2.948,01 m³ plus concrete goods 547,10 m³, a very small volume for the existing production capacity.

Regarding the PREMO-SENTAB sewage pipes, the volume produced was 1.101,73 m³.

Concerning the activity of the cogeneration plant, the quantity of electricity produced in the first semester of 2017 was 11.941,60 MWh of which it was delivered in SEN the quantity of 9.447,78 MWh, the quantity of 2.493,82 MWh being used for internal consumption. For the quantity of electricity delivered in SEN, the company was qualified for the cogeneration bonus under the High Efficiency Cogeneration Support Scheme. For the first semester of 2017 it was in the amount of 207.61lei/ MWh delivered in SEN.

The quantity of thermal energy produced in the first semester of 2017 was: 29.189,93 MWh, wholly used for domestic consumption.

The affiliated of the parent group PREFAB INVEST and PREFAB BG mainly sells PREFAB SA products in their geographic area.

In the first semester of 2017, there is an increase in net turnover with 5.87% compared to the first semester of 2016 and the consolidated gross profit decreased with 103% compared to the first semester of 2016.

Liquidity:

- cash and accounts at banks at the beginning of the period: 619.650 lei
- cash and accounts at banks at the end of period: 1.260.085 lei
- cash flow: 640.435 lei

The affiliated companies: PREFAB INVEST S.A., PREFAB BG EOOD and FOTBAL CLUB PREFAB 05 have not contracted loans and credit lines from banking institutions.

The money include the current accounts in lei and in foreign currency, the available cash. The money is evaluated on the exchange rate announced by the NBR valid at the balance sheet date.

1.1.2. Evaluation of the technical level of the Group

PREFAB SA - the parent company is one of the major manufacturers in Romania of:

a. AAC (autoclaved aerated concrete) with a capacity of 500.000 m³ per year
b. Typified Precast with a capacity of 20.000 m³ per year
c. Concrete pipes for water and sewage networks (Premo and Sentab technology)
d. Untypified Precast

And one of the important suppliers of the local market for:

e. Aggregates
f. Concrete Goods
g. PVC Joinery

Since April 2013, PREFAB SA is a manufacturer of electric and thermal energy, accredited by ANRE, and supplier of electricity in the National Power System.

We note that the production structure has always been correlated with market conditions respectively with the quantity and assortment required.

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

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

PREFAB SA - the parent company, is one of the major national manufacturers of building materials, with a diverse portfolio of marketed products.

The main markets are in: Romania, Bulgaria and Republic of Moldova

In Romania the sales market structure is:

a. for AAC: Muntenia, Transilvania, Moldova
b. for Precast: over Romania
c. for Aggregates, Concrete Goods, PVC Joinery: local market

It works as a policy of selling differentiated depending on the specificity of each product.

a. AAC is sold through Distributors or DIY chains (Do It Yourself)

b. Precast are sold by auction method or negotiation on project.

Sales by geographic areas:

Geographic area	Sales on 30.06.2017	Sales in 2016	Sales on 30.06.2016
1. Muntenia	85.37%	81.03%	86.91%
2. Transilvania	0.15%	0.27%	0.20%
3. Moldova	14.13%	17.97%	12.23%
4. Bulgaria	0.22%	0.18%	0.18%
5. Moldova (country)	0.13%	0.55%	0.48%
	100%	**100%**	**100%**

To optimize costs and given the market studies done by specialized staff of the PREFAB, in the first half of 2017, the company was oriented to sale in geographic areas where customer demand is higher and sales conditions are more favorable.

b. the weight of each category of goods or services in the income and the total turnover of the Group:

PREFAB SA continuously watched over the years the differentiation from the national competitors, giving special importance to refurbishment and modernization of production process, to increasing product quality and customer service, in terms of declining of purchasing power on market.

Description of products	30.06.2017 %	2016 %	30.06.2016 %
A.A.C.	70.53%	71.80%	75.18%
Tubes	3.22%	6.14%	5.74%
Precast	11.43%	9.5%	7.55%
Electric power	12.73%	11.62%	9.99%
Other products	2.09%	0.94%	1.54%

Turnover recorded in the year 2017, the first semester by the parent Group:
- **Prefab S.A. 31.681.924 lei**

Turnover recorded in the year 2016, the first semester by the affiliated companies:
- **Prefab Invest : 10.170.456 lei**
- **Prefab BG: 69.579 lei**
- **Fotbal Club Prefab 05: 0 lei**

c. the new products contemplated for which will be affected a substantial volume of assets in the future financial year and the stage of development of these products

Through the specifics of activity, Prefab SA - the parent company, always has new products on the production line, depending on market demand structure of precast products, products that run on demand by adapting or creating new patterns, according to technical projects.

For the product AAC, the Hebel type manufacturing technology is strict and does not allow modifying products that are produced according to international product Standards, but in the branch of AAC, permanently take place improvements on technological lines of production, upgrades of IT systems for control of processes, periodic revisions and updates of technological equipment (mobile cranes, automatic cutting machine, autoclaving control etc.)

In the branch of Precasts, there are performed and sold two types of typified and un typified products.

The typified precast are standardized for different types of works. For example, the centrifuged poles of concrete for the overhead lines are standardized products with special conditions.

On the other hand, the commercial and industrial projects (industrial or commercial halls of Hypermarkets type) suppose to follow the dimensions of project precast, which basically means to enter into production almost every month new products, new patterns etc., to execute monthly new products, without substantial volume of new assets.

Since 2013 the new products obtained are the electricity and heat, produced in high efficiency cogeneration to cover domestic consumption in the production process but also to deliver energy in SEN.

1.1.3. Evaluation of the technical-material supply activity

The main objectives of supply activity were:
- reducing acquisition costs, thus reducing production costs
- identifying new suppliers
- providing the necessary raw materials, spare parts, depending on stocks policy
- getting the best supply conditions in contracting (quality/ price/ payment terms)

The current stock in which is included the safety stock too, ensures the smooth running of the production activity.

The main suppliers of raw materials:

- cement	- CRH Ciment Romania SA
	- Holcim Romania SA
- lime	- Celco SA
	- SMA Mineral Burgas
- aluminum paste	- Grimm Metallpulver Germany
- balls mill grinding	- Wirenet Services Corp Panama
- steel	- Arabesque Bucharest
	- Mairon Bucharest
	- D&D Drotaru Hungary
- marsh gas	- Engie Romania SA

Commercial relationships with main suppliers of raw materials, are based on compliance with the clauses included in contracts of sale concluded or where appropriate, extended at the beginning of each year. The choice of supplier is made having as basic principles the quality-price ratio, the payment conditions and the market development of that product.

1.1.4. Evaluation of the sale

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

Sequential sales activity for the period 2016 - 2017 is presented in the table 1.1.2, point a.)

Evolution of the turnover of the group in the last 5 years is as follows:

30.06.2017	31.12.2016	30.06.2016
33.100.908 lei	70.516.304 lei	31.266.362 lei

Prospects for medium and long-term sales are reported at the factory's existing capabilities, namely the construction of new production capacities property of PREFAB SA.

It is expected for the period 2017 - 2019:

Domestic market:

- Maintaining sales volumes in traditional markets for AAC and increase margins.
- Gaining new markets for Typified Precast in Banat, Oltenia, Ardeal.
- Gaining new markets for Tubes in Banat, Oltenia, Ardeal, Moldova
- Increasing of sales volumes of Precast and Tubes in traditional markets from Muntenia, Dobrogea, Moldova.
- In long term, to own a market share of 12% from the market of untypified precast and infrastructure projects.

Foreign market:

- Development of distribution networks in Bulgaria and Republic of Moldova, similar to the one in Romania for the product AAC.

Prefab Invest and Prefab BG subsidiaries through the services rendered of sale, the representation, mainly addresses to the economic agents from our country and abroad (Bulgaria). We appreciate that both internal and external market also face the competition from national perimeter of the respective market.

b. Description of the competitive situation in the objects to the business of the Group, the market share of Group products or services and the main competitors

In the first semester of 2017, the Group sold around 200.000 m³ of AAC.
Traditional competitors on AAC market:

- Celco Constanta
- Prefabricate Vest Bucuresti
- Elpreco Craiova
- Somaco SA
- Soceram

In the first semester of 2017 the total volume of precast producted and sold was 2.948,01 m³ plus concrete goods 547,10 m³, a volume unsatisfactory for the existing production capacity.

Traditional competitors in the market for precast and tubes:

- Asa Cons Consolis Turda
- Bauelemente Ploiesti
- Ergon Ploiesti
- Somaco Grup Prefabricate
- Lupp Sibiu
- Tiviere Construzioni
- Precon Bucuresti

- Dunapref Giurgiu

On market stands for both the parent company and its affiliates, relationships disputing competition for the same market segment with other competitors with the same activity.

c. Description of any significant dependence of the Group compared to one customer or compared to a group of customers whose loss would have a negative impact on Group revenue

As the client list - supply chain, as well as balanced territorial dispersion, Prefab SA does not significantly depend on a single customer, as a result, the loss of a client can not have negative impact on Group.

1.1.5. Assessment of aspects related to Group's employees/staff

a. specifying both the number and the training level of the Group's employees and the degree of unionization of the employment

On 30.06.2016 the average number of employees at group level is 396, and the effective one is 410 employees. In 2017 (30.06.2017) the average number at group level was 356 and the effective one was 434 employees.

In relation to Employers, the employees are represented by Prefab Free Union. The unionisation in 2017 is for 99%.

The Group has no debts to directors or managers in the analyzed period and there were no advances or loans granted to directors or managers.

Regarding the *personnel recruitment and selection*, this period is characterized by a rather limited supply of qualified staff, introducing more rigorous selection phase of potential candidates.

The Group attaches great importance to the organization of *training courses*, to the efficient work style and to the interdepartmental collaboration.

During the first semester of 2017 it was constantly watched the *evaluation of staff performance* and the setting of individual targets by checking their quarterly.

b. description of the relationship between manager and employees as well as any conflicting elements that characterize these reports

During the first semester of 2017 there were no conflicts between the company management and employees.

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

PREFAB S.A., on group, proposes to intensify the concerns about ensuring and maintaining an environment on the level required by International and European Standards.

For that were established the following objectives:

1. Implementation and certification of an environmental management system. The parent company has an environmental management certificate no. 08/27.06.2014 according to SR EN ISO 14001: 2005;
2. Identification and control of environmental aspects associated with all activities taking place in the company, to ensure compliance with legal requirements and prevention of pollution by:

- minimizing the amount of waste generated and managing them safely when their occurrence can not be avoided;
- improving the quality of water discharged from the company;
- reducing NOx emissions into the atmosphere;
- reducing the consumption of natural resources.

3. Enssuring policy communication to all the internal and external stakeholders;

4. Creating conditions for implementation, maintenance and continuous improvement of environmental management system by providing competent human resources and material resources necessary to maintain the environmental policy and to meet the goals.

During the first semester of 2017 it was followed observing the legal requirements and those contained in regulatory legal acts, this being acknowledged too upon inspection by authorized bodies.

1.1.7. Evaluation of research and development activity

The activity of research within the Group PREFAB SA runs through Technical service and their laboratories and through collaborations with design institutes with direct implications in increasing the quality of products and services of our Group, by improving the fabrication recipes and improvement schemes to increase the work productivity, namely:

- modernization of existing production capacities, improvement of work microclimate, extend the sales markets and the object of activity, automation of technological processes.
- the investments made were from own and borrowed sources.

1.1.8. The evaluation of the company's risk management

The Group is exposed to the following risks:
• Credit risk
• Liquidity risk
• Market risk
• Currency risk
• Operational risk
• Risk related to balancing cost
• Tax risk

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.

Background about risk management

The Boards of the entities have overall responsibility for the establishment and oversight of the risk management framework in each entity.
The activity is governed by the following principles:
a) principle of delegation;
b) principle of decisional autonomy;
c) principle of objectivity;
d) principle of investor protection;
e) principle of stock market development promotion;
f) principle of active role.
The Board of Directors is also responsible to examine and approve the strategic, operational and financial plan of entities and of corporate structure of the Group.
Group risk management policies are defined to ensure the identification and analysis of risks faced by the Group, to establish appropriate limits and controls and to monitorize the risk and to comply the limits set. Policies and risk management systems are reviewed regularly to reflect the changes occurred in the market conditions and in the Group's activities. The Group, through its standards and its procedures of training and management aims to develop an orderly and constructive control environment during which all employees understand their roles and obligations. The internal audit of entities oversees how directorate monitors the

compliance with the policies and procedures for risk management and reviews the adequacy of the risk management framework in relation to the risks faced by entities.

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.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and of the country in which it operates. Most clients of Group operates in Romania.

The ***main financial instruments*** used by the Group of which arise risks relating to financial instruments, are:

- Trade receivables and other receivables
- Cash and cash equivalents
- Investments in affiliated entities listed, classified according to IAS 39 "Financial assets available for sale"
- Trade liabilities and other liabilities

Below is provided a summary of financial instruments obtained by category:

ASSETS	June 30, 2017	December 31, 2016
Trade receivables and similar	41.088.185	39.359.533
Cash and cash equivalents	1.260.085	619.650
Total	**42.348.270**	**39.979.183**

LIABILITIES	June 30, 2017	December 31, 2016
Trade liabilities and assimilated	20.799.737	12.716.506
Other liabilities (including tax)	2.092.394	1.404.116
Total	**22.892.131**	**14.120.622**

The Group monitors the credit risk exposure by analyzing the seniority of receivables that it records and works permanently for the recovery of that past due date or outdated.

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.
The group has committed long-term loans.

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. There were extended the warranty contracts with mortgage in favor of banks with whom we have open credit lines and letters of guarantee so that we can pay our obligations in the event of a cash shortages.

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.

Exposure to interest rate risk
The Group's exposure to the risk of interest rate changes refers mainly to loans bearing variable interest that the Group has for long-term.

Interest rate risk management
In order to manage the interest rate risk, the Group's liabilities are analyzed in terms of fixed and variable debt, of currencies and maturities.
The sensitivity analysis below was determined based on the exposure to interest rates on the date of financial statements. For the liabilities with variable rates, the analysis is prepared assuming the amount outstanding on the date of the financial statements was outstanding throughout the year. An increase or decrease of 1% is the management's assessment related to a possible reasonable changes of interest rates (the other variables remaining constant).

Analysis for change in interest rate risk:

Variable rate loans	**Effect of 1% change in interest rate**			
	30.06.2017	**2016**	**30.06.2017**	**2016**
Short term loans	30.502.999	29.299.869	292.998,69	305.029,99
Long term loans	16.722.838	18.824.053	188.240,53	167.228,38

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.
The foreign exchange rate variations risk generally was prevented by an appropriate management, in the conditions of this economic crisis.

Foreign currency sensitivity analysis
Since the Group has operations in various currencies, are analyzed the industry specific activities and the corresponding exchange risks. The group is mainly exposed to the exchange rate of the euro and US dollar

against the Romanian leu. Other currencies have only a limited effect on cash flow and profit before interest and tax.

Foreign currency sensitivity analysis

The carrying amounts of the Group's assets and liabilities denominated in foreign currencies at the reporting date are as follows:

	Assets		Liabilities	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
EUR	14.070	32.115	874.391	1.183.382
USD	1.288	1.644	0	0

The following table details the company's sensitivity to a 10% increase or decrease in the exchange rate of EUR and USD. The sensitivity analysis includes only monetary items denominated in foreign currencies outstanding at the reporting date and adjusts their translation at the end of period for a 10% change in foreign exchange rates. A positive amount in the table below shows an increase in profit generated by a variation in exchange rates of 10% and a negative number indicates a decrease in profit by the same amount.

+10% increase in the exchange rate of foreign currencies

	Impact of EUR (i)		Impact of USD (ii)	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
Profit /loss	(86.033)	(115.127)	514	164

-10% decrease in the exchange rate of foreign currencies

	Impact of EUR (i)		Impact of USD (ii)	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
Profit /loss	86.033	115.127	(514)	(164)

(i) This impact is mainly attributable to the exposure to the EURO of the money available in bank, of the letters of credit, receivables, payables and bank loans, outstanding at the end of year.
(ii) This impact is mainly attributable to the exposure to the USD of the money available in bank, outstanding at the end of year.

The sensitivity analysis of currency risk inherent presented above shows the translation risk exposure at the end of year; nevertheless, the exposure during the year is permanently monitored and managed by the group.

Operational risk

The operational risk is the risk of direct or indirect loss from a range of causes associated to the processes, staff, technology and infrastructure of Group and from external factors, other than the credit, the market and the liquidity risk, such as those arising from legal and regulatory requirements and the generally

accepted standards regarding the organizational behavior. The Group is exposed to the risk of disasters too. In these conditions, the Group acted towards concluding insurance policies to protect against disasters the company assets.
The operational risks come from all the Group's operations. The main responsibility of developing and implementing controls related to operational risk turns to the entity's management. The responsibility is supported by the Group's development of general standards of operational risk management in the following areas:
• Requirements sof separation of duties
• Alignment with legal and regulatory requirements
• Documentation of controls and procedures
• Requirements for periodic review of operational risk to which the Group is exposed and the adequacy of controls and procedures to prevent the risks identified
• Requirements for reporting the operational losses and proposals to remedy the causes that generated them
• Develop some business continuity plans
• Development and professional training
• Setting ethical standards
• Preventing the risk of litigation, including the insurance, where applicable
• Minimizing the risks, including the efficient use of insurance, where appropriate

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.

Tax risk

From January 1, 2007, following the accession of Romania to the European Union, the Group had to obey the EU regulations and consequently, it was prepared for the implementation of the changes bring by the European legislation.
The Group has implemented these changes, but the way of their implementation remains open to tax audit for 5 years or even 7 years, starting with the financial year 2009.
The interpretation of texts and the practical implementation of the procedures of new applicable tax regulation harmonized with the European legislation, may vary from entity to entity and there is a risk that in some cases, the tax authorities could take a different position from that of the Group.
It is possible that the Group continue to be subject to tax audits in so far as new tax rules are issued.

1.1.9. Elements of perspective regarding the Group's activity

a. presenting and analyzing the trends, elements, events or factors of uncertainty which affect or may affect the liquidity of the Group compared to the same period of the last year.

The immediate liquidity on 30.06.2017 is 0.71. The recommended acceptable value is around 2, this giving the guarantee to cover the current liabilities from the current assets.

b. presenting and analyzing the effects of capital expenditures, current or anticipated on the financial statement of the Group compared to the same period of the last year.

During the first semester of 2017, in terms of modification of balance sheet fixed assets, there is an increase with 1.43%, an increase mainly influenced by the purchase of two trucks with shutters and cranes mounted, needed to transport the production to the client and the patterns required for the production of prefabricated according to the projects received.

The investment program proposed for 2017 stands at a value of 3.010.649 lei. Among the major investments planned to be built, we include:

- osmosis enlarge capacity by purchasing a complete kit for converting the existing demineralisation plant RO 01-15 IN installation type ro 03-18.
- introduction of branch Ballast in the energy circuit of the cogeneration plant.
- purchase of a drum with motor for the mobile mixer and a braid anchor
- replace the computers from dosing station and control room autoclaving, by changing the PLC and PC communication system.
- repair works on own to the concrete station PREMO and SENTAB.
- production of metal molds for projects to be carried out in the ward.
- purchase a used bulldozer for ballast maneuvers to shore.
- purchase of two trucks with crane and trailer, purchase of two forklifts to handle the AAC
- replacement of 6 KV cable for supply AAC - Compressors and Precasts.
- upgrading the facilities and equipment from Branches AAC, Tubes and Precast etc.

Some of these objectives have already been achieved in the first semester of 2017, namely:
- purchase of two trucks with crane and trailer.
- making of metal patterns for projects that will run in the section.

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

The basic activity is still affected by the low level of the civil and industrial building materials market and by the lack of investment in national infrastructure and lack of skilled labor.

In terms of value, the rate of completion of production in the first semester of 2017 (AAC realized/proposed) is 95.12%, identical to the rate of physical completion of production (AAC realized/proposed) which is 95.12%.

Operating income of the company in the first half of 2017 increased compared to the first semester of 2016 about 7.63%, while the operating income decreased by 22.90% in the first semester of 2017 compared to the first semester of 2016. The current economic context is further characterized by excessive taxation, foreign exchange risk with the influence on the price of some raw materials and materials, rising labor costs, rising raw material prices and materials.

2. Tangible assets of the Group

2.1. Specification of the location and characteristics of the main production capacities owned by the Group

The assets and the production capacities belong to the parent company, SC PREFAB, are located on land in the Group's patrimony and operates in the following structure:

1. PREMO tubes:
   - PREMO - IPREROM production technology;
   - production capacity: 210 km equivalent ∅600
2. SENTAB tubes:
   - production capacity: 122 km equivalent ∅600;
3. Autoclaved aerated concrete:

- production technology is based on HEBEL license;
- production capacity: 500 000 m³;

4. Various precast elements:
   - production technology - type STAND;
   - projected capacity: 50 000 m³;
5. Mineral aggregates:
   - extraction technology from the Danube with the repressed - absorbance dredger;
   - raw material processing in sorting - ranking stations;
   - production capacity: 700 000 m³;
6. Power: the high-efficiency cogeneration plant equipped with a generator of 5,4 MW, that produces electricity and steam.

The affiliated companies have not production capacities.

2.2. Description and analysis of the group properties rate of wear

- Buildings = 40.87 %
- Equipments = 39.40 %

2.3. Specification of potential issues related to the ownership of tangible assets of the Group

The parent company and its affiliates are the owners of their assets and there are no disputes about the ownership.

3. Market of securities issued by the company

3.1. Since July 5, 2010, the shares issued by PREFAB S.A. are traded on the regulated market administrated by Bucharest Stock Exchange, in the Sector Equity, Standard Category since January 05, 2015.

3.2.

