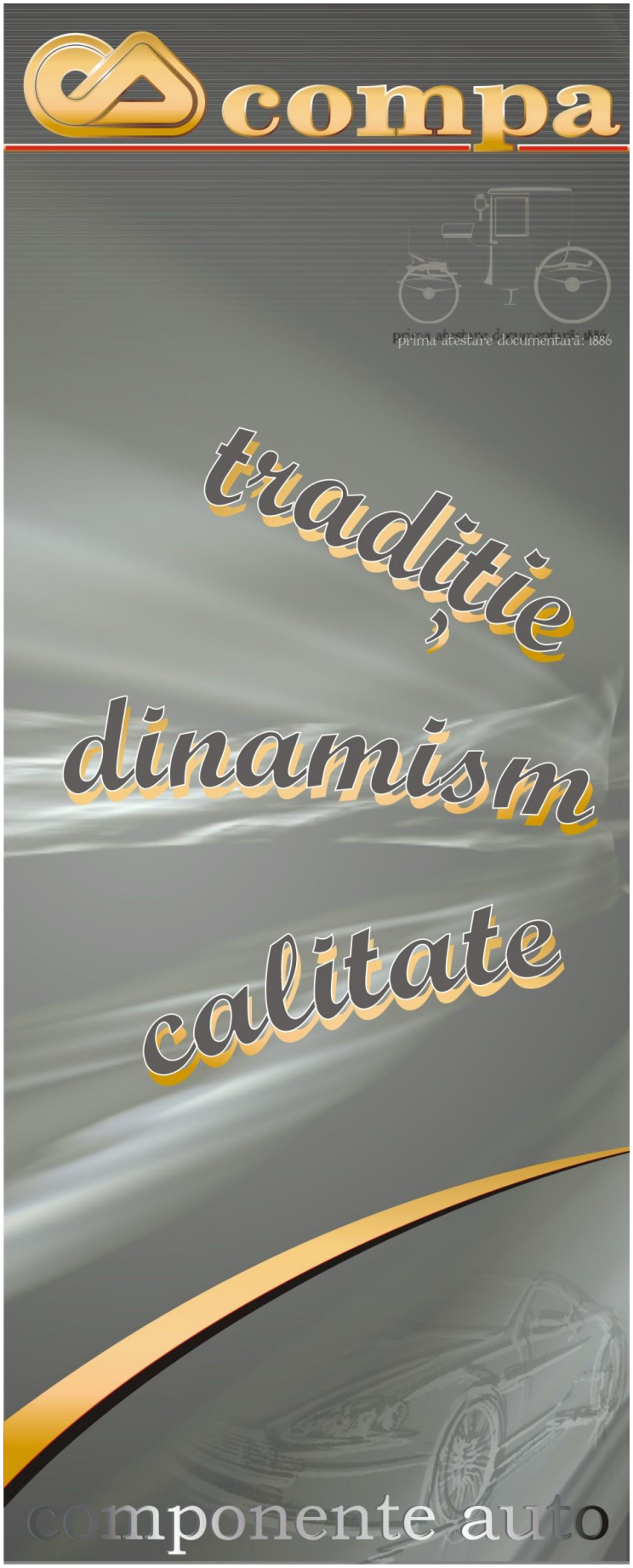

SEPARATE FINANCIAL STATEMENTS

December 31, 2016

R E P O R T

ON THE SEPARATE FINANCIAL STATEMENTS 31/12/2016

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION

This is a free translation from Romanian, which is the official and binding version

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of COMPA S.A. Sibiu

Report on the Audit of the Separate Financial Statements

Opinion

1. We have audited the accompanying separate financial statements of COMPA S.A. (" the Company"), which comprise the separate statement of financial position as at December 31 2016, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies. The separate financial statements refer to:

- Total equity:	366.161 thousand lei
- Total Assets:	567.005 thousand lei
- Sales revenues:	638.660 thousand lei
- Net profit of the year:	51.628 thousand lei, profit

2. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs) as adopted by the Romanian Chamber of Financial Auditors. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of deferred tax assets

See Note 10 to the separate financial statements

The key audit matter	How the matter was addressed in our audit
The Company has recognised deferred tax assets for deductible temporary differences considered recoverable. The recoverability of recognised deferred tax assets is dependent of the Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences. Due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences, we consider that evaluation of deferred tax assets to be a key audit matter.	Our audit procedures in this area included, among others: - Using our own professional judgement to evaluate measures taken by the company that should be able to allow the recovery of deferred tax assets. - Assessing the accuracy of forecast future taxable profits by evaluating the accuracy of previous estimates and by comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit. - Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Tax exemption for profits reinvested in technological equipment

See Note 10 to the separate financial statements

The key audit matter	The key audit matter
The management of the Company expects to retain the technological equipment for a period of a least five years and to not use the reserves created as a result of using the tax exemption for a period of at least five years. The additional deduction for reinvested profits depends on retaining in the patrimony of the technological equipment. Evaluating deferred tax debt and deferred tax assets reflect the tax consequences arising from the way the Company expects to recover the value of the equipment. Due to the inherent uncertainty in estimating the retention period of at least five years, we consider that evaluation of deferred tax assets to be a key audit matter.	Our audit procedures in this area included, among others: - Using our own professional judgement to evaluate the assumptions and judgements of management. In doing so we evaluated technical specifications of the equipment, information from commercial contracts, market information about the Company's products and the equipment's adaptive capability. - Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Our procedures relating to this matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the matters described above, and the findings described do not express a separate opinion on these individual matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. Management is responsible for the preparation and fair presentation of separate financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2012 approving the accounting regulations compliant with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Reporting requirements in regards to the Administrator's Report

9. The Administrators are responsible for the preparation and presentation of the Administrator's Report in accordance with the requirements of the Ministry of Public Finance Order no. 2844/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 15-19, that is free from material misstatement and for such internal control as Administrator's determine is necessary to enable the preparation and presentation of the Administrator's Report that is free from material misstatement, whether due to fraud or error. The Administrator's Report presented is not part of the financial statements. Our opinion on the financial statements as at 31 December 2016 does not cover the Administrator's Report.

10. In connection with our audit of the financial statements as at 31 December 2016 we have read the Administrator's Report and report that:

    a) in the Administrator's Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at 31 December 2016;

    b) the Administrator's Report identified above include, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 15-19;

    c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the financial statements as at 31 December 2016, we have not identified information included in the Administrator's Report that contains a material misstatement of fact.

On behalf of
Sib Expert SRL
Registered with the Chamber of Financial Auditors in
Romania with no. 318/2003

Pacurariu Ioan
Registered with the Chamber of Financial Auditors in
Romania with no. 341/2000

Sibiu, Romania:
24 March 2017

COMPA S.A. Sibiu
Separate statement of financial position for the year ended 31.12.2016
(All amounts are expressed in RON, unless otherwise specified)

	Note	31 December 2016	31 December 2015 (*)
ASSET			
Fixed assets:			
Tangible assets	4.1.	316.711.089	296.837.486
Real estate Investment	4.2.	41.239.843	38.305.245
Intangible assets	5	3.702.191	4.249.508
Other receivables	7	107.354	107.354
Financial investments	21	1.769.430	2.584.578
Deferred tax asset	10	804.084	2.734.354
Fixed assets - Total		**364.333.991**	**344.818.526**
Current asset:			
Inventories (Stocks)	8	91.649.476	91.951.077
Trade and other receivables	6	110.393.385	106.433.381
Other receivables (grants and settlement of ventures operations)	6	22.638	6.801.687
Cash and cash equivalents	9	605.611	14.743.661
Current assets - Total		**202.671.111**	**219.929.806**
TOTAL ASSETS		**567.005.102**	**564.748.331**
Equity:			
Share capital	11	21.882.104	21.882.104
Reserves	11	235.888.876	206.212.312
Reserve adjustment	11	23.122.057	23.122.057
Retained earnings, from which :	11	**85.267.832**	**65.387.073**
Retained earnings derived from the first-time adoption of IAS 29		-648.352	-648.352
TOTAL SHAREHOLDERS' EQUITY		**366.160.868**	**316.603.546**
LIABILITIES			
Long term debts			
Financial debts	12	46.733.495	90.552.975
Deferred revenues (deferred income, grants)	13	30.689.125	34.767.632
Provisions	14	135.645	135.645
Total Long term debt		**77.558.264**	**125.456.251**

COMPA S.A. Sibiu
Separate statement of financial position for the year ended 31.12.2016
(All amounts are expressed in RON, unless otherwise specified)

	Note	31 December 2016	31 December 2015 (*)
Current liabilities			
Trade and other payables	13	109.161.283	106.113.839
Other liabilities	13	9.240.256	11.067.660
Current income tax liabilities	10	165.336	6.559
Deferred revenues (deferred income, grants)	13	3.733.494	5.423.079
Provision	14	985.600	0
Total current liabilities		**123.285.969**	**121.467.264**
Total liabilities		**200.844.234**	**246.923.515**
Total equity and liabilities		**567.005.102**	**564.748.331**

NOTE (*):

Some initial values are modified to the financial statements presented for 2015.

Modifications are explained in detail in Note 26.

CEO, **CFO,**

DEAC IOAN **MICLEA IOAN**

COMPA S.A. Sibiu

Separate statement of profit or loss and other comprehensive income for the year ended 31.12.2016

(All amounts are expressed in RON, unless otherwise specified)

EXPLANATION	Note	31.12.2016	31.12.2015 (*)
Revenues	15	**638.659.554**	**480.430.751**
Other revenues	15	16.079.009	11.350.231
Total revenues		**654.738.564**	**491.780.982**
Changes in inventories of finished goods and work in progress	16	7.848.240	-2.369.331
Raw materials and consumables	16	-422.338.647	-292.869.138
Employee benefit expense	18	-115.823.029	-100.778.097
Depreciation and amortization expense	4.1; 4.2; 5; 16	-38.259.537	-23.001.970
Third parties services	16	-35.755.510	-33.553.304
	16	-7.231.249	-3.914.504,14
Other expenses		**-611.777.321**	**-456.486.071**
Total expenses	17		
Operating Results	17	**42.961.243**	**35.294.912**
Financial income	19	40.010	1.905
Financial expenses (expenditures)	19	-683.219	-791.591
Other financial returns / losses	19	11.104.161	-3.812.977
Net financing costs		10.460.952	-4.602.663
Profit before income tax		**53.422.195**	**29.553.748**
(Expenses) / Income from deferred tax	10	140.008	-1.146.888
Expense with current tax	10	-1.934.646	-1.273.504
Net profit for the period		**51.627.557**	**27.133.356**
Other comprehensive income, of which			
Income tax relating to other comprehensive income	10	-2.070.278	-90.442
Other incomes of global result, net of tax		-2.070.278	-90.442
Total global result of the year		**49.557.279**	**28.264.184**
Unbound basic result per share / diluted	**20**	**0,24**	**0,12**

NOTE (*):

Some of the initial values have been modified compared to the financial data of 2015.
The differences are explained in Note 26

CEO,
DEAC IOAN

CFO,
MICLEA IOAN

COMPA S.A. Sibiu

Separate statement regarding the changes in equity capital for the year ended 31.12.2016

(All amounts are expressed in **RON**, unless otherwise specified)

Equity capital item	Registered Capital	Capital Adjustments	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Retained earnings	Total
Balance on January 1st 2015	**21.882.104**	**0**	**4.376.421**	**22.679.066**	**166.037.208**	**69.399.444**	**442.991**	**39.237.921**	**324.055.155**
Net profit for the period								**27.133.356**	**27.133.356**
Other elements of the comprehensive income, from which:	**0**	**0**	**0**	**0**	**-83.885.529**	**90.443**	**0**	**0**	**-83.795.086**
Reassessment tangible assets					-34.675.406				-34.675.406
Transfer of reserves to result					-49.210.123				-49.210.123
Income tax related to other comprehensive income						90.443			90.443
Transactions with shareholders recorded directly in equity, from which:	**0**	**0**	**0**	**0**	**0**	**51.415.595**	**0**	**-2.205.474**	**49.210.121**
Retained earnings to reserves								49.210.121	49.210.121
Allocation to legal reserves		0				51.415.595		-51.415.595	0
Balance at December 31 2015 Restated (*)	**21.882.104**	**0**	**4.376.421**	**22.679.066**	**82.151.679**	**120.905.482**	**442.991**	**64.165.803**	**316.603.546**

Equity capital item	Registered Capital	Capital Adjustments	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Retained earnings	Total
Balance on January 1st 2016 Restated (*)	**21.882.104**	**0**	**4.376.421**	**22.679.066**	**82.151.679**	**120.905.482**	**442.991**	**64.165.803**	**316.603.546**
Net profit for the period								**51.627.557**	**51.627.557**
Other elements of the comprehensive income, from which:	**0**	**0**	**0**	**0**	**-88.901**	**-2.070.278**	**0**	**0**	**-2.159.179**
Reassessment tangible assets									
Transfer of reserves to result					-88.901				-88.901
Income tax related to other comprehensive income						-2.070.278			-2.070.278
Transactions with shareholders recorded directly in equity, from which:	**0**	**0**	**0**	**0**	**0**	**30.614.473**	**0**	**-30.525.572**	**88.901**
Retained earnings to reserves								88.901	88.901
Allocation to legal reserves		0				30.614.473		-30.614.473	0
Balance at December 31 2016 Restated (*)	**21.882.104**	**0**	**4.376.421**	**22.679.066**	**82.062.778**	**149.449.677**	**442.991**	**85.267.788**	**366.160.825**

NOTE (*):
Some of the initial values have been modified compared to the financial data of 2015. The differences are explained in Note 26

The changes produced in equity were as follows:

The causes of changes	Equity element	2016-2015
Transfer of revaluation reserves related to fully depreciated fixed assets, scrapped, ceded, or transferred to stocks in the carried over result representing the surplus achieved from revaluation reserves	Revaluation reserves	-88.901
Distribution of the last year net profit of the own development sources according to AGA Decision /04.2012 and 04.2016	Carried over result representing the surplus achieved from revaluation reserves	88.901
Distribution of the current year net profit of the own development sources according to OUG 19/2014 on exempting reinvested earnings tax	Other reserves	28.354.626
Determination of tax deferred on own capital	Other reserves	30.614.473
Recording additional expenses in 2015 on the basis of retained earnings from error correction	Current and deferred tax recognized on equity	-2.070.278
The result in the current year	Reported result from correction of errors	-1.221.270
Profit distribution	Current year profit	24.494.201
Total change	Profit distribution	-30.614.473
Transfer of revaluation reserves related to fully depreciated fixed assets, scrapped, ceded, or transferred to stocks in the carried over result representing the surplus achieved from revaluation reserves		**49.557.279**

CEO,
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CFO,
MICLEA IOAN

COMPA S.A. Sibiu
Separate statement of cash flows for the year ended 31.12.2016
(All amounts are expressed in RON, unless otherwise specified)

EXPLAIN	31.12.2016	31.12.2015-Restated (*)
Cash flows from operating activities		
Profit before tax	**53.422.195**	**29.553.748**
Adjustments for non-cash items:		
Depreciation and impairment of assets	36.851.046	25.285.353
Establishment / (Reversal) provision stocks	454.139	-169.406
Establishment / (Reversal) customer provisions	-309.397	-183.190
Establishment / (reversal) provisions for risks and charges	985.600	0
Profit / (loss) on sale of tangible assets	-37.612	-32.407
Profit / (loss) on sale of financial assets	-12.012.660	0
Interest Income / (Expenses) - net	643.209	789.686
Income / (Expenses) by exchange rate differences - net	908.500	3.812.977
Adjust other non-cash items	23.821.484	43.800.138
Operating profit before changes in the circulating capital	**104.726.504**	**102.856.899**
(Increase) / decrease in inventories	301.601	-31.977.874
(Increase) / decrease in receivables	2.741.647	-32.921.488
(Increase) / decrease in debts	1.378.860	44.155.627
Net cash generated from operations	**109.148.612**	**82.113.164**
Interest receipts	40.010	1.905
Income tax paid	-1.934.646	-1.273.504
Net cash flow from operating activities	**107.253.976**	**80.841.565**
Cash flows from investment activities		
Purchase of tangible assets	-59.529.338	-108.019.445
Purchase of intangible assets	-225.661	-563.981
Sales of tangible assets	37.612	32.407
Net cash flow from **investment activities**	**-59.717.387**	**-108.551.019**
Cash flows from financial activities		
Profit / (loss) on sale of financial assets	12.012.660	0
(Increase) / decrease in bank loans	-43.819.480	46.247.822
Interest payments	-683.219	-791.591
Net cash from financial activity	**-32.490.039**	**45.456.231**
Expenses and income from conversion and evaluation of exchange rate differences		**-3.812.977**
Net cash generated from total activity	**-908.500**	**-3.812.977**
Cash and cash equivalents at beginning of period	**14.138.050**	**13.933.800**
Cash and cash equivalents at end of period	**14.743.661**	**809.861**

NOTE (*):
Some of the initial values have been modified compared to the financial data of 2015.
The differences are explained in Note 26

CEO,
DEAC IOAN

CFO,
MICLEA IOAN

1. GENERAL INFORMATION

COMPA is a Joint Stock Company, based in Sibiu, No.8, Henri Coandă Street, Postal code 550234, Sibiu county.

1.1. Domain of activity

The main activity according to CAEN is 2932 – Manufacturing of other parts and accessories for motor vehicles and motor vehicle engines.

1.2. Ownership of company

COMPA is privatized 100% since September 1999. The shareholding structure is as follows:

SHAREHOLDER	NO. OF SHARES	% OF TOTAL CAPITAL
COMPA Employees Association	**119.474.505**	**54,60**
Other shareholders (individuals and legal persons – of Romanian or other nationality)	99.346.533	45,40
TOTAL NUMBER OF SHARES	**218.821.038**	**100,00**

The company is listed on the stock market shares are traded on the Bucharest Stock Exchange in the Standard category, under symbol CMP.

1.3. The company's evolution

By the Government decision nr.1296 / 13.12.1990 the company became COMPA, originating from ***I**ntreprinderea de **P**iese **A**uto Sibiu (I.P.A. Sibiu)*. *IPA Sibiu* was established in 1969 through the merger of two units: *Elastic Plant* and *Automecanica Plant*.

Since 1991, COMPA was organized in factories workshops, established for product families as cost centers, which in time became profit centers in order to decentralize and facilitate the establishment of joint ventures.

2. BASIS OF PREPARATION

Declaration of Conformity

The individual financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU"). These financial statements are the first financial statements prepared in accordance with International Financial Reporting Standards. The Company adopted IFRS reporting from the financial statements of 2012.

Statutory accounts have been restated to reflect the differences between IFRS and Romanian Accounting Regulations. Accordingly, the statutory accounts have been adjusted, where necessary, to bring the financial statements, in all material aspects with IFRS**.**

Basis of measurement

The individual financial statements have been prepared on a historical cost basis, except for certain tangible assets that are measured at re-valued amount or fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Presentation currency and functional currency
The financial statements presented in Romanian **lei** (RON), rounded to the nearest lion, which is the functional currency of the company

Use of estimates and judgments

Preparation of financial statements in accordance with IFRS as adopted by the European Union implies the use by management of estimates, judgment and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgments are generally based on historical information and other sources believed to be representative of the situations encountered. Actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised also in future periods if they are affected.

Modification of estimations does not affect prior periods and is not a correction of an error.

Information about critical judgments in applying the company's accounting policies whose effect is significant on the amounts recognized in the financial statements included in the notes on:

Tangible and intangible assets – operational life time of tangible assets
Tangible and intangible assets are depreciated over their operational life. Company management uses judgment in determining the operational life time and the evidence used to determine this life time include technical specifications of equipment, information from commercial contracts that the company has entered into with customers, history of products sold, market information relating to company's products and the ability to adapt their equipment.

Tangible and intangible assets – Adjustments for impairment of tangible assets.

Intangible assets and equipment are analyzed to identify any indications of impairment at balance sheet date.

If the carrying amount of an asset exceeds the recoverable amount, an impairment loss is recognized to reduce the carrying amount of the asset to its recoverable amount. If the reasons for recognizing an impairment loss disappear in subsequent periods, the carrying value of the asset is increased to the net carrying amount that would have been determined had no impairment loss had been recognized.

Evidence that may cause impairment includes a decline in usefulness to society, excessive physical wear, the emergence of new production technologies

Deferred taxes
Deferred tax assets are recognized as assets to the extent that it is probable that there will be taxable profit that can be covered losses. The company's management uses judgment in determining the value of deferred tax assets that can be recognized as assets. Management decisions are based on information from commercial contracts that the company has entered into with customers, market forecasts for the automotive and automotive components.

Provisions
Provisions are recognized when the company has a present legal or constructive obligation generated from a past event it is likely to be required for settlement of the obligation an outflow of resources embodying economic benefits and can be a reliable estimate of the realizable value of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation to the end of the reporting period.

The recoverable amount of assets

The evaluation for impairment of receivables is performed individually and is based on management's best estimate of the present value of cash flows expected to be received. The company reviews its trade and other receivables at each financial position date to assess whether necessary to record in the income statement depreciated value. In particular, management judgment is necessary to estimate the value and coordination of future cash flows when determining the impairment loss.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

These estimates are based on assumptions about several factors and actual results may differ, resulting in future changes in adjustments.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards and interpretations in force during the current period and adopted by the company since 1 January 2016

Amendaments related to the IAS 16 "Tangible assets" and IAS 41 " Agriculture - Holding Plants", (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB**)**: N/A (Not Applicable) for the company's financial situation

Amendaments related to the IFRS 11 " Common Arrangements - Accounting for acquisitions of interests in joint operations" ", (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB**)**: N/A

Amendaments related to the IAS 16 "Tangible assets" and IAS 38 " *Intangible assets* ", called **Clarification of acceptable damping methods": N/A**

Amendaments related to various standards "Improvements for IFRS (2012-2014)" resulting from the annual improvement of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with the purpose to eliminate inconsistencies and clarify (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB**)**: N/A

Amendaments related to the IAS 1 "Initiative on presenting information" (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB). The purpose of these amendaments is to ensure an improved manner of presenting information and to encourage companies to have an objective proffesionale judgement when they decide what are the informations to be presented in their financial situations. The modifications have no effect on transactions and balances. The modifications have changed the presentation of the individual financial statements.

Amendaments related to the IAS 27 " Individual financial statements - Equity method in the individual financial statements " (Effective 1 January 2016 or any time afterwards for annual periods as per the IAS: N/A.

Amendaments related to the IFRS 10 "Consolidated financial statements", IFRS 12 "Presenting interest in other entities " and the IAS 28 "Investments in associated entities and joint ventures". The consolidation exception was applied. The individual financial situations of the Company are not influenced by the amendaments.

3.2 Standards and Interpretations issued by the IASB and adopted by the EU but not yet in force, hence not applied yet

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendaments and interpretations which have not been yet validated for applicability:

IFRS 15 „Income from customer contracts " (Effective 1 January 2018 or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

IFRS 9 „Financial instruments" and related amendaments (Effective 1 January 2018 or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

3.3 Standards and Interpretations issued by the IASB and not yet adopted by the EU

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendaments and interpretations which have not been yet validated for applicability:

IFRS 14 „**Deferred settlement accounts"** (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

IFRS 16 „**Leasing Contracts"** (Effective 1 January 2019 or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

Amendaments related to the IFRS 10 "Consolidated financial statements", and the IAS 28 "Investments in associated entities and joint ventures" – Sale or Asset Contribution between the Investor and its associated entity or joint venture. The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

Amendaments related to the IAS 12 - "Recognition of deferred tax assets related to unrealized losses". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Amendaments related to the IAS 7 - "Initiative on presenting information". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Clarifications related to the IFRS 15 „Income from customer contracts "- as from the 12th of April 2016. The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Amendaments related to the IFRS 2 – "Classification and measurement of share-based payment transactions". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Amendaments related to the IFRS 4 - "Applying the IFRS 9 Financial Instruments in Accordance with IFRS 4 Insurance Contracts". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Annual improvements to the IFRSs (2014-2016) resulted from the annual improvements of the IFRS 1, IFRS 12, IAS 28, with the main purpose of eliminating the incosistencies and clarify exposure.

Amendaments related to the IAS 40 - "Transfer of real estate investments". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Except as described above, the company provides for the adoption of new standards, revisions and interpretations will not have a significant impact on the separate financial statements of the Company.

Conversion into foreign currencies

When preparing individual financial statements of the Company, transactions in currencies other than the functional currency of the Company (currencies) are recognized current exchange rates at the dates of the transactions. Monetary items denominated in a foreign currency at the end of the reporting period are translated at exchange rates at that respective date. Non-monetary items carried at fair value that are denominated in a foreign currency are reconverted to current courses at once when the fair value was

determined. Non-monetary items that are evaluated at historical cost in a foreign currency are converted at the date of transaction.

Exchange differences resulting from the conversion of monetary items at the end of the reporting period are recognized in profit or loss

Financial instruments

Non-derivative financial assets

The Company recognizes the loans and debts at the date they are generated. All other financial instruments are recognized at the date of the transaction, which is the date when the Company becomes a party to the contractual provisions of the instrument.

The financial assets are classified as: loans and debts.

The Company recognizes loans and receivables on the date they are generated. All other financial instruments are recognized on the trade date, which is the date when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified as: loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than the Company intends to sell immediately or in the near future. Loans and receivables (including trade receivables and other receivables, bank and cash balances, etc.) are measured at depreciated cost using the interest method effective, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- ***Recognition***

Financial assets are recognized on transaction date. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial claims (others than financial assets and financial receivables at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial claims, as applicable at initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial claims at fair value through profit or loss are recognized immediately in profit or loss of the individual.

After initial recognition, the Company assesses financial assets, including derivatives that are assets, at fair value without any deduction for transaction costs that may arise from the sale or other disposal, except for loans and receivables, which are measured at amortized cost using the effective interest method investments held to maturity, which are measured at amortized cost using the effective interest method and investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably and derivatives that are related, and which must be settled by delivery of such unquoted equity instruments, which are measured at cost.

- ***Impairment of financial assets***

Financial assets, except for financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is evidence that objectives that following one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the investment have been affected.

Equity investments classified as available for sale are assessed for indicators of impairment at the end of each reporting period. In assessing such financial assets their depreciation is taken into account when there is a significant or prolonged decline in fair value below cost.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying value and the present value of estimated future cash flows, updated with the original effective interest rate of the financial asset.

For financial assets registered at depreciated cost, the amount of the impairment loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows, updated at the current rate of return for a similar financial asset market. Such impairment loss will not be reversed in subsequent periods.

The carrying value of the asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying value is reduced through the use of an account of an impairment loss.

Next recoveries of previously cancelled values are credited to the account of an impairment loss. Changes in the carrying value of an impairment loss account are recognized in profit or loss.

When a financial asset available for sale is considered impaired, the cumulative gain or loss previously recognized in other comprehensive income are reclassified to profit or loss in the period.

If a period following impairment losses of financial assets measured at amortized cost decreases or if the decrease can be related objectively to an event occurring after the impairment was recognized, the impairment loss previously recognized is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed the amortized cost incurred if no impairment had been recognized.

Regarding shares available for sale, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulate under the heading of revaluation reserve investments. As for debt securities available for sale, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the impairment loss was recognized.

- ***Derecognition***

The Company derecognizes a financial asset when contractual rights expire to the cash flows from the asset or when the Company transfers the rights to receive contractual cash flows on the financial asset in a transaction that has transferred substantially all risks and rewards of ownership.

The derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received and receivable and the cumulative gain or loss that was recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities

The Company initially recognizes a financial liability at its fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company derecognizes a financial liability when its contractual obligations are concluded, or when such obligations expire or are canceled.

The Company classifies non-derivative financial liabilities in the category other financial liabilities. These financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities include loans and loan commitments, credit lines and trade and other payables.

Capital instruments

An equity instrument is any contract that creates a residual claim on the assets of an entity after deducting all of its liabilities.

When an equity instrument of the company is redeemed, the amount paid, which includes directly attributable costs, net of taxes, is recognized as a deduction from equity. The Company does not recognize gain or loss in profit or loss on the purchase, sale, issuance or cancellation of equity instruments.

Derivatives

A derivative is a financial instrument or another contract settled at a future date, whose value changes in response to changes in certain interest rate, financial instrument price, commodity price, foreign exchange rates, price indexes or ducks, credit rating or credit index, or other variable, provided that, if a financial variable that is not specific to a party to a contract and requires no initial net investment or require an initial net investment that is smaller than would be required for other types of contracts which is expected to have a similar response to changes in market factors.

Tangibles

Tangible assets are valued for cost, deducting accumulated depreciation and accumulated impairment losses, except for land and buildings which are evaluated at revalued amount. Revalued amount is the fair value of the asset on the date of the revaluation less any subsequent accumulated amortization and any accumulated impairment losses. Reassessment is done for the entire class of property (land, buildings).

The cost includes expenses directly attributable to acquisition of the intangible asset. Cost of an asset self-constructed include the cost of materials and direct labor, other costs attributable to bringing the asset to the place and in operation and the initial estimate of the costs of dismantling and removing the asset and restoring the placement and borrowing costs when there is an obligation of these costs.

When the Company depreciates separately some parts of an item of property, plant and equipment, it also depreciates separately the remainder of the item. What remains consist of parts of the item that are individually not significant.

Company revaluations performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an asset is reclassified as investment property, the property is revalued at fair value.

Gains arising from revaluation are recognized in the income statement only to the extent there is a loss of impairment of property, and any other remaining winnings recognized as other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss as.

Subsequent costs are capitalized only when it is probable that expenditures will generate future economic benefits to the Company. Maintenance and repairs are expenses in the period.

Land is not depreciated. Depreciation is recognized in order to decrease the cost less residual values over their period of useful life using the straight-line method. Estimated useful lives, residual values and depreciation method are reviewed by Company management at the end of each period ofreporting, taking into account the effect of all changes in accounting estimates.

The assets which are subject to a finance lease are depreciated over their useful life duration on the same basis as the assets owned or where the period is shorter, over the relevant period of the lease.

The estimated service lives for the current and comparative years of significant Companys of property are:

- Buildings 12-50 years
- Plant and machinery 3-18 years
- Other installations, equipment and furniture 2-18 years

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment is recognized immediately in profit or loss if the asset is not accounted relevant at a revalued amount, in which case the impairment is treated as a revaluation decrease.

Tangible assets are derecognized as a result of a disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising from retirement or disposal of an item of property and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit and loss in the period in which the derecognition

Intangible assets

Recognition and Measurement

For recognition of an item as an intangible asset the Company must demonstrate that the item meets:

(a) Definition of an intangible asset

- is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability correspondence; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the company or from other rights and obligations.

(b) Recognition criteria

- it is probable that future economic benefits expected to be assigned to asset will flow to the Company; and
- cost of the asset can be measured reliably.

An intangible asset is measured initially for cost. The cost of a separately acquired intangible asset comprises:

a) purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

b) any directly attributable cost of preparing the asset for its intended use.

In some cases, an intangible asset may be acquired free of charge or for a symbolic consideration, through a government grant. The Company initially recognizes both the intangible asset and the grant at fair value.

The cost of internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. There cannot be reincorporated expenditures previously recognized as cost. The cost of internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Examples of directly attributable costs are:

a. the costs of materials and services used or consumed in generating the intangible asset;

b. costs of employee benefits arising from the generation of the intangible asset;

c. fees to register a legal right; and

d. amortization of patents and licenses that are used to generate the intangible asset.

To determine whether an internally generated intangible asset fulfills the criteria for recognition, an entity classifies the generation of the asset into:

(a) a research phase ;

(b) a development phase.

If the Company cannot distinguish between the research phase and the development of an internal project to create an intangible asset, the Company treats the expenditure on that project as expenses incurred exclusively in the research phase.

No intangible asset arising from research (or from the research phase of an internal project)

should be recognized. Expenditure on research (or the research phase of an internal project) should be recognized as an expense when incurred.

An intangible asset arising from development is recognized if, and only if you can measure reliably the expenditure attributable to the intangible asset during its development, technical feasibility of completing the intangible asset so that it will be available for use or sale, management has the intent and ability to complete the intangible asset and use or sell it.

Recognition of expenses

Expenditure on an intangible item shall be recognized as an expense when incurred, except for those that are part of the cost of an intangible asset that meets the recognition criteria.

Evaluation after recognition

Company intangible assets accounted for by the cost model.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Amortization

The depreciable amount of an intangible asset with a finite useful life determined is allocated on a systematic basis over its remaining service life. Depreciation starts when the asset is available for use, i.e. when it is in the location and condition necessary for it to operate in the manner intended by management. Depreciation ends at the earliest of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Intangible assets are depreciated using the straight-line method over a period of 1-5 years or the validity of contractual or legal rights when it is lower than the estimated service life.

An intangible asset with an indefinite service life will not be amortized.

