

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as of June 30th, 2019

prepared in accordance with the Rule no. 39/2015 for the approval of the Accounting Regulations complying with the International Financial Reporting Standards, applicable to authorized entities, regulated and supervised by the Financial Supervisory Authority from the Financial Instruments and Investment Sector

UNAUDITED

Contents

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	<u>page</u>
Interim consolidated statement of the profit or loss and some other elements of the overall result	1
Interim consolidated statement of the financial position	2
Interim consolidated statement of equity changes.....	3 - 4
Interim consolidated statement of treasury flows	5
Notes to the interim consolidated financial statements	6 – 56

**Interim consolidated statement of profit or loss and other items of the overall result
as of June 30th, 2019**

In lei

	Note	June 30th, 2019	June 30th, 2018
Incomes			
Gross incomes from dividends	7	122,075,409	74,749,296
Incomes from interests	8	383,912	43,715
Other operational incomes	9	123,873,865	99,119,396
Net profit from exchange rate differences	10	6,544,661	(96,380)
Net profit from the sale of financial assets	11	-	3,494,832
Earnings from financial assets at fair value through profit or loss account		520,468	-
Expenses			
Commissions and administration and supervision fees	12	(1,331,958)	(1,183,751)
Incomes from the resumption of provisions for risks and expenses		437,129	480,550
Other operating expenses	13	(123,209,089)	(105,918,881)
Profit before tax		129,294,397	70,688,777
Income tax	14	(7,420,684)	(4,842,779)
Net profit of financial exercise		121,873,713	65,845,998
Other elements of the overall result			
Earnings related to the transfer of the financial assets measured at fair value through other elements of the net global tax result recognized in the carried over result		2,284,711	-
Reserve variation from the reassessment of tangible assets, net of deferred tax		-	-
Net change in fair value of financial assets measured by other overall result		228,597,269	43,793,662
Fair value reserve of financial assets measured by other overall result transferred to profit or loss, net of tax		-	(4,534,200)
Fair value reserve of financial assets measured by other items of overall result transferred, transferred to net tax-deferred income		(2,019,153)	-
Total other elements of the overall result		228,862,827	39,259,462
Total overall result for the period		350,736,540	105,105,460
Net profit afferent to			
Company shareholders		120,458,645	65,784,506
Minority interest		1,415,068	61,492
		121,873,713	65,845,998
Overall result afferent to			
Company shareholders		348,021,660	105,490,358
Minority interest		2,714,880	(384,898)
		350,736,540	105,105,460
Result per share	29		
Basic		0.2076	0.1134
Diluted		0.2076	0.1134

The consolidated financial statements were approved by the Board of Administration at the meeting on 24 September 2019 and were signed on its behalf by:

Associate Professor PhD Ec. Ciurezu Tudor
Chairman/General Manager

Associate Professor PhD Bușu Cristian
Vice-chairman/Deputy General Manager

Ec. Sichigea Elena
Financial Manager

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Interim Consolidated Financial Statement of the financial position
on June 30th, 2019**

<i>In lei</i>	Note	June 30th, 2019	December 31st, 2018
Assets			
Cash and cash equivalents	15	33,280,140	480,439,807
Deposits placed in banks	16	57,506,950	14,037,297
Financial assets measured at fair value through other overall result	17	1,769,279,034	1,183,214,785
Financial assets measured at fair value through profit or loss	17	3,256,345	3,506,885
Credits and receivables	18	22,590,487	38,856,954
Tangible assets	19	85,093,803	87,216,858
Real-estate investments	20	94,390,315	93,904,401
Other assets	21	101,091,326	157,037,888
Total assets		2,166,488,400	2,058,214,875
Liabilities			
Payment dividends	22	69,253,280	43,355,439
Taxes and charges	23	4,659,948	99,371,144
Liabilities with delayed tax	24	85,786,394	43,682,766
Other liabilities	25	60,967,975	139,907,725
Total liabilities		220,667,597	326,317,074
Equities			
Share capital	26	58,016,571	58,016,571
Adjustments of the share capital		103,847,238	103,847,238
Other equity elements		410,267,315	185,042,195
Reserves from reassessment of tangible assets		38,785,604	39,055,057
Statutory and legal reserves		28,299,406	28,169,423
Other reserves	27	700,188,372	735,589,573
Own shares		(1,962,259)	-
The deferred result representing the non-distributed profit or the uncovered loss		(27,939,205)	(17,634,138)
The result carried forward as a result of the application of IAS 29 on the share capital and reserves		(158,148,438)	(158,148,438)
The result carried over as a result of applying IAS without IAS 29		641,673,079	634,725,228
Current profit		120,458,645	92,712,041
Total equities attributable to the main company		1,913,486,328	1,701,374,750
Minority interest	28	32,334,475	30,523,051
from which:			
Profit or loss of the financial year related to non-controlling interests		1,415,068	510,612
Other equities		30,919,407	30,012,439
Total equities		1,945,820,803	1,731,897,801
Total liabilities and equities		2,166,488,400	2,058,214,875

The consolidated financial statements were approved by the Board of Administration at the meeting on 24 September 2019 and were signed on its behalf by:

Associate Professor PhD Ec. Ciurezu Tudor
Chairman/General Manager

Associate Professor PhD Bușu Cristian
Vice-chairman/Deputy General Manager

Ec. Sichigea Elena
Financial Manager

Interim consolidated statement of changes in equity at June 30th, 2019

<i>In lei</i>	Inflated share capital	Own shares	Reserves from the reassessment of tangible assets	Statutory and legal reserves	Other reserves	Differences in the change in the fair value of the financial assets assessed by other elements of the overall result	Other equity elements	The result carried forward as a result of the application of IAS 29 on the share capital and reserves	Cumulated profit	Total equities attributable to the main company	Minority interests	TOTAL
BALANCE AT JANUARY 1ST, 2019	161,863,809		39,055,057	28,169,423	735,589,573	186,845,135	(1,802,940)	(158,148,438)	709,803,131	1,701,374,750	30,523,051	1,731,897,801
OVERALL RESULT												
Financial exercise profit	-	-	-	-	-	-	-	-	120,458,645	120,458,645	1,415,068	121,873,713
Other elements of the overall result												
1. Variation of reserve from the reassessment of net deferred tax assets	-	-	(193,087)	-	-	-	-	-	193,087	-	-	-
2. Net variation in reserve from changes in fair value of financial assets measured at fair value through other elements of the overall result	-	-	-	-	-	227,266,027	38,798	-	-	227,304,825	1,292,444	228,597,269
3. Fair value reserve of financial assets measured at fair value through other elements of the overall result, assigned	-	-	-	-	-	(2,019,153)	-	-	2,277,343	258,190	7,368	265,558
TOTAL OVERALL RESULT affluent to the period	-	-	(193,087)	-	-	225,246,874	38,798	-	122,929,075	348,021,660	2,714,880	350,736,540
Delayed tax affluent to the reported result surplus of unachieved tax from reassessment	-	-	-	-	-	-	(31,933)	-	13,196	(18,737)	-	(18,737)
Other reserves – own financing sources	-	-	-	90,556	482,895	-	-	-	(573,418)	33	-	33
Other reserves – redemption of shares	-	-	-	-	(35,764,449)	-	-	-	(12,178,332)	(47,942,781)	-	(47,942,781)
Other transfers (reported result)	-	-	(103,826)	39,427	-	-	(33,550)	-	(113,391)	(211,340)	-	(211,340)
Shares redemption	-	(1,962,259)	-	-	-	-	-	-	-	(1,962,259)	-	(1,962,259)
Transactions with shareholders directly recognized in equity												
1. Dividends prescribed according to the law - transfer to profit or loss account from other reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Payment dividends affluent to the year 2018	-	-	-	-	-	-	-	-	(88,430,611)	(88,430,611)	-	(88,430,611)
3. Variation affluent to branches	-	-	27,460	-	(119,647)	1,292,444	(1,287,513)	-	2,742,869	2,655,613	(903,456)	1,752,157
4. Participation interest increase/decrease in branches	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL TRANSACTIONS WITH SHAREHOLDERS DIRECTLY RECOGNIZED IN EQUITY	-	-	27,460	-	(119,647)	1,292,444	(1,287,513)	-	(85,687,742)	(85,774,998)	(903,456)	(86,678,454)
BALANCE AT June 30th, 2019	161,863,809	(1,962,259)	38,785,604	28,299,406	700,188,372	413,384,453	(3,117,138)	(158,148,438)	734,192,519	1,913,486,328	32,334,475	1,945,820,803

The consolidated financial statements were approved by the Board of Administration at the meeting on 24 September 2019 and were signed on its behalf by:

Associate Professor PhD Ec. Ciurezu Tudor
Chairman / General Manager

Associate Professor PhD Bușu Cristian
Vice-chairman / Deputy General Manager

Ec. Sichigea Elena
Financial Manager

Interim consolidated statement of changes in equity at June 30th, 2019

	Inflated share capital	Reserves from the reassessment of tangible assets	Statutory and legal reserves	Other reserves	Reserves from the assessment of financial assets assessed at fair value through other elements of the overall result	Other equity elements	The result carried forward as a result of the application of IAS 29 on the share capital and reserves	Cumulated profit	Total equities attributable to the main company	Minority interests	TOTAL
BALANCE AT JANUARY 1ST, 2018	161,823,071	39,562,594	27,963,377	701,904,709	624,978,826	(5,203,535)	(158,148,438)	164,100,495	1,556,981,099	32,419,449	1,589,400,548
OVERALL RESULT											
Financial exercise profit	-	-	-	-	-	-	-	65,784,506	65,784,506	61,492	65,845,998
Other elements of the overall result											
1. Variation of the reserve from the reassessment of the net deferred tax assets	-	(135,321)	-	-	-	-	-	135,321	-	-	-
2. Net variation in reserve from changes in fair value of financial assets measured at fair value through other elements of the overall result	-	-	-	-	44,043,414	7,281	-	-	44,050,695	(257,033)	43,793,662
3. Reserve related to the difference from the change in the fair value of the financial assets measured at fair value through other elements of the overall result transferred to net profit or loss	-	-	-	-	(4,344,843)	-	-	-	(4,344,843)	(189,357)	(4,534,200)
4. Transfer of the reserve to the result reported as a result of the transition to IFRS 9	-	-	-	-	(18,607,490)	-	-	18,607,490	-	-	-
TOTAL OVERALL RESULT afferent to the period	-	(135,321)	-	-	21,091,081	7,281	-	84,527,317	105,490,358	(384,898)	105,105,460
Delayed tax afferent to the reported result surplus of unachieved tax from reassessment	-	-	-	-	-	-	-	53,290	53,290	-	53,290
Other reserves – own financing sources	-	-	129,886	34,346,137	-	(122,122)	-	(34,476,023)	(122,122)	-	(122,122)
Other equity elements (deferred tax related to reserves)	-	-	-	-	-	-	-	-	-	-	-
Other transfers (reported result)	-	(702,094)	51,020	-	-	65,921	-	(353,403)	(938,556)	-	(938,556)
Coverage carried over from the update to hyperinflation	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders directly recognized in equity											
1. Dividends prescribed according to the law - transfer to profit or loss account from other reserves	-	-	-	-	-	-	-	-	-	-	-
2. Payment dividends afferent to the year 2017	-	-	-	-	-	-	-	(43,314,276)	(43,314,276)	-	(43,314,276)
3. Variation afferent to branches	-	-	-	(622,624)	-	-	-	2,991,676	2,369,052	-	2,369,052
4. Participation interest increase/decrease in branches	-	176,118	-	(116,250)	-	(9,319)	-	582,140	632,689	(1,178,633)	(545,944)
TOTAL TRANSACTIONS WITH SHAREHOLDERS DIRECTLY RECOGNIZED IN EQUITY	-	176,118	-	(738,874)	-	(9,319)	-	(39,740,460)	(40,312,535)	(1,178,633)	(41,491,168)
BALANCE AT June 30th, 2018	161,823,071	38,901,297	28,144,283	735,511,972	646,069,907	(5,261,774)	(158,148,438)	174,111,216	1,621,151,534	30,855,918	1,652,007,452

The consolidated financial statements were approved by the Board of Administration at the meeting on 24 September 2019 and were signed on its behalf by:

Associate Professor PhD Ec. Ciurezu Tudor

Chairman / General Manager

Associate Professor PhD Bușu Cristian

Vice-chairman / Deputy General Manager

Ec. Sichigea Elena

Financial Manager

**Interim consolidated situation of treasury flows
as of June 30th, 2019**

In lei

Element name	Perioada de raportare	
	June 30th, 2019	June 30th, 2018
A	1	2
Cash flows from operating activities		
Receipts from customers, other receipts	146,082,443	124,118,013
Receipts from sales of financial investments (equity securities)	44,836,167	9,315,180
Payments for the purchase of shares	(363,619,325)	(10,369,387)
Payments to suppliers and employees, other payments	(66,243,434)	(45,842,552)
Payments to the state budget, social insurance budget and local budget	(13,091,130)	(11,339,447)
Interest collected	343,078	16,185
Dividends collected	111,469,353	65,256,216
Interest paid	(2,125,969)	(2,004,581)
Tax on profit paid	(98,445,092)	(5,177,068)
Proceeds from insurance against earthquakes		
Net cash from operating activities	(240,793,909)	123,972,559
Cash flows from investment activities:		
Payments for the purchase of tangible assets	(863,181)	(1,520,345)
Proceeds from the sale of tangible assets		535,046
Net cash from investment activities	(863,181)	(985,299)
Cash flows from financing activities:		
Proceeds from the issue of shares	-	-
Receipts from short-term loans	181,215	11,590,566
Repayments of short-term loans	(65,182,000)	(80,650,790)
Receipts from long-term loans	-	-
Repayments of long-term loans	(1,050,000)	(1,050,000)
Payment of Liabilities in connection with financial leasing	(14,595)	(9,228)
Advance amounts for redemptions of shares	(35,181,343)	-
Dividends paid	(60,391,265)	(1,542,893)
Advance payments to the Depozitarul Central for dividend payments	(41,661)	(1,991,366)
Dividend tax paid	(361,879)	(456,618)
Net cash from financing activities	(162,041,528)	(74,110,329)
Net increase in cash and cash equivalents	(403,698,618)	48,876,931
Cash and cash equivalents at the beginning of the financial year - JANUARY 1ST	494,463,110	22,888,220
Cash and cash equivalents at the end of the reporting period - June 30th	90,764,492	71,765,151

The balances of the following accounts are included in the structure of the treasury and the cash equivalents: 508, 5121, 531, 532, (excluding interest receivable).

Associate Professor PhD Ec. Ciurezu Tudor Associate Professor PhD Bușu Cristian

Chairman / General Manager Vice-chairman / Deputy General Manager

Ec. Sîchigea Elena
Financial Manager

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.

Notes to the interim consolidated financial statements as of June 30th, 2019

(all amounts are expressed in lei, unless otherwise stated)

1. THE REPORTING ENTITY

Financial Investment Company Oltenia S.A. ("The Company") was established on November 1, 1996 in Craiova - Romania, is the successor to the Private Property Fund V Oltenia, reorganized and transformed according to the provisions of Law no. 133/1996, law for the transformation of Private Property Funds into financial investment companies.

The company is classified in the category of Alternative Investment Fund Managers ("AIFM") authorized by the Financial Supervisory Authority ("ASF") with the number 45/15 February 2018 and operates in compliance with the provisions of Law no. 74/2015 regarding the managers of alternative investment funds, Law no. 24/2017 on issuers of financial instruments and market operations, Law no. 297/2004 regarding the capital market, with the subsequent amendments and completions and Law no. 31 /1990R on trading companies.

The company manages itself and is based in Craiova, str. Tufănele, no. 1, postcode 200767, Dolj County.

The company is registered at the Trade Register Office of the Dolj Court with the number J16 / 1210/1993 and Unique Registration Code 4175676, fiscal attribute RO.

The shares of the Company are listed on the share of the Bucharest Stock Exchange, Premium category, with market symbol SIF 5.

The record of the shares and shareholders of the Company is kept according to the law by the Central Depository S.A. Bucharest.

