

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.**

**Simplified Interim Individual Financial Statements**

**as of 31 March 2017**

drawn up in accordance with Norm no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards applicable to the entities authorized, regulated and supervised by the Financial Supervision Authority of the Financial Instruments and Investments Sector

**UNAUDITED**

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**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.**

**Simplified interim individual statement of profit or loss and of other items of the overall result as of 31 March 2017**

<i>In RON</i>	<b>Note</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
<b>Income</b>			
Income from dividends	5	82,577	85,901
Income from interest		7,486	5,324
Other operating income	6	635,286	677,513
Net gain from exchange rate differences		11,808	(256,048)
Net gain from the sale of assets	7	3,556,454	12,991,842
<b>Costs</b>			
Fees and charges for administration and supervision	8	(392,906)	(423,642)
Other operating costs	9	(2,257,109)	(2,563,761)
<b>Profit before taxing</b>		<b>1,643,596</b>	<b>10,517,129</b>
Profit tax	10	(115,625)	(1,791,637)
<b>Net profit for the financial year</b>		<b>1,527,971</b>	<b>8,725,492</b>
<b>Other items of the overall result</b>			
Net change in the reserve from the change in the fair value of the available-for-sale financial assets		141,075,700	(92,117,175)
The reserve related to the difference from the change in the fair value of the available-for-sale financial assets transferred in profit or loss, net of tax		(2,990,325)	(13,706,852)
<b>Total overall result for the period</b>		<b>139,613,346</b>	<b>(97,098,535)</b>
<b>The result per share</b>	22	<b>0.0026</b>	<b>0.0150</b>
Basic			

The simplified interim individual financial statements have not been approved by the Board of Directors because on the reporting date the Board of Directors elected in the OGSM on 04.04.2017 was not approved by FSA. They were signed by the senior management of the company, which was in operation on 31.03.2017

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jr. Radu Anina

ec. Sichigea Elena

President / General Manager

Vice President / Deputy General Manager

Financial Manager

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.**

**Simplified interim individual statement of the financial position as of 31 March 2017**

<i>In RON</i>	<b>Note</b>	<b>31 March 2017</b>	<b>31 December 2016</b>
<b>Assets</b>			
Cash and cash equivalents	11	5,459,231	3,509,197
Deposits placed with banks	12	6,181,920	24,466,476
Financial assets available for sale	13	1,754,715,380	1,578,803,318
Credits and receivables	14	2,128,619	13,427,910
Fixed tangible assets		10,910,983	11,373,395
Real estate investments	15	483,071	483,071
Other assets	16	476,019	347,473
<b>Total assets</b>		<b>1,780,355,223</b>	<b>1,632,410,840</b>
<b>Liabilities</b>			
Dividends to pay		56,672,854	56,991,969
Fees and charges	17	352,388	5,246,637
Deferred tax liabilities	18	148,320,691	122,077,335
Other liabilities	19	6,141,702	18,899,845
<b>Total liabilities</b>		<b>211,487,635</b>	<b>203,215,786</b>
<b>Stockholders' equity</b>	20		
Social capital		58,016,571	58,016,571
Adjustments to the social capital		631,852,524	631,852,524
Other stockholders' equity items		764,512,789	626,427,414
Reserves from the revaluation of fixed tangible assets		7,390,408	7,755,548
Legal and statutory reserves		17,782,035	17,782,035
Other reserves	21	2,417,698,157	2,417,698,157
The result carried forward as a result of applying IAS 29 to the social capital and reserves		(2,438,631,885)	(2,438,631,885)
The result carried forward except for the result carried forward arising from the adoption of IAS 29 for the first time		108,719,018	7,023,313
Current profit		1,527,971	101,271,377
<b>Total stockholders' equity</b>		<b>1,568,867,588</b>	<b>1,429,195,054</b>
<b>Total liabilities and stockholders' equity</b>		<b>1,780,355,223</b>	<b>1,632,410,840</b>

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**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.**

**Simplified interim individual statement of the changes in shareholders' equity as of 31 March 2017**

								RON -	
	Inflated social capital	Reserves from the revaluation of fixed tangible assets	Legal and statutory reserves	Other reserves	Reserves from the revaluation of the available-for-sale financial assets	Other stockholders' equity items	The result carried forward as a result of applying IAS 29 to the social capital and reserves	Accumulated Profit	TOTAL
<b>BALANCE ON 1 JANUARY 2017</b>	<b>689,869,095</b>	<b>7,755,548</b>	<b>17,782,035</b>	<b>2,417,698,157</b>	<b>629,489,094</b>	<b>(3,061,680)</b>	<b>(2,438,631,885)</b>	<b>108,294,690</b>	<b>1,429,195,054</b>
<b>OVERALL RESULT</b>	-	-	-	-	-	-	-	-	-
<b>Profit for the financial year</b>	-	-	-	-	-	-	-	1,527,971	1,527,971
<b>Other items of the overall result</b>	-	-	-	-	-	-	-	-	-
1. Change in the reserve from the revaluation of fixed tangible assets, net of deferred tax	-	(365,140)	-	-	-	-	-	365,140	-
2. Net change in the reserve from the change in the fair value of the available-for-sale financial assets	-	-	-	-	141,075,700	-	-	-	141,075,700
3. The reserve related to the difference from the change in the fair value of the available-for-sale financial assets transferred in profit or loss, net of tax	-	-	-	-	(2,990,325)	-	-	-	(2,990,325)
<b>TOTAL OVERALL RESULT for the period</b>	-	<b>(365,140)</b>	-	-	<b>138,085,375</b>	-	-	<b>1,893,111</b>	<b>139,613,346</b>
Deferred tax related to the result carried forward	-	-	-	-	-	-	-	59,188	59,188
revaluation surplus unachieved taxed	-	-	-	-	-	-	-	-	-
Other reserves – own sources of funding	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders directly recognized in equity</b>	-	-	-	-	-	-	-	-	-
1. Dividends prescribed by law – transfer to the profit or loss account from other reserves	-	-	-	-	-	-	-	-	-
2. Dividends to pay for year 2016	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS DIRECTLY RECOGNIZED IN EQUITY</b>	-	-	-	-	-	-	-	-	-
<b>BALANCE ON 31 MARCH 2017</b>	<b>689,869,095</b>	<b>7,390,408</b>	<b>17,782,035</b>	<b>2,417,698,157</b>	<b>767,574,469</b>	<b>(3,061,680)</b>	<b>(2,438,631,885)</b>	<b>110,246,989</b>	<b>1,568,867,588</b>