Depreciation

At the end of each reporting period the Comapny reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the size of the impairment (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Derecognition

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Real estate investments

A real estate investment is an estate (land or a building – or part of a building – or both) owned by the Company with the scope of earning rent or capital appreciation, or both, rather than it being used for production or distribution of services and goods, for administrative purposes, or to be sold during the ordinary course of business.

The cost of a real estate investment comprises its purchase price and any costs directly attributable to the acquisition. Directly attributable expenditures include, for example, professional fees for legal services, property transfer taxes and other transaction costs.

The investment cost of self-constructed real estate is the cost at the date when the construction or development were completely finished. Until that date, the Company applies the IAS 16 provisions. At that date, the property becomes investment property and falls under the current standard.

After initial recognition, the Company chooses the fair value model and evaluates all of its investment properties at fair value.

A gain or loss generated by a change in the fair value of the real estate investment is recognized in the profit or loss statement for the period in which it happens.

The fair value of real estate investment is the price at which the property could be exchanged between willing parties, conducted under objective conditions. The fair value of an estate shall reflect the market conditions at the balance sheet date.

The assets for which fair value is determined in the financial statements are included in the fair value hierarchy based on the fair value determined as follows:

- Level 1 - unadjusted market prices

- Level 2 - Input Data other than unadjusted market prices, but fair value is observable directly or indirectly

- Level 3 - fair value measurements based on unobservable inputs

Gains or losses arising from the retirement or disposal of real estate investments should be determined as the difference between the net disposal income and the accountancy value of the asset and must be recognized in profit or loss statements in the period of the retirement or disposal.

Financial Investments

Under IAS 27, individual financial statements are statements presented by a parent company, an investor in an associated entity or by an associate in a jointly controlled entity, in which investments are accounted based on direct participation in own capital rather than report results and net assets of the invested entities. When an entity prepares individual financial statements, investments in subsidiaries, jointly controlled entities and associated entities shall be accounted for:

a. at cost, or in conformity with IFRS 9, or using the equity method as described in IAS 28

Investments in subsidiaries are presented in the current individual financial statement at cost.

Stocks

Inventories are valued at the lower of cost and net realizable value.

Inventory costs are determined on a first in, first out and include expenses arising from the purchase of stocks, production and other costs of bringing inventories into shape and location of existence. In the case of finished products and production in progress, costs include a share of overheads based on normal production capacity.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs for inventories of completion and costs necessary to make the sale

Employee benefits

In the normal course of business, the Company makes payments to pension funds, health and unemployment funds of the Romanian state, on account of its employees. Spending on these payments are recorded in the income statement in the same period of wage costs.

The Company employees are members of the Romanian State pension plan. Within the Company there is no other ongoing pension scheme and there are no other obligations on pensions.

Termination of employment benefits can be paid when the contract of employment is terminated for reasons not attributable to employees. The Company recognizes benefits for termination of employment when it is obliged to terminate the employment contracts of current employees.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation generated from a past event, it is likely to be required to settle the obligation outflow of resources embodying economic benefits and a reliable estimate can be realizable amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where a provision is measured using the cash flows estimated to settle the present, its carrying value is the present value of those cash flows (where the effect of the time- value of money is significant).

Guarantees

Provisions for estimated costs of warranty obligations under local law and contractual provisions for the sale of goods is recognized at the sale date of products. The provision is based on the historic of securities and the balancing of all possible outcomes.

Restructuring

A restructuring provision is recognized when the Company has approved a detailed and formal restructuring plan and this plan has either started or the main features of the restructuring plan were announced to those affected by it.

Onerous contracts

If the company has an onerous contract, the current contractual obligation stipulated in the contract should be recognized and measured as a provision. An onerous contract is defined as a contract in which the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be obtained from the contract in question. Unavoidable costs of the contract reflect the net cost out of contract, respectively the lowest cost of fulfilling contract and any compensation or penalties arising from failure to fulfill the contract.

Revenue recognition

Sale of goods

Revenue is measured at the fair value of the consideration received or to be received. The sales revenue is reduced for returns, discounts and other similar reductions in trade. Revenue from the sale of goods is recognized when the Company has transferred the significant risks and rewards of ownership of property, the amount of revenue can be measured precisely, it is probable that the economic benefits associated with the transaction should be directed to the company, the Company retains no management involvement up to the level usually associated with ownership nor effective control over the goods sold and the costs incurred or to be incurred in connection with the transaction can be measured precisely. If it is likely to be granted a discount and this can be measured reliably, then the discount is recognized as a decrease in sales revenue.

Services

Revenue generated by a service contract is recognized by reporting proportionate at the stage of completion of the contract. The stage of completion of the contract is determined by studying the work carried out.

Income from interest, royalties and dividends

Interest revenue generated by a financial asset is recognized when it is probable that the Company obtain economic benefits and when such income can be measured precisely. Interest income accumulate over time by reference to the principal and the effective interest rate applicable, i.e. the rate that exactly discounts estimated future cash receipts over the expected term of the financial asset to the net carrying amount of the asset initial recognition date . Income generated from third parties' use of the Company 's assets is recognized in the period of the lease on an accrual basis in accordance with the substance of the contract in question.

Dividend income from investments is recognized when it was established shareholder's right to receive payment.

Government grants

Government grants represent assistance by government in the form of transfers of resources to the Company in exchange for compliance, past or future compliance with certain conditions relating to the operating activities of the Company. They exclude those forms of government assistance which cannot be reasonably assigned a certain value, and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are recognized as income over the periods corresponding to the related expenses which these grants are intended to compensate, on a systematic basis.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognized as income in the period in which it becomes receivable.

Leasing

The leases are presented as finance leases when the terms of the lease are transferred substantially all risks and rewards of ownership to the user.

All other leases are classified as operating leases. Initially assets held under finance leases are recognized at the lower of their fair value at the beginning of the lease and the present value of the minimum lease payments. The corresponding obligation to owner is included in the statement of financial position as an obligation associated to financial lease.

Assets held under operating leases are classified as operating leases and are not presented in the statement of financial position.

Payments related to operational leasing are recognized as an expense over the lease period.

Minimum lease payments are apportioned between finance charges and reduction of obligation. The financial expenses are recognized in profit or loss accrual, if they are not directly attributable to the assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Indebtedness costs

Indebtedness costs, directly attributable to the acquisition, construction or completion of eligible assets, assets that require a significant amount of time to get ready for use or sale, plus the cost of those assets until the assets are ready significantly for usage area or sale.

Revenues from the temporary investment of specific indebtedness obtained for the acquisition or construction of eligible assets are deducted from the indebtedness costs which may be capitalized.

All other indebtedness costs are recognized in profit or loss in the period they are incurred.

Gains or losses on foreign exchange differences are reported net amount that gain or loss depending on the result of exchange rate changes.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred taxes.

Liabilities or claims relating to tax the current period and prior periods are measured at the amount to be paid or recovered by the tax authority using legal regulations and the tax rate in effect on the date of the financial statements. Tax on profit for the period closing 2016 December 31, was 16%.

Current tax and deferred tax are recognized in profit or loss unless they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current tax and deferred tax are also recognized in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit achieved during the year. Taxable profit differs from profit as reported in the statement of income unconsolidated general because of items of income or expense that are taxable or deductible in some years and items that are never taxable or deductible. Company's obligation in respect of current taxes is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences arising between the carrying amount of assets and liabilities and the tax bases of assets and liabilities in the financial statements.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that there is probability of future taxable profit from which temporary difference can be recovered.

The main differences resulting from the amortization of fixed assets and the valuation of assets at fair value.

Deferred tax assets and liabilities are determined based on taxes which are supposed to be applied during the respective period realized or settled liability or deferred tax asset.

Segment Reporting

A business segment is a component of the Company that engages in business activities from which it can obtain revenues and from which expenses may incur (including revenues and expenses related to transactions with other components of the same society), whose results of activity are reviewed regularly by the Company's chief operating decision maker in order to take decisions about resources to be allocated to the segment and assessing its performance and for which separate financial information is available.

Company management regularly evaluates the activity of the Company to identify operating segments for which information must be reported separately.

The Company did not identify components that are classified as operating segments.

STATEMENT OF THE BOARD OF DIRECTORS

Annual financial separate statements are prepared on 31/12/2016 for:

Name of the issuing entity	COMPA S.A.
County	32 Sibiu
Registered office	Sibiu, No.8, Henri Coandă, street, phone +40269 237 878 ; fax +40269212204
Registration number in the Trade Registry	J32/129/1991
Property form	34 Companies stock
Predominant activity (CAEN code and class name)	2932 Manufacture of other parts and accessories for motor vehicles
VAT Code	RO 788767

The Board of Directors assumes responsibility for the separate financial statements, on 31/12/2016 and confirms the following:

a. separate financial statements for 2016 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

b. the accounting policies used in preparing the separate financial statements are in accordance with the applicable accounting regulations.

c. annual financial reports provide a fair picture of the financial position, financial performance and other information related to the activity.

d. the company operates in terms of continuity.

This present statement is in accordance with the provisions of article 30 of the Accounting Law no.82 / 1991.

Chairman & CEO,

Ioan DEAC

CFO,

Ioan MICLEA

2016

ANNUAL REPORT

2016

REPORT

OF THE BOARD OF DIRECTORS

According to National Securities Commission Regulation no. 1/2006 regarding issuers and operations with securities and Law 297/2004 on the capital market for 2015

Report date	27/03/2017
Name of the issuing entity	COMPA S.A.
Registered office	Sibiu, 8, str. Henri Coandă, cod 550234
Phone number	+40269 237 878
Fax number	+40269 212 204; +40269 237 770
VAT code	RO 788767
Registration number in the Trade Registry	J 32/129/1991
Subscribed and paid share capital	218.821.038
Value of shares	0,10 lei
Regulated Market on which the issued securities are traded	Bucharest Stock Exchange, Standard Category, symbol CMP

CONTENTS

parent company held by subsidiaries

3.5. If the company has issued bonds and / or other debt instruments,- showing the way the company pays its obligations to the holders of such securities

4. COMPA'S MANAGEMENT

4.1. The list of the managers of the society and the following information for each manager

a. CV (name, surname, age, qualifications, professional experience, function and years of service in the function)

b. Understanding or family relation

c. Transaction between the manager and society

d The participation of the managers at the social capital.

e The list of the juridical persons affiliated to the society

4.2. The presentation of the list with the members of the executive management

a. Executive management

b. the period the person takes part in the executive management

c. any kind of agreement ,convention or family relationship between the respective person and another person due to whom the respective person was appointed as member in the executive management

d. The participation of the respective person at the social capital of the society

5. FINANCIAL SITUATION- ACCOUNTING

a). Balance sheet items: assets representing at least 10% from total assets; cash and other liquid availabilities; reinvested profit; total current assets; total current liabilities;

b. Profit and loss account: net sales; gross revenues; elements of costs and expenses accounting for at least 20% in net sales or gross income; risk provisions for various expenses; reference to any sale or shutdown of a segment of activity done in the last year or that are to be made in the next year; dividends declared and paid

c) cash flow: all changes in the level of cash in the core business, investment and financial activity, the level of cash at the beginning and end of the period

6. COMPLIANCE WITH CORPORATE GOVERNANCE BSE CODE

6.1. The Board of Directors

6.2. Executive management

6.3. The way the general meetings of the shareholders (GMS) take place, their competences, the shareholders' rights and how these can be exercised

6.4. Shareholders' rights

6.5. Other elements of Corporate Governance

6.6. The risk management

6.7. Conflict of interests

6.8. Social responsibility

6.9. Status of compliance with the provisions of the new BSE Corporate Governance Code as of 31 December 2015

1. ANALYSIS OF THE ACTIVITY OF COMPA SOCIETY

1.1. Elements of general evaluation

According to the Constitutive Act of the society, COMPA society produces and commercializes components and parts for the machine building industry (cars, transport vehicles, buses, trailers, tractors, rail carriages and diverse industrial equipments), thermic energy, including services and technical assistance, effectuation of foreign trade operations ,engineering, direct collaboration with foreign trade banks ,effectuation of operation of currency, being able to take part and agree to credit operations; it also carries on social activities for the employees.

COMPA society was founded by H.G. nr1296/13.12.1990 according to Law nr.15/1990 and Law nr.31/1990. Starting with that date, the Machine Parts Factory / Plant ends its activity, the entire its patrimony being taken over by the new society.

COMPA society war registered al the Trade, Industry and Agriculture Chamber-The Trade Register Office at the Court of Sibiu, with the nr. J/32/129 from 12.02.1991;

COMPA is a society based on shares, with Romanian judicial personality, it is organized and functions in accordance with the Constitutive Act of the society and with the present legislation.

The year 2016 was a year with remarkable results within the economical-financial activity. Main events that have to be highlighted for 2016 are the following:

- Increase of turnover with almost 33% as compared to previous year. A significant contribution to this increase is represented by the transfer carried out in the second half of year 2016 of a production capacity for components for injection system of trucks and vans from company Delphi England to COMPA.
- Increase of production capacities for Bosch injection systems with investments of over 5 mil Eur in machines and equipment of newest generation;
- Volume of investments, although smaller than the ones in 2015, amounted to 59, 75 mil lei, equivalent to 13,3 mil EUR, and ensuring the premises necessary for future development of the company's activity
- At the beginning of year 2016 the selling of the shares in amount of 26.91% held by Compa in the joint venture ThyssenKrupp Bilstein Compa S.A. was completed. This transaction was a successful one, COMPA's net profit from this sale amounted to 12 mil. Lei;
- Cost reduction in all areas was the top priority of company management also in the year 2016

The main indicators, as well as the main elements for general evaluation of the activity are presented in the dynamics of the tree years, in Table 1.1.

Table 1.1(lei)

EXPLANATION	2013	2014	2015	% 2015 / 2014	% 2015 / 2013
Net profit	23.886.130	28.354.626	51.627.557	190,27	216,14
Turnover, of which:	421.121.804	480.430.751	638.659.554	132,93	151,66
- export	292.345.157	341.223.964	483.247.663	151,62	165,30
Total Revenues	435.548.294	504.342.601	678.066.739	134,45	155,68
Total Expenses	406.938.915	474.788.855	624.644.544	131,56	153,50
Current assets	139.635.852	219.852.409	202.671.111	92,19	145,14
Total liabilities	75.736.632	122.611.137	123.286.012	100,55	162,78
Liquidity	1,84	1,79	1,64	91,68	89,16

Analyzing briefly the results of the main indicators presented in table 1.1, which are reflecting the quintessence of business activity in 2016, we can state the following:

- Net profit increased by over 90% influenced by: measures for cost reduction in all areas; sale of the 26.91% stake at ThyssenKrupp Bilstein Compa S.A. Sibiu joint venture company to the majority shareholder; COMPA facilities obtained for tax reduction on reinvested profit
- Turnover increased with almost 33% compared to 2015;
- Current assets (inventories, receivables) decreased compared to 2015 as a result of management measures despite increase of turnover with almost 33%
- Current liabilities are approximately at the same level as those recorded in 2015, although turnover increased with almost 33%.

1.2. Evaluation of the technical level of company COMPA

a) Description of main products manufactured and / or services provided, share in earnings and turnover of the company, market positioning

Synthetically, the situation of production of goods on product groups in 2015 as compared to the budget and previous years is shown in Table 1.2.1.

Table 1.2.1. (k RON)

PRODUCT GROUP	2014	2015	2016		% 2016 / 2016 REB	% 2016 / 2015	% 2016 / 2014
			REB	Carried out			
Stamped parts, cupping	6.893	6.822	7.500	6.690	89,20	98,07	97,05
Welded assemblies	25.340	25.665	31.100	28.088	90,31	109,44	110,84
Drive shafts, steering and brake equipment	2.466	2.005	1.400	1.199	85,66	59,81	48,64
Valves Delphi	790	10.754	63.600	92.227	145,01	857,64	11.672,06
Pinions, steering gears -JTEKT	28.324	27.897	25.800	28.788	111,58	103,19	101,64
Windscreen wiper components - Bosch	121.726	118.870	96.000	106.206	110,63	89,35	87,25
Hot coiled and cold coiled springs	5.368	5.233	5.400	6.650	123,14	127,08	123,87
Components for turbochargers - Honeywell	71.749	55.635	66.800	69.474	104,00	124,87	96,83
Components for injection systems – Bosch Rail	13.732	37.818	66.300	66.777	100,72	176,58	486,29
Components for air conditioning equipment - Daikin	6.674	5.331	5.700	5.044	88,49	94,63	75,58
Injector body - Delphi	108.359	153.957	161.500	194.444	120,40	126,30	179,44
Utilities supply	9.818	10.266	10.300	11.989	116,40	116,78	122,11
Valorization of reusable materials	3.362	2.517	2.100	2.467	117,48	98,03	73,37
Tooling	3.807	6.502	6.700	4.128	61,62	63,50	108,44
Miscellaneous	12.713	11.162	1.600	14.488	905,48	129,80	113,96
TOTAL MERCHANDISE PRODUCTION	**421.122**	**480.431**	**551.800**	**638.660**	115,74	132,93	151,66

Production dynamics on group of products in 2015, as compared to the budget for 2015, and also to the carried out results of previous years 2013 and 2014, is presented in the table below, 1.2.1.:

The evolution of Production of Goods on groups of products registered in 2016 as compared with the budget and the registrations of previous years 2015 and 2014 is presented in table 1.2.1.

- Per total, *production of goods* registered in 2016 has increased with 32.93% as compared with 2015 and with 51.66% as compared with 2014;
- The main group of products with high increases in 2016 are the following: production of *valves* which was transferred at the end on 2015 from Delphi England; production of *components for injection systems* type Bosch Rail;
- The main groups of products that registered decreases in 2016 are the following: production of *tooling* for sale to other companies; *components for windscreen wipers* - as a consequence of the clients decision to transfer gradually the "wipers" from COMPA;
- Production of ***spare parts***: drive shafts, brake equipment, steering mechanism, shock absorbers for railroad

The dynamics of merchandize delivered to export in 2016 compared to the level of 2014 and 2015, as well as compared to the provisions from the budget for 2016 is presented briefly in Table 1.2.2.

Table 1.2.2.(k Euro)

PRODUCT GROUP	2014	2015	2016		% 2016 / 2016 REB	% 2016 / 2015	% 2016 / 2014
			REB	Carried out			
Stamped parts, cupping	1.253	1.159	1.200	1.065	88,77	91,88	84,99
Welded assemblies	1.673	2.334	2.800	2.791	99,67	119,59	166,85
Drive shafts, steering and brake equipment	14	7		0		0,25	0,12
Valves - Delphi	-	2.415	14.300	20.539			
Pinions, steering gears - JTEKT	6.487	6.315	5.800	6.462	111,42	102,34	99,63
Windscreen wiper components - Bosch	27.547	26.744	21.600	23.599	109,25	88,24	85,67
Hot coiled and cold coiled springs	620	599	600	670	111,70	111,79	108,07
Components for turbochargers - Honeywell	15.729	12.079	15.000	14.150	94,33	117,14	89,96
Components for injection systems – Bnosch Rail	3.098	8.510	14.900	15.038	100,93	176,72	
Components for air conditioning equipment - Daikin	1.496	1.194	1.300	1.042	80,15	87,26	69,65
Injector body - Delphi	6.732	13.202	16.900	19.958	118,09	151,17	296,48
Tooling	529	1.009	1.060	425	40,07	42,08	80,24
Other products and services	834	1.482	540	2.143	396,87	144,65	256,96
TOTAL EXPORT	**66.011**	**77.049**	**96.000**	**107.882**	112,38	140,02	163,43

As presented in table 1.2.2 production for export in Eur has increased in 2016 as compared to 2015 with 40% and as compared to 20014 with 63.43%.

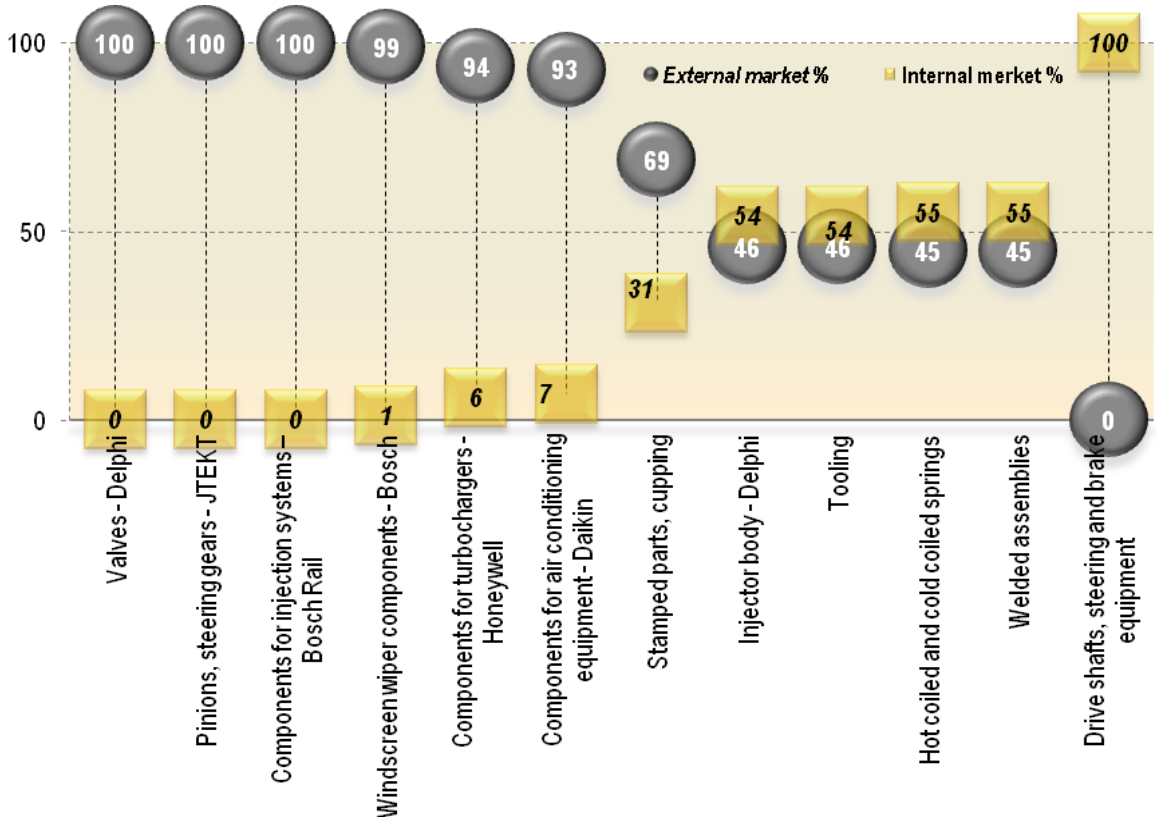
Significant increases of production for export in 2016 is recorded as it follows for:

- Production of *valves* transferred from Delphi England in the last part of year 2015
- *Components for injection systems* type Bosch

In table 1.2.3.is presented the share of COMPA main product groups in export production and internal production:

Table 1.2.3.

PRODUCT GROUP	Export %	Internal market %
Valves - Delphi	100	0
Pinions, steering gears - JTEKT	100	0
Components for injection systems – Bosch Rail	100	0
Windscreen wiper components - Bosch	99	1
Components for turbochargers - Honeywell	94	6
Components for air conditioning equipment - Daikin	93	7
Stamped parts, cupping	69	31
Injector body - Delphi	46	54
Tooling	46	54
Hot coiled and cold coiled springs	45	55
Welded assemblies	45	55
Drive shafts, steering and brake equipment	0	100



Information from Table1.2.3. is presented also graphically above, where the distribution of production registered for 2016, whether it is intended for export or internal market, can be easier observed.

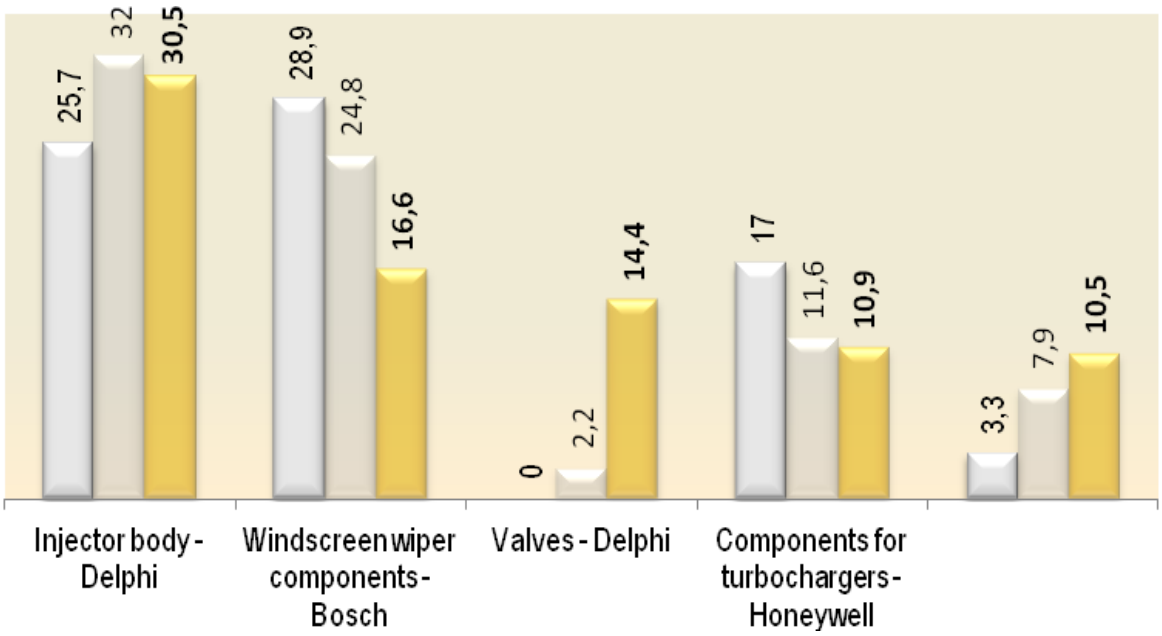
The share in the total turnover of main product groups is presented in evolution in table 1.2.4.:

Table 1.2.4.

PRODUCT GROUP	% in turnover		
	2014	2015	2016
Injector body - Delphi	25,7	32,0	30,5
Windscreen wiper components - Bosch	28,9	24,8	16,6
Valves - Delphi	0,0	2,2	14,4
Components for turbochargers - Honeywell	17,0	11,6	10,9
Components for injection systems – Bosch Rail	3,3	7,9	10,5
Pinions, steering gears - JTEKT	6,7	5,8	4,5
Welded assemblies	6,0	5,3	4,4
Stamped parts, cupping	1,6	1,4	1,0
Hot coiled and cold coiled springs	1,3	1,1	1,0
Tooling	1,0	1,4	0,7
Components for air conditioning equipment - Daikin	1,6	1,1	0,8
Drive shafts, steering and brake equipment	0,6	0,4	0,2
Different products	6,1	5,0	4,5
TOTAL	**100,0**	**100,0**	**100,0**

Weight of the main products in turnover 2016

Comparaed to the years 2014; **2015**



From the table 1.2.4 and the graphics presented one can see that in the year 2016 production designated for customer is concentrated as it follows:

- A number of 3 customers purchase together 82.9% from COMPA's production
- The sales share to these customers is the following:
  - 44,9% Delphi;
  - 27,1 % Bosch
  - 10,9% Honeywell

b) New products taken into account which will affect a substantial volume of assets in the future financial year, as well as the developing status of these products

The technical and development function within COMPA plays a key role in the company's business system, because of the serious changes in the structure of orders during recent period. Along the year 2015 new products were introduced in production, products for which the production capabilities are assured and which will have a major impact on production in the following years. In terms of business ends, the share of new products in the turnover of the company has constantly surpassed the 20% target, denoting the dynamism and proficiency of the company when it comes to adapting to new requests, replacing existing products, and expanding its portfolio.

In order to meet the client's and market requirements validation tests have been made for ZnNi protective coating of the transmission bride and cover. Validation will be finalized in the first part of the year 2017. Technical documentation was prepared and functional and endurance tests were done for water pump pulley designated for Renault, Nissan and Daimler engines. Finalizing of the tooling and start of production are planned for the second part of year 2017.

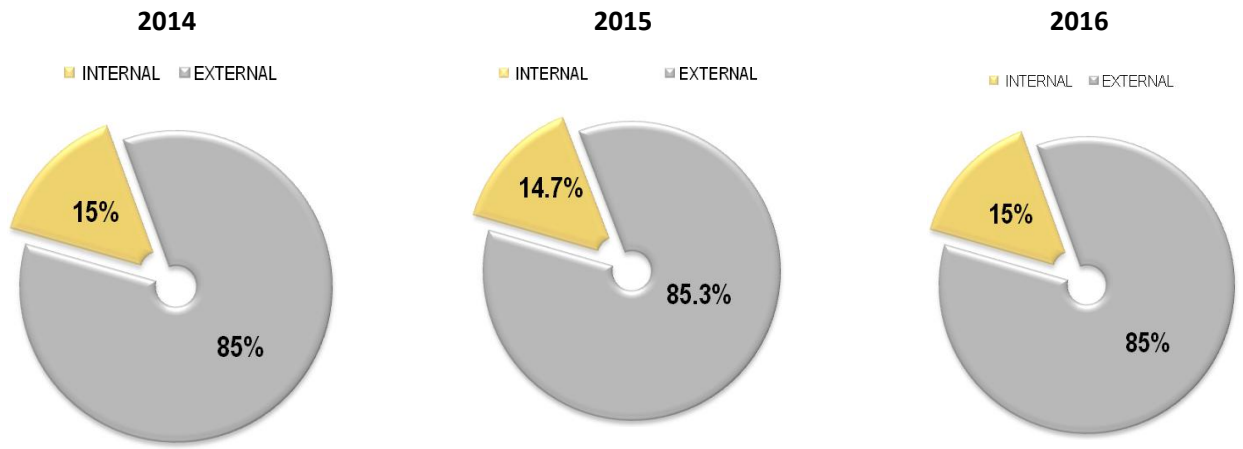
1.3.Evaluation of the supply activity (domestic and import sources)

The provision of the necessary raw materials for the manufacturing processes in COMPA is ensured from both the domestic market and import. A significant part of the necessary materials and components supplied from Romania come from foreign companies which have set up companies or branches in Romania.

Total purchasing volume and their share on domestic and import market in the total purchasing for 2016 as compared to 2014 and 2015 is presented in Table 1.3.1.

Table 1.3.1.

SUPPLY SOURCE	2014		2015		2016	
	Amount (k Euro)	%	Amount (k Euro)	%	Amount (k Euro)	%
INTERNAL	7.148,7	14,6	10.013,3	14,7	12.090,7	15,0
EXTERNAL	41.920,6	85,4	58.243,9	85,3	68.519,7	85,0
TOTAL	**49.069,4**	**100,0**	**68.257,2**	**100,0**	**80.610,4**	**100,0**



a. Main domestic suppliers; share in purchasing total value

Details on domestic purchasing and main suppliers are presented in Table 1.3.2.a, below:

Table 1.3.2.a

SUPPLIER NAME	Group of purchased products	Purchasing value 2014 (excl. VAT) k Euro	% in total purchasing 2014	Purchasing value 2015 (excl. VAT) K Euro	% in total purchasing 2015	Purchasing value 2016 (excl. VAT) K Euro	% in total purchasing 2016
Bamesa Topoloveni	tablă	305,85	4,28	415,55	4,15	1.000,09	8,3
Baurom Galaţi	tablă	942,08	13,18	701,74	7,01	222,45	1,8
TKT Timişoara	lubrifianţi	255,56	3,57	322,16	3,22	320,69	2,7
Lokve Agriprod Ploieşti	lubrifianţi	309,27	4,33	523,65	5,23	580,41	4,8
Linde Gaz Timişoara	gaze industriale	147,59	2,06	147,69	1,47	168,32	1,4
Chevron Bucureşti	lubrifianţi	109,58	1,53	135,90	1,36	140,53	1,2
Tech Service Mediaş	rulmenţi, piese pt. mentenenţă	293,81	4,11	328,27	3,28	414,65	3,4
Emuge Romania Cluj	scule	106,61	1,49	468,84	4,68	784,26	6,5
Guhring Sibiu	scule	175,33	2,45	156,35	1,56	475,06	3,9
Maxim Bucureşti	scule	630,33	8,82	898,55	8,97	1.461,03	12,1
Schmolz & Bickenbach Romania	bare oţel	213,38	2,98	115,94	1,16	445,3	3,7
Total		**3.489,39**	48,81	**4.214,64**	**42,09**	**6.012,73**	**49,7**
Total cumpărări interne		**7.148,70**	100,00	**10.013,30**	100,00	12.090,70	100,0
Total cumpărări		**49.069,40**		**59.873,30**		**80.610,37**	

b) Main external suppliers; their share in total external purchasing :

Table 1.3.2.b

SUPPLIER NAME	Group of purchased products	Purchasing value 2014 (excl.VAT) k Euro	% in total purchasing 2014	Purchasing value 2015 (excl.VAT) K Euro	% in total purchasing 2015	Purchasing value 2016 (excl.VAT) K Euro	% in total purchasing 2016
RB Belgium	Rubber parts, components	4.605,21	6,75	5.042,74	7,39	4.036,97	5,89
Hirschvogel Germany	Semi-finished parts	5.475,35	8,02	6.814,66	9,98	5.760,60	8,41
SAM Viviez France	Semi-finished parts	1.601,11	2,35	1.174,55	1,72	1.213,23	1,77
Dogu Pres Turkey	Semi-finished parts	552,67	0,81	479,58	0,70	499,08	0,73
Saint Jean Industries Loraine France	Semi-finished parts	2.454,37	3,60	1.739,97	2,55	1.609,97	2,35
VDS Holland	components	1.192,47	1,75	1.462,46	2,14	1.231,49	1,80
Panne Belgium	components	1.905,17	2,79	2.068,42	3,03	1.647,66	2,40
HPO Samat France	components						

SUPPLIER NAME	Group of purchased products	Purchasing value 2014 (excl.VAT) k Euro	% in total purchasing 2014	Purchasing value 2015 (excl.VAT) K Euro	% in total purchasi ng 2015	Purchasing value 2016 (excl.VAT) K Euro	% in total purchasin g 2016
Ascometal Luchini France	Alloy steel bars	713,97	1,05	403,25	0,59	533,42	0,78
Wieland Germany	Copper tubes	796,11	1,17	1.075,14	1,58	1.042,33	1,52
Precision Resource USA	Components	698,72	1,02	337,07	0,49	289,80	0,42
DecoRec France	components	1.583,01	2,32	1.023,33	1,50	1.040,10	1,52
Marcegaglia Italy	Steel band	403,42	0,59	614,59	0,90	823,96	1,20
Sandviken Sweden	tooling	148,88	0,22	214,45	0,31	343,11	0,50
Schaub Israel	tooling	571,41	0,84	804,22	1,18	1.030,64	1,50
DIAGER France	tooling	873,19	1,28	1.523,11	2,23	1.764,98	2,58
CIMOS		234,93	0,34	424,06	0,62	449,42	0,66
Stoba Präzisionsteile GmbH & Co KG		617,59	0,90	1.249,22	1,83	1.911,15	2,79
Setforge		0,00	0,00	0,00	3.625,43	5,31	19.818,33
Total		676,62	0,99	2.780,75	4,07	1.842,34	2,69
Total external purchasing			**25.104,20**	36,78	**29.231,6**	48,89	**46.888,6**
Total purchasing		**41.920,60**	61,42	**58.243,9**	85,33	**68.519,7**	100,00

c) Value structure of purchase in terms of supply sources: domestic and import- for the main groups of products.