The deposit activity provided by CNVM / ASF legislation and regulations is provided by Raiffeisen Bank S.A. from January 22, 2014, until this date, the deposit activity was carried out by ING Bank NV Amsterdam - Bucharest Branch.

In accordance with the articles of association, the Company has the following object of activity:

- a) administration and management of the shares in the companies for which own shares were issued, corresponding to the Property Certificates and the Privatization Nomination Coupons subscribed by the citizens in accordance with the provisions of art. 4, para. 6 of Law no. 55/1995;
- b) the administration and management of its own portfolio of securities and investments in securities in accordance with the regulations in force;
- c) risk management;
- d) other auxiliary activities and adjacent to the collective administration activity.

The subscribed and paid-up share capital is 58,016,571 lei, divided into 580,165,714 shares with a nominal value of 0.1 lei / 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.

The interim consolidated financial statements for the period ended June 30th, 2019 comprise the Company and its subsidiaries (hereinafter referred to as "the Group") and are not audited.

The basic activities of the Group are represented by the financial investment activity carried out by the Company, as well as by the activities carried out by subsidiaries, which belong to different sectors of activity such as: food, tourism, renting of premises, etc.

2. ESTABLISHMENT BASIS

a) Declaration of conformity

The interim consolidated financial statements prepared as of June 30th, 2019, have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and must be read together with the consolidated financial statements for 2018, prepared in accordance with Rule 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 Supervisory Authority in the Financial Instruments and Investments Sector.

2. ESTABLISHMENT BASIS (continued)

a) Declaration of conformity (continued)

In accordance with the provisions of Regulation no. 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002, of Law no. 24/2017 - regarding the issuers of financial instruments and market operations, the Company has the obligation to prepare and submit to the ASF consolidated annual financial statements, in accordance with IFRS, within 4 months from the close of the financial year at the latest.

The consolidated financial statements of the S.I.F. Group Oltenia S.A. on December 31st, 2018 were drawn up, approved and made public on April 24, 2019. These can be consulted in electronic format on the company website: www.sifolt.ro.

Based on the provisions of Law 24/2017 and Regulation no. 5/2018 regarding issuers of financial instruments and market operations, the Company prepares half-yearly consolidated accounting reporting in accordance with IFRS.

The half-yearly consolidated accounting report shall be prepared and submitted to the ASF no later than 3 months after the end of the semester. This will be prepared, approved by the Board of Administration and published on September 27, 2019 and will be electronically available on the company's website: www.sifolt.ro.

The Group's accounting records are maintained in lei.

The main adjustments specific to consolidation are:

- elimination from the financial position of the equity securities held in the group companies;
- elimination of transactions with securities within the group and adjustments of fair value;
- the registration of the goodwill identified as the difference between the purchase value and the market value of the securities held in the group companies;
- the elimination from the statement of profit or loss and Other elements of the overall result of incomes from gross dividends settled within the group;
- elimination of balances, transactions, incomes and expenses within the group;
- minority interests are presented in the statement of the consolidated financial position as an equity element, separate from the equity of the parent company and represents the share held by them in the equity and profits of the group companies.

The date of December 31st, 2015 is the date of the transition to IFRS as an accounting basis by the Company, the date on which the transactions determined by the transition from CNVM Regulation no. 4/2011 to the Accounting Regulations in accordance with IFRS.

The accounting records of the subsidiaries of the Company are maintained in lei, in accordance with the Romanian Accounting Regulations ("RCR"). These accounts are restated to reflect the differences between RCR and IFRS accounts. Suitably, the accounts according to the RCR are adjusted, if necessary, to harmonize the consolidated financial statements, in all significant aspects with IFRS.

Apart from the specific consolidation adjustments, the main restatements of the financial information included in the financial statements prepared in accordance with the RCR, in order to align them with the requirements of the IFRS consist of:

- grouping several elements into more comprehensive categories;
- adjustments of assets and Equities in accordance with IAS 29 "*Financial reporting in hyperinflationary economies*", because the Romanian economy was a hyperinflationary economy until December 31st, 2003;

2. ESTABLISHMENT BASIS (continued)

a) Declaration of conformity (continued)

- adjustments in the profit or loss account to record incomes from dividends at the time of the declaration and at the gross value;
- adjustments of real estate investments for their assessment at fair value in accordance with IAS 40 "*Real estate investments*";
- adjustments of tangible assets for their assessment in accordance with the Group's accounting policies and in accordance with IAS 16 "*Tangible assets*";
- adjustments for liability recognition and liabilities regarding deferred income tax in accordance with IAS 12 "*Profit tax*";
- presentation requirements in accordance with IFRS.

b) Presentation of financial statements

The Group adopted a presentation on a liquidity basis in the consolidated statement of financial position, and the presentation of Incomes and expenses was made in relation to their nature within the consolidated statement of profit or loss and other elements of the overall result. These presentation methods were considered to provide information that is credible and more relevant than those that would have been presented based on other methods permitted by IAS 1 "*Presentation of Financial Statements*".

c) Functional and presentation currency

The management of the Group considers that the functional currency as defined by IAS 21 "*The effects of the exchange rate change*" is the Romanian leu (lei). The consolidated financial statements are prepared in lei, rounded to the nearest leu, the currency that the Group management has chosen as the presentation currency.

d) Basis of assessment

Consolidated financial statements are prepared based on the fair value convention for financial assets and liabilities assessed at fair value through profit or loss and financial assets measured at fair value through Other elements of the overall result, except for those for which fair value cannot be credibly established.

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

e) Use of estimates and judgments

Preparation of financial statements in accordance with ASF regulation no. 39/2015 for the approval of the accounting regulations conforming to the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, implies the use by the Group's management of estimates, judgments and assumptions that affect the application of policies, accounting and the reported amount of assets, liabilities, incomes and expenses.

The estimates and assumptions associated with these judgments are based on historical experience and other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments regarding the book values of assets and liabilities that cannot be obtained from other sources of information. The results obtained may be different from the values of the estimates.

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***2. ESTABLISHMENT BASIS (continued)****e) Use of estimates and judgments (continued)**

The estimates and assumptions underlying the accounting records are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period when the estimate is revised and future periods, if the revision of the estimate affects both the current and future periods.

3. CONSOLIDATION BASIS**a) Branches**

Branches are entities under the control of the Company. The control exists when the Company is exposed, or has variable return rights based on its participation in the entity in which it has invested and has the ability to influence those Incomes through its authority over the entity in which it has invested.

Potential or convertible voting rights that are exercisable at that time are also taken into account when evaluating the control.

The financial statements of the subsidiaries are included in the consolidated financial statements from the moment when the exercise of control begins and until the moment of termination. The accounting policies of the Group's subsidiaries have been modified in order to align them with those of the Group.

The companies in which the Company owns more than 50% of the share capital of the issuer are 11 (eleven).

In the consolidation scope were included all the 11 (eleven) companies in which the holding is over 50% of the voting rights, as follows:

No.	Company name	Address	VAT No.	Trade Reg. No.	% held by SIF as 30.06.2019	% held by SIF at 31.12.2018
1	COMPLEX HOTELIER DÂMBOVIȚA S.A.	TÂRGOVIȘTE, B-DUL LIBERTĂȚII NR. 1, JUD. DÂMBOVIȚA	10108620	J15/11/1998	99.94	99.94
2	VOLTALIM S.A.	CRAIOVA, B-DUL DECEBAL NR. 120 A, JUD. DOLJ	12351498	J16/698/1999	99.19	99.19
3	MERCUR S.A.	CRAIOVA, STR. CALEA UNIRII NR.14, JUD. DOLJ	2297960	J16/91/1991	97.86	97.86
4	GEMINA TOUR S.A.	RM.VÂLCEA, STR. ȘTIRBEI VODĂ NR. 103, JUD. VÂLCEA	1477750	J38/876/1991	88.29	88.29
5	ARGUS S.A. *	CONSTANȚA, STR. INDUSTRIALĂ NR. 1, JUD. CONSTANȚA	1872644	J13/550/1991	86.42	86.42
6	FLAROS S.A.	BUCHAREST, STR. ION MINULESCU 67-93 SECTOR 3, BUCHAREST	350944	J40/173/1991	81.07	81.07
7	CONSTRUCȚII FERROVIARE S.A.	CRAIOVA, ALEEA I BARIERA VÂLCII NR.28A, JUD. DOLJ	2292068	J16/2209/1991	77.50	77.50
8	UNIVERS S.A.	RM.VÂLCEA, STR.REGINA MARIA NR.4, JUD. VÂLCEA	1469006	J38/108/1991	73.75	73.75
9	PROVITAS S.A.	BUCHAREST, B-DUL UNIRII NR. 14, BL. 6A, 6B, 6C, SECT. 4	7965688	J40/10717/1995	70.28	70.28
10	TURISM S.A.	PUCIOASA, STR. REPUBLICII NR.110, JUD. DÂMBOVIȚA	939827	J15/261/1991	69.22	69.22
11	ALIMENTARA S.A.	SLATINA, STR. ARINULUI NR.1, JUD. OLT	1513357	J28/62/1991	52.24	52.24

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.

Notes to the interim consolidated financial statements as of June 30th, 2019

(all amounts are expressed in lei, unless otherwise stated)

3. CONSOLIDATION BASIS (continued)

a) Branches (continued)

* Argus SA Constanța holds stakes in: Comcereal S.A. Tulcea, Aliment Murfatlar S.R.L. Constanta, Argus Trans S.R.L. Constanța and Eco-Rom Ambalaje S.A. Bucharest which were not included in the financial statements of the company and which do not have a significant influence on them.

As of June 30th, 2019, the eleven companies included in the consolidation scope represent a weight of 15.82% (December 31st, 2018: 16.80%) in the total assets of the Company and 16.34% respectively (December 31st, 2018: 18.12%) in net assets and were consolidated by the method of global integration.

The basic activities carried out by the Company and the companies included in the consolidation scope are represented by the activity of financial investments carried out by the Company and by the activities carried out by the respective companies, these being represented mainly by the following sectors: food, tourism, renting of spaces, etc.

The Company's management has classified as of January 1st, 2018 all investments in capital instruments (shares) in the category Financial assets measured at fair value through other overall result, except for the fund units that are measured by the profit or loss account.

b) Associated entities

Associated entities are those companies in which the Group can exercise significant influence, but not control over the financial and operational policies.

Investments in which the Group holds between 20% and 50% of the voting rights, but over which it has no significant influence, are classified as Financial assets measured at fair value through other overall result.

Following the analysis of the quantitative and qualitative criteria presented in IAS 28 - "Investments in associates and joint ventures", the Group concluded that it does not hold investments in associates as of June 30th, 2019 and December 31st, 2018.

c) Transactions eliminated on consolidation

Settlements and transactions within the Group, as well as unachieved profits resulting from transactions within the Group, are completely eliminated from the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies represent the principles, bases, conventions, rules and specific practices applied by the Group in the preparation and presentation of the financial statements.

The following accounting policies have been applied consistently over all periods presented in the consolidated financial statements prepared by the Group.

a) Foreign currency transactions

The transactions expressed in foreign currency are initially recorded in lei at the official exchange rate from the date of the transactions. The monetary assets and liabilities recorded in foreign currencies at the date of preparation of the consolidated statement of financial position are converted into functional currency at the exchange rate of that day. Gains or losses from their settlement and conversion using the exchange rate at the end of the financial year of assets and monetary liabilities denominated in foreign currency are recognized in profit or loss, except those recognized in equity as a result of the registration. in accordance with risk hedging accounting.

The differences of conversion on the elements of the nature of the investments held at the fair value through the profit or loss account, are presented as gains or losses from the fair value. Conversion differences on the elements of the nature of financial instruments measured at fair value through Other elements of the overall result are included in the reserve arising from the change in the fair value of these financial instruments.

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***4. SIGNIFICANT ACCOUNTING POLICIES (continued)****a) Foreign currency transactions (continued)**

The exchange rates of the main foreign currencies, related to the leu, used at the reporting date are:

Currency	June 30th, 2019	December 31st, 2018	Variation
EUR	4.7351	4.6639	+ 1.52 %
USD	4.1587	4.0736	+ 2.09 %

b) Accounting for the effect of hyperinflation

According to IAS 29 "Financial reporting in hyperinflationary economies", the financial statements of a company whose functional currency is the currency of a hyperinflationary economy should be presented in terms of the current purchasing power of the currency at the date of the statement of financial position, ie non-monetary items are portrayed by applying the general index of prices from the date of purchase or contribution. IAS 29 stipulates that an economy is considered to be hyperinflationary if, among other factors, the cumulative inflation rate exceeds 100% over a three-year period.

The continuous decrease of the inflation rate and other factors related to the characteristics of the economic environment in Romania, indicate that the economy has ceased to be hyper-inflationary, with effect on the financial periods starting with January 1st, 2004. Thus, the provisions of IAS 29 were adopted in the preparation of the situation. consolidated financial statements up to December 31st, 2003.

Thus, the values expressed in the unit of measurement at December 31st, 2003 are treated as the basis for the accounting values reported in the consolidated financial statements and do not represent measured values, replacement cost, or any other measurement of the current value of the assets or prices at which they are valued. transactions would take place at this time.

For the preparation of the consolidated financial statements, the Group adjusted to be expressed in the current unit of measure on December 31st, 2003 the following elements:

- the share capital and elements of the nature of the reserves;
- financial assets available for sale valued at cost for which there is no active market or the market is not active.

c) Cash and cash equivalents

The cash includes the available in the house and in the banks and the deposits in sight.

Cash equivalents are short-term, highly liquid financial investments that are easily convertible to cash and which are subject to insignificant risk of changes in value.

When drawing up the statement of cash flows, the Group considers cash and cash equivalents: the actual cash, current accounts with banks and deposits with an initial maturity of less than 90 days.

d) Financial assets and liabilities

Financial instruments, in accordance with IFRS 9 "Financial Instruments", include the following:

- Investments in Equities instruments (e.g. shares);
- Investments in liability instruments (e.g. securities, bonds, loans);
- Trade receivables and other receivables;
- Cash and cash equivalents;
- Derivative financial instruments;
- Participations in subsidiaries, associates and joint ventures - according to the provisions of IFRS 10, IAS 27, IAS 28.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial assets and liabilities (continued)

Classification

The Company classifies the financial instruments held in accordance with IFRS 9 "Financial Instruments" in financial assets and financial liabilities.

An asset is a resource controlled by the company as a result of past events and from which future economic benefits for the company are expected.

A liability represents a current obligation of the company resulting from past events, the settlement of which is expected to result in an outflow of resources incorporating economic benefits for the company.

The company classifies financial assets as: assessed at amortized cost, at fair value through other elements of the overall result or at fair value through profit or loss on the basis of:

- the business model of the company for managing financial assets and
- the characteristics of the agreemental cash flows of the financial asset.

In accordance with IFRS 9, financial assets fall into one of the following categories:

Financial assets assessed at fair value through profit or loss

The financial assets measured at fair value through profit or loss are:

- equity instruments held for trading;
- equity instruments designated to be measured at fair value through profit or loss account;
- liability instruments.

A financial asset must be measured at fair value through profit or loss, unless it is measured at amortized cost or at fair value through other overall result.

A financial asset or financial liability is held for trading if they meet the following conditions cumulatively:

- is held for sale and redemption in the near future;
- at initial recognition it is part of a portfolio of identified financial instruments, which are managed together and for which there is evidence of a recent real pattern of short-term profit tracking.

This category includes financial assets or financial liabilities held for trading and financial instruments designated at fair value through profit or loss at the time of initial recognition.

Derivative financial instruments are classified as held for trading if they are not used for hedge accounting.

Financial assets measured at fair value through other overall result

The financial assets assessed at fair value through other elements of the overall result are:

- equity instruments designated to be assessed at fair value through other elements of the overall result;
- liability instruments.

A financial asset of an instrumental nature to come back must evaluate only other elements of the overall result if both of the following conditions are met:

- a) the financing activation is directly related to a business model because its objective is achieved for collecting the agreemental cash flows and for selling the financial activity and
- b) the agreemental terms of the financing activity give birth, the deadline, the cash care flows are exclusively payments of the principal and the interest related to the main values of the data.