Dividends	**2008** - lei -	**2009** - lei -	**2010** - lei -	**2011** - lei -	**2012** - lei -	**2013** - lei	**2014** - lei	**2015** - lei	**2016** -lei
due	4.479.634,5737	-	-	-	-	-	-	-	-
paid	-	2.682.556	1.690.048	1.221	329	30	92	123	28

Dividends paid in the year 2009, of the profit distributed in the year 2008, were in the amount of 2.682.556 lei.
Dividends paid in the year 2010, of the profit distributed in the year 2008, were in the amount of 1.690.048 lei.
Dividends paid in the year 2011, of the profit distributed in the year 2008, were in the amount of 1.221 lei.
Dividends paid in the year 2012, of the profit distributed in the year 2008, were in the amount of 329 lei.
Dividends paid in the year 2013, of the profit distributed in the year 2008, were in the amount of 30 lei.
Dividends paid in the year 2014, of the profit distributed in the year 2008, were in the amount of 92 lei.
Dividends paid in the year 2015, of the profit distributed in the year 2008, were in the amount of 123 lei.
Dividends paid in the year 2016, of the profit distributed in the year 2008, were in the amount of 28 lei
Dividends paid in the year 2017, of the profit distributed in the year 2008, were in the amount of 0 lei

The net profit of the year 2015 of the parent company was assigned based on the General Meeting of Shareholders decision no. 2 of 28.04.2016, as follows:

Net income 2015 :	1.081.334,00 lei
Dividends distributed to shareholders	648.891,81 lei
Other reserves:	432.442,19 lei

The value of dividends due to shareholders for the year 2015 in the amount of 648.891,81 was transferred to the Central Depository, in fully on 1.06.2016, for payment to shareholders, under the agreement concluded.

Dividends	**2015** - lei -	**2016** - lei -
due	648.891,81	-
paid	-	648.891,81

The parent company net profit of the year 2016 worth 1.174.965 lei was assigned based on the General Meeting of Shareholders decision of 19.04.2017, according to legal regulations, as follows:

Profit distribution in 2016 for Prefab SA:

Net profit 2016 :	1.174.965,00 lei
Legal reserve:	70.822,00 lei
Dividends to be distributed to shareholders	564.414,33 lei
Other reserves	539.728,67 lei

The equivalent dividends to shareholders for the year 2016 amounting to 564.414,33 was transferred to the Central Depository in full on 03.07.2017, for payment to the shareholders according to the contract concluded.

The shares/ shares issued by subsidiaries are not traded on a regulated market.

The subsidiary Prefab Invest SA decided the distribution of net profit recorded in the financial year 2016 worth 9.147 lei on the other reserves.

The subsidiary Prefab BG EOOD decided to cover the loss recorded in the year 2016 worth 57.402 lei from the retained earnings.

3.3. The parent company have not acquired its own shares.

3.4. PREFAB SA has holdings in these companies with a total value of 9.439.668,9 lei as follows:

- 99.9% of PREFAB INVEST SA Bucuresti capital
- 100% of PREFAB BG EOOD SA Bulgaria capital
- 99.8707% of FOTBAL CLUB PREFAB 05 SA Modelu capital

Wishing to establish an association to promote activities related to the production of precast concrete industry, PREFAB SA - the parent company, along with 8 other renowned companies in this branch, they agreed to constitute « PREFBETON Concrete Precast Manufacturers Association ». The purpose of the Association is to promote products precast concrete, to represent, support and protect the interests of technical, economic and legal information concerning trade and industry precast concrete, to develop and encourage cooperation in scientific, technical and standardization area and to foster agreements between specialists in the country. The initial patrimony of the Association was 1,800 Ron, the contribution of Prefab SA being 200 Ron.

3.5. The parent company and its affiliates have not issued bonds or other debt securities.

4.1. Management of the Group

Starting with 29.09.2016, according to the decision of AGOA no. 9/29.09.2016 until 23.06.2017, the Board of Directors of PREFAB S.A. – the parent company - had the following components:

Item no.	Name and surname	Position	Profession
1.	Milut Petre Marian	Chairman of Board of Directors	Engineer
2.	Momanu Radu	member	Engineer
3.	Negrau Relu Dorin	member	Jurist

Starting with 23.06.2017, according to the decision of A.G.O.A. no. 2/19.04.2017 until 23.06.2021, the Board of Directors of PREFAB S.A. – the parent company - has the following components:

Item no.	Name and surname	Position	Profession
1.	Milut Petre Marian	Chairman of Board of Directors	Engineer
2.	Ionescu Marian Valentin	member	Jurist
3.	Milut Anca Teodora	member	Architect

a. Name: Milut
1) Surname: Marian Petre
Age: 61 years
Qualification: engineer
Professional experience:

1980 - 1981 - engineer at IAMSAT Bucharest
1981 - 1982 - engineer at Sistem Hewlett Packard Romania
1982 - 1993 - IRUC Workshop Head of territory
1993 - present - Chairman of S.C. Romerica International SRL Bucharest
1998 - present - Chairman of Board of Directors of PREFAB S.A.

2) Name: Ionescu
Surname: Marian Valentin
Age: 56 years
Qualification: jurist
Professional experience:

1991 - 1993 - legal adviser - S.C. Grantmetal S.A.
1992 - 1993 - legal adviser - S.C. Bursa Romana de Marfuri S.A.
1994 - 1997 - parliamentary expert - Romanian Senate
1997 - 1998 - Minister for Privatization - Ministry of Privatization
1998 - 1999 - legal adviser - Herzfeld &Rubin S.R.L.
2001 - 2003 - policy officer for Local Agenda 21 - National Center for Sustainable Development
2003 - 2004 - senior policy reform specialist - Development Alternatives Inc - Suc. Bucharest
2005 - 2015 - General manager and sole shareholder - Unic

	Management Consulting S.R.L.
August 10, 2010 - August 8,2016	- member of the Board of Directors of PREFAB S.A.
September 2015- November 2016	- adviser to the Minister of Foreign Affairs
December 2015 - August 2016	- adviser to the Minister of Labor, Family, Social Protection and the Elderly
August 2016 - January 2017	- Secretary of State, Ministry of Labor, Family, Social Protection and the Elderly/ Ministry of Labor and Social Justice
23.06.2017 - present	- Member of the Board of Directors PREFAB S.A.

3) Name: Milut
Surname: Anca Teodora
Age: 28 years
Qualification: architect
Professional experience:

August 2009- January 2010	supervisor stand, MOMA foods, Euston Station, London, England
December 2010- March 2011	Architect Assistant, BCA London, 7a Lamb's Conduit Passage, London, England
June 2011 - October 2011	Architect Assistant, Geneto, Nakagyo, Kyoto, Japan
April 2012 - October 2012	Architect Assistant, Sinsa-Dong, Kangnam-gu, South Korea
January 2013 - present	Architect consultant at Prefab Invest Bucharest
23.06.2017 - present	Member of the Board of Directors PREFAB S.A.

b. We specify that there are no litigation or administrative proceedings in which to be involved members of the Board of Directors of PREFAB SA.

c. On 30.06.2017, the administrators from point a) hold on PREFAB S.A. - the parent company - a number of shares, as follows:

Item no.	Name and surname	Number of shares	Percentage
1.	Milut Petre Marian	0	0
2.	Ionescu Marian Valentin	0	0
3.	Milut Anca Teodora	0	0

d. Not necessary

2.2. a) In the first semester of 2017, the executive management of the parent company, was made up of:

Item no.	Name and surname	Position	Profession
1.	Milut Petre Marian	General director	Engineer
2.	Boitan Daniela	Economic director, with responsibilities of deputy general director	Economist
3.	Cocoranu Tudor	Energy Director	Engineer
4.	Macovei Olimpian	Commercial Director	Jurist

a. The term for which the person is part of the executive management;
Standing term.
b. Any agreement, understanding or family connection between a person and another person because of that the person has been appointed as a member of the executive management;
It's not necessary.

c. On 30.06.2017 the Executive Board members held at PREFAB S.A. a number of shares as follows:

Item no.	Name and surname	Number of shares	Percentage
1.	Milut Petre Marian	0	0%
2.	Boitan Daniela	9.240	0,0190%
3.	Cocoranu Tudor	0	0
4.	Macovei Olimpian	800	0.00164%

4.3. In the last 5 years people in paragraphs 4.1 and 4.2. were not involved in litigation or administrative proceedings.

Affiliates:
- **PREFAB INVEST SA** - has a registered capital worth 150.000 lei structured in 4000 shares with a nominal value of 37,5. On 30.06.2017 the subscribed and paid capital situation is as follows:

Item no.	Shareholder	Number of shares	Nominal value	Share capital	% of the share capital
1	Prefab SA Bucuresti	3.996	37.5	149.850	99.9
2	Other shareholders	4	37.5	150	0.01
	Total	4000		150.000	100

PREFAB INVEST SA directorate in the first semester of 2017:
Board of Directors
Eng. Milut Petre Marian - Chairman of the Board of Directors
Negrau Relu Dorin - Administrator
Voicu Irina - Administrator

Executive Management:
General director - Eng. Nistor Carmen
Economic director - Ec. Tancu Razvan

- PREFAB BG EOOD SRL Bulgaria - has a registered capital worth 18.918,90 lei which belongs in percentage of 100% to PREFAB SA.
Directorate in the first semester of 2017 - Administrator: jr. Macovei Olimpian

- **FOTBAL CLUB PREFAB 05 S.A.** - has a registered capital worth 9.282.900 lei, structurated in 30.943 shares with a nominal value of 300 lei/share. On 30.06.2017 the subscribed and paid capital situation is as follows:

Item no.	Shareholder	Number of shares	Nominal value	Share capital	% of the share capital
1	SC Prefab SA Bucureşti	30.903	300	9.270.900	99,87
2	Miluţ Petre Marian	40	300	12.000	0.13
	Total	30.943		9.282.900	100

The activity FOTBAL CLUB PREFAB 05 S.A. was suspended since 2013.

During the first semester of 2017 there were no restrictions related to the transfer of securities.
There are no holders of securities with special control rights and there are no restrictions on voting rights of shareholders in the sense of limiting the voting rights of holders of a fixed percentage or number of votes, deadlines for exercising the right to vote etc.
There are no agreements between the shareholders which are known to the entity and which may have as result the restrictions related to the transfer of securities and/or to the voting rights.
The appointment of the sole administrator is made of AGOA in accordance with the provisions of Law 31/90 republished amended to date.
The sole administrator has no right to issue or buy back the own shares. This is attribution of AGA.

According to the applicable legal provisions, the group profit is not distributed, it being only an economic indicator for information of shareholders

The profit/loss conducted individually by each company within the group is subject to distribution in the general meetings of each entity.

Annexed to this report:
1. the interim consolidated financial statements concluded on 30.06.2017.

7. Signatures

Chairman of the Board of Directors,

Milut Petre Marian

Board of Directors Registrar,
Manoliu Nicoleta

Statement of the Board of Directors
of PREFAB S.A.

The Board of Directors of PREFAB S.A. hereby declares that assumes responsibility for preparing the Interim Consolidated Financial Statements on June 30, 2017.

The Board of Directors of PREFAB S.A., in terms of the Interim Consolidated Financial Statements on June 30, 2017, confirms as follows:

a) The Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

b) The accounting policies used in preparation of the Interim Consolidated Financial Statements are in accordance with the applicable accounting regulations.

c) The Interim Consolidated Financial Statements provides an accurate picture of the financial position, financial performance and of other information related to the activity developed.

d) The Group operates in conditions of continuity.

This statement is in accordance with the provisions of Art. 30 of Accounting Law no. 82/1991, republished.

Signatures :

Chairman of the Board of Directors,

Milut Petre Marian

CONSOLIDATED BALANCE SHEET OF SC PREFAB SA Bucuresti - parent company

NAME OF INDICATOR	Row no.	Consolidated balance sheet on 01.01.2017	Consolidated balance sheet on 30.06.2017
A	B		
A. FIXED ASSETS			
I. INTANGIBLE ASSETS			
1. Formation expenses (acct. 201-2801)	1	0.00	0.00
2. Development expenses (acct. 203-2803-2903)	2	0.00	0.00
3. Concessions, patents, licenses, trademarks, rights	3	338,850.00	246,745.00
and similar values and other intangible		0.00	0.00
assets (acct. 2051+2052+208-2805-2808-2905-2908)		0.00	0.00
4. Goodwill (acct. 2071-2807-2907-2075)	4	0.00	0.00
5. Current intangible assets (acct. 233+234-2933)	5	0.00	0.00
TOTAL: (row 01 to 05)	**6**	**338,850.00**	**246,745.00**
II. TANGIBLE ASSETS			
1. Lands and buildings (acct. 211+212-2811-2812-2911-2912)	7	157,369,752.00	156,567,573.00
2. Technical plants and machinery (acct. 213-2813-2913)	8	58,294,471.00	58,076,576.00
3. Other installations, tools and furniture (acct. 214-2814-2914)	9	358,818.00	335,251.00
4. Investment property		2,929,980.00	2,929,980.00
5. Current tangible assets (acct. 231+232-2931)	10	3,358,904.00	7,930,594.00
6. Advances for tangible assets	11	249,543.00	0.00
TOTAL: (row 07 to 10)	**12**	**222,561,468.00**	**225,839,974.00**
III. Biological assets		**12,263.00**	**11,745.00**
IV. FINANCIAL ASSETS			
1. Shares in affiliated entities not included in consolidation	13	0.00	0.00
(acct. 261-2961)		0.00	0.00
2.Loans granted to affiliated entities not included in consolidation	14	0.00	0.00
(acct. 2671+2672-2965)		0.00	0.00
3. Investments in associates (acct. 263-2963) owned by entities not included in t	15	0.00	0.00
4. Loans granted to entities which the company is linked by virtue of participatir	16	0.00	0.00
(acct. 2673+2674-2965)		0.00	0.00
5. Investments held as assets (acct.265-2963)	17	0.00	0.00
6. Other loans (acct.2675+2676+2678+2679-2966-2968)	18	300.00	300.00
IV SECURITIES MADE IN EQUIVALENCE		**0.00**	**0.00**
TOTAL: (row 12 to 17)	**19**	**300.00**	**300.00**
FIXED ASSETS - TOTAL	**20**	**222,912,881.00**	**226,098,764.00**
(row 06+11+18)			
B. CURRENT ASSETS			
I. STOCKS			
1. Raw materials and consumables	21	3,383,077.00	4,142,786.00
(acct. 301+3021+3022+3023+3024+3025+3026+3028+			
303+/-308+351+358+381+/-388-391-3921-3922-3951-3958-398)			
2. Production in progress	22	768,859.00	665,691.00
(acct. 331+332+341+/-3481+3541-393-3941-3952)			
3. Finished goods and merchandise	23	2,930,674.00	3,877,539.00
(acct. 345+346+/-3485+/-3486+3545+3546+356+357+			
361+/-368+371+/-378-3945-3946-3953-3954-3956-3957-396-397-4428)			
4. Advances for stocks		251,092.00	3,298.00
TOTAL: (row 20 to 23)	**24**	**7,333,702.00**	**8,689,314.00**
II. RECEIVABLES			
1. Trade receivables	25	39,126,966.00	40,812,609.00
(acct. 4092+4111+4118+413+418-491)			
2. Advances paid		850.00	12,543.00
3. Amounts receivable from affiliated entities not included in consolidation	26	0.00	0.00
(acct. 451-4951)		0.00	0.00
4. Amounts receivable from entities which the company is linked by virtue of pa	27	0.00	0.00
(acct. 453-495)		0.00	0.00
5. Other receivables	28	231,717.00	263,033.00
(acct. 425+4282+431+437+4382+441+4424+4428+444+		0.00	0.00
445+446+447+4482+4582+461+473-496+5187)		0.00	0.00
6. Subscribed and unpaid capital	29	0.00	0.00
(acct. 456-495)	0	0.00	0.00
TOTAL: (row 25 to 29)	**30**	**39,359,533.00**	**41,088,185.00**
III. SHORT-TERM FINANCIAL INVESTMENTS			
1. Shares in affiliated entities not included in consolidation	31	0.00	0.00
(acct. 501-591)		0.00	0.00
3. Other short-term investments	32	0.00	0.00
(acct. 505+506+508-595-596-598+5113+5114)		0.00	0.00
TOTAL: (row 31 + 32)	33	0.00	0.00
IV. CASH AND BANK ACCOUNTS	**34**	**619,650.00**	**1,260,085.00**
(acct. 5112+512+531+532+541+542)			
CURRENT ASSETS - TOTAL	**35**	**47,312,885.00**	**51,037,584.00**
(row 24+30+33+34)			

C. EXPENSES IN ADVANCE	**36**	750,940.00	891,947.00
(acct. 471)			
D. LIABILITIES TO BE PAID IN A PERIOD OF ONE YEAR			
1. Loans from bonds	37	0.00	0.00
(acct. 161+1681-169)			
2. Amounts due to credit institutions	38	29,299,869.00	30,664,453.00
(acct. 1621+1622+1624+1625+1627+1682+5191+5192+			
5198)			
3. Advances collected for orders (acct. 419)	39	1,502,781.00	5,729,194.00
4. Trade payables (acct. 401+404+408)	40	11,213,725.00	15,070,543.00
5. Tradable commercial papers (acct. 403+405)	41	0.00	0.00
6. Amounts due to affiliated entities	42	0.00	0.00
(acct. 1661+1685+2691+451)			
7. Payables to entities in which the company is linked by virtue of participating i	43	0.00	0.00
(acct. 1663+1686+2692+453)			
8. Other liabilities including tax and social security liabilities	44	1,404,116.00	2,092,394.00
(acct. 1623+1626+167+1687+2698+421+423+424+426+			
427+4281+431+437+4381+441+4423+4428+444+446+447+			
4481+4551+4558+456+457+4581+462+473+509+5186+			
5193+5194+5195+5196+5197)			
TOTAL: (row 37 to 44)	**45**	**43,420,491.00**	**53,556,584.00**
E. NET CURRENT ASSETS NET CURRENT LIABILITIES	46	**4,643,334.00**	**-1,970,394.00**
(row 35+36-45-62)			
F. TOTAL ASSETS LESS CURRENT LIABILITIES	**47**	**221,032,821.00**	**217,857,373.00**
(row 19+46-61)			
G. LIABILITIES TO BE PAID IN A PERIOD OF		0.00	0.00
MORE THAN ONE YEAR			
1. Loans from bonds	48	0.00	0.00
(acct. 161+1681-169)			
2. Amounts due to credit institutions	49	18,824,053.00	16,561,384.00
(acct. 1621+1622+1624+1625+1627+1682+5191+5192+			
5198)		0.00	0.00
3. Advances collected for orders (acct. 419)	50	0.00	0.00
4. Trade payables (acct. 401+404+408)	51	0.00	0.00
5. Bills to pay (acct. 403+405)	52	0.00	0.00
6. Amounts due to affiliated entities not included in consolidation	53	0.00	0.00
(acct. 1661+1685+2691+451)		0.00	0.00
7. Payables to entities in which the company is linked by virtue of participating i	54	0.00	0.00
(acct. 1663+1686+2692+453)		0.00	0.00
8. Other liabilities including tax and	55	367,392.00	367,392.00
Social security liabilities		0.00	0.00
(acct. 1623+1626+167+1687+2698+421+423+424+426+		0.00	0.00
427+4281+431+437+4381+441+4423+4428+444+446+447+		0.00	0.00
4481+4551+4558+456+457+4581+462+473+509+5186+		0.00	0.00
5193+5194+5195+5196+5197)		0.00	0.00
TOTAL: (row 48 to 55)	**56**	**19,191,445.00**	**16,928,776.00**
H. PROVISIONS		0.00	0.00
1. Provisions for pensions and similar obligations (acct.1515)	57	0.00	0.00
2. Provisions for taxes	58	0.00	0.00
3. Other provisions (acct. 1511+1512+1513+1514+1518)	59	0.00	0.00
TOTAL PROVISIONS: (row 57 to 59)	**60**	**0.00**	**0.00**
I. REVENUE IN ADVANCE			
Investment subsidies (acct.131 + 132 + 133 + 134 + 138)	61	**6,523,394.00**	**6,270,997.00**
Deferred income (acct. 472)	62	0.00	0.00
Negative goodwill		0.00	0.00
	63	0.00	0.00
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Subscribed and paid capital (acct. 1012)	64	24,278,859.00	24,278,859.00
2. Subscribed and unpaid capital (acct. 1011)	65	0.00	0.00
3.Adjustments of share capital		0.00	0.00
4. Other elements of the share capital		-367,391.00	-367,391.00
TOTAL (row 64 to 66)	**67**	**23,911,468.00**	**23,911,468.00**
II. SHARE PREMIUM	**68**		
(acct. 104)		14,305,342.00	14,305,342.00
III. REVALUATION RESERVES (acct.105)	**69**	**123,230,103.00**	**123,230,103.00**
IV. RESERVES			
1. Legal reserves (acct. 1061)	70	4,293,304.00	4,293,304.00
2. Statutory or contractual reserves	71	0.00	0.00
3. Fair value reserves		0.00	0.00
3. Reserves representing the revaluation reserve surplus	72	0.00	0.00
(acct. 1063)			
4. Other reserves (acct. 1068)	73	34,393,123.00	34,941,990.00
TOTAL (row 70 to 73-74)	**74**	**38,686,427.00**	**39,235,294.00**

Own shares (acct. 109)	**75**	**0.00**	**0.00**
V CONVERSION RESERVES		**3,658.00**	**4,410.00**
VI. Retained earnings excluding the earnings from the adoption of IAS 29 for the first time (117)		**656,945.00**	**599,517.00**
VII. Retained earnings due to the adoption of IAS 29 for the first time (118)		**0.00**	**0.00**
VIII PROFIT OR LOSS FOR THE FINANCIAL YEAR			
Balance C 121	**78**	**1,126,700.00**	**-5,490.00**
Balance D (acct. 121)	79	0.00	0.00
Distribution of profit	80	70,822.00	0.00
TOTAL EQUITY	**81**	**201,849,821.00**	**201,280,644.00**
(row 67+68+69+75+76-77+78-79-80)			
Public heritage (acct. 1016)	82	0.00	0.00
TOTAL CAPITAL (row 81+82)	**83**	**201,849,821.00**	**201,280,644.00**

Chairman of the Board of Directors
S.C. Prefab S.A. Bucuresti-
parent company
Eng. Milut Petre Marian

Prepared by
Economic Director - S.C. Prefab S.A. Bucuresti-
parent company
Ec. Boitan Daniela

