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BRK Financial Group

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Semestrial Report

*on June 30, 2017*

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## 1. Identification data

The semester report of the directors for the first semester of 2017 is drawn up in accordance with the Law No. 297/2004 on the Capital Market and the CNVM Regulation no. 1/2006 on issuers and transactions with securities.

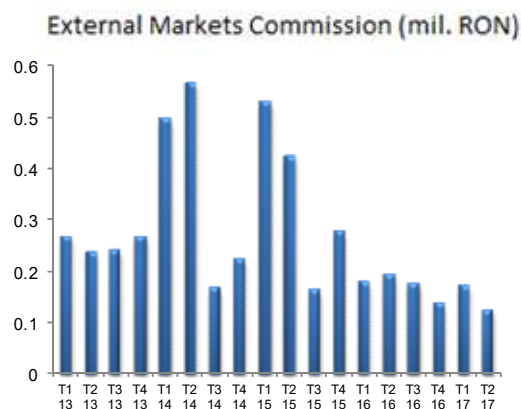
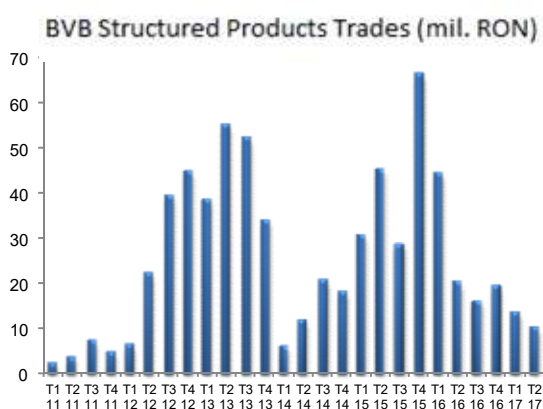
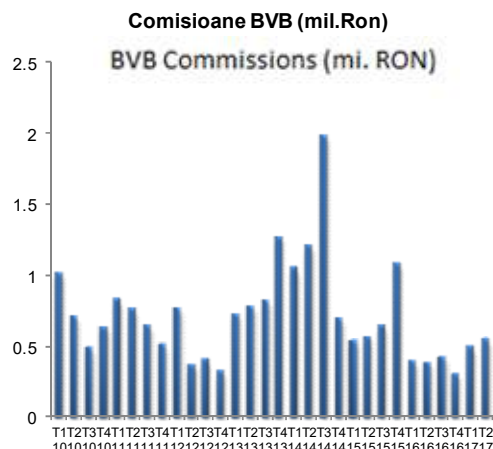
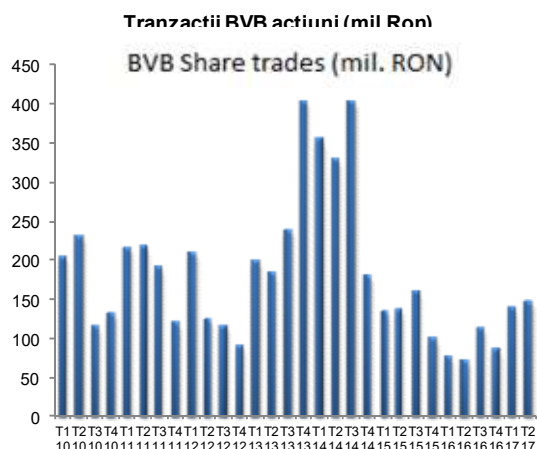
Report date	August 11,2017
Legal name	SSIF BRK FINANCIAL GROUP S.A.
Field of activity	Financial brokerage activities CAEN 6612
Tax code / CUI	6738423
Code of Commerce Registry	J12/3038/1994
Subscribed and paid-up share capital	54.039.987,04 Ron
Adress ( Headquarters)	Headquarters: 119 Motilor Street, Cluj-Napoca
Telephone, Fax	0364-401709, 0364-401710
Email	secretariat@brkfinancialgroup.ro
Web page	<a href="http://www.brkfinancialgroup.ro">www.brkfinancialgroup.ro</a>
Securities	337.749.919 ordinary shares with a nominal value of 0,1600 Lei
Regulated market	Bucharest Stock Exchange, Main Segment, Premium Category
Symbol BVB	BRK
ISIN	ROBRKOACNOR0
Audit	The interim financial statements at 30 June 2017 on which this report was based have't been audited



