SOCIETATEA DE INVESTIŢII FINANCIARE OLTENIA S.A.

Individual financial statements on 31st March 2016

prepared in accordance with Regulation no. 39/2015 for the approval of Accounting Regulations compliant with International Standards of Financial Reporting, applicable to all authorized entities, settled and supervised by the Financial Supervision Authority from the Sector of Financial Instruments and Investments

NOT AUDITED

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Individual statement of profit or loss and of other elements of the global result
prepared on 31st March 2016

In RON	Note	31st March 2016	31st March 2015
Revenues			
Revenues from dividends	6	85,901	83,836
Revenues from interests	7	5,324	77,342
Other operational revenues	8	171,946	57,912
Net profit from differences of exchange rate		(256,048)	504,184
Net profit from assets sale	9	12,991,842	8,628,064
Expenditures			
Administration and supervision fees and taxes	10	(423,642)	(534,850)
Revenues from retaking commissions for risks and expenditures		505,567	-
Other operational expenditures	11	(2,563,761)	(2,005,251)
Profit before taxation		**10,517,129**	**6,811,237**
Profit tax	12	1,791,637	1,119,943
Net profit of the financial exercise		**8,725,492**	**5,691,294**
Other elements of the global result		(92,117,175)	-
Revaluation at fair value of financial assets available for sale transferred in profit or losses			
		(13,706,852)	(4,801,912)
Total global result related to the period			
		(97,098,535)	**889,382**
Result per share			
Basic	27		
		0.0150	0.0098

Associate prof. PhD ec. Ciurezu Tudor — President/ General Manager

jr. Radu Anina — Vice President/ Deputy General Manager

ec. Sichigea Elena — Economic Manager

Notes from page 6 to page. 47 are part of the present individual financial statements.

Individual statement of financial position
prepared on 31st March 2016

In RON	Note	31st March 2016	31st December 2015
Assets			
Cash and cash equivalents	13	1,840,447	762,407
Deposits placed in banks	14	4,678,789	5,813,698
Financial assets available for sale	15	1,543,304,319	1,668,679,019
Credits and receivables	16	13,227,568	4,467,266
Tangible assets	17	11,701,950	11,822,860
Real estate investments	18	438,571	438,571
Other assets	19	511,078	367,280
Total assets		**1,575,702,722**	**1,692,351,101**
Debts			
Payment dividends	20	80,556,222	81,027,502
Taxes and fees	21	1,930,976	2,541,343
Debts with deferred tax	22	115,481,913	135,643,658
Other debts	23	11,647,576	9,958,816
Total debts		**209,616,687**	**229,171,319**
Own equity	24		
Social equity		58,016,571	58,016,571
Adjustments of the social equity		631,852,524	631,852,524
Other elements of own equity		580,457,294	686,281,321
Reserves from revaluation of tangible assets		7,996,845	8,077,015
Legal and statutory reserves		17,782,035	17,782,035
Other reserves	25	2,387,864,253	2,387,864,253
Referred result following the application of IAS 29 on social equity and reserves		(2,438,631,885)	(2,438,631,885)
Referred result following the application of IAS less IAS 29		112,022,906	(20,467,063)
Current profit		8,725,492	132,405,011
Total own equity		**1,366,086,035**	**1,463,179,782**
Total debts and own equity		**1,575,702,722**	**1,692,351,101**

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Notes from page 6 to page. 47 are part of the present individual financial statements.

Individual statement of own equity modifications
prepared on 31st March 2016

- lei –

	Inflated social capital	Reserves from the revaluation of tangible assets	Legal and statutory reserves	Other reserves	Reserves from the revaluation of financial assets available for sale	Other elements of own equity	Referred result following the application IAS 29 on social equity and reserves	Profit accumulated	TOTAL
BALANCE ACCOUNT ON 1st January 2016	**689,869,095**	**8,077,015**	**17,782,035**	**2,387,864,253**	**689,343,001**	**(3,061,680)**	**(2,438,631,885)**	**111,937,948**	**1,463,179,782**
GLOBAL RESULT	**-**	**-**	**-**	**-**	**-**	**-**	**-**		
Profit of the financial exercise								**8,725,492**	**8,725,492**
Other elements of the global result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Increases/decreases of reserves from the revaluation of tangible assets net of deferred tax	-	(80,170)	-	-	-	-	-	80,170	-
2. Net variation of the reserve from the evaluation of financial assets available for sale (net of deferred tax)	-	-	-	-	(92,117,175)	-	-	-	(92,117,175)
3. Reserve related to financial assets available for sale transferred in profit or losses	-	-	-	-	(13,706,852)	-	-	-	(13,706,852)
TOTAL GLOBAL RESULT related to the period	**-**	**(80,170)**	**-**	**-**	**(105,824,027)**	**-**	**-**	**80,170**	**(105,824,027)**
Deferred tax related to the retained result excess revaluation not achieved taxed	-	-	-	-	-	-	-	4,788	4,788
Transactions with shareholders directly recognized in own equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Dividends prescribed according to law – transfer in the profit or loss account from other reserves	-	-	-	-	-	-	-	-	-
2. Payment dividends related to the year 2015	-	-	-	-	-	-	-	-	-
TOTAL TRANSACTIONS WITH SHAREHOLDERS DIRECTLY RECOGNIZED IN OWN EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
BALANCE ACCOUNT ON 31st MARCH 2016	**689,869,095**	**7,996,845**	**17,782,035**	**2,387,864,253**	**583,518,974**	**(3,061,680)**	**(2,438,631,885)**	**120,748,398**	**1,366,086,035**

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Individual statement of own equity modifications
prepared on 31st December 2015

- lei -

	Inflated social capital	Reserves from the revaluation of tangible assets	Legal and statutory reserves	Other reserves	Reserves from the revaluation of financial assets available for sale	Other elements of own equity	Referred result following the application IAS 29 on social equity and reserves	Profit accumulated	TOTAL
BALANCE ACCOUNT ON 1st January 2015	**689,869,095**	**7,999,476**	**17,782,035**	**2,445,274,777**	**615,731,332**	**-**	**(2,438,631,885)**	**47,511,156**	**1,385,535,986**
GLOBAL RESULT									
Profit of the financial exercise								**132,405,011**	**132,405,011**
Other elements of the global result									
1. Increases/decreases of reserves from the revaluation of tangible assets net of deferred tax		77,539							77,539
2. Net variation of the reserve from the evaluation of financial assets available for sale (net of deferred tax)					10,861,400				10,861,400
3. Reserve related to financial assets available for sale transferred in profit or losses					(31,205,766)				(31,205,766)
TOTAL GLOBAL RESULT related to the period		**77,539**			**(20,344,366)**				**(20,266,827)**
Other reserves – own financing sources				25,256,244				(25,256,244)	
Other elements of own equity (deferred tax related to reserves)						(3,061,680)			(3,061,680)
Other transfers (retained result, free shares from profit)								26,897,911	26,897,911
Transfer of free shares in balance account					93,956,035	-	-	-	93,956,035
Transactions with shareholders directly recognized in own equity									
1. Dividends prescribed according to law – transferred in the profit or loss account from other reserves				(82,666,768)					(82,666,768)
2. Payment dividends related to the year 2014								(69,619,886)	(69,619,886)
TOTAL TRANSACTIONS WITH SHAREHOLDERS DIRECTLY RECOGNIZED IN OWN EQUITY				(82,666,768)				(69,619,886)	**(152,286,654)**
BALANCE ACCOUNT ON 31st DECEMBER 2015	**689,869,095**	**8,077,015**	**17,782,035**	**2,387,864,253**	**689,343,001**	**(3,061,680)**	**(2,438,631,885)**	**111,937,948**	**1,463,179,782**

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Individual statement of treasury flows
prepared on 31st March 2016

- lei -

Name of element	Financial year	
	31.12.2015	**31.03.2016**
A	*1*	*2*
Treasury flows from exploitation activities		
Cashes from customers, other cashes	1,404,049	134,03
Cashes from sales of financial investments (participation securities)	128,293,435	11,069,790
Payments for the acquisition of shares	(101,823,481)	(5,299,964)
Payments to suppliers and employees, other payments	(12,808,626)	(2,306,850)
Payments to state budget, social insurances budget and local budget	(4,126,886)	-942,93
Interests cashed	335,58	1,73
Dividends cashed	25,584,309	-
Interests paid	-	-
Profit tax paid	(14,635,599)	-339,72
Cashes from insurance against earthquakes	-	-
Net cash from exploitation activities	**22,222,776**	**2,316,085**
Treasury flows from investment activities:		
Payments for acquisition of tangible assets	-36,1	-
Cashes from sale of tangible assets	619,66	-
Net cash from investment activities	**583,56**	**-**
Treasury flows from financing activities:		
Cashes from emission of shares	-	-
Cashes from long term loans	-	-
Payment of debts related to financial leasing	-	-
Dividends paid	(46,475,860)	-471,25
Tax on dividends paid	(9,253,230)	(1,905,174)
Net treasury from financing activities	**(55,729,090)**	**(2,376,426)**
Treasury net increase and cash equivalents	(32,922,754)	-60,34
Cash and cash equivalents at the beginning of the financial year	39,497,855	6,575,101
Cash and cash equivalents at the end of the financial year	6,575,101	6,514,760

1. Reporting entity

Societatea de Investitii Financiare Oltenia S.A. (hereinafter named „The Company") was founded on 01.11.1996 in Craiova - Romania, based on the provisions of Law no. 133/1996, law for transformation of Private Property Funds in Financial Investment Companies.

The Company was founded by transforming Private Property Fund V Oltenia.

The company is a collective investment body which operates under Law no. 31/1990 on trading companies and Law no. 297/2004 regarding the capital market, as further amended and supplemented.

The company is self managed.

The Company is based in Craiova, Tufanele street, no. 1, postal code 200767, Dolj county.

The Company is registered with:

- Chamber of Commerce and Industry Oltenia, Sole Registration Code 4175676, fiscal attribute RO ;

- National Commission of Securities (RNSC) as Another Collective Investment Body with a diversified policy under Decision no. 1958/02.09.1999 and registered in the R.N.S.C. Register with no. PJR09SIIR/160003/14.02.2006. As of 30th April 2013, according to OUG no. 93/dec. 2012 provisions, the Financial Supervision Authority (ASF) is founded, which takes over the attributions of the National Commission of Securities, of the Supervisory Commission of the Private Pension System and of the Supervisory Commission of Insurances;

- Record Office of Securities under Certificate no. 419/07.09.1999.

The Company shares are listed at Bucharest Stock Exchange, Premium Category, with market symbol SIF 5, starting from 01.11.1999.

The evidence of shareholders and Company shares is held by S.C. DEPOZITARUL CENTRAL S.A. Bucharest.

The storage activity under law and R.N.S.C./ A.S.F. regulations is provided by Raiffeisen Bank S.A. - Bucharest Branch.

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

-administration and management of shares in commercial companies for which own shares were issued, corresponding to the Ownership Certificates and Privatization Nominal Coupons subscribed by citizens according to the provisions of art. 4 paragraph 6 of Law no. 55/1995;

- management of own portfolio of securities and making investments in securities according to regulations in force;

- other similar and adjacent activities, according to regulations in force, as well as of management of own assets

Social equity subscribed and transferred is of 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.

