No. 423 / May 08, 2017

Str. Soveja nr. 96, bl. 70, sc. D, et. P, ap. 51 CP 900402, Constanta, Romania
Company Capital 64.000 RON Trade Registry No.: J13/716/1993 Tax code 2985617
Fax: 0372/008368 Email: office@romancoaudit.ro
Authorization of the Chamber of Financial Auditors of Romania 186/2002 Endorsement by the Financial Supervision Authority 280/2015

INDEPENDENT AUDITOR'S REPORT

Affixed rectangular stamp:

VIENNA INVESTMEN S.A.
TRUST

May 8, 2017

~~OUTGOING~~/INCOMING NO. ***436***

To: The Shareholders of SSIF VIENNA INVESTMENT TRUST S.A.

Report regarding the financial statements

The Opinion

We audited the financial statements of SSIF VIENNA Investment Trust S.A. (The company) as attached, which include the statement of the financial position as of 31 December 2016, the statement of the global result, the statement of the cash flows, the statement of the evolution of equities for the financial period ended on such date, together with a summary of the important accounting policies and other explanatory information.

The specified financial refer to:

- Total capital: **5,960,530 RON**;
- Net result of the financial period: **516,346 RON**, loss.

In our opinion, the financial statements of the company present a truthful image, under all important aspects, of the financial position of the company as of 31 December2016, in compliance with the Norm of the Financial Supervisory Authority no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to bodies authorized, regulated and supervised by the Financial Supervisory Authority in the Sector of Financial Instruments and Investments.
The yearly financial statements are compliant with the applicable legal requirements.

Basis for the opinion

The audit took place in compliance with the International Standards of Audit (ISAs). The auditor's responsibility based on these standards are described in detail in the section The auditor's responsibility in an audit of the financial statements of the present report.
The auditor is independent compared to the Company, according to the Ethic Code of the Professional Accountants issued by the Council for the International Standards for Accountants, corroborated to the relevant ethical requirements for the audit of the financial statements.

We consider that the obtained audit evidence is sufficient and adequate so to provide a base of the audit opinion.

Information, other than the financial statements and the related auditor's report

The managers are responsible for the elaboration and submission of the report in compliance with the Norm of theof the Financial Supervisory Authority no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to bodies authorized, regulated and supervised by the Financial Supervisory Authority in the Sector of Financial Instruments and Investments, as amended and supplemented later on and for that internal control that is considered necessary so to allow the elaboration of the report which shall not contain important deformations, due to fraud or error.

The managers' report contains 30 (thirty) sheets and is not part of the financial statements.

The auditor opinion on the financial statements does not cover the managers' report and we do not express any kind of conclusion as for the insurance in this regard.

Regarding the information presented in the managers' report regarding the financial statements, the auditor:

a) Has not identified information that is inconsistent, under all important aspects, with the information presented in the attached financial statements;

b) Noticed that the report includes, under all important aspects, the information requested by the Norm of the Financial Supervisory Authority no. 39/2015, for the approval of the accounting Regulations in line with the International Standards of Financial Reporting, applicable to authorized entities, regulated and monitored by the Financial Monitoring Authority, the Sector for Financial Instruments and Investments;

c) Has not identified information that is considerably erroneous regarding the company and the environment hereof, included in the managers' report, based on the knowledge and understanding acquired during the audit of the statements for the financial year ended on 31 December 2016.

The responsibility of the management and of the persons responsible with governance for the financial statements

The company management holds the responsibility of the elaboration and truthful presentation of the financial statements in compliance with the Norm of the Financial Supervisory Authority no. 39/2015, for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to bodies authorized, regulated and supervised by the Financial Supervisory Authority in the Sector of Financial Instruments and Investments, and for that internal control considered necessary by the management so to allow the elaboration of individual financial statements that do not contain important deformations, caused either by fraud, or by error.

In preparing the financial statements, the management is responsible of assessing the Company's ability to remain in business, presenting, where appropriate, aspects related to the business going-concern and using the going-concern accountancy, unless the management intends either to liquidate the Company or to stop operations, or to have no realistic alternative apart from them.
The persons in charge with the governance are responsible of overseeing the Company's financial reporting process.

The auditor's responsibilities within an audit of the financial statements
The auditor's objective is to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, whether due to fraud or to error, and also to issue a report that includes the auditor's opinion.
Reasonable insurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect significant misstatement, if any. Distortions may be caused either by fraud or by error and are considered to be significant if reasonable assurance can be given that they, individually or collectively, will influence the economic decisions of users made on the basis of these financial statements.
As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism during the audit. Moreover:

- We identify and evaluate the risks of material misstatement of the financial statements, whether caused by fraud or by error, designing and executing audit procedures in response to those risks and obtaining sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, false, deliberate omissions, false statements, and avoidance of internal control.