## 2. Key indicators

Indicators	30-Jun-17	30-Jun-16	Evolution
<b>Profit and loss statement and other comprehensive income (RON)</b>			
Income from continuing operations	5,755,909	3,363,053	71.15%
The result of the operating activity	929,802	(1,097,143)	n.a.
The result of the period	929,802	(1,097,143)	n.a.
Total global result for the period	(372,309)	894,655	n.a.
<b>Individual Balance Sheet (RON)</b>			
Total assets	108,229,488	104,637,442	3.43%
Equity	62,502,282	62,826,576	-0.52%
<b>Performance indicators</b>			
Net profit per share (RON / Share)	0.0028	(0.0032)	n.a.
Accountant (Ron / Share)	0.1851	0.1860	-0.52%
Net profit margin	16.15%	-32.62%	n.a.
<b>BRK Action Price (RON / Share)</b>			
Opening Price (Previous Closing Price)	0.0688	0.0780	-11.79%
Maximum (intraday price)	0.1145	0.0798	43.48%
Minimum (intraday price)	0.0694	0.0664	4.52%
Closing price (June 30)	0.0870	0.0700	24.29%
<b>Economic and financial indicators</b>			
Current liquidity	1.59	1.58	1.12%
Immediate liquidity	1.59	1.58	1.12%
Degree of indebtedness *	n.a.	n.a.	n.a.
Fixed assets turnover ratio	0.17	0.09	87.79%
Total assets turnover ratio	0.05	0.03	65.47%
Overall financial autonomy rate	0.58	0.60	-3.82%

\*The Company does not have loan agreements on 30 June 2017 and 30 June 2016 respectively



### 3. Company Information

SSIF BRK Financial Group SA was set up as a joint stock company on 26 October 1994 under the initial name of SIVM Broker SA, subsequently SSIF Broker SA, until the end of 2015. Due to the expansion of its activity in other financial segments through acquisitions Strategic, but also by internal development, in 2015 it was decided to change the name of SSIF Broker SA to SSIF BRK Financial Group SA. Thus, on March 21, 2016 the name change operation was completed, after the publication of the decision of the AGEA dated 16.12.2015 in the Official Gazette of Romania no. 226, Part IV, on 15.01.2016. The ASF authorization to change the name was received on 24.02.2016.

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SSIF BRK Financial Group S.A. is a founding member of the Bucharest Stock Exchange and a shareholder at Sibiu Stock Exchange (Sibex), Sibex Depositor, Romanian Compensation House Sibiu, Romanian Commodities Exchange, Bucharest Clearing House and S.C. Investor Compensation Fund S.A.



The main activity is the intermediation of financial transactions, BRK being one of the largest independent brokerage companies in Romania that is not under the custody of another financial institution.

The company offers a wide range of financial services for both retail and institutional clients. Intermediation of transactions at the Bucharest Stock Exchange and in other international markets is still one of the main sources of income for the company. BRK has been involved in listing some of the most prestigious Romanian companies on the Bucharest Stock Exchange, and has listed 11 of the 12 companies initially listed on the Bucharest Stock Exchange, preparing and introducing to trading 45 companies. Among these are: Antibiotice Iasi, Azomures Targu-Mures, Cluj-Napoca Therapy, Artrom Slatina, Astra Vagoane Arad and others.

In addition to customer services, the management of its own financial assets portfolio contributes to the results of the SSIF BRK Financial Group S.A .. The investments are made both on the local market and on international markets, in premium companies listed on regulated markets, but also in private companies. Thus, SSIF BRK Financial Group became a significant shareholder in several Romanian companies, actively involved in their development.

In 2005, BRK Financial Group became the first and, to date, the only financial investment services company listed on the Bucharest Stock Exchange. SSIF BRK Financial Group shares (SSIF Broker at that date) were admitted to trading on the main market administered by the Bucharest Stock Exchange on 5 February 2005 under the BRK symbol. BRK shares are listed on the main segment, in the Premium category of the Bucharest Stock Exchange, and are included in the composition of the BETPlus index.

The headquarters of the company are in Cluj-Napoca, while the national presence is provided by the agencies in Bucharest, Timisoara, Iasi and Suceava, as well as through the delegated agents.

#### **4. Presentation of the company's core business**

BRK Financial Group's core business is structured on two business lines, namely brokering services and the management of its own financial assets portfolio. In the direction of brokerage services, the activity is organized on 3 segments: intermediation services, market-making operations & structured products and corporate operations services.

The financial intermediation activity refers to all the brokerage services offered to individual retail investors and companies (intermediation of domestic scholarships as well as inter-national scholarships in Europe, North America and Asia) as well as specialized services offered to institutional clients (Mediation of public tenders, capital market financing and consultancy).