The simplified interim individual financial statements have not been approved by the Board of Directors because on the reporting date the Board of Directors elected in the OGSM on 04.04.2017 was not approved by FSA. They were signed by the senior management of the company, which was in operation on 31.03.2017

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Vice President / Deputy General Manager

Financial Manager

*The notes from page 6 to page 20 are an integral part of these individual financial statements.*

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.**

**Simplified interim individual statement of the changes in shareholders' equity as of 31 March 2016**

								RON -	
	Inflated social capital	Reserves from the revaluation of fixed tangible assets	Legal and statutory reserves	Other reserves	Reserves from the revaluation of the available-for-sale financial assets	Other stockholders' equity items	The result carried forward as a result of applying IAS 29 to the social capital and reserves	Accumulated Profit	TOTAL
<b>BALANCE ON 1 JANUARY 2016</b>	689,869,095	8,077,015	17,782,035	2,387,864,253	689,343,001	(3,061,680)	(2,438,631,885)	111,937,948	1,463,179,782
<b>OVERALL RESULT</b>	-	-	-	-	-	-	-	-	-
<b>Profit for the financial year</b>	-	-	-	-	-	-	-	8,725,492	8,725,492
<b>Other items of the overall result</b>	-	-	-	-	-	-	-	-	-
1. Change in the reserve from the revaluation of fixed tangible assets, net of deferred tax	-	(80,170)	-	-	-	-	-	80,170	-
2. Net change in the reserve from the change in the fair value of the available-for-sale financial assets	-	-	-	-	(92,117,175)	-	-	-	(92,117,175)
3. The reserve related to the difference from the change in the fair value of the available-for-sale financial assets transferred in profit or loss, net of tax	-	-	-	-	(13,706,852)	-	-	-	(13,706,852)
<b>TOTAL OVERALL RESULT for the period</b>	-	(80,170)	-	-	(105,824,027)	-	-	8,805,662	(97,098,535)
Deferred tax related to the result carried forward	-	-	-	-	-	-	-	4,788	4,788
revaluation surplus unachieved taxed	-	-	-	-	-	-	-	-	-
Other reserves – own sources of funding	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders directly recognized in equity</b>	-	-	-	-	-	-	-	-	-
1. Dividends prescribed by law – transfer to the profit or loss account from other reserves	-	-	-	-	-	-	-	-	-
2. Dividends to pay for year 2015	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS DIRECTLY RECOGNIZED IN EQUITY</b>	-	-	-	-	-	-	-	-	-
<b>BALANCE ON 31 MARCH 2016</b>	689,869,095	7,996,845	17,782,035	2,387,864,253	583,518,974	(3,061,680)	(2,438,631,885)	120,748,398	1,366,086,035

The simplified interim individual financial statements have not been approved by the Board of Directors because on the reporting date the Board of Directors elected in the OGSM on 04.04.2017 was not approved by FSA. They were signed by the senior management of the company, which was in operation on 31.03.2017

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Financial Manager

The notes from page 6 to page 20 are an integral part of these individual financial statements.

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.**

**Simplified interim individual statement of the cash flows  
as of 31 March 2017**

- RON -

Item Name	Reporting Period	
	31.03.2017	31.03.2016
A	1	2
<b>Cash flows from operating activities</b>		
Returns from customers, other returns	252,645	134,032
Returns from sales of financial investments (shareholdings)	14,037,308	11,069,790
Payments for the purchase of shares	(23,312,374)	(5,299,964)
Payments to suppliers and employees, other payments	(1,651,490)	(2,306,850)
Payments to the state budget, social security budget and local budget	(809,157)	(942,934)
Interest received	9,487	1,728
Dividends received	-	-
Interest paid	-	-
Profit tax paid	(4,282,517)	(339,717)
Returns from earthquake insurance	-	-
<b>Net cash from operating activities</b>	<b>(15,756,098)</b>	<b>2,316,085</b>
<b>Cash flows from investment activities</b>		
Payments for the acquisition of fixed tangible assets	(237,042)	-
Returns from the sale of fixed tangible assets	586,888	-
<b>Net cash from investment activities</b>	<b>349,846</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Returns from the issue of shares	-	-
Returns from long-term loans	-	-
Payment of liabilities related to the financial leasing	-	-
Dividends paid	(319,114)	(471,252)
Amounts advanced to the Central Depository for dividend payments	-	-
Dividend tax paid	(607,170)	(1,905,174)
<b>Net cash from financing activities</b>	<b>(926,284)</b>	<b>(2,376,426)</b>
<b>Net increase in treasury and cash equivalents</b>	<b>(16,332,536)</b>	<b>(60,341)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>27,973,366</b>	<b>6,575,101</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>11,640,830</b>	<b>6,514,760</b>

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## ***THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.***

### ***The explanatory notes to the simplified interim individual financial statements***

***on 31 March 2017***

*(all the amounts are expressed in RON, unless otherwise stated)*

#### **1. The Reporting Entity**

The Financial Investment Company Oltenia S.A. (hereinafter referred to as "the Company") was established on 01.11.1996 in Craiova - Romania, under the provisions of Law No. 133/1996, a law for the transformation of the Private Property Funds into financial investment companies. The Company was established by transforming the V Oltenia Private Property Fund.