- We understand the internal audit relevant to the audit, in order to design audit procedures that are appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of internal control of the Company.
- We assess the appropriateness degree of the applied accounting policies and the reasonableness of the accounting estimates and of the related presentations of information as performed by the management.
- We formulate a conclusion as to the appropriateness degree of the management's use of the going concern principle, and we determine, based on the obtained audit evidence, whether there is significant uncertainty about events or conditions that could raise significant doubts about the Company's going concern capacity. If we conclude that there is significant uncertainty, we must draw the attention in the auditor's report as for the respective presentations in the financial statements or, if those presentations are inappropriate, to change our view. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Company not to continue operating on the basis of the going concern principle.
- We communicate to the persons responsible for governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant internal control deficiencies that we identify during the audit.

Other aspects

The present audit report is addressed exclusively to the shareholders of SSIF VIENNA Investment Trust S.A. and was performed only for presenting the aspects pertaining to the audit of the financial statements, and for no other purposes.
To the extent allowed by the law, we do accept and undertake the responsibility only for the performed audit and for the formulated opinion otherwise than towards the company and its shareholders.

ROMAR-CO AUDIT SRL,
Authorization by the Chamber of Financial Auditors of Romania no. 186/2002

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*ROMAR-CO AUDIT SRL * 2 * Constanta*

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Financial Auditor Rusu Gheorghe PhD Econ.,
Registered with the Chamber of Financial Auditors of Romania under no. 886/2001

Affixed round stamp
Chamber of Financial Auditors of Romania
Rusu Gheorghe
No. 886

Constanta, May 8, 2017

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ROMAR-CO AUDIT SRL * 2 * Constanta

I, the undersigned **Gabriela-Monica STEGARU, sworn interpreter and translator** for **French and English**, as per the Authorization no. 12963 as of 12.10.2016, issued by the Ministry of Justice of Romania, do hereby certify the accuracy of the translation made from Romanian to English, also that the presented text was translated entirely, without omissions, and that, by translating it, the content and meaning of the written document were not altered.

Gabriela-Monica STEGARU
SWORN INTERPRETER AND TRANSLATOR

MINISTERUL JUSTIȚIEI
Aut. Nr. 12963
GABRIELA-MONICA
STEGARU
ENGLEZA-FRANCEZA
TRADUCATOR AUTORIZAT

Statement of the financial position

As on 31 December 2016

in RON	Note	31-Dec.-2016	31-Dec.-2015
Assets			
Cash and cash equivalents	11	6,749,805	14,286,242
Accrued expenses	12b	8,546	131
Financial assets available for sale	13a	162,874	167,586
Financial assets held for trade	13b	4,744,066	4,963,704
Credits and receivables	12a,13c	605,393	860,628
Tangible assets	14	14,530	13,129
Intangible assets	15	1,411	204
Total assets		**12,286,625**	**20,291,624**
Debts			
Debts to suppliers		31,156	12,049
Debt with current tax		-	-
Other debts		585,971	164,359
Advance payments received from customers		5,708,968	13,531,485
Total debts	16	**6,326,095**	**13,707,893**
Equities			
Company capital	18	4,453,452	4,453,452
Share capital assimilated elements		5,118,333	-
Reserve		292,734	292,734
Retained result		(3,903,989)	1,837,545
Total equities		**5,960,530**	**6,583,731**

MANAGER,

SIMIONESCU ADRIAN

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VIENNA INVESTMENT S.A.

ROMANIA

Signature

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ELABORATED BY ,

SC NEAGA&ASOCIATII CONTABILITATE, CONSULTANTA SI AUDIT SRL

NEAGA NELY

(Certified Chartered Accountant)

Registered with the Body of Chartered and Certified Accountants of Romania under No.: 4113/2007

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SC NEAGA&ASOCIATII CONTABILITATE, CONSULTANTA SI AUDIT SRL, Romania

Affixed oval stamp

Body of Chartered and Certified Accountants of Romania Bucharest Branch

CHARTERED ACCOUNTANT

NEAGA NELY

No. 19765 A

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VIENNA Investment Trust

Statement of global result

For the financial year ended on 31 December 2016

in RON	Note	31-Dec.-2016	31-Dec.-2015
Income from trade commissions	13.b	471,273	791,490
Trade-related expenses	13.b	82,478	99,154
Other operating revenues	13.a	200	1
Personnel expenses	13.a	389,730	493,727
Operating expenses	13.a	580,359	679,820
Expenses with the impairment of fixed assets	13.b	5,544	3,860
Financial revenues	13.b	1,941,793	1,925,989
Financial expenses	13.b	1,871,501	2,037,450
Profit / Loss before tax		**(516,346)**	**(596,531)**
Tax on current profit		-	-
Net Profit / Loss corresponding to the financial period		**(516,346)**	**(596,531)**

MANAGER,

SIMIONESCU ADRIAN

Affixed round stamp

VIENNA INVESTMENT S.A.