2. Bases of elaboration

a) Statement of compliance

The present financial statements of the Company have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (“IFRS”).

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

2. Bases of elaboration *(continuation)*

a) Statement of compliance *(continuation)*

In accordance with the provisions of Regulations no. 1606/2002 of the European Parliament and the Council of European Union of 19th July 2002, as well as of RNSC Decision no. 1176/15.09.2010, the financial investments companies have the obligation to prepare and submit to RNSC (ASF) consolidated annual financial statements, in accordance with International Financial Reporting Standards adopted by the European Union, within 8 months from the closing of the financial year. The consolidated financial statements of the Group S.I.F. Oltenia S.A. on 31.12.2015 will be drafted, approved and made public until 31.08.2016. They will be available on the Company`s website: www.sifolt.ro.

The accounting records of the Company are reflected in RON.

b) Presentation of financial statements

IFRS individual financial statements are presented in accordance with IAS 1 "Presentation of financial statements".

Presentation adopted by the company is based on the liquidity in the statement of financial position, and revenues and expenditures presentation was made in relation to their nature in the situation of global result. The company believes these presentation methods provide information that are reliable and more relevant than those that would have been presented based on other methods allowd by IAS 1 "Presentation of Financial Statements".

c) Functional and presentation currency

Leadership believes that functional currency as it is defined by IAS 21 "The effects of exchange rate fluctuations" is the Romanian leu (lei). The individual financial statements are prepared in lei, rounded to the nearest leu, which is also the presentation currency.

d) Bases of evaluation

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

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

e) Use of estimates and judgements

Preparation of individual financial statements in accordance with IFRS as adopted by the European Union requires the use by the leadership of certain estimates, judgements and assumptions that affect the application of accounting policies as well as the reported value of assets, debts, revenues and expenditures of the Company. Judgements and assumptions associated with these estimates are based on historical experience as well as other factors considered reasonable in the context of these estimates. The result of estimates forms the basis of judgements regarding the accounting values of assets and debts that cannot be obtained from other sources of information. The results obtained may differ from the values of estimates.

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

3. Significant accounting policies

According to IAS 8 „Accounting policies, changes in accounting estimates and errors", accounting policies represent the principles, bases, conventions, rules and specific practices applied in preparing and presenting the financial statements .

The policies that will be presented below have been consistently applied to all periods presented in these financial statements.

The financial statements are prepared on the basis of the principle that the Company will continue its activity in the foreseeable future. To assess the applicability of this principle, the management analyzes the provisions regarding future cash flows.

a) Branches and associated entities

Branches are entities controlled by the Company. The control exists when the Company has the power to govern, directly or indirectly, the financial and operational policies of an entity so as to obtain benefits from its activities. When assessing control are also taken into account the potential or convertible voting rights that may be exercised at the time.

The associated entities are those companies in which the Company can exercise a significant influence, but not control over financial and operational policies.

The list of branches and associated entities on 31.03.2016 respectively 31.12.2015, is presented in Note 31.

The Company has classified and accounted in these individual financial statements investments in branches and associated entities as financial assets available for sale in accordance with IAS 39,„Financial instruments: recognition and evaluation".

b) Transactions in foreign currencies

Transactions expressed in foreign currency are recorded in lei at the official exchange rate from the date of transactions discount. Monetary assets and liabilities registered in estimates at the date of preparation of the financial position are transformed into lei at the exchange rate of the day. Gains or losses from their settlement and from the conversion using the exchange rate at the end of the financial year of monetary assets and liabilities denominated in foreign currency are recognized in the profit or loss account, except for those which have been recognized in the own equities as a result of registration in accordance with accountancy of risks covering.

Conversion differences on non-monetary elements, such as securities held at fair value through profit and loss account, are presented as gains or losses from fair value. Conversion differences on non-monetary elements, such as financial instruments classified as available for sale, are included in the reserve derived from the modification of fair value of these financial instruments.

The exchange rates of foreign currencies used on the reporting date are:

:

Currency	31st March 2016	31st December 2015	Variation
EUR	4.4738	4.5245	- 1.12%
USD	3.9349	4.1477	-5.13%

c) Accounting the effect of hyperinflation

According to IAS 29 "Financial Reporting in Hyperinflationary Economies", the individual financial statements of a company whose functional currency is the currency of a hyperinflationary economy should be stated in terms of current purchasing power of the currency at the date of elaboration of the statement of financial position, that is non monetary items are restated by the application of the general price index from the date of purchase or contribution. IAS 29 states that an economy is considered hyperinflationary if, among other factors, the cumulated inflation rate exceeds 100% over a period of three years.

3. Significant accounting policies *(continuation)*

c) Accounting the effect of hyperinflation *(continuation)*

The continuous decline of inflation rate and other factors related to economic environment in Romania, indicate that the economy whose currency has been adopted by the company ceased to be hyperinflationary, with effect on the financial periods beginning from 1st January 2004. Thus, the provisions of IAS 29 have been adopted in preparing these financial statements until 31st December 2003.

Thus, the amounts expressed in the measuring unit current on 31st December 2003 are treated as the basis for the accounting values reported in the individual financial statements and do not represent evaluated values, replacement cost, or any other measure of the current value of assets or of prices at which transactions would occur at this time.

For the preparation of financial statements in terms of IFRS, the company adjusted to be expressed in the measuring unit current on 31st December 2003 the following elements:

- equity and elements of the type of reserves; (Note 24);
- financial assets available for sale evaluated at cost, for which there is no active market or the market is not active.

Tangible assets are presented at revaluated value on 31st March 2016 and 31st December 2015. The most recent review was conducted by the company on 31st December 2015.

d) Cash and cash equivalents

Cash comprises availability in cash register and in banks and demand deposits.

Cash equivalents are short-term financial investments, very liquid, which are easily convertible into cash and which are subject to an insignificant risk of change in value.

In preparing the statement of cash flows, have been considered as cash and cash equivalents: the effective cash, current accounts in banks and deposits with an original maturity less than 90 days.

e) Financial assets and liabilities

- ***Classification***

The company classifies the financial instruments held in the following categories:

Financial assets or liabilities evaluated at fair value through profit or loss account

In this category are included financial assets or liabilities held for trading, derived financial instruments, structured and financial instruments classified at fair value through profit or loss account at the moment of initial recognition. An asset or a financial liability is classified in this category if it was acquired mainly for speculative purpose (with the purpose of generating short term profit) or if it was designated in this category by the company management.

Derived financial instruments, structured are classified as held for trading if they do not represent instruments used to hedge accounting.

The Company does not hold financial assets or liabilities held for trading classified at fair value thorugh profit and loss account on 31st March 2016 and 31st December 2015.

Investments held until maturity

Investments held until maturity represent non-derivative financial assets with fixed or determinable payments, and with fixed maturity, which the Company has the positive intent and the capacity to hold them until maturity, other than:

- those that the Company, on initial recognition, designates as being evaluated at fair value through profit or loss;
- those that the Company designates as available for sale; and
- those that meet the definition of credits and receivables.

3. Significant accounting policies *(continuation)*

e) Financial assets and liabilities *(continuation)*

The Company shall not classify any financial asset as held to maturity if the Company sold or reclassified, in the current financial year or in the last two financial years preceding, more than one insignificant amount from the investments held to maturity (more than insignificant in relation to the total value of investments held to maturity) other than those from sales or reclassifications that:

- are so close to maturity or the anticipated date of repayment of the financial asset (for example, less than three months before maturity) so that changes in the market interest rates have no significant effect on the fair value of the financial asset;
- occur after the Company has collected the greatest share of the initial value of financial asset through scheduled payments or anticipated payments; or
- can be attributed to an isolated event falling outside the scope of control of the Company, are not repeated and could not have been reasonably anticipated by the Company.

Credits and receivables

Credits and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted on an active market, other than:

- those which the Company intends to sell immediately or in the near future, which shall be classified as held for trading, and those that the Company, on initial recognition, designates to fair value through profit or loss;
- those that the Company, on initial recognition, designates as available for sale; or
- those for which the holder may not recover substantially all of the initial investment, for other cause than credit deterioration, which shall be classified as available for sale.

Financial assets available for sale

Financial assets available for sale are those non derivative financial assets that are designated as available for sale or that are not classified as loans and receivables, investments held until maturity or financial assets at fair value through profit or loss.

After initial recognition, financial assets available for sale for which there is an active market, are evaluated at fair value, and the modifications of fair value, other than impairment losses, as well as gains and losses resulted from the exchange rate variation related to monetary elements available for sale, are directly recognized in own capitals (other elements of the global result).

On derecognition of the asset, the cumulated gain or loss recognized in own capitals, is transferred to profit or loss account.

The company classified all securities held in the social capital of other issuers as financial assets available for sale.

- ***Recognition***

Financial assets and liabilities are recognized on the date on which the Company becomes a contractual party to the conditions of the respective instrument. Financial assets and liabilities are measured at the moment of initial recognition at fair value plus trading costs directly attributable, except for financial assets at fair value through profit or loss account, for which the trading costs are not included in the value of the instrument and of investments in shares whose fair value could not be reliably determined and which are initially recognized at cost.

3. Significant accounting policies *(continuation)*

e) Financial assets and liabilities *(continuation)*

- ***Compensations***

Financial assets and liabilities are compensated, and the net result is presented in the statement of financial position only when there is a legal right of compensation and there is the intention of their settlement on a net basis or if the Company intends to realize the asset and to settle debt simultaneously.

Incomes and expenses are presented in net manner only when permitted by accounting standards, or for profit and loss resulted from a group of similar transactions such as those from the trading activity of the Company.

- ***Evaluation***

After initial recognition, the Company should evaluate financial assets, including derivative instruments that form assets, at their fair value, without any deduction for trading costs that may be incurred on sale or other disposal, except for the following categories of financial assets:

a) credits and receivables, which shall be evaluated at amortized cost through the effective interest method;

b) investments held to maturity, which shall be evaluated at amortized cost through the effective interest method; and

c) investments in equity instruments that do not have a market price listed on an active market and whose fair value can not be reliably evaluated and derivative instruments that are linked to and which must be settled by delivery of such instruments of own unlisted equity which shall be evaluated at cost.

All financial assets, except for those evaluated at fair value through profit or loss, are periodically tested for impairment.

After initial recognition, the Company must evaluate all financial liabilities at amortized cost through the effective interest method, except for:

- financial liabilities evaluated at fair value through profit or loss. Such liabilities, including derivative instruments that are liabilities, are evaluated at fair value, except for derivative liabilities that are linked to and must be settled by the delivery of an unquoted equity instrument whose fair value cannot be reliably evaluated; these derivative liabilities must be evaluated at cost;

- financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition and is accounted for using the continuing involvement approach.

Evaluation at amortized cost

The amortized cost of a financial asset or of a financial liability is the amount at which the financial asset or the financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulated amortization using the effective interest method for each difference between the initial value and the value at maturity and minus any reduction (direct or by using an adjustment account) for impairment or recovery failure.

