

# **SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

## **Interim condensed standalone financial statements for the period ended 30 June 2016**

Prepared in accordance with Regulation no. 39/2015 approving the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority of financial instruments and investments Sector

**NOT AUDITED**

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**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.****Interim condensed standalone statement of comprehensive income prepared on 30 June 2016**

<i>In RON</i>	Note	30 June 2016	30 June 2015
<b>Income</b>			
Income from dividends	5	36,963,029	25,862,187
Income from interests		13,201	123,975
Other operational income	6	250,650	95,043,822
Net income from differences of exchange rate		(102,282)	368,775
Net income from assets sale	7	12,991,842	10,182,684
<b>Expenses</b>			
Administration and supervision fees and taxes	8	(893,900)	(1,273,282)
Revenues from retaking provisions for risks and expenditures		505,567	-
Other operational expenditures	9	(4,556,733)	(3,897,504)
<b>Income before income tax</b>		<b>45,171,374</b>	<b>126,410,657</b>
Income tax	10	(3,248,813)	(22,665,112)
<b>Net income</b>		<b>41,922,561</b>	<b>103,745,545</b>
<b>Other comprehensive income</b>			
Revaluation to fair value of financial assets available for sale		(128,739,209)	(7,397,344)
Reserves for financial assets available for sale transferred to profit or loss		(13,706,852)	(1,087,455)
<b>Comprehensive income for the period</b>		<b>(100,523,500)</b>	<b>95,260,746</b>
<b>Earnings per share</b>	23	<b>0,0723</b>	<b>0,1788</b>
Basic			

Interim condensed standalone financial statements were approved by the Board of Directors in the meeting of 08.08.2016 and were signed on its behalf by:

conf.univ.dr.ec. Ciurezu Tudor

jr. Radu Anina

ec. Sichigea Elena

Chairman / General Director

Vice Chairman / Deputy General Director

Financial Director

**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

**Interim condensed standalone statement of financial position prepared on 30 June 2016**

<i>In RON</i>	Note	30 June 2016	31 December 2015
<b>Assets</b>			
Cash and cash equivalents	11	5,245,264	762,407
Deposits placed in banks	12	28,114,111	5,813,698
Financial assets available for sale	13	1,504,836,067	1,668,679,019
Credits and receivables	14	17,070,273	4,467,266
Tangible assets		11,589,527	11,822,860
Real estates investments	15	438,571	438,571
Other assets	16	446,125	367,280
<b>Total assets</b>		<b>1,567,739,938</b>	<b>1,692,351,101</b>
<b>Liabilities</b>			
Payable dividends		155,724,134	81,027,502
Taxes and duties	17	(191,470)	2,541,343
Liabilities with tax postponed	18	108,501,500	135,643,658
Other Liabilities	19	9,500,280	9,958,816
<b>Total liabilities</b>		<b>273,534,444</b>	<b>229,171,319</b>
<b>Equity</b>	20		
Share capital		58,016,571	58,016,571
Adjustments in share capital		631,852,524	631,852,524
Other elements of equity		550,796,439	686,281,321
Reserves from revaluation of tangible assets		7,916,708	8,077,015
Legal and statutory reserves		17,782,035	17,782,035
Other reserves	21	2,417,698,157	2,387,864,253
Retained earnings following the application of IAS 29 on share capital and reserves		(2,438,631,885)	(2,438,631,885)
Retained earnings except retained earnings from first application of IAS 29		6,852,384	(20,467,063)
Income		41,922,561	132,405,011
<b>Total equity</b>		<b>1,294,205,494</b>	<b>1,463,179,782</b>
<b>Total liabilities and equity</b>		<b>1,567,739,938</b>	<b>1,692,351,101</b>

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Financial Director

# SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.

## Interim condensed standalone statement of changes in equity prepared on 30 June 2016

- RON -

	Inflated share capital	Reserves from revaluation of tangible assets	Legal and statutory reserves	Other reserves	Reserves from revaluation of financial assets available for sale	Other equity	Retained earnings following the application of IAS 29 on share capital and reserves	Accumulated income	TOTAL
<b>Balance at 1 JANUARY 2016</b>	<b>689,869,095</b>	<b>8,077,015</b>	<b>17,782,035</b>	<b>2,387,864,253</b>	<b>689,343,001</b>	<b>(3,061,680)</b>	<b>(2,438,631,885)</b>	<b>111,937,948</b>	<b>1,463,179,782</b>
<b>COMPREHENSIVE INCOME</b>	-	-	-	-	-	-	-	-	-
Income of financial year								41,922,561	41,922,561
Other elements of comprehensive income	-	-	-	-	-	-	-	-	-
1. Increases / decreases in reserves from revaluation of tangible assets net of deferred tax	-	(160,307)	-	-	-	-	-	160,307	-
2. Net change in reserve in measuring financial assets available for sale (net of deferred tax)	-	-	-	-	(128,739,209)	-	-	-	(128,739,209)
3. Reserves for financial assets available for sale transferred to profit or loss	-	-	-	-	(13,706,852)	-	-	-	(13,706,852)
<b>TOTAL COMPREHENSIVE INCOME</b>	-	(160,307)	-	-	(142,446,061)	-	-	160,307	(142,446,061)
Deferred tax related to comprehensive income revaluation surplus not gained taxed	-	-	-	-	-	-	-	9,576	9,576
Other reserves - own financing sources	-	-	-	29,833,904	-	-	-	(29,833,904)	-
Free shares to receive	-	-	-	-	6,961,179	-	-	-	6,961,179
<b>Transactions with shareholders recognized directly in equity</b>	-	-	-	-	-	-	-	-	-
1. Dividends prescribed by law – Transfer to profit or loss account from other reserves	-	-	-	-	-	-	-	-	-
2. Dividend Payment for the year 2015	-	-	-	-	-	-	-	(75,421,543)	(75,421,543)
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS RECOGNIZED DIRECTLY IN EQUITY</b>	-	-	-	-	-	-	-	(75,421,543)	(75,421,543)
<b>BALANCE ON 30 JUNE 2016</b>	<b>689,869,095</b>	<b>7,916,708</b>	<b>17,782,035</b>	<b>2,417,698,157</b>	<b>553,858,119</b>	<b>(3,061,680)</b>	<b>(2,438,631,885)</b>	<b>48,774,945</b>	<b>1,294,205,494</b>