ROMANIA

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Body of Chartered and Certified Accountants of Romania Bucharest Branch

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Translation from Romanian into English

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ENGLEZA-FRANCEZA
TRADUCATOR AUTORIZAT

VIENNA Investment Trust

Statement of cash flows

For the financial year ended on 31 December 2016

	in LEI	Note	31-Dec.-2016	31-Dec.-2015
+	**Cash flows from operating activities** Amounts received from clients and on behalf of clients		(7,076,994)	13,882,109
-	Payments to clients, suppliers and employees		(771,327)	(1,164,116)
-	Paid income tax		-	-
	Net cash from operating activities		(7,848,321)	12,717,993
+	**Cash flows from investment activities**			
	Dividends paid		233,396	248,312
+	Interests paid		71,503	62,679
+	Sale of financial assets		85,887	-
-	Purchase of financial assets		(79,183)	(209,912)
+	Sale of tangible/ intangible fixed assets		-	-
-	Purchase of tangible/ intangible fixed assets		281	2,400
	Net cash from investment activities		311,884	103,479
	Net increase /decrease of cash and cash equivalents		(7,536,437)	12,821,472
	Cash and cash equivalents at the beginning of the period		14,286,242	1,464,770
	Cash and cash equivalents at the end of the period		6,749,805	14,286,242

MANAGER,

SIMIONESCU ADRIAN

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Gabriela-Monica STEGARU

SWORN INTERPRETER AND TRANSLATOR

MINISTERUL JUSTIȚIEI AUT. Nr. 12963 GABRIELA-MONICA STEGARU ENGLEZA-FRANCEZA TRADUCATOR AUTORIZAT

VIENNA Investment Trust

Statement of the evolution of equities

For the financial year ended on 31 December 2016

in LEI	Note	Company capital	Legal reserve	Fair value reserve	Other reserves	Retained earnings	Total equities
Balance as of 1 January 2015		**4,529,160**	**286,390**	**257**	**0**	**2,368,650**	**7,184,457**
Profit or loss		-	-	-	-	(602,617)	(602,617)
Net change of the fair value of financial assets available for sale	12	-	- -		-	-	-
Net change of the fair value of company capital	12	(75,708)	-	-	-	71,512	(4,196)
Reserve adjustments	12	-	6,087		-		6,087
Balance as of 31 December 2015		**4,453,452**	**292,477**	**257**	**-**	**1,837,545**	**6,583,731**
Profit or loss		-	-	-	-	(447,317)	(447,317)
Net change of the fair value of financial assets available for sale	12	-	-	-	-	-	-
Inflation adjustment of the share capital		5,118,333	-	-	-5,118,333	-	-
Net change of the fair value of company capital	12	-	-	-	-	(69,029)	(69,029)
Dividend payments	12	-	-	-	-	(106,855)	(106,855)
Reserve adjustments	12	-	-	-	-	-	-
Balance as of 31 December 2016		**9,571,785**	**292,477**	**257**	**(5,118,333)**	**1,214,344**	**5,960,530**

MANAGER,

SIMIONESCU ADRIAN

Affixed round stamp

VIENNA INVESTMENT S.A.

ROMANIA

Signature

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Aut. Nr. 12963
GABRIELA-MONICA STEGARU
ENGLEZA-FRANCEZA
TRADUCATOR AUTORIZAT

1. REPORTING ENTITY

S.S.I.F. VIENNA INVESTMENT TRUST S.A. (The Company or "SSIF") was established on December 28, 1994 under the name S.C. INCOVAL S.A.
The Company was registered with the Trade Registry (TR) under no. J40/28786/1994, it was assigned the sole registration number 7475775.
The normative act regulating the Company operation is the Laws no. 31/1990 and it is a joint-stock Company having a mixed private share capital, both Romanian and foreign, amounting to RON 4,453,451.80, out of which, in foreign currency: USD 34,800 highlighted in RON at the foreign exchange rate of the foreign exchange market published by the National Bank of Romania (NBR) of RON/USD 0.1772.
The Company is authorised to operate under by Decision no. 3006 as on September 02, 2003 by Autoritatea de Supraveghere Financiara din Romania ("ASF" - Romanian Financial Supervisory Authority - FSA), as a financial investment service company (i.e., in Romanian, "Societate de Servicii de Investitii Financiare" - "SSIF") based on the Law nr. 297/2004, the law regarding the capital market. The company is recorded in the general register kept by the FSA under no. PJR01SSIF/400051 as on June 30, 2006.

Scope of business registered at the Trade Registry: Other financial brokerage n.e.c. (not elsewhere classified), NACE code 6499.

Company registered office: Splaiul Unirii, no. 4, Bloc B3, Et.6, Birou 6.2, Sector 4, Bucharest, 030121, Romania, Tel.: 0212074880; Fax: 0212074898

The company has no branches or subsidiaries.

In 2016, the Management was ensured by the Board of Directors with the following members:
... – Chairperson: Simionescu Adrian
... – Deputy Chairperson: Toma Constantin
... – Member: Marica Constantin

2. THE BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Declaration of Conformity

The Financial Statements were prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as approved by the European Union, in force at the reporting time, on December 31, 2016. The Company has prepared these individual Financial Statements in order to comply with the requirements of the Norm no. 39/2015 of Autoritatea de Supraveghere Financiara din Romania ("ASF" - the Romanian Financial Supervisory Authority, formerly known as "CNVM" – Comisia Nationala a Valorilor Mobiliare, i.e. National Securities Commission – "NSC", hereinafter referred to as the "FSA") regarding the application of the IFRS by the entities authorised, regulated and supervised by the FSA.