Starting with 2010, the company carries out market-making activities, displaying and maintaining firm buying / selling quotations) on various financial instruments. In the first half of the year, the company continued to act as a market maker for BTF fund units and as a liquidity provider for all issued certificates.

Structured product operations began in May 2012 when the first structured products were launched, in the form of Turbo certificates with support for the US Dow Jones Industrial Average index, and a further series of turbo certificates was released, this time the underlying asset being the Eurostoxx 50 index. The structured products issued by BRK Financial Group are the first and the only ones on the Bucharest Stock Exchange developed exclusively in Romania. BRK Financial Group is a liquidity provider for these products, meaning that the company assures their liquidity by displaying firm quotes on the market throughout the trading session.



Along with brokerage, the management of its own financial assets portfolio is another important part of the BRK Financial Group's activity and contributes significantly to the company's results. Lately, an important share of the portfolio is managed as a placement in the investment funds managed by SAI Broker, a subsidiary of the BRK Financial Group. This avoids conflicts of interest between own investments and those made on behalf of clients.

## 5. The context and main events that affected the field of activity

### 5.1. Retrospective of global stock market developments

The year 2017 started rising, despite Washington's political problems. Dow and S & P500 rose 8% each, and the NASDAQ index increased by 14%. 23 of the companies that make up the DOW30 index have grown, and the S & P500 index, 70% of the companies have performed positively.

US elections, as well as hopes of tax cuts, rising public spending and regulatory reform, have undoubtedly contributed to the rise of markets. Investor confidence in the economic outlook has also improved beyond the US.

In Europe, business confidence surveys have highlighted one of the highest levels in the past five years, and consumer confidence has risen to the pre-crisis period. Improving business confidence is widespread throughout the Eurozone, and European companies are finally starting to show widespread gains. This has helped Europe to keep pace with the US in the first half of this year, despite its low performance last year. European elections have so far rejected anti-eurozone candidates, both in Austria and the Netherlands, as well as in France, showing that the widespread eurozone division is not as imminent as some eurosceptics .

In conclusion, global financial markets have continued to grow since the beginning of the year despite all political issues, Middle East tensions and Brexit's uncertainty. The positive evolution on the international markets also positively influenced the Romanian market.

Indice	Tara	S1 2017
Dow Jones	SUA	8.03%
S&P 500	SUA	8.50%
DAX-30	Germania	7.30%
CAC-40	Franta	5.30%
FTSE-100	Anglia	2.30%
NIKKEI-225	Japonia	4.80%
ATX	Austria	18.60%
Shanghai Comp.	China	2.80%
WIG-20	Polonia	17.90%
PX	Cehia	6.03%
RTS	Rusia	-21.32%
SOFIX	Bulgaria	19.95%
BUX	Ungaria	10%

Sursa: [www.investing.com](http://www.investing.com)



## 5.2. Retrospective of local stock market developments

The Romanian stock market has grown steadily in the first half of the year. The main index of the Bucharest Stock Exchange, BET, reached 7855 points, up 10.87%. A positive and more positive evolution was recorded in the BET-TR (Total Return) index, which includes dividends from BET companies. BET-TR soared 16.85% after most of the majority state-owned companies distributed over 90% of the profit to be distributed, following a Government Ordinance.

<u>Indice</u>	<u>S1 2017</u>
BET	10.87%
BETPlus	10.75%
BET-FI	9.33%
BET-XT	11.16%
BET-NG	11.38%
BET-TR	16.85%
BET-XT-TR	16.33%
ROTX	12.44%

Sursa: Bloomberg

Increased dividend yields by energy companies in particular seem to have been one of the domestic market engines in the first part of the year. The top companies with the best dividend yields were dominated by energy companies. The top five companies in the first six months of this year are Oil Terminal (18.3%), Conpet (17.4%), Electroarges (13.3%), Transgaz (12.9%) and Romgaz (12.4%).

The main macroeconomic indicators have had positive developments, thus continuing the favorable trend in 2016. The benchmark interest rate was kept at the same level by the National Bank of Romania (1.75%) and the inflation passed in the positive sphere, the evolution of the CPI indicator remaining sub-unitary. The growth rate of retail sales slowed slightly, reporting 6.1% growth in June for April (latest reporting). Quarterly GDP growth stood at 4.5% each month, reporting in June recording even 5.7%, which was the highest growth in Europe.