Interim condensed standalone financial statements were approved by the Board of Directors in the meeting of 08.08.2016 and were signed on its behalf by:

conf.univ.dr.ec. Ciurezu Tudor  
Chairman / General Director

jr. Radu Anina  
Vice Chairman / Deputy General Director

ec. Sichigea Elena  
Financial Director

Notes on pages 6 to 21 are an integral part of this standalone financial statements.

# SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.

## Interim condensed standalone statement of changes in equity prepared on 30 June 2015

- RON -

	Inflated share capital	Reserves from revaluation of tangible assets	Legal and statutory reserves	Other reserves	Reserves from revaluation of financial assets available for sale	Other equity	Retained earnings following the application of IAS 29 on share capital and reserves	Accumulated income	TOTAL
<b>BALANCE ON 1 JANUARY 2015</b>	689,869,095	7,999,476	17,782,035	2,445,274,777	615,731,332	-	(2,438,631,885)	47,511,156	1,385,535,986
<b>COMPREHENSIVE INCOME</b>									
Income for financial year	-	-	-	-	-	-	-	103,745,545	103,745,545
Other elements of comprehensive income	-	-	-	-	-	-	-	-	-
1. Increases / decreases in reserves from revaluation of tangible assets net of deferred tax	-	(146,618)	-	-	-	-	-	-	146,618
2. Net change in reserve in measuring financial assets available for sale (net of deferred tax)	-	-	-	-	(7,397,344)	-	-	-	(7,397,344)
3. Reserves for financial assets available for sale transferred to profit or loss	-	-	-	-	(1,087,455)	-	-	-	(1,087,455)
<b>TOTAL COMPREHENSIVE INCOME</b>									
For the period	-	(146,618)	-	-	(8,484,799)	-	-	146,618	(8,484,799)
Other reserves - own financing sources	-	-	-	25,256,244	-	-	-	(25,256,244)	-
Other components of equity (deferred tax related to reserves)						115,336,731			115,336,731
Other transfers (retained earnings, free shares of profits)	-	-	-	-	-	-	-	27,845,849	27,845,849
Transfer of free shares in the balance	-	-	-	-	114,644,871	-	-	-	114,644,871
<b>Transactions with shareholders recognized directly in equity</b>									
1. Dividends prescribed by law – Transfer to profit or loss account from other reserves	-	-	-	(82,666,768)	-	-	-	-	(82,666,768)
2. Dividend Payment for the year 2014	-	-	-	-	-	-	-	(69,619,886)	(69,619,886)
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS RECOGNIZED DIRECTLY IN EQUITY</b>	-	-	-	(82,666,768)	-	-	-	(69,619,886)	(152,286,654)
<b>BALANCE ON 30 JUNE 2015</b>	689,869,095	7,852,858	17,782,035	2,387,864,253	721,891,404	115,336,731	(2,438,631,885)	84,373,038	1,586,337,529

Interim condensed standalone financial statements were approved by the Board of Directors in the meeting of 08.08.2016 and were signed on its behalf by:

conf.univ.dr.ec. Ciurezu Tudor  
Chairman / General Director

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Financial Director

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**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

**Interim condensed standalone statement of flow statements prepared on 30 June 2016**

- RON -

Name of element	Reporting period	
	30.06.2015	30.06.2016
A	I	2
<b>Treasury flow from operating activities</b>		
Proceeds from customers, other proceeds	890,614	570,658
Proceeds from sales of financial investments (equity securities)	39,173,129	19,984,150
Payments for acquisition of shares	(53,329,457)	(12,431,447)
Payments to suppliers and employees, other payments	(4,332,969)	(4,150,516)
Payments to the state budget, social security budget and local budget	(1,455,736)	(1,592,123)
Interest received	137,214	8,081
Dividends received	19,053,483	29,159,748
Interest paid	-	-
Corporation tax paid	(6,310,209)	(2,131,354)
Proceeds from insurance against earthquakes	-	-
<b>Net cash from operating activities</b>	<b>(6,173,931)</b>	<b>29,417,197</b>
<b>Treasury flow from investing activities</b>		
Payments for purchase of tangible assets	(20,278)	(8,538)
Proceeds from sale of tangible assets	-	-
<b>Net cash from investing activities</b>	<b>(20,278)</b>	<b>(8,538)</b>
<b>Treasury flow from financing activities:</b>		
Proceeds from issue of shares	-	-
Proceeds from long-term borrowings	-	-
Payment of finance lease liabilities	-	-
Dividends paid	(1,225,146)	(725,248)
Tax dividends paid	(3,085,028)	(1,905,174)
<b>Net cash from financing activities</b>	<b>(4,310,174)</b>	<b>(2,630,422)</b>
<b>Net increase of cash and cash equivalents</b>	<b>(10,504,383)</b>	<b>26,778,237</b>
<b>Cash and cash equivalents at beginning of reporting period</b>	<b>39,497,855</b>	<b>6,575,101</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>28,993,472</b>	<b>33,353,338</b>

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# **SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

## ***Notes to the Interim simplified standalone statement***

***prepared on 30 June 2016***

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

### **1. Reporting entity**

Societatea de Investiții Financiare Oltenia S.A. (hereinafter referred to as "The Company") was founded on 01.11.1996 in Craiova - Romania, under Law no. 133/1996, Law for transformation of Private Ownership Funds into financial investment companies. The company was founded by transforming Private Ownership Fund V Oltenia.