S.C. PREFAB S.A. BUCURESTI - parent company

Consolidated profit and loss statement

Name of indicator	Row no.	Consolidated account on 30.06.2016	Consolidated account on 30.06.2017
A	B		
1, Net turnover	**1**	**31,266,362.00**	**33,100,908.00**
(row 02 to 04)		0.00	0.00
Production sold	2	26,189,496.00	23,927,213.00
(acct, 701+702+703+704+705+706+708)			
Revenue from sale of goods (acct, 707)	3	5,416,905.00	10,233,494.00
Trade discounts granted (acct.709)		340,039.00	1,059,799.00
Income from operating subsidies related to		0.00	0.00
net turnover	5	0.00	0.00
(acct, 7411)		0.00	0.00
2, Income related to stocks of finished products ------ Balance C	6	1,230,274.00	2,224,668.00
(acct, 711) Balance D	7		
3, Capitalised production	8	2,897,106.00	4,759,743.00
(acct, 721+722)			
4, Other operating income	9	2,105,963.00	276,940.00
(acct, 758+7417)		0.00	0.00
OPERATING INCOME – TOTAL	**10**	**37,499,705.00**	**40,362,259.00**
(row 01+06-07+08+09)		0.00	0.00
5,a) Expenses for raw materials and		0.00	0.00
consumables	11	15,369,561.00	18,183,701.00
(acct, 601+602-7412)			
Other material expenses	12	1,350,599.00	1,723,514.00
(acct, 603+604+606+608)			
b) Other external expenses (for energy and water)	13	5,903,368.00	5,820,004.00
(acct, 605-7413)			
Expenses on goods (acct, 607)	14	158,092.00	518,945.00
Trade discounts received (acct.609)	15	244,043.00	801,230.00
6, Staff costs (row 16+17)	**16**	**5,468,929.00**	**6,498,169.00**
a) Wages (acct,641+ 642-7414)	17	4,376,489.00	5,230,065.00
b) Expenses for insurances and social protection	18	1,092,440.00	1,268,104.00
(acct, 645-7415)			
7,a) Adjustment of tangible and intangible assets value	19	**3,064,437.00**	3,163,256.00
(row 19-20)			
a,1) Expenses (acct, 6811+6813)	20	3,064,437.00	3,163,256.00
a,2) Revenues (acct, 7813)	21		
7,b) Adjustment of current assets	22	0.00	0.00
(row 22-23)			
b,1) Expenses (acct, 654+6814)	23	0.00	0.00
b,2) Revenues (acct, 754+7814)	24	0.00	0.00
8, Other operating expenses (row 25 la 28)	25	**5,381,848.00**	4,448,811.00
8,1, Expenses on external services	26	4,329,103.00	3,917,481.00
(acct, 611+612+613+614+621+622+623+624+625+626+627+			
628-7416)			
8,2, Expenses for other similar taxes, duties and payments			
(acct, 635)	27	561,135.00	483,020.00
8,3, Expenses for compensation, donations and assets sold			
(acct, 658)	28	491,610.00	48,310.00
Expenses for real estate investments	29	0.00	0.00
Adjustments to provisions for risks and		0.00	0.00
expenses (row 30-31)	30	0.00	0.00
Expenses (acct, 6812)	31	0.00	0.00
Expenses for biological assets and agricultural products	32	0.00	0.00
OPERATING EXPENSES – TOTAL	**33**	**36,452,791.00**	**39,555,170.00**
(row 11 to 15+18+21+24+29)			
OPERATING RESULT :			
profit (row 10-32)	**34**	**1,046,914.00**	**807,089.00**
loss (row 32-10)	**35**		
9, Income from participating interests	36		
(acct, 7611+7613)		0.00	0.00
of which, income obtained from affiliated entities	37	0.00	0.00
10, Income from other financial investments and receivables		0.00	0.00
part of assets	38	0.00	0.00
(acct, 763)		0.00	0.00
of which revenues from affiliated entities	39	0.00	0.00
11, Interest income (acct, 766)	40	121.00	124.00
of which revenues from affiliated entities	41		
Other financial income	42	104,235.00	198,541.00
(acct, 762+764+765+767+768)		0.00	0.00
FINANCIAL INCOME – TOTAL	**43**	**104,356.00**	**198,665.00**

(row 35+37+39+41)			
12, Value adjustment of financial assets		0.00	0.00
and financial investments		0.00	0.00
held as current assets (row 44-45)	44	0.00	0.00
Expenses (acct, 686)	45	0.00	0.00
Incomes (acct, 786)	46	0.00	0.00
13, Interest expenses (acct, 666-7418)	47	740,569.00	749,377.00
of which, expenses in relation with affiliated entities	48		
Other financial expenses	49	125,342.00	224,732.00
(acct, 663+664+665+667+668+688)		0.00	0.00
FINANCIAL EXPENSES – TOTAL	**50**	**865,911.00**	**974,109.00**
(row 43+46+48)			
FINANCIAL RESULT :			
Profit (row 42-49)	**51**	**0.00**	**0**
Loss (row 49-42)	**52**	**-761,555.00**	**-775,444.00**
14, CURRENT RESULT :		**0.00**	**0**
Profit (row 10+42-32-49)	**53**	**285,359.00**	**31,645.00**
Loss (row 32+49-10-42)	**54**		
15, Extraordinary income (acct, 771)	55	0.00	0.00
16, Extraordinary expenses (acct, 671)	56	0.00	0.00
17, EXTRAORDINARY RESULT :		0.00	0.00
Profit (row 54-55)	57	0.00	0.00
Loss (row 55-54)	58	0.00	0.00
TOTAL REVENUE (row 10+42+54)	**59**	**37,604,061.00**	**40,560,924.00**
TOTAL EXPENSES (row 32+49+55)	**60**	**37,318,702.00**	**40,529,279.00**
GROSS RESULT :			
Profit (row 58-59)	**61**	**285,359.00**	**31,645.00**
Loss (row 59-58)	62	0.00	0.00
18, TAX PROFIT (acct, 691)	63	111,497.00	37,135.00
19, Other taxes not shown on the above items (acct, 698)	64	0.00	0.00
20, NET RESULT OF THE FINANCIAL YEAR :			
Profit (row 60-61-62-63)	**65**	**173,862.00**	**-5,490.00**
Loss (row 61+62+63-60)	**66**		

Chairman of the Board of Directors
S.C. Prefab. S.A. Bucuresti -
parent company
Eng. Milut Petre Marian

Prepared by
Economic Director - S.C. Prefab S.A. Bucuresti -
parent company
Ec. Boitan Daniela

TABLE OF CONTENTS

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	Notes	June 30, 2017	January 01, 2016
Tangible assets	5	222.909.994	219.631.488
Intangible assets	4	246.745	338.850
Investment property	6	2.929.980	2.929.980
Investments in affiliates	7	300	300
Biological assets		11.745	12.263
TOTAL INTANGIBLE ASSETS		**226.098.764**	**222.912.881**
Stocks	9	8.689.314	7.333.702
Trade receivables and other receivables	8	41.088.185	39.359.533
Cash and cash equivalents	10	1.260.085	619.650
Other assets (Prepayments)	8	891.947	750.940
TOTAL CURRENT ASSETS		**51.929.531**	**48.063.825**
1.TOTAL ASSETS		**278.028.295**	**270.976.706**
Share capital	11	24.278.859	24.278.859
Other components of share capital	21	(367.391)	(367.391)
Share premium		14.305.342	14.305.342
Revaluation reserves	12	123.230.103	123.230.103
Reserves	12	39.235.294	38.686.427
Reserves of conversion	12	4.410	3.658
Retained earnings except that from the adoption for the first time of IAS 29	13	599.517	656.945
Profit at the end of the reporting period	14	-5.490	1.126.700
Distribution of profit	14	0	70.822
2. TOTAL EQUITY		**201.280.644**	**201.849.821**
Long-term loans	**19**	16.561.384	18.824.053
Deferred income tax liability	21	367.392	367.392
TOTAL LONG-TERM LIABILITIES		**16.928.776**	**19.191.445**
Trade payables and other payables	20	20.799.737	12.716.506
Short term loans	18	30.664.453	29.299.869
Other liabilities	20	2.092.394	1.404.116
TOTAL SHORT-TERM LIABILITIES		**53.556.584**	**43.420.491**
Subsidies for investment, of which:	**22**	**6.270.997**	**6.523.394**
- current party		504.795	504.795
- more than one year		5.766.202	6.018.599
3. TOTAL LIABILITIES		**278.037.001**	**270.985.151**
4. MINORITY INTEREST		**(8.706)**	**(8.445)**

Explanatory notes at the financial statements from 1 to 33 are an integral part of these financial statements.

The interim consolidated financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Eng. Milut Petre Marian	**Ec. Boitan Daniela**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER ITEMS OF GLOBAL RESULT
for the 6 month period ended on 30 June 2017

		Note	June 30, 2017	June 30, 2016
1.	Revenue from sales	23	33.100.908	31.266.362
2.	Cost of sales	24	32.025.128	29.649.999
3.	**Gross margin**		**1.075.780**	**1.616.363**
4.	Other operating incomes	23	7.261.351	6.233.343
5.	Distribution expenses	-	954.493	901.592
6.	Administrative expenses	-	1.470.736	1.389.223
7.	Other operating expenses	24	5.104.813	4.511.977
8.	**Operating result**		**807.089**	**1.046.914**
9.	Financial income	25	198.665	104.356
10	Financial expenses	26	974.109	865.911
11.	**Financial result**		**(775.444)**	**(761.555)**
12.	**PROFIT FROM CURRENT ACTIVITY**		**31.645**	**285.359**
13.	Income tax expense	27	37.135	111.497
14.	**Net profit for the period**	**27**	**-5.490**	**173.862**
15.	**Items that will not be reclassified in the statement of profit and loss, total, of which**		**0**	**0**
16.	- increases/decreases in tangible assets revaluation reserve		0	0
17.	- Tax on other items of global result		0	0
18.	**Items that will be reclassified in the statement of profit and loss, total, of which**	12	752	858
18.	- increases/decreases in conversion reserves		752	858
19.	**Total of global result for the period**		**-4.738**	**174.720**

Explanatory notes at the interim consolidated financial statements from 1 to 33 are an integral part of these financial statements.

The interim consolidated financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,
Eng. Milut Petre Marian

Economic Director,
Ec. Boitan Daniela

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the 6 month period ended on 30 June 2017

	Share capital	Adjustments of share capital (acct. 1028)	Other own capital items (acct. 1034)	Share premium	Own shares	Reserves	Retained and current earnings	Reserves of conversion	Total
December 31, 2016	**24.278.859**	**0**	**(367.391)**	**14.305.342**	**0**	**161.916.530**	**1.712.823**	**3.658**	**201.849.821**
Current global result							(5.490)		(5.490)
Allocations legal reserve						0	0		-
Allocations other reserves						548.867	(548.867)		-
Dividend distribution							(564.414)		(564.414)
Reserve increase from assets revaluation			0	0		0			0
Transfer reserve from revaluation to retained earnings						0	0		0
Increases/ discounts reserves of conversion								752	752
Increases/ discounts Minority interests							0	0	0
June 30, 2017	**24.278.859**	**0**	**(367.391)**	**14.305.342**	**0**	**162.465.397**	**594.052**	**4.410**	**201.280.669**

Explanatory notes at the financial statements from 1 to 33 are an integral part of these financial statements.
The interim consolidated financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Eng. Milut Petre Marian	**Ec. Boitan Dan**

STATEMENT OF CASH FLOW for the PARENT COMPANY
for the 6 month period ended on 30 June 2017

Item name	30.06.2017	30.06.2016
Cash flows from operating activities:		
(+) Net profit before tax	107.589	431.252
Adjustments for:		
(+) Depreciation and value adjustments related to tangible and intangible assets	3.162.735	3.060.216
(-) Value adjustments reversed during the year		
(+) Subsidies - variation	-252.397	-261.966
(+) Expenses interest and other financial expenses	974.109	865.911
(-) Interest income and other financial income	198.546	104.238
(-) Loss/ (profit) from sale of tangible assets	0	1.286.992
(-) Income tax paid	27.774	111.497
Operating profit before changes in working capital		
(-) Decrease/ increase of trade receivables and otherwise	-419.227	-826.947
(-) Decrease/ increase of stocks	1.351.467	-452.103
(+) Decrease/ increase commercial debts and otherwise	2.286.413	376.878
Net cash from operating activities	**5.119.889**	**4.248.614**
Cash flows from investing activities:		
(-) Payments for acquisition of tangible and intangible assets	2.892.572	4.301.629
(+) Proceeds from sale of tangible and intangible assets	0	1.286.992
(+) Interests received	198.546	104.238
Net cash from investing activities	**-2.694.026**	**-2.910.399**
Cash flows from financing activities:		
(+) Loans received	0	0
(-) Repayments of loans	898.085	387.756
(-) Interests paid	974.109	865.911
Net cash from financing activities	**-1.872.194**	**-1.253.667**
Increase /Decrease of net cash and cash equivalents	**553.669**	**84.548**
Cash and cash equivalents at the beginning of financial year	**588.058**	**365.202**
Cash and cash equivalents at the end of financial year	**1.141.727**	**449.750**

Explanatory notes at the financial statements from 1 to 33 are an integral part of these financial statements.

The interim consolidated financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Eng. Milut Petre Marian	**Ec. Boitan Daniela**

EXPLANATORY NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
for the 6 month period ended on 30 June 2017

1. Information about the Group

S.C. PREFAB S.A. as parent company, is a company limited by shares founded in 1990, the head office being registered in Bucharest, address: Str. Dr. Iacob Felix, nr. 17-19, sector 1, Bucuresti, Romania. The company is registered at Trade Registry Office under no. J40/9212/04.07.2003. Company shares are indivisible, dematerialized and are traded on the regulated market administered by Bucharest Stock Exchange at Standard category starting on January 05, 2015.

The main activity of the Group

The main activity of PREFAB SA, implicitly of the group, is the production and sale of precast concrete, reinforced, prestressed concrete pressure pipes, autoclaved aerated concrete, metal for the building materials industry and other building materials, execution of construction works, wood joinery, carpentry P.V.C., mineral aggregate extraction from Danube, producer of electricity and heat.

General view of the entities to which PREFAB SA holds shares or holdings:

PREFAB S.A. has holdings in these companies with a total value of 9.439.668,90 lei as follows:

- 99.9% of SC PREFAB INVEST SA Bucuresti capital
- 100% of SC PREFAB BG EOOD SA Bulgaria capital
- 99.8707% of SC FOTBAL CLUB PREFAB 05 SA Modelu capital

The interim consolidated annual financial statements are presented by PREFAB S.A. as parent company for the Ist semester of 2017. These consolidated financial statements incorporate the results of PREFAB S.A. and its subsidiaries, called together Group, namely:

- PREFAB INVEST S.A., company founded on 10.05.2000, with registered office in Bucuresti, Str. Dr. Iacob Felix, nr. 17-19, etaj 2, camera 2, sector 1. The share capital of PREFAB INVEST S.A. worth 150.000 lei consisting in a number of 4.000 shares having the nominal value of 37.5 lei/share and the percentage held by PREFAB S.A. from this is for 99.9%.
- PREFAB BG EOOD Bulgaria, company founded on 06.02.2004, with registered office in Bulgaria, Silistra, Dobrich Street, no. 15. The share capital of PREFAB BG EOOD S.A. worth 18.918,9 lei, equivalent to 10.000 leva, structured in holdings and the percentage held by PREFAB S.A. from this is for 100%.
- FOTBAL CLUB 05 S.A., company founded in 2005, with registered office in Calarasi, com. Modelu. The share capital of FOTBAL CLUB PREFAB 05 S.A. worth 9.282.900 lei, is structured in 30.943 shares having the nominal value of 300 lei/share and the percentage held by PREFAB .S.A. is for 99.8707% .

PREFAB S.A. holds shares worth 149.850 lei and a share of 99.9% in the share capital of PREFAB INVEST S.A. This holding is materialized in a number of 3.996 shares having the nominal value of 37.5 lei per share and gives control over it, considering the percentage held in the share capital of this company. The shareholdings were recorded at actual cost.

The parent Company holds shareholdings - holdings, at PREFAB BG EOOD, a company founded in 2003, with sole shareholder 100% PREFAB S.A. and a share capital of 18.918,90 lei.

It also holds shareholdings - shares worth 9.270.900 lei at Fotbal Club Prefab 05, a company founded in 2005, representing 99.8707% of the share capital. These shareholdings are materialized in 30.903 shares with nominal value of 300 lei per share.

We note that the actions of these companies are not traded on the capital market.

The company has not issued bonds or other debt securities.

On 30.06.2017, PREFAB S.A. - the parent company - has the following premises:

1. Premises in Calarasi, str. Bucuresti, nr. 396, jud. Calarasi

2. Premises in Statiunea Jupiter, sat vacanta Zodiac, lot nr.3, Mangalia, jud. Constanta

PREFAB S.A. - parent company ownership structure on 15.06.2017:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	40.281.167	82.9968
SIF MUNTENIA	6.295.000	12.9704
OTHER SHAREHOLDER - LEGAL PERSONS	419.348	0.8640
OTHER SHAREHOLDER - NATURAL PERSONS	1.537.904	3.1688
TOTAL	**48.533.419**	**100**

2. BASIS OF PREPARATION

2.1. Declaration of conformity

PREFAB S.A., as parent company performs the consolidation of interim financial statements, provision included in art. 9. para. 3 of Accounting Law no. 82/1991, republished.
Also, being an entity whose securities are admitted to trading on a regulated market, PREFAB S.A. BUCURESTI, holder of a position of control in several branches, in accordance with the provisions of Regulation no. 31/2006 on completion of certain regulations of National Securities Commission, to implement certain provisions of European directives, is obliged to release to the public by sending to National Securities Commission and to the regulated market operator of the consolidated financial statements for the semester ended on 30 June 2017.
The Ministry of Finance Order no. 1121/2006 requires to Romanian companies listed on stock exchanges to prepare consolidated financial statements in accordance with IFRS, adopted by EU.

The Group consolidated financial statements have been prepared in accordance with recognition and measurement principles stipulated by International Financial Reporting Standards as endorsed by the European Union („IFRS") and in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as approved by the European Union.

The consolidated financial statements for the first semester of 2017 include the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, for a 6 months period ended on 30.06.2017.

The Group presented the consolidated financial statements prepared in accordance with IFRS approved by the European Union since the financial year 2011. The consolidated financial statements prepared for the financial year 2012 included adjustments to the consolidated financial statements of the financial year 2011 (for 31.12.2011 and 01.01.2011) primarily determined from the change in the presentation of financial statements components, from reclassification of some items, and from the application of IAS 29 ”Financial reporting in hyperinflationary economies”. The presentation of adjustments to consolidated financial statements of fiscal year 2011 was required as a result of applying in the individual financial statements of S.C. PREFAB S.A. of the Ordinance of the Public Finances Ministry no. 881/2012 provisions on the application by companies whose values are admitted to trading on a regulated market of the International Financial Reporting Standards and Ordinance of the Public Finances Ministry no. 1286/2012 for approval of Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market.

In accordance with the Ordinance of the Public Finances Ministry no. 881/2012 provisions on the application by companies whose values are admitted to trading on a regulated market of the International Financial Reporting Standards and Ordinance of the Public Finances Ministry no. 1286/2012 for approval of Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, **the companies whose securities are admitted to trading on a regulated market are required**, starting with the fiscal year 2012, to apply the International Financial Reporting Standards (IFRS) for the preparation of the individual annual financial statements. Because Prefab SA adopts IFRS as the new basis of accounting for the year 2012, the company has applied including the provisions of IFRS 1 “First-time Adoption of International Financial Reporting Standards” in the individual financial statements.
For the fiscal year 2012, the individual annual financial statements of PREFAB S.A., on the basis of IFRS were prepared by the accounting restatement organized under Accounting Regulations in accordance with the Directive IV of the European Economic Community, approved by Minister of Finance Order no. 3.055/2009, for the approval of accounting regulations compliant with European directives, including subsequent amendments and additions.

2.2. Basis of assessment

The consolidated financial statements are presented in RON (“Romanian Leu”), have been prepared under the historical cost, except for the revaluation of certain fixed assets and financial instruments that are measured at fair value and elements of social capital, legal reserves and other reserves from net profits, which were adjusted according to International Accounting Standard ("IAS") 29 "Financial reporting in hyperinflationary economies", until 31 December 2003.
Interim consolidated financial statements for the 6 month period ended on 30 June 2017 have been prepared using the principles for business continuity.

2.3. Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the economic environment in which the entity operates („functional currency"), meaning “RON”. The financial statements are presented in RON, which is the functional and presentation currency of the parent company, the amounts being rounded to the nearest thousand.
According to the Ordinance of the Public Finances Ministry no. 1286/2012 for the approval of Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, Chapter I pt. 4 “**Accounting is kept in Romanian language and currency**. Accounting of transactions in foreign currency is kept both in

national currency and in foreign currency. The currency means a currency other than RON. The annual consolidated financial statements are prepared in Romanian and in national currency."
The operations denominated in foreign currencies are recorded in RON at the official rate of exchange on the settlement date. Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are expressed in RON at the exchange rate of the day. The gains or losses from their settlement and from the conversion of monetary assets and liabilities denominated in foreign currencies using the exchange rate from the end of financial year, are recognized in the result of exercise. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are recorded in RON at the exchange rate from the transaction date.
For the evaluation of the foreign currency items at the end of each reporting period, is used the exchange rate of the currency market, communicated by National Bank of Romania in the last banking day of the month in question.

The exchange rates of main currencies were the following:

CURRENCY	Rate on 30 June 2017	Rate on 31 December 2016	Rate on 30 June 2016
EUR	4.5539	4.5411	4.5210
USD	3.9915	4.3033	4.0624

For the preparation of the consolidated financial statements, the financial statements of the subsidiary Prefab BG, denominated in leva were converted to the functional currency of the parent company (RON), according to IAS 21 "The effects of changes in foreign exchange rates", using the exchange rate from 30.06.2017 of 2.3284 lei/leva and the average exchange rate for the first semester of 2017 of 2.3194 lei/leva.

2.4. Use of estimates and professional judgment

Preparation of financial statements in accordance with IFRS adopted by European Union requires by the management the use of estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. The estimates and judgments associated to this are based on historical data and other factors considered to be eloquent in this circumstances and the result of these factors forms the basis of the judgments used in determining the carrying amounts of assets and liabilities for which there are no other evaluation sources available. The actual results could differ from these estimates.
The estimates and judgments are reviewed periodically. The revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the current and in future periods, if the revision affects both the current period, and the future periods. The effect of change related to the current period is recognized as income or expense in the current period. If there is, the effect on future periods is recognized as income or expense in those future periods.
The management of the company believes that any deviations from these estimates will not have a material impact on the consolidated financial statements in the near future.
The estimates and assumptions are used mainly to impairment of fixed assets, of securities held and valued at cost, estimating the useful life of a depreciable asset, for adjustment of impairment of receivables, for provisions, for recognition of deferred income tax assets.
According to IAS 36, both tangible and intangible assets are analyzed to identify any indications of impairment at the balance sheet date, if any impairment loss is recognized to reduce the net carrying amount of the asset to its recoverable amount. If the reasons for recognition of an impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased until the net book value that would have been determined if no impairment loss had been recognized. The rating for doubtful debts is made individually and is based on the best estimate of the management regarding the present

value of cash flows which is expected to be received. The Group reviews its trade receivables and for other nature at each financial position date, to assess whether must register in profit and loss account an impairment of value. In particular, the professional judgment of the management it is necessary to estimate the amount and to coordinate the future cash flows when is determined the impairment loss. These estimates are based on assumptions about many factors and the actual results may differ resulting in future changes of the adjustments.
The deferred tax assets are recognized for the tax losses, to the extent that it is probable that a taxable profit will exist in order to be covered the losses. It is necessary to exercise the professional judgment to determine the value of assets regarding the deferred tax recognizable based on probability in terms of period and the level of the future taxable profit and the future tax planning strategies.