The structure of the purchases, both internal and import supply source on product groups is presented in the table below:

Table 1.3.2.c

PRODUCT GROUP	2014		2015		2015	
	Internal	External	Internal	External	Internal	External
	%	%	%	%	%	%
Sheet	94,35	5,65	90,79	9,21	96,2	3,8
Steel bars	17,91	82,09	9,79	90,21	13,1	86,9
Tubes	65,57	33,43	77,46	22,54	88,4	11,6
Wire	91,07	8,93	73,79	26,21	64,1	35,9
Band	1,97	98,03	25,81	74,20	14,4	85,6
Non Ferrous	1,33	98,67	2,81	97,19	6,7	93,3
Semi-finished parts, components	0,17	98,83	0,26	99,74	0,3	99,7
Rubber seals	0,20	98,80	0,27	99,73	0,2	99,8
Fasteners	3,06	96,94	4,45	95,55	1,7	98,3
Standard tooling	26,04	73,96	34,59	65,41	34,5	65,5
Total purchase	**14,57**	**85,43**	**14,67**	**85,33**	**15,0**	**85,0**

1.4. Evaluation of sales activity

During the period of evaluation the marketing and sales activity was focused on two main directions:

1.4.1.Expending and strengthening cooperation within projects already implemented with existing clients like DELPHI, BOSCH, HONEYWELL, JTEKT, HAULOTTE.

Within this group, we would like to highlight the expansion of cooperation in the manufacturing field of components for *injection systems* with companies DELPHI and BOSCH, and also in the field of mechanical welded structures with HAULLOTE.

1.4.2.Attracting new clients.

In 2015, the efforts of the Marketing Department were focused on attracting new clients and extending businesses with existing clients, like the following:

Dacia : several discussions and price offers for a multitude of references .

Haulotte: price offers finalized with both prototype orders and serial orders for welded structures.

Continental : several price offers for machining, springs, stamped parts, both for Brasov location and Germany subsidiary; we received nominalization for references with delivery to Brasov

Federal Mogul : we offered coating services for windshield wipers and prototypes were produced for validation; estimated start of first mass production: 2016.

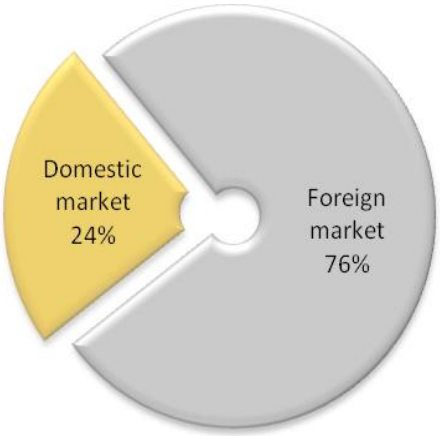
JTEKT + FUJI : several price offers for components for steering systems, for some of them we received nominalization

From the following clients: **TAKATA**, **SCHAEFFLER**, **FRITZMEIER**, **ATERA**, **HUTCHINSON**, **BOS**, **TKBC** we won new businesses for stamped parts, springs and coatings.

We have received new orders for tooling from: **A si C Electric**, **SCHAEFFLER**, **CRAFT**, **INDUSTRIES**, **EMBA SUEDIA**

We plan to develop the business of spring production, mechanical welded structures, stamped parts, tool shop and industrial equipment, machined parts, drive shafts repair services, surface protection and metrological services.

Market segmentation: In terms of geographical area, the sales structure in 2015 was the following:



We are focusing in particular on finding new clients for forged parts**.**

The share of the major clients in turnover is reflected in Table 1.4.1:

Tab.1.4.1.

CLIENT	Share in Turnover 2014(%)	Share in turnover 2015 (%)	Share in turnover 2016 (%)
Bosch Diesel System	29,5	29,55	27,89
Delphi	27,2	35,46	45,33
Honeywell Garrett	16,4	10,32	9,18
JTEKT, Fuji Koyo	7,3	6,15	4,89
ThyssenKrupp Bilstein Compa	2,5	2,12	-
Haulotte	5,5	4,59	4,04
Other clients	*11,6*	*11,81*	*8,67*
TOTAL	**100,0**	**100,00**	**100,00**

1.5. Evaluating aspects of the company's employees / personnel

COMPA human resources policy aims at transforming the company into an organization that “learns continuously”.

The company management is aware of the advantages of a highly qualified human resources personnel, familiar with the requirements of the industrial environment, capable of meeting the quality requirements demanded by customers. Therefore, employee training represents a priority for the company management.

COMPA, as an "organization that learns", provides constant development opportunities for all its members , uses learning to achieve business goals, ensures a permanent relationship between individual and business performance, supports career development, and determines people to identify with the organization.
The objective of trainings in 2016, (33 hrs of training / employee), has not been met due to the fact that the methodology used to calculate this indicator has been changed, in the sense that the integration hours of new employees were not taken into account anymore. Training costs in 2016 totaled up to 669.380 lei.

Strategic guidelines of the training process in 2016 were:

- retraining of employees to adapt to new processes;
- standardizing and enhancing the efficient integration and adaptation of new/ transferred employees, as well as people who do not have any qualifications;
- ensuring an efficient process for adaptation and integration of new employees with higher education;
- improving the response mode, in case of emergency situations, and ensuring competent staff responsible for the company's protection;
- improving leadership skills of Operations Managers and Production Managers;
- adoption and implementation of policies, quality/environmental objectives and OHS in conjunction with the standards of ISOTS 16949, SREN ISO 14001 and OHSAS 18001;
- knowing the requirements of standards ISO 9001:2015 and IATF 16949;
- job-specific skills development for validation/re-validation of the post and raising versatility;
- developing the school-enterprise relationship through: supporting of dual vocational education and internships, laboratory classes, competence exams;

- diversification of the COMPA educational offerings in correlation with the needs of economic agents and the requirements of the labor market;
- implementing the requirements of ISO 26000 - Social Responsibility;

Training objectives focused on:

- developing new skills of employees through training/retraining for jobs in the mechanical field: MUCN operator, welder, metrology technician, forklift operator, etc.;
- skill development of administrative employees for improving the response mode in case of emergencies and to ensure the company's safety;
- skill development of project managers, quality engineers, PPAP and APQP process engineers, safety standards and ensuring product safety and liability;
- skill development of employees in the production logistics field;
- update the knowledge of system auditors relating to the ISO 9001:2015 and IATF 16949 standard requirements;
- developing language skills of personnel from the production quality field;
- communication and decision making skill development of Operations Managers and Production Managers;
- annual certification of personnel for special processes;
- improving the knowledge level for job posts and improving versatility

Recruitment and selection policy

There were 2200 employment offers filed in 2016 (CVs, applications, letters of intent). Of these, only a total of 1500 people participated at an interview. 800 people attended the psychological tests and work trials for the vacant positions. Of these, 637 were employed; 76 have been rejected at the work trials and 87 gave up the position offered to them.

Social and wage policy

Following the negotiations between COMPA and unions, in November 2016 there was a wage increase of 3,5%. Consequently, this lead to a rise in benefits (Christmas and Easter bonuses, holiday bonus, travel allowances, etc.).

Furthermore, employees received food tickets throughout the whole year. Strict labor relations in accordance with the legal Labor Code and contractual collective agreements exist between the COMPA management team and its employees. There is also a weekly correspondence between the management team and employee representatives.

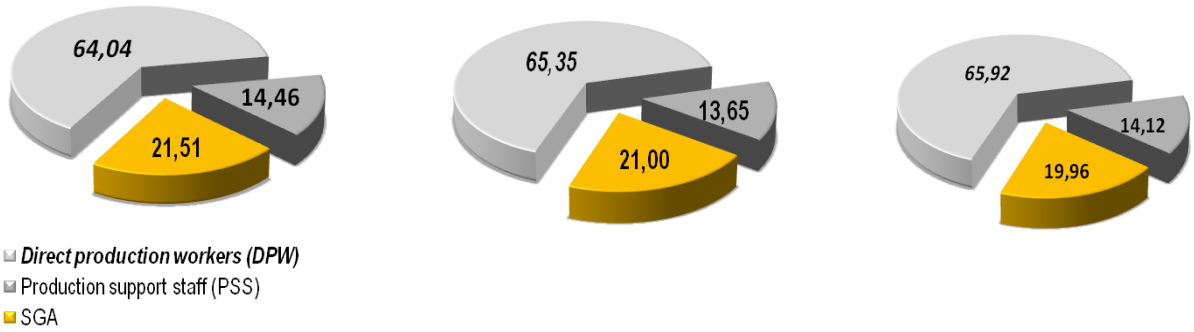
The relationship between the two parties has improved compared to previous years. The communication and kinship have become much clearer and the two parties participated to joint meetings. Therefore, stagnation periods of the production process due to work conflicts have diminished.

The following table (Table 1.5.1.) is a representation of the analytic evolution of employed workers, in comparison with previous years and categorized on employment type, cost centers, and product groups.

Table 1.5.1. (avg. nr.)

WORKSHOP	TOTAL PERSONELL (TP)			Direct production workers (DPW)			Production support staff (PSS)			SGA		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
COMPA TOTAL, from which:	**1660**	**1743**	**1954**	**1063**	**1139**	**1288**	**240**	**238**	**276**	**357**	**366**	**390**
Pinions, steering gears	98	95	89	61	62	55	15	12	14	22	21	20
Windscreen wiper components	304	274	265	230	211	207	38	32	30	36	31	28
Welded assemblies	136	152	166	105	121	134	13	13	13	18	18	19
Components for turbochargers	141	109	117	85	62	71	28	26	26	28	21	20
Components for air conditioning equipment	26	23	22	15	14	13	6	4	4	5	5	5
Valves	0	47	50		34	34		10	13		3	3
Components for injection systems - Rail	26	64	96	17	44	68	3	6	12	6	14	16
Injector body	456	559	640	311	397	455	85	98	112	60	64	73
Other products and services	473	420	509	239	194	251	52	37	52	182	189	206

2014			2015			2016		
DPW	1.063	64.04%	MDP	1.139	65,35%	DPW	1.288	65,92%
PSS	240	14.46%	MIP	238	13,65%	PSS	276	14,12%
SGA	357	21.51%	TESA	366	21,00%	SGA	390	19,96%
TP	**1.660**	**100.00%**	**TP**	**1.743**	**100.00%**	**TP**	**1.954**	**100,00%**



Analyzing the evolution of average number of employed personnel in 2015 in comparison with 2014 and 2013, we conclude the following:

- the average number of employees increased from 1.743 in 2015 to 1.954 in 2016, leading to an increase in production and consequently an increased turnover;
- the largest increase (from 1.139 workers to 1.288) has been recorded at direct workers, due to the essential production transfer from Delphi England and a rise in production for Bosch – Rail;
- due to COMPA's lack of engineers, indispensable personnel for new product lines and projects in this period, a rise in SGA personnel has been registered.

The evolution of productivity throughout 2016 compared to previous years can be seen in Table 1.5.2.

Table 1.5.2. (th.lei/person/year)

ACTIVITIES	2014	2015	2016
COMPA TOTAL, from which:	**253,69**	**275,63**	**326,85**
Pinions, steering gears - JTEKT	289,02	293,65	323,46
Windscreen wiper components - Bosch	400,41	433,83	400,78
Welded assemblies	186,33	168,85	169,20
Components for turbochargers - Honeywell	508,86	510,41	593,80
Components for air conditioning equipment - Daikin	256,68	231,76	229,28
Valves - Delphi	-	228,80	1844,55
Components for injection systems – Bosch Rail	528,15	590,90	695,60
Injector body - Delphi	237,63	275,41	303,82
Other products and services	95,60	57,01	56,86

The labor productivity throughout 2016 amounting to 326,85 th.lei/employee is higher than in 2015 (275,.63), as well as the productivity in 2014 (253,69).

An important contribution to productivity in 2015 is due to the “Common Rail” product from the Bosch injection system, with a productivity/employee ratio of 695,6 th.lei/employee. This ratio is well above the total average recorded in COMPA and also far superior compared to other product groups. Also, the product "valves" was a substantial increase due to the transfer of production was produced in the second half of 2015.

1.6. Assessing the quality of the issuer and impact of its core business on the environment. Synthetic description of the impact of the issuer’s core activities on the environment and of any existing or envisaged disputes regarding violations of legislation on environmental protection

The main achievements of 2016 in the field of quality and environment:

The integrated quality, environmental, occupational health and safety management system functioning was improved and the certification was maintained, following the audit of TUV Rheinland, in accordance with framework standards:

- ISO 9001 for products and processes outside the automotive domain - certificate no. TRR 100 20778;
- ISO TS 16949 for the automotive domain - certificate no. 01 111 20778;
- ISO 14001 for all products, processes and activities of the company - certificate no. TRR 110 20778;
- SR OH SAS 18001, for all processes and activities of the company - certificate no. TRR 126 20778;

- SR EN ISO / IEC 17025 for metrology laboratory work - certificate no. BV-01/14/12;
- Additional requirements for major customers: Delphi, Bosch, Honeywell, JTEKT, Fuji Koyo, ThyssenKrupp Bilstein, INA, Dacia - Renault, Takata, Emerson, Daikin.

All these requirements have been integrated under a unified quality, environment, occupational health and safety management system.

The implementation of ISO 26000 continued and Guide "COMPA Social Responsibility Management" was developed.

In order to align to the new ISO 9001 requirements it was developed the "Guide for risks and opportunities evaluation."

Management of non-conforming products has been improved and made more effective through the continuous improvement of techniques: FMEA (Failure Mode and Effect Analysis), FTQ (First Time Quality), "5 Why" analysis, Paretto diagram, "Cause and effect" analysis and by improving the visual management at workstations, thus preventing the recurrence of nonconformities.

As a result of proper implementation and functioning of the integrated management system, we have maintained a good level of global quality indicator external PPM to an average of **39 PPM**, by reducing non-conforming products claimed by customers, and also through resolving complaints in real time, which has increased customer satisfaction in relation with COMPA products and services.

Also, there were no field-failures due to first assembly products supplied by COMPA.

Within COMPA products and processes can result in the following environmental issues:

- evacuations of wastewater resulting from electroplating processes, dyeing and washing of the pieces;
- air emissions resulting from heat treatment processes, dyeing, electroplating, welding, cutting operations;
- generating hazardous and non- hazardous industrial waste;
- use of hazardous substances and mixtures;
- use of energetic resources (electricity, gas, etc.).

All these aspects can generate environmental impacts when not kept under control. In order to prevent infringements relating to environmental protection, COMPA has introduced an environmental management system that allows controlling all environmental aspects mentioned above, while acting preventively in the sense of avoiding generation incidents and environmental accidents.

This is why we had no litigations with local administration and government bodies concerning the impacts on the environment.

In 2016 was carried out 47 environmental objectives, regarding:

- improving the quality of wastewater discharged into the sewage system;
- improving air quality;
- reducing energy consumption;
- reducing the loss of compressed air, drinking water, industrial water, heat energy in transport and distribution system;
- controlled collection, sorting, capitalization and disposal of hazardous waste;
- environmentally safe management of hazardous substances and mixtures;
- educating and training employees to operate in an environmentally responsible way;

COMPA made significant expenditures for environmental protection and personnel awareness regarding knowledge and understanding of environmental aspects and preventing significant environmental impacts. Environmental expenditures were 738.943 lei.
These expenses were considering implementing environmental management programs and alignment with EU regulations and national legislation relating to the environment and consisted of the following programs and actions:

- monitoring indicators of wastewater into the sewage system;
- monitoring emissions into the atmosphere;
- disposal of hazardous and non-hazardous waste;
- achievement of the capitalization of packaging waste objectives;
- the payment of environmental taxes and charges for environmental fund, environmental permits, media ads, etc.

There were no environmental incidents and complaints from authorized bodies or neighborhoods in 2016.

1.7 Assessement of Research and Development activity

During 2015 and 2014 respectively in the previous years 2013 spending in research and assimilation of new products registered an upward trend.

The following table presents the evolution of costs incurred:

Table 1.7.1.(thousand)

INDICATOR	2014	2015	2016
1) Expenditure on R & D	7.493,2	8.455,4	9.048,5
2) Turnover	421.121,8	480.430,8	638.659,6
3) % (Row 1 / Row 2)x100	1,78	1,76	1,42

Regarding the introduction of new or improved processes, 2016 was also a year in which important steps were taken , both by allocating significant funds for investment in new equipment and processes , as well as in modernizing and optimizing existing processes.

In the area of components for *injectors* 6 (six) new products have been approved, which are designated for commercial vehicles, customer Delphi.

New processes and materials

8 (eight) references have been produced and tested in the prototype phase. Heat treatment furnaces for carburizing, carbonitriding and tempering have been purchased in order to meet the capacity increases.

Within the production of windscreen wiper blades there have been approved a number of 11 (eleven) type dimensions of mounting heads and 46 (forty six) wiper blades for Bosch Belgium.

The portfolio of parts for steering system has increased with another 4 type dimensions of pinions for client JTEKT. Also prototypes for other pinions have been produced.

The abrasive flow machining process is made on the equipment from company OTEC and is intended for deburring the parts in “blank” or finished phases.

In the forging production floor the technical documentation has been prepared, technological tests for references type flange, pipe and pinions for clients Honeywell and Renault.

“Common rail“ is represented by 13 (thirteen) type dimensions of prototypes for client Bosch.

Within the welded structures workshop a number of 43 (forty-three) subassemblies and parts as prototypes have

been produced for clients Haulotte, Emerson, Hutchinson, Gonzales and Fritzmeier.

In order to meet the client's and market requirements validation tests have been made for ZnNi protective coating of the transmission bride and cover. Validation will be finalized in the first part of the year 2017.

Technical documentation was prepared and functional and endurance tests were done for water pump pulley designated for Renault, Nissan and Daimler engines.

1.8. Evaluarea activităţii societăţii privind managementul riscului

The management of risc is a component part of the firm mangement,being a permanent process of analysing the potential factors which can act on the development of the firm activity .The risks must be known, their domain of action must be fully understood, in order to take the required measures to annihilate or diminish their effect

1.8.1. Risks connected with the selling activity

Although in the majority of the firm domains of activity during 2016 there existed growths of the volumes demanded, compared to the precedent year,taking into account the effects of this risk in the following years, measures have been taken:

- the offering of the price to the traditional clients of the firm for an important number of refferences,with impact on the assuarance of the production capacities loading.The transmition of some correlated prices,competitive which permit the firm nominalization as a quality supplier for new products;
- the extention of the present selling contracts of the main products;
- the quality improvement regarding the reduction of client's complains and the avoidance of the payment refusals for the delievered products;
- - the improvement of the logistic system to deliever time thesolicited products by the client.

1.8.2. The risk regarding the negociated selling price level

The process of negotiation of prices in car industry is complex and with very many risks.The level offered to a client could have the following risks:

- the negociated prices are lower than the costs level and in this context the following deminishing effect measures have been taken by reductionof the production costs by raising the labour productivity for each refference and technological operation;interventions to the suppliers to modify the delivering price of the material or semifabricated;reorganizations of the fabrication process for optimizing the machines and equipments loading and the avoiding to buy new machines;
- the prices transmited to the clients could be higher than their level on the market,so that the client could nominalize another supplier for the fabrication of these refference.To prevent such situations in the moment of offering the following demands of the client should be taken into consideretion in the car field: the price should have a decreasing sens from one year to another,demand known and applied in the car industry;the payment terms should be as attractive as possible.

1.8.3. Credit risk

In 2016, the credit lines engaged at the banks were accessed at a lower level than in the previous years so that this type of risk did not creat pressure on the firm activity,knowing that the level of satisfacion of the banks was higher knowing that the accessed credits level was lower in the situation in which the turnover had a big growth(in 2016).As a result the credit cost was reduced/the achieved turnover as compared to the previous years.

1.8.4. The insolvability risk

The impact of the cathegory of risk has been reduced and even eliminated as a result of the measures taken:

- the degree of profit grew in comparison with the previous years;
- the turnover level had also a significant growth;
- the partners are firms with a high reputation in the car domain,which do not have problems regarding the payment in time of the products fabricated and delieverd, they are solid firms from a financial point of view;
- the delievering of the products to unrecognizable clients which have an insignificant share is made only by assuaring the payment instruments (bill payable to order or CEC)
- the growth of the turnover with teh firmsDelphi,Bosch, multinationalfirms with a good financial situation.

1.8.5. The currency risk

The currency risk had a unsignificant impact in 2016 from the following motifs:

- the level of the credit lines accessed was lowering as in the preceding year;
- the credit lines are in Euro and the overhelming majority of the materials are achieved in euro;
- the prices with the clients and the suppliers are negociated in euro too.

1.8.6. The development and the investment risk

During 2016 the value of the investments achieved was significantly lower than those achieved in the previous year.On the other hand the investment achieved were directed especially to aquisition of machines and equipments in order to beneft of the government facility "extemption of taxation for the reinvested profit"..

Great investments in the precedent year 2015 had a significant impact on the turnover in 2016.

1.8.7. The stealind risk

In spite of all the measures taken by enlarging the net of video cameras in all the production sections, during 2016 a material stealing event was registred .Although the doer was found unfortunately the material was given already without the possibility to be recovered.The case is investigated by the police.

Consequently, in this field action should be taken being aware that the firm has a large area and perimetre, with vulnerability of surveying.

1.9. Perspective elements in the company's business

a) Presentation and analysis of trends, elements, or events of uncertainty factors which affect or could influence the company's liquidity in comparison with the same period of the previous year

During the year 2016, as compared to the previous year (2015) we can state that there were no events or factors of uncertainty impacting the liquidity of the company.

As we have shown before, the company management decided to continue the development process of the company based on an increased investment program, for ensuring new production capacity or development of the existing ones, and which finally ensure a turnover increase. Financing of investments is ensured from own resources.

Products manufactured within the company have secured sales, for main products there are contracts or nomination letters.

Within the company there is implemented a permanent program for collecting the receivables from the clients, there are nominated persons within each profit center for monitoring the collection of bills.

The responsibility of managing and optimizing all stock categories, ongoing manufacturing products and finished

goods was transferred to the profit centers, ensuring thus an increased responsibility of people within the production workshops.

All these actions for optimizing the volumes of inventories and receivables have a positive impact on the financial health and liquidity of the company, on wise usage of financial resources of COMPA.

b)Presentation and analysis of the current or predicted capital cost effects concerning the financial situation of the company in comparison with the same period of the previous year

In 2016, the costs of accomplished investments amounting to 59,75 million Lei (13,4 million euro) aimed at fulfilling the following main goals:

- acquisition of technological equipments, machinery, computing equipments;
- machinery and building modernization;

In 2016 tangible assets amounting to a total of 74.720.045 lei were upgraded and put into operation.

Economic effects obtained through the acquisition of new machinery and technological lines are:

- increase in production and turnover;
- insure certain growth assumptions of the business volume in the upcoming years;
- improve production technical level by acquiring CNC equipments with a higher accuracy rate;
- increase productivity through the acquisition of machinery operated by a single person;
- improve quality and competitiveness of products, as well as reduce non-conformed goods, costs related to quality;
- reduce energy consumption;
- safe operation of equipment;
- reduce maintenance costs for these equipments which are more efficient and reliable.

In 2016, the company carried out projects financed from European funds. Implementing these projects materialized in purchasing the latest technological equipments. Thereby, within the project " NACIR - 2014/113345 " Green innovations in surface coatings in automotive - Green Industry-România ", the following equipments were put into operation:

- Zn-Ni treatment line
- Wastewater treatment plant (treatment plant and the pneumatic pump)
- Meter-analyzer X-RAY
- Arrangement plating hall (arrangement works Farben of extracted air clearing system)
- Shelves galvanized retention basins
- Water storage tank
- Kit cell HULLSubsidized amount of these equipments was 6,5 mil.lei.

c) Presentation and analysis of events, transactions, economic changes, which highly affect revenues from the basic activity.

Revenues coming from the core business activity, operating income, respectively the turnover carried out in 2015 compared to 2014 and 2013 are presented below: Table 1.9.c.

EXPLANATION	2014		2015		2016	
	Lei	Share in total %	Lei	Share in total %	Lei	Share in total %
Net Turnover	421.121.804	91,00	480.430.751	97,69	638.659.554	97,54
Sold production	410.674.824	89,03	473.454.380	96,27	626.790.825	95,73
Revenues from sold goods	9.914.782	2,15	4.861.998	0,99	11.558.720	1,77
Revenues from operating subsidies	532.199	0,12	2.114.373	0,43	310.009	0,05
Other operating revenues	2.455.880	0,53	2.326.153	0,47	6.953.553	1,06
Production of fixed assets	5.775.918	1,25	9.024.078	1,84	9.125.456	1,84
Total operating revenues	**429.353.602**	**100,00**	**491.780.982**	**100,00**	**654.738.563**	**100,00**

2. TANGIBLE ASSETS OF COMPA S.A. SIBIU

2.1. Location and characteristics of the production capacity

COMPA owns a diverse number of tangible assets, materialized in land, buildings, special constructions, cars and other means of transportation, other assets, assets in progress.

Their evolution over the past 3 years can be observed below: Table 2.1.1.(Lei)

INDICATOR	2014	2015	2016	%	
				2016 / 2015	2016 / 2014
Land and buildings	187.798.079	138.766.021	153.082.680	110,32	81,51
Technical equipment and machines	79.935.209	152.656.347	184.942.627	121,15	231,37
Other equipment, machinery, furniture	242.625	257.991	251.301	97,41	103,58
Tangible assets in progress	39.931.707	43.462.372	19.674.324	45,27	49,27
TOTAL	**307.907.620**	**335.142.731**	**357.950.932**	**106,81**	**116,25**

Land and buildings in COMPA were assessed at 31.12.2015 by an authorized independent evaluator and during 2016 there were some changes due to the commissioning of some investments in the existing buildings, particularly tangible assets, leading to an increase with more than 10% of intangible assets, category Land and buildings.

More significant increases in intangible assets are recorded within the category Plant and machinery, increases of more than 21% in 2016 as compared with 2015, as a result of commissioning of some machines and equipment provided by investments of approximatively 65 mil. Lei.

Non-current assets in progress have decreased significantly as a result of commissioning during 2016 of numerous buildings, machines and equipment acquired by investments.

2.2. *Degree of wear of the company's property*

Degree of wear of COMPA's tangible assets is as showed below:

Table.2.2.(Lei)

INDICATOR	YEAR		
	2014	2015	2016
Construction			
Inventory Value	61.136.107	95.256.860	104.711.264
Remaining Value	57.402.495	95.256.860	100.968.824
Wear	3.733.612	0	3.742.440
Degree of Wear	6,11	0,00	3,57
Equipment and vehicles			
Inventory Value	294.592.728	387.795.262	447.813.928
Remaining Value	79.935.209	152.656.347	184.942.627
Wear	214.657.519	235.138.915	262.871.301
Degree of Wear	72,87	60,63	58,70
Other tangible assets			
Inventory Value	1.073.571	1.158.128	1.216.618
Remaining Value	242.625	257.991	251.301
Wear	830.946	900.137	965.317
Degree of Wear	77,40	77,72	79,34

2.3. *Specifying potential issues related to ownership of tangible assets*

COMPA owns 323.407 sq of tabulated land with no recorded problems related to the ownership of tangible assets, lands, buildings, or plant installations.

3. MARKET OF SECURITIES ISSUED BY COMPA SA

3.1. *Markets in Romania and abroad where the securities issued by the company are negotiated*

Company COMPA is listed at Bucharest Stock Exchange, Standard category, with symbol CMP.
At 31.12.2016 that company had 6559 shareholders, individuals and legal entities, Romanian and foreign. The shareholding structure is as follows.

Source of information: Depozitarul Central S.A.Bucharest

SHAREHOLDER	NUMBER OF SHARES	PERCENT
COMPA S.A. Sibiu Employees Association	**119.474.505**	**54,5992**
LEGAL ENTITIES, from which:		
- Romanian	58.178.960	26,5875
- foreign	21.882.151	10,0000
INDIVIDUALS, from which:		
- Romanian	18.984.493	8,6758
- foreign	300.929	0,1375
TOTAL	**218.821.038**	**100,0000**

3.2. *Description of the company's policy regarding dividends.Specification of dividends due/ paid/ accrued during the past 3 year, and as the case may be, the reasons for a possible reduction of dividends during the past 3 years*

The policy of COMPA company not to allocate profit for the payment of dividends was adopted since 2004, the entire profit is assigned to own development sources. It adopted this policy knowing the company's exposure to banks and leasing companies to provide the necessary resources to new investments on the one hand, and on the other hand not to increase the indebtedness of the company.

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

During 2015, company COMPA S.A. Sibiu didn't redeem any of its shares.

3.4. *If the company has subsidiaries, specifying the number and the nominal value of the shares issued by the parent company held by subsidiaries*

The company RECASERV SRL, affiliated company of COMPA holds in the registry of COMPA's shareholders a number of 649.100 shares, 0,2966% of the share capital of company COMPA .

The other affiliated companies of COMPA SA do not hold any shares, therefore they are not included in the list of COMPA's shareholders.

3.5. *If the company has issued bonds and / or other debt instruments, - showing the way the company pays its obligations to the holders of such securities*

The company COMPA has not adopted until now the financing solution through bond issues. The only ways of financing used in previous years were capital increases and loan commitments, nevertheless since 2014 none of these two financing solutions were used and used instead only own financing sources.

4. COMPA'S MANAGEMENT

COMPA's company management has continuously developed modern management methods as tools used in the current activity :

- change management, face interaction with the external environment that is very turbulent and creates the ability to anticipate and respond quickly to market trends through effective management of ideas, knowledge, skills and processes. Increasing the involvement of staff and effective management responsibilities facilitate efficient decision making and resulting changes ;
- management based on objectives for encouraging and mobilizing the full potential of intellectual and practical employees at all levels to achieve maximum performance of the organization;
- quality and environmental management in order to ensure that the requirements of quality demanded and expected by our customers , so as to achieve a partnership relationship that will lead to their full satisfaction in relation to production and our services ;
- Occupational health and safety management , which aims to improve working conditions for workers by eliminating risks related activities , reducing and controlling those risks that cannot be removed by adopting technical and organizational measures to prevent ;
- strategic management implemented by Balance Score Card tool, to establish the link between the environment opportunities and the company possibilities and firm management actions to fulfill strategic goals ;
- project management to master efficient processes and achieving the goals ; combines a unique project with management by objectives ;
- skills management, to permanently align skills to the strategic objectives of the organization;
- cost management, for planning and monitoring the costs permanently in order to be able to reduce them
- Kaizen management, continuous improvement.