The company may face or make irrevocable the initial recognition in the case of certain investigations in equity instruments the care of others would be to evaluate only the principle of profit or loss to present further changes of the fair values in other elements of the overall result (according to points 5.7.5 and 5.7.6 of IFRS 9 - Financial Instruments).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial assets and liabilities (continued)

The Company's investments in equity instruments (shares) are fully classified as financial assets measured at fair value through other overall result.

The Company's investments in fund units are classified and measured at fair value through profit or loss.

The remaining assets and financial liabilities are presented at amortized cost, revalued or historical cost.

The method used to record the Group's investments in equity instruments (shares) is the "first in, first out", in the conditions of quantifying and evaluating the Company's performance based on fair value.

Financial assets measured at fair value through Other elements of the overall result are measured at fair value through Other elements of the overall result.

Changes in fair value are recognized in Other elements of the overall result until the investment is derecognised, when the cumulative gain or loss is reclassified from Other elements of the overall result into an income statement carried over to the period.

Dividends received from entities in which the Company owns shares are recognized in profit or loss only when:

- a) the right of the Company to receive the dividend payment is established;
- b) the economic benefits associated with the dividend are likely to be generated for the Company, and
- c) the value of the dividend can be reliably measured.

Financial assets measured at amortized cost

A financial asset must be measured at amortized cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect agreementual cash flows and
- b) the agreementual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively payments of the principal and the interest related to the value of the principal due.

Financial liabilities

They are measured at amortized cost, except for financial liabilities classified at fair value through profit or loss.

- **Initial recognition**

Financial assets and liabilities are recognized on the date on which the Company becomes a agreementual party under the conditions of the respective instrument. When the Company first recognizes a financial asset, it must classify it in accordance with 4.1.1 - 4.1.5 (at amortized cost, at fair value through profit or loss or at fair value through other overall result) in IFRS 9 and evaluate it in accordance with points 5.1.1 - 5.1.3. (a financial asset or a financial liability is measured at its fair value plus or minus the transaction costs that are directly attributable to the acquisition or issuance of the asset or liability).

All other financial assets and liabilities are initially recognized at the date of the transaction.

- **Assessment**

After the initial recognition, the Company must evaluate the financial assets, in accordance with points 4.1.1 - 4.1.5 at:

- a) amortized cost;

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial assets and liabilities (continued)

b) the fair value through other elements of the overall result; or

c) fair value through profit or loss.

After the initial recognition, the Company shall evaluate the financial liabilities in accordance with paragraphs 4.2.1 - 4.2.2 of IFRS 9. Thus, the Company will classify all financial liabilities at amortized cost, except:

- a) financial liabilities measured at fair value through profit or loss;
- b) the financial liabilities that arise when the transfer of a financial asset does not meet the conditions for derecognition;
- c) financial guarantee agreements, assessed at the highest value between the amount of the loss provision (section 5.5 of IFRS 9) and the amount initially recognized less the cumulative income (recognized under IFRS 15);
- d) commitments to provide an interest rate loan at market value, measured at the highest value between the amount of the loss provision (section 5.5 of IFRS 9) and the value initially recognized less cumulative income (recognized under IFRS 15);
- e) the contingent consideration recognized by an acquirer in a business combination for which IFRS 3. applies. Such contingent consideration must be subsequently assessed at fair value with the changes recognized in profit or loss.

Assessment at amortized cost

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, less principal repayments, plus or minus accumulated depreciation using the effective interest method for each difference between the initial value and the value at maturity, and minus any reduction (direct or through the use of an adjustment account) for impairment or inability to recover.

The effective interest rate is the rate that exactly updates future payments or cash receipts estimated over the expected life of the financial asset or financial liability at the gross book value of the financial asset or at the amortized cost of a financial liability. When calculating the effective interest rate, the entity must estimate the expected cash flows taking into account all the agreemental conditions of the financial instrument (e.g. prepayment, extension, call options and other similar options), but must not take into account the losses. expected from lending. The calculation includes all commissions and points paid or collected by the agreementing parties that form an integral part of the effective interest rate (see points B 5.4.1 - B 5.4.3), transaction costs and all other premiums or discounts.

Assessment at fair value

Fair value is the price that would have been received when selling an asset or paid for the settlement of a liability in a transaction carried out under normal conditions between participants in the main market, at the assessment date, or in the absence of the main market, on the most advantageous market on which the Company has access to that date.

The company measures the fair value of a financial instrument using the prices quoted on an active market for that instrument. A financial instrument has an active market if quoted prices are available quickly and regularly for that instrument. The company measures the instruments quoted on active markets using the closing price.

A financial instrument is considered to be listed on an active market when quoted prices are available immediately and regularly from an exchange, a dealer, a broker, an industry association, a pricing service or a regulatory agency, and these prices reflect transactions that occur on a real and regular basis, conducted under objective market conditions.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial assets and liabilities (continued)

In the category of shares listed on an active market are included all those shares admitted to trading on the Stock Exchange or on the alternative market and which present frequent transactions. The market price used to determine the fair value is the closing price of the market from the last trading day before the assessment date.

For the calculation of fair value, for equity instruments (shares), 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 quoted prices included in Level 1 which are observable for assets or liabilities, either directly (ex: prices) or indirectly (ex: price derivatives).
- Level 3: assessment techniques based largely on unobservable elements. This category includes all instruments for which the assessment technique includes elements that are not based on observable data and for which unobservable input parameters can have a significant effect on the assessment of the instrument.

The assessment at the fair value of the equity instruments (shares) held is as follows:

- for listed and traded securities during the reporting period, the market value was determined by taking into account the quotation from the last trading day (closing quotation on the main capital market for those listed on the regulated market - BVB, respectively the reference price for the alternative system - AERO for level 1, and for level 2, quotations are taken for the shares traded in the last 30 trading days);
- for listed securities that have no transactions in the last 30 days of the reporting period, as well as for unlisted securities, the market value is determined as it results from the last approved annual financial statement of the entity;
- for securities issued by credit institutions not admitted to trading, the assessment is made at the book value per share calculated on the basis of the value of the equity included in the monthly reports transmitted to the NBR;
- for securities not admitted to trading on a regulated market or within an alternative trading system in Romania issued by issuers holding more than 33% of the share capital, these are assessed exclusively in accordance with International Assessment Standards on the basis of a assessment report updated at least annually;
- for the securities related to the companies in the insolvency or reorganization procedure, the assessment is made at zero value;

The equity securities issued by OPC are assessed taking into account the last unit value of the net asset, calculated and published.

• ***Identifying and assessing the impairment***

The company must recognize a provision for the expected loan losses related to a financial asset that is assessed in accordance with point 4.1.2 or 4.1.2A (liability instruments assessed at amortized cost or at fair value through other elements of the overall result), a liability that arises from a leasing agreement, a loan commitment and a financial guarantee agreement.

The Company applies the impairment provisions for the recognition and measurement of the provision for losses related to the assets assessed at fair value through other elements of the overall result in accordance with point 4.1.2A (assets held for the purpose of collecting cash flows and sales, whose cash flows represent Excluding principal repayments or interest payments). The provision thus determined is recognized on the basis of other overall result and does not reduce the carrying amount of the financial asset from the statement of financial position.

• ***Derecognition***

The Company derecognises a financial asset when the rights to receive cash flows from that financial asset expire, or when the Company has transferred the rights to receive the agreementual cash flows related to that financial asset in a transaction in which it has significantly transferred all the risks and benefits of ownership.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial assets and liabilities (continued)

Any interest in the transferred financial assets held by the Company or created for the Company is separately recognized as an asset or liability.

The company derecognises a financial liability when the agreemental obligations have been concluded or when the agreemental obligations are cancelled or expired.

In derecognition of equity instruments (shares), the Company uses the "first in, first out" method.

• ***Reclassification***

If the Company reclassifies financial assets according to point 4.4.1 (as a result of the modification of the business model for the management of its financial assets), then all the affected financial assets will be reclassified. Financial liabilities cannot be reclassified after the initial recognition. The Company applies the reclassification of financial assets prospectively from the date of reclassification. Any previously recognized gains, losses or interest will not be restated.

In the event of a reclassification, the Company proceeds as follows:

- when reclassifying an asset from the category of amortized cost to that of fair value through profit or loss, the fair value is determined at the date of reclassification. The difference between amortized cost and fair value is recognized in profit or loss;
- when reclassifying an asset from the category of fair value through profit or loss to that of the amortized cost, the fair value at the date of reclassification becomes the new gross book value;
- when reclassifying an asset from the category of amortized cost to that of fair value through other elements of the overall result, the fair value is determined at the date of reclassification. The difference between amortized cost and fair value is recognized in other overall result, without adjusting the effective interest rate or expected loan losses;
- when reclassifying an asset from the fair value category through other elements of the overall result to the amortized cost, the reclassification is carried out at the fair value of the asset as of the reclassification date. The amounts previously recognized in other overall result are eliminated in relation to the fair value of the asset, without affecting the profit or loss account. The effective interest rate and expected lending losses are not adjusted as a result of the reclassification;
- when reclassifying an asset from the category of fair value through profit or loss to that of fair value through other elements of the overall result, the asset continues to be measured at its fair value;
- when reclassifying an asset from the category of fair value through other elements of the overall result to that of fair value through profit or loss, the financial asset continues to be measured at fair value. The amounts previously recognized in other overall result are reclassified from equity into profit or loss, as an adjustment from reclassification (according to IAS 1).

• ***Gains and losses***

Gains or losses arising from a change in the fair value of a financial asset or a financial liability that is not part of a hedge relationship are recognized as follows:

- a) Gains or losses generated by financial assets or financial liabilities classified as fair value through profit or loss are recognized in profit or loss;
- b) Gains or losses generated by a financial asset assessed at fair value through other elements of the overall result are recognized against other elements of the overall result.

When the asset (in the case of equity instruments) is derecognised, the previously recognized cumulative losses or gains on other overall result are transferred to the retained earnings.

At the time of depreciation or derecognition of financial assets and financial liabilities accounted for at amortized cost, as well as through their amortization process, the Company recognizes a gain or loss in the profit or loss account.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Other financial assets and liabilities

Other financial assets and liabilities are measured at amortized cost using the effective interest method less any impairment losses.

f) Assets held for sale

Fixed assets and disposal groups are classified as held for sale if their carrying amount will be recovered mainly through a sale operation, and not through their continued use. This condition is considered to be fulfilled only when the sale is probable and it is estimated that it will be completed in more than one year from the date of classification, and the assets are available for immediate sale, as they are presented at that time.

g) Intangible assets

Intangible assets are initially assessed at cost. After the initial recognition, an intangible asset is accounted for at cost less accumulated depreciation and any accumulated impairment losses.

- ***Further expenses***

Subsequent expenses are capitalized only when they increase the value of future economic benefits embodied in the asset to which they are intended. All other expenses, including expenses for impairment of goodwill and internally generated marks, are recognized in the profit or loss account when incurred.

- ***Amortization of intangible assets***

The amortization is recognized in the profit or loss account using the straight-line method for the estimated useful life of the intangible assets, from the date they are available for use, this modality most accurately reflecting the expected way of consuming the economic benefits incorporated in the asset.

The estimated life span for the current period and for the comparative periods are:

- software programs 1-3 years, and licenses for their validity period;
- other intangible assets 1-5 years.

Amortization methods, life span and residual values are reviewed at the end of each financial year and adjusted accordingly.

h) Tangible assets

- ***Recognition and assessment***

Tangible assets recognized as assets are initially assessed at the acquisition cost (for those purchased on an onerous basis), at the contribution value (for those received as an in-kind contribution to the constitution/increase of the share capital), respectively at the fair value from the date the acquisition for those received free of charge.

The cost of an item of tangible assets consists of the purchase price, including non-recoverable taxes, after deducting any commercial price reductions and any costs that can be directly attributed to bringing the asset to the location and under the condition that it can be used. for the purpose set by the management, such as: expenses with employees that result directly from the construction or acquisition of the asset, the costs of setting up the placement, the initial costs of delivery and handling, the costs of installation and assembly, the professional fees.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Tangible assets (continued)

Tangible assets are classified by the Company in the following classes of assets of the same nature and with similar uses:

- land and buildings;
- machinery and equipment and mean of transport;
- furniture, office equipment, equipment for the protection of human and material values and other tangible assets.

- **Assessment after recognition**

For further recognition, the Group adopted the reassessment model.

After recognition as an asset, tangible assets of the nature of land and buildings whose fair value can be reliably measured are accounted for at a revalued amount, this being the fair value at the date of reassessment minus any subsequent accumulated depreciation and any accumulated impairment losses. Other tangible assets are measured at cost less accumulated amortization and any impairment losses.

The reassessments should be done with sufficient regularity to ensure that the carrying amount does not differ significantly from what would have been determined by using the fair value at the end of the reporting period.

If an item of tangible assets is revalued, then the entire group of tangible assets of which that item is subject is subject to reassessment.

If the carrying amount of an asset is increased as a result of a reassessment, the increase is recognized in Other elements of the overall result and accumulated in equity, with the title of surplus from the reassessment.

However, the increase will be recognized in profit or loss to the extent that it offsets a decrease in the reassessment of the same previously recognized asset in profit or loss.

If the carrying amount of an asset is impaired as a result of a reassessment, this decrease is recognized in profit or loss.

However, the reduction will be recognized in Other elements of the overall result to the extent that the reassessment surplus presents a credit balance for that asset. Transfers from the reassessment surplus to the carried over result are not made through profit or loss.

Land and buildings are shown at revalued value, representing fair value at the date of reassessment less accumulated depreciation and impairment losses. The reassessments are carried out by specialized assessors, members of the National Association of Romanian Assessors ("ANEVAR"). The frequency of reassessments is dictated by the dynamics of the markets to which the lands and constructions owned by the Group belong.

- **Further costs**

Daily maintenance and repair expenses related to tangible assets are not capitalized, they are recognized as costs of the period in which they occur. These costs mainly consist of labour costs and consumables and may also include the cost of low value components.

Expenses related to the maintenance and repair of tangible assets are recorded in the profit or loss account when they occur.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Tangible assets (continued)

Significant improvements made to tangible assets, which increase their value or life span, or which significantly increase their ability to generate economic benefits by them, are capitalized.

- ***Amortization***

The amortization is calculated at the carrying amount (acquisition cost or revalued minus the residual value). The amortization is recognized in the profit or loss account using the straight-line method for the estimated life span of the tangible fixed assets (less the land and the fixed assets under performance).

The amortization is recorded from the date when they are available for use, for the activity for which they are intended, this modality most accurately reflecting the expected way of consuming the economic benefits incorporated in the asset.

The amortization of an asset ceases at the earliest on the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale), in accordance with IFRS 5 and on the date the asset is derecognised.

Amortization methods, useful lives and residual values are reviewed by the Group's management at each reporting date.

The estimated useful lives for the current period and for the comparative periods are the following:

- constructions 12-75 years
- technical installations and means of transport 2-20 years
- other transport equipment, machinery and furniture 2-15 years

Voltaim S.A. Craiova is subject to the normal use times over those provided in the legislation. These durations were established following the reassessment of the constructions by the assessors.

- ***The accounting treatment of the reassessment surplus***

The Group opted for the following accounting treatment of the reassessment surplus: the reassessment surplus included in equity related to an item of tangible assets is transferred directly to the result carried over as depreciation and when the asset is derecognised, at disposal or disposal.

The reassessment surplus included in the reassessment reserve is capitalized by the transfer in the deferred result, as the depreciation is measured and when the asset is discharged. Highlighting the reserves from the reassessment is carried out on each fixed asset and on each reassessment operation that took place. The reduction of the reserves from the reassessment can be made only within the limit of the existing credit balance, related to the respective fixed assets.

- ***Depreciation***

An asset is impaired when its carrying amount exceeds its recoverable amount.

At each reporting date, the Group must verify whether there are indications of impairment of assets. If such indications are identified, the Group must estimate the recoverable amount of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Tangible assets (continued)

If the carrying amount of an asset is impaired as a result of a reassessment, this decrease must be recognized in profit or loss. However, the reduction must be recognized in Other elements of the overall result to the extent that the reassessment surplus presents a credit balance for that asset. The reduction recognized in Other elements of the overall result reduces the amount accumulated in equity as a reassessment surplus.