In this context favorable to the market, the BSE also had two listings in the last two months of the semester. Company AAGES S.A. Targu Mures was listed on the main segment of the BSE, the standard category in June 2017, the main event was the listing of Digi Communications. DIGI, the company with a capitalization of 4.1 billion lei, was listed on the Bucharest Stock Exchange in May this year. As a result of these events, the average daily trading value increased considerably towards the end of the first semester, increasing by more than 25% compared to the same period last year, which also positively influenced the revenues of BRK Financial Group related to this activity.





## 6. Achievements in the first semester 2017

### 6.1. Economic and financial situation and activity analysis

<b>Individual profit and loss account</b>	<b>30-Jun-17</b>	<b>30-Jun-16</b>	<b>%</b>
Income from commissions and related activities	1,849,857	1,274,899	45%
Net financial gains other than dividends	3,747,076	1,977,730	89%
Financial income from dividends	127,133	68,346	86%
Income from rentals	8,148	22,881	-64%
Other incomes	23,695	19,197	23%
<b>Total income from continuing operations</b>	<b>5,755,909</b>	<b>3,363,053</b>	<b>71%</b>
Expenditure on raw materials and materials	(74,855)	(73,036)	2%
Expenditure on energy and water	(62,375)	(48,502)	29%
Staff costs	(2,106,785)	(2,105,850)	0%
Expenses with taxes and fees	(89,799)	(72,672)	15%
Expenditure on external benefits	(1,384,533)	(1,385,570)	0%
Value adjustments	(503,485)	(462,858)	9%
Net financial losses	(151,976)	(301,141)	-50%
Other expenses	(458,299)	(10,567)	4327%
<b>Costs related to sales</b>	<b>(4,826,107)</b>	<b>(4,460,196)</b>	<b>8%</b>
<b>Profit from continuing activities</b>	<b>929,802</b>	<b>(1,097,143)</b>	<b>n.a.</b>
Other elements of the overall result	(1,302,111)	202,488	n.a.
Total profit and loss account and other items of comprehensive income	(372,309)	(894,655)	-58%
<b>Profit attributable to shareholders of the company</b>	<b>929,802</b>	<b>(1,097,143)</b>	<b>n.a.</b>
<b>Earnings per share</b>	<b>0.0028</b>	<b>(0.0032)</b>	<b>n.a.</b>

Positive developments and local stock market events contributed significantly and were reflected in the individual results of the BRK Financial Group in the first half of the year. At the end of the first half of the year, the total revenues of BRK Financial Group increased by 71% over the same period of the previous year, mainly due to higher intermediation revenues and financial gains. The two revenue categories recorded increases of 45% and 89%, respectively, representing each 38% and 59% respectively of total revenues. Thus, the incomes from continuous activities exceeded 5.7 million lei on 30 June 2017, at the end of the first half of last year being 3.3 million lei.

The growth rate of total expenditure on continuing activities was much lower, at 8%. The category of expenditures with the largest share in total was represented by the personnel expenses (accounting for about 44% of the total expenditures), but compared to the same period last year, remained unchanged at about 2.1 million lei. However, given the substantial increase in total revenues, the share of personnel expenditures in total revenues decreased from 63% on 30 June 2016 to 37% on 30 June 2017. The only category that exceeds 20% as a share in total revenues is that of Expenditure on external benefits, which however declined substantially in terms of weight, from 41% to 24%. Valorically, this expenditure category stagnated at approximately 1.385 million lei.

Following these efficiencies, BRK Financial Group recorded a positive result from continuing operations on June 30, 2017 of about 0.93 million lei, compared to the loss of nearly 1.1 million lei in the first half of last year.

A Value adjustments not included in the profit and loss account affect the overall result. In the first half of this year, the net change in fair value of available-for-sale financial assets went into negative territory (-1.6 million lei), which meant that the



total result was negative, worth -0.37 million lei, but improved Compared to the same period last year when it reached -0.89 million lei.