- performance management to a strategic and integrated approach to ensure long-term success in the organization activity by knowledge and performance management of people working in the organization , in the context of a framework which sets the general objectives, standards and criteria of competence.

In COMPA's strategic plan the following strategic axes have been defined:

- financial axis
- customer axis
- processes axis
- personal axis
- Environmental - Occupational Health and Safety axis

The general objectives that support the strategic axes are:

- increasing company profitability,
- increase customer value
- reaching operational excellence
- increasing staff performance .
- increasing environmental performance and occupational health and safety .

The results of efforts in recent years have resulted in the development of projects started , which marked significant changes in the organizational structure , operations , professional competencies , allocation of resources , etc.

The business orientation continued with a new configuration characteristic to global automotive industry by:

- high - volume series ;
- high added value
- flexible processes
- innovation technologies
- quality requirements to the highest standards ;

Thus, COMPA's efforts are directed towards:

- focusing of resources on a limited number of projects developed by the company COMPA or in partnership with leading companies ;
- investment programs in performant equipment;
- substituting products that have completed their life cycle , with new products (brand COMPA) ;
- increased integration processes , particularly with primary processes (forging)
- Higher operational efficiencies ;
- interventions for changing the organizational culture
- achieving excellence in purchasing ; searching for new strategic suppliers to develop major projects
- development of the maintenance management system by approaching the TPM concept ;
- COMPA's Business System implementation (Agile concept) ;
- Development of performance management; efficient communication.

4.1. The list of the managers of the society and the following information for each manager

a. CV (name, surname, age, qualifications, professional experience, function and years of service in the function)

NAME AND SURNAME	Age	Qualification	Professional experience	Function	*Years of service in the function*
DEAC Ioan	67	Engineer	43	Chairman & CEO	27 year
MICLEA Ioan	72	Economist	43	Member & CFO	27 year
MAXIM Mircea-Florin	58	Engineer	35	Non-executive Member	12 year
BENCHEA Cornel	54	Economist	32	Member / Audit Committee	10 year
VELŢAN Ilie-Marius	42	Economist	19	Audit Committee Member	4 year

b. Understanding or family relation

There are not such cases within the members of the Administration Council of COMPA society

d. Transaction between the manager and society

Also, there is not any kind of transactions between the society and any member of the CA of COMPA society

d The participation of the managers at the social capital.

The managers took part in the taking over of the majority controlling interests from F.P.S. as members of the Employees Association COMPA.

e The list of the juridical persons affiliated to the society

COMPA - IT S.R.L.
COMPA EXPEDIŢII INTERNAŢIONALE S.R.L.
RECASERV S.R.L.
TRANS CAS S.R.L.

4.2. The presentation of the list with the members of the executive management

a. Executive management:

NAME AND SURNAME	FUNCTION
Deac Ioan	Chairman & CEO
Miclea Ioan	Board member / CFO
Firiza Ioan	Management Director
Băiaşu Dan-Nicolae	Purchasing Director
Bucur Tiberiu-Ioan	Sales Director
Acu Florin-Ştefan	Technical Director
Muntenaş Bogdan-Vasile	Logistics Director
Ţuicu Liviu-Laurenţiu	Quality – Environment Director
Suciu Ioan-Octavian	Quality and Environment Management Systems Director

NAME AND SURNAME	FUNCTION
Ţuţurea Mihai	Production Director
Rotaru Petru-Liviu	Production Director
Herban Dorin-Adrian	Industrial Engineering Director
Morariu Mircea	Deputy Director
Opriţoiu Dumitru	Chief Engineer - Energy Base
Dragomir Marius C-tin	Chief Engineer - Maintenence

a. the period the person takes part in the executive management

The members of the management on functions have individual working contracts on unlimited period of time; their designation and respectfully cancellation is made by the Council of Administration.

b. any kind of agreement ,convention or family relationship between the respective person and another person due to whom the respective person was appointed as member in the executive management

There is no such family relationship between the present members of the Council of Administration and other important persons who can influence the election of the former in the Council of Administration.

d. The participation of the respective person at the social capital of the society

A part of the members of the Council of Administration and respectfully the members of the executive management of the society possess shares from the social capital of the COMPA firm, both by the shares they have as direct shareholders of the direct firm COMPA as well as indirectly through the portion they have in the Employers Association COMPA, the main shareholder of the firm COMPA.

5. FINANCIAL SITUATION- ACCOUNTING

a). Balance sheet items: assets representing at least 10% from total assets; cash and other liquid availabilities; reinvested profit; total current assets; total current liabilities

Annual accounts of the company COMPA are presented in detail in the notes to the financial statements which are submitted for review and approval. Synthetically presented in the table below are the main elements of assets and liabilities for 2015:

Table 5.a.

NAME OF INDICATOR	2014	2015	2016		% 2016 / 2016 REB	% 2016/ 2015	% 2016/ 2014
			REB	Carried out			
A.TOTAL CURRENT ASSETS, of which:	**319.275.439**	**344.818.525**	**351.228.044**	**364.333.991**	**103,73**	**105,66**	**114,11**
Intangible assets	**4.480.741**	**4.249.508**	**5.000.000**	**3.702.191**	**74,04**	**87,12**	**82,62**
Tangible assets from which:	**306.882.620**	**296.837.486**	**303.311.661**	**316.711.090**	**104,42**	**106,7**	**103,2**
Land and buildings	186.773.079	106.141.661	106.141.661	111.842.837	**105,37**	**105,37**	**59,88**
Technical plants and machines	79.935.209	152.656.347	160.450.000	184.942.627	**115,26**	**121,15**	**231,37**
Other plant, tools and furniture	242.625	257.991	220	251.301	**114,23**	**97,41**	**103,58**
Tangible assets in progress	39.931.707	37.781.487	36.500.000	19.674.325	**53,9**	**52,07**	**49,27**
Real estate investment	**1.025.000**	**38.305.245**	**38.305.245**	**41.239.842**	**107,66**	**107,66**	**4,023,**

NAME OF INDICATOR	2014	2015	2016		% 2016 / 2016 REB	% 2016/ 2015	% 2016/ 2014
			REB	Carried out			
							40
Financial assets	**2.584.578**	**2.584.578**	**1.876.784**	**1.769.430**	**94,28**	**68,46**	**68,46**
Other financial assets	**24.354**	**107.354**		**107.354**		**100**	**440,81**
Receivables from **AMPOSDRU and AMPOSCEE** partnerships	**487.347**	**0**	**0**	**0**			**0**
Deferred income tax	**3.790.799**	**2.734.354**	**2.734.354**	**804.084**	**29,41**	**29,41**	**21,21**
B. TOTAL CURRENT ASSETS, of which:	**139.635.852**	**219.852.409**	**234.945.063**	**202.671.111**	**86,26**	**92,19**	**145,14**
Stocks	**59.973.203**	**91.951.077**	**102.500.000**	**91.649.476**	**89,41**	**99,67**	**152,82**
Receivables, from which	**77.577.271**	**112.737.493**	**130.600.000**	**109.992.087**	**84,22**	**97,56**	**141,78**
Trade or other receivables	73.794.803	103.061.551	123.600.000	102.977.846	83,32	99,92	139,55
Other receivables	1.221.351	2.874.255	7.000.000	6.991.603		243,25	572,45
Receivables from European projects	2.561.117	6.801.687		22.638		0,33	0,88
Advance expenses	**1.275.517**	**420.178**	**400.000**	**423.937**	**105,98**	**100,89**	**33,24**
Cash and bank accounts	**809.861**	**14.743.661**	**1.445.063**	**605.611**	**41,91**	**04,11,2017**	**74,78**
C. DEBT LESS THAN 1 YEAR, total , of which:	**75.736.632**	**122.611.137**	**119.223.079**	**123.283.012**	**103,41**	**100,55**	**162,78**
Commercial liabilities and similar	65.504.669	106.113.839	104.000.000	109.161.283	103,41	100,55	162,78
Current income tax liabilities	466.341	6.559	0	165.379	104,96	102,87	166,65
Other liabilities	7.020.622	11.067.660	9.800.000	9.240.256		2,521,41	
Deferred income and grants for investments less than one year	2.745.000	5.423.079	5.423.079	3.733.494	94,29	83,49	131,62
Provisions under 1 year	0	0	0	985.600	68,84	68,84	136,01
D. DEBTS OVER A YEAR TOTAL, of which:	**59.119.505**	**125.456.251**	**109.344.552**	**77.558.265**	**70,93**	**61,82**	**131,19**
Financial liabilities	44.305.153	90.552.975	80.000.000	46.733.495	58,42	51,61	105,48
Other liabilities	118.196	0		0			0
Deferred income and grants for investments over one year	14.560.511	34.767.631	29.344.552	30.689.125	104,58	88,27	210,77
Provisions over a year	135.645	135.645	0	135.645		100,00	100,00
E. CAPITAL AND RESERVES	**324.055.154**	**316.603.546**	**357.605.476**	**366.160.825**	**102,39**	**115,65**	**112,99**
Share capital	21.882.104	21.882.104	21.882.104	21.882.104	100,00	100,00	100,00
Adjustment of share capital	166.037.208	82.151.679	82.151.679	82.062.778	99,89	99,89	49,42
Other reserves	73.775.864	125.281.903	165.062.563	153.826.098	80,68	122,78	208,5
Adjustments of other reserves	23.122.057	23.122.057	23.122.057	23.122.057	100,00	100,00	100,00
Retained earnings	15.351.791	65.387.073	65.387.073	64.254.704		98,27	418,55
Profit/ loss of the period	23.886.130	27.133.356	39.780.660	51.627.557	129,78	190,27	216,14

NAME OF INDICATOR	2014	2015	2016		% 2016 / 2016 REB	% 2016/ 2015	% 2016/ 2014
			REB	Carried out			
Profit repatriation	0	28.354.626	39.780.660	30.614.473			

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.

As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection.

The income tax due for 2015 has also been recalculated.

The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections.

In order to ensure comparability of the data the information related to 2015, included into the financial situation dated 31.12.2016, have been adjusted as follows:

- Employees benefits: plus 1.138.227 lei
- Other operating expenses: plus 274 lei
- Current income tax expense plus 82.769 lei
- Net profit for the period: minus 1.221.270 lei

In the structure of Assets items, respectively of the Balance sheet, there have been significant changes at 31.12.2016 as compared to 31.12.2015 and respectively 31.12.2014, as it follows:

Non-current assets

At category Land and buildings there hasn't been made a re-valuation in 2016, given the fact that the last evaluation by an authorized expert was done on 31.12.2015; increases registered at category Property, plant and equipment are the result of commissioning, especially at *Technical installations and machines*,

where the increase in 2016 as compared to previous year amounts to 21.15% and compared to 2014 amounts to 23.37%.

Significant increases within this group are the effect of commissioning of these assets, ensured through the wide investment program realized during 2015 and 2016.

Overall, *Property, land and equipment* increased in 2016 with 6.7% as compared to previous year.

Current assets

Despite increase with 33% of turnover in 2016 as compared to 2015, *Current Assets* decreased at a level of 92.19 % of the value registered in previous year.

Decrease in all categories of *Inventories* as well as *Receivables* is the result of measures of the company's management which aimed at judicious use of all kind of resources and especially of resources included at *Current Assets*: *inventories, receivables, etc.*

Debts less than one year

Debts less than one year per total in 2016 are at the same level as previous year, from which the commercial debts registered a small increase of 2.87%, although the turnover had a major increase.

Debts older than one year

Debts older than one year registered in 2016represented only 61.82% from those registered in 2015. Decrease of debts is due to:

Selling the participation title held at company ThyssenKrupp Bilstein Compa at the beginning of 2016, which amounted to more than 12.8 mil. Ron.

Measures for cost reduction with impact in Profit and Loss Account, respectively *net profit* recorded an increase of approx. 90%.

Tax reduction for reinvested profit with impact on *Net profit*

Capital and reserves

Increase of Equity in 2016 with 15.65% as compared to 2015 is influenced especially by the increase of *net profit* with 90% (reflected in the year result).

b. Profit and loss account: net sales; gross revenues; elements of costs and expenses accounting for at least 20% in net sales or gross income; risk provisions for various expenses; reference to any sale or shutdown of a segment of activity done in the last year or that are to be made in the next year; dividends declared and paid

Income and expense statement for the period between 2013 and 2015 is the following : Table 5.b

DENUMIRE INDICATOR	2014	2015	2016		% 2016 / 2016 REB	% 2016 / 2015	% 2016/ 2014
			REB	Carried out			
Turnover	421.121.804	480.430.751	551.800.000	638.659.554	115,74	132,93	151,66
From which export	292.345.157	341.223.964	427.200.000	483.247.663	113,12	141,62	165,3
% in turnover	69,42	71,02	77,42	75,67			
Other operating revenues	8.231.798	11.350.231	8.200.000	16.079.009	196,09	141,66	195,33
Total operating revenues	**429.353.602**	**491.780.982**	**560.000.000**	**654.738.563**	**116,92**	**133,14**	**152,49**
Material costs	230.988.380	273.101.993	322.600.000	389.441.696	120,72	142,6	168,6
% in total income	53,03	54,15	55,05	57,43			
Costs with energy	20.744.871	22.136.476	24.900.000	25.048.711	100,6	113,16	120,75
% in total income	4,76	4,39	4,25	3,69			
Costs with salaries	89.219.750	101.916.324	110.200.000	115.823.029	105,1	113,65	129,82
% in total income	20,48	20,21	18,80	17,08			
Amortization and depreciation of tangible assets	89.219.750	101.916.324	110.200.000	115.823.029	121,22	145,74	132,87
% in total income	6,37	5,01	5,19	5,43			
Other operating expenses	29.495.572	35.184.426	36.500.000	44.612.839	122,23	126,8	151,25
% in total income	6,77	6,98	6,23	6,58			
Total operating income	**398.182.933**	**457.624.572**	**524.600.000**	**611.777.321**	**116,62**	**133,69**	**153,64**
Operating result	**31.170.669**	**34.156.410**	**35.400.000**	**42.961.242**	**121,36**	**125,78**	**137,83**
Expenses with interest	963.897	791.592	900.000	683.219	75,91	86,31	70,88
% in total income	0,22	0,16	0,15	0,10			
Other financial expenses	7.792.085	16.372.691	17.315.148	12.184.004	70,37	74,42	156,36
% in total income	1,79	3,25	2,95	1,80			
Total financial expenses	**6.194.692**	**12.561.619**	**26.027.808**	**23.328.176**	**89,63**	**185,71**	**376,58**
Interest income	4.444.00	1.904.00	50	40.010.00	80,02	2,101,37	900,32
Other financial income	6.190.248	12.559.715	25.977.808	23.288.166	89,65	185,42	376,21
Total financial income	**6.194.692**	**12.561.619**	**26.027.808**	**23.328.176**	**89,63**	**185,71**	**376,58**

DENUMIRE INDICATOR	2014	2015	2016		% 2016 / 2016 REB	% 2016 / 2015	% 2016/ 2014
			REB	Carried out			
Financial result	**-2.561.290**	**-4.602.664**	**7.812.660**	**10.460.953**	**133,9**	**-227,28**	**-408,43**
Total income	**435.548.294**	**504.342.601**	**586.027.808**	**678.066.739**	**115,71**	**134,45**	**155,68**
Total expenses	**406.938.915**	**474.788.855**	**542.815.148**	**624.644.544**	**115,08**	**131,56**	**153,5**
Gross result	**28.609.379**	**29.553.746**	**43.212.660**	**53.422.195**	**123,63**	**180,76**	**186,73**
% in total income	6,66	6,01	7,72	8,16			
Current income tax	**4.511.241**	**1.273.504**	**3.432.000**	**1.934.646**	**56,37**	**151,92**	**42,89**
Current income tax ratio	15,77	4,31	7,94	3,62			
Deferred income tax	**212.008**	**1.146.888**		**-140.008**		**-12,21**	**-66,04**
Net result	**23.886.130**	**27.133.354**	**39.780.660**	**51.627.557**	**129,78**	**190,27**	**216,14**

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.

As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection.The income tax due for 2015 has also been recalculated. The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections.

In order to ensure comparability of the data the information related to 2015, included into the financial situation dated 31.12.2016, have been adjusted as follows:

- Commercial debts and other debts: minus 77.397 lei
- Reserves : minus 1.221.270 lei
- Other debts: plus 1.137.314 lei
- Debts for current taxes: plus 6.559 lei

The template from above shows a positive evolution of all the indicators from ”Profit and loss account” achieved in 2016 in comparison to 2015 and 2014:

Operating revenues in 2016 have increased compared to the same period of previous year with over 33%, and the *turnover* with almost 33%.

These significant increases in *operating revenues* and *turnover* are the result of the following measures:

- The transfer of production lines for components of the injection system of trucks and vans from Delphi England to COMPA;
- Increase of production capacities with over 80% in 2016 for components of injection type Bosch Rail;
- Uptake in production of new generation of components for lifting equipment type Haulotte;
- Increase of requests for injector body for cars from Delphi;

Operating expenses registered in 2016 as compared to 2015 were correlated with the *Operating incomes.*

Net profit registered in 2016 increased with 90% as compared to 2015, being influenced by:

- A profit of 12 mil. RON from the sale of equity securities held in company ThyssenKrupp Bilstein Compa SA Sibiu;
- Cost reduction measures taken by COMPA management
- Legal facilities COMPA has benefited, like decrease of tax on reinvested profit in 2016;

– Increase with almost 33% of the turnover.

c) cash flow: all changes in the level of cash in the core business, investment and financial activity, the level of cash at the beginning and end of the period.

Table 5.c.

INDICATOR	2014	2015	2016
Profit before tax	28.609.379	29.553.748	53.422.195
Adjustments for non-cash items	31.878.016	73.303.151	-775.648
Changing in inventories	-12.879.426	-31.977.874	301.601
Variation of receivables	17.250.758	-32.921.488	2.741.647
Variation of financial obligations	7.733.971	44.155.627	23.821.484
Profit tax payment	-4.511.241	-1.273.504	-1.934.646
Interest income	4.444	1.905	40.010
Purchase of tangible and intangible assets and advance payments for assets	-60.317.578	-108.583.426	-59.754.999
Profit loss from sale of tangible and intangible assets	105.799	32.407	32.407
Profit / from sale of financial assets	0	0	12.012.660
Variation in loan and borrowings	-8.972.716	46.247.822	-43.819.480
Interest payments	-963.897	-791.591	683.219
Profit/ loss from exchange rate differences	-1.601.838	-3.812.977	-908.500
Cash availability at beginning of period	4.474.190	809.861	14.743.661
Cash availability at the end of period	809.861	14.743.661	605.611
Net cash flow	**-3.664.329**	**13.933.800**	**-14.138.050**

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.

As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection.

The income tax due for 2015 has also been recalculated. The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections.

In order to ensure comparability of the data the information related to 2015, included into the financial situation dated 31.12.2016, have been adjusted as follows:

- Profit before tax: minus 1.138.501 lei
- Debt increases: plus 1.221.270 lei
- Taxes on paid income: plus 82.769 lei

After analyzing the cash flow, we can highlight the following:

- Profit before tax has increased with almost 23,8 mil euro;
- Decrease of receivables and bank loans with positive impact on the indebtedness degree;

Volume of investment registered is 59,75 mil Ron was lower than previous year, when it was registered a record amount of 108,58 mil Ron

6. COMPLIANCE WITH CORPORATE GOVERNANCE BSE CODE

Starting with 2010, COMPA is in line with the demands BSE Code, when the first Corporate Governance Regulation was elaborated, regulation which transposed the principals and recommendations of the Bucharest Stock Exchange Code.

According to the new BSE Code from September 2015," companies will include a corporate governance statement in the annual report in a separate section, which will include a self-assessment of how they fulfill " the requirements which must be respected "and measures adopted to observe the provisions which are not met fully".

COMPA aligned to the new demands by adopting a new form of the *Declaration concerning the conformity with the Code* and has sent, in this way, a current report regarding compliance, on 20.01.2016.The Declaration is presented in Annex 1.

6.1. The Board of Directors

According to the Constitutive Act , company COMPA is administrated under a unitary system; the administration of the company lies within a Board of Directors (CA)made up of 5(five) administrators/managers, chosen by cumulative vote by the Shareholders Ordinary General Assembly on 29.04.2013. The duration of mandate of the members of the Board of Directors is four years.

Out of the 5 managers, 3 are non-executive managers. The structure of the Board is presented in paragraph 4.1

The main competences of the Board of Directors are those of defining the strategy of the society, of the management policy, rational and efficient valorization of the resources, establishing and following the objectives of the company's managers. COMPA has an audit committee made up of 2 nonexecutive administrators: Mr.Benchea Cornel Benchea chairs the audit committee and Mr. Ilie-Marius Veltan – audit committee member.

The Board of Directors meets at least once every 3 months, or as often as it is necessary, and the decisions in the meetings are taken with simple majority.

6.2. Executive management

According to the Regulation of Corporative Governance of company COMPA S.A. Sibiu, whose financial situations represent the object of the financial audit/control, the executive management of the company is delegated to the managers of the society, appointed by the Board of Directors, who are responsible for all the measures taken related to their field of activity, in compliance with the granted competences.

The managers periodically inform the Board of Directors about the operations carried out for accomplishing the set objectives of not exceeding the given resources and with regard to the fulfillment of the given tasks. The executive management team and the their positions are presented in paragraph 4.2

6.3. The way the general meetings of the shareholders (GMS) take place, their competences, the shareholders' rights and how these can be exercised:

GMS is the management body, which decides on the activity and sets the economic and commercial policy.

General meetings of the shareholders (ordinary and extraordinary) are taking place according to the convenings sent to BSE and to the Authority for Financial Control.

The organization of the general meetings of the shareholders, their competences as well as the rights of the shareholders are carried out in accordance with the present legislation that is the Incorporation Article no.31/1990, republished, law which establishes the rules of organization and functioning of the commercial companies as well as the way of organization and functioning of different management bodies -The General

Assembly of the Shareholders, The Board of Directors, The Regulations CNVMnr.1/2000 and the Regulations CNVM no.6/2009 which come to complete.

6.4. Shareholders' rights

6.4.1. The right to participate and vote in the General Meeting of the Shareholders

Shareholders registered in the Register of the Company's Shareholders on the reference date may attend in person or may be represented at the GMS by their legal representatives or other persons granted a power of attorney, based on a special or general proxy provided by the company for each meeting.

The access of shareholders at the General Meeting is made with minimum 15 minutes before the beginning of the meeting, providing a simple proof of their identity, for individual shareholders- their identity card, and for the shareholders legal entities and empowered individuals- *the special/ general power of attorney* given to the individual who is representing them. If after 30 minutes after the hour at which the meeting was summoned it is observed that the quorum is not accomplished, the meeting is suspended and will take place at a second convening.

The right to vote can be exercised directly, by a representative or by correspondence. Each share entitles to one vote in the General Meeting of the Shareholders.

The shareholders can take part personally or can be represented at the meeting by their legal representatives or by other persons who were given the mandate for representation, on the basis of printed form of *Special/ general power of attorney* provided by the society on legal terms. The printed forms of Special/ general power of attorney in Romanian or English are available at the company's headquarters or can be downloaded from the company's website starting with the announced summon date.

An original copy of the Special/general power of attorney filled in and signed, together with a copy of the identity card of the shareholder (BI/ CI/passport/identification card for stay, for individual shareholders and certificate of registration for legal entities) will be laid down personally or send to the company's headquarters until the announced date.

6.4.2. The right to introduce new points on the agenda

One or several shareholders holding individually or collectively, at least 5% of the Company's share capital, have the right, under the law, to introduce new items on the agenda provided that each such item is accompanied by a justification or a draft resolution proposed for approval at the general meeting and to make draft resolutions for items , as well as to make new resolution for the items included or to be included on the agenda of the General Assembly which will be send to the company in written form until a date mentioned for each meeting. They also have the right to present resolution projects for the points already on the agenda or proposed to be included on the agenda, this right may be exercised in writing.

The proposals regarding the introduction of new point on the agenda of the day should be accompanied by the copies of the identity cards of the respective shareholders (identity card for individuals, registration certificate for legal entities) being necessary that each such item is accompanied by a justification or a draft resolution proposed for approval at the general meeting.

6.4.3. Presentation of resolution proposals

One or several shareholders holding individually or collectively, at least 5% of the Company's share capital, have the right, under the law, to introduce resolution projects for the points included or proposed to be included in the agenda of the GMS, accompanied by identity cards of the shareholders (BI/ ID card for the individuals, respectively registration certificate for legal entities),can be sent per post or by e-mail, until the date announced in the summon.

6.4.4. The right to ask questions

Any shareholder of the company, regardless of participation in the share capital is entitled to ask questions in written form (via e-mail or post office) related to items on the agenda, accompanied by a copy of a valid ID card (ID card/ passport/ identification card for stay, for individual shareholders and certificate of registration for the legal entities) so that they are registered by the company until the date announced in the convening notice. The company will elaborate a general answer for questions with the same content.

The answers will be available on the company's website www.compa.ro at section "Relations for investors" "General Meeting of the Shareholders" beginning with the date announced, in the format "Question/Answer" and/or during the meeting.

The right to ask questions and the obligation of the society to answer will be subject to confidentiality and interests of the company.

6.4.5. Voting by mail

The shareholders registered at the reference date in the Register of the shareholders are entitled to vote by mail, before the meeting, by using the printed form *Voting by mail*.

In this case *the Voting by mail* form filled in and signed, with legal signature by a public notary and the copy of the valid identity card of the shareholder (ID card for the individuals, respectively registration certificate for the legal entities) will be send via mail or e-mail, until the date announced for each meeting.

Voting by mail forms which are not received until the mentioned date in convening notice will not be counted towards the quorum and the vote in the E.G.M.

On the meeting day, when entering the meeting hall the designated representative will hand the original of *Special/general power of attorney / the Voting by mail* in case that these were sent by e-mail with electronic signature incorporated and a copy of the identity cards of the designated representative (BI / ID card).

The shareholders have the obligation to respect the procedure established by the Board of Directors regarding the voting – according to the chosen modality-otherwise their vote may be cancelled.

In order that all shareholders may have access to information, this are posted on the company's website www.compa.ro at the section **Relations for investors-General Meeting of the Shareholders.**

6.5. Other elements of Corporate Governance

6.5.1. Transparency and Reporting

In order to meet the obligations of transparency and reporting established by applicable legislation in force, COMPA made in 2015 the following statements, send them to BSE and ASF(CNVM), according to the financial calendar and published them on the company's website www.compa.ro.

- Financial communication calendar for 2016;
- Current report on transactions of the type listed in art.225 of Law no.297 / 2004 at 31.12.2015;
- Preliminary financial statements for 2016
- Convening notice of General Meeting (Ordinary and Extraordinary) of Shareholders dated 28.04.2016;
- Decisions of the General Meeting (Ordinary and Extraordinary) of the Shareholders dated 28.04.2016;
- Annual report for 2015 unbound statements
- Financial-economic unbound statements at 31.12.2015
- Financial-economic bound statements at 31.12.2015
- Income and expenditure budget for the year 2016;
- The quarterly report (I st quarter - 2016);

- Half-yearly report (I st semester - 2016);
- The quarterly report (III rd quarter - 2016);
- Current report at 30.06.2016 on transactions of the type listed in art 225 of Law no297 / 2004;
- Releases on the availability of reports submitted
- Convening notice of EGMS dated 13.06.2016
- Resolutions of the Extraordinary General Meeting dated 13.06.2016
- Convening notice of EGMS dated 27.01.2017 which was transmitted on 23.12.2016

6.6. The risk management

Detailed information on the system of risk management is presented in paragraph 1.1.8 "The evaluation of the company's activity with regard to the risk management"

6.7. Social responsibility

The efforts of the company COMPA S.A are directed towards reaching a high level of social cohesion, environment protection and fundamental human rights aiming to have a positive impact on community.

- Assuming responsability for the impact on the society, economy and the environment
- Transparency of the taken decisions and of all other activities that may impact the society and the environment
- Promoting an ethical behavior and respecting the following values: honesty, equity and integrity
- Respect for all parties interested in our activities and decisions
- Assuring conformance to applicable laws and regulations
- Respecting international norms in business bahvior
- Respecting and promoting human rights, which we consider inalienable

The focus is on the following action plan:

- Assuring an organisational management as a way to conduct all activities in an ethical and responsible manner
- Respecting and promoting the human rights in all aspects: civil, political, economical, social and cultural
- Applying working methods that ensure proper conditions and social protections in conformance with applicable laws and standards
- Environmental protection and promoting responsibility towards the environment by encouraging the development of ecological technologies
- Applying equitable practices as a code of conduct in relation with companies and/or people, by respecting national and international regulations
- responsibility towards clients and consumers in order to ensure their safety when using our companies products and services, as well as offering proper documentation.
- involvement in the community development as members of the community and respecting its rights, traditions, history and cultural values in partnership with it

6.9. Status of compliance with the provisions of the new BSE Corporate Governance Code as of 31 December 2016 – presented in Appendix

Chairman / CEO,	**CFO,**
IOAN DEAC	**IOAN MICLEA**

APPENDIX

To the ANNUAL REPORT 2015

Article of incorporation, if this has been amended during the reporting year.

Major contracts concluded by the company during the reporting year:

Contracts are presented in: Current report on 31.12.2016 regarding the transactions of the type listed in art.225 of law no.297/2004

Documents of resignation / dismissal, if there were such situations among administration members and executive management.

There were no situations of resignation /dismissal within the members of the Board of Directors or executive management.

The list of the companies controlled by COMPA

TRANSCAS S.R.L. SIBIU

COMPA - IT S.R.L. SIBIU

RECASERV S.R.L. SIBIU

COMPA EXPEDIŢII INTERNAŢIONALE S.R.L.SIBIU

The declaration of compliance with the Code BSE - annex

The Declaration of compliance with new Corporate Governance Code BSE

ANEXA 1

Section	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
A	**RESPONSIBILITIES**			
A1	All companies should have internal regulation of the BoD which includes terms of reference/ responsibilities for BoD and key management functions of the company, applying, among others, the General Principles in Section A.	Yes		
A2	The provisions regarding the management of the conflict of interests must be included in the regulation of the BoD. In any case, the members of the BoD must notify the BoD regarding any conflict of interests situation which occurred or may occur and must abstain from participating in the debates (including absence with the exception of the case in which the absence might impede quorum) and from voting on issues which may create the respective conflict of interests situation.	Yes		
A3	The BoD or the Supervisory BoD must be made up of at least 5 members.	Yes		
A4	The majority of the members of the BoD must be non-executive. At least one member of the BoD or of the Supervisory BoD must be independent, in the case of Standard category companies. In the case of the companies from the Premium category, at least two non-executive BoD members have to be independent.	Yes		
	Each independent member of the BoD or of the Supervisory BoD must submit a statement upon nomination for election or re-election, as well as when a change occurs in his or hers status, by indicating the elements based on which the independent character and judgment of the BoD member is asserted, likewise by following the criteria below:		Not comply	This statement is included recently in the code. COMPA will comply with the next election.
A4.1	- is not CEO / Executive Director of the organization or a company owned by the organization and has not held such a position in the last five (5) years.			
A4.2	- is not employed by the organization or a company owned by the organization and has not held such a position in the last five (5) years.			
A4.3	- does not receive and has not received additional remuneration or other benefits from the organization or a company owned by the organization, besides the perks corresponding to a non-executive administrator.			
A4.4	- is not employed and was not employed in the previous year by a significant shareholder of the organization, shareholder owning over 10% of the voting rights, or a company owned by said shareholder.			
A4.5	- does not hold and did not hold in the previous year a business or professional report with the organization or a company owned by said organization, either directly as a client, partner, shareholder, member of the Board/Administrator, CEO/executive director or employee of a company if, by its substantial character, this report could affect his judgment.			
A4.6	- it is not and has not been in the last three years an external or internal auditor nor a partner or a paid associate of the current external financial auditor or of the organization's internal auditor or a company owned by said organization.			
A4.7	- is not CEO / Executive Director of a different organization where another CEO / Executive Director of the organization is a non-executive administrator.			