The effective interest rate represents the rate that exactly discounts future payments and receipts in cash over the expected life of the financial instrument or, where appropriate, for a shorter period, until the level of net accounting value of the financial asset or financial liability. When calculating the effective interest rate, the Company must estimate cash flows by considering all contractual terms of the financial instrument, but shall not consider future losses from the change in credit risk. The calculation includes all fees and points paid or received by participating parties in the contract that are an integral part of the effective interest rate, the trading costs and all the other premiums and discounts.

3. Significant accounting policies *(continuation)*

e) Financial assets and liabilities *(continuation)*

Evaluation at fair value

The fair value is the price that would be received at the sale of an asset or paid to settle a debt in a transaction conducted under normal conditions between participants on the main market, on the evaluation date, or in the absence of the main market, on the most advantageous market in which the Company has access on that date.

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

A financial instrument is regarded as listed in an active market when listed prices are readily and regularly available from an exchange, a dealer, a broker, an association of industry, a service for establishing prices or a regulatory agency, and these prices reflect real transactions occurring really and regularly, carried out under objective conditions of the market.

In the category of shares listed on an active market are included all those shares admitted to trading on the Bucharest Stock Exchange or alternative market and having frequent transactions. The criterion determining the active market should be set so as to ensure a stable portfolio of shares valued at cost / fair value from one reporting period to another. The market price used to determine fair value is the market closing price of the last trading day prior to the evaluation date.

Securities issued by Collective Investments Bodies are evaluated at the last unitary value of the net asset, calculated and published.

Fair value of financial instruments traded on an active market is evaluated as the product between the price listed for the asset or individual liability and the quantity held by the Company.

- ***Identification and evaluation of value impairment***

The Company must evaluate for each reporting period insofar as there is any objective evidence that a financial asset or a group of financial assets is impaired.

If there is any evidence of this type, the Company must apply the following provisions in order to determine the value of any impairment loss, different for:

- financial assets carried at amortized cost;
- financial assets available for sale carried at fair value or at cots.

Financial assets measured at amortized cost

If there is objective evidence that there has been an impairment loss on credits and receivables or on investments held to maturity carried at amortized cost, the loss is measured as difference between the accounting value of the asset and the updated value of future cash flows estimated (excluding future losses of credit that were not borne), updated with initial rate of effective interest of the financial asset (that is effective interest rate calculated at the initial recognition).

3. Significant accounting policies *(continuation)*

e) Financial assets and liabilities *(continuation)*

Whenever there is such an impairment loss, the accounting value of the asset must be reduced either directly or by using an adjustment account for impairment.

The amount of the impairment loss is recognized in profit or loss.

In the event that, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement of the debtor`s credit rating), the impairment loss previously recognized must be reversed using an adjustment account for impairment.

The reversal shall not result in an accounting value of the financial asset greater than the amount which would have represented the amortized cost if no impairment had been recognized at the date the impairment is reversed.

The loss amount must be recognized in profit or loss.

Financial assets available for sale

When a decrease of fair value of a financial asset available for sale was recognized in other items of global result (directly in own equity) and there is objective evidence that the asset is impaired, the cumulative loss that was recognized in other items of global result shall be reclassified from own equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised.

The amount of the cumulative loss that is reversed from own equity and recognized in the statement of global result shall be the difference between the acquisition cost (net of any principal payment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Losses from impairment recognized in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed in profit or loss.

If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall resume and the reversal amount recognized in profit or loss.

If there is objective evidence that an impairment loss of an unlisted instrument of own equity which is not carried at fair value because its fair value cannot be reliably evaluated was borne, the amount of the impairment loss is evaluated as the difference between the accounting value of the financial asset and the updated vale of future cash flows estimated using the internal current rate of return on the market for a similar financial asset. Such impairment losses shall not be reversed in profit or loss account.

In order to determine whether an asset is impaired, the Company takes into account the loss-relevant events, such as long-term and significant decrease in the fair value below cost; market conditions and of the activity field, to the extent that they influence the recoverable value of the asset; financial condition and near-term prospects of the issuer, including any specific adverse events that may affect the operations carried out by the issuer, the issuer's recent losses, qualified independent auditor's report on the most recent financial statements of the issuer, etc.

3. Significant accounting policies *(continuation)*

e) Financial assets and liabilities *(continuation)*

Given the inherent limitations of the methodologies used and significant uncertainty in evaluation of assets on international and local markets, the Company estimates may be revised significantly after the approval date of the financial statements.

Derecognition

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

On derecognition shares are detracted using the FIFO method (first in, first out).

Any interest in transferred financial assets that is retained by the company or created for the Company is recognized as a separate asset or liability.

Company derecognizes a financial liability when its contractual obligations ended or when the contractual obligations are cancelled or expire.

- ***Gains and losses***

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

- Gains or losses arising from financial assets or financial liabilities classified as being evaluated at fair value through profit or loss are recognized in profit or loss;
- Gains or losses generated from a financial asset available for sale are recognized in other elements of the global result, except for impairment losses and gains and losses from differences of the exchange rate until the financial asset is derecognized.

That moment, the cumulative gain or loss previously recognized in other elements of the global result are reclassified from own equity to profit or loss as adjustment from reclassification.

For financial assets and financial liabilities carried at amortized cost, a gain or a loss is recognized in profit or loss when the financial asset or financial liability is derecognized or impaired, and through the amortization process.

In case of financial assets recognized using accounting at settlement date, any change in fair value of the asset to be received during the period between the trade date and settlement date is not recognized for assets registered at cost or amortized cost (except for impairment losses). For assets accounted at fair value, however, change in fair value should be recognized in profit or loss or in own equity, as appropriate.

- ***Reclassifications***

The Company:

- must not reclassify a derivative instrument ouside the category of instruments evaluated at fair value through profit or loss while it is held or issued;

- must not reclassify any financial instrument outside the category of instruments evaluated at fair value through profit or loss if upon initial recognition was designated by the Company at fair value through profit or loss; and

- may, if the financial asset is no longer held for sale or repurchase in the near future (despite the fact that the financial asset may have been acquired or have arisen in particular for the purpose of selling or repurchasing in the near future), reclassify that financial asset outside the category of

3. Significant accounting policies *(continuation)*

e) Financial assets and liabilities *(continuation)*

instruments evaluated at fair value through profit or loss.

The company must not reclassify any financial instrument into the category of instruments evaluated at fair value through profit or loss after initial recognition.

If, following a change in intention or ability, it is no longer appropriate the classification of an investment as being held to maturity, it must be reclassified as available for sale and will be revalued at fair value.

Whenever sales or the reclassification of a more than insignificant value of investments held to maturity does not satisfy any of the conditions in IAS 39.9, all investments held to maturity remaining must be reclassified as available for sale.

If a reliable evaluation becomes available for a financial asset or a financial liability for which such an assessment was not previously available, the asset or liability must be evaluated at fair value, and the difference between its accounting value and fair value must be carried in own equity or in profit or loss.

If, at some point, a financial asset or a financial liability shall be carried at cost or at amortized cost, and not at fair value, the fair value of the financial asset or of the financial liability on that date becomes its new cost or amortized cost, according to case; this situation may occur:

- after a change in intention or ability of the Company;
- in the rare instances where a reliable evaluation of fair value is no longer available.

Any previous gains or losses from that asset which were recognized in other elements of the global result shall be accounted for as follows:

- in case of a financial asset with a fixed maturity date , the gain or loss should be amortized in profit or loss over the remaining useful life of the investment held to maturity using the effective interest method. Any difference between the new amortized cost and the maturity amount shall also be amortized over the remaining life of the financial asset using the effective interest method, similar to the amortization of a premium and a discount. If the financial asset further depreciates, any gain or loss that was previously recognized directly in other elements of the global result is reclassified from own quity to profit or loss;
- in case of a financial asset that does not have a fixed maturity date, the gain or loss shall be recognized in profit or loss until the financial asset will be sold or disposed of in another way. If the financial asset further depreciates, any gain or loss that was recognized in other elements of the global result is reclassified from own equity to profit or loss.

f) Other financial assets and liabilities

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

g) Intangible assets

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

3. Significant accounting policies *(continuation)*

g) Intangible assets *(continuation)*

- ***Subsequent expenditure***

Subsequent expenditure is 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 depreciation of commercial fund and internally generated brands, are recognized in profit or loss account when incurred.

- ***Depreciation of intangible assets***

Depreciation is calculated for the cost of the asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss using the straight-line method for the estimated useful life of intangible assets from the date they are available for use, this method more accurately reflects the expected pattern of consumption of the economic benefits embodied in the asset.
Estimated useful lives for the current and comparative periods are as follows: Computer software - 3 years.
Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted accordingly.
From the company history, it resulted that the residual value of assets is not significant and therefore the depreciation calculation does not take into account the residual value.

h) Tangible assets

- ***Recognition and evaluation***

Tangible assets recognized as assets are initially evaluated at acquisition cost (for those purchased against payment), at the value of contribution (for those received as contribution in kind to the establishment / capital increase), respectively the fair value at the acquisition date for those received for free.
The cost of an item of tangible assets comprises the purchase price, including non-recoverable taxes, after deducting any price discounts of commercial type and any costs directly attributable to bringing the asset to the location and condition necessary for it to be used to the goal set by management, such as: staff costs arising directly from the construction or acquisition of assets, the cost of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees.

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

- lands and constructions;
- technical installations and means of transport;
- other installations, equipments and furniture

- ***Evaluation after recognition***

For subsequent recognition, the company adopted the revaluation model.
After recognition as an asset, according to the revaluation model, tangible assets items of the kind of constructions and lands whose fair value can be reliably measured are accounted at a revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

Other tangible assets are measured at cost minus cumulated amortization and eventual impairment losses.

Revaluations shall be made with sufficient regularity to ensure that the accounting value does not differ significantly from that which would be determined using fair value on the date of the reporting period.

The fair value of lands and buildings is generally determined based on market evidence, by an assessment carried out by qualified professional assessors.

The fair value of tangible assets elements is generally their market value determined by evaluation.

The frequency of revaluations depends on the modifications of fair value of revalued tangible assets. In case the fair value of a revalued asset differs significantly from the accounting value, a new revaluation is required.

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

When an item of tangible assets is revalued, any accumulated depreciation on the revaluation date is treated by the company in the following way: it is eliminated from the gross accounting value of the asset and the net value, determined after correcting the value adjustments, is recalculated at revalued value of the asset. This method is often used for buildings which are revalued at market value. The accounting value of the asset after revaluation will be equal with its revalued amount.The value of adjustment is part of the increase or decrease of the accounting value which is accounted for as follows:

- if an asset accounting value is increased as a result of a revaluation, the increase is recognized in other elements of global result and accumulated in own equity, with the title of revaluation excess.

- if the increase offsets a reduction in the revaluation of the same asset, previously recognized in profit or loss, it is recognized in profit or loss.

- if the accounting value of an asset is decreased following a revaluation,this decrease is recognized in profit or loss. However, the reduction will be recognized in other elements of global result to the extent that the revaluation surplus presents a credit balance for that asset. The reduction recognized in other elements of the global result reduces the amount accumulated in own equity under the heading of revaluation surplus.