<b>Financial position</b>	<b>30-Jun-17</b>	<b>30-Jun-16</b>	<b>%</b>
Intangible assets	2,588,415	2,947,844	-12%
Tangible assets	4,211,840	4,343,040	-3%
Real estate investments	1,445,834	1,435,525	1%
Long-term financial investment	24,890,807	29,053,597	-14%
Other long-term financial investments	1,735,799	482,468	260%
<b>Fixed assets</b>	<b>34,872,695</b>	<b>38,262,475</b>	<b>-9%</b>
Inventories	1,408	-	n.a.
Short-term financial investment	7,083,775	10,193,251	-31%
Other short-term financial investments	7,130,390	7,925,611	-10%
Commercial receivables and other receivables	16,513,052	15,565,227	6%
Account in customer bank	37,844,477	27,094,728	40%
Cash and cash equivalents	4,186,624	5,037,084	-17%
<b>Current assets</b>	<b>72,799,726</b>	<b>65,817,900</b>	<b>11%</b>
Assets classified as held for sale	557,067	557,067	0%
Social capital	54,039,987	54,039,987	0%
Adjustment of share capital	4,071,597	4,071,597	0%
Own actions	(24,047)	(24,047)	0%
Prime capital	5,355	5,355	0%
Reserves	9,223,699	10,562,604	-13%
Reported result	(4,814,303)	(5,828,914)	-17%
<b>Equity</b>	<b>62,502,282</b>	<b>62,826,576</b>	<b>-1%</b>
Debts on financial leasing	20,011	23,601	-15%
Provisions	-	-	n.a.
<b>Long-term debt</b>	<b>20,011</b>	<b>23,601</b>	<b>-15%</b>
The current part of the finance lease liabilities	9,337	23,433	-60%
Amounts due to customers (customer availability)	38,013,416	32,573,663	17%
Trade and other debt	7,292,962	8,798,690	-17%
Provisions	391,480	391,480	0%
<b>Current debts</b>	<b>45,707,195</b>	<b>41,787,266</b>	<b>9%</b>
<b>Total debt</b>	<b>45,727,206</b>	<b>41,810,867</b>	<b>9%</b>
<b>Total debt and equity</b>	<b>108,229,488</b>	<b>104,637,442</b>	<b>3%</b>

The financial position of the company remains stable, in conditions of total assets growth of about 3%. Current assets account for about 68% of total assets, up from 63% last year, against the backdrop of the increase in receivables and bank account balances. Other asset items accounting for at least 10% of total assets recorded moderate decreases: Fixed assets fell 9% (amid a 14% decline in long-term financial investment), short-term financial investments declined by 31 %, And cash and cash equivalents by 17% on 30 June 2017 compared to the end of 2016.

As regards capital expenditures, the company continued in the first half of the current year the refurbishment of the headquarters and of certain agencies in the territory. The agency in Bucharest is in the process of moving the premises in



the rented space on Splaiul Unirii in the location owned by Bocsă Street. On June 30, 2017, the company operates the headquarters in Cluj-Napoca, Motilor 119, as well as the offices in Suceava and Iasi, where the brokerage agencies work. The company does not own land for operation on June 30, 2017, and those related to the buildings in operation are included in the value of the building. In terms of intangible assets, they are preponderantly comprised of software and licenses, in the first half of the year, sums of 283523 lei were paid for the licensing of computer programs.

<b>Synthesis of financial flows</b>	<b>30-Jun-17</b>	<b>30-Jun-16</b>	<b>Evolution %</b>
Gross profit / loss from operating activities	929,802	-1,097,143	n.a.
Increase / Decrease of operating cash before changes in working capital	(1,698,088)	(1,772,144)	-4%
Net cash flow generated by operating activities	1,038,957	2,049,360	-49%
Net cash flow generated by operating activities	1,351,774	2,403,769	-44%
Net cash flow used for investment activities	8,838,095	4,673,252	89%
Net cash flow generated by financing activities	(252,580)	279,230	n.a.
Total cash flow	9,937,289	7,356,251	35%

Liabilities from the balance sheet of the company remain relatively the same from the perspective of the structure, with the exception of financial leasing debts that have decreased by 15% and 60%, respectively, if we refer to their current share. Trade debts also dropped by 17% on 30 June 2017 as against December 31, 2016.

## 6.2. Analysis of results by activity segments

### 6.2.1. Brokerage services

Brokerage services include both financial intermediation on domestic and international exchanges, as well as structured products operations.

Thus, commission income and related activities, worth almost 1.85 million lei, are fully attributed to intermediation. This revenue category recorded an increase of about 45%, mainly due to the increase registered by the main subcategory, namely the commission income generated by BRK Financial Group's clients' transactions on the Bucharest Stock Exchange. The increase was based on both the increased dividend yields announced by some of the largest companies on the stock exchange, as well as the initial public offerings made in the first half of the year.

<b>Income distribution (RON)</b>	<b>30-Jun-17</b>	<b>30-Jun-16</b>	<b>Evolution %</b>
Income from commissions on the spot market	1,062,218	760,243	40%
Income from commissions on the foreign market	425,716	371,826	14%
Income from related activities	361,923	142,830	153%
Total income from commissions and related activities	1,849,857	1,274,899	45%

As far as the market making activity and the operations with structured products are concerned, the influences of the market events were mixed. In a context in which the market recorded a significant increase, the turbo long products issued by BRK Financial Group appreciated considerably, while most of the turbo short products reached their barrier. In the first half of this year, the company issued 15 structured turbo products. During this period, 4 products have reached their barrier, while 9 have matured. In terms of protected capital products, 3 of them matured, with new protected capital products not issued during the period. It is envisaged the resumption of the issuance of protected capital products during the second semester.