Section	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
A4.8	- was not a non-executive administrator of the organization for more than twelve years.			
A4.9	- does not hold any ties with a person in the situation expressed at points A.4.1. and A.4.4.			
A5	Other engagements and professional obligations of the BoD members, including executive or non-executive positions in the BoDs of other companies and non-profit organizations must be disclosed to the shareholders and the potential investors before nomination and during the course of the mandate.	Yes		
A6	Each BoD member must disclose before the BoD information regarding any relationship with a shareholder which owns directly and indirectly more than 5% of the total voting rights. This obligation refers to any type of relationship which may affect the member's position regarding issues that are decided in the BoD.	Yes		
A7	The Company must appoint a secretary of the BoD responsible for supporting the activities of the BoD.	Yes		
A8	The corporate governance statement will mention whether an evaluation of the BoD under the management of the President or of the nomination committee was performed and, if such an evaluation took place, it will summarize the key measures and the resulted improvements. The Company must have a policy/guide regarding the evaluation of the BoD comprising the purpose, the criteria and the frequency of the evaluation process.		Not comply	COMPA does not have a policy / guideline on the assessment of the Council comprising the scope, criteria and frequency of the evaluation process; steps in creating this guideline are underway.
A9	The statement regarding the corporate governance must contain information regarding the number of meetings of the BoD and its Committees during the previous year, the participation of the administrators (in person or in absence) and a report of the BoD and of the Committees regarding their activities.	Yes		
A10	The corporate governance statement must include information regarding the exact number of independent members from the BoD or from the Supervisory BoD.	Yes		
A11	The BoD of companies in the **Premium Category** must establish a nomination committee made up of non-executive members, which will lead the nomination procedure of new BoD members and will make recommendations to the BoD. The majority of the members of the nomination committee must be independent.		Not comply	COMPA is quoted at the Standard Category
B	**THE RISK MANAGEMENT AND INTERNAL CONTROL**			
B1	The BoD must establish an audit committee in which at least one member must be an independent non-executive administrator. The majority of the members, including the President must have proven adequate qualification for the functions and responsibilities of the Committee. At least one member of the audit committee must have proven and adequate audit or accounting experience. For the companies in the Premium category, the audit committee must be made up of at least three members and the majority of the members of the committee must be independent.	Yes		
B2	The President of the audit committee must be an independent non-executive member.	Yes		
B3	Among its responsibilities, the audit committee must perform an annual evaluation of the internal control system**.**	Yes		
B4	The evaluation must consider the effectiveness and comprehension of the internal audit function, the adequacy degree of the risk management and internal control audit reports that are presented to the Audit Committee as well as the promptness and effectiveness with which the executive management solves the problems and deficiencies identified during the internal control and the presentation of relevant reports to the BoD.	Yes		

Section	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
B5	The Audit Committee must evaluate the conflict of interests related to the transactions of the company and its subsidiaries with affiliated parties.	Yes		
B6	The Audit Committee must evaluate the efficiency of the internal control system and of the risk management system.	Yes		
B7	The Audit Committee must monitor the application of the legal standards and of the generally accepted internal control standards. The Audit Committee must receive and evaluate the reports of the internal audit team.	Yes		
B8	Every time the Code mentions reports or analysis initiated by the Audit Committee, they must be followed up by periodic reports (at least annual ones) or ad-hoc reports which must be submitted to the BoD.	Yes		
B9	No shareholder can be awarded preferential treatment against other shareholders in relation with transactions and agreements concluded by the company with shareholders and their affiliates.	Yes		
B10	The BoD must adopt a policy by means of which it makes certain that every company transaction with any of the companies it has tight relations with whose value is equal or higher than 5% of the company's net assets (as per the latest financial report) is approved by the BoD following the must have opinion of the Audit Committee and correctly revealed to the shareholders and potential investors, to the extent these transactions fall into the category of events that are the object of the reporting requirements.		Not comply	Demarches to be made regarding compliance
B11	Internal audit must be done by a structurally separated division (Internal Audit Department) within the company or by hiring an independent third party.		Not comply	Demarches to be made regarding compliance
B12	In order to ensure the main functions of the internal audit department, this must report from a functional point of view to the BoD through the Audit Committee. From an administrative point of view and given the obligation of the management to monitor and reduce risks, this department must directly report to the General Manager.		Not comply	Demarches to be made regarding compliance
C	**BOUNTY FAIR AND MOTIVATION**			
C1	The company must publish on its website the remuneration policy and to include in the annual report a statement regarding the implementation of the remuneration policy during the yearly period that is the object of the analysis.		Not comply	Until now this obligation has not been included in Regulation Board Demarches to be made regarding compliance
	The remuneration policy must be elaborated in such a way as to allow the shareholders to understand the principles and arguments that represent the basis for the remuneration of the BoD members and the General Manager, as well as of the Directorate members in the dualist system. This must describe the decision making process regarding remuneration, to detail the components of the remuneration of the executive management (such as salaries, annual bonuses, long term incentives related to the value of the shares, in kind benefits, pension and others) and to describe the purpose, principles and arguments that are the basis of each component (including the general criteria of performance related to each form of variable remuneration). In addition, the remuneration policy must specify the duration of the contract of the executive manager and the duration of the notice period established by contract, as well as the potential compensation for revocation without just cause.		Partly comply	The Constitutive Act states: *Additional remuneration of the Board members responsible for specific functions within the organ and executive remuneration in the unitary system, are determined by the Board of Directors* General Meeting of Shareholders fixes limits on the all remuneration granted in this way.
	The report on remuneration must include the implementation of the remuneration policy for persons identified in the remuneration policy throughout the annual period under analysis. Any essential change that might occur in the remuneration policy must by published in due time on the company website.		Not comply	Until now this obligation has been applied to be made steps in this direction.

Section	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
D	**ADDING VALUE BY INVESTOR RELATIONS**			
D1	„Investor Relations" department-brought to the attention of the public through the responsible person/persons or as an organizational entity. In addition to the information imposed by specific legislation, the company must include on its website a section dedicated to Investor Relations, in Romanian and English languages, containing all the information considered relevant for the investors, including:		Partly comply	The company has on its website, a section dedicated to investors. A ***Investor Relations Office*** has been taken into account and is currently under development.
D1.1	The main corporate regulations: Articles of Incorporation, the procedure regarding the GMS	Yes		
D1.2	The CVs of the company management, other professional engagements of the BoD members, including executive and non-executive positions in the BODs of other companies or non-profit institutions.		Partly comply	The CVs of the members of the Board / executive management of the company are made public on the Company's website.
D1.3	The current and periodical reports (quarterly, half quarterly, yearly)-at least those referred to in item D.8-including the current reports on the non-conformity to the present Code.	Yes		
D1.4	Information regarding the GMS: agenda and informative materials; the BoD member selection procedure; the arguments that support the proposals for the BoD, together with the CVs; the questions of the shareholders regarding topics on the agenda and the company's answers, including the resolutions adopted	Yes		
D1.5	Information regarding the corporate events, such as dividend payout and other distributions for the shareholders, or other events that can extend or limit the rights of the shareholders, including the deadlines and the principles applicable to such operations. Such information will be made public as to allow the investors to make investment decisions.	Yes		
D1.6	Name and contact details of a person who can provide, upon request, relevant information.	Yes		
D1.7	Company presentations (presentations for investors, presentations on the quarterly results, etc), financial statements (quarterly, half yearly and yearly), audit reports and yearly reports.	Yes		
D2	The company will have a policy on the annual dividend distribution or other shareholder related benefits, proposed by the General Manager or Directorate and adopted by the BoD, as a set of guidelines that the company intends to use for the distribution of the net profit. The principles of the annual policy of distribution will be published on the company website.		Not comply	Until now decisions on the distribution of dividends were adopted by the Shareholders' Meeting
D3	The company will have a policy on the annual dividend distribution or other shareholder related benefits, proposed by the General Manager or Directorate and adopted by the BoD, as a set of guidelines that the company intends to use for the distribution of the net profit. The principles of the annual policy of distribution will be published on the company website		Not comply	Until now not implemented a forecast policy. Annual forecasts are provided in the budget of revenues and expenditures and investment plan.
D4	The GMS rules must not limit the participation of the shareholders in the GMS and the exercise of their rights. Any changes in the regulations will become effective starting with the next GMS.	Yes		
D5	External auditors will be present in the GMS when their reports are presented.	Yes		
D6	The BoD will present to the annual GMS a brief opinion on the internal control systems and major risk management, as well as opinions on certain topics subject to the decision of the GMS.	Yes		
D7	Any specialist, consultant, expert or financial analyst can participate in GMS based on an invitation from the	Yes		

Section	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
	BoD. Journalists may also take part in the GMS, except the President of the BoD decides otherwise.			
D8	The quarterly and half yearly reports will include information in both Romanian and English languages on the key factors that influence changes in sales, operation profit, net profit and other relevant financial indicators from quarter to quarter and year to year.	Yes		
D9	A company will organize at least two meetings/teleconferences with analysts and investors on an yearly basis. The information presented during these events will be published in the „Investor Relation" section on the company website at the date of the meetings/teleconferences.	Yes		
D10	If case be a company supports different forms of artistic, cultural, sport, educational or scientific activities and it considers that their impact on the innovation and competitiveness of the company is part of the company's mission and development strategy, the company will publish its policy regarding its activity in the field.		Partly comply	The Annual Report of the Board mentions the socially responsible projects in which the company is involved. The Responsibility policy is currently under development.

Chairman & CEO ….03.2017

Ioan DEAC

CONSOLIDATED FINANCIAL STATEMENTS

REPORT

For the year ended 31/12/2016

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION

This is a free translation from Romanian, which is the official and binding version.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of COMPA S.A. Sibiu

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of COMPA S.A. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. The consolidated financial statements refer to:

- Total equity:	369.917 thousand lei
- Total Assets:	570.055 thousand lei
- Sales revenues:	642.675 thousand lei
- Net profit of the year:	52.699 thousand lei, profit

2. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs) as adopted by the Romanian Chamber of Financial Auditors. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of deferred tax assets

See Note 10 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Group has recognised deferred tax assets for deductible temporary differences considered recoverable. The recoverability of recognised deferred tax assets is dependent of the Group's ability to generate future taxable profits sufficient to utilise deductible temporary differences. Due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences, we consider that evaluation of deferred tax assets to be a key audit matter.	Our audit procedures in this area included, among others: - Using our own professional judgement to evaluate measures taken by the Group that should be able to allow the recovery of deferred tax assets. - Assessing the accuracy of forecast future taxable profits by evaluating the accuracy of previous estimates and by comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit. - Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Tax exemption for profits reinvested in technological equipment

See Note 10 to the consolidated financial statements

The key audit matter	The key audit matter
The management of the Group expects to retain the technological equipment for a period of a least five years and to not use the reserves created as a result of using the tax exemption for a period of at least five years. The additional deduction for reinvested profits depends on retaining in the patrimony of the technological equipment. Evaluating deferred tax debt and deferred tax assets reflect the tax consequences arising from the way the Group expects to recover the value of the equipment. Due to the inherent uncertainty in estimating the retention period of at least five years, we consider that evaluation of deferred tax assets to be a key audit matter.	Our audit procedures in this area included, among others: - Using our own professional judgement to evaluate the assumptions and judgements of management. In doing so we evaluated technical specifications of the equipment, information from commercial contracts, market information about the Group's products and the equipment's adaptive capability. - Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Our procedures relating to this matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the matters described above, and the findings described do not express a separate opinion on these individual matters.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

5. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2012 approving the accounting regulations compliant with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

7. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Reporting requirements in regards to the Consolidated Administrator's Report

9. The administrators are responsible for the preparation and presentation of the Consolidated Administrator's Report in accordance with the requirements of the Ministry of Public Finance Order no. 2844/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 26-28, that is free from material misstatement and for such internal control as Administrator's determine is necessary to enable the preparation and presentation of the Consolidated Administrator's Report that is free from material misstatement, whether due to fraud or error. The Consolidated Administrator's Report presented is not part of the financial statements. Our opinion on the financial statements as at 31 December 2016 does not cover the Consolidated Administrator's Report.

10. In connection with our audit of the consolidated financial statements as at 31 December 2016 we have read the Consolidated Administrator's Report and report that:

    a) in the Consolidated Administrator's Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at 31 December 2016;

    b) the Consolidated Administrator's Report identified above include, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 26-28;

    c) based on our knowledge and understanding concerning the Group and its environment gained during our audit of the consolidated financial statements as at 31 December 2016, we have not identified information included in the Consolidated Administrator's Report that contains a material misstatement of fact.

On behalf of
Sib Expert SRL
Registered with the Chamber of Financial Auditors in
Romania with no. 318/2003

Pacurariu Ioan
Registered with the Chamber of Financial Auditors in
Romania with no. 341/2000

Sibiu, Romania:
24 March 2017

COMPA S.A. Sibiu
Consolidated statement of financial position for the year ended 31.12.2016
(all amounts are expressed in RON, unless otherwise specified)

INDICATORS	Note	31 december 2016	31 december 2015 Restated (*)
ASSETS			
FIXED ASSETS:			
Tangible assets	4.1	319.906.050	300.848.452
Real estate Investment	4.2.	40.269.843	37.335.245
Intangible assets	5	3.702.785	4.250.412
Other receivables	7	107.354	107.354
Titles available in equivalence	8	0	9.088.283
Deferred tax asset	11	821.303	2.694.491
FIXED ASSETS - TOTAL		**364.807.335**	**354.324.237**
CURRENT ASSET:			
Inventories	9	91.830.538	92.083.446
Trade and other receivables	6	111.293.080	107.112.926
Other receivables (grants and settlement of ventures operations)	6	22.638	6.801.687
Cash and cash equivalents	10	2.101.414	15.644.993
CURRENT ASSETS - TOTAL		**205.247.670**	**221.565.655**
TOTAL ASSETS		**570.055.005**	**575.889.892**
EQUITY			
Share capital	12	21.882.104	21.882.104
Own shares	12	-64.910	-64.910
Losses related to own shares	12	-45.961	-45.961
Reserves	12	239.031.432	**213.219.734**
Reserve adjustment	12	23.151.094	**33.363.038**
Retained earnings:	12	85.837.861	**59.119.805**
Retained earnings derived from the first-time adoption of IAS 29	12	-677.389	-677.389
Minority interests	12	124.916	90.867
TOTAL SHAREHOLDERS' EQUITY		**369.916.536**	**327.564.677**
LIABILITIES			
LONG TERM DEBT			
Financial debts	13	47.272.490	91.701.827
Deferred revenues (deferred income, grants)	14	30.689.125	34.767.631
Provisions	15	135.645	135.645
TOTAL LONG TERM DEBT		**78.097.260**	**126.605.103**
CURRENT LIABILITIES			
Financial liabilities	13	612.625	818.483
Trade and other payables	14	106.784.617	103.802.325
Other liabilities	14	9.733.262	11.598.566

COMPA S.A. Sibiu
Consolidated statement of financial position for the year ended 31.12.2016
(all amounts are expressed in RON, unless otherwise specified)

INDICATORS	Note	31 december 2016	31 december 2015 Restated (*)
Current income tax liabilities	11	191.612	77.659
Deferred revenues (deferred income, grants)	14	3.733.493	5.423.079
Provisions	15	985.600	0
TOTAL CURRENT LIABILITIES		**122.041.209**	**121.720.112**
TOTAL LIABILITIES		**200.138.469**	**248.325.215**
TOTAL EQUITY AND LIABILITIES		**570.055.005**	**575.889.892**

Note (*):

Some of the initial values have been modified compared to the financial data of 2015. The differences are explained in Note 26.

CEO,
DEAC IOAN

CFO,
MICLEA IOAN

COMPA S.A. Sibiu
Consolidated statement of profit or loss and other comprehensive income for the year ended 31.12.2016
(all amounts are expressed in RON, unless otherwise specified)

EXPLANATION	Note	31.12.2016	31.12.2015 Restated (*)
Revenues	**16**	642.675.460	483.751.947
Other revenues	**16**	16.073.307	11.724.451
Total Revenues		**658.748.767**	**495.476.398**
Changes in inventories of finished goods and work in progress	17	7.916.806	-2.318.897
Raw materials and consumables	17	-427.663.850	-298.744.117
Employee benefit expense	19	-120.391.887	-106.084.702
Depreciation and amortization expense	4.1;5; 17	-38.685.643	-23.776.161
Third parties services	17	-28.229.270	-24.948.355
Other expenses	17	-7.524.853	-4.178.445
Total expenses		-614.578.697	-460.050.677
Operating Results	**18**	44.170.070	35.425.721
Financial income	20	40.013	1.947
Financial expenses (expenditures)	20	-759.643	-909.777
Other financial returns / losses	20	11.110.307	-3.820.385
Net financing costs		10.390.677	-4.728.215
Income from shares held at the associated entities	20	0	3.165.988
Profit before income tax		**54.560.747**	**33.863.494**
(Expenses) / Income from deferred tax	11	200.783	-1.146.888
Expense with current tax	11	-2.062.568	-1.449.698
Net profit for the period, of which:		**52.698.962**	**31.266.908**
Attributable non-controlling interests		34.362	16.190
Attributable Parent Company		52.664.600	31.250.718
Other comprehensive income, of which			
Income tax relating to other comprehensive income	11	-2.112.142	45.032
Oher incomes of global result, net of tax		**-2.112.142**	**45.032**
Total global result of the year		**50.586.820**	**31.311.940**
Attributable non-controlling interests		34.049	16.043
Attributable Parent Company		50.552.771	31.295.897
Unbound basic result per share / diluted	**21**	**0,24**	**0,14**

NOTE (*) :

Some of the initial values have been modified compared to the financial data of 2015. The differences are explained in Note 26.

CEO,	**CFO**
DEAC IOAN	**MICLEA IOAN**

COMPA S.A. Sibiu
Consolidated statement of changes in equity for the year ended 31.12.2016
(All amounts are expressed in **RON**, unless otherwise specified)

Equity capital item	Registered Capital	Own shares	Losses related to own shares	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Reported result	Retained earnings	Minori-ty interests	TOTAL
Balance on January 1st 2015	21.882.104	-64.91	-45.961	4.982.889	22.683.534	168.990.418	71.281.844	10.679.504	30.045.150	330.434.572	74.824	330.509.396
Net profit for the period									31.250.718	31.250.718		31.250.718
Other elements of the comprehensive income				44.319		-83.765.885	51.686.149			-32.035.417		-32.035.417
Reserves				44.319		-83.765.885	51.686.149			-32.035.417		-32.035.417
Transactions with shareholders recorded directly in equity, from which									-2.176.063	-2.176.063	16.043	-2.160.020
profit sharing									-2.176.063	-2.176.063	16.043	-2.160.020
Balance on 31.12. 2015 Restated(*)	21.882.104	-64.91	-45.961	5.027.208	22.683.534	85.224.533	122.967.993	10.679.504	59.119.805	327.473.810	90.867	327.564.677

Equity capital item	Registered Capital	Own shares	Losses related to own shares	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Reported result	Retained earnings	Minori-ty interests	TOTAL
Balance on January 1st 2016 Restated(*)	21.882.104	-64.91	-45.961	5.027.208	22.683.534	85.224.533	122.967.993	10.679.504	59.119.805	327.473.810	90.867	327.564.677
Net profit for the period									33.173.261	33.173.261		33.173.261
Other elements of the comprehensive income:						-88.901	-2.073.971			-2.162.872		-2.162.872

COMPA S.A. Sibiu

Consolidated statement of changes in equity for the year ended 31.12.2016

(All amounts are expressed in **RON**, unless otherwise specified)

Equity capital item	Registered Capital	Own shares	Losses related to own shares	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Reported result	Retained earnings	Minori-ty interests	TOTAL
Transfer reserves to result						-88.901				-88.901		-88.901
Income tax related to other comprehensive income							-2.073.971			-2.073.971		-2.073.971
Transactions with shareholders recorded directly in equity, from which				-141.894	-4.468	-3.072.854	31.189.318	-10.207.476	26.718.056	44.480.682	34.049	44.514.731
Transfer reserves to result									88.901	88.901		88.901
Profit sharing				-141.894	-4.468	-3.072.854	31.189.318	-10.207.476	26.629.155	44.391.781	34.049	44.425.830
Balance on 31.12. 2016 Restated	21.882.104	-64.91	-45.961	4.885.314	22.679.066	82.062.778	152.083.340	472.028	85.837.861	369.791.620	124.916	369.916.536

Note (*):

Some initial values are changed to the financial statements presented for 2015.

The changes are explained in detail in note no.27.

CEO **CFO**

DEAC IOAN **MICLEA IOAN**

COMPA S.A. Sibiu
Consolidated statement of cash flows for the year ended 31.12.2016
(all amounts are expressed in RON, unless otherwise specified)

EXPLAIN	31 December 2016	31 December 2015 Restated (*)
Cash flows from operating activities		
Profit before tax	**54.560.747**	**33.863.494**
Adjustments for non-cash items:		
Depreciation and impairment of assets	37.700.043	23.776.161
Profit / (loss) on sale of assets	-111.859	-100.986
Adjust other non-cash items	-6.471.512	38.987.490
Operating profit before changes in the circulating capital	**85.677.419**	**96.526.159**
(Increase) / decrease in inventories	252.908	-31.912.401
(Increase) / decrease in receivables	4.394.686	-33.636.815
(Increase) / decrease in debts	1.230.941	43.699.066
Net cash generated from operations	**91.555.954**	**74.676.009**
Cash flows from investing activities		
Purchase of tangible assets	-59.591.893	-108.032.654
Purchase of intangible assets	-225.661	-564.911
Sales of tangible assets	111.859	100.986
Net cash generated from investment activities	**-59.705.695**	**-108.496.579**
Net cash generated from investing activities		
Profit / (loss) on sale of financial assets	0	0
(Increase) / Financial liabilities Decrease	-44.635.195	45.632.987
Interest payments	-759.643	-909.777
Net cash from financial activity	**-45.394.838**	**44.723.210**
Expenses and income from conversion and evaluation of exchange rate differences	**0**	**3.165.988**
Net cash generated from total activity	**-13.544.579**	**14.068.628**
Cash and cash equivalents at beginning of period	**15.644.993**	**1.576.365**
Cash and cash equivalents at end of period	**2.100.414**	**15.644.993**

Note(*)
Some of the initial values have been modified compared to the financial data of 2015. The differences are explained in Note 27.

CEO,	**CFO,**
DEAC IOAN	**MICLEA IOAN**

1. GENERAL INFORMATION

a) COMPA parent company

COMPA is a Joint Stock Company, based in Sibiu, str.Henri Coandă nr.8, CP 550234.

Domain of activity

The main activity according to CAEN is: 2932 – Manufacturing of other parts and accessories for motor vehicles and motor vehicle engines.

Ownership of company

COMPA is privatized 100% since September 1999. The shareholding structure is as follows:

SHAREHOLDER	NO. OF SHARES	% OF TOTAL CAPITAL
COMPA Employees Association	**119.474.505**	**54,60**
Other shareholders (individuals and legal persons – of Romanian or other nationality)	99.346.533	45,40
TOTAL NUMBER OF SHARES	**218.821.038**	**100,00**

The company is listed on the stock market shares are traded on the Bucharest Stock Exchange in the Standard Category, under symbol CMP.

The company's evolution

By the Government decision nr.1296 / 13.12.1990 the company became COMPA, originating from ***I**ntreprinderea de **P**iese **A**uto Sibiu (I.P.A. Sibiu)*. *IPA Sibiu* was established in 1969 through the merger of two units: *Elastic Plant* and *Automecanica Plant*.

Since 1991, COMPA was organized in factories workshops, established for product families as cost centers, which in time became profit centers in order to decentralize and facilitate the establishment of joint ventures.

Financial investments of company COMPA S.A. as "*Parent Company"*, representing equity securities as shares or stocks owned in commercial entities are presented in the table below:

Company where capital securities are held	Registered office	Value of securities held by COMPA (RON)	% Share capital
COMPA I.T. S.R.L.	Sibiu, No 8Henri Coandă, Sibiu county	200.000	100,00
TRANS C.A.S. S.R.L.	Sibiu, No 12Henri Coandă, Sibiu county	1.498.450	99,00
RECASERV S.R.L.	Sibiu, No 51Henri Coandă, Sibiu county	70.000	70,00
COMPA EXPEDIŢII INTERNAŢIONALE S.R.L.	Sibiu, No 8Henri Coandă, Sibiu county	980	98,00
TOTAL		**1.769.430**	

The management of the company was provided by a Board of Directors consisting of:

DeacIoan	Chairman & CEO,
Miclea Ioan	Member of the Board & CFO
Maxim Mircea-Florin	Member of the Board
Benchea Cornel	Member of the Board
Veltan Ilie- Marius	Member of the Board

b) Subsidiaries

Company COMPA IT S.R.L. headquartered in Sibiu, 8, Henri Coandă Str., Sibiu county. The company was established in 2001, registered at the Trade Register under no.J32 / 17/2001, VATno. 13656016.

The purpose of establishing was design and implementation of an *Integrated Informational System* for the mother company complying with the existing international standards and ensuring the requirements imposed by the company's organization form on profit centers, as well as assurance of a computer network within the entire company COMPA.

The object of activity, according to CAEN code number is 6201 - "Activities of providing software on request"

The share capital of the company on 31.12.2016 was 200, 000 RON, fully owned (100%) by the Company COMPA S.A. The company's administrator is Mr. Acu Florin-Stefan.

Company TRANS C.A.S. S.R.L. with headquarters in Sibiu, 8 Henri Coandă Str., Sibiu county. The company was established in 2002, registered at the Trade Register under no.J32 / 633/2002, VAT no. 14836511.The company was intended for outsourcing the transport activity, initially existing within the company COMPA, with the purpose of extending and developing this distinctive activity from the profile of the company COMPA. TRANS C.A.S. S.R.L. currently holds a total of 60 vehicles, of which a significant share is represented by Mercedes tractor trailers, with payload capacity exceeding 20 tones dedicated for the transport of raw materials and finished products for both COMPA and for external customers.

The main activity of the company, according to CAEN code is 4941's "Road transport of goods"

The share capital is 150,000 shares amounting to 1,500,000 RON.

On 31.12.201 5 shareholding structure was as it follows:

The company COMPA S.A. holds a number of 149,845 shares, amounting to 1,498,450 RON.

Maxim Mircea Florin and Mihăilă Daniela as individuals, hold a total number of 155 shares worth 1,550 RON.

The company management is assured by Maxim Mircea - Florin – as administrator.

RECASERV S.R.L. company headquartered in Sibiu, 51 Henri Coandă Str., Sibiu county, founded in 2004, registered at the Trade Register with no.J32 / 704/2004, VAT no. 164408228. The purpose of establishing the company was outsourcing within the mother company (COMPA SA) of some activities different from the main business activities such as catering and canteen achieved by operating the canteens inside the company COMPA. By setting the company RECASERV SRL with activity field catering – there were provided conditions for developing this activity by adding secondary services (catering and cleaning services).

The main activity, according to CAEN code is 5629 "Other food service activities", consisting of catering for employees in COMPA SA and other companies in Sibiu, organizing events with catering for companies and schools in Sibiu.

The share capital of the company is 100,000 RON owned by:

Company COMPA S.A. Sibiu, amounting to 70%

Boroş Daniela, amounting to 30%

Company RECASERV S.R.L. Sibiu has a number of 649 100 shares worth 64,910 RON to COMPA SA Sibiu purchased by the BSE, registered in the company's financial statements from April 31.12.2016.

Administrator of the company is Mrs. Boroş Daniela.

Company COMPA EXPEDITII INTERNATIONALE S.R.L. with headquarters in Sibiu, 8 Henri Coandă Str., Sibiu county was established in 2003, registered at the Trade Register with no.J32 / 671/2003, VAT no. 15466492. The aim was to ensure establishment of customs clearance at residence.

The object of activity, according to CAEN code is 5229 (Old code 6340) "Other transportation support activities"

The share capital of the company is 1,000 RON, 100 respective shares held by:

Company COMPA S.A. Sibiu has a total of 98 shares, totaling 980 RON

Moiş Gheorghe, Mircea Maxim Florin, individuals, hold a total number of 2 shares worth 20 RON

The company had no activity since its creation, its activity being suspended.

2. BASIS OF PREPARATION

Declaration of Conformity

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU"). These financial statements are the first financial statements prepared in accordance with International Financial Reporting Standards. The Group adopted IFRS reporting from the financial statements of 2012.

Group's accounting records are maintained in RON in accordance with Romanian Accounting Regulations. Statutory accounts have been restated to reflect the differences between IFRS and Romanian Accounting Regulations. Accordingly, the statutory accounts have been adjusted, where necessary, to bring the financial statements, in all material aspects with IFRS**.**

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain tangible assets that are measured at re-valued amount or fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Presentation currency and functional currency

The financial statements presented in Romanian **lei** (RON), rounded to the nearest lion, which is the functional currency of the company.

Use of estimates and judgments

Preparation of financial statements in accordance with IFRS as adopted by the European Union implies the use by management of estimates, judgment and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgments are generally based on historical

information and other sources believed to be representative of the situations encountered. Actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised also in future periods if they are affected.

Modification of estimations does not affect prior periods and is not a correction of an error.

Information about critical judgments in applying the Group's accounting policies whose effect is significant on the amounts recognized in the financial statements included in the notes on:

- **Tangible and intangible assets – operational life time of tangible assets**

Tangible and intangible assets are depreciated over their operational life.

Group management uses judgment in determining the operational life time and the evidence used to determine this life time include technical specifications of equipment, information from commercial contracts that the Group has entered into with customers, history of products sold, market information relating to Group's products and the ability to adapt their equipment.

- **Tangible and intangible assets – Adjustments for impairment of tangible assets.**

Intangible assets and equipment are analyzed to identify any indications of impairment at balance sheet date.

If the carrying amount of an asset exceeds the recoverable amount, an impairment loss is recognized to reduce the carrying amount of the asset to its recoverable amount. If the reasons for recognizing an impairment loss disappear in subsequent periods, the carrying value of the asset is increased to the net carrying amount that would have been determined had no impairment loss had been recognized.

Evidence that may cause impairment includes a decline in usefulness to society, excessive physical wear, the emergence of new production technologies

- **Deferred taxes**

Deferred tax assets are recognized as assets to the extent that it is probable that there will be taxable profit that can be covered losses. The Group's management uses judgment in determining the value of deferred tax assets that can be recognized as assets. Management decisions are based on information from commercial contracts that the Group has entered into with customers, market forecasts for the automotive and automotive components.

- **Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation generated from a past event it is likely to be required for settlement of the obligation an outflow of resources embodying economic benefits and can be a reliable estimate of the realizable value of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation to the end of the reporting period.

- **The recoverable amount of assets**

The evaluation for impairment of receivables is performed individually and is based on management's best estimate of the present value of cash flows expected to be received. The Group reviews its trade and other receivables at each financial position date to assess whether necessary to record in the income statement depreciated value. In particular, management judgment is necessary to estimate the value and coordination of future cash flows when determining the impairment loss.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

These estimates are based on assumptions about several factors and actual results may differ, resulting in future changes in adjustments.

3. SIGNIFICANT ACCOUNTING POLICIES

The individual financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU")

New standards and interpretations in force during the current period and adopted by the company since 1 January 2016

Amendaments related to the IAS 16 "Tangible assets" and IAS 41 " Agriculture - Holding Plants", (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB**)**: N/A (Not Applicable) for the company's financial situation

Amendaments related to the IFRS 11 " Common Arrangements - Accounting for acquisitions of interests in joint operations" ", (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB**)**: N/A

Amendaments related to the IAS 16 "Tangible assets" and IAS 38 " *Intangible assets* ", called **Clarification of acceptable damping methods": N/A**

Amendaments related to various standards "Improvements for IFRS (2012-2014)" resulting from the annual improvement of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with the purpose to eliminate inconsistencies and clarify (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB**)**: N/A

Amendaments related to the IAS 1 "Initiative on presenting information" (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB). The purpose of these amendaments is to ensure an improved manner of presenting information and to encourage companies to have an objective proffesionale judgement when they decide what are the informations to be presented in their financial situations. The modifications have no effect on transactions and balances. The modifications have changed the presentation of the individual financial statements.

Amendaments related to the IAS 27 " Individual financial statements - Equity method in the individual financial statements " (Effective 1 January 2016 or any time afterwards for annual periods as per the IAS: N/A.

Amendaments related to the IFRS 10 "Consolidated financial statements", IFRS 12 "Presenting interest in other entities " and the IAS 28 "Investments in associated entities and joint ventures". The consolidation exception was applied. The individual financial situations of the Company are not influenced by the amendaments.

Standards and Interpretations issued by the IASB and adopted by the EU but not yet in force, hence not applied yet

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendaments and interpretations which have not been yet validated for applicability:

IFRS 15 „Income from customer contracts " (Effective 1 January 2018 or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

IFRS 9 „Financial instruments" and related amendaments (Effective 1 January 2018 or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

Standards and Interpretations issued by the IASB and not yet adopted by the EU

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendaments and interpretations which have not been yet validated for applicability:

IFRS 14 „Deferred settlement accounts" (Effective 1 January 2016 or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

IFRS 16 „Leasing Contracts" (Effective 1 January 2019 or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

Amendaments related to the IFRS 10 "Consolidated financial statements", and the IAS 28 "Investments in associated entities and joint ventures" – Sale or Asset Contribution between the Investor and its associated entity or joint venture. The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

Amendaments related to the IAS 12 - "Recognition of deferred tax assets related to unrealized losses". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Amendaments related to the IAS 7 - "Initiative on presenting information". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Clarifications related to the IFRS 15 „Income from customer contracts "- as from the 12th of April 2016. The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Amendaments related to the IFRS 2 – "Classification and measurement of share-based payment transactions". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Amendaments related to the IFRS 4 - "Applying the IFRS 9 Financial Instruments in Accordance with IFRS 4 Insurance Contracts". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Annual improvements to the IFRSs (2014-2016) resulted from the annual improvements of the IFRS 1, IFRS 12, IAS 28, with the main purpose of eliminating the incosistencies and clarify exposure.