The company is a collective investment undertaking operating under Law no. 31/1990 on trading companies and Law no. 297/2004 on stock market, as amended and supplemented.

It is a self management company

The company is based in Craiova, str. Tufanele nr. 1, cod postal 200767, judetul Dolj.

The company is registered at

- Chamber of Commerce and Industry Oltenia, Registration Code 4175676, fiscal attribute RO;
- National Securities Commission as another Collective Investment Undertaking with a diversified policy under Decision no. 1958/02.09.1999 and registered in the NSC Register under no. PJR09SIIR/160003/14.02.2006; As of April 30, 2013, according to GEO no. 93/Dec. 2012 the Financial Services Authority FSA ("FSA") was established, which replaces the National Securities Commission, the Private Pension System Supervisory Commission and Insurance Supervisory Commission;
- Securities Record Office under Certificate no. 419/07.09.1999.

The Company shares are listed at Bucharest Stock Exchange, Category I, with the indicative SIF 5, starting with 01.11.1999.

Records of shareholders and shares of Company are held by S.C. DEPOZITARUL CENTRAL S.A. Bucharest.

The storage activity under law and NSC/FSA regulations is provided by Raiffeisen Bank S.A., Bucharest Branch.

In accordance with the Articles of Association the Company has the following object of activity:

- administration and management of shares in commercial companies for which own shares were issued, corresponding to the Ownership Certificates and Nominal Privatization Voucher subscribed by citizens according to the provisions of art.4 paragraph 6 of Law no. 55/1995;
- management of own portfolio of securities and making investments in securities according to regulations in force;
- other similar and adjacent activities, according to regulations in force, as well as of management of own assets;

Subscribed and paid capital is of 58,016,571 RON, divided into 580,165,714 shares with a nominal value of 0.1 RON/share.

The main characteristics of the shares issued by the company are: ordinary, indivisible, nominative, of equal value, issued in dematerialized form and grant equal rights to their holders.

### **2. Basis of preparation**

#### **a) Statement of compliance**

In accordance with Rule no. 39/2015 issued by the Financial Supervisory Authority of Financial Investment and Instruments sector, starting with the annual financial statement for the financial year 2015, the entities authorized, regulated and supervised by the FSA – Financial Investment and Instruments sector, apply International Financial Reporting Standards adopted by the European Union ("IFRS") as the official accounting regulations.

December 31, 2015 is the date of transition to IFRS as an accounting basis, on which date by restatement were made and accounted for transactions with the transition from RNSC Regulation no. 4/2011 to IFRS accounting regulations.

## **SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

### ***Notes to the Interim simplified standalone statement***

***prepared on 30 June 2016***

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

## **2. Basis of preparation (continued)**

### **a) Statement of compliance (continued)**

Thus, during 2015, the Company did not prepare interim report in accordance with IAS 34 "Interim Financial Reporting". To ensure comparability of data, comparative information for the first half of 2015 prepared in accordance with NSC Regulation no. 4/2011, have been restated accordingly in the IFRS system without being audited.

These condensed interim financial statements for the first half ended 30 June 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read together with the standalone financial statements for 2015 prepared in accordance with Regulation no. 39/2015 approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority of Financial Investment and Instruments sector.

In accordance with Regulation no. 1606/2002 of the European Parliament and the EU Council of 19 July 2002, as well as those ordered by NSC Decision no. 1176/15.09.2010, the financial investment companies are required to prepare and submit to the FSA annual consolidated financial statements in accordance with IFRS, within 8 months of the financial year.

Consolidated financial statements S.I.F. Oltenia S.A. Group on 31.12.2015 will be drafted, approved and made public up to date 31/08/2016. They will be available on the Company's website: [www.sifolt.ro](http://www.sifolt.ro).

### **b) Presentation of financial statements**

Presentation adopted by the company is based on the liquidity in the interim condensed standalone statement of financial position and presentation of income and expenses was made in relation to their nature in the interim condensed standalone statement of comprehensive income. The Company believes these methods of presentation provide information that is reliable and more relevant than those that would have been presented based on other methods allowed by IAS 1 "Presentation of Financial Statements".

### **c) Functional and presentation currency**

Management believes that functional currency as it is defined by IAS 21 "The effects of exchange rate fluctuations" is the Romanian leu (RON). The current interim condensed standalone statements are prepared in RON, rounded to the nearest RON, which is also the currency the Company chose as presentation currency.

### **d) Basis of assessment**

Current interim condensed standalone statements are prepared on a fair value basis for derivative financial instruments, financial assets and liabilities at fair value through profit or loss account and financial assets available for sale, except those for which fair value can not be reliably established.

Other financial assets and liabilities such as non-financial assets and liabilities are carried at amortized cost, historical cost or revalued amount.

### **e) Use of appraisals and judgements**

Preparation of interim condensed standalone statements in accordance with IFRS as adopted by the European Union requires the use by the management of certain appraisals, judgements and assumptions that affects the application of accounting policies as well as the reported value of assets, liabilities, income and expenses of the Company. Judgements and assumptions associated with these appraisals are based on historical experience as well as other factors considered reasonable in the context of these appraisals.

## **SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

### **Notes to the Interim simplified standalone statement**

*prepared on 30 June 2016*

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

#### **2. Basis of preparation (continued)**

##### **e) Use of appraisals and judgements (continued)**

The result of appraisals forms the basis of judgements regarding the accounting values of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the values of appraisals.

The company periodically reviews the appraisals and assumptions underlying the accounting records. The revisions of accounting appraisals are recognized in the period in which the appraisal is revised, if the revision affects only that period or in the period in which the appraisal is revised and future periods, if the revision of appraisals affects both the current and future periods.