In the first half of 2017, the entire structure of BSE's structured products declined in terms of turnover compared to the same period last year, but the decrease in the value traded by BRK Financial Group was more significant than the average of the segment due to a Unfavorable market context (mainly lack of volatility) for the underlying asset, the DOW Jones Industrial Average.

In the first half of 2016, BRK Financial Group ranked second in the certificates segment, with a market share of 13.98%. In the first semester of 2017, BRK occupies the 4th position on certificates and a market share of 8.03%.

### Dynamics and customer structure

Capital brokerage services are offered by the BRK Financial Group at national and international level, both to retail and institutional clients classified as retail and institutional clients.

On the Romanian capital market, 1648 clients were active in the first semester of the year, up 38 customers over the same period last year. About 82% of the total number of clients active on the Bucharest Stock Exchange are natural persons. Approximately 46% of the active clients opted for an online trading account, the remaining 64% being accounts with a broker assistance. As for the turnover achieved by BRK Financial Group clients, they amounted to 247.4 million lei in the first half of 2017, up from the same period last year when the turnover amounted to about 172 million lei.

In terms of clients with international activity, the number of accounts in this segment reached 117. As compared to the end of last year, the number of clients traded on the international market dropped by 5, but compared to the first semester of 2016, the number climbed With 4. On this business segment, online customers dominate (89 out of 117). Of the total number of clients, 113 are individuals.

On the institutional clients segment, activity stagnated compared to 2016 in aggregate mode, the number of institutional clients remained constant. BRK Financial Group offers services to institutional clients both domestically and internationally.

## 6.2.2. Managing own financial asset portfolio

### Evolution of results from management of own assents portfolio

<b>The result of the trading segment (RON)</b>	<b>30-Jun-17</b>	<b>30-Jun-16</b>	<b>Evolution %</b>
Net gains on trading of financial assets at fair value through profit or loss	1,475,091	926,663	59%
Income from transactions in financial assets available for sale	1,753,751	-	n.a.
Income from activity	127,166	68,346	86%
Total trading income	3,356,008	995,009	237%
Losses from trading of financial assets at fair value through profit or loss	0	0	n.a.
Expenditure on financial asset transactions available for sale	0	(151,082)	n.a.
Total transaction costs	0	(151,082)	n.a.
<b>Gross result of the segment</b>	<b>3,356,008</b>	<b>1,146,091</b>	<b>193%</b>

The gross asset management portfolio recorded a substantial increase of 193% in the first six months of 2017 compared to the same period last year amid the liquidation of some positions in the company's own portfolio. The resulting revenue contributed to the increase in transaction revenue. The result does not include the allocation of fixed costs.



## Analysis of the structure of the portfolio of financial assets and the degree of achievement of the strategic objectives set

In accordance with the objectives mentioned in the investment strategy approved by the Board of Directors, the management's efforts in the first half of the year were directed towards continuing the restructuring process of its own financial assets portfolio, which focused on the following: quantitative and qualitative adjustment of the portfolio and portfolio diversification. More classes of financial assets, alienation of holdings due to either too small size or lack of growth prospects and the use of the amounts obtained to support the brokerage activities that bring high added value.

The evolution and structure of the portfolio of financial instruments on the domestic market	Number of issuers			Market Value (lei)		
	30-Jun-17	31-Dec-16	30-Jun-16	30-Jun-17	31-Dec-17	30-Jun-16
Listed companies	16	29	23	6,467,809	13,960,924	14,149,157
Unlisted companies	16	14	14	15,312,321	13,421,759	14,860,449
Participation titles at OCP / AOPC	10	10	10	9,258,112	9,052,398	9,122,248
Other securities	5	5	5	342,409	342,409	386,655
<b>Total portfolio</b>	<b>47</b>	<b>58</b>	<b>52</b>	<b>31,380,651</b>	<b>36,777,490</b>	<b>38,518,509</b>

The asset portfolio of the BRK Financial Group includes both listed companies on the Bucharest Stock Exchange or Sibex, as well as non-listed companies. The portfolio also includes strategic placements in which BRK is actively involved and long-term placements in which BRK does not exercise control and influence, as well as short-term placements that are embedded in the speculative portfolio.