Amendaments related to the IAS 40 - "Transfer of real estate investments". The company is carefully considering the implications of this standard over the financial situations and the moment it will become effective**.**

Except as described above, the company provides for the adoption of new standards, revisions and interpretations will not have a significant impact on the separate financial statements of the Company.

Basis for consolidation

Business Combinations

Business combinations are accounted for using the purchase method at the acquisition date. The acquisition date is the date on which control is transferred to the buyer. Control is the power to determine the financial and operating policies so as to obtain benefits from its activities. In assessing control, the Group considers potential voting rights that are currently enforceable.

Professional judgment is applied to determine the acquisition date and whether the control transferring between the parties has occurred.

The Group assesses goodwill at fair value of the consideration transferred including the recognized value of interests without control in the acquired entity, minus the net amount recognized (fair value) of the identifiable assets acquired and liabilities assumed, all measured at the date of acquisition. The consideration transferred includes the fair value of assets transferred, liabilities assumed by the Group to the previous shareholders of the acquired entity and equity instruments issued by the Group.

The compensation transferred includes the fair value of contingent compensation. A contingent liability of the Acquire is assumed in a business combination only if such liability is a present obligation resulting from a past event and its value can be measured reliably.

Controlling interests

The Group assesses interests without control as part owned by minority shareholders in the Acquirer's identifiable net assets.

Transaction costs of the Group relating to a business combination, such as commission for brokering the transaction fees for legal consultancy services, the fees for the services of due diligence and other fees for professional services and consulting are recognized in profit or loss account when incurred.

The revised standard specifies that changes in shareholding of Parent Company in a subsidiary that do not result in loss of control must be recorded as equity transactions. Under the revised standard, acquisitions of interests without control are accounted for as transactions with equity holders in their capacity as owners and as a result of such transactions does not recognize goodwill. The result of these transactions is acknowledged by the Group within "Other reserves".

Branches

Subsidiaries represent all entities which the Group controls. The group controls a wholly owned entity when the entity authority, is exposed and is entitled to variable revenues based on stake and has the ability to lead and authority over the entity to influence the value of these revenues. The subsidiaries included in the consolidation from the date on which control is transferred to the group. Subsidiaries are excluded from consolidation from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary, to be aligned with the policies adopted by the Group.

Investments in associates (investments accounted for using the equity method)

Associates are those entities over which the Group exercises significant influence but not control over financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights in another entity. Joint ventures are those entities over whose activities the Group exercises joint control established by contractual agreement and requiring a unanimous agreement for taking decisions on financial and operational strategies.

Investments in associates are accounted for using the equity method and are initially recognized at cost. Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the share for the group of revenues, expenditures and changes in equity of investments accounted for using the equity method, after adjustments to align the accounting policies with those of the Group, from the starting date until the date on which it ceases significant influence or control.

When the share of losses related to the Group exceeds its interest in investment accounted for under the equity method, the book value of the holding, including any long-term investment is reduced to zero and recognition of further losses is discontinued unless the Group has an obligation or made payments on behalf of the investee.

Common commitments:

A shared commitment is a commitment in which two or more parties have joint control. The joint commitments are accounted for using the equity method. Based on the equity method, the investment in a joint arrangement is initially recognized at cost and the carrying amount is increased or reduced in order to recognize the group's profits or losses after acquisition and movement of other comprehensive income. When the part of losses within an association exceeds interests in association, the group does not recognize further losses, unless there are obligations or payments made on behalf of the association.

Earnings not coming from transactions between group and its associations are eliminated within the limit interest group in combination. Losses not realized are also eliminated unless the transaction proves prejudicial transferred asset.

Transactions eliminated on consolidation

Balances and transactions within the Group, and any unrealized profits or losses resulting from intra-group transactions are eliminated from the consolidated financial statements. Unrealized gains on transactions with associates accounted for using the equity method are eliminated in return for investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there are no indications of impairment.

Conversion into foreign currencies

When preparing individual financial statements of the Group, transactions in currencies other than the functional currency of the Group (currencies) are recognized current exchange rates at the dates of the transactions. Monetary items denominated in a foreign currency at the end of the reporting period are translated at exchange rates at that respective date. Non-monetary items carried at fair value that are denominated in a foreign currency are reconverted to current courses at once when the fair value was determined. Non-monetary items that are evaluated at historical cost in a foreign currency are converted at the date of transaction.

Exchange differences resulting from the conversion of monetary items at the end of the reporting period are recognized in profit or loss.

Financial instruments

Non-derivative financial assets

Group recognizes loans and receivables on the date they are generated. All other financial instruments are recognized on the trade date, which is the date when the Group becomes party to the contractual provisions of the instrument.

Financial assets are classified into the following specified categories:

a. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when the financial asset is either held for trading or is designated in this category by the management group.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- at initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit collection; or
- is a derivative not designated as effective hedging instrument.

A financial asset other than a financial asset held for trading may be designated as a financial asset at fair value through profit or loss on initial recognition if:

- such designation eliminates or significantly reduces an evaluation or recognition inconsistency that would otherwise arise; or
- financial asset is part of a group of financial assets or financial liabilities or both, which group is run and its performance evaluated on a fair value basis in accordance with risk management and investment strategy of the group and information about the grouping method is provided internally on that basis; or
- It is part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Evaluation allows that the entire combined contract (asset or liability) to be designated as a financial asset at fair value through profit and loss .

Financial assets at fair value through profit or loss are stated at fair value with any gain or loss resulting from the revaluation recognized in profit or loss. Net gain or loss recognized in profit or loss include all dividends or interest earned from financial assets and items included in the category "Financial expenses, net" in the statement of comprehensive income.

b. Investments held to maturity

Held to maturity investments are non-derivative financial assets with fixed or variable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. After initial recognition, investments held to maturity are measured at depreciated cost using the effective interest method less impairment.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than the Group intends to sell immediately or in the near future. Loans and receivables (including trade receivables and other receivables, bank and cash balances, etc.) are measured at depreciated cost using the interest method effective, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

d. Active securities available for sale

Financial assets available for sale are non-derivatives that have either been designated as Financial Supervisory Authority or are not categorized as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets available for sale for which there is an active market are measured at fair value and changes in fair value other than impairment losses, and gains and losses resulting from exchange rate movements on monetary items available for sale. They are recognized directly in equity. When the asset is derecognized, the cumulative gain or loss is transferred to profit or loss.

The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

All purchases and sales of standard financial assets are recognized and derecognized on the trade date. Standard purchases or sales are those purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market.

Recognition

Financial assets are recognized on transaction date. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial claims (others than financial assets and financial receivables at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial claims, as applicable at initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial claims at fair value through profit or loss are recognized immediately in profit or loss of the individual.

After initial recognition, the Group assesses financial assets, including derivatives that are assets, at fair value without any deduction for transaction costs that may arise from the sale or other disposal, except for loans and receivables, which are measured at amortized cost using the effective interest method investments held to maturity, which are measured at amortized cost using the effective interest method and investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably and derivatives that are related, and which must be settled by delivery of such unquoted equity instruments, which are measured at cost.

Impairment of financial assets

Financial assets, except for financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is evidence that objectives that following one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the investment have been affected.

Equity investments classified as available for sale are assessed for indicators of impairment at the end of each reporting period. In assessing such financial assets their depreciation is taken into account when there is a significant or prolonged decline in fair value below cost.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying value and the present value of estimated future cash flows, updated with the original effective interest rate of the financial asset.

For financial assets registered at depreciated cost, the amount of the impairment loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows, updated at the current rate of return for a similar financial asset market. Such impairment loss will not be reversed in subsequent periods.

The carrying value of the asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying value is reduced through the use of an account of an impairment loss.

Next recoveries of previously cancelled values are credited to the account of an impairment loss. Changes in the carrying value of an impairment loss account are recognized in profit or loss.

When a financial asset available for sale is considered impaired, the cumulative gain or loss previously recognized in other comprehensive income are reclassified to profit or loss in the period.

If a period following impairment losses of financial assets measured at amortized cost decreases or if the decrease can be related objectively to an event occurring after the impairment was recognized, the impairment loss previously recognized is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed the amortized cost incurred if no impairment had been recognized.

Regarding shares available for sale, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulate under the heading of revaluation reserve investments. As for debt securities available for sale, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the impairment loss was recognized.

Derecognition

The Group derecognizes a financial asset when contractual rights expire to the cash flows from the asset or when the Group transfers the rights to receive contractual cash flows on the financial asset in a transaction that has transferred substantially all risks and rewards of ownership.

The derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received and receivable and the cumulative gain or loss that was recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities

The Group initially recognizes a financial liability at its fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability.

The Group derecognizes a financial liability when its contractual obligations are concluded, or when such obligations expire or are canceled.

The Group classifies non-derivative financial liabilities in the category other financial liabilities. These financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities include loans and loan commitments, credit lines and trade and other payables.

Capital instruments

An equity instrument is any contract that creates a residual claim on the assets of an entity after deducting all of its liabilities.

When an equity instrument of the company is redeemed, the amount paid, which includes directly attributable costs, net of taxes, is recognized as a deduction from equity. The group does not recognize gain or loss in profit or loss on the purchase, sale, issuance or cancellation of equity instruments.

Derivatives

A derivative is a financial instrument or another contract settled at a future date, whose value changes in response to changes in certain interest rate, financial instrument price, commodity price, foreign exchange rates, price indexes or ducks, credit rating or credit index, or other variable, provided that, if a financial variable that is not specific to a party to a contract and requires no initial net investment or require an initial net investment that is smaller than would be required for other types of contracts which is expected to have a similar response to changes in market factors.

Tangibles

Tangible assets are valued for cost, deducting accumulated depreciation and accumulated impairment losses, except for land and buildings which are evaluated at revalued amount. Revalued amount is the fair value of the asset on the date of the revaluation less any subsequent accumulated amortization and any accumulated impairment losses. Reassessment is done for the entire class of property (land, buildings).

The cost includes expenses directly attributable to acquisition of the intangible asset. Cost of an asset self-constructed include the cost of materials and direct labor, other costs attributable to bringing the asset to the place and in operation and the initial estimate of the costs of dismantling and removing the asset and restoring the placement and borrowing costs when there is an obligation of these costs.

When the Group depreciates separately some parts of an item of property, plant and equipment, it also depreciates separately the remainder of the item. What remains consist of parts of the item that are individually not significant.

Group revaluations performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an asset is reclassified as investment property, the property is revalued at fair value.

Gains arising from revaluation are recognized in the income statement only to the extent there is a loss of impairment of property, and any other remaining winnings recognized as other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss as.

Subsequent costs are capitalized only when it is probable that expenditures will generate future economic benefits to the Group. Maintenance and repairs are expenses in the period.

Land is not depreciated. Depreciation is recognized in order to decrease the cost less residual values over their period of useful life using the straight-line method. Estimated useful lives, residual values and depreciation method are reviewed by Group management at the end of each period ofreporting, taking into account the effect of all changes in accounting estimates.

The assets which are subject to a finance lease are depreciated over their useful life duration on the same basis as the assets owned or where the period is shorter, over the relevant period of the lease.

The estimated service lives for the current and comparative years of significant groups of property are:

Buildings	12-50 years
Plant and machinery	3-18 years
Other installations, equipment and furniture	2-18 years

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment is recognized immediately in profit or loss if the asset is not accounted relevant at a revalued amount, in which case the impairment is treated as a revaluation decrease.

Tangible assets are derecognized as a result of a disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising from retirement or disposal of an item of property and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit and loss in the period in which the derecognition.

Intangible assets

Recognition and Measurement

For recognition of an item as an intangible asset the Group must demonstrate that the item meets:

(a) Definition of an intangible asset

is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability correspondence; or

arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the company or from other rights and obligations.

(b) Recognition criteria

- it is probable that future economic benefits expected to be assigned to asset will flow to the Group; and
- cost of the asset can be measured reliably.

An intangible asset is measured initially for cost. The cost of a separately acquired intangible asset comprises:

a) purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

b) any directly attributable cost of preparing the asset for its intended use.

In some cases, an intangible asset may be acquired free of charge or for a symbolic consideration, through a government grant. The Group initially recognizes both the intangible asset and the grant at fair value.

The cost of internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. There cannot be reincorporated expenditures previously recognized as cost. The cost of internally generated intangible asset comprises all directly attributable costs

necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Examples of directly attributable costs are:

a. the costs of materials and services used or consumed in generating the intangible asset;

b. costs of employee benefits arising from the generation of the intangible asset;

c. fees to register a legal right; and

d. amortization of patents and licenses that are used to generate the intangible asset.

To determine whether an internally generated intangible asset fulfills the criteria for recognition, an entity classifies the generation of the asset into:

(a) a research phase ;

(b) a development phase.

If the group cannot distinguish between the research phase and the development of an internal project to create an intangible asset, the Group treats the expenditure on that project as expenses incurred exclusively in the research phase.

No intangible asset arising from research (or from the research phase of an internal project)

should be recognized. Expenditure on research (or the research phase of an internal project) should be recognized as an expense when incurred.

An intangible asset arising from development is recognized if, and only if you can measure reliably the expenditure attributable to the intangible asset during its development, technical feasibility of completing the intangible asset so that it will be available for use or sale, management has the intent and ability to complete the intangible asset and use or sell it.

Recognition of expenses

Expenditure on an intangible item shall be recognized as an expense when incurred, except for those that are part of the cost of an intangible asset that meets the recognition criteria.

Evaluation after recognition

Group intangible assets accounted for by the cost model.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Amortization

The depreciable amount of an intangible asset with a finite useful life determined is allocated on a systematic basis over its remaining service life. Depreciation starts when the asset is available for use, i.e. when it is in the location and condition necessary for it to operate in the manner intended by management. Depreciation ends at the earliest of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Intangible assets are depreciated using the straight-line method over a period of 1-5 years or the validity of contractual or legal rights when it is lower than the estimated service life.

An intangible asset with an indefinite service life will not be amortized.

Depreciation

At the end of each reporting period the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the size of the impairment (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Derecognition

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Stocks

Inventories are valued at the lower of cost and net realizable value.

Inventory costs are determined on a first in, first out and include expenses arising from the purchase of stocks, production and other costs of bringing inventories into shape and location of existence. In the case of finished products and production in progress, costs include a share of overheads based on normal production capacity.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs for inventories of completion and costs necessary to make the sale.

Employee benefits

In the normal course of business, the Group makes payments to pension funds, health and unemployment funds of the Romanian state, on account of its employees. Spending on these payments are recorded in the income statement in the same period of wage costs.

All Group employees are members of the Romanian State pension plan. Within the Group there is no other ongoing pension scheme and there are no other obligations on pensions.

Termination of employment benefits can be paid when the contract of employment is terminated for reasons not attributable to employees. Group recognizes benefits for termination of employment when it is obliged to terminate the employment contracts of current employees.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation generated from a past event, it is likely to be required to settle the obligation outflow of resources embodying economic benefits and a reliable estimate can be realizable amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where a provision is measured using the cash flows estimated to settle the present, its carrying value is the present value of those cash flows (where the effect of the time- value of money is significant).

Guarantees

Provisions for estimated costs of warranty obligations under local law and contractual provisions for the sale of goods is recognized at the sale date of products. The provision is based on the historic of securities and the balancing of all possible outcomes.

Restructuring

A restructuring provision is recognized when the Group has approved a detailed and formal restructuring plan and this plan has either started or the main features of the restructuring plan were announced to those affected by it.

Onerous contracts

If the company has an onerous contract, the current contractual obligation stipulated in the contract should be recognized and measured as a provision. An onerous contract is defined as a contract in which the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be obtained from the contract in question. Unavoidable costs of the contract reflect the net cost out of contract, respectively the lowest cost of fulfilling contract and any compensation or penalties arising from failure to fulfill the contract.

Revenue recognition

Sale of goods

Revenue is measured at the fair value of the consideration received or to be received. The sales revenue is reduced for returns, discounts and other similar reductions in trade. Revenue from the sale of goods is recognized when the Group has transferred the significant risks and rewards of ownership of property, the amount of revenue can be measured precisely, it is probable that the economic benefits associated with the transaction should be directed to the company, the Group retains no management involvement up to the level usually associated with ownership nor effective control over the goods sold and the costs incurred or to be incurred in connection with the transaction can be measured precisely. If it is likely to be granted a discount and this can be measured reliably, then the discount is recognized as a decrease in sales revenue.

Services

Revenue generated by a service contract is recognized by reporting proportionate at the stage of completion of the contract. The stage of completion of the contract is determined by studying the work carried out.

Income from interest, royalties and dividends

Interest revenue generated by a financial asset is recognized when it is probable that the Group obtain economic benefits and when such income can be measured precisely. Interest income accumulate over time by reference to the principal and the effective interest rate applicable, i.e. the rate that exactly discounts estimated future cash receipts over the expected term of the financial asset to the net carrying amount of the asset initial recognition date . Income generated from third parties' use of the Group's assets is recognized in the period of the lease on an accrual basis in accordance with the substance of the contract in question.

Dividend income from investments is recognized when it was established shareholder's right to receive payment.

Government grants

Government grants represent assistance by government in the form of transfers of resources to the Company in exchange for compliance, past or future compliance with certain conditions relating to the operating activities of the Group. They exclude those forms of government assistance which cannot be reasonably assigned a certain value, and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are recognized as income over the periods corresponding to the related expenses which these grants are intended to compensate, on a systematic basis.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognized as income in the period in which it becomes receivable.

Leasing

The leases are presented as finance leases when the terms of the lease are transferred substantially all risks and rewards of ownership to the user.

All other leases are classified as operating leases. Initially assets held under finance leases are recognized at the lower of their fair value at the beginning of the lease and the present value of the minimum lease payments. The corresponding obligation to owner is included in the statement of financial position as an obligation associated to financial lease.

Assets held under operating leases are classified as operating leases and are not presented in the statement of financial position.

Payments related to operational leasing are recognized as an expense over the lease period.

Minimum lease payments are apportioned between finance charges and reduction of obligation. The financial expenses are recognized in profit or loss accrual, if they are not directly attributable to the assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Indebtedness costs

Indebtedness costs, directly attributable to the acquisition, construction or completion of eligible assets, assets that require a significant amount of time to get ready for use or sale, plus the cost of those assets until the assets are ready significantly for usage area or sale.

Revenues from the temporary investment of specific indebtedness obtained for the acquisition or construction of eligible assets are deducted from the indebtedness costs which may be capitalized.

All other indebtedness costs are recognized in profit or loss in the period they are incurred.

Gains or losses on foreign exchange differences are reported net amount that gain or loss depending on the result of exchange rate changes.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred taxes.

Liabilities or claims relating to tax the current period and prior periods are measured at the amount to be paid or recovered by the tax authority using legal regulations and the tax rate in effect on the date of the financial statements. Tax on profit for the period closing December 31, 2013 was 16%.

Current tax and deferred tax are recognized in profit or loss unless they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current tax and deferred tax are also recognized in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit achieved during the year. Taxable profit differs from profit as reported in the statement of income unconsolidated general because of items of income or expense that are

taxable or deductible in some years and items that are never taxable or deductible. Group's obligation in respect of current taxes is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences arising between the carrying amount of assets and liabilities and the tax bases of assets and liabilities in the financial statements.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that there is probability of future taxable profit from which temporary difference can be recovered.

The main differences resulting from the amortization of fixed assets and the valuation of assets at fair value.

Deferred tax assets and liabilities are determined based on taxes which are supposed to be applied during the respective period realized or settled liability or deferred tax asset.

Segment Reporting

A business segment is a component of the Group that engages in business activities from which it can obtain revenues and from which expenses may incur (including revenues and expenses related to transactions with other components of the same society), whose results of activity are reviewed regularly by the Group's chief operating decision maker in order to take decisions about resources to be allocated to the segment and assessing its performance and for which separate financial information is available.

Company management regularly evaluates the activity of the Group to identify operating segments for which information must be reported separately.

The group did not identify components that are classified as operating segments.

4.1. TANGIBLE ASSETS

Evolution of tangible assets from 1th of January 2015 to 31th of December 2016 is the following:

Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
Inventory value						
1/1/2015	**130.395.584**	**61.136.107**	**304.304.580**	**1.076.411**	**39.932.876**	**536.845.558**
Inputs 2015	-35.889.605	15.166.543	94.955.368	84.557	108.629.690	**182.946.553**
Outputs 2015	-50.996.818	-12.700.151	-1.694.625		-110.781.078	**-176.172.672**
12/31/2015	**43.509.161**	**63.602.499**	**397.565.323**	**1.160.968**	**37.781.488**	**543.619.439**
Inflow from revaluation 2016						**0**
Inflow from acquisitions 2016			62.554		48.630.820	**48.693.374**
Internal generated inflow 2016					192.600	**192.600**
Inflow from transfers from other classes of fixed assets					9.234.652	**9.234.652**
Transfer inputs in the same class 2016		9.679.347	64.982.208	58.490		**74.720.045**
Lock-out until amortization 2016		0	0		18.142	**18.142**
Outflow from cancellation of depreciation 2016		0	0		130.110	**130.110**
Outflow of transfers to other classes of fixed assets 2016		0	0		-130.110	**-130.110**
Inflow from transfers to other classes of fixed assets 2016		-18.142	0		-76.183.377	**-76.201.519**
Inflow from cassation 2015		-217.589	-172.874			**-390.463**
12/31/2016		0	-5.049.252			**-5.049.252**
Amortization, depreciation	**43.509.161**	**73.046.115**	**457.387.959**	**1.219.458**	**19.674.325**	**594.837.018**
01.01.2015						
Expenditure 2015	**0**	**3.733.612**	**220.721.902**	**830.946**	**0**	**225.286.460**
Depreciation, amortization related to outflow 2015	0	3.130.333	22.164.117	69.191	0	**25.363.641**
12/31/2015	0	-6.863.945	-1.015.169		0	**-7.879.114**
Expenditure 2015	**0**	**0**	**241.870.850**	**900.137**	**0**	**242.770.987**
Depreciation, amortization related to outflow 2015	0	3.742.440	33.149.005	65.180	0	**36.956.625**
12/31/2016	0	0	-4.796.644		0	**-4.796.644**
Remaining value		**3.742.440**	**270.223.211**	**965.317**	**0**	**274.930.968**
1/1/2015						**311.559.098**
12/31/2015						**300.848.452**
12/31/2016						**319.906.050**

Tangible assets representing "Tangible assets in progress" are valued at historical cost. The Group chose to assess its tangible assets like land and buildings at fair value. The buildings were revalued at 31.12.2015 by an authorized independent evaluator and the land was revalued by an international committee of experts. Within the hierarchy of fair value, the company's buildings and land were revalued at their fair value, categorized-level 2.

The evaluation technique used in the level 2 fair value measurement is the price comparison method. Building prices are determeined in comparison with the adjacent buildings' and can be tailored to specific features such as property size, etc. The most important input data for this evaluation methos is the prices per square meter. There were no transfers between the level at which the fair value measurements are classified in 2016.

The depreciation of the tangible assets is determined by the straight-line method.

Fixed assets declined in 2016 by scrapping, selling and depreciation.

The income from selling fixed assets in 2016 is of 111.858 lei.

The stock-in trade value of the fixed assets disposed of in 2016 was of 5.049.252 lei and the unamortised value of the disposed fixed assets was of 425,481 lei.

Within the society, in 2016, projects funded by European funds were also carried out. These projectes implied the acquisition of state of the art technological equipments.

As part of the project "NACIR -2014/113345 Green Innovation in Surface Coatings in the Automotive Industry - Green Industry-Romania" the following equipments were put in place:

Treatment Line Zn-Ni	10.185.080,49
Wastewater treatment plant (treatment plant and pneumatic pump)	1.601.617,97
Measurement Instrument - X-RAY Analyzer	176.031,85
Galvanizing hall (FARBEN fitting works, compensation system of exhausted air)	1.013.982,36
Galvanized shelves with retention basins	35.186,41
Water stocking recipient	6.137,34
HULL cell kit	9.231,88

The subsidized value for these equipments is 6.500.000 lei.

The mortgage value for the tangible assets of the contracted loans had the net book value of 52.997.025 lei on the 31st of Decemeber 2016. At the same time, the guarantees consisting of technological equipment had the net book value of 18.064.403 lei

4.2. REAL ESTATES INVESTMENTS

Evolution of real estate investments 1 January 2015 to 31 December 2016 Take as follows

Explanations	Real estate investments	Real estate investments in execution	Total
Balance at 01.01.2015			
Input 2015	**31.654.360**	**5.680.885**	37.335.245
Output 2015	0		0
Balance at 31.12.2015	**31.654.360**	**5.680.885**	**37.335.245**
Inflow from revaluation in 2016	0	1.450.352	1.450.352
internally generated 2016 inputs		20.914	20.914
inputs transfers from tangible assets in 2016			
inputs transfers from other classes of property and equipment	10.788	1.452.544	1.463.332
Out of the other classes of fixed assets transfers in 2016	6.230	0	0
The balance 31.12.2016	-6.230	0	0

At the end of 2016, the Group transferred several tangible assets to the real estate investment class. The transfer took place based on the goal analysis of these assets owned by the Group and the lease contracts signed for 2016.

Certain properties are divided into two parts, one held for rent, while the other is destined for production of goods, supply of services or administrative purposes. In case the part held for rent does not have a significant share, it is further treated as a tangible asset.

Real estate investments are evaluated at a fair market value. A gain or loss arising from a change in the fair market value of property investments is acknowledged in the profit or loss statements of the same period.

The "on-going real estate investments" assets are evaluated at a historical cost.

5. INTANGIBLE ASSETS AND GOODWILL

Intangible assets holds by the Group are represented by software, software licenses and intangible assets in progress. Their evolution was as follows:

Explanations	Software and software licenses	Total
Cost		
31.12.2015	**9.039.329**	**9.039.329**
Input 2015	564.911	**564.911**
Output 2015		**0**
31.12.2015	**9.604.240**	**9.604.240**
Input 2015	225.661	**225.661**
Output 2015		**0**
31.12.2015	**9.829.901**	**9.829.901**
Depreciation, amortization		
1/1/2015	**4.558.588**	**4.558.588**
Expenses 2015	795.240	**795.240**
Depreciation, amortization related outputs 2015		**0**
12/31/2015	**5.353.828**	**5.353.828**
Expenses 2015	773.288	**773.288**
Depreciation, amortization related outputs 2015		**0**
12/31/2015	**6.127.116**	**6.127.116**
Remaining value		
1/1/2015		**4.480.741**
12/31/2015		**4.250.412**
12/31/2016		**3.702.785**

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

The situation of trade receivables is as follows:

Explanations	2016	2015
Receivables from clients who have not exceeded the maturity	96.289.254	86.119.926
Debts which exceeded maturity, but there were no adjustments for depreciation	5.236.729	7.802.665

Explanations	2016	2015
Debts which exceeded maturity, but there were adjustments for depreciation	880.678	1.275.541
Adjustments for impairment	-880.678	-1.275.541
Total trade receivables	**101.525.983**	**93.922.591**

At 31th of December 2016 and 2015 the situation of seniority of debts that exceeded due time and for which no adjustments were recorded for impairment, is as follows:

Explanations	2016	2015
Past due by 90 days	2.699.639	3.607.487
Past due between 91 and 180 days	591.559	775.111
Past due from 181 days to 1 year	1.417.131	2.752.065
Past due more than 1 year	528.400	668.002
Total receivables past due	**5.236.729**	**7.802.665**

The Group has created impairment for clients' receivables as it follows:

Balance at 01.01.2015	**1.587.727**
Adjustment established in 2015	93.822
Reversed Adjustment in 2015	-406.008
Balance at 31.12.2015	**1.275.541**
Adjustment established in 2016	469.161
Reversed Adjustment in 2016	-864.024
Balance at 31.12.2016	**880.678**

The Group's commercial policy requires the recording of impairment adjustments exceeding 360 days, except those receivables registered at partners to which the Group is a debtor in its turn, the debts registering approximately the same age as uncollected receivables

The situation of other receivables owned by the Group is as follows:

Explanations	2015			2015		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Advances paid to suppliers	2.133.781	0	2.133.781	9.504.364	0	9.504.364
Receivables related to staff	40.950	0	40.950	49.338	0	49.338
Claims about consolidated state and local budget	6.724.969	0	6.724.969	2.725.207	0	2.725.207
Sundry debtors	968.736	0	968.736	1.051.012	0	1.051.012
Impairment of debtors	-578.886	0	-578.886	-683.824	0	-683.824
Accrued expenses	477.547	0	477.547	466.841	0	466.841
Subsidies receivables (European funds projects)	22.638	0	22.638	6.801.687	0	6.801.687
Total – other receivables				**19.992.022**	**0**	**19.992.022**

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.

As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection.

The income tax due for 2015 has also been recalculated, due to supplementary expenses mentioned above and also due to reconsidering the amounts listed in “Income like elements” and “Other deductions - tax amortization” which were initially considered when calculating the tax profit.

The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections.
In order to ensure comparability of the data, the information related to 2015 included into the financial situation dated 31.12.2016, have been adjusted as follows:

- Commercial debts and other debts: - 77.397 lei

The Group established Impairment of other receivables as it follows:

Balance at 01.01.2015	**2.231.523**
Adjustments in 2015	383.087
Reversed Adjustment in 2015	-1.930.786
Balance at 31.12.2015	**683.824**
Adjustments in 2016	278.886
Reversed Adjustment in 2016	-383.824
Balance at 31.12.2016	**578.886**

The Group's commercial policy requires the recording provisions for other receivables that exceed 360 days for those receivables for which there are indications that are uncertain
Receivables in foreign currencies are valued in lei at the exchange rate of BNR dated 31.12.2016.

7. OTHER RECEIVABLES

The situation of other receivables of the Group is as follows:

Explanations	2016			2015		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Custom home warranty	103.000	103.000	0	103.000	103.000	0
Other guarantees	4.354	4.354	0	4.354	4.354	0
Total other assets	**107.354**	**107.354**	**0**	**107.354**	**107.354**	**0**

8. TITLES AVAILABLE EQUIVALENTS

In 2016 COMPA sold its 26,91% stake in ThyssenKrupp Bilstein Compa S.A. Sibiu. The above shareholding dates back to the year the company was founded (1996) and it did not bring any financial gains to COMPA, during the 20 years of joint venture and no dividends were distributed to the shareholders.
Following this transaction approved by GMS, COMPA's earnings reflected in gross and net profit, amounted to over 12 million RON.

The structure of securities is the following:

Explanations	**2016**	**2015**
Titles available in equivalence, total from which held at:	-	**9.088.283**
ThyssenKrupp Bilstein Compa S.A.	-	9.088.283

Group profit originated from securities held in associates is:

Explanations	**2016**	**2015**
Profit from securities owned by group in associates total, of which at:	-	3.165.988
ThyssenKrupp Bilstein Compa S.A.	-	3.165.988

Financial information about ThyssenKrupp Bilstein Compa S.A.:

Explanations	**2016**	**2015**
COMPA% of share capital	-	26,91
Nominal value of securities held	-	815.148
Total assets	-	114.793.857
Total debts	-	81.021.059
Net assets	-	33.772.798
Total income	-	174.328.396
Total expenses	-	162.563.297
Profit	-	11.765.099
Profit attributable to group	-	3.165.988
Net assets attributable to group	-	9.088.283

9. STOCKS

Structure of stocks owned by the Group is presented in the table below:

Explanations	**2016**	**2015**
Raw materials	27.456.812	31.810.948
Impairment of raw materials	-53.226	-54.882
Packaging materials	13.636.834	14.735.892
Impairment of materials and packaging	-80.220	-94.336
Semifinished parts and production in progress	32.055.354	29.436.578
Impairment of semifinished parts	-477.314	0
Finished goods and merchandise	19.461.889	14.328.807
Impairment of finished products and goods	-169.591	-176.994
Total stocks	0	2.097.433

In 2016 COMPA completed the sale of some land and constructions to ThyssenKrupp Bilstein Comp. However, these tangible assets sold in 2016 were re-listed as inventory assets in 2015 as “Assets held for sale”. This happened because the negotiations for this transaction had not yet been finalized by the end of 2015, but there were strong indicators that the transaction would be completed by the end of 2016.