The land is not depreciated. The depreciation of other tangible assets is calculated, using the method of linear depreciation, allocating costs related to the residual value, in accordance with the related service life.

- **Derecognition**

The carrying amount of an item of tangible assets is derecognised (eliminated from the consolidated statement of financial position) upon disposal or when no future economic benefit from its use or disposal is expected.

Tangible assets that are written off or sold are eliminated from the balance sheet together with the corresponding cumulative depreciation. The gain or loss resulting from derecognition of an item of tangible assets is included in the current profit or loss account when the item is derecognised.

i) Real-estate investments

Real estate investments are real estate (land, buildings or parts of a building) owned by the Group (as owner) for the purpose of renting or for the increase of value or both, and not for:

- be used in the production or supply of goods or services or for administrative purposes; or
- be sold during the normal course of business.

Some properties include a part that is held for rent or for the purpose of increasing value and another part that is held for the purpose of producing goods, providing services or for administrative purposes.

If these parts can be sold separately (or rented separately under a financial lease), then they are accounted for separately. If the parties cannot be sold separately, the property is treated as a real estate investment only if the part used for the purpose of producing goods, providing services or for administrative purposes is insignificant.

- **Recognition**

A real estate investment is recognized as an asset if and only if:

- a future economic benefit associated with real estate investment is likely to enter the Group.
- the cost of real estate investment can be reliably determined.

- **Assessment**

Initial assessment

An investment property is initially assessed at cost, including trading costs. The cost of a purchased Real-estate investment consists of its purchase price plus any directly attributable expenses (for example: professional fees for the provision of legal services, fees for the transfer of ownership and other trading costs).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Real-estate investments (continued)

Further assessment

The Group's accounting policy regarding the subsequent assessment of real estate investments is based on the fair value model. This policy is applied uniformly to all real estate investments.

The assessment of the fair value of the real estate investments is carried out by the assessor's members of ANEVAR. Fair value is based on market price quotations, adjusted, if applicable, to reflect differences related to the nature, location or conditions of the respective asset. These assessments are reviewed periodically by the Group management.

Gains or losses resulting from changing the fair value of real estate investments are recognized in the profit or loss account of the period in which they occur.

The fair value of real estate investments reflects market conditions at the balance sheet date.

- **Transfers**

Transfers to and from the category of real estate investments must be made then and only when there is a change in the use of the asset, respectively:

- the commencement of the use by the Group - for the transfers from the category of real estate investments in the category of tangible assets used by the Group;
- start of the sale process - for the transfers from the category of real estate investments to the category of stocks held for sale, accounted for in accordance with IFRS 5;
- termination of use by the Group - for the transfers from the tangible assets used by the Group in the category of real estate investments;
- starting an operational lease with another party - for the transfers from the stock category to the real estate investment category.

For the transfer of a Real-estate investments assessed at fair value to tangible assets, the implicit cost of the asset for the purpose of its subsequent accounting will be its fair value from the date of the change of use.

- **Derecognition**

The carrying amount of a real-estate investment is derecognised upon the disposal or when the investment is definitively withdrawn from use and no future economic benefits from its disposal are expected.

Gains or losses arising from the disposal or disposal of real-estate investments must be determined as the difference between the net proceeds from the disposal and the carrying amount of the asset and must be recognized in profit or loss during the termination or disposal.

j) Stocks

Stocks are assets held for sale in the normal course of business, assets in production, to be sold in the normal course of business, or assets in the form of raw materials, materials and other consumables, to be sold. used in the production process or for the provision of services.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Stocks (continued)

Inventories are valued at the lower of cost and net achievable value. The cost of inventories includes all the costs related to the acquisition and processing, as well as other costs incurred to bring the inventories in the form and place where they are at present.

The net achievable value is the estimated selling price, which could be obtained in the normal course of business, less the estimated costs for completing the good and the estimated costs for making the sale. The cost of stocks that are not normally fungible and of the goods and services produced for and intended for separate orders is determined by the specific identification of the individual costs. For stocks, the cost is determined at the output using the "first in, first out" (FIFO) method.

k) Impairment of assets other than financial assets

The carrying amount of the Group's assets that are not of a financial nature, other than deferred tax assets, is reviewed at each reporting date to identify the existence of impairment indices. If such indications exist, the recoverable amount of the respective assets is estimated.

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the asset or cash-generating unit. A cash generating unit is the smallest identifiable group that generates cash and is independent of Other assets and other asset groups. Impairment losses are recognized in the profit or loss account.

The recoverable amount of an asset or cash-generating unit is the maximum between the use value and its fair value less costs to sell that asset or unit. To determine the net use value, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to that asset.

Impairment losses recognized in prior periods are assessed at each reporting date to determine whether they have decreased or no longer exist. Impairment loss is resumed if there has been a change in the estimates used to determine the recovery value. Impairment loss is resumed only if the carrying amount of the asset does not exceed the carrying amount that would have been calculated, net of depreciation and impairment, if the impairment loss had not been recognized.

l) Share capital

The share capital consists of ordinary shares, indivisible, registered, of equal value, issued in dematerialized form and grants equal rights to their holders.

m) Provisions

Provisions are recognized in the profit or loss account when the Group has a current obligation (legal or implicit) generated by a past event, when an outflow of resources incorporating economic benefits is required to settle the obligation and when an estimate can be made credible in terms of the value of the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Provisions (continued)

To determine the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the respective liability. The amount recognized as a provision is the best estimate of the expenses necessary to settle the current obligation at the end of the reporting period.

Provisions are re-analysed at the end of the reporting period and adjusted to reflect the best current estimate. If the outflow of resources incorporating economic benefits is no longer probable, the provision should be cancelled.

Provisions are not recognized for the costs that are incurred to carry out the activity in the future.

The Group records provisions for onerous agreements in situations where the estimated benefits to be obtained from a agreement are lower than the inevitable expenses associated with fulfilling the agreementual obligations.

n) Employee benefits

- ***Short-term benefits***

Short-term employee benefits include salaries, bonuses and social security contributions.

The short-term benefits obligations to employees are not updated and are recognized in the profit or loss account as the related service is provided.

Short-term employee benefits are recognized as an expense when the services are provided. A provision is recognized for the amounts expected to be paid by way of short-term cash premiums or employee participation schemes for profit, provided that the Group has a legal or implicit obligation to pay these amounts as a result of past services provided by the employees and if the obligation can be reliably estimated.

Besides wages and other rights of a salary nature, according to the company agreement (the instrument of incorporation) and the collective employment agreement, the directors, the directors with a mandate agreement and the employees of the company have the right to receive bonuses (incentives) under the conditions of the profit indicator, net established by the budget of Incomes and expenses approved by the General Meeting of Shareholders for the current year, within the limit approved by the GMS approving the financial statements for that year. This obligation is first recognized in the profit or loss account of the financial year in which the profit was achieved in the form of provisions for employee benefits. The distribution of these bonuses (incentives) is made in the following year, after their approval by the General Meeting of Shareholders.

- ***Determined contribution plans***

The group makes payments on behalf of its employees to the Romanian state pension system, health insurance and work insurance contribution, during the normal activity. All the employees of the Group are members and have the legal obligation to contribute (through individual social contributions) to the pension system and to the health system of the Romanian state.

The employment insurance contribution is recognized in the profit or loss account of the period.

The Group has no additional obligations.

The Group is not engaged in any independent pension system and, consequently, has no other obligations in this regard. The group has no obligation to provide subsequent services to former or current employees.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Employee benefits (continued)

- ***Long-term employee benefits***

The Group's net obligation regarding the benefits related to the long-term services is represented by the value of the future benefits that the employees have gained in exchange for the services provided by them during the current period and previous periods. On the basis of the collective employment agreements in force, the persons who retire at the age limit can benefit on the date of retirement of an allowance equal to the maximum value of two salaries had at the time of retirement.

o) Dividends to be distributed

Dividends are treated as a distribution of profit during the period in which they were declared and approved by the Ordinary General Meeting of Shareholders. The profit available for distribution is the profit of the year recorded in the financial statements prepared in accordance with IFRS.

p) Income recognition

Income is measured at the fair value of the consideration received or receivable. Incomes are reduced accordingly with the estimated value of the goods returned by customers, rebates and other similar items.

- ***Incomes from the sale of goods and service rendering***

Incomes from the sale of goods and service rendering are recorded net of commercial discounts, value added tax and other taxes related to turnover.

The proceeds from the sale of the goods are recognized in the profit or loss account when the significant risks and rewards of ownership of the goods are transferred to the buyer, which most often happens upon delivery.

The incomes from the service rendering are recognized in the profit or loss account depending on their stage of performance.

- ***Incomes from dividends***

Dividend income is recognized in the profit or loss account at the date on which the right to receive these Incomes is established.

Dividend income is recorded at gross value including dividend tax, which is recognized as current expense with profit tax. The effective calculation is made according to the fiscal provisions in force at the date of calculation.

In the case of dividends received in the form of shares as an alternative to cash payment, dividend income is recognized at the level of cash that would have been received, in correspondence with the increase of the related participation. The Group does not record Incomes from dividends related to shares received free of charge when they are distributed proportionally to all shareholders.

- ***Incomes and expenses with interests***

Interest income and expenses are recognized in the profit or loss account by the effective interest method. The effective interest rate is the rate that exactly updates the expected cash payments and receipts in the future over the expected life of the financial asset or liability (or, where appropriate, for a shorter term) applied to the carrying amount of the financial asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Income recognition (continued)

• ***Incomes from rents***

The revenues from the rents are generated by the real estate investments rented by the group in the form of operational leasing agreements and are recognized in the linear profit or loss account for the entire period of the agreement.

r) Expense recognition

The expenses are highlighted during the period of their execution, and their recognition in the profit or loss account is made in compliance with the principle of the independence of the exercise.

Operating expenses are recognized in the profit or loss account during the period in which they were incurred.

The expenses of bank commissions are recorded at the time of their occurrence.

The expenses of the transactions are recognized together with the Income from these operations, at the date of the transaction in the case of quoted securities, respectively at the date of the last instalment payment in the case of the sale of unlisted securities.

At the date of entry, ***the cost of the securities*** is the cost of the purchase.

Expenses with administration fees, charges and taxes are recognized at the time of their occurrence.

Expenses with commissions related to transactions are recognized at the date of the transactions.

The salary expenses and the related contributions are recognized at the time of their appearance, respecting the principle of the independence of the financial year.

s) Gains and losses from exchange rate differences

Transactions in foreign currency are recorded in the functional currency (lei), by converting the amount in foreign currency at the official exchange rate communicated by the National Bank of Romania, valid at the date of the transaction.

At the reporting date, the monetary items expressed in foreign currency are converted using the exchange rate from the last day of currency auction of the year.

Price differences arising on the settlement of monetary items or conversion of monetary items at different rates from those at which they were converted at initial recognition (during the period) or in previous financial statements are recognized as profit or loss in the profit and loss account, or loss, during the period in which they occur.

t) Income tax

The tax for the year includes the current tax and the deferred tax. Current income tax includes the income tax from dividends recognized at gross value.

Income tax is recognized in profit or loss or in other elements of the overall result if the tax is related to capital elements.

The current tax is the tax payable related to the profit achieved during the current period, determined on the basis of the percentages applied at the reporting date and of all the adjustments related to the previous periods.

For the period ended June 30th, 2019, the corporate income tax rate was 16% (December 31st, 2018: 16%). The tax rate related to Incomes from dividends was 5% and zero (December 31st, 2018: 5% and zero).

Deferred tax is determined using the balance sheet method for those temporary differences that appear between the tax base for calculating the tax for assets and Liabilities and their carrying amount, used for reporting in the consolidated financial statements.

Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities arising from transactions that are not business combinations and which do not affect the accounting or fiscal profit and differences arising from investments in subsidiaries, provided they are not resumed in the near future.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Income tax (continued)

The deferred tax is calculated on the basis of the tax rates that are expected to be applicable to the temporary differences upon their resumption, based on the legislation in force at the reporting date.

Receivables and liabilities with deferred tax are offset only if there is a legal right to offset liabilities and current liabilities with tax and if they are related to the tax collected by the same tax authority for the same taxable entity or for different tax authorities but wishing to settle the receivables and current liabilities with tax using a net basis or the assets and related liabilities will be achieved simultaneously.

The deferred tax claim is recognized only to the extent that it is probable that future profits may be used to cover the tax loss. The claim is revised at the end of each financial year and is diminished to the extent that the related tax benefit is unlikely to be achieved. The additional taxes arising from the distribution of dividends are recognized on the same date as the dividend payment obligation.

u) Result per share

The group presents the result on a basic and diluted share for ordinary shares. The result per basic share is determined by dividing the profit or loss attributable to the ordinary shareholders of the Group to the weighted average number of ordinary shares for the reporting period.

The diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with the dilution effects generated by the potential ordinary shares.

v) Segment reporting

A segment is a distinct component, which provides certain products or services (activity segment) or provides products and services in a certain geographical environment (geographic segment) and which is subject to risks and benefits different from those of the other segments.

On June 30th, 2019 the activity carried out by the Company together with the companies in the portfolio in which it holds over 50% of the share capital, included in the consolidation scope, was segmented on the following main activities:

- financial investment activity
- rental of premises
- food industry
- tourism

5. MANAGEMENT OF FINANCIAL RISKS

The group, due to the complexity of its activity, is subject to various risks.

The management constantly assesses the risks that may affect the achievement of the company's objectives and takes the necessary measures in case of changing the conditions in which they operate.

The risk management activity, an important component of the company's activity, concerns both general and specific risks, as provided by Law no. 297/2004, as subsequently amended and supplemented, and by CNVM / ASF Regulation no. 15/2004, as subsequently amended and supplemented.

The main risks identified in the Group's activity are:

- a) market risk (price risk, currency risk, interest rate risk)
- b) credit risk
- c) liquidity risk
- d) the tax risk
- e) the risk related to the economic environment
- f) operational risk

5. MANAGEMENT OF FINANCIAL RISKS (continued)**a) Market risk**

Market risk represents the current or future risk of a negative impact on profits, as determined by the market fluctuations in the prices of equity securities - in terms of activities belonging to the trading portfolio - of the interest rate, as well as fluctuations in the exchange rate for the entire activity of the Group.

The efficient management of the market risk is done by using the fundamental analysis that gives indications on the soundness of an investment, as well as the estimation of the potential of some companies, and considering the forecasts regarding the evolution of the economic branches and of the financial markets.

The main aspects pursued in the analysis of the market risk are: assessment of the portfolio of actions from the point of view of profitability and growth potential, strategic allocation of long-term investments, identification of short-term investments to take advantage of price fluctuations on the capital market, setting limits of concentration of assets in a certain economic sector.

The Group is exposed to the market value risk of the financial instruments held that fluctuate as a result of changing conditions on the capital market. Periodically, the risk management strategy requires the preparation and submission of reports to the Audit Committee and the management structures that analyse the assessment, management, monitoring and reporting of the identified risks, the classification within the established risk limits and the measures to be taken for the most efficient management.

The Group is subject to market risk, mainly because of its trading activity. Considering the specifics of the activity, the most relevant risks for the current activity are: the price risk of the shares, the interest rate risk, the foreign exchange risk.

- **Price risk**

The Group is exposed to the fair value risk of the financial instruments held that fluctuate as a result of changes in market prices, whether it is caused by factors specific to the issuer's activity or factors affecting all the instruments traded on the market.

As of June 30th, 2019 and December 31st, 2018, the Group has the following asset structure subject to price risk:

<i>In lei</i>	C. no.	Market value 30.06.2019	C. no.	Market value 31.12.2018
Capital investment				
Listed companies	29	1,668,092,745	31	1,086,671,973
Unlisted companies	28	101,186,289	28	97,316,757
Fund units	4	3,256,345	4	2,732,940
Total capital investment	61	1,772,535,379	63	1,186,721,670

The market value of the listed portfolio of shares (on BVB - regulated market, BVB-AERO - alternative trading system), as of June 30th, 2019, represents 94.28% (December 31st, 2018: 91.78%) of the total value of the portfolio of shares managed.