3. PRINCIPLES, POLICIES AND ACCOUNTING METHODS

According to IFRS - International Accounting Standard 8 ”Accounting policies, changes in accounting estimates and errors”, the *accounting policies* represent the principles, bases, conventions, rules and the specific practices applied by this entity in preparing and presenting the financial statements.
The Group has selected and applied consistently the accounting policies for transactions, other events and similar conditions, unless a standard or an interpretation specifically requires or permits the classification of items that might be appropriate for the application of different accounting policies. If a standard or an interpretation requires or permits such a classification, it must be consistently selected and applied for each category an appropriate accounting policy.
The Group change an accounting policy only if the change:
- is required by a standard or an interpretation; or
- results in financial statements providing reliable and more relevant information about the effects of transactions, of other events or conditions on the financial position, financial performance or cash flows of the entity.

We present a summary of the significant accounting policies which have been applied consistently to all periods presented in the financial statements:

3.1. Intangible assets and tangible assets; property investments;

3.1.1. The intangible assets acquired by the Group are measured at the cost less the accumulated amortization and the impairment losses.
The Group chose as its accounting policy for evaluating the intangible assets after the initial recognition, the cost model.
The Group opted to use for the amortization of intangible assets the straight line depreciation formula.
To determine whether an intangible asset is measured at a depreciated cost, the Group applies IAS 36 ”Impairment of assets”. An impairment loss is recognized immediately in profit or loss.
For the purpose of presenting the profit and loss account, the gains or the losses arising with the cessation of the use or leaving an intangible asset, is determined as the difference between revenues by the output of asset and its unamortized value, including the expenses incurred in removing it from record and must be presented as a net amount in the profit and loss account, according to IAS 38.

Goodwill
The goodwill acquired in a business combination is initially measured at cost, representing the excess of the cost of the business combination over the Company's interest in the net fair value of assets, liabilities and contingent liabilities recognized.
The goodwill is not amortized but it is tested for impairment at least once a year. The goodwill impairment losses are recognized immediately against income and are not reversed in subsequent periods.

3.1.2. The tangible assets are initially recognized at the acquisition or construction cost and are presented net of accumulated amortization and accumulated impairment losses.
The cost of purchased tangible assets is represented by the value of the consideration given to acquire the assets and the amount of other costs directly attributable to bringing the asset to the location and condition necessary so that they can operate in the manner intended by the management. The cost of self-constructed assets includes the wage costs, the material costs, the indirect production costs and other costs directly attributable to bringing the asset to the current location and condition.
The Group set a ceiling value for recognition of an item of tangible fixed assets (which qualifies for recognition conditions under IFRS 16) at least 2500 lei.
The Group opted to use to assess after the initial recognition of tangible assets, the **revaluation model**. Under the revaluation model, an item of tangible asset whose fair value can be measured reliably must be carried at a revalued amount, this being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. The revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ significantly from that which would be determined using fair value at the end of the reporting period.
The fair value of land and buildings is generally determined based on market evidence, through an evaluation carried out by professionally qualified valuers.
The fair value of tangible asset elements is generally determined by the market value assessment.
Frequency of revaluations depends on changes in fair value of tangible assets revalued. If the fair value of an asset differs significantly from the carrying value, it is required a new revaluation.
When a tangible asset element is revalued, any accumulated depreciation at the revaluation date is treated by the company as follows: it is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset, after revaluation, to be equal to its revalued amount.
Consequently, frequency of revaluations depends on changes in the fair value of tangible assets. If the fair value of an item of tangible assets revalued at the balance sheet date is significantly different from its carrying amount, is necessary another revaluation. If the fair values are volatile, as can be for land and buildings, are necessary frequent revaluations. If the fair values are stable over a long period of time, as can be the case with installations and equipment, the assessments may be needed less frequently. IAS 16 suggests that the annual reassessments may be needed if there are significant and volatile changes in values.
The Group opted for revaluation of buildings and lands at least once every three years, and for the other categories of assets at least once every five years.
If a tangible asset item is revalued, then the entire class of tangible assets of which that asset belongs shall be revalued.
The last revaluation was performed on December 31, 2014 according to the regulations in force at that time, in order to determine their fair value, taking into account the inflation, the utility of goods, their condition and the market value. The results were recorded on the basis of the Report of technical expertise rating prepared by a certified valuation company. The decrease in book value resulting from these revaluations was debited to revaluation reserve in the limit of the existing amounts from its revaluation. The residual value and the useful life of the asset shall be reviewed at least at the end of financial year.
The depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for operate in the manner intended by the management.
The depreciation of an asset ceases at the first date between the date when the asset is classified as held for sale (or included in a disposal group which is classified as held for sale), in accordance with IFRS 5 and the date when the asset is recognized. Therefore, the depreciation does not cease when the asset is not used or is out of service, unless it is fully depreciated.
The lands and the buildings are separable assets and are separately accounted even when they are acquired together.
The owned lands are not depreciated.

If the cost of land includes the costs of disassembly, removal, restoration, these costs are amortized over the period when it is obtained benefits as a result of performing these costs.
The depreciation method used reflects the expected pattern of consumption of future economic benefits of the asset by unit. At the end of each financial year is reviewed the method of depreciation and if is noticed a significant change of the expected pattern of consumption of future economic benefits, this is changed to reflect the changed pattern.
The Group has opted to use straight line depreciation method for all fixed assets.
The residual value, the life and the depreciation method are reviewed on the date of the financial statements.
The useful life of tangible assets on the date of these financial statements are within the limits set on the Government Decision no. 2139/2004 and they are estimated by management as fair.
The depreciation calculated are the following useful lives for different categories of property:

Tangible assets	**Duration (years)**
Constructions	8-60
Technological equipment	3-24
Devices and systems of measurement, control and adjustment	4-24
Means of conveyance	4-18
Furniture, office equipment, human and material values protection equipment	3-18

Depreciation policy applied by the Group

According to IAS 36 ”Impairment of assets”, both tangible and intangible assets are investigated to identify if present any indications of impairment at the balance sheet date. For the intangible assets with indefinite useful life, the impairment test are performed annually, even if there is no indication of impairment. If the carrying amount of an asset exceeds its recoverable value, an impairment loss is recognized to reduce the carrying amount of the asset to its recoverable amount. If the reasons for recognition of an impairment loss disappear in the subsequent periods, the net carrying amount of the asset is increased until the net book value, that would have been determined if no impairment loss had been recognized. The difference is presented as other operating income.
The carrying amount of an item of a tangible asset is derecognized on disposal or when no future benefits are expected from its use or disposal. The revaluation surplus included in equity related to an item of a tangible asset is transferred directly to the retained earnings when the asset is derecognised on disposal or scrapping.
Any gain or loss arising on derecognition of an item of a tangible asset must be included in the profit or loss when the item is derecognised.
If are repeatedly sold the items of the tangible assets that have been held for rental to others, these assets will be transferred in stocks at the carrying value on the date when they cease to be rented and they are held for sale. The proceeds from the sale of these assets are recognized as income in accordance with IAS 18 ”Incomes”.
The assets classified as “held for sale” are presented at the lower value of net book value and fair value less the costs for sale. The fixed assets (or the groups of fixed assets) are classified as ”held for sale” if their carrying amount will be recovered principally through a sales operation, and not through their continued use. This classification is based on assumptions that the sale of those assets have a high probability and that the assets are available for the immediate sale and in the form in which they are in that moment.

3.1.3. Property investments

According to IAS 40 "**Property investments**", an investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows which are largely independent from the other assets held by the company. Thus, the property investments are different from the real estate property used by the owner. The production of goods or the provision of services (or the use of property for administrative purposes) generate cash flows which cannot be attributed only to the real estate property, but also to other assets used in the production process or in that of supply of goods or services.
The evaluation of real estate investments at the initial recognition is made at cost. The cost of a real estate investment consists of the purchase price plus any directly attributable expenditure (professional fees for legal services, property transfer taxes etc.). The property investments are presented later in the financial statements at the fair value.
After the initial recognition, an entity that chooses the fair value model must evaluate all of its investment property at fair value, unless it cannot be reliably determined.
A gain or loss generated by a change in fair value of investment property is recognized in the profit or the loss from the period in which it arises. An entity measures the fair value without deducting the transaction costs it may incur for the sale or for other type of disposal.
The Group owns a land and a building that is recognized in accordance with IAS 40 as **investment property**.
The Group has elected the fair value model for the evaluation after recognition and the presentation of real estate investments in the financial statements. The fair value is determined annually by an authorized assessor. The fair value of the investment property reflects the market conditions at the end of the reporting period.
From an accounting perspective, is no longer recorded the amortization but is recorded the depreciation/appreciation according to the annual evaluation at the fair value through the profit or loss account, depending on the outcome of the evaluation.

3.2. Leasing

The tangible assets may include too the assets held under a finance lease. Since the Group benefits from the advantages associated with the ownership right, the assets must be capitalized to the lowest value of the present value of minimum lease payments and their fair value, and then depreciated over the useful life or the lease term, if it is less than the useful life. Simultaneously it is recognized a liability equal to the amount capitalized and the future lease payments are split into the finance charges and principal (reduction of the outstanding debt).
All the lease agreements that are not classified as finance leases are treated as operating leases and the payments are included in the expenses of the period.
On 30.06.2017, the Group has no ongoing leasing contracts.

3.3. Biological assets

In the meaning of IAS 41 "Agriculture", an agricultural activity represents the administration by a company of the biological transformation and harvesting biological assets for sale or for conversion into agricultural products or in additional biological assets. A biological asset is an animal or a plant. On the initial recognition of a biological asset is possible to be not available the prices or the values determined on the market and the alternative estimates of fair value may be unreliable. In this case, according to pt. 30 from IAS 41, that asset must be measured at cost less any accumulated depreciation and any accumulated impairment loss.

The parent company has established an agricultural sector, and the production obtained is destined to the domestic consumption directed to the company canteen. In order to reduce the costs, this sector, except the crop of grapes, did not work in 2017.

By the SAPARD program were upgraded two of the three existing vegetable greenhouses. The entire production is consumed internally. The Group recognized as biological assets the vineyard valued at cost less the depreciation, under the provisions above, following that once the fair value can be measured reliably to be presented at this value less the costs of sale.
The length of depreciation is 24 years. All the difference in revaluation of assets reclassified in this category was transferred to retained earnings originated from the transition to IFRS.

3.4. Financial assets

The investments for which there is no price list or an active market are presented at cost or at a smaller value where there is a permanent impairment. Interest-bearing loans are shown at nominal value and that with interest-free and low interest, are shown at their present value.
The securities available for sale are presented at their fair value. Temporary decreases in value and increases in fair value are not recognized in the profit and loss account, but in equity. Temporary decreases in fair value are recognized in the profit and loss account.
Investments held until maturity are presented at amortized cost (reduced accordingly if it is found a temporary impairment).
Securities designated as financial assets at fair value through profit and loss account are reflected at fair value including gains and losses in profit and loss account. Equity and other financial assets for which there is no active market trading or market values, whose fair value cannot be estimated in a credible way, are stated at cost less the impairment losses.
Financial instruments at fair value through profit and loss are measured at the fair value and the subsequent changes are recognized in other comprehensive income.
Classification:
IAS 39, pt. 9 and 45 classify the financial instruments held by entities in the following categories:
Financial assets or liabilities evaluated at fair value through profit and loss account
This category includes financial assets or financial liabilities held for trading and financial instruments classified at fair value through profit or loss account at the moment of initial recognition. An asset or a financial liability is classified in this category if it was acquired mainly with speculative purpose or if it was designated in this category by the management of the Company. The company has no assets or financial liabilities held for trading classified at fair value through profit and loss account on 30.06.2017.
Investments held until maturity
Investments held until maturity are those non-derivative financial assets with fixed or determinable parts and fixed maturities, which the Company has the firm intention and the ability to hold them until maturity. Investments held until maturity are measured at amortized cost by effective interest method minus impairment losses. The Company has no investments held until maturity on 30.06.2017.
Loans and receivables
The loans and the receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company intends to sell immediately or in the near future.
Financial assets available for sale
The financial assets available for sale are the financial assets not classified as loans and receivables, investments held until maturity or financial assets at fair value through profit and loss account.
The estimated fair value at the date of the financial statements normally is based on available market information. When such quotes or prices are not available and no present value cannot be established, the determination of fair value is not feasible, the assessment being done at cost. (IAS 39,9 and 46c).

In preparing the consolidated financial statements, the financial statements of the parent company and its subsidiaries are combined item by item, by adding similar items of assets, liabilities, equity, income and expenses. If the consolidated financial statements present financial information about the group as single entity, will be followed the next steps:

(a) the carrying amount of the investment made by the parent company in each subsidiary and its share in the capital of each subsidiary are eliminated;
(b) non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period are identified; and
(c) non-controlling interests in the net assets of consolidated subsidiaries are identified separately by the equity of the participants in the equity of the parent company. Non-controlling interests in the net assets consist of:
    - the amount of those non-controlling interests at the date of initial combination;
    - the non-controlling interests part from the changes in equity of the date of the combination.

Balances, transactions, sales and expenses intragroup must be eliminated in full.

3.5. Interest on loans

The loans costs that are directly attributable to the acquisition, construction or production of a qualifying asset production are capitalized until the asset is ready for use or for sale. All other costs of borrowing are recognized as an expense in the profit and loss account for the period in which they arise.

3.6. Government grants

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

3.7. Stocks

According to IAS 2 ”**Stocks**”, these assets are:

- held for resale in the ordinary course of business
- under production for such a sale or
- in the form of materials and other consumables which will be used in the production process or for the provision of services

The stocks are stated at the lower value between the cost and the net realizable value. The net realizable value is the estimated on the basis of the selling price related to normal course of activity, less the estimated costs of completion and sale. For damaged or slow moving stocks, there are formed provisions on the basis of the management estimates.
Setting and adjustment resumption for impairment of costs is done based on the profit and loss account.
To determine the cost of materials supplied, the Group uses the **weighted medium cost method determined at the end of each month**. By the time of applying International Financial Reporting Standards, according to the accounting contained in OMPF 3055/2009, the group has applied the same method for determining the cost.

3.8. Receivables and other similar assets

With the exception of derivative financial instruments recognized at fair value and of items denominated in a foreign currency, which are converted at the closing rate, the receivables and the other similar assets are presented at amortized cost. This value can be considered a reasonable estimate of the fair value,

given that in most of cases, the maturity is less than one year. Long-term receivables are updated using the effective interest method.
In order to present in the annual financial statements, the receivables are measured at the likely amount receivable.
When it is estimated that a receivable will not be fully collected, in accounting are recorded adjustments for depreciation, on the amount that cannot be recovered. The objective evidence indicating that the financial assets are impaired may include: failure to meet payment obligations by a debtor, restructuring of an amount due to the company according to terms that in other conditions the company would not accept, indications that a debtor will enter in bankruptcy, disappearance of an active market for an instrument. All the receivables that individually are significant, are tested for impairment at each asset. Losses are recognized in profit or loss account and reflected in an adjustment account of receivables. The 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 were no changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount of the asset which could have determined if no impairment had been recognized. Deregistration of receivables occurs as a result of them cashing or disposal to a third party. Current receivables can be deducted from records by mutual compensation between the third parties of the receivables and liabilities, under the law. The deduction from records of the receivables whose terms of collection are prescribed, is performed after the company obtained documents showing that all legal steps have been undertaken for their settlement with the approval of the Board of Directors. The receivables deducted from records are recorded in the statement of order and records out of balance sheet and they are aimed for collection.

3.9. Cash and cash equivalents

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

3.10. Liabilities

A liability is a present obligation of the Group arising from past events and the settlement of which is expected to result in an outflow of resources which incorporates economic benefits.
A liability is recognized in accounting and presented in the financial statements when it is probable that an outflow of resources bearing economic benefits will result from the settlement of a present obligation (probability) and when the amount at which the settlement will be achieved can be measured reliably (credibility).

It must be made distinction between the short-term debts and the long-term debts.

Current liabilities are those debts to be paid over a period of up to one year.
A liability shall be classified as short-term debt, also called current debt, when:

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

All the other liabilities shall be classified as ***long-term liabilities****, even in situations where they must be settled within 12 months of the balance sheet date, if:*

- *the initial term was for a period longer than 12 months;*

- *the Group intends to refinance the obligation on long term; and*

the intention is supported by an agreement to refinance or reschedule of payments, which is completed before the financial statements are approved for publication.

The liabilities are carried at amortized cost, except for financial derivative instruments which are stated at fair value.

Long-term liabilities are updated using the effective interest method. The discount rate used for this purpose is the rate ruling at the end of the year for instruments that represent debts with similar maturities. The carrying amount of other liabilities is the fair value, because they are predominantly short-term maturities. The Group derecognizes a liability when the contractual obligations are paid or are canceled or expired.

If the goods and services supplied in connection with the activities have not yet been invoiced, but if the delivery has been made and their value is available, that obligation is recorded as a liability (not as a provision).

The amounts representing dividends payable are recorded in earnings following that, after approval by the general meeting of shareholders of this destination, to be reflected in the account 457 "Dividends to be paid".

3.11. Income tax including the deferred tax

The income tax for the period includes the current tax and the deferred tax.

Income tax is recognized in the statement of comprehensive income or in other comprehensive income items if it relates to items recognized in the own equity.

3.11.1. Current income tax

The current tax payment is based on taxable profit for the year. The 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 which are never taxable or deductible. The Group's liability for the current tax is calculated using tax rates that have been provided by law or in a draft law at the end of the year. Currently the tax rate is 16%.

3.11.2. Deferred tax

Deferred tax is provided using the balance sheet method for the temporary differences of assets and liabilities (differences between the carrying amounts shown in the balance sheet of the company and their tax base). The tax loss reported is included in the calculation of the debt regarding the deferred income tax. The debt regarding the deferred income tax is recognized only to the extent that is likely to be obtainde a future taxable profit, after compensation with the tax loss of previous years and with the income tax to be recovered.

Receivables and liabilities regarding the deferred income tax are compensated when there is a right and when they relate to the income taxes charged by the same taxation authority. If the probability of making the receivable regarding the deferred income tax is greater than 50%, then the debt is taken into account. Otherwise, it is recorded a value adjustment for the receivable regarding the deferred income tax.

3.12. Revenues recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced accordant with the estimated value of the goods returned by the clients, rebates and other similar items.

Sale of goods

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

• the Group has transferred to the buyers the significant risks and advantages arising from the ownership of goods;

• the Group no longer manages the goods sold at the level it should be done in case of holding their own and no longer have effective control over them;

• amount of revenue can be measured reliably;

• it is probable that the economic benefits associated with the transaction will flow to the company; and

• transaction costs can be measured reliably.

A primary issue in accounting of revenues is determining the moment when to recognize such an income. Income from ordinary activities is recognized when it is probable that the Group will flow to the future economic benefits and when these benefits can be measured reliably.
The amount of the revenues arising from a transaction is usually determined by the agreement between the entity and the buyer or user of the asset. The revenues are measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and quantity discounts granted.

Provision of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, the revenue associated with the transaction must be recognized according to the stage of completion of the transaction at the closing date of the reporting period.
The outcome of a transaction can be estimated reliably when all the following conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- stage of completion of the transaction at the balance sheet date can be measured reliably; and
- costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue recognition according to the stage of completion of the transaction is „percentage of completion method". According to this method, revenue is recognized in the accounting periods in which services are provided. The recognition of revenue on this basis provides useful information on the activity proportion of services performance and of its results during a period.
Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. When an uncertainty arises about the collectability of an amount already included in revenue, the amount that cannot be collected or the amount of which recovery has ceased to be probable is rather recognized as an expense, than as an adjustment of the amount of revenue initially recognized. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, the revenue shall be recognized only to the extent of the expenses recognized that are recoverable.

Income from rents related to the real estate investments are linearly recognized in profit and loss account, on the duration of the lease.

Dividends and interests

Dividend income is recognized when it is established the shareholder's right to receive the payment. Dividend income is recorded at the gross amount including tax on dividends, which is recognized as a current income tax expense.

Interest income is recognized on an accrual accounting basis, by reference to the principal outstanding and the effective interest rate, the rate that exactly discounts the estimated future cash flow of the receipts.

3.13. Provisions - IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Provision is made for current obligations to third parties when it is probable that the obligation will be honored, and the amount required for the remittal of the obligations can be estimated reliably. Provision for individual obligations are set 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 Group has a current obligation (legal or default) generated by a past event;
b) It is likely to be required to settle the obligation an outflow of resources embodying economic benefits; and
c) It can be made an estimate of the amount of the obligation.

If these conditions are not met, any provision will be recognized.
The provisions are grouped by category in accounting and are constituted for:

a) litigation;
b) guarantees granted to customers;
c) decommissioning of tangible assets and other actions related thereto;
d) restructuring;
e) employees benefits;
f) other provisions.

When, on the basis of the analysis made by management together with the Legal Department on the chances of loss of process by the company, it is concluded that the estimated chances of loss are higher of 51%, it is constituted a provision at the credible estimated value.

Provisions for guarantees granted to customers are based on management and sales department estimates on the level of expenses with the repairs under warranty. The level of expenditure with repairs during the warranty period is determined as a percentage of the turnover of the reporting year.

Provisions for restructuring
The restructuring obligation arises where a company:
- has a detailed formal plan for restructuring in which to be pointed: the activity or the part of activity to which referred, the main locations affected, the location, the function and the approximate number of employees who will be compensated for termination of their activity, the expenses involved, the date on which it will be implemented the restructuring plan
- generated a justified expectation to those affected that the restructuring will be achieved by implementation start of that restructuring plan or by communicating its main characteristics of those who will be affected by restructuring

The restructuring provision includes only direct costs related to restructuring.