The Company prepared, for 2011, the first IFRS Financial Statements and IFRS 1 ("First-time adoption of the IFRS") was applied.

The Financial Statements contain the Statement of Financial Position, the Statement of Comprehensive result, the Statement of Changes in Equity, the Statement of Cash Flows and the Explanatory Notes.

2. THE BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Differences between the Statutory and the IFRS Financial Statements

During the 2016 financial year, the Company book-keeping was performed in accordance with IFRS, in accordance with the provisions of the FSA Norm no. 39/2015.

Until December 31, 2015, the Company book-keeping was performed in accordance with the Romanian Accounting Regulations ("RARs"). The statutory accounts were retreated to reflect the differences existing between the RARs and IFRS in accordance with the provisions of the FSA Norm no. 39 as on December 28, 2015. In accordance thereto, the statutory accounts were adjusted, as applicable, to harmonise these Financial Statements, in as concerns all the significant aspects, with the IFRS.

The most important modifications brought to the Statutory Financial Statements so as to align them to the IFRS are:

- to group several elements into more comprehensive categories;
- to adjust the assets and liabilities elements, in accordance with the IAS 29 ("Financial Reporting in Hyperinflationary Economies") as a result of the fact that the Romanian economy was a hyperinflationary economy until December 31, 2003;
- to make adjustments to the fair values and to depreciate the value of the financial instruments in accordance with the IAS 39 ("Financial Instruments - Recognition and Measurement");
- to submit the necessary information in accordance with the IFRS.

2.2. The Bases of the Assessment

The Financial Statements are prepared based on the historical cost or depreciated cost, except for the financial assets available for trading, which are assessed at the fair value. The historical cost is generally based on the fair value of the counter-provision performed in exchange for the assets.

2.3. The Functional and Presentation Currency

The Financial Statements are presented in Romanian New Lei (RON), which is both the functional and the presentation currency. Unless otherwise provided for, the financial information presented in Ron was rounded up/down to the nearest unit.

2.4. The Use of Professional Estimates and Reasonings

The preparation of the Financial Statements in accordance with the IFRS implies, on behalf of the management, the use estimates, reasonings and hypotheses in applying the accounting policies, which determined the reported value of the assets, liabilities, incomes and expenses.

The estimates and reasonings are based on historical data and on other factors presumed to be reasonable under the given conditions, and the result of these factors is the basis of the reasonings used in determining the carrying amount of the assets and liabilities that no other available assessment sources exist for. The effective results may differ from the estimated values.

The estimates and hypotheses they are based on are constantly reviewed. The accounting estimate reviews are recognised in the period when the estimate is reviewed, if it impacts both the current period, and the subsequent one.

2. THE BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS (continued)

The reasonings made by the management in applying the IFRS having a significant effect on the Financial Statements, as well as the estimates involving a significant risk of a material adjustment during the subsequent year are presented in the notes.

2.5. The Principle of the Business Continuity

The Financial Statements were prepared based on the principle of business continuity, which implies that the Company shall be able to realise the assets and to pay the liabilities under normal business conditions.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described hereinafter were applied consistently by the Company throughout the financial years presented in these Financial Statements.

3.1 Transactions and Balances in Foreign Currency

The Company transactions in foreign currency are recorded at the foreign exchange rates communicated by the National Bank of Romania ("NBR") for the transaction date. The balances in foreign currency are converted into Ron at the foreign exchange rates communicated by the NBR for the Balance Sheet date. The earnings and losses resulted from the transaction settlements in foreign currency and from the conversion of the monetary assets and liabilities expressed in foreign currency are recognised in the profit and loss account, within the financial result.

The main foreign exchange rates used for the conversion into Ron of the balances expressed in foreign currency were as follows:

	on December 31, 2016	**on December 31, 2015**
Currency		
CAD	3.1921	2.9858
EURO	4.5411	4.5245
USD	4.3033	4.1477

3.2. The Accounting Recognition of the Hyperinflation Effects

According to IAS 29 ("Financial Reporting in Hyperinflationary Economies"), the Financial Statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented within the terms of the current purchase power of the currency on the reporting date, namely, the non-monetary elements are retreated by applying the general price index on the procurement or contribution date.

According to IAS 29 an economy is considered to be hyperinflationary if, amongst other factors, the cumulative inflation index exceeds 100% over a period of three years.