Under these conditions, the Group identified an average risk, associated with the change in the prices of financial assets on the capital market.

Within the managed portfolio are found a number of 7 issuers, of the 16 that constitute the BET index of the Bucharest Stock Exchange.

The market value of the shares held by the 7 issuers, represents - as of June 30th, 2019 - 78.54% (December 31st, 2018: 74.33%) of the market value of the shares held in the listed companies.

The management of the Group monitors the market risk and grants the competence regarding the trading limits on the capital market to the senior management of the Company.

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***5. MANAGEMENT OF FINANCIAL RISKS (continued)****a) Market risk (continued)**

The Group also monitors the concentration of risk by sector of activity, which is presented as follows:

Portfolio structure	Issuers	Total nominal value of participation		Total market value of participation	
Economic sectors with weighing in the value portfolio of the Group:	C. no.	(lei)	%	(lei)	%
June 30th, 2019	61	559,209,560	100.00	1,772,535,379	100.00
Finance and Banking	4	266,593,805	47.67	905,249,859	51.07
Oil resources, methane gas and related services	2	78,117,953	13.97	368,920,771	20.81
Energy and gas transport	2	29,552,190	5.28	144,575,928	8.16
Financial intermediation	8	14,425,273	2.58	85,756,317	4.84
Tourism, public food, leisure	4	52,750,485	9.43	76,876,938	4.34
Pharmaceutical industry	1	12,730,678	2.28	63,653,392	3.59
Metallurgical industry	3	36,627,657	6.55	36,957,142	2.07
Car building and manufacturing industry	5	22,359,717	4.00	36,437,091	2.06
Electronic, electrotechnical industry	4	18,652,854	3.34	32,554,276	1.84
Chemical industry	1	4,702,595	0.84	11,850,539	0.67
Food industry	1	2,493,295	0.45	2,627,455	0.15
Rental and sub-letting real estate	2	1,646,563	0.29	1,943,844	0.11
Grain storage and trade	2	3,574,908	0.64	1,731,295	0.10
Other activities	18	12,481,570	2.23	144,187	0.01
TOTAL EQUITIES	57	556,709,543	99.55	1,769,279,034	99.82
FUND UNITS	4	2,500,017	0.45	3,256,345	0.18

Portfolio structure	Issuers	Total nominal value of participation		Total market value of participation	
Economic sectors with weighing in the value portfolio of the Group:	C. no.	(lei)	%	(lei)	%
December 31st, 2018	64	469,608,566	100.00	1,186,721,670	100.00
Finance and Banking	4	147,183,456	31.34	469,204,657	39.54
Oil resources, methane gas and related services	2	76,657,521	16.32	268,544,786	22.63
Energy and gas transport	2	29,552,190	6.29	135,221,748	11.39
Financial intermediation	4	52,750,485	11.23	79,676,054	6.71
Tourism, public food, leisure	1	10,375,104	2.21	50,526,758	4.26
Pharmaceutical industry	8	12,791,605	2.72	46,066,277	3.88
Metallurgical industry	1	34,810,830	7.41	33,766,505	2.85
Car building and manufacturing industry	4	18,797,854	4.00	33,558,808	2.83
Electronic, electrotechnical industry	3	36,465,834	7.77	31,089,782	2.62
Chemical industry	5	22,359,717	4.76	19,985,614	1.68
Food industry	1	4,702,595	1.00	10,910,020	0.92
Rental and sub-letting real estate	2	1,646,563	0.35	1,987,099	0.17
Grain storage and trade	2	3,582,340	0.76	1,736,160	0.15
Other activities	1	2,493,255	0.53	1,196,762	0.10
Finance and Banking	1	457,590	0.10	373,393	0.03
Oil resources, methane gas and related services	19	12,481,610	2.66	144,307	0.01
TOTAL EQUITIES	60	467,108,549	99.47	1,183,988,730	99.77
FUND UNITS	4	2,500,017	0.53	2,732,940	0.23

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***5. MANAGEMENT OF FINANCIAL RISKS (continued)****a) Market risk (continued)**

From the data analysis presented above, as of June 30th, 2019 The Group mainly held shares that are active in the field of finance, banks with a share of 51.07% of the total portfolio, are increasing in comparison to December 31st, 2018, when in the same sector of activity registered a share of 39.54%.

- **Currency risk**

Currency risk is the risk that the value of a portfolio will be adversely affected as a result of a change in exchange rates. As of June 30th, 2019, the foreign currency availabilities were 12,883,929 lei, representing 14.14% of the total availabilities.

Given that most of the Group's assets are expressed in national currency, exchange rate fluctuations do not directly affect the Group's activity.

These fluctuations have an influence on the assessment of investments such as foreign currency deposits and current account availability.

Available in foreign currency, as of June 30th, 2019, 0.65% (December 31st, 2018: 23.92%) of the total financial assets, so the currency risk is low.

Investments in bank deposits in foreign currency are constantly monitored and investment, disinvestment measures are taken, depending on the forecast evolution of the exchange rate.

The concentration of assets and liabilities by currency types is summarized in the following table:

<i>In lei</i>	Accounting value	Lei	EUR	USD
June 30th, 2019				
Financial assets				
Cash and cash equivalents	33,280,140	21,088,658	12,190,436	1,046
Deposits placed in banks	57,506,950	56,865,503	199,671	441,776
Financial assets measured at fair value through other overall result	1,769,279,034	1,769,279,034	-	-
Financial assets measured at fair value through profit or loss	3,256,345	3,256,345	-	-
Credits and receivables	22,590,487	22,590,487	-	-
Other financial assets	101,091,326	101,091,326	-	-
Total financial assets	1,987,004,282	1,974,171,353	12,390,107	442,822
Financial liabilities				
Payment dividends	69,253,280	69,253,280	-	-
Other financial liabilities	60,967,975	60,130,232	837,743	-
Total financial liabilities	130,221,255	129,383,512	837,743	-
<i>In lei</i>	Accounting value	Lei	EUR	USD
December 31st, 2018				
Financial assets				
Cash and cash equivalents	480,439,807	37,085,849	443,352,479	1,479
Deposits placed in banks	14,037,297	8,389,218	196,807	5,451,272
Financial assets measured at fair value through other overall result	1,183,214,785	1,183,214,785	-	-
Financial assets measured at fair value through profit or loss	3,506,885	3,506,885	-	-
Credits and receivables	38,856,954	38,856,954	-	-
Other financial assets	157,037,888	157,037,888	-	-
Total financial assets	1,877,093,616	1,428,091,579	443,549,286	5,452,751

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***5. MANAGEMENT OF FINANCIAL RISKS (continued)****a) Market risk (continued)****Financial liabilities**

Payment dividends	43,355,439	43,355,439	-	-
Other financial liabilities	139,907,725	139,365,366	542,359	-
Total financial liabilities	183,263,164	182,720,805	542,359	-

- Interest rate risk**

Interest rate risk is the current or future risk of adversely affecting profits and capital as a result of adverse changes in interest rates. The factors that define this type of market risk are a wide range of interest rates corresponding to a variety of markets, currencies and maturities for which the Group holds positions.

The interest rate directly influences the Income and expenses attached to the assets and financial liabilities carrying variable interest.

Most of the assets in the portfolio are not interest bearers. As a result, the Group is not significantly affected by the interest rate risk. Interest rates applied to cash and cash equivalents are short-term.

At the Group level, the share of borrowed resources in the total financing resources of the companies is not significant, except for ARGUS S.A. Constanța and MERCUR S.A. Craiova.

In order to benefit from the interest rate volatility, for greater flexibility in the policy of allocating the money availabilities, it will be intended that the placing of the money availabilities in monetary instruments will be made especially in the short term, of 1-3 months.

The following table summarizes the Group's exposure to interest rate risk.

<i>In lei</i>	Accounting value	Under 3 m.	Between 3 and 12 m.	Between 3 and 5 y.	Without interest
June 30th, 2019					
Cash and cash equivalents	33,280,140	-	-	-	33,280,140
Deposits placed in banks	57,506,950	55,249,333	1,854,038	403,579	-
Financial assets measured at fair value through other overall result	1,769,279,034	-	-	-	1,769,279,034
Assessed financial assets to fair value by profit or loss	3,256,345	-	-	-	3,256,345
Credits and receivables	22,590,487	-	-	-	22,590,487
Other financial assets	101,091,326	-	-	-	101,091,326
Total financial assets	1,987,004,282	55,249,333	1,854,038	403,579	1,929,497,332
Financial liabilities					
Payment dividends	69,253,280	-	-	-	69,253,280
Other financial liabilities	60,967,975	32,246,502	2,100,000	8,386,476	18,234,997
Total financial liabilities	130,221,255	32,246,502	2,100,000	8,386,476	87,488,277

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***5. MANAGEMENT OF FINANCIAL RISKS (continued)****a) Market risk (continued)**

<i>In lei</i>	Accounting value	Under 3 m.	Between 3 and 12 m.	Between 3 and 5 y.	Without interest
December 31st, 2018					
Cash and cash equivalents	480,439,807	-	-	-	480,439,807
Deposits placed in banks	14,037,297	12,046,298	1,587,421	403,578	-
Financial assets measured at fair value through other overall result	1,183,214,785	-	-	-	1,183,214,785
Assessed financial assets to fair value by profit or loss	3,506,885	-	-	-	3,506,885
Credits and receivables	38,856,954	-	-	-	38,856,954
Other financial assets	157,037,888	-	-	-	157,037,888
Total financial assets	1,877,093,616	12,046,298	1,587,421	403,578	1,863,056,319
Financial liabilities					
Payment dividends	43,355,439	-	-	-	43,355,439
Other financial liabilities	139,907,725	694,839	99,347,287	9,436,476	30,429,123
Total financial liabilities	183,263,164	694,839	99,347,287	9,436,476	73,784,562

b) Credit risk

Credit risk represents the risk of the Group to record losses due to the insolvency of its debtors.

Credit risk expresses the possibility that the borrowers or issuers do not fulfil their obligations on maturity, as a result of the degradation of the borrower's financial situation or the general situation of the economy. Credit risk appears in relation to any type of debt.

The issuer risk represents the risk of losing the value of a security in a portfolio, as a result of the deterioration of its economic-financial situation.

The main elements of credit risk identified, which can significantly influence the Group's activity are:

- the risk of non-payment of dividends from the companies in the portfolio;
- the risk of not collecting the value of the agreement, in the case of the activity of selling the shares in "closed" companies, through a sale-purchase agreement;
- the risk that in the situation of liquidation of a portfolio company, the value obtained will be lower than the value of the initial investment.

Credit risk assessment is carried out in two stages, both before carrying out the investment operations, as well as after the approval and the actual execution of the operations, following the evolution of the assets to take appropriate measures in case of occurrence of elements that may lead to the deterioration of the economic activity of the companies. and, in extreme cases, upon their insolvency.

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***5. MANAGEMENT OF FINANCIAL RISKS (continued)****b) Credit risk (continued)**

In the case of the Group, credit risk is largely determined by the exposures on assets of the "shares" type, which represent 81.67% of the assets managed, evaluated according to the legal provisions.

Credit risk can affect the activity of the Indirect Group, the case of the portfolio companies that are having financial difficulties in paying their payment obligations corresponding to the dividends. Given the diversity of investments and the fact that most of them are carried out in stable entities and with increased liquidity in the market, this risk is greatly diminished and properly managed by the Group.

The Group may be exposed to credit risk through investments in bonds, current accounts, bank deposits, and other receivables. At the Group level there are no bond investments, derivative instruments, which minimizes credit risk.

We estimate that the credit risk to which the Group is exposed is average.

The maximum exposure to credit risk on June 30th, 2019 is 111,373,449 lei (December 31st, 2018: 531,430,683 lei) and can be analysed from the following data.

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Bank deposits and accounts	89,269,560	494,136,055
Other assets	22,103,889	37,294,628
TOTAL	111,373,449	531,430,683

Exposure on current bank accounts and deposits

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Banca Comercială Română	68,206,840	445,616,270
Raiffeisen Bank	11,008,220	30,211,043
Banca Transilvania	8,912,021	9,531,882
Marfin Bank	435,103	441,509
Trezorerie	248,403	181,637
Libra Bank	203,192	205,375
Garanti Bank	100,532	5,132,840
BRD - GSG	93,780	2,748,062
Credit Europe Bank	34,293	25,513
CEC Bank	15,906	39,424
Piraeus Bank	9,789	-
Exim Bank	1,481	1,480
Banc Post	-	1,020
Total	89,269,560	494,136,055

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***5. MANAGEMENT OF FINANCIAL RISKS (continued)****b) Credit risk (continued)****Other assets**

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Dividends to be cashed	6,432,789	21,578
Other diverse debtors and commercial claims	17,406,829	39,046,189
Adjustments made for impairment of other financial assets (debtors)	(1,735,729)	(1,773,139)
Total	22,103,889	37,294,628

c) Liquidity risk

The Group aims to maintain a level of liquidity appropriate to its underlying obligations, based on an assessment of the relative liquidity of the assets on the market, taking into account the period required for liquidation and the price or value at which the respective assets can be liquidated, as well as their sensitivity, market risks or other external factors.

The Group must hold liquid assets, the sum of which will cover the difference between liquidity outflows and liquidity inflows in crisis situations, so as to ensure that the Group maintains levels of liquidity reserves that are adequate to enable it to cope. any imbalances between liquidity inflows and outflows in crisis situations.

Liquidity risk is mainly related to the shares held in the "closed" type companies existing in the managed portfolio. Thus, the sale of participations - in the event of negative aspects in their economic-financial situation or in the case of obtaining liquidity - is particularly difficult, with the risk of not being able to obtain a price higher or at least equal to the one with which these participations are evaluated in the calculation of the net assets, according to the regulations of the ASF

The structure of assets and liabilities in terms of liquidity is analysed in the following table:

<i>In lei</i>	Accounting value	Under 3 m.	Between 3 and 12 m.	Between 3 and 5 y.	Without default maturity
June 30th, 2019					
Financial assets					
Cash and cash equivalents	33,280,140	-	-	-	33,280,140
Deposits placed in banks	57,506,950	55,249,333	1,854,038	403,579	-
Financial assets measured at fair value through other overall result	1,769,279,034	-	-	-	1,769,279,034
Assessed financial assets to fair value by profit or loss	3,256,345	-	-	-	3,256,345
Credits and receivables	22,590,487	-	-	-	22,590,487
Total financial assets	1,885,912,956	55,249,333	1,854,038	403,579	1,828,406,006

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***5. MANAGEMENT OF FINANCIAL RISKS (continued)****c) Liquidity risk (continued)**

Financial liabilities					
Payment dividends	69,253,280	-	-	-	69,253,280
Other financial liabilities	60,967,975	32,246,502	2,100,000	8,386,476	18,234,997
Total financial liabilities	130,221,255	32,246,502	2,100,000	8,386,476	87,488,277
<i>In lei</i>	Accounting value	Under 3 m.	Between 3 and 12 m.	Between 3 and 5 y.	Without default maturity
December 31st, 2018					
Financial assets					
Cash and cash equivalents	480,439,807	-	-	-	480,439,807
Deposits placed in banks	14,037,297	12,046,298	1,587,421	403,578	-
Financial assets measured at fair value through other overall result	1,183,214,785	-	-	-	1,183,214,785
Assessed financial assets to fair value by profit or loss	3,506,885	-	-	-	3,506,885
Credits and receivables	38,856,954	-	-	-	38,856,954
Total financial assets	1,720,055,728	12,046,298	1,587,421	403,578	1,706,018,431
Financial liabilities					
Payment dividends	43,355,439	-	-	-	43,355,439
Other financial liabilities	139,907,725	694,839	99,347,287	9,436,476	30,429,123
Total financial liabilities	183,263,164	694,839	99,347,287	9,436,476	73,784,562

d) Tax risk

Since the date of Romania's accession to the European Union, the Group has had to comply with EU tax regulations and implement the changes brought by European law. The way in which the Group implemented these changes remains open for fiscal audit for five years.

The management of the Group considers that it has correctly interpreted the legislative provisions and has recorded correct values for taxes, taxes and Other liabilities to the state but, under these conditions, there is a certain risk attached.