The Company is a collective investment institution operating under Law no. 31/1990 on the trading companies and Law no. 297/2004 on the capital market, with subsequent amendments and completions. The Company is self-administered.

The Company has its registered office in Craiova, 1 Tufănele Street, postal code 200767, Dolj County.

The Company is registered with:

- the Trade Register Office attached to Dolj Law Court, Registration Number J16/1210/1993, Taxpayer Identification Number 4175676, fiscal attribute RO;
- the National Securities Commission (CNVM) as Another Collective Investment Institution with a diversified policy according to Decision no. 1958/02.09.1999 and registered in the C.N.V.M. Register under no. PJR09SIIR/160003/14.02.2006. As from 30 April 2013, according to the provisions of GEO no. 93/December 2012, it was established the Financial Supervision Authority (ASF) which assumes the responsibilities of the National Securities Commission, the Private Pensions Supervisory Commission and the Insurance Supervisory Commission;
- the Securities Evidence Office according to Certificate no. 419/07.09.1999.

The shares of the Company are listed according to the Bucharest Stock Exchange, the Premium category, with market symbol SIF 5, as from 01.11.1999.

The Company's shareholders and shares records are kept by the CENTRAL DEPOSITARY S.A. Bucharest.

The depositing activity provided by legislation and C.N.V.M. / A.S.F. regulations is provided by Raiffeisen Bank S.A. - Bucharest Branch as from 22.01.2014, until such date, the depositing activity having been held by ING Bank NV Amsterdam - Bucharest Branch.

According to the articles of incorporation, the Company has the following scope of activity:

- to administer and manage the shares in the trading companies for which there were issued own shares, corresponding to the Ownership Certificates and the Nominal Privatization Coupons subscribed by citizens according to the provisions of Art. 4 Paragraph 6 of Law no. 55/1995;
- to manage its own securities portfolio and to invest in securities in accordance with the regulations in force;
- other similar and related activities, in accordance with the regulations in force, as well as the management of its own assets.

The subscribed and paid-up social capital is 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 a dematerialized form and granting equal rights to their holders.



## ***THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.***

### ***The explanatory notes to the simplified interim individual financial statements***

*on 31 March 2017*

*(all the amounts are expressed in RON, unless otherwise stated)*

## **2. Basis of drawing up**

### **a) Declaration of Conformity**

The individual financial statements are drawn up in accordance with Norm no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards applicable to the entities authorized, regulated and supervised by the Financial Supervision Authority of the Financial Instruments and Investments Sector.

The simplified interim individual financial statements have not been approved by the Board of Directors because on the reporting date the Board of Directors elected in the AGOA on 04.04.2017 was not approved by A.S.F. They were signed by the senior management of the company, which was in operation on 31.03.2017.

In accordance with the provisions of Regulation no. No 1606/2002 of the European Parliament and of the Council of the European Union from 19 July 2002, and of CNVM Decision no. 1176/15.09.2010, the financial investment companies are required to draw up and submit to ASF consolidated annual financial statements, in accordance with the International Financial Reporting Standards adopted by the European Union, within 8 months as from the end of the financial year. The consolidated financial statements of the S.I.F. Oltenia S.A. Group on 31.12.2016 will be drawn up, approved and made public until 31.08.2017. They will be available on the Company's website: [www.sifolt.ro](http://www.sifolt.ro).

The Company's accounting records are denominated in RON.

On 31 December 2015 it took place the transition to IFRS as the basis for accounting, when by negotiating again there were carried out and registered into the accounting the operations determined by the change from the CNVM Regulation no. 4/2011 to the Accounting Regulations in accordance with IFRS.

The main restatements made to the financial statements drawn up in accordance with the RCR on 31.12.2015 in order to align them with the IFRS requirements adopted by the European Union are:

- grouping more items into more comprehensive categories;
- asset, liability and equity adjustments in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" as the Romanian economy was a hyperinflationary economy by 31 December 2003;
- fair value adjustments and for the depreciation of the value of financial assets in accordance with IAS 39 "Financial Instruments: Recognition and Evaluation";
- adjustments to the profit or loss account in order to record dividend income at the time of reporting and at gross amount;
- property investment adjustments for their fair value evaluation, in accordance with IAS 40 "Investment property".
- adjustments for the recognition of receivables and liabilities regarding the deferred profit tax in accordance with IAS 12 "Profit Tax"; and
- presentation requirements in accordance with IFRS.

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

The presentation adopted by the Company is based on the liquidity within the simplified interim individual statement of the financial position, and the disclosure of the income and costs has been made in relation to their nature within the simplified interim individual statement of profit or loss and other items of the overall result.

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.**

***The explanatory notes to the simplified interim individual financial statements***

*on 31 March 2017*

*(all the amounts are expressed in RON, unless otherwise stated)*

**2. Basis of drawing up**

**b) Presentation of financial statements *(continued)***

The Company considers that such disclosures provide information that is more credible and relevant than what would have been disclosed under other methods permitted by IAS 1 "Presentation of Financial Statements".