Provisions for employees benefits
For the remaining outstanding annual leave, for other long-term benefits granted to employees, (if they are stipulated in the labour contract), and those granted upon termination of employment are recorded during the financial year as provisions. At the time of their recognition as liabilities towards employees, the amount of provisions will be resumed by the appropriate revenue accounts.

Other provisions
If there are identified timing debts or debts with uncertain value that are qualified for the recognition of provisions pursuant to IAS 37 but they are not found in any of the categories identified above, other provisions are recorded.
At the end of each reporting period, the provision shall be reviewed and adjusted to reflect the best current estimate. When it is found from the analysis that is not likely to be required outflow of resources which incorporates economic benefits to settle the obligation, the provision should be annulled.

The Group does not recognize the provision for operating losses. The preview of the operating losses indicate that certain operating assets may be impaired in this case are tested these assets pursuant to IAS 36 "Impairment of assets".

3.15. Employees benefits - IAS 19 "Employees benefits"

Short-term benefits

Obligations with short-term benefits granted to employees are not updated and are recognized in the statement of comprehensive income as the services are provided.
Short-term benefits granted to employees include salaries, bonuses and social insurance contributions. Short-term benefits are recognized as expense when the services are rendered. It is recognized a provision for the amounts expected to be paid as short-term cash bonuses or staff participation schemes to profit given that the company currently has a legal or constructive obligation to pay those amounts as a result of past service provided by employees and whether the obligation can be estimated reliably.

Benefits after conclusion of labor agreement

Both the Group and its employees have a legal obligation to contribute to social security established to National Pension Fund managed by the National House of Pensions (contribution plan founded on the principle "you will pay over time").
Therefore the Group has no legal or default obligation to pay future contributions. Its only obligation is to pay the contributions when they fall due. If the Group ceases to employ people who are contributors to the financing plan of the National House of Pensions, shall have no obligation to pay the benefits earned by its own employees in the previous years. The contributions of Group to the plan of contributions are presented as expenses in the year to which it relates.

Defined contribution plans

The Group makes payments on behalf of their employees to the Romanian state pensions system, health insurance and unemployment fund, in the normal course of business.
All employees of the Group are members and have the obligation to contribute to the Romanian state pensions system. All related contributions are recognized in profit or loss account of the period when performed. The Group is not engaged in any other post employment benefit system. The Group has no obligation to provide further services to current or former employees.
The parent company has a voluntary pension program from the month of April 2008 for employees who have at least one year seniority in the company and aged between 18 and 52 years. The contribution is paid by the employer up to the limit of 200 euro/year. The contracts of employees are for the voluntary pension fund ING Optim managed by ING Asigurari de viaţa SA.
The Group does not currently grant benefits as employees participating in profits.
The Group may grant benefits in form of the entity's own shares with the approval of the General Meeting of Shareholders of each consolidated units.

3.15. Earnings for the year

In accounting, the cumulative gain or loss is determined at the beginning of the financial year.
The result for the year is calculated as the difference between the revenues and expenses of the year.
The final result for the financial year is fixed at its closure and represents the final balance of profit and loss account.
The profit distribution is carried out in accordance with the legal provisions in force. The amounts representing gross reserves from the current financial year, based on legal provisions, for example, legal reserve established under the provisions of Law 31/1990 is recorded at the end of the current year. The accounting profit remained after this allocation, is taken at the beginning of the financial year following that for which are prepared the annual financial statements in the account 1171 "Retained earnings representing the undistributed profit or the uncovered losses", where they are distributed to other destinations decided by the General Meeting of Shareholders, under the law. In accounting, the highlights of the destinations of accounting profit shall be made after the general meeting of shareholders approved the distribution of profit by recording the amounts of dividends due to shareholders, reserves and other destinations, according to the law.

3.16. Earnings per share. Diluted earnings.

IAS 33 “Earnings per share” requires that if an entity presents consolidated financial statements and separate financial statements, the presentation of earnings per share is drawn only on the basis of consolidated information. If it chooses to disclose earnings per share based on its separate financial statements, it must present such earnings per share information only on the statement of comprehensive income. In this case it should not disclose earnings per share in the consolidated financial statements.
An entity shall calculate the values of the diluted earnings per share at the profit or loss attributable to the ordinary shareholders of the parent company and, if recognized, at the profit or loss which derive from continuing operations attributable to those shareholders.
For the purpose of calculating the diluted earnings per share, an entity shall adjust the profit or loss attributable to the ordinary shareholders of the parent company and the weighted average number of shares outstanding with the effects of all the ordinary shares potentially diluted.
The objective of this indicator is to assess the participation of each ordinary share in the performance of an entity, taking into account the influence of all the ordinary shares potentially diluted in circulation at that moment.
Dilution is a reduction in earnings per share or an increase in loss per share resulting in the assumption that convertible instruments are convertible, that the options or the warrants are exercised or that the ordinary shares are issued upon the satisfaction of specified conditions.
Antidilution is an increase in earnings per share or a reduction in loss per share resulting in the assumption that convertible instruments are convertible, that the options or the warrants are exercised or that the ordinary shares are issued upon the satisfaction of specified conditions.
An ordinary share is an equity instrument which is subordinate to all other classes of equity instruments.
A potential ordinary share is a financial instrument or another contract which may entitle its holder to ordinary shares.
The parent Company has elected to present earnings per share and diluted earnings in these individual financial statements.
The parent Company presents the ***basic earnings per share („CPA")*** for its ordinary shares. The basic CPA is calculated by dividing the earnings or loss attributable to the holders of ordinary shares of the Company to the weighted average of the ordinary shares in circulation during the period.
The weighted average of the ordinary shares in circulation during the period = the number of shares in circulation at the beginning of the period adjusted with the number of shares repurchased or issued during that period multiplied by a weighting factor of time.

The weighting factor of time is the number of days that the shares were in circulation, as a proportion of the total number of days in the period.

3.17. Dividends

The quote of profit that is paid, under the law, to each shareholder of the entities constitute a dividend. The dividends distributed to shareholders, proposed or declared after the balance sheet date, and the other similar distributions conducted from profits, are not recognized as a liability at the balance sheet date, but when it is established the right of a shareholder to collect them.
Accounting profit remaining after allocation of the share of legal reserve made, limited to 20 % of the share capital, is taken within the earnings from the beginning of the next financial year to the one for which annual financial statements are prepared, and will be assigned to other legal destinations, according to Board of Directors decision of each entity.
The highlighting in accounting of the destinations of the accounting profit is carried out in the next year after the General Meeting of Shareholders which approved the distribution of profit, by recording the amounts representing dividends due to shareholders or associates, reserves and other destinations, under the law for each entity. No return can be made on recordings of the distribution of profit.
For the accounting of dividends are considered the IAS 10 provisions.

3.18. Capital and reserves

Capital and reserves (equity) is the right of shareholders to the assets of an entity, after deducting all liabilities. The equity contain: capital contributions, capital premiums, reserves, earnings, outcome of the financial year.
The ***share capital*** consisting of common shares, is recorded at the value established based on the constitution documents.
The own shares repurchased, under the law, are presented in the balance as a correction to equity.
Gains or losses relating to the issuance, redemption, sale, transfer free of charge or cancel the entity's equity instruments (shares, holdings) are recognized directly in the equity in the rows „Gains or Losses related to equity instruments”.
The Group recognizes the changes in share capital in accordance with the legislation in force and only after their approval in the Extraordinary General Meeting of Shareholders and their registration in the Trade Register, for each entity.
Revaluation reserves. After the recognition as an asset, an item of tangible assets whose fair value can be measured reliably must be carried at a revalued amount, this being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. The revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using 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 item - row "revaluation reserves". Nevertheless, the increase shall be recognized in profit or loss to the extent that it offsets a decrease from revaluation 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, this decrease should be recognized in profit or loss. Nevertheless, the decrease shall be debited directly to equity in the item - row "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 can be transferred directly to retained earnings when the asset is derecognised.
Starting on May 1, 2009, the reserves from fixed assets revaluation, including the lands, performed after January 1, 2004, which are deducted from taxable income through tax depreciation or expenditures on assets sold and/or scrapped, are taxed simultaneously with the deduction of tax depreciation, respectively in the moment of the decrease from the management of these fixed assets, where appropiate.

The reserves from fixed assets revaluation, including the lands, performed until December 31, 2003 plus the portion of revaluation performed after January 1, 2004 of the period up to April 30, 2009, will not be taxed in the moment of the transfer to retained earnings (acct. 1175) but when the destination is changed.
The reserves from fixed assets revaluation are transferred to retained earnings in the moment of the decrease from the management of the revalued fixed assets.
The reserves made are taxable in future, in case of changes in reserves destination in any form, in case of liquidation, merger of entities, including its use to cover the accounting losses, except the transfer, after the date of May 1, 2009, of the reserves related to the assessments made after January 1, 2004.

Legal reserves
In accordance with the legislation of Romania, the companies must assign a value equal to at least 5% from the profit before tax, in the legal reserves, until this reach 20% of the share capital. When this level has been reached, the Company may make additional allocations of net profits only. The legal reserve is deductible in limit of the quote of 5% applied to the accounting profit, before determining the profit tax.
The entities from Romania were founded according to Law no. 31/1990 on companies.
In the financial statements prepared in accordance IFRS, the company has applied IAS 29 - "Financial reporting in hyperinflationary economies", corrected the historical cost of the share capital, of the legal reserves and other reserves, with the effect of inflation, until December 31, 2003.

3.19. Segment reporting

An operating segment is a distinct component of the Group which engage in activities following which could get revenues and record charges, including revenues and expenses related to transactions with any of the other components of the Group and which is subject to risks and rewards that are different from those of other segments. The main format of segment reporting of the Company is represented by the segmentation on activities.
Given that the shares of Prefab SA are traded in the BUCHAREST STOCK EXCHANGE, and the Company applied IFRS, it shows in the annual financial statements and in the interim reports made under ***IAS 34 Interim Financial Reporting***, information about the business segments, about its products and services, about the geographic areas in which it operates and about the major customers.
In accordance with ***IFRS 8 "Segments of activity***", a segment of activity is a component of an entity:

- that engages in business activities which can get revenues and from which can incur expenditure (including income related to transactions with other components of the same entity)
- whose results from activity are periodically reviewed by the main factor of the entity's operational decision-maker in order to take decisions on the allocation of resources by segment and its performance evaluation, and
- for which separate financial information is available.

Considering the criteria for identifying the business segments and quantitative thresholds described in IFRS 8, Prefab SA identified as a business segment for which is presenting the information separately, the AAC segment.

3.20. Affiliated parties
By IFRS 10 Consolidated financial statements (in force since 1 January 2014), adopted by EU on 11 December 2012, were replaced the sections from IAS 27 Consolidated and individual financial statements treating the consolidated financial statements. In accordance with IFRS 10, there is only one basis for consolidation, which is the control. In addition, IFRS 10 includes a new definition of control that contains 3 elements: (a) authority over the entity in which it was invested, (b) exposure or rights to variable results based on its participation in the entity in which it was invested, and (c) ability to use authority over the entity in which it was invested to influence the value of the investor results. Broad guidelines were added in IFRS 10 to deal with complex scenarios. The changes introduced by IFRS 10 determines an exercise of

significant judgment by management to determine which entities are controlled, and these need to be consolidated by the parent company, against the requirements that were included in IAS 27.
The management of PREFAB SA revised the degree of control held on investments in other entities in accordance with IFRS 10 and concluded that there was no effect on classifications to any of the Company's investments held in the reporting period or the comparative periods covered by these financial statements.
Information on relationships with affiliates, subsidiaries and associates are presented in note 29.

3.21. Changes in accounting policies

Section A: Information on the initial application of certain new regulations

IAS8.28: When the initial application of a IFRS has an effect on the current or any previous period, would have such an effect, except that it is impossible to determine the value of the adjustment or could have an effect on future periods, the entity must present:
(A) the title IFRS;
(B) as the case, the change in accounting policy shall be in accordance with its transitional provisions;
(C) the nature of the change in accounting policy;
(D) as the case, a description of the transitional provisions;
(E) where appropriate, the transitional provisions that may have an effect on future periods;
(F) for the current period and for each previous period presented, as far as possible, the amount of the adjustment;
(I) for each element/row affected; and
(Ii) if IAS 33 The earnings per share is applied to the entity, for earnings per share and diluted earnings per share;
(G) the value of the adjustment for periods prior to those presented, as far as possible; and
(H) if the retroactive application referred to in point 19 the letters (a) or (b) is impossible for a certain earlier period or for periods prior to those presented, the circumstances which led to the existence of this condition and a description of how the change in accounting policy was applied.

Initial application of new changes to existing standards, which are valid for the current reporting period

On the date of approval of these financial statements, no changes have been adopted by the European Union to existing standards issued by the International Accounting Standards Board (IASB) and effective for the current reporting period.

Section B: Information on issued standards that will enter into force at a later date, which are not applied by a company/group in its financial statements

IAS 8.30:
When an entity has not applied a new IFRS which was issued, but is not yet effective, the entity must present:
(A) this fact; and
(B) information known or reasonably foreseeable relevant for assessing the possible impact which application of the new IFRS it will have on the financial statements of the entity during the initial application period.

IAS 8.31:

According to point 30, an entity considers the disclosure:

(A) the title of the new IFRS;
(B) the nature of imminent changes or changes in accounting policy;
(C) the date until which application is required IFRS;
(D) the date it intends to apply initially IFRS; and
(E) or:
(I) an analysis of the impact that the IFRS application is expected to produce, to apply it to the financial statements of the entity; or
(Ii) if this impact is not known or reasonably estimated, a statement to that effect.

Standards and changes to existing standards issued by IASB and adopted by EU, but which are not yet applicable
On the date of approval of these financial statements, the following new standards issued by IASB and adopted by EU are not yet applicable:

• IFRS 9 "Financial Instruments" - adopted by the EU on 22 November 2016 (applicable to annual periods beginning on or after January 1, 2018);

• IFRS 15 "Revenue from contracts with customers" and amendments to IFRS 15 "IFRS 15 effective date" - adopted by the EU on September 22, 2016 (applicable for annual periods beginning on or after January 1, 2018).

• New standards and amendments to existing IASB standards but not yet adopted by the EU

Currently, the IFRS adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations that have not been approved for use in the EU [at the date of publication of the financial statements] (the input data set out below are for IFRS in full):

• IFRS 14 "Deferral accounts regulations" (effective for annual periods beginning on or after January 1, 2016) - The European Commission has decided not to launch the provisional approval of this standard and to wait for the final standard,

• IFRS 16 "Leasing Contracts" (effective for annual periods beginning on or after January 1, 2019),

• IFRS 17 "Insurance contracts" (effective for annual periods beginning on or after January 1, 2021),

• Amendments to IFRS 2 "Share-based Payment" - Classification and measurement of share-based payment transactions (effective for annual periods beginning on or after January 1, 2018);

• Amendments to IFRS 4 "Insurance contracts" - Application IFRS 9 Financial instruments with IFRS 4 Insurance contracts (effective for annual periods beginning on or after January 1, 2018, when IFRS 9 "Financial Instruments" becomes applicable for the first time;

• Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or contribution of assets between an investor and its associate or a joint venture and subsequent amendments (effective date deferred for the term Research on the Equity Method has been completed),

• Amendments to IFRS 15 "Revenue from contracts with customers" - Clarifications to IFRS 15 Revenue from contracts with customers (effective for annual periods beginning on or after January 1, 2018)

• Amendments to IAS 7 "Cash Flow Statement" - Information Disclosure Initiative (effective for annual periods beginning on or after January 1, 2017),

• Amendments to IAS 12 "Profit Taxes" - Recognition of assets on deferred tax for unrealized losses (effective for annual periods beginning on or after January 1, 2017)

• Amendments to IAS 40 "Investment Property" - Transfers of Investment Property (effective for annual periods beginning on or after January 1, 2018);

• Amendments to the different standards ”Improvements to IFRSs ((2014-2016)” resulting from the IFRS annual improvement project (IFRS 1, IFRS 12 and IAS 28), primarily to eliminate inconsistencies and clarify forms to be applied for annual periods beginning on or after 1 January 2017 and the amendments to IFRS 1 and IAS 28 apply to annual periods beginning on or after 1 January 2018)

• IFRIC 22 "Transactions in foreign currency and early analysis" (in force for annual periods beginning on or after 1 January 2018),

• IFRIC 23 "Uncertainty regarding Income Tax Treatments "(effective for annual periods beginning on or after 1 January 2019).

The Company anticipates that the adoption of these new standards, changes in existing standards and new interpretations will not have a material impact on the Company's financial statements during the initial period of application.
According to the company's estimates, the application of hedge accounting in a portfolio of assets or financial liabilities in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" would not have a material impact on the financial statements.

More details on individual standards, changes to existing standards, and interpretations that can be used appropriately:

• IFRS 9 "Financial Instruments", issued on July 24, 2014, is replacing the IASB with IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements on the recognition and measurement, depreciation, derecognition and overall accounting of hedging instruments.

Classification and measurement - IFRS 9 introduces a new approach to the classification of financial assets that is determined by the cash flow characteristics and the business model in which an asset is held. This principle-based approach replaces the requirements based on existing rules in accordance with IAS 39. The new model also results in a single depreciation model applied to all financial instruments.

Impairment - IFRS 9 introduced a new depreciation model for anticipated losses that will require a faster recognition of anticipated credit losses. Specifically, the new standard requires entities to take into account the credit losses expected from the time of the first recognition of financial instruments and to recognize lifetime loss on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially reformulated model for hedge accounting, with consolidated information on risk management activity. The new model represents a significant review of risk coverage that aligns the accounting treatment with its risk management activities.

Own credit - IFRS 9 eliminates the volatility in profit or loss due to changes in the credit risk of the liabilities selected to be measured at fair value. This change in accounting means that gains from impairment of an entity's own credit risk on those liabilities are no longer recognized in profit or loss.

• IFRS 14 "Regulatory deferral accounts" issued by the IASB on 30 January 2014. This standard is designed to allow entities that adopt IFRSs for the first time and who currently recognize deferral accounts in accordance with generally accepted accounting principles, the transition to IFRS.

• IFRS 15 "Revenue from contracts with clients" issued by the IASB on May 28, 2014 (on September 11, 2015, the date of entry into force of IFRS 15 of the IASB until 1 January 2018 and 12 April 2016, the IASB clarified This standard). IFRS 15 specifies how and when an entity applying IFRS will recognize revenue, as well as an obligation for those entities to provide information to users of financial statements with more relevant and relevant information. The standard supersedes IAS 18 Income, IAS 11 "Construction Contracts" and a number of income interpretations. Application of the standard is mandatory for all entities applying IFRS and applies to almost all contracts with clients: the main exceptions are leasing contracts, financial instruments and insurance contracts. The basic principle of the new standard is that companies recognize revenue to describe the transfer of goods or services to customers in quantities reflecting the fee (that is, the payment) that the company expects to be entitled to in exchange for those goods or services. The new standard will also lead to increased revenue disclosures, provide guidance on transactions that have not been previously addressed in a comprehensive manner (for example, service revenue and contract changes) and to improve guidance for multiple arrangements elements. The company is currently analyzing the implications of applying this new standard in the upcoming period.

• IFRS 16 "Leasing contracts" issued by IASB on January 13, 2016. In accordance with IFRS 16, the lessee recognizes an asset of the right of use and a leasing right. Assets for use are treated in the same way as other non-financial assets and as a consequence, they are depreciated. The lease rate is initially measured at the present value of the lease payments due during the lease term, updated to the implicit rate in the lease if it can be easily determined. If this rate can not be easily determined, the lessee must use the incremental loan rate. As in the case of predecessor IFRS 16, IAS 17, leasants classify leases as being of an operational or financial nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of a underlying asset. Otherwise, a lease is classified as an operating lease. For financial leases, a lessor recognizes financial income over the lease term based on a pattern that reflects a constant periodic rate of return on net investment. A lessor recognizes operating leases as income on a straight-line basis, or, if more representative of the pattern in which the profit from the use of the underlying asset is diminished, another systematic basis.

• IFRS 17 "Insurance contracts" issued by IASB on May 18, 2017. The new standard requires that the insurance liabilities to be valued at a present value and provides a more uniform measurement and disclosure approach for all insurance contracts. These requirements are designed to achieve the objective of consistent, principle-based accounting for insurance contracts. IFRS 17 replaces IFRS 4 "Insurance contracts" and related interpretations while it applies.

• Amendments to IFRS 2 "Share-based payment" - Classification and measurement of share-based payment transactions issued by the IASB on 20 June 2016. The amendments provide for accounting requirements for: (a) the effects of the entry and non-application conditions on the valuation of cash-settled share-based payment transactions; (B) share-based payment transactions with a net settlement feature for sovereign debt obligations; And (c) an amendment to the terms and conditions of a share-based payment that changes the transaction classification from a cash-settled transaction to a share-based payment transaction.

• Amendments to IFRS 4 "Insurance Contracts" - Application of IFRS 9 Financial Instruments to IFRS 4 Insurance Contracts issued by the IASB on 12 September 2016. The amendments address the concerns

arising from the implementation of the new IFRS 9 prior to the implementation of the replacement standard that the Board Emerging for IFRS 4.

• Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or asset contribution between an investor and its associate or joint venture issued by the IASB on 11 September 2014 (on December 17, 2015, IASB delayed indefinitely). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarifies that in a transaction involving an associate or a joint venture, the expansion of recognition of gains or losses depends on whether the assets sold or contributed constitute an enterprise.

• Amendments to IAS 7 "Statement of Cash Flows" - Publication published by the IASB on January 29, 2016. The amendments are intended to clarify IAS 7 to improve the information provided to users of financial statements about an entity's financing activities. Changes require an entity to provide information that allows users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes resulting from cash flows and non-cash changes.

• Amendments to IAS 12 "Income Taxes" - Recognition of deferred tax assets for unrealized losses issued by the IASB on 19 January 2016. The amendments to IAS 12 clarify how to account for deferred tax assets related to debt instruments at fair value.

• Amendments to IAS 40 "Investment Property" - Investment property transfers issued by IASB on December 8, 2016. The amendments specify that an entity will transfer a property to or from the investment property when and only when there is evidence of change in use. A change of use occurs if the property enters or ceases to meet the definition of real estate investment. A change in management's intentions to use a property in itself is not evidence of a change in use.