The continuous decrease in the inflation rate and other factors related to the economic environment characteristics in Romania show that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary, which impacted the financial losses as of January 1, 2004. The provisions of IAS 29 were adopted for the preparation of the Financial Statements only for holdings older than January 1, 2004. The values expressed in the current measurement unit on December 31, 2003 are treated as a base for the carrying amounts reported in these Financial Statements and they are not assessed values, replacement cost or any other measurement of the current value of the assets or prices that the transactions would be taking place at this time.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company made no adjustment to the equities with the inflation index for 2016, the impact on the Financial Statements being insignificant.

3.3. Financial assets and Liabilities

Financial assets

The Company initially recognises the receivables and deposits on the date when they were initiated. All the other financial assets (including the assets designated at their fair value through the profit and loss account) are initially recognised on the trading date, when the Company became a party in the instrument contractual terms and conditions.

The Company derecognises a financial asset when the contractual rights over the asset-generated cash flows expire or when the rights to collect the contractual cash flows of the financial asset, through a transaction whereby the risks and benefits related to financial asset ownership title are significantly transformed, are transformed. Any interest in the financial asset transferred, created or kept by the Company is recognised separately as an asset or liability.

The financial assets and liabilities are compensated, and the net value is presented in the Statement of Financial Position only when the Company holds the legal right to compensate the values and intends to either perform their net settlement, or simultaneously realise the asset and extinguish the liability.

The Company classifies the held financial assets into the following categories: financial assets at fair value through the profit or loss account, financial assets held up until their maturity, receivables and available-for-sale financial assets.

(a) Financial assets at fair value through the profit or loss account

A financial asset is classified as being at fair value through the profit or loss account if it is classified as held for trading or if it is assigned as such upon the initial recognition. The financial assets are assigned as being evaluated at fair value through the profit or loss account, if the Company manages such investments and makes purchase of sale decisions based on the fair value. Upon the initial recognition, the assigned trading costs are recognised in the profit or loss account when they are borne. The financial instruments at fair value through the profit or loss account are evaluated at the fair value, and the subsequent changes are recognised in the profit or loss account.

The derived financial instruments are classified as being held for trading unless they are instruments used for the hedge accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial assets held until their maturity

If the Company intends and has the capacity to keep the debt instruments up until their maturity, then, these financial assets can be classified as investments held until their maturity. The financial assets held until their maturity are initially recognised at the fair value plus the directly attributable trading costs.

Subsequently to their initial recognition, the financial assets held until their maturities are evaluated at their depreciated cost by using the effective interest method minus the depreciation loss value. Any sale or reclassification prior to the due date of more than one insignificant value of the investments held until their maturity, which does not occur close to their maturity, shall lead to reclassifying all the investments held until their maturity to the category of the assets available for sale, and the Company shall no longer be able to classify the investment instruments as held until their maturity during the on-going financial year and the subsequent two financial years.

On December 31, 2016 and on December 31, 2015, the Company held no assets classified as investments held until their maturity.

(c) Credits and receivables

Credits and receivables are financial assets with fixed or determinable payments which are not listed on active markets. Such assets are initially recognised at the fair value plus any directly attributable trading costs. Subsequently to the initial recognition, the receivables are evaluated at the initial value minus the depreciation loss value. This category includes trade receivables and other long-term receivables.

(d) Cash and cash equivalents

The cash and cash equivalents include the cash balance, the amounts in the checking bank accounts and time deposits with initial due dates of up to three months, held by the Company in its own name and on behalf of the Clients for subsequent transactions.

(e) Available-for-sale financial assets

The available-for-sale financial assets are underived financial assets elected as available for sale and which are not classified in either of the previous categories. The Company investments in equity instruments and in certain debt instruments are classified as available-for-sale financial assets.

Subsequently to the initial recognition, they are evaluated at the fair value, and the subsequent changes, other than the losses from depreciation and foreign exchange rate differences accruing to the equity instruments available for sale, are recognised as other elements of the comprehensive result and are presented within the equities in the fair value reserve. When an investment is derecognised, the accumulated earning or loss in other comprehensive result elements is transferred to the profit or loss account.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In the event the fair value cannot be credibly established, the participation selected as available-for-sale financial assets are recorded as retreated cost except for the value depreciation provision.

Financial debts

The Company initially recognises the issued debt instruments and the subordinated debts on the date when they were initiated. All the other debts (including the debts elected at the fair value through the profit or loss account) are initially recognised on the trading date, when the Company became a party in the instrument contractual terms and conditions.

The Company derecognises a financial debt when the contractual obligations are paid, cancelled or expire.

The financial assets and liabilities are compensated, and the net value is presented in the Statement of Financial Position only when the Company holds the legal right to compensate the values and intends to either perform their net settlement, or simultaneously realise the asset and extinguish the liability.

The underived financial debts of the Company consist of commercial debts and other debts. These financial debts are initially recognised at the fair value plus any directly attributable trading costs. Subsequently to the initial recognition, these financial debts are evaluated at the depreciated cost by using the effective interest method.

3.4 Tangible Fixed Assets

(a) Recognition and evaluation

The tangible fixed assets are highlighted under the cost, except for the accumulated depreciation and the value depreciation provision. The fixed assets cost needed no retreatment according to IAS 29 given that the Company did not hold purchased fixed assets prior to December 31, 2003.