Transfers from revaluation surplus to retained earnings is not made through profit or loss.
Lands and buildings are stated at revalued amount, representing the fair value at the date of revaluation less accumulated depreciation and impairment losses. Revaluations are performed by specialized evaluators, ANEVAR members.

The frequency of revaluations is dictated by the dynamics of the markets to which lands and buildings owned by the Company belong.

The last revaluation of buildings and lands was performed on 31.12.2015.

- ***Subsequent costs***

Expenditures with daily maintenance and repairs of fixed assets are not capitalized; they are recognized as costs of the period in which they arise. These costs consisted primarily of costs of labor and consumables, and may include the cost of components of little value.

Expenses with maintenance and repairs of tangible assets are recorded in the profit and loss account when they occur.

Significant improvements brought to tangible assets, that increase the value or life of them, or that significantly increase generation capacity of economic benefits by them, are capitalized (adequately increase the accounting value of that intangible asset).

Significant accounting policies *(continuation)*

h) Tangible assets *(continuation)*

- ***Depreciation***

Depreciation is calculated at accounting value (acquisition cost or revalued amount, minus residual value) for the activity they are destined for. Depreciation is recognized in profit or loss account using the straight-line method for the estimated useful life of tangible assets (less lands and intangible assets in progress), it is registered as of the date they are available for use for the activity they are destined for, this method reflecting more accurately the expected pattern of consumption of the economic benefits embodied in the asset.

Depreciation of an asset ceases at the earliest of 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 the date that the asset is derecognised.

Each part of an item of tangible assets which presents a significant cost to the total cost of that item, shall be depreciated separately.

Estimated useful lives for the current and comparative periods are as follows:

- Buildings	12-50 years
- technical installations and means of transport	3-20 years
- Other installations, equipment and furniture	3-15 years

The depreciation methods, the useful lives estimated, as well as residual values are revised by the company management each reporting date.

From the company history, it resulted that the residual value of assets is not significant and therefore the depreciation calculation does not take into account the residual value.

- ***Impairment***

An asset is impaired when its accounting amount exceeds its recoverable value.
At each reporting date, the Company shall determine whether there are indications of impairment of assets. If such indications are identified, the Company shall estimate the recoverable amount of the asset.
If an asset accounting value is decreased as a result of a revaluation, this decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other elements of global result to the extent that the revaluation surplus presents a credit balance for that asset. Reduction recognized in other elements of global result reduces the amount accumulated in own equity under the heading of revaluation surplus.
Land is not depreciated. Impairment of other tangible assets is calculated using the straight-line method, allocating costs related to the residual value, according to the corresponding lifetime.

- ***Derecognition***

The accounting value of an item of tangible assets is derecognised (eliminated from the statement of financial position) on disposal or when no future economic benefits are expected from its use or disposal.

Tangible assets which are retired or sold are removed from the balance sheet with the corresponding accumulated depreciation. Gains or losses resulting from the derecognition of a tangible asset item is included in the current profit or loss account when the element is derecognized.

3. Significant accounting policies *(continuation)*

i) Real estate investments

Real estate investments are real estate properties (lands, buildings or parts of a building) owned by the Company for the purpose of rent or to increase the value or both, and not :

- to be used for production or supply of goods or services or for administrative purposes;

or

- to be sold in the ordinary course of business.

Certain properties include a portion which is held to be leased or in order to increase the value and another portion that is held for producing goods, rendering services or for administrative purposes.

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

- ***Recognition***

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

- it is probable that a future economic benefit associated to real estate investment enter in the Company;
- the cost of real estate investment can be reliably evaluated.

- ***Evaluation***

Initial evaluation

A real estate investment is initially evaluated at cost, including trading costs. The cost of a real estate investment purchased is formed from its purchase price plus any directly attributable expenditure (for example, professional fees for rendering legal services, taxes for the transfer of the property right and other trading costs).

Subsequent evaluation

The Company`s accounting policy regarding the subsequent evaluation of real estate investments is based on the fair value model. This policy is uniformly applied to all real estate investments. The evaluation of fair value of real estate investments is performed by evaluators members of the National Association of Evaluators of Romania (ANEVAR). The fair value is based on market price quotations, adjusted, where appropriate, to reflect differences in the nature, location or conditions of that asset. These evaluations are regularly reviewed by the Company management.

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

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

- ***Transfers***

Transfers to and from the category of real estate investment shall be made when and only when there is a change in use, evidenced by:

- beginning the use by the Company – for transfers from the category of real estate investments in the category of tangible assets used by the Company;
- the beginning of the planning process in anticipation of the sale –for transfers from the category of real estate investments in the category of stocks, accounted for in accordance with IFRS 5;
- the end of the use by the Company – for transfers from the category of tangible assets used by the Company in the category of real estate investments;

3. Significant accounting policies *(continuation)*

i) Real estate investments *(continuation)*

- the beginning of an operating leasing with another party – for the transfers from the category of stocks in the category of real estate investments.

To transfer a real estate investment evaluated at fair value to tangible assets, the implicit cost of the asset for the purpose of its further accounting will be its fair value at the date of change of use.

If a real estate property used by the holder becomes a real estate investment that is accounted for at fair value, the Company applies IAS 16 "Tangible assets" until the date of change in use, and any difference from that date between the accounting value of the real estate property in accordance with IAS 16 and its fair value must be treated as a revaluation, in accordance with IAS 16.

- ***Derecognition***

The accounting value of a real estate investment is derecognised on disposal or when the investment is definitely withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the sale or disposal of a real estate investment are recognized in profit or loss account when it is sold or scrapped.

j) Assets held for sale

An asset classified as "assets held for sale" is recorded at the lowest value of the accounting amount and fair value less costs to sell. An asset is considered as "asset held for sale" only if the sale is highly probable and the asset is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by management for the sale of assets, including identification of possible buyers and completion of the sale. Further, the asset must be active in the market at a price that reflects its fair value.

k) Impairment of assets other than financial

The accounting value of the Company assets that are not financial in nature, other than deferred tax assets is reviewed at each reporting date to identify the existence of impairment indicators. If such indication exists, it is estimated the recoverable amount of the respective assets.

An impairment loss is recognized when the accounting value 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 which is independent from other assets and other groups of assets. Impairment losses are recognized in the profit or loss account.

The recoverable amount of an asset or cash-generating unit is the maximum of its value in use and its fair value less costs to sell that asset or units. In assessing net value of use, future cash flows are updated using a pre-tax update rate that reflects current market conditions and the specific risks to the respective asset.

Impairment losses recognized in prior periods are assessed at each reporting date to determine whether they decreased or no longer exist. Impairment loss is reversed if a change in the estimates used to determine the recoverable amount occurred. An impairment loss is reversed only if the asset accounting value does not exceed the accounting value that would have been determined, net of amortization and depreciation, if no impairment loss had been recognized.

3. Significant accounting policies *(continuation)*

l) Social capital

Social capital consists of ordinary shares, indivisible, nominative, of equal value, issued in dematerialized form and grant equal rights to their holders.

m) Provisions

Provisions are recognized in the profit or loss account when the Company has a current obligation (legal or implicit) generated by a past event, when for the settlement of the obligation an output of resources that embody economic benefits is necessary and when a reliable estimation of the amount of the obligation can be made.

To determine the provision, future cash flows are updated using a pre-tax update 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 expenditure required to settle the present obligation at the end of the reporting period.

Provisions shall be reviewed at the end of the reporting period and adjusted so as to reflect the current best estimate. If it is no longer probable an outflow of resources embodying economic benefits, the provision should be cancelled.

No provision is recognized for costs that are incurred for carrying the activity in the future.

The Company records provisions for onerous contracts in situations where the expected benefits to be derived from a contract are lower than the unavoidable costs associated with fulfilling the contractual obligations.

The Company will record provisions for employee profit participation and bonuses to be paid, for awarding incentives to employees, directors who operate under the mandate agreement and the company's directors, which will be distributed after approval by the general meeting of shareholders of individual annual financial statements, prepared for the year in which profit from where incentives are granted was realized.

n) Employees benefits

- ***Short-term benefits***

Obligations with short-term benefits granted to employees are not updated and are recognized in the profit and loss account as the related service is rendered. Short-term benefits to employees include salaries, bonuses and social security contributions.

Short-term employee benefits are recognized as expense when the services are rendered. It recognizes a provision for the amounts expected to be paid as premiums in short-term cash or schemes for the participation of personnel in profit as the company has legal or implied obligation to pay these amounts as a result of past services rendered by employees and if the respective obligation can be estimated reliably.

Besides salaries and other indemnities, according to the company contract (articles of incorporation) and the collective labour agreement, administrators, directors with mandate agreement and employees of the company are entitled to receive incentives in the form of bonuses representing the participation of the personnel to profit. This obligation is recognized first in the profit or loss account of the financial year in which it achieved profits as provisions for employee profit participation and bonuses to be paid and will be distributed after approval by the general meeting of shareholders of individual annual financial statements, prepared for the year in which profit from where incentives are granted, was achieved.

3. Significant accounting policies *(continuation)*

n) Employees benefits *(continuation)*

- ***Defined contribution plans***

The Company makes payments on behalf of its own employees to the Romanian State pension system, health insurance and unemployment benefit in the normal course of conducting business. Also all Company employees are all members and legally obliged to contribute (through individual social contributions) to the Romanian State pension system. All related contributions are recognized in the profit and loss account of the period when incurred. The Company has no further obligations.
The Company is not engaged in any independent pension system and therefore does not have any other obligations in this respect. The Company has no obligation to provide further services to current or former employees.

- ***Employees long term benefits***

Company net obligation in respect of benefits of long-term services is represented by the amount of future benefits that employees have earned in return for services rendered by them in the current and prior periods. Under the collective work agreement in force, people who retire at retirement age limit benefit on retirement of a compensation equal to the value of two salaries at the date of retirement.

o) Incomes and expenses with interests

Incomes and expenses with interests are recognized in profit and loss account by the effective interest method. The effective interest rate is the rate that exactly updates the payments and cash receipts expected in future for the expected life of the asset or financial liability (or, where appropriate, a shorter period) to the accounting value of the financial asset or liability.

p) Incomes from dividends

Incomes from dividends are recognized in the profit and loss account at the time it is established the right to receive these incomes.

Incomes from dividends are recorded at gross value including dividends tax, which is recognized as a current income tax expense.

In case of dividends received in the form of shares as an alternative to cash payment, incomes from dividends are recognized on cash level that would have been received in correspondence with the increase in participation related. The Company does not record incomes from dividends related to shares received free of charge when they are distributed proportionately to all shareholders.

r) Gains and losses from exchange rate differences

Foreign currency transactions are recorded in the functional currency (leu), by converting foreign currency amounts at the official exchange rate communicated by the National Bank of Romania valid at trade date.

On the reporting date, monetary items expressed in foreign currencies are translated using the exchange rate on the last day of the currency auction of the year.