##### **f) Changes in accounting policies**

The accounting policies adopted are consistent with those used in the previous year.

#### **3. Significant accounting policies**

The accounting policies applied in these interim condensed financial statements are consistent with those of the standalone financial statements ended 31 December 2015 and have been applied consistently to all periods presented in these interim condensed standalone financial statements.

##### *Comparative financial information*

In accordance with Rule no. 39 of 28.12.2015 issued by the Financial Supervisory Authority of Financial Investment and Instruments sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated and supervised by the FSA – Financial Investment and Instruments sector, apply International Financial Reporting Standards adopted by European Union as official accounting regulations.

December 31, 2015 is the date of transition to IFRS as an accounting basis, on which date the restatement were made and accounted for transactions with the transition from NSC Regulation no. 4/2011 to IFRS accounting regulations.

Thus, during 2015, the Company did not prepare the interim condensed individual financial reports in accordance with IAS 34 "Interim Financial Reporting".

Consequently, for comparability with the current period, the first semester of 2016, the comparative information for the first semester of 2015 prepared in accordance with FSA Regulation No. 4/2011 were restated properly without being audited.

#### **4. Financial assets and liabilities**

##### **Accounting classifications and fair values**

The carrying amounts and fair values of financial assets and liabilities are presented at 30/6/2016 so:

**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.****Notes to the Interim simplified standalone statement**

prepared on 30 June 2016

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

**4. Financial assets and liabilities (continued)**

<i>In RON</i>	<b>Available for sale</b>	<b>Amortized cost</b>	<b>Net carrying amount</b>	<b>Fair value</b>
Cash and cash equivalents	-	5,245,264	5,245,264	5,245,264
Deposits placed in banks	-	28,114,111	28,114,111	28,114,111
Financial assets available for sale	1,504,836,067	-	1,504,836,067	1,504,836,067
Investments held to maturity	-	-	-	-
Other financial assets	-	17,516,398	17,516,398	17,516,398
<b>Total financial assets</b>	<b>1,504,836,067</b>	<b>50,875,773</b>	<b>1,555,711,840</b>	<b>1,555,711,840</b>
Payable dividends	-	155,724,134	155,724,134	155,724,134
Other financial Liabilities	-	9,500,280	9,500,280	9,500,280
<b>Total financial liabilities</b>	<b>-</b>	<b>165,224,414</b>	<b>165,224,414</b>	<b>165,224,414</b>

The carrying amounts and fair values of financial assets and liabilities are presented at 31/12/2015  
so

<i>In RON</i>	<b>Available for sale</b>	<b>Amortized cost</b>	<b>Net carrying amount</b>	<b>Fair value</b>
Cash and cash equivalents		762,407	762,407	762,407
Deposits placed in banks		5,813,698	5,813,698	5,813,698
Financial assets available for sale	1,668,679,019	-	1,668,679,019	1,668,679,019
Investments held to maturity	-	-	-	-
Other financial assets	-	4,834,546	4,834,546	4,834,546
<b>Total financial assets</b>	<b>1,668,679,019</b>	<b>11,410,651</b>	<b>1,680,089,670</b>	<b>1,680,089,670</b>
Payable dividends	-	81,027,502	81,027,502	81,027,502
Other financial Liabilities	-	9,958,816	9,958,816	9,958,816
<b>Total financial liabilities</b>	<b>-</b>	<b>90,986,318</b>	<b>90,986,318</b>	<b>90,986,318</b>

**5. Income from dividends**

Dividend income is recorded gross. Tax rates on dividends related to the period ended 30.06.2016 are 5% and zero (31.12.2015: 16% and zero).

**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.****Notes to the Interim simplified standalone statement***prepared on 30 June 2016*

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

**5. Income from dividends (continued)**

Dividend income, mainly on contributors is as follows:

<i>In RON</i>	<b>30 June 2016</b>	<b>30 June 2015</b>
BANCA TRANSILVANIA S.A.	13,473,250	-
C.N.T.E.E. TRANSELECTRICA S.A. București	9,974,878	11,645,204
BRD SOCIETE GENERALE S.A. București	5,673,819	-
S.N.T.G.N. TRANSGAZ S.A. Mediaș	4,993,904	3,316,779
EXIMBANK S.A. București	1,281,822	-
UNIVERS S.A. Râmnicu Vâlcea	886,449	811,835
BURSA DE VALORI BUCUREȘTI S.A.	333,328	559,409
ELBA S.A. Timișoara	106,113	83,840
TURISM S.A. Pucioasa	85,901	80,848
DEPOZITARUL CENTRAL S.A. București	48,542	74,087
RELEE S.A. Mediaș	47,884	-
CONTACTOARE S.A. Buzău	38,212	51,478
S.I.F. MOLDOVA S.A. Bacău	18,927	121,361
OMV PETROM S.A. București	-	7,756,149
ELECTROMAGNETICA S.A. București	-	680,585
FLAROS S.A. București	-	492,686
PROVITAS S.A. București	-	85,161
GASTRONOM S.A. Buzău	-	61,366
ROMLUX LIGHTING COMPANY S.A. Câmpu Lung	-	20,456
TRANSILVANIA LEASING	-	20,943
<b>TOTAL</b>	<b>36,963,029</b>	<b>25,862,187</b>

**6. Other operating income**

<i>In RON</i>	<b>30 June 2016</b>	<b>30 June 2015</b>
Financial income from adjustments for impairment of financial assets	-	12,263,076
Income from provisions for impairment of current assets	1,640	8,760
Other operating income	229,672	82,749,842
Other financial income	19,338	22,144
<b>Total</b>	<b>250,650</b>	<b>95,043,822</b>

**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.****Notes to the Interim simplified standalone statement****prepared on 30 June 2016**