**c) Functional and Presentation Currency**

The Company's management believes that the functional currency, as defined by IAS 21 "The Effects of Foreign Exchange Rates Variation", is the Romanian currency (RON or lei). The simplified interim individual financial statements are presented in RON, rounded to the nearest RON, the currency that the Company's management chose to be the presentation currency.

**d) Basis of Evaluation**

The simplified interim individual financial statements are prepared based on the fair value convention for derived financial instruments, financial assets and liabilities at fair value through the profit or loss account, and the available-for-sale financial assets, except for those for which fair value cannot be determined in a credible way.

Other financial assets and liabilities as well as non-financial assets and liabilities are presented at amortized cost, re-valued or historical cost.

**e) Using Estimates and Judgments**

The preparation of the simplified interim individual financial statements in accordance with IFRS adopted by the European Union implies the management's use of estimates, judgments and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and assumptions associated with these judgments are based on historical experience as well as on other factors considered to be reasonable in the context of these estimates.

The result of such estimates forms the basis of the judgments relating to the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the estimates amounts.

The Company periodically reviews the estimates and assumptions underlying the accounting records. The revisions of the accounting estimates are recognized in the period in which the estimate is reviewed, if the review affects only that period, or in the period in which the estimate is reviewed and the future periods, if the review affects both the current period 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 simplified interim financial statements are consistent with those from the individual financial statements as at 31 December 2016 and have been applied in the same manner for all the periods presented in these simplified interim individual financial statements.

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.****The explanatory notes to the simplified interim individual financial statements***on 31 March 2017**(all the amounts are expressed in RON, unless otherwise stated)***4. Financial Assets and Liabilities****Accounting Classifications and Fair Values**

The carrying amounts and fair values of financial assets and liabilities are presented on 31.03.2017, as follows:

<i>In RON</i>	Available for sale	Amortized Cost	Net carrying amount	Fair value
Cash and cash equivalents	-	5,459,231	5,459,231	5,459,231
Deposits placed with banks	-	6,181,920	6,181,920	6,181,920
Available-for-sale financial assets	1,754,715,380	-	1,754,715,380	1,754,715,380
Investments held up to due date	-	-	-	-
Other financial assets	-	2,604,638	2,604,638	2,604,638
<b>Total financial assets</b>	<b>1,754,715,380</b>	<b>14,245,789</b>	<b>1,768,961,169</b>	<b>1,768,961,169</b>
Dividends to pay	-	56,672,854	56,672,854	56,672,854
Other financial liabilities	-	6,141,702	6,141,702	6,141,702
<b>Total financial liabilities</b>	<b>-</b>	<b>62,814,556</b>	<b>62,814,556</b>	<b>62,814,556</b>

The carrying amounts and fair values of financial assets and liabilities are presented on 31.12.2016, as follows:

<i>In RON</i>	Available for sale	Amortized Cost	Net carrying amount	Fair value
Cash and cash equivalents	-	3,509,197	3,509,197	3,509,197
Deposits placed with banks	-	24,466,476	24,466,476	24,466,476
Available-for-sale financial assets	1,578,803,318	-	1,578,803,318	1,578,803,318
Investments held up to due date	-	-	-	-
Other financial assets	-	13,775,383	13,775,383	13,775,383
<b>Total financial assets</b>	<b>1,578,803,318</b>	<b>41,751,056</b>	<b>1,620,554,374</b>	<b>1,620,554,374</b>
Dividends to pay	-	56,991,969	56,991,969	56,991,969
Other financial liabilities	-	18,899,845	18,899,845	18,899,845
<b>Total financial liabilities</b>	<b>-</b>	<b>75,891,814</b>	<b>75,891,814</b>	<b>75,891,814</b>

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.****The explanatory notes to the simplified interim individual financial statements***on 31 March 2017**(all the amounts are expressed in RON, unless otherwise stated)***5. Income from dividends**

The income from dividends is registered at gross amount. Dividend taxing rates for the period ended on 31.03.2017 are of 5% and zero (31.12.2016: 5% and zero).

The income from dividends, mainly, by contributors, is as follows:

<i>In RON</i>	<b>31 March 2017</b>	<b>31 March 2016</b>
Turism S.A. Pucioasa	-	85,901
Provitas S.A. Bucharest	82,577	-
<b>TOTAL</b>	<b>82,577</b>	<b>85,901</b>

**6. Other operating income**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 March 2016</b>
Financial income from adjustments for impairment of financial assets	2,988	-
Income from provisions for depreciation of current assets	-	1,640
Other operating income	614,302	150,969
Other financial income	17,996	19,337
Other income from provisions	-	505,567
<b>Total</b>	<b>635,286</b>	<b>677,513</b>

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

<i>In RON</i>	<b>31 March 2017</b>	<b>31 March 2016</b>
Income from the sale of the available-for-sale financial assets	15,327,784	19,964,340
The carrying amount of the ceded available-for-sale financial assets	11,771,330	6,972,498
<b>Net gain from the sale of financial assets</b>	<b>3,556,454</b>	<b>12,991,842</b>

**8. Fees and charges for administration and supervision**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 March 2016</b>
Costs on fees due to SSIF for share transactions	7,411	47,404
Costs on fees due for shareholder register services	35,945	36,900
Costs on fees with the depositary company	48,496	49,187
BVB costs	-	-
Costs on taxes due to capital market entities (ASF)	261,481	241,439
Costs on the audit fee	-	-
Other costs on fees and taxes	39,573	48,712
<b>Total</b>	<b>392,906</b>	<b>423,642</b>