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

3. Significant accounting policies *(continuation)*

s) Payment dividends

Dividends are treated as a profit distribution in the period in which they were declared and approved by the Ordinary General Assembly of Shareholders. Profit available for distribution is the annual profit recorded in the financial statements elaborated in accordance with IFRS.

t) Profit tax

Profit tax related to the exercise comprises current tax and deferred tax. Current profit tax includes tax on incomes from dividends recognized at gross value.

Profit tax is recognized in the statement of global result or in other elements of global result if the tax is related to capital items.

Current tax is the expected tax payable for the profit realized in the current period, determined based on percentages applied on the reporting date and of all adjustments related to previous periods.

For the financial year ended on 31st March 2016, the profit tax rate was of 16% (2015: 16%). The tax rate related to incomes from taxable dividends was on 31st March 2016 of 5% and 0% (2015: 16% and 0%).

Deferred tax is determined by the Company by using the balance sheet method for those temporary differences arising between the tax bases of calculation of tax for assets and liabilities and their accounting value, used for reporting in individual financial statements.

Deferred tax is not recognized for the following temporary differences: the initial recognition of the commercial fund, the initial recognition of assets and liabilities arising from transactions that are not business combinations and that affects neither the accounting profit nor the fiscal one and differences resulting from investments in subsidiaries, provided that they are not resumed in the near future.

Deferred tax is calculated based on the tax rates that are expected to apply to the temporary differences upon their resumption, under the legislation in force at the reporting date.

Receivable regarding deferred tax is recognized by the Company only to the extent that it is probable to make future profits that could be used to cover the tax loss. The receivable is reviewed at the end of each fiscal year and is reduced to the extent that the related tax benefit is unlikely to be achieved. Additional taxes that arise from the distribution of dividends are recognized on the same date with the payment obligation of dividends.

Receivables and liabilities with deferred tax are offset only if there is a legal right to offset current current liabilities and receivables with the tax and if they are related to the tax collected by the same tax authority for the same entity subject to taxation or for different tax authorities but who wish to achieve the settlement of current receivables and liabilities with the tax by using a net basis or related assets and liabilities will be realized simultaneously.

Additional taxes that arise from the distribution of dividends are recognized on the same date as the payment obligation of dividends.

u) Result per share

The Company presents the result per basic share and diluted for common shares. Basic result per share is calculated by dividing profit or loss attributable to ordinary shareholders of the company at the weighted average number of ordinary shares relating to the reporting period.

For the purpose of calculating the diluted result per share profit or loss attributable to ordinary shareholders must be adjusted and the weighed average of the number of shares in circulation with the effects of all diluted potential ordinary shares.

v) Segment reporting

A segment is a distinct component of the company that provides certain products or services (activity segment) or provides goods or services in a certain geographical environment (geographical segment)

3. Significant accounting policies *(continuation)*

v) Segment reporting (continuation)

and that is subject to risks and rewards different of the other segments. On 31st December 2015 the Company has not identified reportable business or geographical segments.

(x) Leasing payments

Operating lease payments are recognized in profit or loss on a straight line basis over the lease contract. Leasing facilities received are recognized as an integral part of the total leasing expenses, during the leasing contract duration. Expense for operating leases is recognized as a component of operating expenses. Minimum lease payments under finance leases are divided proportionally between leasing interest expense and reduction of the leasing debt. Leasing interest expense is allocated to each leasing period so as to produce a constant interest rate for the remaining leasing liability.
The Company has no leasing contracts concluded.

4. Financial risks management

Risk management is an integral part of all decision-making and business processes within the company. The Company's management continuously evaluates the risks that may affect reaching the company's objectives and take appropriate action on any change in the conditions in which they operate.

The Company, through the complexity of the business which it carries, is subject to various risks.

Company management pays special attention to risks identification. Company exposure to inherent risks in the business, through the operations and daily transactions (especially capital market operations) is identified and aggregated by risk management infrastructure implemented: the audit committee, internal auditor, internal control, operational monitoring, hierarchical levels of authorization and validation of transactions.

Risks monitoring is done on each hierarchical level, with supervision and approval procedures for decision-making and trading limits.

The internal reporting of risk exposure is continuously done on business lines, the company management is permanently kept informed of the risks inherent in conducting business.

- The main risk factors identified in the company activity are:
- economic environment risk;
- operational risk;
- market risk (price risk, currency risk, interest rate risk)
- credit risk
- liquidity risk.

a) Economic environment risk

This risk is extremely important, by the direct effect on the Company's business and indirectly through companies in which the Company holds interests.

Romanian economy continues to exhibit the specific characteristics of emerging economies, and there is a significant degree of uncertainty regarding the development of the political, economic and social environment.

From the point of view of the Romanian economy, 2015 was a good year, the increase registered by GDP being of **3,7%**, above the forecast level.
The Romanian economy is still a fragile economy and is affected by the evolution of the other economies, especially of the EU countries, which are the main business partners for our country.
The risks that the EU economy faces (for example, the danger of Great Britain leaving the EU), as well as a more accentuated uncertainty of the growth rhythm of the Chinese economy– which can affect the global

4. Financial risks management*(continuation)*

a) Economic environment risk *(continuation)*

economy – are permanently monitored by the leadership, in order to anticipate the effects on the portfolio managed. 2016 will be a difficult year, with high risks due to international economic evolutions and especially the political ones.

b) Operational risk

Operational risk is defined as being the risk of recording losses or failure to achieve the estimated profits due to internal factors, such as inadequate development of internal activities, the existence of inadequate personnel or systems or due to external factors, such as the change of the economic conditions, legislative changes on the capital market, socio-political events.
The main responsibility of developing and implementing controls connected to operational risk belongs to the company management. The responsibility is supported by the development of general standards of the company for operational risk management on the following areas:
- requirements for the separation of responsibility;
- compliance with the regulatory requirements;
- requirements to report operational losses and proposals for their remedy;
- professional development and training;
- establishing ethical standards;
- documenting controls and procedures;
- preventing the risk of litigation.

Operational risks are inherent to the company activity.
The company manages operational risk through the identification, estimation, monitoring and controlling risks.
It must be emphasized that, in managing operational risk, models and techniques are not the most important, but the attitude towards risk, which is formed over time, and is an aspect of organizational culture.

c) Market risk

Market risk is the current or future risk of negative affectation of profits, determined by the market fluctuations of prices of equity securities – regarding the activities that belong to the trading portfolio – of the interest rate, as well as the fluctuations of the exchange rate for the entire activity of the company.
The interest rate risk represents the current or future risk of negative affectation of profits and equity due to adverse changes of interest rates.
Regarding the foreign exchange rate, the company is less exposed, most of its assets being expressed in national currency.

The efficient management of market risk is made through the use of fundamental analysis that gives an indication of the soundness of an investment as well as estimating potential of certain companies, and taking into account forecasts on the evolution of economic sectors and financial markets.

The main issues pursued in market risk analysis are: assessment of shares portfolio in terms of profitability and growth potential, strategic allocation of long term investments, identification of short-term investments in order to capitalize price fluctuations in the stock market, the establishment of asset concentration limits in a particular economic sector.

The Company is subject to market risk, mainly due to its trading activities.

The company is exposed to fair value risk of financial instruments held which fluctuates as a result of changes in market prices, whether caused by factors specific to the activity of its issuer, or factors affecting all instruments traded on the market.

The market value of the portfolio of listed shares (on BVB – regulated market, BVB-AERO, SIBEX), on 31.03.2016, represents 65,53% (31.12.2015: 67,75%) of the total value of shares portfolio managed. In these conditions, the company has a high risk - associated with price variation of financial assets in the stock market.

4. Financial risks management *(continuation)*

c) Market risk *(continuation)*

In the managed portfolio a number of 8 issuers can be found, of the 10 that constitute the BET index of Bucharest Stock Exchange.

Market value according to IFRS of the holdings in those 8 issuers, represents 64,57% of the market value of shares held in listed companies. Thus, the risk associated with the BET index of BVB is high.

The placements held in companies whose securities are listed and traded on the capital market of Romania, plus placement owned in Romanian Commercial Bank, represent on 31.03.2016 - 90,58% (31.12.2015: 91,33%) of the fair value of investments.

The Economic Department and Placements and Risk Management Directorate have the responsibility to supervise the money and capital market and to inform the effective management of major events that could affect the Company's assets portfolio and projected revenues.

The company also monitors risk concentration on sectors of activity which is presented as follows:

Structure of portfolio	**Total market value of the package 31.03.2016**		**Total market value of the package 31.12.2015**	
Economic sectors with weight in the value portfolio of SIF	***(lei)***	***%***	***(lei)***	***%***
	1,543,304,319	**100.00**	**1,668,679,019**	**100.00**
finances, banks, insurances	700,155,740	45.37	741,615,971	44.44
oil resources and related services	165,253,722	10.71	199,681,581	11.97
Energy and gas transport	159,319,524	10.32	165,218,232	9.90
food industry	113,785,026	7.37	92,778,078	5.56
letting and subletting of real estate properties	81,855,263	5.30	77,006,058	4.61
tourism, public food, recreation	66,115,691	4.28	63,816,090	3.82
pharmaceutical industry	43,213,396	2.80	48,297,325	2.89
car manufacture industry, processing	40,419,235	2.62	22,493,017	1.35
Marsh gas resources	37,022,374	2.40	33,340,672	2.00
interior trade	34,170,801	2.21	103,914,380	6.23
electronic, electrical engineering industry	30,861,358	2.00	39,658,355	2.38
metallurgical industry	25,019,619	1.62	27,264,318	1.63
chemical industry	11,756,488	0.76	11,702,960	0.70
financial markets management	10,321,772	0.67	10,453,597	0.63
glass, porcelain, earthenware industry	9,627,292	0.62	9,627,292	0.58
other financial intermediations	9,205,292	0.60	7,836,269	0.47
distribution, supply of power and energetic services	3,016,427	0.20	5,416,178	0.32
wood, cellulose, paper industry	-	-	4,206,566	0.25
constructions	-	-	2,050,889	0.12
TOTAL EQUITY SECURITIES	**1,541,119,020**	**99.86**	**1,666,377,828**	**99.86**
FUND UNITS	**2,185,299**	**0.14**	**2,301,191**	**0.14**

4. Financial risks management*(continuation)*

c) Market risk *(continuation)*

From the analysis of the above data, on 31.03.2016 the Company mainly held shares in issuers operating in the finance, banking, insurance field accounting for 45,37% of the total portfolio, upward compared to 31.12.2015, when the same sector of activity recorded a weight of 44,44%. This increase is due especially to the appreciation of the market value of the package of shares held in BCR.

- ***Currency risk***

Currency risk is the risk that the value of a portfolio may be negatively affected as a result of variations in exchange rates.

Since the majority of the Company assets are expressed in the national currency, the exchange rate fluctuations do not directly affect the company`s business. These fluctuations have influence when evaluating investments of the type of deposits in foreign currency.

Currency reserves represent, on 31.03.2016, 0.31% (31.12.2015: 0.30%) of total financial assets, so that the currency risk is insignificant.

Due to the low share of assets expressed in foreign currency, the company does not have a formalized policy of covering foreign currency risk.