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

**7. Net gain from sale of assets**

<i>In RON</i>	<b>30 June 2016</b>	<b>30 June 2015</b>
Income from sale of financial assets available for sale	19,964,340	38,823,129
The carrying amount of financial assets available for sale transferred	6,972,498	28,640,445
<b>Net gain from sale of financial assets</b>	<b>12,991,842</b>	<b>10,182,684</b>

**8. Commissions, fees and taxes of administration and supervision**

<i>In RON</i>	<b>30 June 2016</b>	<b>30 June 2015</b>
Expenses on fees payable by SSIF for share transactions	47,404	105,285
Expenses on fees payable to shareholders registry services	72,900	74,400
Expenses on fees for depository company	117,039	127,773
BVB Expenses	-	-
Expenses on taxed payable to capital market entities (FSA)	577,278	595,075
Expenses on audit fees	10,121	-
Other expenses on commissions, fees and dues	69,158	370,749
<b>Total</b>	<b>893,900</b>	<b>1,273,282</b>

**9. Other operating expenses**

<i>In RON</i>	<b>30 June 2016</b>	<b>30 June 2015</b>
Expenses for taxes	250,499	162,121
Expenses with salaries and other personnel expenses	3,650,108	3,056,711
Expenses with depreciation, provisions and value adjustments	244,506	225,737
Expenses on external services	411,620	452,935
<b>Total</b>	<b>4,556,733</b>	<b>3,897,504</b>

In other operating expenses are summarized personnel expenses, expenses with other taxes and duties, expenses with depreciation, provisions and adjustments of value, external services expenses.

In the period ended on 30.06.2016 average number of employees was 51 (31.12.2015: 52) and number of employees registered at the end of the reporting period was 50 (31.12.2015: 53).

Company makes payments to the Romanian state institutions in its employee pension account.

All employees are members of the pension scheme of the Romanian state. The company does not operate any other retirement scheme or benefits after retirement and, consequently, has no other obligations on pensions. Furthermore, the Company is not obligated to provide additional benefits to employees after retirement.

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

**10. Income tax****Reconciliation of income before income tax to income tax expense in profit or loss account**

<i>In RON</i>	<b>30 June 2016</b>	<b>30 June 2015</b>
<b>Current income tax</b>	<b>1,453,586</b>	<b>19,413,613</b>
Tax on dividends	1,795,227	3,251,499
Deferred income tax expense	-	-
Total income tax recognized in year result	3,248,813	22,665,112
<b>Income before income tax</b>	<b>45,171,374</b>	<b>126,410,657</b>
Tax in accordance with statutory rate of 16%	7,227,420	20,225,705
<b>Income tax effect of:</b>		
Nondeductible expenses	395,383	2,026,556
Nontaxable income	(6,166,917)	(2,836,148)
Tax rates on dividends	1,795,227	3,251,499
Amounts representing sponsorships within legal limits	(2,300)	(2,500)
Records and reruns of temporary differences		
<b>Income tax</b>	<b>3,248,813</b>	<b>22,665,112</b>

**11. Cash and cash equivalents**

<i>In RON</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Cash in hand	9,993	3,424
Current bank accounts	5,212,223	726,646
Cash equivalents	23,048	32,337
<b>Total Cash and cash equivalents</b>	<b>5,245,264</b>	<b>762,407</b>

**12. Deposits placed in banks**

<i>In RON</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Bank deposits at sight	28,108,074	5,812,694
Attached receivables	6,037	1,004
<b>Total Deposits placed in banks</b>	<b>28,114,111</b>	<b>5,813,698</b>

**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.****Notes to the Interim simplified standalone statement***prepared on 30 June 2016*

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

**13. Financial assets**• *Financial assets available for sale*

<i>In RON</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Shares at fair value	1,486,354,626	1,647,958,291
Shares at cost	16,348,838	18,419,537
Fund units at fair value	2,132,603	2,301,191
<b>Total</b>	<b>1,504,836,067</b>	<b>1,668,679,019</b>

The movement of financial assets available for sale in the reporting periods ended 30.06.2016 and 31.12.2015 is presented below:

<i>In RON</i>	<b>Shares at fair value</b>	<b>Shares at cost</b>	<b>Fund units</b>	<b>Total</b>
<b>01 January 2015</b>	1,495,284,699	18,034,809	2,333,908	1,515,653,416
Reclassifications in 2015	154,846,070	-	-	154,846,070
Net change during the period	12,567,984	(20,960)	(197,556)	12,349,468
Impairment losses	8,441,620	-	-	8,441,620
Changes in fair value	(23,182,082)	405,688	164,839	(22,611,555)
<b>31 December 2015</b>	<b>1,647,958,291</b>	<b>18,419,537</b>	<b>2,301,191</b>	<b>1,668,679,019</b>
Net change during the period	6,994,263	(2,321,878)	-	4,672,385
Impairment losses	-	-	-	-
Changes in fair value	(168,597,928)	251,179	(168,588)	(168,515,337)
<b>30 June 2016</b>	<b>1,486,354,626</b>	<b>16,348,838</b>	<b>2,132,603</b>	<b>1,504,836,067</b>

On 30.06.2016 and 31.12.2015 shares at fair value category includes mainly the value of shares in the following issuers: OMV PETROM SA Bucuresti, BRD - Groupe Societe Generale, BANCA TRANSILVANIA SA Cluj Napoca, CNTEE TRANSELECTRICA SA Bucuresti, SNTGN TRANSGAZ SA Medias, SC ARGUS SA Constanta, SC ANTIBIOTICE SA Iasi.

• *Hierarchy of fair value*

To determine fair value, the Company uses the following hierarchy of methods:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: valuation techniques largely based on unobservable elements. This category includes all instruments where the valuation technique includes items that are not based on observable data and for which unobservable input parameters can have a significant effect on the assessment of instrument. This category includes instruments that are valued based on quoted prices for similar instruments but which are subject to adjustments based largely on unobservable data or estimates to reflect the difference between the two instruments.