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.****The explanatory notes to the simplified interim individual financial statements***on 31 March 2017**(all the amounts are expressed in RON, unless otherwise stated)***9. Other operating costs**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 March 2016</b>
	<hr/>	<hr/>
Costs on fees and taxes	61,812	177,608
Costs on salaries and other staff costs	1,525,982	2,056,414
Costs on amortization, provisions and value adjustments	114,338	123,121
Costs on external benefits	554,977	206,618
<b>Total</b>	<b>2,257,109</b>	<b>2,563,761</b>

**Costs on salaries and assimilated costs**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 March 2016</b>
	<hr/>	<hr/>
Costs on salaries	1,233,607	1,234,446
Costs on insurance and social protection	292,375	284,653
Other costs on salaries according to court decisions	-	537,315
<b>Total</b>	<b>1,525,982</b>	<b>2,056,414</b>

	<b>31 March 2017</b>	<b>31 March 2016</b>
	<hr/>	<hr/>
Staff with mandate contract	2	2
Employees with higher education	32	34
Employees with secondary education	13	13
Employees with general education	5	5
<b>Total</b>	<b>52</b>	<b>54</b>

Within other operating costs there are included staff costs, costs on other fees and taxes, costs on amortization, provisions and value adjustments, external service costs.

In the period ended on 31.03.2017 the average number of employees was of 49 (31.03.2016: 51), and the number of employees registered on 31.03.2017 was of 50 (31.03.2016: 52)

The indemnities granted during the period ended on 31.03.2017 to the administrative bodies, executive bodies and key staff, representing salary rights amounted to 561,746 RON (31.03.2016: 550,478 RON).

The company makes payments to institutions of the Romanian State for the pensions of its employees.

All employees are members of the Romanian pension scheme. The Company does not operate any other retirement scheme or retirement benefits, and therefore it has no other pension obligations. Moreover, the Company is not obliged to provide additional benefits to the employees after retirement.

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.****The explanatory notes to the simplified interim individual financial statements***on 31 March 2017**(all the amounts are expressed in RON, unless otherwise stated)***10. Profit tax****Reconciliation of profit before taxing  
with the profit tax cost in the profit or loss account**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 March 2016</b>
<b>Current income tax</b>	<b>115,625</b>	<b>1,791,637</b>
Dividends tax	-	-
Cost on the deferred profit tax	-	-
Total profit tax recognized in the fiscal year result	115,625	1,791,637
<b>Profit before taxing</b>	<b>1,643,596</b>	<b>10,517,129</b>
Tax according to statutory quota of 16%	262,975	1,682,741
<b>The effect on profit tax of:</b>		
Non-deductible costs	325,402	377,772
Non-taxable incomes	(472,752)	(266,576)
Dividend taxation rate	-	-
Amounts representing sponsorship under the law	-	(2,300)
Records and resumption of temporary differences	-	-
<b>Profit tax</b>	<b>115,625</b>	<b>1,791,637</b>

**11. Cash and cash equivalents**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 December 2016</b>
Cash at the cash desk	7,466	8,510
Current accounts at banks	5,422,738	3,483,254
Cash equivalents	29,027	17,433
<b>Total cash and cash equivalents</b>	<b>5,459,231</b>	<b>3,509,197</b>

**12. Deposits placed with banks**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 December 2016</b>
Bank deposits at sight	6,181,599	24,464,169
Attached receivables	321	2,307
<b>Total deposits placed with banks</b>	<b>6,181,920</b>	<b>24,466,476</b>

**13. Financial assets**

- *Available-for-sale financial assets*

<i>In RON</i>	<b>31 March 2017</b>	<b>31 December 2016</b>
Shares valued at fair value	1,745,352,126	1,569,695,067
Shares valued at cost	6,721,546	6,721,546
Units at fair value	2,641,708	2,386,705
<b>Total</b>	<b>1,754,715,380</b>	<b>1,578,803,318</b>

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.****The explanatory notes to the simplified interim individual financial statements***on 31 March 2017**(all the amounts are expressed in RON, unless otherwise stated)***13. Financial assets (continued)**

The movement of the available-for-sale financial assets in the reporting periods ended on 31.03.2017 and 31.12.2016 is presented in the following table:

<i>In RON</i>	Shares valued at fair value	Shares valued at cost	Units	Total
<b>1 January 2016</b>	1,647,958,291	18,419,537	2,301,191	1,668,679,019
Reclassifications 2016	9,627,292	(9,627,292)	-	-
Net change during the period	(6,542,036)	(2,321,878)	-	(8,863,914)
Impairment losses	(11,020,326)	-	(247,407)	(11,267,733)
Change in fair value	(70,328,154)	251,179	332,921	(69,744,054)
<b>31 December 2016</b>	<b>1,569,695,067</b>	<b>6,721,546</b>	<b>2,386,705</b>	<b>1,578,803,318</b>
Net change during the period	11,516,154	-	-	11,516,154
Impairment losses	-	-	-	-
Change in fair value	164,140,905	-	255,003	164,395,908
<b>31 March 2017</b>	<b>1,745,352,126</b>	<b>6,721,546</b>	<b>2,641,708</b>	<b>1,754,715,380</b>

On 31.03.2017 and 31.12.2016, in the category of shares valued at the fair value, there are mainly included the value of the shares held at the following issuers: OMV PETROM SA Bucharest, BRD - Groupe Societe Generale, BANCA TRANSILVANIA SA Cluj Napoca, CNTEE TRANSELECTRICA SA Bucharest, SNTGN TRANSGAZ SA Mediaş, ARGUS SA Constanţa, ANTIBIOTICE SA Iaşi, S.N.G.N. ROMGAZ S.A. Mediaş.