• Amendments to different standards "Improvements brought to IFRSs (cycle 2014-2016)" issued by IASB on December 8, 2016. Amendments to the different standards resulting from the annual improvement project IFRS (IFRS 1, IFRS 12 and IAS 28).

Amendments include: (i) eliminating the short - term exemptions provided for in points E3-E7 of IFRS 1, because they have at present fulfilled their intended purpose; (ii) clarifying the scope of the IFRS 12 by specifying that the publication requirements of IFRS 12, except as provided for in points B10-B16, applies to the interests of an entity listed in paragraph (5) which are classified as held for sale, held for distribution or as interrupted operations in accordance with IFRS 5 " Fixed assets held for sale and (Iii) clarifying the choice to measure at fair value through profit or loss an investment in an associate or in a joint venture owned by an entity that is a venture capital entity or other qualifying entity is available for each investment in a associate entity or a joint venture, after initial recognition.

• IFRIC 22 "Foreign Currency Transactions and Early Interpretation" issued by the IASB on December 8, 2016. The Interpretation notes that the transaction date for the purpose of determining the foreign exchange rate is the date of initial recognition of the non-monetary anticipated non-cash payment asset or the deferred income liability. If there are multiple payments or receipts in advance, a transaction date is set for each payment or receipt.

• IFRIC 23, "Uncertifiable Tax Treatment" issued by the IASB on June 7, 2017. It may be unclear how the tax law applies to a particular transaction or circumstance, or whether a tax authority will accept the tax treatment of a company. IAS 12 Income Taxes specifies how current tax and deferred tax are measured but not how the effects of uncertainty are reflected. IFRIC 23 provides requirements that add to the requirements of IAS 12 specifying how to reflect the effects of uncertainty in accounting for income taxes.

4. INTANGIBLE ASSETS

The intangible assets of the Group include software, licenses and various software and are accounted in the account 208 ”Other intangible assets”; They are depreciated on a straight-line; They are presented at historical cost, less the depreciation and any value adjustments. For the periods presented were not recorded value adjustments. They were not adjusted for inflation in accordance with IAS 29 that do not come from a time when the Romanian economy have been a hyperinflationary economy.
The Group has no internally generated intangible assets or acquired through a government grant and also, does not hold intangible assets with indefinite useful life.
The Group has no intangible assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5.
For the intangibles assets, the useful lives were estimated at 3 years.

The situation of the intangible assets on 30.06.2017 is as follows:

Cost

	Other intangible assets	Total
Balance on January 01, 2017	**1.695.387**	**1.695.387**
Entrances	8.573	8.573
Cessions	0	0
Balance on June 30, 2017	**1.703.960**	**1.703.960**

Accumulated amortization

	Other intangible assets	Total
Balance on January 01, 2017	**1.356.537**	**1.356.537**
Cost of the period	100.678	100.678
Cessions	0	0
Balance on June 30, 2017	**1.457.215**	**1.457.215**
Net book value January 01, 2017	**338.850**	**338.850**
Net book value June 30, 2017	**246.745**	**246.745**

5. TANGIBLE ASSETS

On 31.12.2014, the Group has reassessed with authorized independent experts in the field, buildings, land and equipment assets existing in its heritage at that time. The 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, to be equal to its revalued amount.

Tangible assets of PREFAB SA	Lands and landscaping	Buildings	Plant and machinery	Other systems, equipment and furniture	Tangible assets in progress	Total
CHARGE						
01.01.2017	**117.335.543**	**66.773.861**	**107.177.883**	**1.827.286**	**3.358.904**	**296.473.477**
Increases	0	86.980	1.930.997	0	4.600.000	6.617.977
Discounts	0	0	0	0	3.000	3.000
30.06.2017	**117.335.543**	**66.860.841**	**109.108.880**	**1.827.286**	**7.928.904**	**303.061.454**
AMORTIZATION						
01.01.2017	**576.617**	**26.311.630**	**48.907.843**	**1.477.790**	**0**	**77.273.880**
Cost of the period	32.373	857.209	2.148.892	23.586	0	3.062.060
Outputs		0	0	0	0	0
30.06.2017	**608.990**	**27.168.839**	**51.056.735**	**1.501.376**	**0**	**80.335.940**
NET VALUES						
01.01.2017	**116.758.926**	**40.462.231**		**349.496**	**3.358.904**	**219.199.597**
30.06.2017	**116.726.553**	**39.692.002**	**58.052.145**	**325.910**	**7.928.904**	**222.725.514**

Tangible assets of PREFAB INVEST SA	**Lands**	**Buildings**	**Plant and machinery**	**Other systems, equipment and furniture**	**Tangible assets in progress**	**Total**
CHARGE						
01.01.2017	**0**	**0**	**57.014**	**6.781**	**0**	**63.795**
Increases	0	0		0	0	0
Discounts		0		0	0	0
30.06.2017	**0**	**0**	**57.014**	**6.781**	**0**	**63.795**
AMORTIZATION						
01.01.2017	**0**	**0**	**57.014**	**6.781**	**0**	**63.795**
Cost of the period	0	0	0	0	0	0
Outputs	0	0	0	0	0	0
30.06.2017	**0**	**0**	**57.014**	**6.781**	**0**	**0**
NET VALUES	**0**	**0**				
01.01.2017	**0**	**0**	**0**	**0**	**0**	**0**
30.06.2017	**0**	**0**		**0**	**0**	**0**

Tangible assets of FOTBAL CLUB PREFAB SA	Lands	Buildings	Plant and machinery	Other systems, equipment and furniture	Tangible assets in progress	Total
CHARGE						
01.01.2017	**0**	**0**	**26.351**	**2.759**	**0**	**29.110**
Increases	0	0	0	0	0	0
Discounts	0	0	0	0	0	0
30.06.2017	**0**	**0**	**26.351**	**2.759**	**0**	**29.110**
AMORTIZATION						
01.01.2017	**0**	**0**	**1.921**	**402**	**0**	**2.323**
Cost of the period	0	0	0	0	0	0
Outputs		0	0	0	0	0
30.06.2017	**0**	**0**	**1.921**	**402**	**0**	**2.323**
NET VALUES						
01.01.2017	**0**	**0**	**24.430**	**2.357**	**0**	**26.787**
30.06.2017	**0**	**0**	**24.430**	**2.357**	**0**	**26.787**

Tangible assets of PREFAB BG EOOD	Lands	Buildings	Plant and machinery	Other systems, equipment and furniture	Tangible assets in progress	Total
CHARGES						
01.01.2017	**0**	**183.422**	**0**	**16.252**	**0**	**199.674**
Increases	0	235	0	0	0	0
Discounts		0	0	1.284	0	1.519
30.06.2017	**0**	**183.657**	**0**	**17.536**	**0**	**201.193**
AMORTIZATION						
01.01.2017	**0**	**34.827**	**0**	**9.287**	**0**	**44.114**
Cost of the period	0	0	0	1.264	0	1.264
Outputs		188	0	0	0	188
30.06.2017	**0**	**34.639**	**0**	**10.551**	**0**	**45.190**
NET VALUES						
01.01.2017	**0**	**148.595**			**0**	**155.560**
30.06.2017	**0**	**149.018**		**6.985**	**0**	**156.003**

5.1. Tangible assets entered and put into operation

In the first semester of 2017 were carried out renovations and refurbishments to technical installations and equipment in the amount of 6.617.977 lei, representing upgrades related to production activity.

5.2. Outgoing tangible assets

In the first semester of 2017 no assets were quashed or alienated.

5.3. Pledged fixed assets

For guarantee of the guarantee agreements and credit contracts signed with the financing banks, the Group mortgaged these assets in favor of that banks, as follows:

For all credit facilities contracted with Veneto Banca, the Group constituted these guarantees in favor of the bank as follows:

- Mortgage established on real estate - lot 2 (Premo) located in Calarasi, str. Bucuresti, nr. 396, jud. Calarasi, composed of a land of 69.552,2 m³ and the existing buildings on it with cadastral number 62/2.
- Issue of a promissory note in favor of the bank.
- Security mortgage on receivables resulting from commercial relations signed between Prefab S.A. and its debtors

For all credit facilities contracted with CEC Bank, the Group constituted these guarantees in favor of the bank as follows:

- Guarantee on real estate land with cadastral no. /top 22567 (surface 1209 m³), located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on real estate land with cadastral no. /top 22575 (surface 735 m³), located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Administrative building and annexes**, (land of 15.979 m³) with cadastral no. 22574-C1-C6, 22574, located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Section large tubes and decanter**, (land of 11815,08 m³) with cadastral no. 22566-C1-C2, 22566, located in Calarasi, str. Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Section of Prefabricated**, (land of 56.635 m³) with cadastral no. 22721-C1-C6, 22721, located in Calarasi, str. Bucuresti, nr. 396.
- Guarantee on residential real estate – **Block of houses P+3-Prefab House**, (land of 940.81 m³) with cadastral no. 23596 –C1, 23596, located in Calarasi, str. ing. Victor Orlovski, nr. 2.
- Guarantee on residential real estate – **Villa for accommodation P+1 E+M**, (land of 4000,08 m³) with cadastral no. 107450-C1-C2, 107450, located in Mangalia, localitatea Jupiter, str. Aldea, nr. 14.
- Mortgage on the present and future claims of the company born out of the commercial contract 50/09.11.2016 concluded with Arcocim SRL, and the commercial contract 51/09.11.2016 concluded with Oyl Company Logistic and the commercial contract 49/02.11.2016 concluded with Metale International, and to the current accounts opened at CEC Bank.
- Material guarantee on the following equipment:
    - pallet of AAC wrapping and twisting machine
    - molded fittings plant
    - slurry pumps
    - autoclave for the aerated concrete production
    - an automatic lathe

For the credit facility contracted with BRD Groupe Societe Generale to achieve the Cogeneration Plant, the Group constituted these guarantees in favor of the bank as follows:

- rank I mortgage on the lot 11, cadastral no. 62/11 CF no. 25291/ Calarasi Municipality, with an area of 83.928,74 m³, located within the company PREFAB S.A. from Calarasi, str. Bucuresti, nr. 396.
- rank I mortgage on the lot 6, cadastral no. 62/6, CF no. 25177/ Calarasi Municipality, composed of a land area of 101.126 m³ and existing buildings on this lot, property of PREFAB S.A. from Calarasi, str. Bucuresti, nr. 396. pledge agreement on the project equipment.

5.4. Assets in progress

On 30.06.2017, the Group recorded in the statement of assets in progress, the amount of 7.928.904 lei, representing the works of modernization of production capacities.

6. PROPERTY INVESTMENTS

The land and the building owned by the parent company in the resort Jupiter, are considered as Property investments, are not used by the company for conducting the operational activity and have not a destination established.

	Land and land improvements	**Constructions**	**Property investments in progress**	**Total**
Balance on 01.01.2017	**1.415.659**	**1.514.321**	**0**	**2.929.980**
Increases:	0	0	0	0
Discounts:	0	0	0	0
Balance on 30.06.2017	**1.415.659**	**1.514.321**	**0**	**2.929.980**

7. INVESTMENTS IN AFFILIATED ENTITIES

On 30.06.2017, the Group has classified, in its separate financial statements, the investments held in affiliated companies amounted to 9.439.869 lei in financial assets available for sale in accordance with IAS 39. None of the companies where these investments are made is not rated on securities market.
The estimates of fair value at the balance sheet date are normally based on available market information. When such quotes and prices are not available and no present value cannot be established, the determination of fair value is not feasible, the assessment being done at cost. (IAS 39,9 and 46c)
Participation situation of PREFAB SA – the parent company at the share capital of other companies during the first semester of 2017, is as follows:

Company name	**Balance on 30.06.2017**			**Balance on 31.12.2016**		
	Value	No. shares	%	Value	No. shares	%
PREFAB INVEST S.A.	149.850	3.996	99.9	149.850	3.996	99.9
PREFAB BG EOOD Silistra	18.919	100	100	18.919	100	100
Fotbal Club S.A. Modelu	9.270.900	30.903	99.8707	9.270.900	30.903	99.8707

TOTAL	**9.439.669**	**9.439.669**

These companies are included in the financial consolidation statements prepared in accordance with IFRS 10 "Consolidated and Separate Financial Statements". The financial consolidation statements are the financial statements of a group, presented as if it were a single economic entity.
The financial assets available for sale listed and whose fair value cannot be determined reliably are recorded at the acquisition cost less the impairment losses and are tested annually for impairment. To fix this, the management uses a series of judgments and envisages, in addition to other factors, the duration and extent to which the value of the investment at the reporting date is less than the cost of its; the financial health and the short-term perspective of the issuer, including the factors such as industry performance and the industry in which it operates, technological changes and operating cash flows and for financing. On 30.06.2017, the management has not identified factors leading to record an impairment of investments held in subsidiaries.
Wishing to establish an association to promote activities related to industrial fabrication of precast concrete production, PREFAB SA along with 8 other renowned companies in this branch, they agreed to constitute "Concrete Precast Manufacturers Association PREFBETON". The purpose of the Association is to promote products precast concrete, to represent, support and protect the technical, economic and legal interests concerning trade and industry of precast concrete, to develop and encourage cooperation in scientific, technical and standardization area and to foster agreements between specialists in the country. The initial patrimony of the Association was 1,800 Ron, the contribution of Prefab SA being for 200 Ron. This association was not included in the consolidation being considered with a minor importance for the Group.
On 30.06.2017, the branch PREFAB INVEST S.A. has a holding worth 100 lei in the initial heritage of the Association "Society for Concrete and Precast of Romania" - a non-profit, apolitical and nongovernmental association, the total heritage of the association being worth 560 lei. The purpose of the association is to promote the scientific and technical progress in the field of the concrete elements and structures. This association was not included in consolidation being considered with a minor importance for the Group.

8. RECEIVABLES AND OTHER ASSETS

The receivables are recorded at nominal value and are pointed in the analytical accounting for each person or entity. Foreign currency receivables have been assessed based on exchange rate in force at the end of the exercise, and the rate differences were recognized as incomes or expenses of the period.

a) The trade receivables are presented below.

Receivables	**Balance on June 30, 2017**	**Balance on December 31, 2016**
Trade receivables	41.451.161	39.786.229
Adjustments for impairment of trade receivables	(638.552)	(659.263)
Trade receivables, net	**40.812.609**	**39.126.966**

The doubtful clients or in litigation had on 30.06.2017 the gross value of 1.453.496 lei
For these doubtful clients, the process started in the previous years have continued.
For some of them, for which the management has estimated that there is a risk of non-recovery, there are made adjustments for doubtful debts worth 638.552 lei. Also they were undertaken legal action to recover the debts.

Term liquidity analysis Trade receivables	**Balance on June 30, 2017**	**Balance on December 31, 2016**
Under a year	**40.812.609**	**39.126.966**
More than a year	0	0

Other assets	**Balance on June 30, 2017**	**Balance on December 31, 2016**
b) Other assets, of which:		
Debtors	1.297	1.337
Prepayments	891.947	750.940
VAT to be recovered	0	0
VAT not do in	28.569	33.513
Suppliers debtors	12.543	850
Other receivables	220.624	196.867
Total	**1.154.980**	**983.507**

Term liquidity analysis Other assets	**Balance on June 30, 2017**	**Balance on December 31, 2016**
Under a year	**1.154.980**	**983.507**
More than a year	0	0

Prepayments
Prepayments in the amount of 891.947 lei mainly represent insurance premiums for liability insurance, maintenance costs and taxes expenses that are downloaded monthly on costs.

Suppliers debtors
The suppliers debtors in the amount of 12.543 lei mainly represents the advances given to suppliers of stocks.

c) Adjustments of depreciation for trade receivables and other receivables
Evolution of adjustments of depreciation is as follows:

	June 30, 2017	**December 31, 2016**
At the beginning of the period	**659.263**	**659.263**
Increase/ (reversals)	0	0

Decreases	20.711	0
At the end of the period	**638.552**	**659.263**

9. STOCKS

December 31, 2016	**Cost**	**Adjustments**	**Net value**
1. Raw materials and consumables	3.383.077	0	3.383.077
2. Production in progress	768.859	0	768.859
3. Finished products and goods	2.934.234	3.560	2.930.674
4. Advances for stocks	251.092	0	251.092
Total	**7.337.262**	**3.560**	**7.333.702**

June 30, 2017	**Cost**	**Adjustments**	**Net value**
1. Raw materials and consumables	4.142.786	0	4.142.786
2. Production in progress	665.691	0	665.691
3. Finished products and goods	3.881.099	3.560	3.877.539
4. Advances for stocks purchases	3.298		3.298
Total	**8.692.874**	**3.560**	**8.689.314**

The main categories of stocks are the raw materials and the consumables, the production in progress, the finished products and goods, the advances for purchases of stocks.
The cost of stocks includes all costs of acquisition and processing and other costs incurred in bringing the stocks to the form and in the place where there are.
The cost of finished products and of production in progress includes the direct costs related to production, namely: direct materials, energy consumption for technological purposes, direct labor and other direct costs of production and the quote of indirect production costs rationally allocated as related to their manufacturing.
On leaving the management, the stocks are evaluated based on the weighted average cost method.
This method involves the calculation of the cost of each element on the basis of the weighted average of the similar cost items being in stock at beginning of period and of the cost of similar items purchased or produced by the company during that period. The average is are calculated monthly, at the end of each month.
On the date of financial statements, the stocks are valued at the lower value between the cost and the net realizable value.
The net realizable value is the estimated selling price to be obtained in the ordinary course of business, less the estimated costs of property completion, when appropriate, and the estimated costs necessary for sale.
Where appropriate it is constitute provision for the outdated, slow moving or defective stocks.
On 31.12.2012, the parent company recorded adjustments for stocks impairment in the amount of 18.672 lei, based on the minutes of the inventory committee which analyzed the stock of finished products. Of these, on 31.12.2016 and 30.06.2017, are maintained adjustments in the amount of 3.560 lei.

10. CASH AND CASH EQUIVALENTS

On 30.06.2017 the cash and cash equivalents are in amount of 1.260.085 lei, lower than the values recorded on 31.12.2016 of 619.650 lei and shall consist of:

	Balance on June 30, 2017	Balance on December 31, 2016
Cash	1.509	775
Deposits and available money in banks	1.251.350	618.875
Other values	7.226	0
Total	**1.260.085**	**619.650**

Of the total of cash accounts and cash equivalents, the restricted amounts on 31.12.2016 and on 30.06.2017 consisted of:

	Balance on June 30, 2017	Balance on December 31, 2016
Performance guarantees	187.082	158.831
Managers guarantees	71.988	50.160
Other guarantees	77.339	91.300
Total	**336.409**	**300.291**

Because of the Group procedures to minimize the credit risk, was increased the transaction volume which involved the guarantee of collections by checks and bills of exchange. The cash equivalents represent checks and bills of exchange submitted to the bank for collection.

11. EQUITY

In the group formed, the shares issued by **PREFAB S.A.** - parent company, indivisible, dematerialized and traded on the BVB regulated market, category STANDARD since January 5, 2015 having the symbol PREH. The specific activities of independent registry for S.C.PREFAB SA were conducted by the *Central Depository*.
The share capital of PREFAB SA was not changed during the first semester of 2017.
The **subscribed and paid capital** is worth 24.266.709,5 lei, composed of 48.533.419 shares with nominal value of 0,50 lei/share.

The ownership structure on 15.06.2017 according to data from the Central Depository, was as follows::

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	40.281.167	82.9968
SIF MUNTENIA	6.295.000	12.9704
OTHER SHAREHOLDERS - LEGAL PERSONS	419.348	0.8640
OTHER SHAREHOLDERS - NATURAL PERSONS	1.537.904	3.1688
TOTAL	**48.533.419**	**100**

The shares are nominative, are issued in dematerialized form, each share having a nominal value of 0.50 lei/share. During the first semester of 2017, the nominal value of a share did not change.
The prices of the company shares had a oscillating trend manifested in terms of number of shares traded, a trend primarily due to cash shortage and to the general reduction of transactions on the Bucharest Stock Exchange.
The last trading price of the Company's shares PREFAB SA Bucuresti, available on 27.07.2017 was for 1.2 lei/share.
The specific activities of independent registry for PREFAB SA were conducted by the *Central Depository*.

- **PREFAB INVEST SA** has a share capital worth 150.000 lei structured in 4000 shares with a nominal value of 37,5 lei/share. On 30.06.2017, the situation of subscribed and paid share capital is as follows:

Item no.	Shareholder	No. of shares held	Nominal value	Share capital	% of the share capital
1	Prefab SA Bucuresti	3.996	37.5	149.850	99.9
2	Other shareholders	4	37.5	150	0.01
	Total	**4000**		**150.000**	**100**

- **PREFAB BG EOOD Bulgaria** has a share capital worth 18.918,90 lei which belongs in percentage of 100% to PREFAB SA BUCURESTI.

- FOTBAL CLUB PREFAB 05 S.A. has a share capital worth 9.282.900 lei, structured in 30.943 shares with a nominal value of 300 lei/share. On 30.06.2017 the situation of subscribed and paid share capital is as follows:

Item no.	Shareholder	No. of shares held	Nominal value	Share capital	% of the share capital
1	Prefab SA Bucureşti	30.903	300	9.270.900	99,87
2	Miluţ Petre Marian	40	300	12.000	0.13
	Total	**30.943**		**9.282.900**	**100**

According to IAS 29 „Financial reporting in hyperinflationary economies", the Group adjusted the historical cost of the share capital by the effect of inflation until December 31, 2003.

12. RESERVES

The reserves include the following components:

	Balance on June 30, 2017	Balance on December 31, 2016
Legal reserves	4.293.304	4.293.304
Other reserves	34.941.990	34.393.123

Revaluation reserves	123.230.103	123.230.103
Total	**162.465.397**	**161.916.530**

The Group recorded on 30.06.2017 "**Legal reserves**" in the account 1061 the amount of 4.293.304 lei of which 1.483.092 lei represents reserves formed in accordance with IAS 29 „Financial reporting in hyperinflationary economies", the Group correcting the historical cost of the legal reserves with the effect of inflation until December 31, 2003.

The Group recorded on 30.06.2017 "**Other reserves**" in the account 1068 the amount of 31.941.990 lei of which 2.676.474 lei represents reserves formed in accordance with IAS 29 „Financial reporting in hyperinflationary economies", the Group correcting the historical cost of the other reserves with the effect of inflation on the date of transition to IFRS.