The Group established adjustments for impairment of inventories as presented below:

Balance at 01.01.2015	**495.618**
Adjustments established in 2015	-1.264
Reversed adjustments 2015	-168.142
Balance at 31.12.2015	**326.212**
Adjustments established in 2016	477.314
Reversed adjustments 2016	-23.175
Balance at 31.12.2016	**780.351**

Adjustments for depreciation were recorded for non-moving stocks and slow moving, which the Group holds clues that probably will not generate future economic benefits

10. CASH AND CASH EQUIVALENTS

Available cash and cash equivalents are as follows:

Explanations	**2016**	**2015**
Bank accounts in RON	924.829	12.530.436
Foreign currency bank accounts	1.150.041	3.097.498
Cash equivalents	3.949	1.394
House in RON	21.595	15.665
Total Cash and equivalents	**2.100.414**	**15.644.993**

The Group owns domestic and foreign currency accounts at the following banks: BRD Group Societe Generale, BCR, RBS Bank, ING Bank, Treasury.

11. PROFIT TAX

Tax for current profit of the Group is determined based on the Group's statutory profit, adjusted for non-deductible expenses and non-taxable income at a rate of 16% for 2014 and 2013.

Explanations	**2016**	**2015**
Current income tax	2.062.568	1.449.698
Receivable / (flow) deferred profit tax	-200.783	1.146.888
Total income tax	**1.861.785**	**2.596.586**

Numerical reconciliation between expense with income tax and the result from multiplying accounting result with effective tax rate is presented below:

Explanations	**2016**	**2015**
Profit before tax	54.560.747	33.863.494
Expense with profit tax 16%	8.729.720	5.418.159
Sponsorship expenses deducted from income tax	-217.863	-214.731
Corporation tax payable	8.511.857	5.203.428
Effect of non-taxable income	-3.133.290	-893.947
Non deductible expenses and the effect of temporary differences	1.381.534	3.015.705

Explanations	**2016**	**2015**
Explanations	**2016**	**2015**
The effect of tax exemption on reinvested profit	-4.898.316	-4.728.600
Total income tax expense	**1.861.785**	**2.596.586**
Effective percentage income tax	**3,41**	**7,67**

In 2016, the Group applied for the tax exemption on the reinvested profits in technological equipment, according to OUG no. 19/2014. The Board of Directors anticipates the bought technological equipment will remain in the Company's patrimony for at least 5 years. At the same time the constituted reserve due to the above mentioned facility will not be distributes/used.

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015. As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection.

The income tax due for 2015 has also been recalculated, due to supplementary expenses mentioned above and also due to reconsidering the amounts listed in "Income like elements" and "Other deductions - tax amortization" which were initially considered when calculating the tax profit. The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections.
In order to ensure comparability of the data, the information related to 2015 included into the financial situation dated 31.12.2016, has been adjusted as follows:

- Brut Profit: -1,138,501 lei
- Income like elements: +1,156,604 lei
- Non-deductible expenses: + 274 lei
- Other deductions - tax amortization: + 639,568 lei
- tax exemption on reinvested profit: - 182,159 lei
- expenses with the profit tax: + 82,769 lei

The evolution of the deferred income tax to be recoveedr during 01.01.2015 - 31.12.2016 is shown in the table below:

Deferred tax at 01.01.2015	**-3.720.004**
Deferred tax through profit or loss 2015	**1.146.888**
Deferred tax recognized in other comprehensive income 2015, of which:	**-121.375**
Deferred tax from legal reserves tax deductible	-90.443
Deferred tax from fixed assets revaluation	-30.932
Deferred tax at 31.12.2015	**-2.694.491**
Deferred tax through profit or loss 2016	**-200.783**
Deferred tax recognized in other comprehensive income 2016, of which:	**2.073.971**
Deferred tax from assets revaluation	2.070.278
Deferred tax from legal reserves tax deductible	3.693
Deferred tax at 31.12.2016	**-821.303**

Significant components of deferred income tax included in financial statements at 31.2.2015, at a 16% rate, are the following:

Temporary difference type	Cumulative temporary differences Value	Cumulative deferred tax - receivable	Cumulative deferred tax -debt	Cumulative Deferred tax - net, of which	Attributable profit and loss account 2015	Attributable other elements of global result 2015
Assets revaluation	29.222.561	-90.443	4.766.052	4.675.609		90.443
Legal reserves	4.625.564		740.090	740.090		-30.392
Differences tangible depreciation periods	-50.553.046	-8.088.487		-8.088.487	-1.146.888	
Other liabilities	-135.645	-21.703	0	-21.703	0	
Total	**-16.840.566**	**-8.200.633**	**5.506.142**	**-2.694.491**	**-1.146.888**	**-121.375**

Significant components of deferred income tax included in financial statements at 31 .12. 2016, at a 16% rate, are the following:

Temporary difference type	Cumulative temporary differences Value	Cumulative deferred tax - receivable	Cumulative deferred tax -debt	Cumulative Deferred tax - net, of which:	Attributable profit and loss account 2016	Attributable other elements of global result 2016
Assets revaluation	42.161.793	0	6.745.888	6.745.888		2.070.278
Legal reserves	4.648.644	0	743.783	743.783		3.693
Differences tangible depreciation periods	-48.582.425	-7.773.188	0	-7.773.188	315.299	
Other liabilities	-3.361.160	-537.786	0	-537.786	-455.307	
Total	**-5.133.148**	**-8.310.974**	**7.489.671**	**-821.303**	**-140.008**	**2.073.971**

The Group recognizes deferred tax assets because it is estimated that there will probably generate profit in the future subject to taxation

12. EQUITY

Ownership structure on 31.12.2016 is as follows:

Explanations	No. of shares	% Of total share capital
COMPA Employees Association	**119.474.505**	**54,6**
Other shareholders (individuals and companies)	99.346.533	45,4
Total number of shares	**218.821.038**	**100,0**

Shares of the Group have a nominal value of 0,1 RON / share, the value of share capital amounting to 21.882.104 lei

The equity of the Group include the following:

Explanations	2016	2015	Modification	Causes
Capital subscribed and paid	21.882.104	21.882.104	0	
Capital adjustments	0	0	0	
Own shares	-64.910	-64.910	0	
Losses related to own shares	-45.961	-45.961	0	
Reserves from reevaluation	82.062.778	85.224.533	-3.161.755	Sale of ThyssenKrupp Bilstein shares in 2016
Legal reserves	4.885.314	5.027.208	-141.894	Legal reserves; Sale of ThyssenKrupp Bilstein shares in 2016
Adjustment of legal reserves	22.679.066	22.683.534	-4.468	Sale of ThyssenKrupp Bilstein shares in 2016
Other reserves	152.083.340	122.967.993	29.115.347	Profit distribution to other reserves; Sale of ThyssenKrupp Bilstein shares in 2016
Adjustment other reserves	472.028	10.679.504	-10.207.476	Sale of ThyssenKrupp Bilstein shares in 2016
Current year profit	52.664.600	31.250.718	21.413.882	Current year profit increase compared to last year; Sale of ThyssenKrupp Bilstein shares in 2016
Result carried	33.173.261	27.869.087	5.304.174	Retained earnings; Sale Equity ThyssenKrupp Bilstein Thyssen 2016
Minority interests	124.916	90.867	34.049	Increased minority interests related to the current year compared to previous year
Total equity	**369.916.536**	**327.564.677**	**42.351.859**	

In 2016 COMPA sold its 26,91% stake in ThyssenKrupp Bilstein Compa S.A. Sibiu. The above shareholding dates back to the year the company was founded (1996) and it did not bring any financial gains to COMPA, during the 20 years of joint venture and no dividends were distributed to the shareholders. Following this transaction approved by GMS, COMPA's earnings reflected in gross and net profit, amounted to over 12 million RON.

Capital management

The Company's objectives related to capital management reffer to maintaining the Company's ability to continue operating in order to provide compensation and benefits to its shareholdersand to other stakeholders and to maintain an optimal capital structure so as to reduce capital costs and support further development of the Company. There are no capital requirements imposed from the outside. The Compnay monitors the capital based on the debt level. This coefficient is the result of dividing the net debt to the total capital.

The net debt is the total of all the loans (including the current loans and the long term loans as per the balance sheet) except the cash and the cash equivalents. The total administered capital is calculated as “equity capital” as shown in the financial situation.

The Company distributed 2015’s net profit to own development sources due to the tax exemption facility offered for reinvested profit as per the OUG 19/2014.

COMPA continued to use the above mentioned facility in 2016 as well, and according to legal regulations it distributed 30.614.473 RON worth of profit to own development sources.
Considering the development opportunities anticipated for the next year and the need to fulfill new investments objectives, the Board of Directors will propose to the AGA to accept that the next year's net profit should also be distributed to own development sources.

Indebtedness evolution of the Group is as follows:

Explanations	**2016**	**2015**
Total debts	200.138.469	248.325.215
Cash and cash equivalents	2.101.414	15.644.993
Net debt	**198.037.055**	**232.680.222**
Equity	**369.916.536**	**327.564.677**
Level of indebtedness	**0,54**	**0,71**

The group set as a target not to exceed the level of 0.99

13. FINANCIAL LIABILITIES

Financial short-term and long term liabilities are:

Currency - EUR		**2016**			**2015**		
Credit institution	**Loan type**	**Total of which**	**Long term (< 5 years)**	**Short term**	**Total of which**	**Long term (< 5 years)**	**Short term**
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit line for manufacturing	4.002.454	4.002.454	0	10.068.493	10.068.493	0
ING BANK-SIBIU	Credit line for manufacturing	6.288.773	6.288.773	0	9.945.426	9.945.426	0
IMPULS-LEASING ROMANIA I.F.N SA BUC.	Financial leasing contracts	253.600	118.693	134.907	434.818	253.918	180.900
Total financial liabilities - EUR		**10.544.827**	**10.409.920**	**134.907**	**20.448.737**	**20.267.837**	**180.900**

Currency - RON		**2016**			**2015**		
Credit institution	**Loan type**	**Total of which**	**Long term (< 5 years)**	**Short term**	**Total of which**	**Long term (< 5 years)**	**Short term**
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit line for manufacturing	18.175.546	18.175.546	0	45.554.896	45.554.896	0
ING BANK-SIBIU	Credit line for manufacturing	28.557.949	28.557.949	0	44.998.079	44.998.079	0
IMPULS-LEASING ROMANIA I.F.N SA BUC.	Financial leasing contracts	1.151.623	538.996	612.625	1.967.335	1.148.853	818.483
Total financial liabilities -RON		**47.885.118**	**47.272.490**	**612.625**	**92.520.310**	**91.701.827**	**818.483**

The Group filed guarantees for contracting the loans.
Tangible assets mortgaged in favor of credit institutions at 31.12.2016 include land, buildings and equipment.
Also, there were concluded also"movable guarantees on receivables" as a guarantee for the credit commitments, proportionally with the value of exposure towards the financing banks.

Interest margin of loans from banking institutions engaged varies:
Euribor 1 month + 1,15 % per year and
Euribor 1 month + 1,75 % per year .
Interest related to finance leases varies between Euribor 3 months + 8.5% per year, and Euribor 3 months + 9.5% per year.
Foreign currency liabilities are valued in lei at the exchange rate of BNR dated 31.12.2016.

14. COMMERCIAL LIABILITIES AND OTHER LIABILITIES

The situation of commercial liabilities and other liabilities is the following:

Explanations	2016			2015		
	Total of which	Long term	Short term	Total of which	Long term	Short term
Suppliers	106.287.202	0	106.287.202	102.386.906	0	102.386.906
Advance payments from customers	497.414	0	497.414	1.415.419	0	1.415.419
Debts related to staff	4.454.563	0	4.454.563	4.092.583	0	4.741.386
Debts to social security and unemployment	3.637.674	0	3.637.674	3.326.101	0	3.685.670
Other debts to the state budget	1.509.626	0	1.509.626	1.412.129	0	1.541.071
Current income tax liabilities	191.612	0	191.612	71.100	0	77.659
Various creditors	131.399	0	131.399	484.699	0	484.699
Debt contracts POSDRU partnership projects	0	0	0	1.145.740	0	1.145.740
Subsidies for investment contracts AMPOSDRU SI AMPOSCEE	34.225.226	30.491.732	3.733.494	37.551.980	34.761.400	2.790.580
Inventory pluses of fixed assets	197.393	197.393	0	6.232	6.232	0
Advance income (partnership agreements and AMPOSDRU contracts)	0	0	0	2.632.499	0	2.632.499
Total commercial liabilities and other payables	**151.132.109**	**30.689.125**	**120.442.984**	**154.525.388**	**34.767.632**	**120.901.629**

Currency liabilities are valued in RON at the exchange rate of BNR on 31.12.2016
In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.
As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection.

The income tax due for 2015 has also been recalculated, due to supplementary expenses mentioned above and also due to reconsidering the amounts listed in "Income like elements" and "Other deductions - tax amortization" which were initially considered when calculating the tax profit.

The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections. In order to ensure comparability of the data the information related to 2015, included into the financial situation dated 31.12.2016, have been adjusted as follows:

- Staff related debts: + 648.803 lei
- Social security debts and unemployment fund debts: + 359.569 lei
- Other state budget debts (salary tax): + 128.942 lei
- Current profit tax debts: + 6.559 lei

15. PROVISIONS

The Group set up provisions as it follows:

Explanations	Provisions for guarantees to customers	Provisions for employee benefits	Other provisions	Total provisions
Balance at 01.01.2015	**26.945**	**108.700**	**0**	**26.945**
Provisions set up in 2015	0	0	0	0
Provisions reversed in 2015	0	0	0	0
Balance at 31.12.2015	**26.945**	**108.700**	**0**	**26.945**
Provisions set up 2016	0	0	4.988.496	0
Provisions reversed in 2016	0	0	-4.002.896	0
Balance at 31.12.2016	**26.945**	**108.700**	**985.600**	**26.945**

The Company did not provide additional provisions for guarantees granted to clients and employee benefits in 2016, considering that there were no changes compared to the situation on the 31.12.2015.
Other provisions amounting to RON 4.988.496 were established in the commercial relationship in 2016 between Compa and the following external partners: DELPHI DIESEL SYSTEMS-FRANCE, BOSCH RAIL-GERMANY AND ROBERT BOSCH-BELGIUM. Until the end of 2016, provisions of RON 4.002.896 were reversed.

The constituted provisions are represented by COMPA's obligations towards the above mentioned parteneres due to price differences.

The observable differences are explained here below:

- Recalculation of the amortization included in the price of products delivered by Compa to DELPHI DIESEL SYSTEMS-FRANCE.

The amortization included in the price is calculated considering a certain volume of the purchase orders. There may be deviations to this prospected volume. These deviations are analyzed periodically and after verification and validation of the differences by both parties, the invoices for the price differences are issued.

- Change in the cost of the materials included in the price of the products delivered to BOSCH RAIL-GERMANY as a result of a change of supplier. The cost of the materials from the new supplier decreased, and according to the agreement, the decrease must also be reflected in the price of the delivered products. – Decreasing the price of windscreen wipers delivered to ROBERT BOSCH BELGIUM. The provisions were estimated at the date Compa recognized its obligations, but the process of analysis and validation by both partners of any additional obligations has not yet been completed.

16. INCOME

Group revenues structure is as follows:

Explanations	2016	2015
Total turnover, of which:	**642.675.460**	**483.751.947**
Sales of finished products	620.718.452	465.374.108
Services rendered	6.413.568	7.606.761
Sales of goods	12.139.789	5.248.829
Income from other activities (rental, sales of materials and packaging)	3.093.642	3.407.876
Income from grants related to turnover (European funds projects)	310.009	2.114.373
Other operating income	**16.073.307**	**11.724.451**
Total operating income	**658.748.767**	**495.476.398**

Other operating income consist of:

Explanations	2016	2015
Revenues from sales of property	111.859	100.986
Revenues from production assets	9.125.456	9.034.333
Income from investment subsidies (European funds projects)	3.574.993	2.108.902
Other operating revenues	3.260.999	480.230
Total other operating income	**16.073.307**	**11.724.451**

Business segments

The Group management regularly evaluates its work to identify operating segments for which information must be reported separately.

The group operates in Romania. Group revenues presented above are entirely attributable to the country of residence.

Assets other than financial instruments, deferred tax assets, post employment benefit for claims and the rights arising from insurance contracts are all located in Romania. The Group has no such fixed assets located in other countries.

The company operates in Romania. Company revenues presented above are entirely attributable to home country.

The export income for 2016 is of 485.500.000 RON, representing 75,7% of the turnover.

The first three external clients provide 512.000.000 lei worth of income. This represents aproximately 79,6% of the turnover.

Revenues are attributable to activity in Romania.

17. EXPENSES BY NATURE

Operating expenses during the years 2016 and 2015 and their nature are presented in the table below:

Explanations	2016	2015
Material expenses	427.663.850	298.744.117
Differences of stock	-7.916.806	2.318.897
Employee benefits expense, of which:	120.391.887	106.084.702
Wages and salaries	98.800.487	87.025.943

Explanations	2016	2015
Expenditure on social security and welfare	21.591.400	19.058.759
Value adjustments on property	37.729.914	26.158.879
Value adjustments on current assets	-29.871	-2.382.718
Expenditure on services provided by third parties	28.229.270	24.948.355
Other taxes, duties and similar	2.131.681	2.300.034
Adjustments for provisions	985.600	0
Other operating expenses	5.393.172	1.878.411
Total operating expenses	**614.578.697**	**460.050.677**

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.

As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection.

The income tax due for 2015 has also been recalculated, due to the additional expenses mentioned above and due to reconsidering the amounts representing “Income like elements” and “Other deductions - tax amortization” which were initially considered when calculating the profit tax. The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections.

In order to ensure comparability of the data the information related to 2015, included into the financial situation dated 31.12.2016, have been adjusted as follows:

- Employee benefits expenses: + 1.138.227 lei
- Other operating expenses : + 274 lei

In 2016 the Company reclassified some of the expenses as detailed below:

-“ The road Tax expenses outside of Romania” were reclassified as “Services provided by 3rd parties expenses”; previously they had been mis-classified as “ Other taxes and duties expenses”

- “The accident insurance and occupational diseases fund expenses” and “The wage guarantee fund” were reclassified as “Employee benefits expenses”; previously they had been mis-classified as “Other Tax Expenses”

18. ANALYSIS OF OPERATING RESULT

Explanations	2016	2015
Operating income	658.748.767	495.476.398
Cost of sales	-585.865.802	-434.633.537
Sales and distribution expenses	-576.711	-512.694
Administrative costs	-19.087.684	-16.449.067
Expenditure on R&D	-9.048.500	-8.455.379
Operational result	44.170.070	35.425.721

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.

As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection. The income tax due for 2015 has also been recalculated due to the additional expenses mentioned above and due to reconsidering the amounts representing “Income like elements” and “Other deductions - tax amortization” which were initially considered when calculating the profit tax.

The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results

arising from the error corrections.

In order to ensure comparability of the data, the information related to 2015 included into the financial situation dated 31.12.2016, has been adjusted as follows:

- Employee benefits expenses: + 1.138.227 lei
- Other operating expenses : + 274 lei

19. EMPLOYEE BENEFITS EXPENSE

Employee benefits expenses include salaries, allowances and social security contributions.

Short-term benefits are recognized as expenses as the services are rendered.

Explanations	2016	2015
Wages and salaries	98.800.487	87.025.943
Expenditure on social security and welfare	21.591.400	19.058.759
TOTAL	**120.391.887**	**106.084.702**

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.

As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection. The income tax due for 2015 has also been recalculated due to the additional expenses mentioned above and due to reconsidering the amounts representing “Income like elements” and “Other deductions - tax amortization” which were initially considered when calculating the profit tax.

The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections.

In order to ensure comparability of the data, the information related to 2015 included into the financial situation dated 31.12.2016, has been adjusted as follows:

- Employee benefits expenses: + 1.138.227 lei

20. LOSSES (GAINS) FINANCIAL; LOSSES (GAINS) FROM SHARES IN ASSOCIATES

Structure losses (gains) financial statements is presented below:

Explanations	2016	2015
Gain from exchange differences relating to monetary items denominated in foreign currency	-430.952	-3.375.846
Loss of interest	-719.630	-907.830
Other financial gains	11.541.259	-444.539
Total losses / gains	**10.390.677**	**-4.728.215**

In 2016 COMPA sold its 26,91% stake in ThyssenKrupp Bilstein Compa S.A. Sibiu. The above shareholding dates the company was founded (1996) and it did not bring any financial gains to COMPA, during the 20 years of joint dividends were distributed to the shareholders. Following this transaction approved by GMS, COMPA's earnings gross and net profit, amounted to over 12 million RON.

The evolution of gains from shares in ThyssenKrupp Bilstein Compa S.A. is presented below:

Explanations	**2016**	**2015**
Earnings from shares in associates	-	3.165.988
Total losses / gains	**-**	**3.485.271**

21. EPS (Earnings per share)

Explanations	**2016**	**2015**
Number of shares at the beginning of the year	218.821.038	218.821.038
Shares issued during the year	0	0
Number of shares at the end of the year	**218.821.038**	**218.821.038**
Net profit	**52.698.962**	**31.266.908**
Earnings per share (in RON per share) basic / diluted:	**0,24**	**0,14**

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection.
The income tax due for 2015 has also been recalculated due to the additional expenses mentioned above and due to reconsidering the amounts representing “Income like elements” and “Other deductions - tax amortization ” which were initially considered when calculating the profit tax
The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections. In order to ensure comparability of the data the information related to 2015, included into the financial situation dated 31.12.2016, have been adjusted as follows:

- Current year profit: - 1.221.270 lei
- Base/diluted earning per share (RON): - 0,01

22. RELATED PARTIES

Affiliated entities are:

Related party	**% ownership**	**Object of activity**
COMPAIT SRL	100,00	Activities of providing software on request
TRANS C.A.S. SRL	99,00	Road transport of goods
RECASERV SRL	70,00	Catering activities for different events
COMPA EXPEDITII INTERNATIONALE SRL	98,00	Activity suspended since 2009

Affiliated entities of company COMPA S.A. Sibiu were established over time, due to the need of outsourcing some specific activities such as: software design, domestic and international auto transport, catering, etc..
Outsourcing was done to streamline these activities and to benefit from some facilities granted by the state for some activities (IT activity, transport licenses, etc.)
Most of transactions, contracts with these affiliated entities represent provision by COMPA (owner of special and specific installations), of utilities like: electricity, heating, tap water, phone services, compressed air, rental of premises and equipment necessary for the activity, as well as contracts for the supply of goods and services.
On the other hand, these affiliated companies provide goods and services to COMPA which represent their object of activity and for which the outsourcing was intended.

Relations were governed by commercial terms of free market, prices were established by negotiation within the frame of market indicated levels.
In 2016 COMPA sold its 26,91% stake in ThyssenKrupp Bilstein Compa S.A. Sibiu.
The above shareholding dates back to the year the company was founded (1996) and it did not bring any financial gains to COMPA, during the 20 years of joint venture and no dividends were distributed to the shareholders.
Following this transaction approved by GMS, COMPA's earnings reflected in gross and net profit, amounted to over 12 million RON.

Transactions made between 2015 and 2014 with companies where COMPA holds shares, were the following:
(the amounts include VAT)

Explanations	**2016**		**2015**	
The company to which the securities are held	**Purchases of goods and services**	**Sales of goods and services**	**Purchases of goods and services**	**Sales of goods and services**
TRANS C.A.S. S.R.L.	18.127.961	254.924	18.764.729	257.801
COMPA IT S.R.L.	1.974.000	22.875	2.002.600	22.002
RECASERV S.R.L.	992.844	51.659	890.715	56.153

Mutual liabilities and receivables recorded at 31.12.2016 and 31.12.2015 are the following:

COMPA S.A. 's receivables from:

Explanations	**2016**	**2015**
TRANS C.A.S. S.R.L.	45.239	46.383
COMPA-IT S.R.L.	1.792	3.824
RECASERV S.R.L.	6.589	11.258

COMPA S.A. debts paid by:

Explanations	**2016**	**2015**
TRANS C.A.S. S.R.L.	3.139.677	3.483.840
COMPA-IT S.R.L.	689.181	716.088
RECASERV S.R.L.	203.817	235.248

Outstanding balances are not guaranteed. No guarantees were established, nor were received for receivables or payables to related party.

BRANCHES

Company management

List of administrators of the company:

NAME AND FIRST NAME	QUALIFICATION	POSITION
DEAC Ioan	Engineer	Chairman of the Board
MICLEA Ioan	Economist	Member of the Board
MAXIM Mircea Florin	Engineer	Member of the Board
BENCHEA Cornel	Economist	Member of the Board
VELŢAN Ilie-Marius	Economist	Member of the Board

List of members of executive management of the Company:

NAME AND FIRST NAME	POSITION
DEAC Ioan	CEO & Chairman of the Board
MICLEA Ioan	Financial Director
FIRIZA Ioan	Managing Director
BĂIAŞU Dan-Nicolae	Purchasing Director
BUCUR Tiberiu-Ioan	Sales Director
ACU Florin-Ştefan	Technical Director
MUNTENAŞ Bogdan-Vasile	Logistics Director
ŢUICU Liviu-Laurenţiu	Quality- Environment Director
ŢUŢUREA Mihai	Production Director
ROTARU Petru-Liviu	Production Director
HERBAN Dorin-Adrian	Engineer Industrial Director
MORARIU Mircea	Production Deputy Director
SUCIU Ioan-Octavian	Quality and Environment Management Systems Director
OPRIŢOIU Dumitru	Chief Engineer Energy Base
DRAGOMIR Marius C-tin	Chief Engineer Maintenance

Transactions with the Company's management members are limited to wages and salaries:

Explanations	2016	2015
Salaries and allowances granted to members of the Board and executive management members	**4.759.095**	**4.566.795**

23. EMPLOYEE BENEFITS

The Group makes payments on behalf of its employees to the Romanian state pensions system, health insurance and unemployment benefit in the normal course of business. All Group employees are members and have a legal obligation to contribute (through social security contributions) to the State pension plan (a State defined contribution plan). All related contributions are recognized in the result of the period in which incurred.

The Group is bound by the collective labor agreement to provide benefits upon termination of the labor contract when employment is terminated for reasons not attributable to employees Benefits are valued at 0,5 - 5 base salaries , depending on length of service of employees in the Group.

Also, according to legal regulations and collective labor contract, employees who retire at age limit are entitled to an indemnity end career worth an average salary corresponding to the position occupied at the retirement date, adjusted with seniority employees in the Group.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The management of risc is a component part of the firm mangement,being a permanent process of analysing the potential factors which can act on the development of the firm activity .The risks must be known, their domain of action must be fully understood, in order to take the required measures to annihilate or diminish their effect

Risks connected with the selling activity

Although in the majority of the firm domains of activity during 2016 there existed growths of the volumes demanded, compared to the precedent year,taking into account the effects of this risk in the following years, measures have been taken:

- the offering of the price to the traditional clients of the firm for an important number of refferences,with impact on the assuarance of the production capacities loading.The transmition of some correlated prices,competitive which permit the firm nominalization as a quality supplier for new products;
- the extention of the present selling contracts of the main products;
- the quality improvement regarding the reduction of client's complains and the avoidance of the payment refusals for the delievered products;
- - the improvement of the logistic system to deliever time thesolicited products by the client.

The risk regarding the negociated selling price level

The process of negotiation of prices in car industry is complex and with very many risks.The level offered to a client could have the following risks:

- the negociated prices are lower than the costs level and in this context the following deminishing effect measures have been taken by reductionof the production costs by raising the labour productivity for each refference and technological operation;interventions to the suppliers to modify the delivering price of the material or semifabricated;reorganizations of the fabrication process for optimizing the machines and equipments loading and the avoiding to buy new machines;
- the prices transmited to the clients could be higher than their level on the market,so that the client could nominalize another supplier for the fabrication of these refference.To prevent such situations in the moment of offering the following demands of the client should be taken into consideretion in the car field: the price should have a decreasing sens from one year to another,demand known and applied in the car industry;the payment terms should be as attractive as possible.

Credit risk

In 2016, the credit lines engaged at the banks were accessed at a lower level than in the previous years so that this type of risk did not creat pressure on the firm activity,knowing that the level of satisfacion of the banks was higher knowing that the accessed credits level was lower in the situation in which the turnover had a big growth(in 2016).As a result the credit cost was reduced/the achieved turnover as compared to the previous years.

The insolvability risk

The impact of the cathegory of risk has been reduced and even eliminated as a result of the measures taken:

- the degree of profit grew in comparison with the previous years;
- the turnover level had also a significant growth;
- the partners are firms with a high reputation in the car domain,which do not have problems regarding the payment in time of the products fabricated and delieverd, they are solid firms from a financial point of view;
- the delievering of the products to unrecognizable clients which have an insignificant share is made only by assuaring the payment instruments (bill payable to order or CEC)

- the growth of the turnover with teh firmsDelphi,Bosch, multinationalfirms with a good financial situation.

<u>The currency risk</u>

The currency risk had a unsignificant impact in 2016 from the following motifs:

- the level of the credit lines accessed was lowering as in the preceding year;
- the credit lines are in Euro and the overhelming majority of the materials are achieved in euro;
- the prices with the clients and the suppliers are negociated in euro too.

The development and the investment risk

During 2016 the value of the investments achieved was significantly lower than those achieved in the previous year.On the other hand the investment achieved were directed especially to aquisition of machines and equipments in order to beneft of the government facility "extemption of taxation for the reinvested profit"..

Great investments in the precedent year 2015 had a significant impact on the turnover in 2016.

The stealind risk

In spite of all the measures taken by enlarging the net of video cameras in all the production sections, during 2016 a material stealing event was registred .Although the doer was found unfortunately the material was given already without the possibility to be recovered.The case is investigated by the police.

Consequently, in this field action should be taken being aware that the firm has a large area and perimetre, with vulnerability of surveying.

25. DATORII CONTINGENTE SI ANGAJAMENTE

The Company is involved in several Court Actions resulted from its normal activity.

The Board of Directors consider that except for the amounts described in the financial situations (provisions, impairment adjustements for assets depreciations) any other Court actions won't have a significant negative impact over the economical results and over the financial situation of the Company.

There are different authorized agencies for control and audit activities in Romania. These controlling activities are similar to financial audits performed by the financial authorities in various countries, but they can additionally audit other domains (such as legal aspects) depending on the agency profile.

The Company is very likely to be subjected to such controls so that presumed violations of laws and regulations can be investigated.

Although the Company may contest the penalties applied because of these audits, new laws and regulations given by the Romanian State may have a significant impact over the funcitonaing of the Company. Romania's financial system is under continuous development with many different interpretations and constant modifications which can sometimes be retroactive. The prescription period for fiscal controls is of 5 years.

The financial law in Romania contains price transfer for affiliate transactions, which date back to 2000. The current legal framework defines the "market value" principle for affiliate transactions as well as the methods of pricing transfer. As a result, it can be anticipated that the financial results as well as the value of the imported goods in the Customs is not distorted by the effect of the prices charged in relations with affiliated persons. Considering the above, the Company cannot quantify the impact of a verification.

26. EVENIMENTE ULTERIOARE DATEI BILANTULUI

No events that have a material impact on the financial position and the Company's overall result have been identified after the balance sheet date.

27. CORECTII

In 2016, following a control from ITM, our company has recalculated the wages owed to the staff for overtime working hours performed during year 2015.

As a result, additional expenses came out for covering the related additional costs with wages and social insurances and protection.

The income tax due for 2015 has also been recalculated, due to the additional expenses mentioned above and also due to reconsidering the amounts representing "Income like elements" and "Other deductions - tax amortization" which were initially considered when calculating the profit tax.

The additional expenses related to 2015 have been registered in 2016 in the account of the carried over results arising from the error corrections.