- **The hierarchy of fair values**

For the calculation of fair value, the Company uses the following hierarchy of methods:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: entries other than the quoted prices included in Level 1 that are observable for assets or liabilities, either directly (e.g., prices) or indirectly (e.g., derived from prices).
- Level 3: evaluation techniques largely based on unobservable items. This category includes all instruments for which the evaluation technique includes elements that are not based on observable data and for which the unobservable input parameters can have a significant effect on the instrument evaluation. This category includes instruments that are valued based on the quoted prices for similar instruments but for which there must be done adjustments largely based on unobservable data or estimates to reflect the difference between the two instruments.

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.****The explanatory notes to the simplified interim individual financial statements***on 31 March 2017**(all the amounts are expressed in RON, unless otherwise stated)***13. Financial assets (continued)**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 December 2016</b>
Level 1	1,014,912,101	798,866,813
Level 2	132,067,524	232,554,156
Level 3	607,735,755	547,382,349
<b>Total</b>	<b>1,754,715,380</b>	<b>1,578,803,318</b>

The fair value evaluation of the equity shares held on 31.03.2017 was carried out as follows:

- for the securities quoted and traded during the period ended on 31.03.2017, the market value was determined by taking into account the quotation from the last trading day (the quotation for closing on the main capital market for level 1, and for level 2 there were taken into account the quotations for the shares traded during the last 30 trading days);
- for the securities quoted that did not have any transactions in the last 30 trading days of 2017, and for the unquoted securities, the market value was determined according to the issuers' own capital;
- for the securities related to the trading companies under insolvency or reorganization, the evaluation is done at zero value;
- for the shareholdings at OPCVM, the value taken into account was the last unit value of the net asset, calculated and published.

**14. Credits and receivables**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 December 2016</b>
Commercial receivables	1,162,175	1,194,644
Debtors	1,114,498	12,381,045
Receivables related to the state budget and social security budget	805,907	805,849
Other receivables	1,151	1,484
Adjustments for impairment of receivables	(955,112)	(955,112)
<b>TOTAL</b>	<b>2,128,619</b>	<b>13,427,910</b>

**15. Real estate investments**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 December 2016</b>
<b>Balance at the beginning of the reporting period</b>	<b>483,071</b>	<b>438,571</b>
Sales of real estate investment	-	-
Acquisition of real estate investments	-	-
Real estate investments evaluation	-	44,500
<b>Balance at the end of the reporting period</b>	<b>483,071</b>	<b>483,071</b>



**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.****The explanatory notes to the simplified interim individual financial statements**

on 31 March 2017

(all the amounts are expressed in RON, unless otherwise stated)

**15. Real estate investments (continued)**

The last revaluation of the real estate investments held was done on 31.12.2016. The revaluation differences were recorded in the profit or loss account. The revaluation was carried out by the authorized ANEVAR evaluator.

**16. Other assets**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 December 2016</b>
Fixed intangible assets	3,911	4,519
Other non-current receivables	245,418	243,693
Stocks	20,968	17,985
Pre-payments	205,722	81,276
<b>TOTAL</b>	<b>476,019</b>	<b>347,473</b>

**17. Taxes and fees**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 December 2016</b>
Debts in connection with the Social Insurance Budget	234,971	229,779
Debts in connection with the State Budget	113,659	4,895,699
Other taxes and fees	3,758	121,159
<b>Total</b>	<b>352,388</b>	<b>5,246,637</b>

**18. Deferred tax liabilities**

Deferred tax liabilities are determined by the following items:

<i>In RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Tax</b>
<b>31 March 2017</b>				
Fair value evaluation of the available-for-sale financial assets	784,928,019	-	784,928,019	125,588,48
Revaluation of fixed tangible assets	8,798,104	-	8,798,104	3
The result carried forward representing the untaxed revaluation reserves made	1,772,247	-	1,772,247	1,407,696
The result carried forward representing the untaxed revaluation reserves unmade	3,820,084	-	3,820,084	283,560
The result carried forward representing the untaxed revaluation reserves unmade - real estate investments	359,751	-	359,751	611,217
Differences in the change in the fair value of the available-for-sale financial assets - free of charge shares in the balance	108,190,593	-	108,190,593	57,560
Legal reserves	11,603,314	-	11,603,314	17,310,495
Other reserves – dividends prescribed according to AGOA decision from 23.04.2005	6,551,528	-	6,551,528	1,856,530
Other reserves	980,658	-	980,658	1,048,244
<b>TOTAL</b>	<b>927,004,298</b>	<b>-</b>	<b>927,004,298</b>	<b>148320691</b>

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.****The explanatory notes to the simplified interim individual financial statements***on 31 March 2017**(all the amounts are expressed in RON, unless otherwise stated)***18. Deferred tax liabilities (continued)***In RON***31 December 2016**

	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Tax</b>
Fair value evaluation of the available-for-sale financial assets	620,532,111	-	620,532,111	99,285,138
Revaluation of fixed tangible assets	9,232,795	-	9,232,795	1,477,247
The result carried forward representing the untaxed revaluation reserves made	1,772,247	-	1,772,247	283,560
The result carried forward representing the untaxed revaluation reserves unmade	3,755,326	-	3,755,326	600,855
The result carried forward representing the untaxed revaluation reserves unmade - real estate investments	359,751	-	359,751	57,560
Differences in the change in the fair value of the available-for-sale financial assets - free of charge shares in the balance	108,195,592	-	108,195,592	17,311,295
Legal reserves	11,603,314	-	11,603,314	1,856,530
Other reserves – dividends prescribed according to AGOA decision from 23.04.2005	6,551,528	-	6,551,528	1,048,244
Other reserves	980,658	-	980,658	156,906
<b>TOTAL</b>	<b>762,983,322</b>	<b>-</b>	<b>762,983,322</b>	<b>122,077,335</b>