The **revaluation reserves** are in the amount of 123.230.103 lei on 30.06.2017. The last revaluation was performed on December 31, 2014 for the lands, buildings and equipment from records according to the regulations in force based on Report of technical expertise rating prepared by an evaluation firm, member of ANEVAR, in order to determine their fair value, taking into account the inflation, the utility goods, their condition and the market value. The decrease or increase in book value resulting from these revaluations was debited to the revaluation reserve.

On 30.06.2017 the Group has not reviewed the elements of tangible assets, considering that the net value of which are shown reflect the fair value at the date of financial statements.

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

Reserve	**Description and purpose**
Legal reserves	According to Law no. 31/1990, every year it is taken at least 5% of profit for the formation of reserve fund, until it reaches a minimum of one fifth of share capital.
Other reserves	Other reserves include on 30.06.2017 the reserves constituted on the net profit distribution.
Revaluation reserve fixed assets	If the carrying value of a tangible assets is increased as a result of revaluation, then the increase should be recognized in other comprehensive income items and accumulated in equity, with title of revaluation surplus. The revaluation reserves cannot be distributed and cannot be used to increase the share capital.

The first two items include the amounts mentioned above resulted from the application of IAS 29 "Financial reporting in hyperinflationary economies", the Group correcting the historical cost of other reserves with the effect of inflation until 31 December 2003, the date of transition to IFRS (01.01. 2011).

Conversion reserves

According to IAS 21 "The effects of changes in foreign exchange rates" an entity may present its financial statements in any currency. If the presentation currency differs from the functional currency of the entity, it converts its results and financial position into the presentation currency. When a group contains individual entities with different functional currencies, the results and financial position of each entity are expressed in a common currency, so as to allow the presentation of consolidated financial statements. The results and

the financial position of an entity whose functional currency is not the currency of a hyperinflationary economy, it must be converted into a different presentation currency, using the following procedures:

a) Assets and liabilities for each statement of financial position presented shall be converted at the closing rate at the date of that statement of financial position.
b) Income and expenses for each income statement shall be converted at the exchange rates from the dates of transactions; and
c) All resulting exchange differences should be recognized in other comprehensive income items.

For practical reasons, a rate that approximates the exchange rates at the dates of transactions, for example an average rate for that period, is often used to convert the items of income and expenses.
According to IAS 21, the Group formed reserves conversion resulting from the conversion of results and the financial position of the subsidiary abroad, Prefab BG Eood, in the Group's presentation currency, namely from Leva in Ron, as follows:

	June 30, 2017	**December 31, 2016**
At the beginning of the period	**3.658**	**3.067**
Increase/ (reversals)	752	0
Decreases	0	591
At the end of the period	**4.410**	**3.658**

13. RETAINED EARNINGS

The retained earnings include the following components:

	Balance on June 30, 2017	**Balance on December 31, 2016**
Retained earnings, except the retained earnings due to the adoption for the first time of IAS 29 (acct. 117)	599.517	656.945
Total	**599.517**	**656.945**

14. DISTRIBUTION OF PROFIT

On 31.12.2016, Prefab S.A. - the parent company, recorded a net profit worth 1.174.965 lei which was distributed based on the Board of Directors decision of 19.04.2017 according to legal regulations.

The net profit distribution for the year 2016 is proposed below:

Distribution of profit	**December 31, 2016**
Net profit to distribute	**1.174.965**
- legal reserve	70.822,00
- dividends due to shareholders	564.414,33

- other reserves	539.728,67

The value of dividends due to shareholders, for the year 2016, in amount of 564.414,33 lei has been transferred to the Central Depositary in full on 03.07.2017, for payment to the shareholders, according to the contract concluded.

Shares/ shares issued by affiliates are not traded on a regulated market.
The subsidiary Prefab Invest SA has decided to allocate the net profit recorded in the financial year 2016 in amount of 9.147 lei on other reserves.
The subsidiary Prefab BG EOOD has decided to cover the loss recorded in the financial year 2016 in amount of 57.402 lei of the retained earnings.

The legal framework for setting up its own financing sources and other distributions from profit consists of the following legislation:

- Law no. 571/2003 on the Fiscal Code subsequently amended
- Law no. 31/1990 republished, on companies

On 30.06.2017, the Group recorded a net profit worth -5.490 lei.

According to the applicable legal provisions, the Group profit is not distributed, it is just an economic indicator to inform the shareholders.
The profit/ loss conducted individually by each company within the group is subject to distribution in general meetings of each entity.

15. EARNINGS PER SHARE. DILUTED EARNINGS. (for the parent company)
IAS 33 "Earnings per share" requires that if an entity presents consolidated financial statements and separate financial statements, the presentation of earnings per share is drawn only on the basis of consolidated information. If it chooses to disclose the earnings per share based on its separate financial statements, must present such information related to the earnings per share only for the statement of comprehensive income. In this case it should not disclose the earnings per share in the consolidated financial statements.
Earnings per share and diluted earnings were presented in individual annual statements of the parent company.
The company presents the ***basic earnings per share („CPA")*** for its ordinary shares. The basic CPA is calculated by dividing the earnings or loss attributable to ordinary shareholders of the Company to the weighted average number of ordinary shares outstanding during the period.
Weighted average number of ordinary shares outstanding during the period = the number of shares in circulation at the beginning of the period adjusted with the number of shares repurchased or issued during that period multiplied by a weighting factor of time.
The time-weighting factor is the number of days in which that shares have been in circulation, as a proportion of the total number of days of the period.

	30.06.2017	**30.06.2016**
Basic earnings per share	**0.001644**	**0.006588**
Diluted earnings	**0.001644**	**0.006588**

The earnings per basic share and that diluted for the parent company have the same value because there are no financial instruments with diluted effect on earnings.

Net profit for the year 2016 of the parent company in amount of 1.171.965 lei was assigned under the decision of General Meeting of Shareholders from 19.04.2017, according to legal regulations, as follows:

Profit distribution on year 2016 for Prefab SA:

Net profit 2016:	1 .171.965,00 lei
Legal reserve:	70.822,00 lei
Dividends to be distributed to shareholders	564.414,33 lei
Other reserves	539.728,67 lei

The subsidiary Prefab Invest SA has decided to allocate the net profit recorded in the financial year 2016 in amount of 9.147 lei on other reserves.
The subsidiary Prefab BG EOOD has decided to cover the loss recorded in the financial year 2016 in amount of 57.402 lei of the retained earnings.

16. PROVISIONS

The Group, at the closure of the first semester of 2017, did not constituted provisions for risks and expenses, considering that the future uncertainty does not justify the creation of provisions or the deliberate evaluation of future obligations.

17. LOANS AND OTHER LIABILITIES

The liabilities are recorded at the nominal value and are recognized in the accounting for each person or entity. Foreign currency liabilities were valued based on exchange rate in force at the end of the exercise, and foreign exchange differences are recognized as income or expense for the period.

The liabilities situation is as follows:

Liabilities	30.06.2017	31.12.2016
Amounts owed to credit institutions	47.225.837	48.123.922
Advances collected for orders	5.729.194	1.502.781
Trade payables	15.070.543	11.213.725
Other liabilities including tax and social security debts	2.092.394	1.404.116
Deferred income tax	367.392	367.392
Total liabilities	**70.485.360**	**62.611.936**

Trade payables in the amount of 15.070.543 lei on 30.06.2017 represent debt of the Group created in the relations with suppliers for the purchase of raw materials, execution of works and provision of services.

Analysis of chargeability term	Balance on June 30, 2017	Balance on December 31, 2016
Under a year	53.556.584	43.420.491
More than a year	16.928.776	19.191.445
Total	**70.485.360**	**62.611.936**

The amounts due to credit institutions have the following composition:

Amounts due to credit institutions	Balance on June 30, 2017	Balance on December 31, 2016
Short term loans	30.664.453	29.299.869
Long term loans	16.561.384	18.824.053
Total	**47.225.837**	**48.123.922**

18. SHORT-TERM LOANS

The Group benefited during the first semester of the year 2017 of short-term loans granted by commercial banks, as follows:

Bank	Loan type	Date of contract	Maturity	Currency	Principal	Balance on 30.06.2017
CEC Bank	Credit line	Contract credit line facility RQ151262997913 50/25.01.2016	28.01.2018	ron	19.000.000	18.600.000 lei
Veneto Banca	Credit line	Convention credit line no. 8929/10.10.2013	2017	ron	9.000.000	9.000.000 lei
Veneto Banca	Credit line	Convention credit line no. 10040/12.08.2014	2017	ron	4.500.000	3.064.453 lei
Total						**30.664.453 lei**

19. LONG-TERM LOANS

The Group benefited during the first semester of 2017 of long-term loans granted by commercial banks, as follows:

Bank	Loan type	Date of contract	Maturity	Currency	Principal	Balance on 30.06.2017
BRD Groupe Societe General	Long-term credit	Ctr.77/29.09.2011	20.10.2018	eur	4.778.750	2.558.949 lei
Veneto Banca	Credit line	Credit convention 10614/12.08.2014, addendum no. 2/14.08.2015	31.07.2020	ron	7.500.000	4.625.000 lei
CEC Bank	Long-term credit	Contract RQ151262997913 62/25.01.2016	28.01.2020	ron	7.700.000	5.850.238 lei
CEC Bank	Credit for investment	Contract RQ151262997913 19/ 25.01.2016	28.01.2023	ron	4.300.000	3.527.197 lei
Total						**16.561.384 lei**

During the first semester of 2017, the Group benefited from these loans, opened to Veneto Banca:

- a long-term loan worth 7.500.000 lei, under the Convention of credit line no. 10614 of 12.08.2014 and addendum no. 2 of 14.08.2015. Repayment is made in 60 monthly installments of 125.000 lei until 31.07.2020. The balance on 30.06.2017 is 4.625.000 lei.
- a credit line worth 4.500.000 Ron, under the Convention of credit line for bills discounted no. 10040/12.08.2014. The balance on 30.06.2017 is 3.064.453 lei.
- a credit line for the current activity worth 9.000.000 Ron, under the Convention of credit line no. 8929/10.10.2013 with due on 31.07.2017. The balance on 30.06.2017 is 9.000.000 Ron.

For all credit facilities contracted with Veneto Banca, the Group constituted these guarantees in favor of the bank as follows:

- Mortgage established on real estate - lot 2 (Premo) located in Calarasi, str. Bucuresti, nr. 396, jud. Calarasi, composed of a land of 69.552,2 mq and existing buildings on it with cadastral number 62/2.
- Issue of a promissory note in favor of the bank.
- Security mortgage on receivables resulting from commercial relations signed between Prefab S.A. and its debtors

During the first semester of 2017, the Group benefited from these loans at Cec Bank:

- a credit line for the current activity worth 19.000.000 lei, representing credit facility agreement no. RQ15126299791350 / 25.01.2016. The balance on 30.06.2017 is 18.600.000 Ron.
- Investment loan worth 4.300.000 lei based on the credit agreement no. RQ15126299791319/25.01.2016, the first installment being due in February 2016, and the last on 28.01.2023. The balance on 30.06.2017 is 3.527.197 Ron.
- Credit for financing the current activity worth 7.700.000 lei based on the credit agreement no. RQ15126299791362/25.01.2016. The repayment will be made in 47 monthly installments of 108.809,52 Ron, following that the last payment, the 48th, be in the amount of 2.585.952,56 Ron, the first installment being due in February 2016, and the last on 28.01.2020. The balance on 30.06.2017 is 5.850.238 Ron.

For all credit facilities contracted with CEC Bank, the Group constituted these guarantees in favor of the bank as follows:

- Guarantee on real estate land with cadastral no. /top 22567(surface 1209 m³), located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on real estate land with cadastral no. /top 22575(surface 735 m³), located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Administrative building and annexes**, (land of 15.979 m³) with cadastral no. 22574-C1-C6, 22574, located in Calarasi, str Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Section large tubes and decanter**, (land of 11815,08 m³) with cadastral no. 22566-C1-C2, 22566, located in Calarasi, str. Bucuresti, nr. 396.
- Guarantee on industrial real estate – **Section of Prefabricated**, (land of 56.635 m³) with cadastral no. 22721-C1-C6, 22721, located in Calarasi, str. Bucuresti, nr. 396.
- Guarantee on residential real estate – **Block of houses P+3-Prefab House**, (land of 940.81 m³) with cadastral no. 23596 –C1, 23596, located in Calarasi, str. ing. Victor Orlovski, nr. 2.
- Guarantee on residential real estate – **Villa for accommodation P+1 E+M**, (land of 4000,08 m³) with cadastral no. 107450-C1-C2, 107450, located in Mangalia, localitatea Jupiter, str. Aldea, nr. 14.
- Mortgage on the present and future claims of the company born out of the commercial contract 50/09.11.2016 concluded with Arcocim SRL, and the commercial contract 51/09.11.2016 concluded

with Oyl Company Logistic and the commercial contract 49/02.11.2016 concluded with Metale International, and to the current accounts opened at CEC Bank.

- Material guarantee on the following equipment:
  - Pallet of AAC wrapping and twisting machine
  - molded fittings plant
  - slurry pumps
  - autoclave for the aerated concrete production
  - an automatic lathe

The Group benefited from a term loan concluded with BRD - Groupe Societe Generale worth 4.778.750 euros, its balance on 30.06.2017 being 2.558.948 euros, respectively 561.925 Ron.

For the credit facility contracted with BRD Groupe Societe Generale to achieve the Cogeneration Plant, the Group constituted these guarantees in favor of the bank as follows:

- rank I mortgage on the lot 11, cadastral no. 62/11 CF no. 25291/ Calarasi Municipality, with an area of 83.928,74 mq, located within the company PREFAB S.A. from Calarasi, str. Bucuresti, nr. 396.
- rank I mortgage on the lot 6, cadastral no. 62/6, CF no. 25177/ Calarasi Municipality, composed of a land area of 101.126 mq and existing buildings on this lot, property of PREFAB S.A. from Calarasi, str. Bucuresti, nr. 396. pledge agreement on the future project equipment.

20. OTHER LIABILITIES

These mainly consist of:

Other liabilities	**Balance on June 30, 2017**	**Balance on June 30, 2016**
Liabilities for the staff and assimilated	806.591	659.855
Liabilities for the social security budget	399.809	363.374
Liabilities for the state budget	191.765	894.125
Liabilities to shareholders	684.201	119.864
Other liabilities	10.028	12.464
Total liabilities	**2.092.394**	**2.049.682**

21. DEFFERED TAX

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

Description	**June 30, 2017**	**December 31, 2016**
Initial balance	367.391	367.391
Deferred tax revaluation differences	0	0
Final balance	**367.391**	**367.391**

22. SUBSIDIES FOR INVESTMENTS

Variation in subsidies for investments is presented in the following table:

Description	June 30, 2017	December 31, 2016
Initial balance	6.523.394	7.038.311
Received during the year	0	0
Reversed during the year	0	0
Resumed at income	(252.397)	(514.917)
Final balance	**6.270.997**	**6.523.394**

The amounts represents subsidies recorded for the assets (co-financing) acquired within the projects developed by the parent company, namely:

- the modernization of the vegetable glasshouse by the Program SAPARD (2005)
- the Project 'Plan of rational energy use - Energy Efficiency Project at Prefab S.A.', worth 1.200.000 euro which was developed in partnership with BERD, where was obtained funding for 15 % of the investments made, respectively the amount of 812.124 lei (equivalent to 180.000 eur).
- the Project 'Making a cogeneration plant in order to improve the energy efficiency of S.C. Prefab S.A. activity', partially funded from European Funds under the Priority Axis 4 of the Sectoral Operational Programme: Increasing Economic Competitiveness, the Company concluding in this purpose the financing contract no. 18 EE/28.05.2012 with the Ministry of Economy, Trade and Business Environment. The grant amount approved by contract was 10.199.768,65 lei, of which in 2013 was collected the amount of 6.140.662,41 lei and in 2014 was collected the amount of 1.503.822,08 lei.

23. OPERATING INCOME

Income	June 30, 2017	June 30, 2016	Difference (2017-2016)
Production sold	33.100.908	31.266.362	1.834.546
Income related to product stocks costs	2.224.668	1.230.274	994.394
Income from production assets and real estate investments	4.759.743	2.897.106	1.862.637
Other operating income	276.940	2.105.963	(1.829.023)
Total	**40.362.259**	**37.499.705**	**2.862.554**

Products share in the total of turnover:

Name of products	30.06.2017 %	2016 %	30.06.2016 %
A.A.C.	70.53%	71.80%	75.18%
Tubes	3.22%	6.14%	5.74%
Precasts	11.43%	9.5%	7.55%
Electrical power	12.73%	11.62%	9.99%
Other products	2.09%	0.94%	1.54%

The autoclaved aerated concrete (AAC), the masonry material produced by PREFAB S.A. Bucuresti, in the first semester of 2017 raised to a production of 204.537,82 m³, with a monthly average of 40.907,56 m³, given that manufacturing activity started in February, in the conditions of a very heavy winter as it was this winter.

In the first half of 2017, Prefab SA sold approximately 200,000 m³ of AAC.

Regarding the market of precast and prestressed concrete, electricity poles, highway items, precast parts for hiper or supermarkets, beams for road bridges, there were slight changes giving signs of revival. With regard to the PREMO - SENTAB sewerage market, this is in the same recession due primarily to financial bottlenecks in the investment field.
In the first semester of 2017, the total volume of precasts produced and marketed was 2.948,01 m³ plus concrete goods 547,10 m³, a very small volume for the existing production capacity.
Regarding the PREMO-SENTAB sewage pipes, the volume produced was 1.101,73 m³.
Concerning the activity of the cogeneration plant, the quantity of electricity produced in the first semester of 2017 was 11.941,60 MWh of which it was delivered in SEN the quantity of 9.447,78 MWh, the quantity of 2.493,82 MWh being used for internal consumption. For the quantity of electricity delivered in SEN, the company was qualified for the cogeneration bonus under the High Efficiency Cogeneration Support Scheme. For the first semester of 2017 it was in the amount of 207.61lei/ MWh delivered in SEN.
The quantity of thermal energy produced in the first semester of 2017 was: 29.189,93 MWh, wholly used for domestic consumption.

24. OPERATING EXPENSES

Expenses	June 30, 2017	June 30, 2016	Difference (2017-2016)
Expenses for materials and supplies	**17.382.471**	**15.125.518**	**2.256.953**
Energy and water expenses	5.820.004	5.903.368	(83.364)
Other production expenses	2.242.459	1.508.691	733.768
Total cost materials	**25.444.934**	**22.537.577**	**2.907.357**
Wages and allowances	5.230.065	4.376.489	853.576
Social security and welfare expenses	1.268.104	1.092.440	175.664
Total expenses on staff	**6.498.169**	**5.468.929**	**1.029.240**
Amortization	3.163.256	3.064.437	98.819
Adjustments for impairment	0	0	0

Total amortization and depreciation	**3.163.256**	**3.064.437**	**98.819**
Expenses on external supply	3.917.481	4.329.103	(411.622)
Other taxes, duties and similar	483.020	561.135	(78.115)
Other expenses	48.310	491.610	(443.300)
Total other operating expenses	**4.448.811**	**5.381.848**	**(933.037)**
Total	**39.555.170**	**36.452.791**	**3.102.379**

The prices of raw material supply and materials recorded generally an evolution similar to those recorded in the previous year, being mainly affected by the national currency rate against the European currency and US dollar, the increase of costs for raw materials and auxiliary materials are due to particularly achieve a higher volume of products in the first semester of 2017, compared to the first semester of 2016, but also due to price increases registered by some raw materials and materials.
Generally, the sources of supply are safe, aiming to maintain a minimum number of 2 suppliers/assortment.

25. FINANCIAL INCOME

Incomes	June 30, 2017	June 30, 2016	Difference (2017-2016)
Interest income	124	121	3
Other financial income	198.541	104.235	94.306
Total	**198.665**	**104.356**	**94.309**

26. FINANCIAL EXPENSES

Expenses	June 30, 2017	June 30, 2016	Difference (2017-2016)
Interest expenses	749.377	740.569	8.808
Other financial expenses	224.732	125.342	99.390
Total	**974.109**	**865.911**	**108.198**

27. CORPORATION TAX

Information about the corporation tax (pursuant to declaration 101 of the parent company):

Indicators	Amounts 30.06.2017	Amounts 31.12.2016
Operating income	**38.943.275**	**36.780.641**
Operating expenses	**38.087.897**	**35.699.213**
Operating earnings	**855.378**	**1.081.428**
Financial income	**198.546**	**104.238**

Financial expenses	**974.109**	**865.911**
Financial earnings	**(775.563)**	**(761.673)**
Gross profit	**79.815**	**319.755**
Items similar to incomes, of which:	**23.580**	**222.224**
- items similar to incomes from other restatements		
	23.580	**222.224**
Items similar to expenses from other restatements	**19.911**	**19.911**
Fiscal depreciation	**3.147.096**	**3.041.751**
Deductible legal reserve	**0**	**0**
Other deductible amounts	**0**	**0**
Total deductions	**3.147.096**	**3.041.751**
Other non-taxable income	**0**	**0**
Income tax expenses	**27.774**	**111.497**
Non-deductible fines, penalties	**6.250**	**1.191**
Non-deductible entertainment expenses	**68.764**	**38.432**
Sponsorships expenses	**8.654**	**1.070**
Accounting depreciation expenses	**3.162.735**	**3.060.216**
Other non-deductible expenses	**6.415**	**4.136**
Total non-deductible expenses	**3.280.592**	**3.216.542**
Total taxable profits	**216.980**	**696.859**
Total income tax	**34.716**	**111.497**
Amounts representing sponsorship in the limits prescribed by law	**6.942**	**0**
Tax incom, of which:	**27.774**	**111.497**
- Current income tax		
- Tax restatements	0	0
Net profit	**79.815**	**319.755**

The Group obtained in the first semester of 2017 a gross profit worth 31.645 lei.

	June 30, 2017	**June 30, 2016**
Gross profit	31.645	285.359
Corporation tax	37.135	111.497
Net profit	-5.490	173.862

28. MEDIUM NUMBER OF EMPLOYEES

a) Employees

The medium number of employees developed as follows:

	June 30, 2017	June 30, 2016
Management staff	8	6
Administrative staff	53	52
Production staff	295	338
TOTAL	**356**	**396**

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

Year	June 30, 2017	June 30, 2016
Personal with higher studies	20 %	22 %
Personal with secondary studies	10 %	10 %
Personal with professional studies and studies for qualification	66 %	63 %
Non qualified personal	4 %	5 %

c) The expenses for wages and related taxes registered in the first semesters of 2016 and 2017 are the following:

	June 30, 2017	June 30, 2016
Wages expenses	5.230.065	4.376.489
Social security and welfare expenses	1.268.104	1.092.440
Voluntary pension expenses		
Total	**6.498.169**	**5.468.929**

PREFAB S.A. contribute to the national pension program under the laws in force and it has a voluntary pension program since April 2008 for the employees who have at least one year seniority in the company and aged 18 - 52 years. The contribution is paid by the employer, up to the limit of 200 euro/year, according to the Tax Code. The contracts concluded for employees are for the voluntary pension fund ING Optim administred by ING Asigurari de viaţa SA.