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

Focusing of assets and liabilities on the types of currency is summarized in the table below:

In lei	**Accounting value**	**Lei**	**EUR**	**USD**
31st March 2016				
Financial assets				
Cash and cash equivalents	1,840,447	1,708,163	65,827	66,457
Deposits placed in banks	4,678,789	24,048	-	4,654,741
Financial assets available for sale	1,543,304,319	1,543,304,319	-	-
Credits and receivables	13,227,568	13,227,568	-	-
Other financial assets	511,078	511,078	-	-
Total financial assets	**1,563,562,201**	**1,558,775,176**	**65,827**	**4,721,198**
Financial debts				
Payment dividends	80,556,222	80,556,222	-	-
Other financial debts	11,647,576	11,647,576	-	-
Total financial debts	**92,203,798**	**92,203,798**	**-**	**-**

In lei	**Accounting value**	**Lei**	**EUR**	**USD**
31st December 2015				
Financial assets				
Cash and cash equivalents	762,407	625,425	66,633	70,349
Deposits placed in banks	5,813,698	912,603	-	4,901,095
Financial assets available for sale	1,668,679,019	1,668,679,019	-	-
Credits and receivables	4,467,266	4,467,266	-	-
Other financial assets	367,280	367,280	-	-
Total financial assets	**1,680,089,670**	**1,675,051,593**	**66,633**	**4,971,444**
Financial debts				
Payment dividends	81,027,502	81,027,502	-	-
Other financial debts	9,958,816	9,958,816	-	-
Total financial debts	**90,986,318**	**90,986,318**	**-**	**-**

4. Financial risks management *(continuation)*

c) Market risk *(continuation)*

Exposure to this type of risk is also due to shareholdings in commercial companies in the field of leasing, with export activity, etc, whose activity was influenced by exchange rate fluctuations and whose financial results are less predictable.

- **Interest risk**

Interest rate risk is that the value of a portfolio will fluctuate due to changes in market interest rates. Factors that define this type of market risk are a wide range of interest rates corresponding to a change in markets, currencies and maturities for which the Company holds positions.
The interest rate directly influences revenues and expenses attached to financial assets and liabilities bearing variable interest rates.
Most of the assets in the portfolio are not interest bearing. Consequently the company is not significantly affected by interest rate risk. The interest rates applied to cash and cash equivalents are short-term.
In order to benefit from the volatility of interests, for a greater flexibility in the policy of available funds allocation, we will pursue that the placement of available funds into monetary instruments be made especially on short term of 1-3 months.

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

In lei	Accounting value	Below 3 months	Between 3 and 12 months	With no interest
31st March 2016				
Financial assets				
Cash and cash equivalents	1,840,447	-	-	1,840,447
Deposits placed in banks	4,678,789	4,678,789	-	-
Financial assets available for sale	1,543,304,319	-	-	1,543,304,319
Credits and receivables	13,227,568	-	-	13,227,568
Other financial assets	511,078	-	-	511,078
Total financial assets	**1,563,562,201**	**4,678,789**	**-**	**1,558,883,412**
Financial debts				
Payment dividends	80,556,222	-	-	80,556,222
Other financial debts	11,647,576	-	-	11,647,576
Total financial debts	**92,203,798**	**-**	**-**	**92,203,798**

In lei	Accounting value	Below 3 months	Between 3 and 12 months	With no interest
31st December 2015				
Financial assets				
Cash and cash equivalents	762,407	-	-	762,407
Deposits placed in banks	5,813,698	5,813,698	-	-
Financial assets available for sale	1,668,679,019	-	-	1,668,679,019
Credits and receivables	4,467,266	-	-	4,467,266
Other financial assets	367,280	-	-	367,280
Total financial assets	**1,680,089,670**	**5,813,698**	**-**	**1,674,275,972**

4, Financial risks management *(continuation)*

c) Market risk *(continuation)*

Financial debts				
Payment dividends	81,027,502	-	-	81,027,502
Other financial debts	9,958,816	-	-	9,958,816
Total financial debts	**90,986,318**	**-**	**-**	**90,986,318**

d) Credit risk

Credit risk is the risk of the company to record losses following the insolvency of its debtors.

In case of the company, the credit risk is mostly determined by the exposures on asset elements of the type of "shares" which represents 99.52% of the assets managed, evaluated according to legal provisions. Credit risk assessment is done in two stages, both prior to achieving investment operations and after the approval and the effective achievement of operations, being supervised the evolution of assets in order to take the appropriate measures in case of emergence of elements that can lead to the damage of the economic activity of the companies and, in extreme cases, to their entry in insolvency.

In accordance with legal provisions, the Company has not granted any type of loans or guarantees to third parties.

Credit risk may indirectly affect the Company's activity, being the case of portfolio companies in financial difficulties to pay their payment obligations corresponding to dividends.

The Company may be exposed to credit risk through investments realized in bonds, current accounts, bank deposits and other receivables.

On 31st March 2016 the company did not hold in portfolio bonds, real guarantees as insurance and did not record financial assets outstanding.

All buying - selling of shares transactions of the company are made through storage bank with which there was a custody – storage agreement under the law, so the risk of default of settlement obligations is minimal.

The maximum exposure to credit risk at 31st March 2016 is of 15,989,610 lei (31st December 2015: 7,308,017 lei) and can be analyzed in the following tables.

In lei	**31st March 2016**	**31st December 2015**
Deposits and accounts in banks	6,460,883	6,539,340
Other assets	9,528,727	768,677
TOTAL	**15,989,610**	**7,308,017**

Exposure on current accounts and deposits placed in banks (exclusively attached interest)

In lei	**31st March 2016**	**31st December 2015**
RAIFFEISEN BANK Bank	1,557,933	5,390,027
TRANSILVANIA Bank	4,713,964	919,377
ROMANIAN COMMERCIAL Bank	156,207	137,214
BRD – GSG Bank	32,251	91,961
EXIMBANK	526	526
Marfin Bank	2	235
Total	**6,460,883**	**6,539,340**

4. Financial risks management *(continuation)*

d) Credit risk *(continuation)*

Other assets

In lei	31st March 2016	31st December 2015
Dividends to cash	173,551	88,474
Other various debtors and commercial receivables	10,452,693	1,779,360
Provisions formed for impairment of other financial assets	(1,097,517)	(1,099,157)
Total	**9,528,727**	**768,677**

e) Liquidity risk

The Company aims to maintain a level of liquidy appropriate to its support obligations, based on the assessment of the related liquidity of market assets, taking into account the period necessary for liquidation and the price or value for which the respective assets can be liquidated, as well as their sensitivity to market risks or to other external factors.

The company must hold liquid assets, whose aggregated value should cover the difference between liquidity outputs and liquidity inputs in crisis situations, so as to assure the fact that the company maintains levels of liquidity reserves which are adequate to allow it to face the eventual imbalances between liquidities inputs and outputs in crisis situations.

The liquidity risk is linked especially to holdings held in commercial companies of "closed" type, existing in the portfolio administered. Thus, the sale of certain holdings- in the event of apparition of certain negative aspects in their economic and financial situation or if the obtainment of liquidities is pursued – is particularly heavy, existing the risk of not being possible to obtain a higher price or at least equal to the one that these holdings are evaluated at in the calculation of net asset, in accordance with the A.S.F. Regulations

At the same time, the low liquidity of the capital market in Romania, makes often difficult even the trading of certain holdings in commercial companies listed.

Looking ahead to 2016, we anticipate the maintaining of the low level of liquidity for the capital market, due to uncertainties related to Euro zone.

This aspect is permanently in the attention of the management, seeking solutions to increase the liquidity of the portfolio managed.

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

In lei	Accounting value	Below 3 months	Between 3 and 12 months	Without preestablished maturity
31st March 2016				
Financial assets				
Cash and cash equivalents	1,840,447	-	-	1,840,447
Deposits placed in banks	4,678,789	4,678,789	-	-
Financial assets available for sale	1,543,304,319	-	-	1,543,304,319
Credits and receivables	13,227,568	-	-	13,227,568
Other financial assets	511,078	-	-	511,078
Total financial assets	**1,563,562,201**	**4,678,789**	**-**	**1,558,883,412**

4, Financial risks management *(continuation)*

e) Liquidity risk *(continuation)*

Financial debts				
Payment dividends	80,556,222	80,556,222	-	-
Other financial debts	11,647,576	11,647,576	-	-
Total financial debts	**92,203,798**	**92,203,798**	**-**	-

In lei	**Accounting value**	**Below 3 months**	**Between 3 and 12 months**	**Without preestablished maturity**
31st December 2015				
Financial assets				
Cash and cash equivalents	762,407	-	-	762,407
Deposits placed in banks	5,813,698	5,813,698	-	-
Financial assets available for sale	1,668,679,019	-	-	1,668,679,019
Credits and receivables	4,467,266	-	-	4,467,266
Other financial assets	367,280	-	-	367,280
Total financial assets	**1,680,089,670**	**5,813,698**	**-**	**1,674,275,972**
Financial debts				
Payment dividends	81,027,502	81,027,502	-	-
Other financial debts	9,958,816	9,958,816	-	-
Total financial debts	**90,986,318**	**90,986,318**	**-**	-

f) Risk related to taxation

Starting with the date of Romania's accession to the European Union, the Company had to obey EU fiscal regulations and implement the changes brought by European legislation. The way the Company implemented these changes remains open to tax audits for five years.

The Company's management believes that it correctly interpreted the legislative provisions and recorded fair values for taxes, fees and other debts to the state but in these conditions, too, there is some risk attached.

The tax system in Romania is subject to various interpretations and permanent changes. In some cases, the tax authorities may adopt different interpretations toward the company of some fiscal issues and can calculate interests and penalties.

Statements regarding taxes and duties may be subject to control and revision for a five years` period, in general after their submission.

Romanian Government has a significant number of agencies authorized to audit companies operating on the territory of Romania. These controls are similar to tax audits in other countries and can cover not only fiscal issues, but also other legal and regulatory issues of interest to these agencies. It is possible that the Company will be subject to tax audits as the issue of new fiscal regulations occurs.

g) Capitals adequacy

The company has a policy of maintaining own equity in order to develop the company and achieve the proposed goals. The main objective of the company is activity continuity in order to provide profitability for its shareholders.

The own equity of the Company consist of equity capital, reserves created, the current result and retained result. On 31.03.2016 the own equity of the Company is 1,366,086,035 lei (31.12.2015: 1,463,179,782 lei).

The Company is not subject to statutory capital adequacy requirements.

4. Financial risks management *(continuation)*

h) Use of estimates and reasoning

Determining the fair value of financial assets and liabilities for which no observable market price exists, requires the use of valuation techniques which, in the absence of observable market data may result in a fair value less objective and requires levels of reasoning depending on liquidity, concentration , uncertainty of market factors, pricing assumptions and other specific risks affecting a financial instrument.