**19. Other liabilities***In RON*

	<b>31 March 2017</b>	<b>31 December 2016</b>
Staff liabilities	932,054	988,527
Commercial liabilities	160,139	244,383
Guarantees received	1,494	1,494
Various creditors	15	15
Provisions for risks and costs	5,048,000	5,048,000
Income recorded in advance - shares	-	12,617,426
<b>Total other liabilities</b>	<b>6,141,702</b>	<b>18,899,845</b>

**20. Capital and reserves*****Social capital***

The social capital structure is presented below:

*In RON*

	<b>Number of shareholders</b>	<b>Number of shares</b>	<b>Amount (RON)</b>	<b>(%)</b>
<b>31 March 2017</b>				
Resident natural persons	5,751,199	246,087,163	24,608,716	42,42
Non-resident natural persons	1,799	2,471,766	247,177	0,42
<b>Total natural persons</b>	<b>5,752,998</b>	<b>248,558,929</b>	<b>24,855,893</b>	<b>42,84</b>
Resident legal persons	241	222,787,059	22,278,706	38,40
Non-resident legal persons	51	108,819,726	10,881,972	18,76
<b>Total legal persons</b>	<b>292</b>	<b>331,606,785</b>	<b>33,160,678</b>	<b>57,16</b>
<b>Total 31 March 2017</b>	<b>5,753,290</b>	<b>580,165,714</b>	<b>58,016,571</b>	<b>100,00</b>

**THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.****The explanatory notes to the simplified interim individual financial statements***on 31 March 2017**(all the amounts are expressed in RON, unless otherwise stated)***20. Capital and reserves (continued)**

	Number of shareholders	Number of shares	Amount (RON)	(%)
<b>31 December 2016</b>				
Resident natural persons	5,752,643	250,564,376	25,056,437	43.19
Non-resident natural persons	1,797	2,511,680	251,168	0.43
Total natural persons	5,754,440	253,076,056	25,307,605	43.62
Resident legal persons	247	217,404,868	21,740,487	37.47
Non-resident legal persons	52	109,684,790	10,968,479	18.91
Total legal persons	299	327,089,658	32,708,966	56.38
<b>Total 31 December 2016</b>	<b>5,754,739</b>	<b>580,165,714</b>	<b>58,016,571</b>	<b>100.00</b>

The social capital according to the Articles of Incorporation of the Company is of 58,016,571 RON divided into 580,165,714 shares with the nominal value of 0.1 RON and it is the result of the direct subscriptions made to the Company's social capital and by the conversion into shares of the amounts due as dividend under Law no. 55/1995 and under Law no. 133/1996. On 31 March 2017, the number of shareholders was 5,753,290 (31 December 2016: 5,754,739).

The shares issued by the Company are traded on the Bucharest Stock Exchange since November 1999. The shares and shareholders records are held by the Central Depository S.A. Bucharest. All the shares are ordinary, they were subscribed and are paid in full on 31 March 2017 and 31 December 2016. All the shares have the same voting rights and have a nominal value of 0.1 RON / share. The number of shares authorized to be issued is equal to that of the issued shares.

The reconciliation of the determined social capital according to IFRS with the one according to the Articles of Incorporation is the following:

<i>In RON</i>	<b>31 March 2017</b>	<b>31 March 2016</b>
Statutory social capital	58,016,571	58,016,571
The effect of applying IAS 29 (hyperinflation) to capital	631,852,524	631,852,524
Social capital renegotiated	689,869,095	689,869,095

**Reserve constituted according to Law no. 133/1996**

Following the application of the provisions of Norm no. 39/2015 of ASF, the reserve for the initial portfolio constituted according to the Law no. 133/1996 was reintegrated on 31.12.2015 with the amount of 26,316,548 RON, and the reintegration amount was recorded in the result carried forward, resulting in a loss because of the renegotiation.

The reintegrated initial reserve was updated to hyperinflation, amounting to 1,806,779,361 RON.

The effect of hyperinflation on the social capital amounting to 631,852,524 RON and on the reserve constituted according to the Law no. 133/1996 in the amount of 1,806,779,361 RON was recorded in the result carried forward from the first adoption of IAS 29 "Financial Reporting in Hyperinflationary Economies", resulting in a loss because of hyperinflation in the amount of 2,438,631,885 RON.

## **THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.**

### ***The explanatory notes to the simplified interim individual financial statements***

*on 31 March 2017*

*(all the amounts are expressed in RON, unless otherwise stated)*

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

The loss from the update to hyperinflation under IAS 29, reflected in the financial statements of 2015 and 2016, was subject to approval within the AGOA on 04.04.2017 to be covered under the provisions of Art. 91 and Art. 92 of the ASF Norm no. 39/2015, from other items of equity, namely those that have been subject to hyperinflation and that are listed above. Such coverage does not change the level of equity and does not affect the profit and loss account of the company.

#### ***Legal reserves***

The legal reserves are constituted according to the legal requirements in the amount of 5% of the profit registered according to the applicable accounting regulations, up to the level of 20% of the value of the social capital, according to the Articles of Incorporation.

The value of the legal reserve on 31.03.2017 is of 11,603,314 RON (31.12.2016: 11,603,314 RON).