(b) Subsequent Costs

The Company recognises the replacement cost of a tangible fixed asset in the carrying amount if the economic benefits included in the respective fixed asset are likely to be transferred to the Company and the cost of such fixed asset can be credibly measured. All the other costs are recognised as expenses in the profit and loss account at the time of their performance.

The expenses generated by the replacement of a component of the elements of tangible fixed assets, highlighted separately, including overhaul inspections or repairs, are capitalised. Other subsequent expenses are capitalised to the extent that they improve the future performances of those elements of tangible fixed assets. All the other repair and maintenance expenses are recorded in the profit and loss account at the time of their performance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Depreciation of the tangible fixed assets

The depreciation is calculated through the linear method during the estimated life for every element in the category of the tangible fixed assets.

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

Control and loss measurement devices and instalations	2 to 4 years
Road transport means	4 to 6 years
Office automation	3 to 6 years

The remaining depreciation methods, useful lives and values are reviewed at the end of every financial year and appropriately adjusted.

3.5. Intangible fixed assets

Other intangible fixed assets

Other intangible fixed assets (including IT software) purchased by the Company, having a determined useful life, are evaluated at cost or re-evaluated cost minus the cumulative depreciation and the cumulative depreciation losses.

(a) Subsequent expenses

The subsequent expenses are capitalised only they increase the value of the future economic benefits incorporated in the assets they are assigned for. All the other expenses, including the expenses for the goodwill depreciation and the internally generated brands, are recognised in the profit and loss account when they are borne.

(b) Depreciation of the intangible fixed assets

The depreciation is calculated for the asset cost or another value substituting the cost, minus the residual value. The depreciation is recognised in the profit or loss account using the linear method for the estimated useful life period for the intangible fixed assets, other than the goodwill, as of the date when they are available for use, this approach reflecting as faithfully as possible the envisaged way to consume the economic benefits incorporated in the asset.

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

IT software	1 to 3 years

The depreciation methods, useful lives and remaining values are reviewed at every financial year-end and adjusted according.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6. Depreciation

(a) Financial assets

A financial asset which is not recorded in the book-keeping at the fair value through the profit or loss account is tested on every reporting date in order to determine whether there is any objective evidence concerning the existence of a value loss. A financial asset is considered to be depreciated when objective evidence exists indicating that, subsequently to the initial recognition, an event took place and caused a loss, and this event had a negative impact on the estimated future cash flows of the assets and the loss can be credibly estimated.

The objective evidence indicating that the financial assets (including the capital instruments) are depreciated can include the failure to comply with the payment obligations by a Debtor, the restricting of an amount owed to the Company according to terms and conditions that the Company would not otherwise accept, indices that a Debtor or issuer is about to become bankrupt or insolvent, the disappearance of an active market for an instrument. Furthermore, for an investment in capital instruments, a significant and long-term decrease below the cost of the value thereof is objective depreciation evidence.
The Company takes into account the depreciation evidence for receivables and investments held until their maturity, both at the level of a specific asset, as well as collectively. All the receivables and investments held until their maturity, which are individually significant, are tested for depreciation. All the receivables, which are individually significant and which no significant depreciation was found for, are then collectively tested to determine the existence of any yet unidentified depreciation.

The receivables which are not individually significant are grouped depending on similar risk characteristics and are collectively tested for depreciation.

In order to test the collective depreciation, the Company uses the historical trends regarding the likelihood of payment obligation failure, the period required for the recoveries and the value of the borne losses, adjusted according to the professional reasoning of the Management regarding the likelihood, as a result of the current economic and crediting conditions, for the effective losses to be higher or lower than the ones indicated by the historical trends.

A depreciation loss accruing to a financial asset evaluated at depreciated cost is calculated as the difference between its carrying amount and the current value of the estimated future cash flows, as updated using the initial effective interest rate of the asset. The losses are recognised in the profit or loss account and they are presented in a receivables adjustment account. When a subsequent event determines the depreciation loss decrease, it is reversed through the profit or loss account, without exceeding the initial provision value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The depreciation losses accruing to the investments available for sale are recognised by transferring to the profit or loss account the cumulative loss recognised in other elements of the comprehensive result and presented in the fair value reserve within the equities. The cumulative loss transferred from other elements of the comprehensive result to the profit or loss account is the difference between the purchase cost, net of the reimbursements of principal and depreciation, and the current fair value minus any loss of the previously recognised depreciation in the profit or loss account.

The changes in the depreciation provisions attributable to the money value over time are reflected as an income component in the interests.

If, within a subsequent period, the fair value of a depreciated debt instrument available-for-sale increases again, the increase can be objectively associated to an event having taken place subsequently to the recognition of the depreciation loss in the profit and loss account, then the depreciation loss is reversed, and the reversal value is recognised in the profit and loss account. However, any subsequent recovery of the fair value a depreciated capital instrument available-for-sale is recognised under other elements of the comprehensive result.