In 2016 the Company reclassified some of the expenses as detailed below:

-" The road Tax expenses outside of Romania" were reclassified as "Services provided by 3rd parties expenses"; previously they had been mis-classified as " Other taxes and duties expenses"

- "The accident insurance and occupational diseases fund expenses" and "The wage guarantee fund" were reclassified as "Employee benefits expenses"; previously they had been mis-classified as "Other Tax Expenses"

Find below financial position 31.12.2015 before and after correction:

Not changed financial position on 01.01.2015

	Note	31.12.2015 Restated	31.12.2015 Initial	Difference Restated - Initial
ASSETS				
Fixed assets:				
Tangible assets	4.1.	300.848.452	300.848.452	
Real estate Investment	4.2.	37.335.245	37.335.245	
Intangible assets	5	4.250.412	4.250.412	
Other receivables	7	107.354	107.354	
Titles available in equivalence	8	9.088.283	9.088.283	
Deferred tax asset	11	2.694.491	2.694.491	
Fixed assets -Ttotal		**354.324.237**	**354.324.237**	
Current asset				
Inventories	9	92.083.446	92.083.446	
Trade and other receivables	6	107.035.529	107.112.926	-77.397

	Note	31.12.2015 Restated	31.12.2015 Initial	Difference Restated - Initial
Other receivables (grants and settlement of ventures operations)	6	6.801.687	6.801.687	
Cash and cash equivalents	10	15.644.993	15.644.993	
Current asset - Total		**221.565.655**	**221.643.052**	**-77.397**
Total assets		**575.889.892**	**575.967.289**	**-77.397**
Equity				
Share capital	12	21.882.104	21.882.104	
Own shares	12	-64.910	-64.910	
Losses related to own shares	12	-45.961	-45.961	
Reserves	12	213.219.734	213.219.734	
Reserve adjustment	12	33.363.038	33.363.038	
Retained earnings:	12	59.119.805	60.341.075	-1.221.270
Retained earnings derived from the first-time adoption of IAS 29	12	-677.389	-677.389	
Minority interests	12	90.867	90.867	
Total shareholders' equity		**327.564.677**	**328.785.947**	**-1.221.270**
Liabilities				
Long term debt				
Financial debts	13	91.701.827	91.701.827	
Deferred revenues (deferred income, grants)	14	34.767.631	34.767.631	
Provisions	15	135.645	135.645	
Total long term debt		**126.605.103**	**126.605.103**	
Current liabilities				
Financial liabilities	13	818.483	818.483	
Trade and other payables	14	103.802.325	103.802.325	
Other liabilities	14	11.598.566	10.461.252	1.137.314
Current income tax liabilities	11	77.659	71.100	6.559
Deferred revenues (deferred income, grants)	14	5.423.079	5.423.079	
Provisions	15	0		

	Note	31.12.2015 Restated	31.12.2015 Initial	Difference Restated - Initial
Total current liabilities		**121.720.112**	**120.576.239**	**1.143.873**
Total liabilities		**248.325.215**	**247.181.342**	**1.143.873**
Total equity and liabilities		**575.889.892**	**575.967.289**	**-77.397**

The modifications applied in the profit – loss account are detailed here below:

	Nota	31.12.2015 Retratat	31.12.2015 Initial	Diferente Retratat -Initial
Employee benefits expense	19	-106.084.702	-104.942.048	-1.142.654
Services provided by third parties	17	-24.948.355	-22.785.845	-2.162.510
Other expenses	17	-4.178.445	-6.345.108	2.166.663
Total expenses		-460.050.677	-458.912.176	-1.138.501
Operating result	18	35.425.721	36.564.222	-1.138.501
Profit before tax		33.863.494	35.001.995	-1.138.501
Current income tax expense	11	-1.449.698	-1.366.929	-82.769
Net profit for the period		31.266.908	32.488.178	-1.221.270
Attributable to non-controlling interests		16.190	16.190	0
Attributable to parent company		32.471.988	32.471.988	0
Total comprehensive income of the year		31.311.940	32.533.210	-1.221.270
Attributable to non-controlling interests		16.043	16.043	0
Attributable to parent company		31.295.897	32.517.167	-1.221.270
Result unconsolidated per share Basic / diluted	21	0,14	0,15	-0,01

CEO, **CFO,**

IOAN DEAC **IOAN MICLEA**

STATEMENT

OF THE BOARD OF DIRECTORS

The Council of Administration assumes the responsibility for the elaboration of the consolidated financial situations of the Group, for the financial exercise finished on 31.12.2016

a) The consolidated financial statements for 2016 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

b) The accounting policies used in preparing the consolidated annual financial reports comply with accounting regulations

c) The consolidated annual financial reports present fairly the financial position, the financial performance and other information related to the activity carried on.

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

Chairman & CEO,	**CFO,**
Ioan DEAC	Ioan MICLEA

ANNUAL REPORT

CONSOLIDATED

2016

C O N T E N T S

A. LEGAL FRAMEWORK AND THE NECESSITY OF ELABORATING THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Based on the Order of the Ministry of Finance No.881 / 2012, the company COMPA S.A. Sibiu , whose securities are admitted for trading on the regulated market of the Bucharest Stock Exchange, applies International Financial Reporting Standards (IFRS) starting from 2012.
In accordance with accounting regulations compliant with Directive IV of the European Economic Community, COMPA S.A. Sibiu (parent company) meets the requirements mentioned in paragraph 12. The consolidated financial statements were elaborated on the basis of paragraph 3 of these regulations.

The set of rules of bookkeeping operations - economic financial elaboration, approval and auditing statutory consolidated annual financial statements of the Company are provided in the "IFRS accounting regulations" approved by Order 1286/2012.

All these laws constituted the legal basis necessary for elaborating the Group's consolidated financial statements for the year ended at 31.12.2015.

METHODS USED FOR CONSOLIDATION

According to legal regulations, the elaboration of consolidated financial statements is done by the entity hereinafter reffered to as company (parent -company), holding equity in another entity, hereinafter reffered to as subsidiary or affiliated company.

In this context, company COMPA SA Sibiu as parent company, rhas control, respectively its equity share in the capital of its affiliates is higher than 50% at the following affiliates:

COMPA I.T. S.R.L.	100.00
TRANS C.A.S. S.R.L.	99.00
RECASERV S.R.L.	70.00
COMPA EXPEDIŢII INTERNAŢIONALE S.R.L.	98.00

The company COMPA SA Sibiu, parent company, exercises effective power, with a dominant influence or control over Group companies. With regard to accounting regulations and recommendations in this area, consolidation method used by these companies is "*Global integration method*."

In anul 2016 a fost finalizata negocierea cu partenerul ThyssenKrupp Bilstein Germania, în urma căreia COMPA şi-a vândut participaţia de 26.91% pe care o deţinea la firma mixtă ThyssenKrupp Bilstein Compa S.A. Sibiu.

Participaţia deţinută încă de la înfiinţarea firmei (1996) nu a adus câştiguri financiare firmei COMPA, în cei 20 de ani firma mixtă nu a distribuit dividende acţionarilor.

În urma acestei tranzactii aprobate de către AGA, câştigul firmei COMPA, reflectat în profitul brut şi net a fost de peste 12 Milioane lei.

B. INFORMATION RELATING TO THE GROUP ENTITIES

COMPA S.A.Company

Social headquarters	No.8, Henri Coandă Street, Sibiu
Registration no. in theTrade Register	J32/129/1991,
Fiscal Code (VAT no.)	RO 788767
The main activity	” 2932 Manufacture of other parts and accessories for motor vehicles and motor vehicle engines
Share capital (RON)	21.882.103,8
Board of Directors	Deac Ioan - - Chairman & CEO Miclea Ioan - - CFO Maxim Mircea Florin - Non-executive administrator Benchea Cornel - Audit committee President Velţan Ilie-Marius - Audit committee member

Form of ownership: COMPA S.A was fully privatized in September 1999. COMPA is listed on the Bucharest Stock Exchange, at the Standard category

The company's evolution

By the Government decision no.1296 / 13.12.1990 the company became SC COMPA SA, originating from **I**ntreprinderea de **P**iese **A**uto Sibiu (I.P.A.Sibiu). I.P.A. Sibiu was established in 1969 through the merger of two units: Elastic Plant and Automecanica Sibiu plant.

Since 1991, COMPA has started a comprehensive process of organization and decentralization and separate production "organizations" were established for certain groups of viable products which subsequently became profit centers with clearly defined management and cost control.

After privatization in 1999, the company COMPA oriented mainly towards exporting, so that currently most of production is intended for export or Romanian subsidiaries of partners.

The company's financial investments as the parent company, representing equity shares owned in entities are presented in the table below:

COMPA holds titles / equity shares :	Social headquarters	The value of titles held by COMPA	% ownership
TRANS C.A.S. S.R.L.	Sibiu, 8 Henri CoandăSibiu county	1.498.450	99,00
COMPA I.T. S.R.L.	Sibiu, 8 Henri Coandă, Sibiu county	200.000	100,00
RECASERV S.R.L.	Sibiu, 51 Henri CoandăSibiu county	70.000	70,00
COMPA Expediţii Internaţionale S.R.L.	Sibiu, 8 Henri Coandă,Sibiu county	980	98,00
TOTAL		**1.769.430**	

COMPA I.T. S.R.L Company

The purpose of establishing was design and implementation of an *Integrated Informational System* for the parent company complying with the existing international standards and ensuring the requirements imposed by the company's organization form on profit centers, as well as assurance of a computer network within the entire company COMPA.

By implementing the integrated system within the parent company, company Compa-IT ensures the operation of this system at high parameters elaborates reports and presents new features of the system in order to make the most of the opportunities this complex and competitive system can offer.

Social headquarters	Sibiu, No.8, Henri Coandă Streed, Sibiu County
Recording no. in the Trade Register	J32/17/2001,
Fiscal Code (VAT)	CUI 13656016
The main activity	6201 - "Activities of providing software on request"
Share capital (RON)	200.000
Sole shareholder	COMPA S.A
Administrator	Acu Florin-Ştefan

TRANS C.A.S. S.R.L. Company

The company was intended for outsourcing the transport activity, initially existing within the company COMPA, with the purpose of extending and developing this distinctive activity from the profile of the company COMPA. Part of these vehicles is propriety of parent company COMPA SA, hired, and parts of them are propriety of company TRANSCAS SRL.

TRANS C.A.S. S.R.L. currently holds a total of 60 vehicles, of which a significant share is represented by Mercedes tractor trailers, with payload capacity exceeding 20 tones dedicated for the transport of raw materials and finished products for both COMPA and for external customers.

An overwhelming share in the transports of company TRANS C.A.S. is represented by international transport of goods, almost all over Europe.

Social headquarters	Sibiu, No.12, Henri Coandă StreetSibiu County
Recording in the Trade Register Office	J32/633/2002
Fiscal Code(VAT)	CUI 14836511
The main activity object	4941 "Road transport of goods".
Share capital, of which:	1.500.000 lei
Shareholders: COMPA S.A.Sibiu	1.498.450 lei
Maxim Mircea Florin şi Mihăilă Daniela	1.550 lei
Administrator	Maxim Mircea Florin

RECASERV S.R.L.Company

The purpose of establishing the company was outsourcing within the parent company (COMPA S.A.) of some activities different from the main business activities such as catering and canteen achieved by operating the canteens inside the company COMPA. By setting the company RECASERV SRL with activity field catering – there were provided conditions for developing this activity by adding secondary services (catering and cleaning services).

Social headquarters	Sibiu, 51 Henri Coandă StreetSibiu County
Recording no. in the Trade Register	J32/704/2004
Fiscal Code (VAT no)	CUI 164408228
The main activity	5629 "Other food service activities
Share capital, of which:	100.000 lei
Shareholders: COMPA S.A.Sibiu	70%
Boroş Daniela (individual person)	30%
Administrator	Boroş Daniela

COMPA EXPEDIŢII INTERNAŢIONALE S.R.L. Company

The aim was to ensure establishment of customs clearance at residence. The company had no activity since its foundation; its activity was suspended in 2016.

Social headquarters	Sibiu, 8 Henri Coandă StreetSibiu county
Recording no.in the Trade Register	J32/671/2003
Fiscal Code (VAT no)	15466492
Obiectul principal de activitate The main activity	5229 “Other transportation support activities”
Share capital, of which:	1.000 lei
Shareholders: COMPA S.A.Sibiu	980 lei
Moiş Gheorghe, Maxim Mircea Florin	20 lei

1. ANALYSIS OF GROUP’S ACTIVITY

1.1. ELEMENTS OF OVERALL ASSESSMENT OF THE GROUP

Among the main events that can be highlighted in economic and financial activity of the Group during the 2016 can be mentioned:

- The Group’s consolidated financial statements were elaborated on the basis of restatements on account balance at 01.01.2016 and 31.12.2016, according to IFRS for all affiliates that fall within the consolidation and which provide the necessary and useful information for management and especially for investors regarding the evolution of economical-financial indicators of the Group as a whole.
- The investment program continued within the Group also during the year 2016, assuring the increase of production capacities necessary for the following period.

1.2. ELEMENTS OF OVERALL ASSESSMENT OF BUSINESS

1.2.1. Related indicators of the Group consolidated financial statements

Following the consolidation, the main indicators characterizing the resulting overall activity of the Group are set out in the table below:

INDICATOR	M./U.	2016	2015
Turnover	RON	642.675.460	483.751.947
Net profit	RON	52.698.9621	31.266.908
Total assets	RON	570.055.005	575.889.892
Total debts	RON	200.138.469	248.325.215

1.2.2. Individual unconsolidated related indicators of those entities within the Group in which the parent company holds control (over 65% of the social capital) resulted after restatement of individual financial statement according to IFRS

a) COMPA S.A. Sibiu

The main individual indicators for assessment of the overall activity of the company are presented in the following table:

INDICATOR	M./U.	2016	2015
Turnover	RON	638.659.554	480.430.751
Net profit	RON	51.627.557	27.133.356
Total assets	RON	567.005.102	564.670.934
Total debts	RON	200.844.277	248.067.388
Average number of personnel	Pers.	1.954	1.743

b) COMPA I.T. S.R.L. Sibiu

The main indicators of overall assessment of individual activity, are presented in the following table:

INDICATOR	M./U.	2016	2015
Turnover	RON	1.656.826	1.651.376
Net profit	RON	389.075	109.631
Total assets	RON	733.704	753.197
Total debts	RON	127.795	536.363
Average number of personnel	Pers.	10	10

c) TRANS C.A.S. S.R.L. Sibiu

Representative individual indicators characterizing the activity of the company are presented in the table below:

INDICATOR	M./U.	2016	2015
Turnover	RON	18.753.135	18.231.782
Net profit	RON	569.754	806.747
Total assets	RON	7.757.381	8.180.521
Total debts	RON	3.128.653	4.118.888
Average number of personnel	Pers.	63	63

d) RECASERV S.R.L. Sibiu

Key indicators for 2015 and 2014 are presented in the following table:

INDICATOR	M./U.	2016	2015
Turnover	RON	1.478.197	1.187.784
Net profit	RON	112.576	51.187
Total assets	RON	519.216	388.047
Total debts	RON	118.841	99.217
Average number of personnel	Pers.	28	28

1.2.3. Indicators relating to individual unconsolidated statements of entities within the Group, where COMPA SA Sibiu is minority shareholder, resulted after restatement of individual financial statements, according to IFRS

1.3. PERSPECTIVE ELEMENTS REGARDING THE ACTIVITY OF THE GROUP

a) Analysis of trends and uncertainty factors impacting the Group's liquidity

In the year 2016 within the Group the following trends with impact on the liquidity of the Group have been observed:

- All companies registered profit, some of them including the parent company COMPA have recorded increases of profit over 90%, and which had positive impact in the Group's cash flow and therefore, in the Group's liquidity;
- The Group's turnover recorded a significant increase in 2016 as compared to the previous year;
- The level of inventories recorded a small decrease in 2016 as compared to 2015, despite the increase with more than 33% of the turnover, this decrease of Current Assets showing the concern of the Group for effective use of the resources designated for financing current activity;

The process of investments from own resources has continued and this will also have an impact upon the Group's liquidity in the future.

b) The impact of capital expenditure on the Group's financial situation

The evolution of the Group's operating revenues and their structure in 2015 compared to 2014 are presented in the following table:

EXPLANATIONS	2016	2015
Total turnover, from which:	**642.675.460**	**483.751.947**
Revenues from sales of finished products	620.718.452	465.374.108
Revenues from provision of services	6.413.568	7.606.761
Revenue from sale of goods	12.139.789	5.248.829
Revenues from other activities (rental, sales of materials and packaging)	3.093.642	3.407.876
Revenues from grants related to turnover (European projects funds)	310.009	2.114.373
Other operating income	16.73.307	11.724.451
Total operating revenues	658.748.767	495.476.398

The Group's turnover and operating revenues recorded in 2016 an increase of around 33% as compared to 2015.

All companies within the Group have recorded increases in turnover in the year 2016 as compared to previous year, nevertheless companies COMPA IT and TRANS C.A.S. SRL recorded modest increases in the year 2016.

2. TANGIBLE ASSETS OF THE GROUP

2.1. Tangible and real estate investments

Within the Group there are the following categories of tangible assets and real estate investments, as presented in the table below (net value):

EXPLANATIONS	2016	2015
Land and Building	112.812.836	107.111.661
Equipment and vehicles	187.164.748	155.694.472
Other tangible assets	254.141	260.831
Tangible assets in progress	19.674.325	37.781.488
Real estate investments	40.269.842	37.335.245
TOTAL	**360.175.892**	**338.183.697**

Total of Property, Plant and Equipment of the Group has increased in 2016 with 6.5% as compared to previous year, and within the structure of these assets the most significant increase has been recorded at Equipment and Vehicles- more than 20%, as a consequence of commissioning the tangible assets purchased through the wide investment program during 2015 and 2016.

2.2. The degree of wear the group's properties

The degree of wear the tangible assets of the Group between 2014 and 2015 are presented in the following table:

EXPLANATIONS	2016	2015
Constructions:		
- Inventory Value	73.046.115	63.602.500
- The remaining value	69.303.675	63.602.500
- Wear	3.742.440	0
- Wear degree (%)	5,12	0,00
Equipment and vehicles		
- Inventory Value	457.387.959	397.565.322
- The remaining value	187.164.748	155.694.472
- Wear	270.223.211	241.870.850
- Wear degree (%)	59,08	60,84
Other tangible assets		
- Inventory Value	1.219.458	1.160.968
- The remaining value	254.141	260.831
- Wear	965.317	900.137
- Wear degree (%)	79,16	77,53

2.3. Details of the ownership of tangible assets of the Group

The entire land area included in the accounts is owned by the Group, being tabulated and registered in the Land Registry, there are no issues related to ownership of tangible assets, ie land, buildings and equipment.

3. STATEMENT OF FINANCIAL ACCOUNTING OF THE GROUP

a) Elements of the Group's consolidated balance sheet

Financial statement of the Group is detailed in Explanatory Notes prepared, which provide understanding of economic phenomena produced, methods and techniques used, the accounting policies applied in the management of the Group accounts.

Assets and liabilities in the structure of consolidated balance sheet of the Group, under IFRS, are presented in the following table:

EXPLANATIONS	31.12.2016	31.12.2015
Fixed assets		
Tangible assets	319.906.050	300.848.452
Intangible assets	3.702.785	4.250.412
Estate investments	40.269.842	37.335.245
Other receivables	107.354	107.354
Investments accounted for using the equity method	0	9.088.283
Receivables related to deferred tax	821.303	2.694.491

EXPLANATIONS	31.12.2016	31.12.2015
Fixed assets - Total	**364.807.335**	**354.324.237**
Active circulante: Current assets		
Inventories	91.830.538	92.083.446
Trade receivables and other receivables	111.293.080	107.035.529
Other receivables (Grants and settlement from associate operations)	22.638	6.801.687
Cash and cash equivalents	2.101.414	15.644.993
Current assets - Total	**205.247.670**	**221.565.655**
ASSETS - TOTAL	**570.055.005**	**575.889.892**
Equity:		
Issued capital	21.882.104	21.882.104
Own actions	-64.910	-64.910
Losses related to own shares	-45.961	-45.961
Reserves	239.031.432	213.219.734
Ajustement reserves	23.151.094	33.363.038
Reported result, of which:	85.837.861	59.119.805
Reported result due to the adoption of IAS 29 for the first time	-677.389	-677.389
Minority interests	124.916	90.867
Equity – total, of which:	**369.916.536**	**328.785.947**
Long-term liabilities		
Financial liabilities	47.272.490	91.701.827
Revenues in advance (grants)	30.689.125	34.767.631
Provisions	135.645	135.645
Long-term liabilities - Total	**78.097.260**	**126.605.103**
Current liabilities		
Financial liabilities	612.625	818.483
Trade and other payables	106.784.617	103.802.325
Other liabilities	9.733.262	11.598.566
Debts on current taxes	191.612	77.659
Revenues in advance (grants)	3.733.493	5.423.079
Provisions	985.600	0
Current liabilities - Total	**122.041.209**	**121.720.112**
Total liabilities	**200.138.469**	**247.181.342**
Total equity and liabilities	**570.055.005**	**575.889.892**

In 2016 following a control from Local Labour Institute, the Group proceded to recalculation of salaries due to personnel for additional hours worked in 2015. Following this recalculation there have resulted additional expenses with the salaries, insurance and social protection. The current profit tax corresponding to 2015 was also recalculated due to additional expenses mentioned above on the one hand, and on the other hand the reconsideration on the sum representing “Income-like items” and “Other tax deductions fiscal depreciation” initially considered for the determination of the profit tax.

Additional expenses corresponding to 2015 were registered in 2016 on the basis of reported result coming from the correction of the errors. In order to ensure the comparability of data, information corresponding to 2015 presented in the financial situations at 31.12.2016 has been adjusted with these changes, as it follows:

- Commercial receivables and other receivables: - 77.397 lei
- Reserves: - 1.221.270 lei
- Other liabilities: + 1.137.314 lei
- Current tax liabilities: + 6.559 lei

The management's concern for efficient use of resources for a significant increase of the turnover with a small level of Current Assets – was recorded both at the Group's level, as well as at the parent company (COMPA). In this context we can highlight the Group's concern for the following:

- Increase of Non-current assets commissioned for ensuring the necessary premises for increasing the incomes and profit
- Decrease of inventories on the background of increased turnover;
- Increase with only 4% of receivables on the background of increase of turnover with 33%;
- Significant decrease of Long term debts in 2016 (with 62% as compared with 2015)
- Equity at the level of the Group increased in 2016 with almost 13% as compared with the previous year.

b) Profit and Loss Account of the Group

The structure of income and expenses, as well as of the Group's results is presented in the table below:

EXPLANATIONS	31.12.2016	31.12.2015
Turnover	**642.675.460**	**483.751.947**
Other revenues	16.073.307	11.724.451
Total - Revenues	**658.748.767**	**495.476.398**
Changes in inventories of finished goods and work in progress	7.916.806	-2.318.897
Raw materials and consumables used	-427.663.850	-298.744.117
Employee benefits expense	-120.391.887	-106.084.702
Depreciation and amortization expenses	-38.685.643	-23.776.161
Services provided by third parties	-28.229.270	-24.948.355
Other expenses	-7.524.853	-4.178.455
Total - Expenses	**-614.578.697**	**-460.050.677**
The operating result	**44.170.070**	**35.425.721**
Financial revenues	40.013	1.947
Financial expenses	-759.643	-909.777
Other financial gains / losses	11.110.307	-3.820.385
Net financing costs	10.390.677	-4.728.215
Revenues from shares in associated entities		3.165.988
Profit before tax	**54.560.747**	**33.863.494**
(Expenses) / Revenues related to deferred income tax	200.783	-1.146.888
Current profit tax expense	-2.062.568	-1.449.698
Net profit for the period, from which	**52.698.962**	**31.266.908**

EXPLANATIONS	31.12.2016	31.12.2015
Attributable to non-controlling interests	34.362	16.190
Attributable to parent company	52.664.600	31.250.718
Other comprehensive income:		
Corporation tax related to other comprehensive income	-2.112.142	-45.032
Other revenues comprehensive income, net of tax	-2.112.142	-45.032
Total comprehensive income of the year, of which:	**50.586.820**	**31.311.940**
Attributable to non-controlling interests	34.049	16.043
Attributable to parent company	50.552.771	31.295.897
Consolidated result per share basic / diluted	0,24	0.14

By analyzing the profit and loss account of the Group the following conclusion is evidenced:

In 2016 following a control from Local Labour Institute, the Group proceded to recalculation of salaries due to personnel for additional hours worked in 2015. Following this recalculation there have resulted additional expenses with the salaries, insurance and social protection. The current profit tax corresponding to 2015 was also recalculated. Additional expenses corresponding to 2015 were registered in 2016 on the basis of reported result coming from the correction of the errors. In order to ensure the comparability of data, information corresponding to 2015 presented in the financial situations at 31.12.2016 has been adjusted with these changes, as it follows:

- Expenses with employee benefits: plus 1.138.227 lei
- Other operating expenses: : plus 274 lei
- Current profit tax expenses: plus 82.769 lei
- Net profit of the period: minus 1.221.270 lei

We can appreciate the contribution to the increase of net profit of the Group as a whole in 2016 of the other companies within the consolidation area, except for company TRANS C.A.S S.R.L, where the creation of provisions due to a traffic accident has seriously decreased its net profit in 2016, below the level of 2015.

c) Comparative analisys of consolidated financial statements of the Group and the individual financial statements of the parent company COMPA SA Sibiu, both conforming with provisions of IFRS

The comparative situation of individual assets (balance sheet)

INDICATOR	COMPA-2016	COMPA-2015	Group 2016	Group 2015	Differences 2016	Differences 2015
					Group COMPA	
Tangible assets	316.711.089	296.837.486	319.906.050	300.848.452	3.194.961	4.010.966
Real estate investments	41.239.843	38.305.245	40.269.843	37.335.245	-970.000	-970.000
Intangible assets	3.702.191	4.249.508	3.702.785	4.250.412	594	904
Other non-current receivables	107.354	107.354	107.354	107.354	0	0
Financial investments	1.769.430	2.584.578	0	0	-1.769.430	-2.584.578
Investments accounted for using the equity method	0	0	0	9.088.283	0	9.088.283
Deferred tax receivables	804.084	2.734.354	821.303	2.694.491	17.219	-39.863
Fixed assets - total	**364.333.991**	**344.818.526**	**364.807.335**	**354.324.237**	**473.344**	**9.505.711**

INDICATOR	COMPA-2016	COMPA-2015	Group 2016	Group 2015	Differences 2016	Differences 2015
					Group COMPA	
Inventories	91.649.476	91.951.077	91.830.538	92.083.446	181.062	132.369
Trade receivables and other receivables	110.393.385	106.355.984	111.293.080	107.035.529	899.695	679.545
Other receivables (Subsidies and transactions related to joint operations)	22.638	6.801.687	22.638	6.801.687	0	0
Cash and cash equivalents	605.611	14.743.661	2.101.414	15.644.993	1.495.803	901.332
Current assets - total	**202.671.111**	**219.852.409**	**205.247.670**	**221.565.655**	**2.576.559**	**1.713.246**
Total assets	**567.005.102**	**564.670.934**	**570.055.005**	**575.889.892**	**3.049.903**	**11.218.958**
Issued capital	**21.882.104**	**21.882.104**	**21.882.104**	**21.882.104**	**0**	**0**
Own shares	0	0	-64.91	-64.91	-64.910	-64.910
Losses related to own shares	0	0	-45.961	-45.961	-45.961	-45.961
Reserves	235.888.876	206.212.312	239.031.432	213.219.734	3.142.556	7.007.422
Reserve adjustment	23.122.057	23.122.057	23.151.094	33.363.038	29.037	10.240.981
Retained earnings, of which	**85.267.789**	**65.387.073**	**85.837.861**	**59.119.805**	**570.072**	**-6.267.268**
Retained earnings due to the adoption of IAS 29 for the first time	-648.352	-648.352	-677.389	-677.389	-29.037	-29.037
Minority interests	0	0	124.916	90.867	124.916	90.867
Equity - Total	**366.160.826**	**316.603.546**	**369.916.536**	**327.564.677**	**3.755.710**	**10.961.131**
Financial liabilities	46.733.495	90.552.975	47.272.490	91.701.826	538.995	1.148.851
Revenues in advance (Revenue in advance, subsidies)	30.689.125	34.767.632	30.689.125	34.767.632	0	0
Provisions	135.645	135.645	135.645	135.645	0	0
Long-term liabilities - total	**77.558.265**	**125.456.251**	**78.097.260**	**126.605.103**	**538.995**	**1.148.852**
financial liabilities			612.625	818.483	612.625	818.483
Trade and other payables	109.161.283	106.113.838	106.784.617	103.802.325	-2.376.666	-2.311.513
Other liabilities	9.240.255	11.067.660	9.733.261	11.598.566	493.006	530.906
Debts related to current taxes	165.379	6.559	191.612	77.659	26.233	71.1
Revenues in advance (Revenue in advance, subsidies)	3.733.494	5.423.079	3.733.494	5.423.079	0	0
Provisions	985.600	0	985.600	0	0	0
current liabilities	**123.286.011**	**122.611.136**	**122.041.209**	**121.720.112**	**-1.244.802**	**-891.024**
Total liabilities	**200.844.276**	**248.067.387**	**200.138.469**	**248.325.215**	**-705.807**	**257.828**
Total equity and liabilities	**567.005.102**	**564.670.934**	**570.055.005**	**575.889.892**	**3.049.903**	**11.218.958**

After analyzing the Assets items from the individual Balance sheet of the parent company- COMPA in 2016 as compared with the same Assets items of the Group in 2016, we can come up with the following conclusions:

- - Increases recorded in 2016 as compared to 2015 at the Group level are significantly influenced by the evolution of the value of heritage items recorded for the parent company COMPA

- - Positive results registered in the structure and evolution of Heritage items and debts of the parent company have also influenced positively the evolution of Assets and respectively the debts of the Group;
- - No negative results have been recorded in the evolution of heritage items in 2016 at any of the companies within the Group.

d) The comparative situation of profit and loss account of the Group and of COMPA

INDICATORS	COMPA-2016	COMPA-2015	Group 2016	Group 2015	Differences 2016	Differences 2015
					Group COMPA	
Revenues	638.659.554	480.430.751	642.675.460	483.751.947	4.015.906	3.321.196
Other revenues	15.861.421	11.350.231	16.073.307	11.724.451	211.886	374.22
Revenues Total	**654.520.975**	**491.780.982**	**658.748.767**	**495.476.398**	**4.227.792**	**3.695.416**
Changes in inventories of finished goods and work in progress	7.848.240	-2.369.331	7.916.806	-2.318.897	68.566	50.434
Raw materials and consumables used	-422.338.647	-292.869.138	-427.663.850	-298.744.117	-5.325.203	-5.874.980
Employee benefits expense	-115.823.029	-101.916.324	-120.391.887	-106.084.702	-4.568.858	-4.168.378
Depreciation and amortization expenses	-38.259.537	-23.001.970	-38.685.643	-23.776.161	-426.106	-774.191
Services provided by third parties	-35.755.510	-33.553.304	-28.229.270	-24.948.355	7.526.240	8.604.949
Other expenses	-7.231.249	-3.914.504	-7.524.853	-4.178.445	-293.604	-263.941
Expenses total	**-611.559.732**	**-457.624.572**	**-614.578.697**	**-460.050.677**	**-3.018.965**	**-2.426.106**
Result from operation	**42.961.243**	**34.156.411**	**44.170.070**	**35.425.721**	**1.208.827**	**1.269.310**
Financial revenues	40.010	1.905	40.013	1.947	3	42
Financial expenses	-683.219	-791.591	-759.643	-909.777	-76.424	-118.186
Other financial gains / losses	11.104.161	-3.812.977	11.110.307	-3.820.385	6.146	-7.408
Net financing costs	10.460.952	-4.602.663	10.390.677	-4.728.215	-70.275	-125.552
Revenues from shares in associated entities	0	0	0	3.165.988	0	3.165.988
Profit before tax	53.422.195	29.553.748	54.560.747	33.863.494	1.138.552	4.309.746
(Expenses) / Revenues related to deferred profit tax	140.008	-1.146.888	200.783	-1.146.888	60.775	0
Current profit tax expense	-1.934.646	-1.273.504	-2.062.568	-1.449.698	-127.922	-176.194
Net profit for the period, of which	51.627.557	27.133.356	52.698.962	31.266.908	1.071.405	4.133.552
Attributable to non-controlling interests			34.362	16.19	34.362	16.19
Attributable to parent company			52.664.600	31.250.718	52.664.600	31.250.718
Revaluation of tangible assets:	**0**	**0**	**0**	**0**	**0**	**0**

INDICATORS	COMPA-2016	COMPA-2015	Group 2016	Group 2015	Differences 2016	Differences 2015
					Group COMPA	
Profit tax related to other comprehensive income	**-2.070.278**	**90.442**	**-2.112.142**	**45.032**	**-41.864**	**-45.41**
Other comprehensive income, net of tax	**-2.070.278**	**90.442**	**-2.112.142**	**45.032**	**-41.864**	**-45.41**
Total comprehensive income of the year, of which:	**49.557.279**	**27.223.798**	**50.586.820**	**31.311.940**	**1.029.541**	**4.088.142**
Attributable to non-controlling interests			34.049	16.043	34.049	16.043
Attributable to parent company			50.552.771	31.295.897	50.552.771	31.295.897
Consolidated result per share basic / diluted	0,24	0,12	0,24	0,14	0,00	0,02

Indicators recorded in the Profit and Loss Account in 2016 for the Group as compared to those of the parent company COMPA have the following characteristics:

- Total Incomes of the Group recorded in 2016 had an increase of 32.85% as compared to 2015, lower than the increase in the Incomes of the parent company – 32.93%, indicating that the affiliated companies recorded a slower increase rhythm;
- A similar evolution was registered for Group's Profit before tax, which increased in 2016 as compared to 2015 with a lower increase rhythm (61.12%) than the one recorded by the parent company COMPA (80.76%).

Conclusions after the comparative analysis

Following the comparative analysis between the Group's heritage items and the indicators from the Profit and Loss Account for 2016 and those of the parent company COMPA it results:

- All companies within the Group had a positive contribution to the development of the Group as a whole;
- Both the Profit before tax and the net profit of the Group in 2016 had a positive evolution, respectively an increase as compared to previous year 2015.

On the whole, the activity of the Group followed the positive evolution of the parent company COMPA.

CEO, **CFO,**

DEAC IOAN **MICLEA IOAN**