In 2016 and on 31.03.2017 the company did not constitute statutory reserves from profit, those reaching the ceiling of 20% of the social capital.

Legal reserves cannot be distributed to shareholders.

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

The reserve includes the cumulative net changes in fair values of financial assets classified in this category, as from the date of their classification and until their derecognizing. The deferred profit tax on these reserves is directly recognized by the decrease of reserves in the evaluation of the available-for-sale financial assets.

#### **21. Other reserves**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 December 2016</b>
Other reserves	610,918,796	610,918,796
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>2,417,698,157</b>

#### **22. The result per share**

<i>In RON</i>	<b>31 March 2017</b>	<b>31 March 2016</b>
Profit attributable to ordinary shareholders	1,527,971	8,725,492
Weighted average number of ordinary shares	580,165,714	580,165,714
<b>Result per basic share</b>	<b>0.0026</b>	<b>0.0150</b>

#### **23. Guarantees received**

The Company has no guarantees received.

## **THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.**

### ***The explanatory notes to the simplified interim individual financial statements***

*on 31 March 2017*

*(all the amounts are expressed in RON, unless otherwise stated)*

#### **24. Environmental quotas**

The Company has not recorded any provision for future environmental costs. The management does not consider the costs associated with these items to be significant.

#### **25. Transfer price**

The Romanian tax legislation contains rules on transfer prices between affiliates since 2000.

The current legislative framework defines the "market value" principle for transactions between affiliates as well as the methods of transfer pricing. As a result, the tax authorities are expected to initiate thorough transfer prices checks in order to ensure that the fiscal result is not distorted by the effect of the prices charged in the relationships with the affiliated persons.

The Company cannot quantify the result of such verification.

#### **26. Transactions and balances with parties found in special relationships**

##### ***Branches***

According to the legislation in force, the Company holds control in a number of 11 issuers on 31.03.2017 (31.12.2016: 11 issuers). All the branches of the Company are based in Romania. For these ones, the Company's holding percentage is not different from the percentage of the number of votes held.

The branches and the holding percentages are:

Company name	Percentage held by SIF on 31.03.2017	Percentage held by SIF on 31.12.2016
	- % -	- % -
ALIMENTARA S.A. SLATINA	52.24	52.24
TURISM PUCIOASA S.A. DAMBOVITA	69.22	69.22
PROVITAS S.A BUCHAREST	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. BUCHAREST	81.04	81.04
ARGUS S.A. CONSTANTA	86.20	86.20
GEMINA TOUR S.A. RM VALCEA	88.29	88.29
MERCUR S.A. CRAIOVA	97.86	93.37
VOLTALIM S.A. CRAIOVA	99.19	99.19
COMPLEX HOTELIER DAMBOVITA S.A. TARGOVISTE	99.94	99.94

##### ***Associated entities***

On 31.03.2017 the Company held equity shares of over 20% but not more than 50% of the social capital in a number of 8 issuers (31.12.2016: 8 issuers). All these companies are based in Romania.

For them, the percentage of ownership by the company is not different from the percentage of the votes held.

The Company does not have any associated entities on 31.03.2017 and 31.12.2016.

## ***THE FINANCIAL INVESTMENT COMPANY OLTENIA S.A.***

### ***The explanatory notes to the simplified interim individual financial statements***

*on 31 March 2017*

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#### **27. Key management staff**

##### ***Board of Directors:***

*31 March 2017*

Members of the Board of Directors: Tudor Ciurezu - President, Anina Radu - Vice President, Cristian Busu, Victor Capitanu, Nicolae Stoian, Carmen Popa, Paul – George Prodan.

Actual management: Tudor Ciurezu - General Manager, Anina Radu - Deputy General Manager.

*31 December 2016*

Members of the Board of Directors: Tudor Ciurezu - President, Anina Radu - Vice President, Cristian Busu, Victor Capitanu, Nicolae Stoian, Carmen Popa, Paul – George Prodan.

Actual management: Tudor Ciurezu - General Manager, Anina Radu - Deputy General Manager.

##### ***Departments management:***

*31 March 2017*

Elena Sichigea - Director of the Economic Departament, Elena Calițoiu - Director of the Placements and Risk Management Department, Dan Voiculescu - Director of the Portfolio Monitoring Department, Vasilica Bucur - Director of the Legal Department, Ion Patrichi - Director of the Human Resources Department – Logistics.

*31 December 2016*

Elena Sichigea - Director of the Economic Departament, Elena Calițoiu - Director of the Placements and Risk Management Department, Dan Voiculescu - Director of the Portfolio Monitoring Department, Vasilica Bucur - Director of the Legal Department, Ion Patrichi - Director of the Human Resources Department – Logistics.

The Company does not have any contracted obligations regarding the payment of pensions to the former members of the Board of Directors and the Management Board and therefore it does not have accounted any commitments of such nature.

The Company has not granted any credits or advance money (except for travel advance money in the interest of service, legally justified) to the members of the Board of Directors and the Management Board and it has not any commitments of this kind.

The Company did not receive and did not grant any guarantees in favour of any affiliated party.

#### **28. Court actions**

On 31.03.2017 there were 28 litigations in court. The company was active in 17 litigations, passive in 5 litigations, in one litigation it acted as intervener, 5 cases being in insolvency proceedings.

In most of the litigations in which the Company has the status of plaintiff, the subject of litigations is the annulment/declaration of nullity of some decisions of the general meetings of shareholders in the companies within the portfolio.

conf.univ.dr.ec. Ciurezu Tudor

jr. Radu Anina

ec. Sichigea Elena

President / General Manager

Vice President / Deputy General Manager

Financial Manager