The fiscal system in Romania is subject to various interpretations and permanent changes. In certain situations, the tax authorities may adopt different interpretations to the Group of certain tax issues and may calculate interest and penalties.

Tax and tax returns may be subject to review and review for a period of five years, generally after the date of filing.

The Romanian Government has a large number of agencies authorized to carry out the control of the companies operating on the Romanian territory. These controls are similar to tax audits in other countries and can cover not only tax issues but also other legal and regulatory issues that are of interest to these agencies. It is possible that the Group will be subject to fiscal controls as new tax regulations are issued.

5. MANAGEMENT OF FINANCIAL RISKS (continued)

e) Risk afferent to the economic environment

This risk is extremely important, through the direct effect on the activity of the Group, as well as indirectly, through the companies in which the shareholdings are held.

The Romanian economy continues to present the characteristics of an emerging economy, and there is a significant degree of uncertainty regarding the development of the political, economic and social environment.

The Romanian economy is still a fragile economy and is affected by the evolution of the other economies, especially the EU countries, which are the main business partners for our country.

The EU economy will be subject to political risks in 2019. The policy will influence the economy and generate uncertainty.

How the UK will exit the EU, the conditions to be negotiated, still raises questions about the evolution of the EU economy in 2019.

These changes also have their mark on the economic evolution. In Romania, there is also a high political risk.

We estimate that the Risk afferent to the economic environment to which the Group is exposed is moderate (average).

f) Operational risk

Operational risk is defined as the risk of recording losses or failing to realize the estimated profits due to internal factors, such as the inadequate performance of internal activities, the existence of inadequate personnel or systems, or due to external factors, such as change. economic conditions, legislative changes on the capital market, socio-political events.

Operational risks are inherent to the Group's business.

The Group manages the operational risk by identifying, estimating, monitoring and controlling the risks.

It should be emphasized that, in operational risk management, it is not the models and techniques that are most important, but the attitude towards risk, which is formed over time and is an aspect of the organizational culture.

g) Capital adequacy

The management policy regarding capital adequacy focuses on maintaining a solid capital base in order to support the continued development of the Company and to achieve the investment objectives.

Equity consists of the share capital, the reserves created, the current result and the deferred result. As of June 30th, 2019, the equity of the Group was 1,945,820,803 lei (December 31st, 2018: 1,731,887,801 lei).

The group fails to be subject to legal requirements for capital adequacy.

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***6. ACTIVE SI FINANCIAL LIABILITIES****Accounting classifications and fair values**

The accounting and fair values of the assets and financial liabilities are presented as of June 30th, 2019, as follows:

<i>In lei</i>	Fair value through other elements of the overall result	Fair value through profit or loss account	Amortized cost	Net accounting value	Fair value
Cash and cash equivalents	-	-	33,280,140	33,280,140	33,280,140
Deposits placed in banks	-	-	57,506,950	57,506,950	57,506,950
Financial assets measured at fair value through other overall result	1,769,279,034	-	-	1,769,279,034	1,769,279,034
Financial assets measured at fair value through profit or loss	-	3,256,345	-	3,256,345	3,256,345
Investments kept till due date	-	-	-	-	-
Other financial assets	-	-	123,681,813	123,681,813	123,681,813
Total financial assets	1,769,279,034	3,256,345	214,468,903	1,987,004,282	1,987,004,282
Payment dividends	-	-	69,253,280	69,253,280	69,253,280
Other financial liabilities	-	-	60,967,975	60,967,975	60,967,975
Total financial liabilities	-	-	130,221,255	130,221,255	130,221,255

Accounting and fair values of the assets and financial liabilities are presented as of December 31st, 2018, as follows:

<i>In lei</i>	Fair value through other elements of the overall result	Fair value through profit or loss account	Amortized cost	Net accounting value	Fair value
Cash and cash equivalents	-	-	480,439,807	480,439,807	480,439,807
Deposits placed in banks	-	-	14,037,297	14,037,297	14,037,297
Financial assets measured at fair value through other overall result	1,183,214,785	-	-	1,183,214,785	1,183,214,785
Financial assets measured at fair value through profit or loss	-	3,506,885	-	3,506,885	3,506,885
Investments kept till due date	-	-	-	-	-
Other financial assets	-	-	195,894,842	195,894,842	195,894,842
Total financial assets	1,183,214,785	3,506,885	690,371,946	1,877,093,616	1,877,093,616
Payment dividends	-	-	43,355,439	43,355,439	43,355,439
Other financial liabilities	-	-	139,907,725	139,907,725	139,907,725
Total financial liabilities	-	-	183,263,164	183,263,164	183,263,164

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***7. INCOMES FROM DIVIDENDS**

Dividend income is recorded at gross value. Dividend tax rates for the period ended June 30th, 2019 were 5% and zero (June 30th, 2018: 5% and zero). Dividend income, mainly by taxpayers, is presented as follows:

<i>In lei</i>	June 30th, 2019	June 30th, 2018
BRD - GROUPE SOCIETE GENERALE S.A. Bucharest	46,457,859	24,334,295
BANCA TRANSILVANIA S.A. Cluj Napoca	35,931,881	7,097,971
OMV PETROM S.A. Bucharest	20,362,119	14,972,091
S.N.G.N. ROMGAZ S.A. Mediaș	7,601,292	-
S.N.T.G.N. TRANSGAZ S.A. Mediaș	5,270,116	8,770,593
C.N.T.E.E TRANSELECTRICA S.A. Bucharest*	2,467,745	-
ALIMENT MULFATLAR S.R.L. Constanța	1,247,684	899,600
COMCEREAL TULCEA S.A.	1,107,200	966,955
ELECTROMAGNETICA S.A. Bucharest	706,870	-
BURSA DE VALORI BUCURESTI S.A.	432,030	647,010
S.I.F. MOLDOVA S.A.	325,437	-
ELBA S.A. Timișoara	87,182	131,830
DEPOZITARUL CENTRAL S.A. Bucharest	77,994	52,958
BANCA COMERCIALĂ ROMÂNĂ S.A.	-	14,365,762
B.T. ASSET MANAGEMENT S.A.	-	1,999,969
EXIMBANK - BANCA DE EXPORT IMPORT A ROMANIEI S.A.	-	405,805
S.E. ELECTRICA S.A. Bucharest	-	89,535
RELEE S.A. Mediaș	-	13,074
Others	-	1,848
TOTAL	122,075,409	74,749,296

* Additional dividends for the financial year 2017, distributed by the Ordinary General Meeting of Shareholders of C.N.T.E.E. Transelectrica S.A. Bucharest from December 14th, 2018, with the date ex-January 3, 2019.

8. INCOMES FROM INTERESTS

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Incomes from interests afferent to bank deposits	380,713	41,236
Incomes from interests afferent to current bank accounts	3,199	2,479
Total	383,912	43,715

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***9. OTHER OPERATIONAL INCOMES**

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Incomes from sold production	109,742,389	82,835,801
Incomes from rents	11,627,692	10,862,140
Incomes from the sale of goods	1,666,018	1,390,181
Other Incomes from exploitation	451,719	1,567,616
Incomes from provisions for impairment of current assets	343,507	138,735
Incomes from operating subsidies	21,385	15,405
Other Financial Incomes	21,155	32,812
Financial incomes from adjustments for impairment losses on financial assets	-	2,276,706
Total	123,873,865	99,119,396

10. NET INCOME FROM CURRENCY DIFFERENCES

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Incomes from exchange rate differences	6,799,013	563,043
Expenses due to exchange rate differences	254,352	659,423
Net profit from exchange rate differences	6,544,661	(96,380)

11. NET INCOME FROM THE SALE OF FINANCIAL ASSETS

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Revenue from the sale of financial assets	-	12,185,226
The carrying amount of the financial assets transferred	-	8,690,394
Net profit from the sale of financial assets / loss from trading	-	3,494,832

In the first half of 2018, the Company recorded incomes from the transfer of the financial assets measured at Fair value through other elements of the overall result in the profit or loss account. In the third quarter of 2018, it was returned to this registration, the gain or loss from the transfer of the financial assets evaluated at Fair value through other elements of the overall result was recorded in the reported result. When transferring financial assets, the method used to deduct them from the portfolio is the first in - first out.

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***12. COMMISSIONS AND ADMINISTRATIVE AND SUPERVISORY FEES**

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Fees on commissions due to SSIF for share transactions	12,679	37,429
Expenses regarding commissions due for shareholder registry services	77,784	80,659
Expenses regarding commissions with the deposit company	207,738	159,549
BVB expenses	11,760	11,760
Expenditure on taxes due to entities in the capital market (ASF)	734,531	700,858
Audit fee expenses	151,863	132,352
Other expenses related to commissions, fees and contributions	135,603	61,144
Total	1,331,958	1,183,751

13. OTHER OPERATIONAL EXPENSES

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Expenses on raw materials and materials	91,513,700	77,317,554
Expenses with taxes and charges	1,452,646	1,476,422
Staff expenses	12,829,788	11,522,284
Expenses with depreciation and provisions	2,246,633	2,399,704
Expenses on external benefits	15,159,217	12,848,567
Expenses with penalties late suppliers	975	351,577
Other expenses	6,130	2,773
Total	123,209,089	105,918,881

Expenses with salaries and related

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Salary expenses	12,275,449	11,207,123
Expenses on insurance and social protection	554,339	315,161
Total	12,829,788	11,522,284

	June 30th, 2019	June 30th, 2018
Staff with mandate agreement	11	12
Employees with higher education	119	128
Employees with high school	284	297
Employees with general education	48	44
Total	462	481

The evolution of the number of employees by category in the first half of 2019 is presented as follows:

	No. of employees December 31st, 2018	Employee entries in the first semester 2019	Employee exits in the first semester 2019	No. of employees June 30th, 2019
Employees with higher education	119	10	10	119
Employees with high school	293	29	38	284
Employees with general education	49	6	7	48
Total	461	45	55	451

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***13. OTHER OPERATIONAL EXPENSES (continued)**

Other operating expenses include expenses with raw materials and materials, personnel expenses, expenses with other taxes and charges, expenses with depreciation and provisions, expenses with external benefits. The number of employees on June 30th, 2019 was 451 (December 31st, 2018: 461).

The group makes payments to institutions of the Romanian state in the account of the pensions of its employees.

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

14. INCOME TAX

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Current income tax	1,328,685	946,137
Income tax for micro-companies / specific	108,915	119,015
Dividend tax	5,853,389	3,592,478
Deferred income tax	129,695	185,149
Total income tax	7,420,684	4,842,779

Reconciliation of profit before tax, at the expense of income tax in profit or loss account:

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Profit before tax	129,294,397	70,688,777
Tax according to the statutory tax rate of 16% and other rates	19,590,985	12,029,951

The effect on the income tax, of:

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Non-taxable incomes	(19,121,699)	(11,894,250)
Dividend tax rate	5,853,389	3,592,478
Non-deductible expenses	859,399	810,426
Amounts representing sponsorship within legal limits	-	-
Records and resumes of temporary differences	129,695	185,159
Income tax	7,311,769	4,723,764
Income tax for micro-companies / specific	108,915	119,015
Total income tax	7,420,684	4,842,779

15. CASH AND CASH EQUIVALENTS

<i>In lei</i>	June 31st 2019	December 31st, 2018
Cash in the cashier	184,076	218,469
Current accounts in banks	31,785,208	480,112,752
Cash equivalents	1,310,856	108,586
Total Cash and cash equivalents	33,280,140	480,439,807

16. DEPOSITS PLACED IN BANKS

<i>In lei</i>	June 31st, 2019	December 31st, 2018
Bank deposits revealed	57,484,352	14,023,303
Claims attached	22,598	13,994
Total deposits placed in banks	57,506,950	14,037,297

17. FINANCIAL ASSETS

- *Financial assets measured at fair value through other overall result*

On June 30th, 2019 and December 31st, 2018, the structure of the Group's portfolio according to the market on which it was traded was the following:

<i>In lei</i>		Market value June 30th, 2019	Market value December 31st, 2018
Name			
- Securities admitted or traded on a regulated market in Romania;		1,634,464,721	1,067,170,686
- Securities admitted or traded on an alternative market in Romania;		33,628,024	18,727,342
- Securities not admitted to trading on a regulated market or on an alternative trading system;		101,186,289	97,316,757
Total		1,769,279,034	1,183,214,785

As of June 30th, 2019 and December 31st, 2018, in the category of shares valued at fair value, the value of the shares held by the following issuers is mainly included: BRD - Societe Generale Groupe, OMV Petrom SA Bucharest, Banca Transilvania SA Cluj Napoca, SNTGN Transgaz SA Medias, CNTEE Transelectrica SA Bucharest, Antibiotice SA Iasi, SNGN Romgaz SA Medias, Eletromagnetica SA Bucharest, etc.

- *Financial assets measured at fair value through other overall result*

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Shares assessed at fair value	1,769,279,034	1,183,214,785
Shares assessed at cost	-	-
Fund units at fair value	-	-
Total	1,769,279,034	1,183,214,785

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***17. FINANCIAL ASSETS (continued)**

The movement of financial assets measured at fair value through other elements of the overall result for the reporting periods ended June 30th, 2019 and December 31st, 2018 is presented in the following table:

<i>In lei</i>	Shares assessed at fair value	Shares assessed at cost	Fund units	Total
January 1st, 2018	1,497,067,516	6,721,546	2,789,494	1,506,578,556
Purchases	250,827,235	-	-	250,827,235
Sales	(114,306,860)	-	-	(114,306,860)
Impairment losses	(126,881)	-	-	(126,881)
Changing the fair value	(457,063,136)	-	-	(457,063,136)
Reclassifications 2018	6,816,911	(6,721,546)	(2,789,494)	(2,694,129)
December 31st, 2018	1,183,214,785	-	-	1,183,214,785
Purchases	359,944,106	-	-	359,944,106
Sales	(43,398,165)	-	-	(43,398,165)
Impairment losses	-	-	-	-
Changing the fair value	268,744,363	-	-	268,744,363
Reclassifications 2019	773,945	-	-	773,945
June 30th, 2019	1,769,279,034	-	-	1,769,279,034

- Financial assets la Fair value through profit or loss account**

Financial assets la Fair value through profit or loss account as of June 30th, 2019 is presented as follows:

<i>In lei</i>		Purchase value	Fair or market value	Differences +/-
Denumire				
- Securities admitted or traded on a regulated market in Romania		-	-	-
- Fund units		2,500,017	3,256,345	756,328
Total		2,500,017	3,256,345	756,328

Financial assets la Fair value through profit or loss account at the end of 2018 is presented as follows:

<i>In lei</i>		Purchase value	Fair or market value	Differences +/-
Name				
- Securities admitted or traded on a regulated market in Romania		1,118,122	773,945	(344,177)
- Fund units		2,500,017	2,732,940	232,923
Total		3,618,139	3,506,885	(111,254)

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***17. FINANCIAL ASSETS (continued)****• The hierarchy of fair values**

For the calculation of fair value, for equity instruments (shares), the Group uses the following hierarchy of methods:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: entries other than listed prices included in Level 1 which are observable for assets or liabilities, either directly (e.g. prices) or indirectly (ex: price derivatives);
- Level 3: assessment techniques based largely on unobservable elements. This category includes all instruments for which the assessment technique includes elements that are not based on observable data and for which unobservable input parameters can have a significant effect on the assessment of the instrument.

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Level 1	1,636,740,373	1,068,623,709
Level 2	13,602,592	14,824,457
Level 3	122,192,414	103,273,504
Total	1,772,535,379	1,186,721,670

The fair value measurement of equity instruments (shares) held as of June 30th, 2019 is performed as follows:

- for listed and traded securities in the Reporting period, the market value was determined by taking into account the quotation of the last trading day (closing quotation on the main capital market for those listed on the regulated market - BVB, respectively the reference price for the alternative system - AERO for level 1, and for level 2, quotations are taken for shares traded in the last 30 trading days);
- for listed securities that have no transactions in the last 30 days of the Reporting period, as well as for unlisted securities, the market value is determined as it results from the last approved annual financial statement of the entity;
- for securities issued by credit institutions not admitted to trading, the assessment is made at the book value per share calculated on the basis of the value of the equity included in the monthly reports transmitted to the NBR;
- for securities not admitted to trading on a regulated market or within an alternative trading system in Romania issued by issuers holding more than 33% of the share capital, these are evaluated exclusively in accordance with International Assessment Standards on the basis of a assessment report updated at least annually;
- for the securities related to the companies in the insolvency or reorganization procedure, the assessment is made at zero value;

The equity securities issued by the mutual fund are evaluated taking into account the last unit value of the net asset, calculated and published.