(b) Non-financial assets

The carrying amounts of the non-financial assets of the Company, other than the real-estate investments, stocks and receivables regarding the deferred tax, are reviewed on every reporting date to determine whether evidence exists regarding the existence of depreciation. If such evidence exists, the asset recoverable amount is estimated. For the goodwill and the intangible fixed assets, which have indefinite useful lives or are not yet available for use, the recoverable amount is simultaneously estimated every year.

The recoverable amount of an asset or of a cash generating unit is the maximum of the value in use and the fair value minus the sale costs. When determining the value in use, the estimated future cash flows are updated to determine the current value, by using a discount rate before tax reflecting the current market evaluations regarding money value over time and the asset-specific risks.

For testing the depreciation, the assets which cannot be individually tested are grouped at the level of the smallest asset group generating cash entries from continuous use and which are largely independent from the cash entries generated by other assets or asset groups (“cash generating unit”). In order to test the goodwill depreciation, the cash generating unit that the goodwill was allocated to are monitored for internal reporting purposes, under the condition to limit it at the operational segment level. The goodwill purchased within an enterprise combination is allocated to the groups of a cash generating unit which are estimated to benefit of the combination synergies.

The Company corporate assets do not generate separate cash flows. If evidence that a corporate asset is depreciated exists, then the recoverable amount is determined for the cash generating unit that the asset belongs to.

A depreciation loss is recognised if the carrying amount of an asset or of a cash generating unit exceeds the estimated recoverable amount. The depreciation losses are recognised in the profit or loss account. The depreciation losses recognised by reference to the cash generating units are firstly used to reduce of the carrying amount of the goodwill allocated to the units, if applicable, and then pro-rata to reduce the carrying amount of the other assets within the unit (unit group).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

A depreciation loss by reference to the goodwill is not reversed. By reference to other assets, the depreciation losses recognised in the previous periods are evaluated on every reporting date to determine whether proofs that the loss decreased or no longer exists exist. A depreciation loss is reversed if modifications in the estimates used to determine the recoverable amount existed. A depreciation loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount which might have been determined, net of depreciation, if no depreciation had been recognised.

The goodwill which is a part of the carrying amount of an investment in an associated entity is not separately recognised and, therefore, it is not separately tested for depreciation. In exchange, the total amount of an investment in an associated entity is tested for depreciation as an individual asset when objective evidence exists that the investment in that associated entity might be depreciated.

3.7. Employee Benefits

(a) *Short-term benefits*

The employee short-term benefits include salaries, indemnities and social security contributions. The short-term benefits are recognised as expenses as the services are provided.

(b) *Plans for determined contributions*

The Company makes payments on behalf of its own employees to the Romanian state system of pensions, health care insurance and unemployment, during the normal activity performance. All the Company employees are members and, also, legally bound to contribute (through the social security contributions) to the pension system of the Romanian state (a State plan of determined contributions). All the accruing contributions are recognised in the result of the period when they are performed.

(c) *Plans for determined benefits*

A plan for determined benefits is a post-employment benefit plan other than a determined contribution plan.

The Company has no obligation towards its employees, by virtue of the Romanian law, as regards the pensions and it does not participate in any other pension plan. The indemnity for sickness benefit is only granted in case the retirement decision remains final.

(d) *Other employee long-term benefits*

The Company does not grant other long-term benefits to the employees besides the ones listed hereinabove.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Benefits for the termination of the Labour Agreements

The benefits for terminating the Labour Agreements are recognised as expenses at the time when the Company can prove, with no real possibility of withdrawal, the commitment to an official detailed plan to either terminate the Labour Agreements prior to the normal retirement date, or offer benefits for the termination of the Labour Agreements as a result of an offer encouraging volunteer unemployment.

In 2016 and 2015, the Company granted not benefits for the termination of the Labour Agreements.

3.8. Provisions

The provisions are recognised in the Statement of Financial Position when an obligation appears for the Company related to a past event, and it is likely that, in the future, economic resources need to be used to extinguish such obligation, and a reasonable estimation of the obligation amount can be made. In order to determine the provision, the future cash flows are updated using a discount rate before tax reflecting the current market conditions and the risks specific to the respective debt. The updated depreciation is recognised as a financial expense.
A restructuring provision is recognised when the Company has approved an official and detailed restructuring plan, and the restructuring either has started, or was publicly announced. The future operational losses are provisioned.

On December 31, 2016 and on December 31, 2015, the Company did not constitute any provisions in the Statement of Financial Position.

3.9. Advance expenses and deferred incomes

The expenses made and the incomes made over the current period, but concerning the subsequent periods, are recorded as advance expense or deferred incomes, respectively, as applicable. The expense or income quota accruing to the respective month out of the advance expenses or advance incomes, respectively, shall be recorded on a monthly basis.

3.10. Incomes

(a) Incomes from services

The incomes from provided services are recognised in the profit and loss account in the period when the respective services are provided.