On June 30, 2017, BRK's listed stock of shares and Sibex Sibex was valued at about 6.5 million Ron, down 54% from the end of 2016 and 30 June 2016. This evolution is explained by the fact that, During the first half of the year, transactions were conducted from the quoted stock portfolio, which resulted in liquidities not fully reinvested in this segment.

Within the listed stock portfolio, substantial holdings in the form of strategic or long-term investments were sold throughout the year, according to the Board of Directors' strategy. The stake held by Cemacon Zalau SA (about 16.7 million shares, representing 14.6129% of CEON's share capital) was fully sold at the beginning of February. At the sale price of 0.3101 lei / share, the value of the transaction was over 5.15 million lei. Another package sold in the first half of the year was the one owned by Impact Developer & Constructor SA.

Regarding the portfolio of assets quoted on BSE or Sibex held in the short term, it remains predominantly exposed to the financial and banking sector and to the energy sector, specific to the Romanian capital market. Of the total purchase transactions, over 50% were made on companies in the financial-banking field. The first two largest acquisitions (together about 40% of total acquisitions) covered the TLV and SIF2 titles. Towards the end of the semester, exposure to the financial sector diminished as a result of the sale of BRD shares worth over 4.5 million lei. The increase in exposure to the pharmaceutical sector continued through the first half of the semester, with the acquisition of an additional ATB share package, but the total stake in the company was wound up by June 30, 2017.

The increase in the number of non-listed companies in which BRK Financial Group holds holdings is explained by the acquisition of a stake in Romlogic SRL and by the stake held at Concefa Cai Ferate as a result of the division of Concefa SA (formerly listed on the BVB). As a result, the value of the equity portfolio held by non-listed companies increased by 14% compared to the end of 2016 and by 3% as of 30 June 2016.



As far as the company's fund units portfolio is concerned, it recorded an increase of about 2.27% on 30 June 2017 compared to December 31, 2016, an increase of 1% compared to the end of the first half of 2016. Number of funds included in the portfolio remained the same.

At the aggregate level, the portfolio structure is dominated by the financial and food sector, in the light of the participations that BRK Financial Group holds in group companies (Confident, SAI Broker and Facos) or within investment funds.

#### Sectorial exposure of the share portfolio at 30th of June 2017



In addition to financial investments in quoted companies, closed companies or fund units, the portfolio of financial assets of the company also includes cash, loans, financial assets related to market making and structured products and the portfolio traded on international markets. Thus, at the end of the first half of the year, BRK Financial Group's total assets portfolio amounted to 46.39 million lei, down 12% from the end of 2016, down 14% from June 30, 2016. The evaluation Share portfolio was achieved by marking all positions in the tradable portfolio at the market, ie at the fair value determined according to the international valuation standards for all holdings classified as long-term placements and the non-negotiable portfolio.

The evolution of the portfolio of financial assets	Structure			Absolute Value (lei)		
	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Available Cash	9%	10%	1%	4,184,067	5,037,084	636,607
Loans granted, out of which:	18%	15%	20%	8,529,724	8,072,400	10,693,800
<i>Customer Loans</i>	15%	15%	17%	7,130,390	7,925,611	9,464,146
<i>Loans granted to third parties</i>	3%	0%	2%	1,399,334	146,789	1,229,654
MM and Structured Products	3%	3%	5%	1,343,535	1,762,291	2,481,651
Portfolios with international financial assets	3%	2%	3%	1,435,232	986,373	1,799,653
Portfolio of domestic market shares	67%	70%	71%	31,380,651	36,777,490	38,518,509
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>46,873,209</b>	<b>52,635,638</b>	<b>54,130,220</b>

The loans granted by the BRK Financial Group, totaling RON 8.5 million, include both loans to customers for margin trading on the BVB, as well as loans granted to third parties or companies within the group. Loans to customers for margin transactions amounted to RON 7.13 million as of June 30, 2017, down 10% from the balance on December 31, 2016 and a 25% decrease as of June 30, 2016. This decrease was due Net repayments from customers. Loans to third-party companies or group companies were the only financial assets of the above, which increased from the end of last year to June 30, 2016.

## 7. Changes affecting the capital and the administration of the company

During the analyzed period, there were no situations in which the company was unable to comply with its financial obligations.

On 30.06.2017, the share capital of the company was 54039987 lei, during the first six months of the year there were no changes in the share capital.