18. CREDITS AND RECEIVABLES

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Trade receivables	12,737,144	36,765,000
Debtors	9,709,552	2,748,990
Claims on the state budget and the social insurance budget	754,999	605,798
Other receivables	1,124,521	611,854
Liabilities impairment adjustments (debtors)	(1,735,729)	(1,874,688)
TOTAL	22,590,487	38,856,954

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***19. TANGIBLE ASSETS**

<i>In lei</i>	Land and buildings	Technical installations and machines	Other machinery and furniture installations	Advances and tangible assets in progress	Total
January 1st, 2018	97,440,562	66,605,435	2,796,429	3,439,740	170,282,166
Increases	1,411,674	2,221,102	185,669	2,574,167	6,392,612
Decreases	(1,286,269)	(549,365)	(137,301)	(1,621,412)	(3,594,347)
December 31st, 2018	97,565,967	68,277,172	2,844,797	4,392,495	173,080,431
Increases	319,191	256,790	132,579	602,858	1,311,418
Decreases	(237,905)	(128,167)	(21,188)	(997,730)	(1,384,990)
June 30th, 2019	97,647,253	68,405,795	2,956,188	3,997,623	173,006,859
Cumulated amortization					
January 1st, 2018	22,788,598	57,963,761	1,243,361	1,274,373	83,270,093
Amortization recorded during the year	2,649,932	1,881,712	261,374	-	4,793,018
Reductions or resumes	(1,554,193)	(509,468)	(135,877)	-	(2,199,538)
December 31st, 2018	23,884,337	59,336,005	1,368,858	1,274,373	85,863,573
Amortization recorded during exercise	1,111,525	950,639	131,839	-	2,194,003
Reductions or resumes	-	(128,166)	(16,354)	-	(144,520)
June 30th, 2019	24,995,862	60,158,478	1,484,343	1,274,373	87,913,056
Net accounting value la January 1st, 2018	74,651,964	8,641,674	1,553,068	2,165,367	87,012,073
Net accounting value la December 31st, 2018	73,681,630	8,941,167	1,475,939	3,118,122	87,216,858
Net accounting value as of June 30th, 2019	72,651,391	8,247,317	1,471,845	2,723,250	85,093,803

20. REAL-ESTATE INVESTMENTS

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Balance at the beginning of the financial year	93,904,401	93,360,493
Real-estate investments assessment	665,000	289,386
Reclassifications from the category of tangible assets	102,100	(3,002)
Reclassifications in the category of tangible assets	(281,186)	-
Real-estate investments purchases	-	505,280
Real-estate investments sales	-	(247,756)
Balance at the end of the reporting period	94,390,315	93,904,401

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***21. OTHER ASSETS**

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Intangible assets	47,603,810	47,615,058
Other fixed assets	15,969,694	15,976,470
Stocks	34,817,366	91,455,876
Advance payments	2,700,456	1,990,484
TOTAL	101,091,326	157,037,888

22. PAYMENT DIVIDENDS

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Payment dividends afferent to the year 2018	26,423,928	-
Payment dividends afferent to the year 2017	10,419,582	10,649,640
Payment dividends afferent to the year 2016	12,921,359	13,060,993
Payment dividends afferent to the year 2015	18,071,400	18,177,014
Payment dividends afferent to the year 2014	551,553	600,747
Payment dividends afferent to the year 2013	754,183	754,755
Payment dividends afferent to the year 2012	13,103	13,287
Payment dividends afferent to the year 2011	10,598	10,773
Payment dividends afferent to the year 2010	7,929	8,066
Payment dividends of previous years	79,645	80,164
Total Payment dividends	69,253,280	43,355,439

23. TAXES AND CHARGES

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Liabilities related to the Social Insurance Budget	750,938	820,355
Liabilities related to the State Budget	3,840,801	98,361,558
Alte Taxes and charges	68,209	189,231
Total	4,659,948	99,371,144

24. LIABILITIES ON DIFFERED INCOME TAX

Liabilities regarding deferred income tax are determined by the following elements:

<i>In lei</i>	Active	Liabilities	Net	Tax
June 30th, 2019				
Differences from the change in the fair value of the financial assets measured at fair value through other elements of the overall result	450,337,003	1,065,877	449,271,126	68,918,950
Financial assets measured at fair value through other overall results - received free of charge	54,421,532	-	54,421,532	8,707,446
Rassessment of tangible assets	10,624,156	-	10,624,156	1,699,866
The result carried forward representing reserves from reassessments of tangible assets	11,008,405	-	11,008,405	1,761,346
Capital adjustments	2,290,617	674,102	1,616,515	258,641
Provisions for litigation and other provisions	183,757	119,785	63,972	10,235
Other reserves	27,686,909	-	27,686,909	4,429,910
TOTAL	556,552,379	1,859,764	554,692,615	85,786,394

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***24. LIABILITIES ON DIFFERED INCOME TAX (continued)**

The value of the lower tax is recognized directly through the diminution of equity and does not affect incomes and expenses.

<i>In lei</i>	Active	Liabilities	Net	Impozit
December 31st, 2018				
Differences from the change in the fair value of the financial assets measured at fair value through other elements of the overall result	188,119,311	4,077,906	184,041,405	26,930,325
Financial assets measured at fair value through other overall results - received free of charge	54,421,532	-	54,421,532	8,707,445
Rassessment of tangible assets	9,862,394	-	9,862,394	1,577,983
The result carried forward representing reserves from reassessments of tangible assets	11,971,889	1,138,389	10,833,500	1,733,358
Capital adjustments	2,267,323	239,353	2,027,970	324,475
Provisions for litigation and other provisions	81,669	211,203	(129,534)	(20,726)
Other reserves	27,686,908	-	27,686,908	4,429,906
TOTAL	294,411,026	5,666,851	288,744,175	43,682,766

25. OTHER LIABILITIES

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Liabilities with staff	1,129,692	1,203,207
Commercial liabilities	5,838,441	17,554,765
Bank loans and other related liabilities (leasing)	42,877,160	108,870,357
Guarantees received	2,057,348	2,295,431
Various creditors	1,310,231	2,008,242
Payments to be made	10,244	-
Payments in advance	918,793	900,928
Provisions for risks and expenses	6,817,847	7,074,795
Other liabilities	8,219	-
Total other liabilities	60,967,975	139,907,725

As of June 30th, 2019, the Group's loans are mainly located on banking units as follows:

<i>In lei</i>	Company	Banca	Currency	Interest rate	Final due	Balance at June 30th, 2019
	Argus S.A. Constanța	Banca Transilvania	LEI	Robor 3M + bank margin	20.08.2019	25,000,000
	Argus S.A. Constanța	Banca Transilvania	LEI	Robor 3M + bank margin	20.08.2019	7,246,502
	Mercur S.A.	Raiffeisen Bank SA	LEI	Robor 1M +1,5%	31.01.2021	10,486,476
	Total					42,732,978

SOCIETATEA DE INVESTITII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***25. OTHER LIABILITIES (continued)**

As of December 31st, 2018, the Group's loans are mainly located on banking units as follows:

In lei

Company	Banca	Currency	Interest rate	Final due	Balance at December 31st, 2018
Argus S.A. Constanța	Banca Transilvania	LEI	Robor 3M + bank margin	21.08.2019	90,000,000
Argus S.A. Constanța	Banca Transilvania	LEI	Robor 3M + bank margin	16.08.2019	7,247,287
Mercur S.A.	Raiffeisen Bank SA	LEI	Robor 1M +1,5%	31.01.2021	11,536,476
Total					108,783,763

26. CAPITAL AND RESERVES**Share capital**

The share capital according to the Company's articles of association has the value of 58,016,571 lei, is divided into 580,165,714 shares with a nominal value of 0.1 lei / share and is the result of the direct subscriptions made to the share capital of the Company, by transforming it into shares of the amounts due as dividends based on Law no. 55/1995 and through the effect of Law no. 133/1996.

The shares issued by the Company are traded on the Bucharest Stock Exchange, the Premium category, with SIF5 market symbol.

The records of the shares and the shareholders are kept by the Depozitarul Central S.A. Bucharest.

The shares of the Company are ordinary, indivisible, registered, of equal value, issued in dematerialized form and grant equal rights to their holders. All shares were fully subscribed and paid as of June 30th, 2019 and December 31st, 2018.

The right to hold shares is limited to 5% of the share capital.

There were no changes in the number of shares issued during the reporting period.

On April 25, 2018, the Extraordinary General Meeting of the Shareholders of the Company was held, where a program of redemption by the company of its shares, in accordance with the applicable legal provisions, was approved under the following conditions:

- size of the program - maximum 32,704,308 shares with a nominal value of 0.10 lei / share representing maximum 5.637% of the share capital;
- the acquisition price of the shares - the minimum price will be 1.50 lei / share and the maximum price will be 2.50 lei / share;
- the duration of the program - the maximum period of 12 months from the date of publication of the decision of the EGMS in the Official Gazette of Romania, Part IV;
- the payment of the repurchased shares and the size of the related fund - from the available reserves, the maximum amount affected by the repurchases being of 49,056,462.55 lei, according to the decision no.3 of the OGMS of September 6, 2017;
- the purpose of the program - the reduction of the share capital

On December 13, 2018, it was submitted to the Financial Supervisory Authority by SSIF Voltinvest S.A. Craiova - as an intermediary in the Public Purchase Quotation Shares issued by the Company - the Document of Public Quotation of Purchase Shares issued by the Company, together with the related documentation.

On January 17, 2019, the Company received from the Financial Supervisory Authority Decision no. 66 / 16.01.2019 approving the public quotation document for the purchase of shares issued by the Company.

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***26. CAPITAL AND RESERVES (continued)**

The quotation was successfully carried out between January 28, 2019 - February 08, 2019, 19,622,585 shares were purchased at the price of 2.5 lei / share, representing 3.3822% of the share capital.

The quotation was oversubscribed 13.2 times, which demonstrates the interest of the shareholders towards such actions.

The settlement of the transaction related to the public quotation was made on February 14, 2019 through the Central Depository.

The shareholding structure of the Group as of June 30th, 2019 and December 31st, 2018 is as follows:

	Shareholders no.	No. of shares	Amount (lei)	(%)
June 30th, 2019				
Resident natural entities	5,737,879	230,522,035	23,052,204	39,73
Non-resident natural entities	1,861	2,014,172	201,417	0,35
Total natural entities	5,739,740	232,536,207	23,253,621	40,08
Resident legal entities	201	240,196,944	24,019,694	41,40
Non-resident legal entities	42	107,432,563	10,743,256	18,52
Total legal entities	243	347,629,507	34,762,950	59,92
Total June 30th, 2019	5,739,983	580,165,714	58,016,571	100,00
	Shareholders no.	No. of shares	Amount (lei)	(%)
December 31st, 2018				
Resident natural entities	5,740,203	237,561,073	23,756,107	40,95
Non-resident natural entities	1,852	2,168,581	216,858	0,37
Total natural entities	5,742,055	239,729,654	23,972,965	41,32
Resident legal entities	213	246,894,549	24,689,455	42,56
Non-resident legal entities	43	93,541,511	9,354,151	16,12
Total legal entities	256	340,436,060	34,043,606	58,68
Total 2018	5,742,311	580,165,714	58,016,571	100,00

As of June 30th, 2019, the number of shareholders of the Company was 5,739,983 (December 31st, 2018: 5,742,311).

Legal reserves

According to the legal requirements, the Group constitutes legal reserves in the amount of 5% of the profit registered according to the accounting regulations applicable up to the level of 20% of the share capital according to the articles of incorporation.

As of June 30th, 2019, the legal reserves are 22,120,685 lei (December 31st, 2018: 21,990,702)

Legal reserves cannot be distributed to shareholders.

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***26. CAPITAL AND RESERVES (continued)****Dividends**

During the reporting period ended as of June 30th, 2019 the Group has declared Payment dividends worth 88,430,611 lei (2018: 44,257,561 lei).

Reserves from the assessment of financial assets assessed at fair value through other elements of the overall result

The reserve includes the cumulative net changes in the fair values of the financial assets measured at Fair value through other elements of the overall result, from the date of their classification in this category to their derecognition or impairment.

The reserves from the assessment of financial assets measured at Fair value through other elements of the overall result are recorded at net value by the related deferred tax.

Deferred tax related to these reserves is recorded on equity and deducted from reserves from the assessment of financial assets measured at Fair value through other elements of the overall result.

27. OTHER RESERVES

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Own financing sources	527,114,891	522,592,250
Other reserves	173,073,481	212,997,323
Total	700,188,372	735,589,573

28. MINORITY INTEREST

Minority interest in the equity of the companies included in the consolidation is presented as follows:

<i>In lei</i>	June 30th, 2019	December 31st, 2018
Profit or loss of the financial year related to non-controlling interests	1,415,068	510,612
Other equities	30,919,407	30,012,439
Total	32,334,475	30,523,051

29. RESULT PER SHARE

<i>In lei</i>	June 30th, 2019	June 30th, 2018
Profit attributable to ordinary shareholders	120,458,645	65,784,506
The weighted average number of ordinary shares	580,165,714	580,165,714
Basic result per share	0,2076	0,1134

The diluted result per share is equal to the basic earnings per share because the Group did not record potential ordinary shares.

30. AWARDED WARRANTIES

Apart from the guarantees granted for obtaining bank loans, the Group does not have any guarantees granted.

31. ENVIRONMENTAL CONTINGENCIES

The Group did not record any provision for future environmental costs. The management of the Group does not consider the expenses associated with these elements to be significant.

32. TRANSFER PRICE

The Romanian legislative framework contains rules on transfer prices between affiliated persons since 2000.

The Romanian tax legislation includes the principle of market value, according to which the transactions between the related parties must take place at the market value, respecting the principles of transfer pricing.

Local taxpayers conducting transactions with affiliated parties must draw up and make available to the tax authorities, at their written request, the file of documentation of transfer prices, within the period granted by the authorities (the large taxpayers who carry out transactions with affiliated persons over the ceilings established by legislation have the obligation to prepare the annual transfer pricing file starting with the transactions of 2016).

Failure to file the transfer pricing documentation or submitting an incomplete file may result in penalties for non-compliance.

However, regardless of the file's existence, in addition to the contents of the transfer pricing documentation file, tax authorities may interpret transactions and circumstances differently from the management's interpretation and, as a result, impose additional tax obligations resulting from adjusting transfer prices (materialized in increases). de Incomes, deductions from deductible expenses, thus increasing the tax base of the corporate income tax).

As a result, it is expected that the tax authorities will initiate thorough checks of the transfer prices, to ensure that the fiscal result is not distorted by the effect of the prices charged in the relations with affiliated persons. The company cannot quantify the result of such verification.