**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.****Notes to the Interim simplified standalone statement****prepared on 30 June 2016**

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

**13. Financial assets (continued)**

<i>In RON</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Level 1	739,978,478	956,688,842
Level 2	146,843,548	172,010,760
Level 3	618,014,041	539,979,417
<b>Total</b>	<b>1,504,836,067</b>	<b>1,668,679,019</b>

Fair value measurement of shareholdings at 30.06.2016 was performed as follows:

- Securities quoted and traded in 2016, the market value was determined by taking into consideration the quotation on the last trading day (closing quotation on the main capital market for level 1 and level 2 were taken quotations shares traded in the last 30 trading days);
- For securities listed that have not been traded in the last 30 trading days of 2016 and for unlisted securities, the market value was determined based on the equity of issuers;
- Related securities of companies in the insolvency proceedings or reorganization, valuation is zero;
- For units in UCITS, the value taken into account was the last net asset value, calculated and published.

**14. Credits and receivables**

<i>In RON</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Trade receivables	276,428	712,827
Debitors	14,191,051	1,155,007
Receivables related to state budget and social security budget	3,697,238	3,697,238
Other receivables	3,073	1,351
Receivables impairment adjustments	(1,097,517)	(1,099,157)
<b>TOTAL</b>	<b>17,070,273</b>	<b>4,467,266</b>

**15. Real estates investments**

<i>In RON</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
<b>Balance at the beginning of the reporting period</b>	<b>438,571</b>	<b>1,005,026</b>
Sales of real estate investments	-	(596,273)
Acquisitions of real estate investments	-	-
Rating Real Estate Investments	-	29,818
Balance at end of reporting period	<b>438,571</b>	<b>438,571</b>

**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.****Notes to the Interim simplified standalone statement***prepared on 30 June 2016*

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

**16. Other assets**

<i>In RON</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Intangible assets	3,474	4,382
Other intangible receivables	258,537	254,677
Stocks	20,233	21,096
Prepayments	163,881	87,125
<b>TOTAL</b>	<b>446,125</b>	<b>367,280</b>

**17. Taxes and duties**

<i>In RON</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Debts related social insurance budget	199,643	215,157
Debts related to State Budget	(392,338)	2,194,617
Other taxes and duties	1,225	131,569
<b>Total</b>	<b>(191,470)</b>	<b>2,541,343</b>

**18. Deferred income tax liabilities**

Deferred income tax liabilities are determined by the following elements:

<i>In RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Tax</b>
<b>30 June 2016</b>				
Valuation at fair value of financial assets available for sale	533,028,561	-	533,028,561	85,284,570
Revaluation of tangible assets	9,424,652	-	9,424,652	1,507,944
Retained earnings representing the revaluation reserves achieved without taxation	1,772,247	-	1,772,247	283,560
Retained earnings representing the revaluation reserves not achieved, without taxation	3,624,534	-	3,624,534	579,927
Retained earnings representing the revaluation reserves not achieved, without taxation – real estate investments	359,751	-	359,751	57,560
Differences in fair value of financial assets held for sale - free shares in the balance	110,789,118	-	110,789,118	17,726,259
Legal reserves	11,603,314	-	11,603,314	1,856,530
Other reserves - dividends prescribed under OGMS decision of 23.04.2005	6,551,528	-	6,551,528	1,048,244
Other reserves	980,658	-	980,658	156,906
<b>TOTAL</b>	<b>678,134,363</b>	<b>-</b>	<b>678,134,363</b>	<b>108,501,500</b>

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

**18. Deferred income tax liabilities are determined by the following elements (continued)**

<i>In RON</i>	Assets	Liabilities	Net	Impozit
<b>31 December 2015</b>				
Valuation at fair value of financial assets available for sale	701,543,898	-	701,543,898	112,247,023
Revaluation of tangible assets	9,615,493	-	9,615,493	1,538,478
Retained earnings representing the revaluation reserves achieved without taxation	1,772,247	-	1,772,247	283,560
Retained earnings representing the revaluation reserves not achieved, without taxation	3,493,557	-	3,493,557	558,969
Retained earnings representing the revaluation reserves not achieved, without taxation – real estate investments	359,751	-	359,751	57,560
Differences in fair value of financial assets held for sale - free shares in the balance	111,852,424	-	111,852,424	17,896,388
Legal reserves	11,603,314	-	11,603,314	1,856,530
Other reserves - dividends prescribed under OGMS decision of 23.04.2005	6,551,528	-	6,551,528	1,048,244
Other reserves	980,658	-	980,658	156,906
<b>TOTAL</b>	<b>847,772,870</b>	<b>-</b>	<b>847,772,870</b>	<b>135,643,658</b>

**19. Other liabilities**

<i>In RON</i>	30 June 2016	31 December 2015
Personnel liabilities	1,309,907	1,405,666
Trade liabilities	495,430	352,650
Guarantees received	1,664	1,664
Sundry creditors	17	7
Amounts payable for financial assets	-	-
Provisions for risks and expenditures	7,693,262	8,198,829
<b>Total other liabilities</b>	<b>9,500,280</b>	<b>9,958,816</b>

In the analyzed period was resumed on income from provisions in the gross amount of 505,567 RON for implementation of sentence no. 257/07.07.2015 in case no. 6583/63/2014, the amount paid by way of damages (for 2010) to Mr. Buzatu Florian Teodor – former director with mandate contract terms and member of the Board of Directors of the Company.

**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.****Notes to the Interim simplified standalone statement***prepared on 30 June 2016*

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

**20. Capital and reserves****Share capital**

Share Capital structure is presented below.