The Board of Directors of the BRK Financial Group, consisting of five members, was elected in December 2016 and authorized by the Financial Supervisory Authority in March 2017 with the authorization of ASF no. 46 / 09.03.2017. At the CA meeting on March 16, 2017, Darie Moldovan was appointed President of the Council, and Mr. Paul Baranga was



appointed vice president. Subsequently, in April 2017, Paul Baranga resigned as Vice-Chairman of the Board of Directors, invoking personal reasons.


Thus, on 30 June 2017, the Board of Directors of the BRK Financial Group consisted of the following members: Catalin Mancas, Mr. Aurelian Madem, Mr. Dan Gherghelas and Mr. Darie Moldovan (President). The Board has five committees, in accordance with the applicable legal provisions. The committees supervise the company's activity, applying the principle of prudential and responsible management of the company. The work of the committees is presented in reports submitted to all members of the Council.


Changes have also occurred with regard to executive management. In April 2017, the general manager of the company (Mr. Adrian Pop) filed his resignation for personal reasons, later being nominated for this position. Grigore Chis, currently in the process of approval by the Financial Supervisory Authority. The deputy director of the company, Ms. Monica Ivan, appointed at the end of last year, was authorized as a manager by the Financial Supervisory Authority in April 2017.

## 8. Significant Transactions

It's not necessary.

## 9. Significant events after the end of the reporting period

 July 6 - At the meeting of the Board of Directors on 5 July 2017, Dan Gherghelas was appointed Vice-Chairman of the Board of Directors of the BRK Financial Group. At the same meeting Mr. Cristian But for the provisional position of the Council until the next OGM. It is currently in the process of being endorsed by the Financial Supervisory Authority.

 August 3 - The independent financial auditor, BDO Audit, has announced that it is forced to unilaterally terminate the audit contract by failing to interpret the new legislative provisions on managing the auditor's recruitment of former audit client employees, where the company was . Thus, the termination solution was considered the most prudent in terms of maintaining the auditor's independence.

## SIGNATURES

**Darie Moldovan**

**Chairman of the Board of Directors**

**Monica Adriana Ivan**

**Deputy General Manager**

**Economic Department**

***SSIF BRK FINANCIAL GROUP SA***  
***Statement of financial position***  
***on 30 June 2017***

intermediem succesul





**Statement of financial position**

<i>In lei</i>		<b>30-Jun-17</b>	<b>31-Dec-16</b>
<b>Active</b>			
Intangible assets	1	2,588,415	2,947,844
Tangible assets	2	4,211,840	4,343,040
Investment property	3	1,445,834	1,435,525
Long-term financial investments	4	24,890,807	29,053,597
Other-long term financial investments	5/6	1,735,799	482,468
<b>Total fixed assets</b>		<b>34,872,695</b>	<b>38,262,475</b>
Stocks		1,408	-
Short-term financial investments	4	7,083,775	10,193,251
Other short-term financial investments	5/6	7,130,390	7,925,611
Trade and other receivables	8/9	16,513,052	15,565,227
Bank account for clients	10	37,884,477	27,096,728
Cash and cash equivalents	10	4,186,624	5,037,084
<b>Total current assets</b>		<b>72,799,726</b>	<b>65,817,900</b>
Assets held for sale	7	557,067	557,067
<b>Total assets</b>		<b>108,229,488</b>	<b>104,637,442</b>
<b>Equity</b>			
Share capital	11	54,039,987	54,039,987
Share capital adjustment	11	4,071,591	4,071,591
Own shares	11	-24,047	-24,047
Share Premium	11	5,355	5,355
Reserves	12	9,223,699	10,562,604
Results carried forward	13	-4,814,303	-5,828,914
<b>Total equity attributable to the Company's shareholders</b>		<b>62,502,282</b>	<b>62,826,576</b>
<b>Interese fara control</b>			
<b>Total equity</b>		<b>62,502,282</b>	<b>62,826,576</b>
<b>Liabilities</b>			
Obligations under finance lease	15	47,034	95,916
Provisions	16	32,573,663	17,332,865
<b>Total long-term liabilities</b>		<b>20,011</b>	<b>23,601</b>
Current obligations under finance lease	15	9,337	23,433
Amounts owed to clients (client funds)		38,013,416	32,573,663
Comercial debts and other debts	14	7,292,962	8,798,690
Provisions	16	391,480	391,480
<b>Total current liabilities</b>		<b>45,707,195</b>	<b>41,787,266</b>
<b>Total equity and liabilities</b>		<b>108,229,488</b>	<b>104,637,442</b>

Darie Moldovan  
Chairman of The Board

Monica Ivan  
Deputy General Manager

Dora Diaconescu  
Chief Financial Officer