33. EXPOSURE CONCENTRATION

Financial assets

On June 30th, 2019 the Group had a portfolio of investments in companies and investment funds at Market value of 1,772,535,379 lei. The companies with a share in the total of the shares in which the Group held shares are the following:

No.	Company	Percentage of total - % -	Market value as of June 30th, 2019 - lei -
1	BANCA TRANSILVANIA S.A. Cluj	28.60	506,960,167
2	B.R.D. - GROUPE SOCIETE GENERALE S.A.	20.35	360,684,624
3	OMV PETROM S.A. Bucuresti	16.93	300,126,920
4	S.N.T.G.N. TRANSGAZ S.A. Medias	4.94	87,627,960
5	S.N.G.N. ROMGAZ S.A. Medias	3.88	68,793,851
6	ANTIBIOTICE S.A. Iasi	3.59	63,653,392
7	C.N.T.E.E. TRANSELECTRICA S.A. Bucuresti	3.21	56,947,968
8	S.I.F. BANAT CRISANA S.A.	3.15	55,785,780
9	TURISM FELIX S.A. Baile Felix	2.22	39,388,166
10	EXIMBANK - BANCA DE EXPORT IMPORT A ROMANIEI S.A.	2.12	37,605,068
	Total	88.99	1,577,573,896

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***33. EXPOSURE CONCENTRATION (continued)**

As of December 31st, 2018, the Group had a portfolio of investments in companies and investment funds at Market value of 1,186,721,670 lei. The companies with a share in the total of the shares in which the Group held shares are the following:

Nr. Crt.	Company	Percentage of total - % -	Market value as of December 31st, 2018 - lei -
1	B.R.D. - GROUPE SOCIETE GENERALE S.A.	19.66	233,351,890
2	OMV PETROM S.A. Bucuresti	18.92	224,514,340
3	BANCA TRANSILVANIA S.A. Cluj	16.95	201,158,243
4	S.N.T.G.N. TRANSGAZ S.A. Medias	6.48	76,917,876
5	C.N.T.E.E. TRANSELECTRICA S.A. Bucuresti	4.91	58,303,872
6	ANTIBIOTICE S.A. Iasi	4.26	50,526,758
7	S.N.G.N. ROMGAZ S.A. Medias	3.71	44,030,446
8	TURISM FELIX S.A. Baile Felix	3.63	43,125,729
9	EXIMBANK - BANCA DE EXPORT IMPORT A ROMANIEI S.A.	2.92	34,694,525
10	TURISM LOTUS FELIX S.A. Baile Felix	2.89	34,239,739
	Total	84.33	1,000,863,418

34. TRANSACTIONS AND BALANCES WITH PARTIES IN SPECIAL RELATIONS***Company branches***

According with the legislation in force, the Company holds control in a number of 11 issuers as of June 30th, 2019 (December 31st, 2018: 11 issuers). All Branches of the Company at the reporting date are based in Romania. For these, the percentage of ownership of the Company is not different from the percentage of the number of votes held.

Company name	Percentage held by SIF on 30.06.2019 - % -	Percentage held by SIF on 31.12.2018 - % -
COMPLEX HOTELIER DÂMBOVÎȚA S.A. Targoviște	99.94	99.94
VOLTALIM S.A. Craiova	99.19	99.19
MERCUR S.A. Craiova	97.86	97.86
GEMINA TOUR S.A. Rm. Vâlcea	88.29	88.29
ARGUS S.A. Constanța	86.42	86.42
FLAROS S.A. Bucharest	81.07	81.07
CONSTRUCTII FERROVIARE S.A. Craiova	77.50	77.50
UNIVERS S.A. Rm. Vâlcea	73.75	73.75
PROVITAS S.A. Bucharest	70.28	70.28
TURISM PUCIOASA S.A. Dâmbovița	69.22	69.22
ALIMENTARA S.A. Slatina	52.24	52.24

Company associated entities

As of June 30th, 2019, the company had holdings of over 20% but not more than 50% of the share capital in a number of 8 issuers (December 31st, 2018: 8 issuers). All these companies are based in Romania. For these issuers the percentage of holding by the Company is not different from the percentage of the number of votes held.

34. TRANSACTIONS AND BALANCES WITH PARTIES IN SPECIAL RELATIONS (continued)

Company name	Percentage held at June 30th, 2019	Percentage held at December 31st, 2018
	- % -	- % -
LACTATE NATURA S.A. Târgoviște	40.38	40.38
SINTEROM S.A. Cluj-Napoca	31.88	31.88
ELECTRO TOTAL S.A. Botoșani	29.86	29.86
TURISM FELIX S.A. Băile Felix	28.97	28.97
ȘANTIERUL NAVAL Orșova S.A.	28.02	28.02
PRODPLAST S.A. Bucharest	27.55	27.55
TURISM LOTUS FELIX S.A. Băile Felix	27.46	27.46
ELECTROMAGNETICA S.A. Bucharest	26.14	26.14

Following the analysis of the quantitative and qualitative criteria presented in IAS 27 - "Individual financial statements" and IFRS 10 - "Consolidated financial statements", the Group concluded that it does not hold investments in associates as of June 30th, 2019 and December 31st, 2018.

Settlements and transactions within the Group, as well as unachieved profits resulting from transactions within the Group, are completely eliminated from the consolidated financial statements.

35. KEY MANAGEMENT STAFF

June 30th, 2019

The members of the Board of Administration: Tudor Ciurezu - Chairman, Cristian Bușu - Vice-chairman, Anina Radu, Radu Hanga, Ana - Barbara Bobirca, Nicolae Stoian, Carmen Popa.

Senior management: Tudor Ciurezu - General Manager, Cristian Bușu - Deputy General Manager.

December 31st, 2018

The members of the Board of Administration: Tudor Ciurezu - Chairman, Cristian Bușu - Vice-chairman, Anina Radu, Radu Hanga, Ana - Barbara Bobirca, Nicolae Stoian, Carmen Popa.

Senior management: Tudor Ciurezu - General Manager, Cristian Bușu - Deputy General Manager.

The group does not have any agreed obligations regarding the payment of pensions to the former members of the Board of Administration and management and, therefore, it has no accounting commitments of this nature.

The Group has not granted loans or advances (except for travel advances in the interest of the service, justified in legal terms) to the members of the Board of Administration and the management and has not recorded commitments of this nature.

The Company has not received and has not given guarantees to any affiliated party.

36. SEGMENT REPORTING

Segment reporting is represented by the segmentation by activities that takes into account the branch of activity of which the main object of activity of the companies in the consolidation perimeter is part. The company together with the portfolio companies in which it owns more than 50%, included in the consolidation scope, operates in the following main activity segments:

- financial investment activity
- rental of spaces
- food industry
- tourism

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**Notes to the interim consolidated financial statements as of June 30th, 2019***(all amounts are expressed in lei, unless otherwise stated)***36. SEGMENT REPORTING (continued)**

We present below the benchmarks for the purpose of a possible analysis as of June 30th, 2019 and December 31st, 2018:

- Assets, Liabilities and Equities according to the consolidated statement of financial position

Indicators	Rental		Food industry		Tourism		Financial activity		TOTAL	
	June 30th, 2019	December 31st, 2018	June 30th, 2019	December 31st, 2018	June 30th, 2019	December 31st, 2018	June 30th, 2019	December 31st, 2018	June 30th, 2019	December 31st, 2018
Fixed assets	157,847,340	148,511,657	59,356,746	60,372,327	14,364,474	14,444,553	1,784,015,552	1,208,080,833	2,015,584,112	1,431,409,370
Current assets	13,026,422	13,321,251	50,658,895	119,952,973	2,785,865	2,767,243	81,742,052	488,776,870	148,213,234	624,818,337
Prepayments	2,135,681	1,826,258	319,147	61,019	102,594	21,070	143,034	78,821	2,700,456	1,987,168
Liabilities	20,400,320	19,147,030	39,132,907	112,564,916	848,113	786,505	152,481,660	185,769,025	212,863,000	318,267,476
Payment in advance	864,935	846,597	3,423	3,507	98,356	61,610	29,438	25,831	996,152	937,545
Provisions	8,621	500,260	964,657	719,196	46,470	94,498	5,798,099	5,798,099	6,817,847	7,112,053
Minority interests	20,485,424	18,991,393	9,540,544	9,114,671	2,308,507	2,416,987	-	-	32,334,475	30,523,051
Equities	131,250,143	124,173,886	60,693,257	57,984,029	13,951,487	13,873,266	1,707,591,441	1,505,343,569	1,913,486,328	1,701,374,750

The indicators presented were established on the basis of the individual financial statements of the Company and of the companies in the consolidation scope.

Within the fixed assets held as of June 30th, 2019 by the Group, a weight of 88.51% is held by the assets from the financial investment activity represented by the portfolio of financial fixed assets, respectively 84.40% at December 31st, 2018.

- Incomes, expenses and result according to the consolidated statement of profit or loss and other elements of the overall result

Indicators	Rental		Food industry		Tourism		Financial activity		TOTAL	
	June 30th, 2019	June 30th, 2018	June 30th, 2019	June 30th, 2018	June 30th, 2019	June 30th, 2018	June 30th, 2019	June 30th, 2018	June 30th, 2019	June 30th, 2018
Total incomes	14,408,284	14,600,219	111,002,963	83,811,463	3,420,136	2,743,658	125,007,744	76,732,449	253,839,127	177,887,789
Total expenses	7,916,188	7,609,181	107,867,742	91,471,205	3,246,761	3,010,924	5,514,039	5,107,702	124,544,730	107,199,012
Gross result	6,492,096	6,991,038	3,135,221	(7,659,742)	173,375	(267,266)	119,493,705	71,624,747	129,294,397	70,688,777
Net result	6,072,718	6,437,904	3,135,101	(7,659,861)	133,360	(317,730)	112,532,534	67,385,685	121,873,713	65,845,998

The net profit as of June 30th, 2019 was achieved from the activity of financial investments in proportion of 92.34%, the net profit achieved by the companies included in the consolidation representing 7.66%.

37. COMMITMENTS AND CONTINGENT LIABILITIES

Court actions

The group has a number of legal actions arising from the normal course of activity. The Group management believes that these actions will not have a significant impact on the financial statements.

As of June 30th, 2019, a number of 158 cases were registered in court, from which:

- 80 cases have the quality of plaintiff;
- 38 cases have the quality of defendant;
- 1 case has the quality of intervener;
- 34 cases in insolvency proceedings;
- 3 cases as a third;
- 2 cases as guarantee call;

According to their purpose, the cases are structured as follows:

- 73 trading;
- 5 cases - annulment of A.G.A.'s decisions, in which it has the capacity of plaintiff;
- 34 causes in insolvency proceedings: in 4 cases it has the quality of a chirographic creditor;
- 46 other cases.

The total of 158 cases is structured in this way:

- 126 cases are found in the companies within the scope of consolidation, thus:
 - 68 cases as plaintiff for the amount of 12,424,080 lei;
 - 24 cases as a defendant for the amount of 3,889,873 lei;
 - 31 cases in the insolvency procedure for the amount of 7,812,735 lei;
 - 3 causes as a third party;
- 32 cases belong to the Company and consist mainly of:
 - 12 cases - plaintiff;
 - 14 cases - defendant;
 - 3 cases - in the insolvency procedure;
 - 2 cases - guarantee call;
 - 1 case - intervener

According to their purpose, the cases belonging to the Company are structured as follows:

- 3 cases - companies in insolvency proceedings, thus:
 - in 2 cases the Company has the status of a chiropractor creditor;
 - in a case it has the status of contribution creditor.
- 5 cases - cancellation of A.G.A decisions / cancellation of operations with shares, in which the Company has the status of plaintiff;
- 24 – other cases.

38. EVENTS AFTER THE BALANCE DATE

SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.

1) Concerning the request to convene a General Meeting of Shareholders registered under no. 5071 / 11.06.2019, transmitted by S.I.F. Banat-Crișana S.A. and S.I.F. Muntenia SA, with items on the agenda regarding changes in the administrative and executive management of the Company, in the meeting of the Board of Administration from 08.07.2019, following the analysis of the above mentioned request, the summons of the Ordinary General Meeting of the requested Shareholders was rejected by the joint application registered with the company under no. 5071 / 11.06.2019 formulated by the shareholders of S.I.F. Banat Crișana S.A. and S.I.F. Muntenia S.A. (shareholders holding jointly representing 5.00% of the company's share capital), due to non-compliance with the legal conditions of form and fund.

2) The Board of Administration meeting in the meeting of 08.07.2019 acknowledged the resignation of Mr. Tudor Ciurezu, starting with 01.07.2019, as a member of the Nomination and Remuneration Committee and completed the composition of the Committee with the administrator Anina Radu.

Thus, the new composition of the committee is:

-Ana Barbara Bobirca - non-executive independent administrator, Chairman

-Radu Hanga - non-executive independent administrator

-Anina Radu - non-executive administrator

3) The company took note of the Decision A.S.F. no. 937 / 18.07.2019, which establishes the task of the Board of Administration of the Company to convene and to ensure the holding of the ordinary general meeting of shareholders within a maximum of 45 days from the date of issuing the decision, including on the order of day the points proposed by SIF shareholders Banat Crișana S.A. and S.I.F. Muntenia S.A. by the request registered at the issuer's headquarters with no. 5071 / 11.06.2019.

A.S.F. no. 937 / 18.07.2019 was submitted for analysis to the Board of Administration of the Company in the meeting of 29.07.2019 and the convening of the Ordinary General Meeting of Shareholders was rejected and motivated by lowering the shareholding of the two requesting shareholders under the legal threshold and 5% of the share capital of the Company, according to the Declaration of holdings transmitted by the Financial Investment Company Banat Crișana SA under no. 1663 / 23.07.2019.

4) Also the Company took note of the address A.S.F. no. VPI 4888 / 30.07.2019, regarding the Decision A.S.F. no. 937 / 18.07.2019 establishing by the Board of Administration of the Company the obligation to convene and to ensure the ordinary general meeting of shareholders within 45 days from the date of issuing the decision, without the need for an assessment of the fulfilment of the conditions provided by art. 119 paragraph (1) of Law no. 31/1990.

In the meeting of the Board of Administration from 01.08.2019, the convening of the Ordinary General Meeting of the Shareholders of the company was rejected. Motivation: decrease of the shareholding of the two requesting shareholders below the legal and statutory threshold of 5% of the share capital of the Company, according to the Declaration of holdings transmitted by S.I.F. Banat Crișana S.A. under no. 1663 / 23.07.2019 (registered with the company under no. 6535 / 24.07.2019) and of the failure to fulfil legal conditions of form and substance of the request of the two shareholders.

5) The company has filed a preliminary complaint against the Decision A.S.F. no. 937 / 18.07.2019, requesting its revocation, by the registered address to A.S.F. with no. RG / 21424 / 07.22.2019.

A.S.F. issued Decision no. 1037 / 13.08.2019, by which he rejected the previous complaint made by the Company. Subsequently, on 29.08.2019, the Company registered under no. 48831/2/2019 in the role of the Bucharest Court of Appeal the action by which it requests the annulment of the Decision A.S.F. no. 937 / 18.07.2019, of the Decision A.S.F. no. 1037 / 13.08.2019 and the suspension of the execution of the Decision A.S.F. no. 937 / 18.07.2019 until the final settlement of the case.

6) On 13.09.2019 S.I.F. Oltenia S.A. received a summons according to which the file no. 6001/63/2019, having as object the obligation to do - the authorization to convene the Ordinary General Meeting of Shareholders S.I.F. Oltenia S.A. based on Article 119 paragraph 3 of Law no. 31 / 1990R, S.I.F. Banat-Crișana S.A. and S.I.F. Muntenia S.A. as applicants. The court gave first term on 01.10.2019.

38. EVENTS AFTER THE BALANCE DATE (continued)

CONSTRUCȚII FERROVIARE CRAIOVA S.A.

The mandate agreement of Mr. Țenea Aurel - General Manager for the period 01.07.2019 - 31.12.2019 was extended.

VOLTALIM S.A. CRAIOVA

The mandate agreement of Mr. Pătrașcu Doru Dorel - General Manager for the period 01.08.2019 - 31.12.2019 was extended.

None of the companies included in the consolidation scope fall under OMFP no. 881/25 June 2012, respectively, are not obliged to prepare and report financial statements under IFRS. They manage the accounting records according to the regulations of OMFP 1802/2014 for the approval of the accounting regulations regarding the individual annual financial statements and the consolidated annual financial statements. In order to consolidate, they prepare the second set of financial statements under IFRS. The financial statements prepared in accordance with IFRS result by restating the financial statements prepared on the basis of OMFP 1802/2014.

The interim consolidated financial statements have been prepared in accordance with regulation no. 39/2015 for approving the accounting regulations conforming to the international financial reporting standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector.

These financial statements are intended exclusively for use by the Group, its shareholders and ASF and do not generate changes in the rights of shareholders regarding dividends.

Associate Professor PhD Ec. Ciurezu Tudor
Chairman/General Manager

Associate Professor PhD Bușu Cristian
Vice-chairman/Deputy General Manager

Ec. Sichigea Elena
Financial Manager