	Number of shareholders	Number of shares	Amount (RON)	(%)
<b>30 June 2016</b>				
Resident individuals	5,756,219	244,999,021	24,499,902	42,23
Non-resident individuals	1,763	2,399,543	239,954	0,41
Total individuals	5,757,982	247,398,564	24,739,856	42,64
Resident legal persons	265	217,844,282	21,784,428	37,55
Non-resident legal persons	60	114,922,868	11,492,287	19,81
Total legal persons	325	332,767,150	33,276,715	57,36
<b>Total 30 June 2016</b>	<b>5,758,307</b>	<b>580,165,714</b>	<b>58,016,571</b>	<b>100,00</b>
<b>31 December 2015</b>				
Resident individuals	5,759,633	244,987,869	24,498,787	42,23
Non-resident individuals	1,756	3,358,142	335,814	0,58
Total individuals	5,761,389	248,346,011	24,834,601	42,81
Resident legal persons	279	215,771,544	21,577,154	37,19
Non-resident legal persons	60	116,048,159	11,604,816	20,00
Total legal persons	339	331,819,703	33,181,970	57,19
<b>Total 2015</b>	<b>5,761,728</b>	<b>580,165,714</b>	<b>58,016,571</b>	<b>100,00</b>

Share Capital according to Articles of Association of the Company amounts to 58,016,571 RON divided into 580,165,714 shares with nominal value of 0.1 RON and is the direct result of subscriptions made to the Company's share capital by converting into shares of amounts due as dividend under Law no.55/1995 and Law No. 133/1996. On 30 June 2016 the number of shareholders was 5,758,307 (31 December 2015: 5,761,728).

Shares issued by the Company are traded on the Bucharest Stock Exchange since November 1999. The records of the shares and shareholders is kept by the Depozitarul Central S.A. Bucharest. All shares are ordinary shares, were subscribed and paid in full on 30 June 2016 and 31 December 2015. All shares have equal voting rights and a nominal value of 0.1 RON/share. The number of shares authorized to be issued is equal to the shares issued.

Reconciliation of share capital as determined under IFRS with the Articles of Association is as follows:

<i>In RON</i>	30 June 2016	30 June 2015
Statutory share capital	58,016,571	58,016,571
The effect of applying IAS 29 (hyperinflation) on share capital	631,852,524	631,852,524
Restated share capital	689,869,095	689,869,095

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### **Notes to the Interim simplified standalone statement**

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## **20. Capital and reserves (continued)**

### **Reserve established under Law no. 133/1996**

Following implementation of Norm no. 39/2015 of FSA, reserves for initial portfolio established according to Law. 133/1996 was reunited on 31.12.2015 with the amount of 26,316,548 RON, while the sum for reunification was recorded in retained earnings, resulting in a loss of reprocessing. The initial reserve reunited was updated to hyperinflation, registering in this regard the amount of 1,806,779,361 RON.

Hyperinflation effect on share capital amounting 631,852,524 RON and on the reserve established under Law no. 133/1996 amounting 1,806,779,361 RON was recorded in retained earnings due to the adoption of IAS 29 for the first time, leading to a loss of hyperinflation in the amount of de 2,438,631,885 RON at the end of the reporting period.

### **Legal reserves**

Legal reserves are constituted as required by law in the amount of 5% of the income achieved, to the amount representing 20% of the share capital. Legal reserves can not be distributed to shareholders.

Legal reserve on 30.06.2016 amounted 11,603,314 RON (31.12.2015: 11,603,314 RON).

In 2015 and the first semester of 2016 the Company has not established legal reserves of income, those ones reached the ceiling of 20% of the share capital.

### **Reserves from revaluation of financial assets available for sale**

The reserve includes the cumulative net changes in fair values of financial assets classified in this category, from the date of their classification and to their de-recognition. Deferred tax related to these reserves is recorded on equity and deducted from reserves of measuring financial assets available for sale.

## **21. Other reserves**

<i>In RON</i>	<b>30 June 2016</b>	<b>31 December 2015</b>
Other reserves	610,918,796	581,084,892
The effect of applying IAS 29 on other reserves	1,806,779,361	1,806,779,361
<b>Total</b>	<b>2,417,698,157</b>	<b>2,387,864,253</b>

## **22. Allocation of profit**

Profit for the year 2015, amounting to 132,405,011 RON has been allocated, according to the decision of the Ordinary General Meeting of Shareholders of 29.04.2016, to the following destinations:

*in RON*

Cover the loss recorded in retained earnings from the transition to IFRS	27,149,564
Dividends (0,13 RON/share)	75,421,543
Own sources of financing	29,833,904
<b>TOTAL</b>	<b>132,405,011</b>

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

**23. Earnings per share**

<i>In RON</i>	<b>30 June 2016</b>	<b>30 June 2015</b>
Profit attributable to ordinary shareholders	41,922,561	103,745,545
Weighted average number of ordinary shares	580,165,714	580,165,714
<b>Basic earnings per share</b>	<b>0,0723</b>	<b>0,1788</b>

**24. Guarantees granted**

Company does not have any guarantees granted.

**25. Contingent related to the environment**

The Company has not recorded any provision for future costs environment elements. Management does not consider the costs associated with these elements as significant.

**26. Transfer pricing**

Tax legislation in Romania contains rules on transfer pricing between affiliated persons since 2000. Actual legislative framework defines the "market value" for transactions between affiliates, as well as methods of transfer pricing. As a result, it is expected that the tax authorities initiate thorough check of transfer pricing to ensure that the fiscal result is not distorted by the effect of prices in relationships with affiliates.

The Company can not assess the outcome of such review.

**27. Transactions and balances with parties in special relationships*****Branches***

In accordance with the legislation in force, the Company has control in a total of 11 issuers on 30.06.2016 (31.12.2015: 12 issuers). All branches of the company are based in Romania. For these ones, the percentage of ownership of the Company is no different from the proportion of voting power held.