29. TRANSACTIONS WITH AFFILIATES PARTIES

The parent company is managed in a single system, by a Board of Directors composed of 3 directors, temporary and revocable, elected by the General Meeting of Shareholders, the majority of the Board members being non-executive directors, elected for a period of 4 years.

Starting with 29.09.2016, according to the decision of AGOA no. 9/29.09.2016 until 23.06.2017, the Board of Directors of PREFAB S.A. had the following components:

Item no.	Name and surname	Position	Profession
1.	**Milut Petre Marian**	**Chairman of Board of Directors**	**Engineer**
2.	**Momanu Radu**	**member**	**Engineer**

3.	**Negrau Relu Dorin**	**member**	**Jurist**

Starting with 23.06.2017, according to the decision of A.G.O.A. no. 2/19.04.2017 until 23.06.2021, the Board of Directors of PREFAB S.A. has the following components:

Item no.	**Name and surname**	**Position**	**Profession**
1.	**Milut Petre Marian**	**Chairman of Board of Directors**	**Engineer**
2.	**Ionescu Marian Valentin**	**member**	**Jurist**
3.	**Milut Anca Teodora**	**member**	**Architect**

On 30.06.2017 the members of the Board of Directors owned shares as follows:

Item no.	Name and surname	Number of shares	Percentage
1.	Milut Petre Marian	0	0
2.	Ionescu Marian Valentin	0	0
3.	Milut Anca Teodora	0	0

On 30.06.2017 the executive management of the parent company consists of:

Item no.	**Name and surname**	**Position**	**Profession**
1.	**Milut Petre Marian**	**General director**	**Engineer**
2.	**Boitan Daniela**	**Economic director, with responsibilities of deputy general director**	**Economist**
3.	**Cocoranu Tudor**	**Energy Director**	**Engineer**
4.	**Macovei Olimpian**	**Commercial Director**	**Jurist**

Participation in the share capital of PREFAB S.A.

On 30.06.2017 the members of the executive management owned shares of the share capital of PREFAB S.A. as follows:

Item no.	Name and surname	Number of shares	Percentage
1.	Milut Petre Marian	0	0 %
2.	Boitan Daniela	9.240	0,0190%
3.	Cocoranu Tudor	0	0
4.	Macovei Olimpian	800	0.00164%

The gross allowance of the members of Board of Directors during the first semester of 2017 was 59.520 lei.
The gross allowance of the members of executive management during the first semester of 2017 was 318.000 lei.
The parent company has no obligations to former managers and administrators and no advances or loans were granted to current directors and administrators.
The parent company has no further obligations assumed by the nature of guarantees on behalf of directors.

The current components of Prefab Invest Board of Directors is the following:

Item no.	Name and surname	Position	Profession
1.	Milut Petre Marian	Board of Directors President	Engineer
2.	Negrau Relu Dorin	member	Engineer
3.	Voicu Irina	member	Lawer

The gross allowance of the members of the Board of Directors of PREFAB INVEST S.A. during the first semester of 2017 was 81.258 lei and the gross allowance of the executive management was 229.007 lei.

The management of PREFAB INVEST in the year 2017, first semester, was as follows:
1. General director - Eng. Nistor Carmen
2. Economic director - Ec. Tancu Razvan

The management of PREFAB BG EOOD in 2017, first semester, was provided by jr. Macovei Olimpian - Administrator.

The management of FOTBAL CLUB PREFAB 05 S.A. in 2017, first semester, was as follows:
1. Chairman of the Board of Directors - Dumitru Dumitriu
2. Dragomir Constantin
3. Nuta Domnica

The Group has no obligations to former managers and administrators and no advances or loans were granted to current directors and administrators.
The Group has no further obligations assumed by the nature of guarantees on behalf of directors.

Information on relationships with affiliated parties, subsidiaries and associates

Details of affiliated parties are as follows:

Name of entity	**Name of operations with the Group**	**Country of origin**	**Type of transactions**
o PREFAB S.A.	Parent company	Romania	commercial
o PREFAB INVEST S.A.	Branch of the parent company (99.9%)	Romania	commercial
o PREFAB BG EOOD	Branch of the parent company (100%)	Bulgaria	commercial
o FOTBAL CLUB	Branch of the parent company	Romania	commercial

PREFAB 05 (99.8707%)

Wishing to establish an association to promote activities related to the production of precast concrete industry, PREFAB SA - the parent company, along with 8 other renowned companies in this branch, they agreed to constitute « PREFBETON Concrete Precast Manufacturers Association ». The purpose of the Association is to promote products precast concrete, to represent, support and protect the interests of technical, economic and legal information concerning trade and industry precast concrete, to develop and encourage cooperation in scientific, technical and standardization area and to foster agreements between specialists in the country. The initial patrimony of the Association was 1,800 Ron, the contribution of Prefab SA being 200 Ron.

On 30.06.2017, the branch PREFAB INVEST S.A. has a holding worth 100 lei in the initial heritage of the Association "Society for Concrete and Precast of Romania" - a non-profit, apolitical and nongovernmental association, the total heritage of the association being worth 560 lei. The purpose of the association is to promote the scientific and technical progress in the field of the concrete elements and structures. This association was not included in consolidation being considered with a minor importance for the Group.
The management of association is ensured by a board of directors composed of:
Noica Nicolae - chairman
Popaescu Gheorghe Augustin - member
Luca Brun - member
Kiss Zoltan Iosif - member
No transactions were registered with this association.
The situation of PREFAB SA transactions with the affiliated companies on 30.06.2017 compared with 31.12.2016, is as follows:

Receivables from the affiliated parties are as follows:

	June 30, 2017	**December 31, 2016**
PREFAB INVEST S.A.	30.344.311	31.625.713
ROMERICA INTERNATIONAL	393.293	393.839
PREFAB BG EOOD	36.061	13.610
FOTBAL CLUB PREFAB 05	0	0
Total	**30.773.665**	**32.033.162**

Payables to the affiliated parties are as follows:

	June 30, 2017	**December 31, 2016**
PREFAB INVEST S.A.	0	0
ROMERICA INTERNATIONAL	0	0
PREFAB BG EOOD	9.108	0
FOTBAL CLUB PREFAB 05	0	0
Total	**9.108**	**0**

Sales of goods and services and /or fixed assets (values expressed in lei without VAT):

	June 30, 2017	December 31, 2016
PREFAB INVEST S.A.	8.755.612	11.096.338
ROMERICA INTERNATIONAL	0	1.026
PREFAB BG EOOD	42.666	79.131
FOTBAL CLUB PREFAB 05	0	0
Total	**8.798.278**	**11.176.495**

Acquisitions of goods and services (values expressed in lei without VAT):

	June 30, 2017	December 31, 2016
PREFAB INVEST S.A.	0	1.080.140
ROMERICA INTERNATIONAL	221.620	529.750
PREFAB BG EOOD	22.773	0
FOTBAL CLUB PREFAB 05	0	0
Total	**244.393**	**1.609.890**

31. INFORMATIONS PER SEGMENTS OF ACTIVITY

The information on segments are reported according to the Group's activities. The transactions between the business segments are performed under normal market conditions.
Segment assets and liabilities include the items directly attributable to those segments and items that can be allocated using a reasonable basis.

PREFAB SA - the parent company is one of the major manufacturers in Romania of:

a. AAC (autoclaved aerated concrete) with a capacity of 500.000 m³ per year
b. Typified Precast
c. Concrete pipes for water and sewage networks (Premo and Sentab technology)
d. Untypified Precast

And one of the important suppliers of the local market for:

e. Aggregates
f. Concrete Goods
g. PVC Joinery
h. Electrical energy (since April 2013).

PREFAB SA has identified a segment of activity for which is presenting the information separately, namely **AAC Branch -** which earned revenues exceeding 70 % of sold production, for the product AAC.
The autoclaved aerated concrete (AAC), the masonry material produced by PREFAB S.A. Bucuresti, in the first semester of 2017 raised to a production of 204.537,82 m³, with a monthly average of 40.907,56 m³, given that manufacturing activity started in February, in the conditions of a very heavy winter as it was this winter.

The structure of revenues and expenses for this business segment is as follows:

Revenues	**June 30, 2017**	**June 30, 2016**
Production sold	**22.343.537**	**23.028.541**
Other operating income	0	0
Total revenues	**22.343.537**	**23.028.541**

Expenses	**June 30, 2017**	**June 30, 2016**
Expenses for raw materials and supplies	**14.869.680**	**13.005.749**
Energy and water expenses	3.525.015	4.002.096
Other production expenses	0	0
Total cost of materials	**18.394.695**	**17.007.845**
Salaries and compensations	1.399.576	1.443.549
Expenses on social security and welfare	333.188	337.166
Total expenses on staff	**1.732.764**	**1.780.715**
Amortization	870.918	1.369.314
Adjustments for depreciation	**0**	**0**
Total amortization and depreciation	**870.918**	**1.369.314**
Expenses for external supply	232.312	529.553
Other taxes, duties and similar	24.641	126.974
Other expenses	0	0
Total other operating expenses	**256.953**	**656.527**
Administrative costs	**722.190**	**1.023.236**
Distribution expenses	**338.552**	**664.070**
Total expenses	**22.316.072**	**22.501.707**
Result of activity	**27.465**	**528.834**

PREFAB SA is one of the major national manufacturers of building materials, with a diverse portfolio of marketed products.
The main markets are in: Romania, Bulgaria and Republic of Moldova
In Romania the sales market structure is:

a. for AAC: Muntenia, Transilvania, Moldova
b. for Precast: over Romania
c. for Aggregates, Concrete Goods, PVC Joinery: local market

It works as a policy of selling differentiated depending on the specificity of each product.

a. AAC is sold through Distributors or DIY chains (Do It Yourself)
b. Precast are sold by auction method or negotiation on project.

In the first semester of 2017, Prefab SA sold approximately 200.000 m³ of AAC.

AAC sales by geographic areas:

Geographic area	**Sales on 30.06.2017**	**Sales in 2016**	**Sales on 30.06.2016**
1. Muntenia	85.37%	81.03%	86.91%
2. Transilvania	0.15%	0.27%	0.20%

3. Moldova	14.13%	17.97%	12.23%
4. Bulgaria	0.22%	0.18%	0.18%
5. Moldova (country)	0.13%	0.55%	0.48%
	100%	100%	**100%**

ELECTRICITY PRODUCTION ACTIVITY

PREFAB SA performed during the period 2011-2013 a major investment project, namely: the project: 'Making a cogeneration plant in order to improve the energy efficiency of S.C. Prefab S.A. activity' - a project worth 22.400.846,58 lei (5.247.575 euro). This project was submitted on July 20, 2011 at the Intermediate Body for Energy for EU funding under the Priority Axis 4 of the Sectoral Operational Programme 'Increasing Economic Competitiveness' and it was declared eligible for funding, for this purpose being concluded the financing contract no. 18 EE/28.05.2012 with the Ministry of Economy, Trade and Business Environment for the grant maximum amount of 10.199.768,65 lei. The **main objective of the project** was the increase of energy use efficiency in the industrial activities of SC Prefab SA, by installing a high-efficiency cogeneration plant.
The project was completed with the commissioning on 15.04.2013 of the new production capacities in cogeneration of the electricity and heat.
On 24.04.2013, PREFAB SA obtained under Decision of ANRE no. 1038/24.04.2013, the «License no. 1222 to produce electricity for the commercial exploitation of the cogeneration plant with turbine with gas of 5,4 MW».
In the turnover recorded in the first semester of 2017, the electricity accounts for 12.73%.
The amount of electricity produced in the first semester of 2017 was 11.941,60 MWh of which was delivered to the SEN the amount of 9.447,78 MWh and 2.493,82 MWh being used internally.
For the amount of electricity delivered to SEN, the Company got qualified for cogeneration bonus in the Support scheme to promote the high-efficiency cogeneration. For the first semester of 2017 this was in amount of 207.61 lei/ MWh delivered to SEN.
The amount of thermal energy produced in the first semester of 2017 was 29.189,93 MWh, used entirely for domestic consumption.

31. COMMITMENTS AND CONTINGENTS

Court actions

The Group is subject to a number of court actions results in the normal course of carrying out the activity. The Group's management believes that besides the amounts already recorded in these financial statements as provisions or adjustments for impairment and described in the notes to these financial statements, other legal actions will have not significant adverse effects for the economic results and the financial position of the Group.

32. RISK MANAGEMENT
The Group is exposed to the following risks:
• Credit risk
• Liquidity risk
• Market risk
• Currency risk
• Operational risk
• Risk related to balancing cost
• Tax risk

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.

Background about risk management

The Boards of Directors of the entities have overall responsibility for the establishment and oversight of the risk management framework in each entity.
The activity is governed by the following principles:
a) principle of delegation;
b) principle of decisional autonomy;
c) principle of objectivity;
d) principle of investor protection;
e) principle of stock market development promotion;
f) principle of active role.
The Board of Directors is also responsible to examine and approve the strategic, operational and financial plan of entities and of corporate structure of the Group.
Group risk management policies are defined to ensure the identification and analysis of risks faced by the Group, to establish appropriate limits and controls and to monitorize the risk and to comply the limits set. Policies and risk management systems are reviewed regularly to reflect the changes occurred in the market conditions and in the Group's activities. The Group, through its standards and its procedures of training and management aims to develop an orderly and constructive control environment during which all employees understand their roles and obligations. The internal audit of entities oversees how directorate monitors the compliance with the policies and procedures for risk management and reviews the adequacy of the risk management framework in relation to the risks faced by entities.

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.
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and of the country in which it operates. Most clients of Group operates in Romania.
The ***main financial instruments*** used by the Group of which arise risks relating to financial instruments, are:

- Trade receivables and other receivables
- Cash and cash equivalents
- Investments in affiliated entities listed, classified according to IAS 39 "Financial assets available for sale"
- Trade liabilities and other liabilities

Below is provided a summary of financial instruments obtained by category:

ASSETS	June 30, 2017	December 31, 2016
Trade receivables and similar	41.088.185	39.359.533
Cash and cash equivalents	1.260.085	619.650
Total	**42.348.270**	**39.979.183**

LIABILITIES	June 30, 2017	December 31, 2016
Trade liabilities and assimilated	20.799.737	12.716.506
Current income tax liabilities	2.092.394	1.404.116
Total	**22.892.131**	**14.120.622**

The Group monitors the credit risk exposure by analyzing the seniority of receivables that it records and works permanently for the recovery of that past due date or outdated.

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.
The Group has committed long-term loans.
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. There were extended the warranty contracts with mortgage in favor of banks with whom we have open credit lines and letters of guarantee so that we can pay our obligations in the event of a cash shortages.

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.

Exposure to interest rate risk

The Group's exposure to the risk of interest rate changes refers mainly to variable interest bearing loans that the Group has for long-term.

Interest rate risk management
In order to manage the interest rate risk, the Group's liabilities are analyzed in terms of fixed and variable debt, of currencies and maturities.
The sensitivity analysis below was determined based on the exposure to interest rates on the date of financial statements. For the liabilities with variable rates, the analysis is prepared assuming the amount outstanding on the date of the financial statements was outstanding throughout the year. An increase or decrease of 1% is the management's assessment related to a possible reasonable changes of interest rates (the other variables remaining constant).

Analysis for change in interest rate risk:

Variable rate loans	**Effect of 1% change in interest rate**			
	30.06.2017	**2016**	**30.06.2017**	**2016**
Short term loans	30.502.999	29.299.869	292.998,69	305.029,99
Long term loans	16.722.838	18.824.053	188.240,53	167.228,38

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.
The foreign exchange rate variations risk generally was prevented by an appropriate management, in the conditions of this economic crisis.

Foreign currency sensitivity analysis
Since the Group has operations in various currencies, are analyzed the industry specific activities and the corresponding exchange risks. The Group is mainly exposed to the exchange rate of the euro and US dollar against the Romanian leu. Other currencies have only a limited effect on cash flow and profit before interest and tax.

Foreign currency sensitivity analysis
The carrying amounts of the Group's assets and liabilities denominated in foreign currencies at the reporting date are as follows:

	Assets		**Liabilities**	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
EUR	14.070	32.115	874.391	1.183.382
USD	1.288	1.644	0	0

The following table details the Company's sensitivity to a 10% increase or decrease in the exchange rate of EUR and USD. The sensitivity analysis includes only monetary items denominated in foreign currencies outstanding at the reporting date and adjusts their translation at the end of period for a 10% change in foreign exchange rates. A positive amount in the table below shows an increase in profit generated by a variation in exchange rates of 10% and a negative number indicates a decrease in profit by the same amount.

+10% increase in the exchange rate of foreign currencies

	Impact of EUR (i)		**Impact of USD (ii)**	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
Profit /loss	(86.033)	(115.127)	514	164

-10% decrease in the exchange rate of foreign currencies

	Impact of EUR (i)		**Impact of USD (ii)**	
	30.06.2017	**30.06.2016**	**30.06.2017**	**30.06.2016**
Profit /loss	86.033	115.127	(514)	(164)

(i) This impact is mainly attributable to the exposure to the EURO of the money available in bank, of the letters of credit, receivables, payables and bank loans, outstanding at the end of year.
(ii) This impact is mainly attributable to the exposure to the USD of the money available in bank, outstanding at the end of year.

The sensitivity analysis of currency risk inherent presented above shows the translation risk exposure at the end of year; nevertheless, the exposure during the year is permanently monitored and managed by the Group.

Operational risk

The operational risk is the risk of direct or indirect loss from a range of causes associated to the processes, staff, technology and infrastructure of Group and from external factors, other than the credit, the market and the liquidity risk, such as those arising from legal and regulatory requirements and the generally accepted standards regarding the organizational behavior. The Group is exposed to the risk of disasters too. In these conditions, the Group acted towards concluding insurance policies to protect against disasters the company assets.

The operational risks come from all the Group's operations. The main responsibility of developing and implementing controls related to operational risk turns to the entity's management. The responsibility is supported by the Group's development of general standards of operational risk management in the following areas:

• Requirements sof separation of duties
• Alignment with legal and regulatory requirements

• Documentation of controls and procedures
• Requirements for periodic review of operational risk to which the Group is exposed and the adequacy of controls and procedures to prevent the risks identified
• Requirements for reporting the operational losses and proposals to remedy the causes that generated them
• Develop some business continuity plans
• Development and professional training
• Setting ethical standards
• Preventing the risk of litigation, including the insurance, where applicable
• Minimizing the risks, including the efficient use of insurance, where appropriate

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.

Tax risk

From January 1, 2007, following the accession of Romania to the European Union, the Group had to obey the EU regulations and consequently, it was prepared for the implementation of the changes bring by the European legislation.
The Group has implemented these changes, but the way of their implementation remains open to tax audit for 5 years or even 7 years, starting with the financial year 2009.
The interpretation of texts and the practical implementation of the procedures of new applicable tax regulation harmonized with the European legislation, may vary from entity to entity and there is a risk that in some cases, the tax authorities could take a different position from that of the Group. It is possible that the Group continue to be subject to tax audits in so far as new tax rules are issued.

33. EVENTS SUBSEQUENT TO REPORTING DATE

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

Explanatory notes at the financial statements from 1 to 33 are an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 02.08.2017 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Eng. Milut Petre Marian	**Ec. Boitan Daniela**

Statement of the Board of Directors
of PREFAB S.A.

The Board of Directors of PREFAB S.A. hereby declares that assumes responsibility for preparing the Consolidated Financial Statements on June 30, 2017.

The Board of Directors of PREFAB S.A., in terms of the Consolidated Financial Statements prepared on June 30, 2017, confirms as follows:

a) The Consolidated Financial Statements from June 30, 2017 are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

b) The accounting policies used in preparation of the Consolidated Financial Statements are in accordance with the applicable accounting regulations.

c) The Consolidated Financial Statements prepared on June 30, 2017 provide an accurate picture of the financial position, the financial performance and of the other information related to the activity developed.

d) The Group operates in conditions of continuity.

This statement is in accordance with the provisions of Art. 30 of Accounting Law no. 82/1991, republished.

Chairman of the Board of Directors,

Eng. Milut Petre Marian

AUDIT EXPERT S.R.L.

Ploieşti, str. Mircea cel Bătrân, nr. 14 A
R.C. J29/ 68/ 1998, C.I.F. RO 10117602
Tel/fax: 0244 596 421 , e-mail: auditexpert2004@yahoo.com
Chamber of Financial Auditors of Romania certificate no. 50/ 2001

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

To,

PREFAB S.A. BUCHAREST

Mr. Marian Petre Milut
Chairman of the Board

Introduction

1.We have reviewed the accompanying consolidated interim financial information of PREFAB S.A. Bucharest (the "parent company") and its subsidiaries („the Group"), presented on June 30, 2017 with related statements consisting of the consolidated statement of financial position, consolidated interim statement of income or other comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity for the six months ended on that date, and a summary of significant accounting policies and other explanatory notes("consolidated interim financial statements for the first half of 2017").

Management is responsible for the preparation and fair presentation of these statements and consolidated interim financial information in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent amendments and additions and with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting"as approved by the European Union.

Our responsibility is to express a conclusion on this consolidated interim financial statements and financial information based on our review.

Scope of Review

2. We conducted our review in accordance with International Standard on Review Engagements (“ISRE”) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in the an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information with related statements is not prepared, in all material respects, in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Standards in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent amendments and additions, to IAS 34 "Interim Financial Reporting" as it is Approved by the European Union.

Ploiesti, August 09, 2017

Financial Auditor,

Roman Ileana - registered at the Chamber of Financial Auditors of Romania with certificate no. 1199/ 2001

On behalf of the company,

S.C. AUDIT EXPERT S.R.L. Ploiesti

Audit Firm - registered at the Chamber of Financial Auditors of Romania with certificate no. 50/ 2001

General Director,

Constantin Maria – Chamber of Financial Auditors of Romania certificate no. 184/ 2001