5. Financial assets and liabilities

Accounting classifications and fair values

The accounting amounts and fair values of financial assets and liabilities appear on 31.03.2016, as follows:

In lei	**Available for sale**	**Amortized cost**	**Net accounting value**	**Fair value**
Cash and cash equivalents	-	1,840,447	1,840,447	1,840,447
Deposits placed in banks	-	4,678,789	4,678,789	4,678,789
Financial assets available for sale	1,543,304,319	-	1,543,304,319	1,543,304,319
Investments held until maturity	-	-	-	-
Other financial assets	-	511,078	511,078	511,078
Total financial assets	**1,543,304,319**	**7,030,314**	**1,550,334,633**	**1,550,334,633**
Payment dividends	-	80,556,222	80,556,222	80,556,222
Other financial debts		11,647,576	11,647,576	11,647,576
Total financial debts	**-**	**92,203,798**	**92,203,798**	**92,203,798**

Accounting values and fair values of financial assets and liabilities appear on 31.12.2015, as follows:

In lei	**Available for sale**	**Amortized cost**	**Net accounting value**	**Fair value**
Cash and cash equivalents		762,407	762,407	762,407
Deposits placed in banks		5,813,698	5,813,698	5,813,698
Financial assets available for sale	1,668,679,019	-	1,668,679,019	1,668,679,019
Investments held until maturity	-	-	-	-
Other financial assets	-	367,280	367,280	367,280
Total financial assets	**1,668,679,019**	**6,943,385**	**1,675,622,404**	**1,675,622,404**
Payment dividends	-	81,027,502	81,027,502	81,027,502
Other financial debts	-	9,958,816	9,958,816	9,958,816
Total financial debts	**-**	**90,986,318**	**90,986,318**	**90,986,318**

6. Incomes from dividends

Incomes from dividends are recorded at gross value. Tax rates of dividends for the related period ended on 31.03.2016 are of 5% and zero (31.12.2015: 16% and zero).

Incomes from dividends, mainly on contributors are as follows:

In lei	**31st March 2016**	**31st March 2015**
TURISM S.A. Pucioasa	85,901	-
ELBA S.A. Timisoara	-	83,836
TOTAL	**85,901**	**83,836**

7. Incomes from interests

In lei	**31st March 2016**	**31st March 2015**
Incomes from interests related to bank deposits	5,324	77,342
Incomes from interests of current bank accounts	-	-
Total	**5,324**	**77,342**

8. Other operational incomes

In lei	**31st March 2016**	**31st March 2015**
Financial incomes from adjustments for value losses of financial assets	-	-
Incomes from provisions for impairment of working capital	1,640	-
Other exploitation incomes	150,969	35,768
Other financial incomes	19,337	22,144
Incomes from deferred profit tax	-	-
Total	**171,946**	**57,912**

9. Net profit from assets sale

In lei	**31st March 2016**	**31st March 2015**
Income from sale of financial assets available for sale	19,964,340	9,317,048
Accounting value of financial assets available for sale transferred	6,972,498	688,984
Net profit from the sale of financial assets	**12,991,842**	**8,628,064**

10. Administration and supervision commissions, fees and duties

In lei	31st March 2016	31st March 2015
Expenses regarding commissions due to SSIF for shares transactions	47,404	22,532
Expenses regarding commissions due for services of shareholders register	36,900	37,200
Expenses regarding commissions with deposit company	49,187	50,447
BVB expenses	-	-
Expenses regarding fees due to entities from the capital market (ASF)	241,439	229,563
Expenses regarding audit fee	-	-
Other expenses regarding commissions, fees and levies	48,712	195,108
Total	**423,642**	**534,850**

11. Other operational expenses

In lei	31st March 2016	31st March 2015
Expenses with taxes and fees	177,608	87,390
Expenses with the personnel	2,056,414	1,560,890
Expenses with taxes of IFRS dividends	-	13,414
Expenses with depreciation, provisions and value adjustments	123,121	113,574
Expenses with external services	206,618	229,983
Total	**2,563,761**	**2,005,251**

In other operating expenses are summarized expenses with staff, expenses with other taxes and charges, expenses with amortization, provisions and value adjustments, expenses with external services.

During the period concluded on 31.03.2016 the average number of employees was 51 (31.12.2015: 52), and the number of employees registered at the end of the reporting period was 52 (31.12.2015: 53).

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

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

12. Profit tax

Reconciliation of profit before taxation
with the expense of profit tax in the profit or losses account

In lei	**31st March 2016**	**31st March 2015**
Current profit tax	**1,791,637**	**1,119,943**
Expense with deferred profit tax	-	-
Total profit tax recognized in the result of the exercise	1,791,637	1,119,943
Profit before taxation	**10,517,129**	**6,811,237**
Tax under statutory tax rate of 16%	1,682,741	1,089,798
Effect on profit tax		
Non-deductible expenses	377,772	30,145
Non-taxable incomes	(266,576)	-
Amounts representing sponsorship within legal frame	(2,300)	
Registrations and retaking of temporary differences	-	-
Profit tax	**1,791,637**	**1,119,943**

13. Cash and cash equivalents

In lei	**31st March 2016**	**31st March 2015**
Cash at hand	6,140	3,424
Current accounts in banks	1,786,570	726,646
Cash equivalents	47,737	32,337
Total cash and cash equivalents	**1,840,447**	**762,407**

14. Deposits placed in banks

In lei	**31st March 2016**	**31st March 2015**
Bank deposits at sight	4,674,313	5,812,694
Receivables attached	4,476	1,004
Total deposits placed in banks	**4,678,789**	**5,813,698**

15. Financial assets

- ***Financial assets available for sale***

In lei	31st March 2016	31st December 2015
Shares evaluated at fair value	1,524,654,822	1,647,958,291
Shares evaluated at cost	16,464,198	18,419,537
Fund units at fair value	2,185,299	2,301,191
Total	**1,543,304,319**	**1,668,679,019**

The movement of financial assets available for sale in order to be sold in the reporting periods concluded on 31.03.2016 and 31.12.2015 is presented in the following table:

In lei	Shares evaluated at fair value	Shares evaluated at cost	Fund units	Total
01st January 2015	1,495,284,699	18,034,809	2,333,908	1,515,653,416
Reclassifications 2015	154,846,070	-	-	154,846,070
Net variation during the period	12,567,984	(20,960)	(197,556)	12,349,468
Losses from depreciation	8,441,620	-	-	8,441,620
Modification of fair value	(23,182,082)	405,688	164,839	(22,611,555)
31st December 2015	**1,647,958,291**	**18,419,537**	**2,301,191**	**1,668,679,019**
Net variation during the period	1,845,046	(2,302,068)	-	(457,022)
Losses from depreciation	-	-	-	-
Modification of fair value	(125,148,515)	346,729	(115,892)	(124,917,678)
31st March 2016	**1,524,654,822**	**16,464,198**	**2,185,299**	**1,543,304,319**

On 31.03.2016 and 31.12.2015 in the category of shares evaluated at fair value are included, mainly, the value of shares held in the following issuers: OMV PETROM SA Bucharest, BRD - Groupe Societe Generale, BANCA TRANSILVANIA SA Cluj Napoca, CNTEE TRANSELECTRICA SA Bucuresti, SNTGN TRANSGAZ SA Medias, SC ARGUS SA Constanta, SC ANTIBIOTICE SA Iasi.

- ***Fair values hierarchy***

In calculating fair value, the Company uses the following hierarchy of methods:
- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: inputs other than quoted prices included in Level 1 which are observable for assets or liabilities, either directly (for example: prices), or indirectly (for example: derivatives from prices).
- Level 3: evaluation techniques largely based on non observable elements. This category includes all instruments for which the evaluation technique includes elements that are not based on observable data and for which the non observable input parameters may have a significant effect on the evaluation of the instrument. This category includes instruments that are evaluated based on prices quoted for

15. Financial assets *(continuation)*

similar instruments but for which adjustments are necessary largely based on non observable data or estimates to reflect the difference between the two instruments.

In lei	**31st March 2016**	**31st December 2015**
Level 1	744,871,712	956,688,842
Level 2	225,605,884	172,010,760
Level 3	572,826,723	539,979,417
Total	**1,543,304,319**	**1,668,679,019**

Fair value evaluation of securities held on 31.03.2016 was performed as follows:
- for securities quoted and traded in 2016, the market value was determined by taking into consideration the quotation on the last trading day (closing quotation on the main capital market for level 1, and for level 2 the quotations for shares traded in the last 30 trading days were considered);

- for securities listed which had no transactions in the last 30 trading days of the year 2016, as well as for unlisted securities, the market value was determined based on own equity of issuers;

- for securities related to commercial companies in insolvency proceedings or reorganization, the evaluation is made at zero;
- for securities in OPCVM, the value taken into account was the last unit value of net asset, calculated and published.

16. Credits and receivables

In lei	**31st March 2016**	**31st December 2015**
Commercial receivables	392,857	712,827
Debtors	10,233,387	1,155,007
Receivables related to state budget and social insurances budget	3,697,238	3,697,238
Other receivables	1,603	1,351
Adjustments of receivables impairment	(1,097,517)	(1,099,157)
TOTAL	**13,227,568**	**4,467,266**

17. Tangible assets

In lei	Lands and buildings	Technical installations and machines	Other installations equipments and furniture	Advances and tangible assets in progress	Total
Gross value					
01st January 2015	**12,709,377**	**2,493,756**	**203,349**	**-**	**15,406,482**
Increases	474,367	11,352	18,999	-	504,718
Reductions	(1,372,358)	(163,158)	-	-	(1,535,516)
31st December 2015	**11,811,386**	**2,341,950**	**222,348**	-	**14,375,684**
Increases	-	-	-	-	-
Reductions	-	(204,635)	-	-	(204,635)
31st March 2016	**11,811,386**	**2,137,315**	**222,348**	**-**	**14,171,049**
Accumulated depreciation					
01st January 2015	**839,761**	**2,427,067**	**131,057**	**-**	**3,397,885**
Depreciation registered during the exercise	393,586	34,042	22,186	-	449,814
Reductions or retaking	(1,131,717)	(163,158)	-	-	(1,294,875)
31st December 2015	**101,630**	**2,297,951**	**153,243**	**-**	**2,552,824**
Depreciation registered during the exercise	106,457	8,884	5,569	-	120,910
Reductions or retaking	-	(204,635)	-	-	(204,635)
31st March 2016	**208,087**	**2,102,200**	**158,812**	**-**	**2,469,099**
Net accounting value on 31st December 2014	**11,869,616**	**66,689**	**72,292**	**-**	**12,008,597**
Net accounting value on 31st December 2015	**11,709,756**	**43,999**	**69,105**	**-**	**11,822,860**
Net accounting value on 31st March 2016	**11,603,299**	**35,115**	**63,536**	**-**	**11,701,950**

18. Real estate investments

In lei	31st March 2016	31st December 2015
Balance account on 1st January 2016	**438,571**	**1,005,026**
Real estate sales	-	(596,273)
Acquisitions of real estate investments	-	-
Evaluation of real estate investments	**-**	**29,818**
Balance account on 31st March 2016	**438,571**	**438,571**

19. Other assets

In lei	31st March 2016	31st December 2015
Intangible assets	3,899	4,382
Other fixed receivables	256,812	254,677
Stocks	20,959	21,096
Expenditures in advance	229,408	87,125
TOTAL	**511,078**	**367,280**