Branches and percentage of ownership are:

Name of company	Percentage held by SIF on 30.06.2016	Percentage held by SIF on 31.12.2015
	- % -	- % -
ALIMENTARA S.A. Slatina	52.24	52.24
TURISM PUCIOASA S.A. Dambovită	69.22	69.22
PROVITAS S.A. București	70.28	70.28
UNIVERS S.A. Rm Valcea	73.75	73.75
CONSTRUCTII FERROVIARE S.A. Craiova	77.50	77.50
FLAROS S.A. București	81.04	81.04
ARGUS S.A. Constanta	86.21	86.20
GEMINA TOUR S.A. Rm Valcea	88.29	88.29

## **SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

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#### **27. Transactions and balances with parties in special relationships (continued)**

MERCUR S.A. Craiova	93.37	93.37
VOLTALIM S.A. Craiova	99.19	99.99
COMPLEX HOTELIER DAMBOVITA S.A. Targoviste	99.94	99.94
CONSTRUCTII MONTAJ 1 S.A. Craiova	-	96.56

Disappearance during the first half of 2016 of the shareholding in SC Constructii Montaj 1 S.A. Craiova is determined by its merger by absorption by SC Voltalim S.A. Craiova.

#### **Associated Entities**

On 30.06.2016 the company holds more than 20% but not exceeding 50% of the share capital for a total of 8 issuers (31.12.2015: 10 issuers). All these companies are based in Romania. For these ones the percentage of ownership by the company is no different from the percentage of voting rights held.

The company has no associates on 30.06.2016 and 31.12.2015.

#### **28. Key management personnel**

##### **Administration Board:**

##### **30 June 2016**

Tudor Ciurezu - Chairman, Anina Radu – Vice Chairman, Cristian Busu, Victor Capitanu, Nicolae Stoian, Carmen Popa, Paul – George Prodan.

##### **31 December 2015**

Tudor Ciurezu - Chairman, Anina Radu – Vice Chairman, Cristian Busu, Victor Capitanu, Nicolae Stoian, Carmen Popa, Paul – George Prodan.

##### **Senior Management:**

##### **30 June 2016**

Tudor Ciurezu – General Director, Anina Radu – Deputy General Director.

##### **31 December 2015**

Tudor Ciurezu – General Director, Anina Radu – Deputy General Director.

##### **Departments Management:**

##### **30 June 2016**

Elena Sichigea – Director of Financial Department, Elena Calîtoiu – Director of Investments and Risk Management Division, Dan Voiculescu – Director of Monitoring Portfolio Division, Vasilica Bucur – Director of Legal Division, Ion Patrichi – Director Human Resources-Logistics Division

##### **31 December 2015**

Elena Sichigea – Director of Financial Department, Elena Calîtoiu – Director of Investments and Risk Management Division, Dan Voiculescu – Director of Monitoring Portfolio Division, Vasilica Bucur – Director of Legal Division, Ion Patrichi – Director Human Resources-Logistics Division.

## **SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

### ***Notes to the Interim simplified standalone statement***

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

#### **29. Actions in court**

On 30.06.2016 there were a total of 36 disputes pending before the courts. The company stands as a claimant in 22 disputes, defendant in 7 disputes, intervener in 1 dispute and 6 cases being in insolvency proceedings.

In most disputes in which the company is a claimant, subject of litigation is annulment / nullity of resolutions of general meetings of shareholders in portfolio companies.

#### **30. Events after the balance sheet date**

##### ***The Extraordinary General Meeting of Shareholders from 28.04.2016 decided:***

It is approved the filling of the Company's object of activity according to the provisions of the art. 5 from Law no. 74/2015 and of the A.S.F. Regulation no. 10/2015 and the adequate rewriting of the art. 3 "OBJECT OF ACTIVITY" from the Company's Contract, which will have the following content:

„The main object of activity of the Company is NACE code 649 - Other financial service activities, except insurance and pension funding and its main activity is NACE code 6499 – Other financial service activities n.e.c., as it is detailed in paragraph 2.

The company has the following object of activity:

- a) administration and management of shares to the trading companies for which were issued own shares, according to the Ownership Certificate and to the Registered Privatization Coupons underwritten by citizens in accordance with the provisions of the art. 4 paragraph 6 of Law no. 55/1995.
- b) administration and management of own securities portfolio and realization of investments in securities according to the regulations in force.
- c) risks management.
- d) other similar and adjacent activities, according to the regulations in force and activities for the administration of own assets, code 661-6611; 6612.”

The AGEA decision wasn't enforced, the request for the registration of the amendments brought to the object of activity being rejected by the Trade Register Office Dolj through the resolution no. 12015/08.06.2016/

The rejection is caused by the absence of ASF permit, who notified the company, through the Notification no. DRA 2243.1/19.05.2016, that “the advice of the amendment for the object of activity is realized once with the transmission of the documentation attesting the fulfillment of conditions for the acquisition, by S.I.F. Oltenia S.A., of the quality of A.F.I.A authorized by A.S.F.”

The content of the decision of the Extraordinary General Meeting of Shareholders was continued in the Articles of Incorporation to be submitted to the Extraordinary General Meeting of Shareholders of the Company, convoked for 25/26.08.2016.

##### ***The Ordinary General Meeting of Shareholders from 29.04.2016 decided:***

To approve the financial statements related to the financial year 2015, the distribution of the net profit related to the financial year 2015, the Income and Expenses Budget and the Strategy for the year 2016. The date 12.09.2016 is approved as registration date (ex – date 09.09.2016).

conf.univ.dr.ec. Ciurezu Tudor

jr. Radu Anina

ec. Sichigea Elena

Chairman / General Director

Vice Chairman / Deputy General Director

Financial Director