20. Payment dividends

In lei	31st March 2016	31st December 2015
Payment dividends related to the year 2010	9,703,151	9,717,947
Payment dividends related to the year 2011	16,156,282	16,183,848
Payment dividends related to the year 2012	16,321,445	16,354,832
Payment dividends related to the year 2013	22,018,800	22,077,065
Payment dividends related to the year 2014	16,356,544	16,693,810
Total payment dividends	**80,556,222**	**81,027,502**

21. Taxes and duties

In lei	31st March 2016	31st December 2015
Debts related to Social Insurance Budget	209,040	215,157
Debts related to State Budget	1,720,865	2,194,617
Other taxes and duties	1,071	131,569
Total	**1,930,976**	**2,541,343**

22. Liabilities regarding deferred profit tax

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

In lei	**Assets**	**Liabilities**	**Net**	**Tax**
31st March 2016				
Evaluation at fair value of financial assets available for sale	576,626,219	-	576,626,219	92,260,195
Revaluation of tangible assets	9,520,053	-	9,520,053	1,523,208
Retained result representing non taxed revaluation reserves accomplished	1,772,247	-	1,772,247	283,560
Retained result representing non taxed revaluation reserves not accomplished	3,559,064	-	3,559,064	569,451
Retained result representing non taxed revaluation reserves not accomplished – real estate investments	359,751	-	359,751	57,560
Differences from the modification of fair value of financial assets available for sale – free shares in balance account	110,789,118	-	110,789,118	17,726,259
Legal reserves	11,603,314	-	11,603,314	1,856,530
Other reserves – dividends prescribed according to AGOA decision of 23.04.2005	6,551,528	-	6,551,528	1,048,244
Other reserves	980,658	-	980,658	156,906
TOTAL	**721,761,952**	**-**	**721,761,952**	**115,481,913**

In lei	**Assets**	**Liabilities**	**Net**	**Tax**
31st December 2015				
Evaluation at fair value of financial assets available for sale	701,543,898	-	701,543,898	112,247,023
Revaluation of tangible assets	9,615,493	-	9,615,493	1,538,478
Retained result representing non taxed revaluation reserves accomplished	1,772,247	-	1,772,247	283,560
Retained result representing non taxed revaluation reserves not accomplished	3,493,557	-	3,493,557	558,969
Retained result representing non taxed revaluation reserves not accomplished – real estate investments	359,751	-	359,751	57,560
Differences from the modification of fair value of financial assets available for sale – free shares in balance account	111,852,424	-	111,852,424	17,896,388
Legal reserves	11,603,314	-	11,603,314	1,856,530
Other reserves – dividends prescribed according to AGOA decision of 23.04.2005	6,551,528	-	6,551,528	1,048,244
Other reserves	980,658	-	980,658	156,906
TOTAL	**847,772,870**	**-**	**847,772,870**	**135,643,658**

23. Other debts

In lei	31st March 2016	31st December 2015
Debts with the personnel	1,382,773	1,405,666
Commercial debts	2,555,445	352,650
Guarantees received	1,664	1,664
Various creditors	12	7
Transfers to be made for financial assets	14,420	-
Provisions for risks and expenses	7,693,262	8,198,829
Total other debts	**11,647,576**	**9,958,816**

24. Capital and reserves

Social capital

The structure of the social capital is presented further.

	Number of shareholders	Number of shares	Amount (lei)	(%)
31st March 2016				
Resident individuals	5,757,834	246,216,404	24,621,640	42.44
Non resident individuals	1,759	3,217,563	321,756	0.55
Total individuals	5,759,593	249,433,967	24,943,396	42.99
Resident entities	274	213,890,878	21,389,088	36.87
Non resident entities	60	116,840,869	11,684,087	20.14
Total entities	334	330,731,747	33,073,175	57.01
Total 31.03.2016	**5,759,927**	**580,165,714**	**58,016,571**	**100.00**
31st December 2015				
Resident individuals	5,759,633	244,987,869	24,498,787	42.23
Non resident individuals	1,756	3,358,142	335,814	0.58
Total individuals	5,761,389	248,346,011	24,834,601	42.81
Resident entities	279	215,771,544	21,577,154	37.19
Non resident entities	60	116,048,159	11,604,816	20.00
Total entities	339	331,819,703	33,181,970	57.19
Total 2015	**5,761,728**	**580,165,714**	**58,016,571**	**100.00**

Reconciliation of social capital determined under RCR with the one determined under IFRS

In lei	31st March 2016	31st March 2015
Social capital under RCR	58,016,571	58,016,571
Social capital under IFRS	689,869,095	689,869,095
Differences (update to hyperinflation)	631,852,524	631,852,524

Rezerva constituita conform Legii nr. 133/1996

Following the application of the Rule no. 39/2015 of A.S.F., the reserve related to the initial portfolio formed according to Law no. 133/1996 was reunited, and the amount of 26,316,548 lei related to reunification was recorded in retained result, resulting a loss from reprocessing. The initial reserve reunited was updated to hyperinflation, being registered in this respect the amount of 1.806.779.361 lei.

The effect of hyperinflation on social capital in the amount of 631,852,524 lei and on the reserve established under Law no. 133/1996 in the amount of 1,806,779,361 lei was recorded in retained earnings derived from the adoption of the first time of IAS 29, leading to a loss from hyperinflation in the amount of 2,438,631,885 lei at the end of the reporting period.

24. Capital and reserves *(continuation)*

Legal reserves

Legal reserves are established in accordance with legal requirements in the amount of 5% of profit obtained, until the amount representing 20% of the value of share capital. Legal reserves can not be distributed to shareholders.

The value of legal reserve on 31.03.2016 is of 11,603,314 lei (31.12.2015: 11,603,314 lei).

Reserves from revaluation of financial assets available for sale

The reserve includes net changes in fair values of financial assets classified in this category, from the date of their classification up to their derecognition. Deferred tax related to these reserves is recorded in own equity and deducted from reserves of evaluation of financial assets available for sale.

25. Other reserves

In lei	**31st March 2016**	**31st December 2015**
Other reserves	581,084,892	581,084,892
Effect of IAS 29 application on other reserves	1,806,779,361	1,806,779,361
Total	**2,387,864,253**	**2,387,864,253**

26. Profit allocation

For the profit of the year 2015, the Administration Board of the Company proposed to the Ordinary General Assembly of Shareholders of 28/29.04.2016 the allocation of the profit in the amount of 132,405,015 lei for the following destinations:

in lei

Covering the loss registered in the retained result from the transition to IFRS	27,149,564
Dividends (0,13 lei/share)	75,421,543
Own financing sources	29,833,904
TOTAL	132,405,011

27. Result per share

In lei	**31st March 2016**	**31st March 2015**
Profit attributable to ordinary shareholders	8,725,492	5,691,294
Weighted average number of ordinary shares	580,165,714	580,165,714
Result per basic share	0.0150	0.0098

28. Guarantees granted

The company does not have any guarantees granted.

29. Contingencies connected to environment

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

30. The transfer price

Romania tax legislation contains rules on transfer prices between related parties ever since 2000. The current legislative framework defines the "market value" principle for transactions between related parties as well as the methods for establishing transfer prices . As a result, it is expected that the tax authorities to initiate thorough checks of transfer prices, to ensure that the tax result is not distorted by the effect of prices used in relationships with affiliates.

The Company can not assess the outcome of such review.

31. Transactions and balances with parties in special relationships

Subsidiaries of the Company

In accordance with the legislation in force, the Company has control in a total of 11 issuers on 31.03.2016 (31.12.2015: 12 issuers). All subsidiaries of the Company on 31.03.2016 and 31.12.2015 are based in Romania. For these the percentage of ownership of the Company is no different from the percentage of votes number held.

Name of the company	Percentage held by SIF on 31.03.2016 - % -	Percentage held by SIF on 31.12.2015 - % -
S.C. ALIMENTARA S.A. SLATINA	52.24	52.24
S.C. TURISM PUCIOASA S.A. DAMBOVITA	69.22	69.22
S.C. PROVITAS S.A BUCURESTI	70.28	70.28
S.C. UNIVERS S.A. RM VALCEA	73.75	73.75
S.C. CONSTRUCTII FEROVIARE S.A. CRAIOVA	77.50	77.50
S.C. FLAROS S.A. BUCURESTI	81.04	81.04
S.C. ARGUS S.A. Constanta	86.21	86.20
S.C. GEMINA TOUR S.A. RM VALCEA	88.29	88.29
S.C. MERCUR S.A. CRAIOVA	93.37	93.37
S.C. VOLTALIM S.A. CRAIOVA	99.19	99.99
S.C. COMPLEX HOTELIER DAMBOVITA S.A. TARGOVISTE	99.94	99.94
S.C. CONSTRUCTII MONTAJ 1 S.A. CRAIOVA	-	96.56

Associated entities of the company

On 31.03.2016 the Company held shares of more than 20% but not exceeding 50% of the share capital in a number of 8 issuers (31.12.2015: 10 issuers). All associated entities of the Company are based in Romania. For these the percentage of ownership of the Company is no different from the percentage of votes number held.

Name of the company	Percentage held by SIF on 31.03.2016 - % -	Percentage held by SIF on 31.12.2015 - % -
S.C. SANTIERUL NAVAL ORSOVA S.A.	21.13	21.13
S.C. ELECTROMAGNETICA S.A.	25.27	25.25
S.C. MAT S.A. CRAIOVA	25.71	25.71

S.C. TURISM LOTUS FELIX S.A. BAILE FELIX	27.46	25.76
S.C. PRODPLAST S.A. BUCURESTI	27.55	27.53
S.C. ELECTRO TOTAL S.A. BOTOSANI	29.86	29.86
S.C. SINTEROM S.A. CLUJ-NAPOCA	31.63	31.63
S.C. LACTATE NATURA S.A. TARGOVISTE	39.70	39.70
S.C. MIRFO TRADING S.A. TG. JIU	-	22.01
S.C. LEMCOR S.A. CRAIOVA	-	34.69

32. Key management personnel

31st March 2016

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

31st December 2015

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

Effective management:

31st March 2016
Tudor Ciurezu - General Manager, Anina Radu - Deputy General Manager.

31st December 2015
Tudor Ciurezu - General Manager, Anina Radu - Deputy General Manager.

Executive management:

31st March 2016

Elena Sichigea - Economic Department Manager, Elena Caliţoiu - Manager of Investments Department and Risk Management, Dan Voiculescu - Manager of Portfolio Monitoring Department, Vasilica Bucur - Manager of Legal Department, Ion Patrichi – Manager of Human Resources – Logistics Department.

31st December 2015

Elena Sichigea - Economic Department Manager, Elena Caliţoiu - Manager of Investments Department and Risk Management, Dan Voiculescu - Manager of Portfolio Monitoring Department, Vasilica Bucur - Manager of Legal Department, Ion Patrichi – Manager of Human Resources – Logistics Department.

Associate prof. PhD ec. Ciurezu Tudor	jr. Radu Anina	ec. Sichigea Elena
President/ General Manager	Vice President/ Deputy General Manager	Economic Manager