The main income sources are represented by incomes from commissions accruing to the intermediated transactions. The incomes are recognised at the net value of the Company commission.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Incomes from interests

The incomes from interests are recognised in the profit and loss account through the effective interest method. The incomes from interests originate in the interests accruing to the current accounts and to the deposits with the crediting institutions.

(c) Incomes from dividends

The incomes from dividends are recognised in the profit or loss account on the date when the Company right to receive such incomes is established.

In the case of dividends received in the form of shares as an alternative to the cash payment, the incomes from dividends are recognised at the level of the received cash amount, in accordance to the accruing contribution increase.

The Company records incomes from dividends at the net value.

(j) Earnings from the financial instruments held for trading

The earnings from financial instruments available for trading include earnings from the sale of the held-for-trading financial assets, the changes in the fair value of the financial assets recognised at the fair value through the profit or loss account.

(k) Profit tax

The profit tax accruing to the financial year includes the current tax and the deferred tax. The profit tax is recognised in the financial year result, except for when it accrues to the business combinations or to elements recognised directly in the equities or to other elements of the comprehensive result.

The current tax is the tax paid on the period profit or receivable for the period loss, determined based on the percentages applied on the reporting date and on all the adjustments regarding the profit tax payment obligations accruing to the previous periods.

The deferred tax is determined for the temporary differences occurring between the tax calculation tax base for assets and liabilities and their carrying amount is used for reporting in the Financial Statements. The deferred tax is not to be recognised for the following temporary differences: the initial recognition of the goodwill, the initial recognition of the assets and liabilities resulting from transactions which are not business combinations and impact neither the accounting profit, nor the fiscal one, and differences resulting from investments in subsidiaries, under the condition that they not be returned within the foreseeable future. The deferred tax is calculated based on the forecasted manner of realisation or discount of the carrying amount of the assets and liabilities, by using the taxation rates provided for in the legislation into force to be applied on the reporting date.

The receivable regarding the deferred tax is only recognised to the extent that taxable profit is likely to be obtained in the future, subsequently to the compensation with the fiscal loss of the previous years and with the recoverable profit tax. The deferred tax receivable is decreased to the extent that the accruing fiscal benefit is unlikely to be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The additional taxes occurring from the dividend distribution are recognised on the same date as the dividend payment obligation.
The profit tax quota used for calculating the current and deferred tax amounted, on December 31, 2016, to 16% (as on December 31, 2015: 16%).

(l) Legal reserve

In accordance with the Romanian legislation, the companies must distribute an amount equal to, at least, 5% of the profit before tax, into legal reserves, until they reach 20% of the share capital. When this level is reached, the Company can perform additional allocations only from the net profit. The legal reserve is deductible within the limit of a 5% quota applied to the accounting profit, prior to the determination of the profit tax.

(m) Dividends

The dividends are treated as profit distribution for the period when they are declared and approved by The General Shareholders' Meeting.

3.11. New accounting regulations

IASB standards or interpretations in force for the first time during the financial year concluded on December 31, 2016

Employee Benefits - Amendments to IAS 19 *(issued in November 2013, and effective for annual periods beginning on July 1, 2014; applicable for the European Union as of the first financial year begun on or subsequently to February 1, 2015).* The amendment allows the companies to recognise the employee contributions as a reduction in the service costs for the period when the accruing services are provided by the employees, instead of recording them for the entire employment period. This amendment applies in the cases where the employee contribution value is independent of the number of seniority years.
The amendment had no significant impact on the Company Financial Statements.
Improvements to the International Financial Reporting Standards 2012 *(issued on December 12, 2013, and effective for annual periods beginning on or subsequently to July 1, 2014, unless otherwise mentioned hereinafter; applicable for the European Union as of the first financial year begun on or subsequently to February 1, 2015).* The amendments contain changes made for seven standards.

- **IFRS 2** was amended in order to clarify the definition of the "vesting condition" and to separately define the "performance condition" and the "service condition". The amendment enters into force for the share-based payment transactions having an awarding date on or subsequently to July 1, 2014.
- **IFRS 3** was amended in order to clarify the fact that (1) the obligation to pay a contingent liabilities compliant with the definition of a financial instrument is classified as financial or capital liabilities, based on the definitions in IAS 32, and (2) all the contingent liabilities, which are not capitals, financial, and non-financial, are assessed at fair value on each reporting date, as amended according to the fair value recognised in the *Profit and loss account*. The amendments to IFRS 3 are effective for the business combinations in case the procurement date is on or subsequently to July 1, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **IFRS 8 was amended to impose (1) presenting the Management-made Decisions** in the aggregation of operating segments, including a description of the segments having been aggregated, and the economic indicators having been assessed in determining that the aggregated segments have similar economic characteristics, and (2) a reconciliation of the assets accruing to the segments presented with the entity total assets (when the segment assets are reported).
- **The basis for conclusions of the IFRS 13** was amended in order to clarify the fact that the elimination of certain paragraphs from IAS 39 when publishing IFRS 13 was not performed with the intention of eliminating the possibility of measuring the short-term account receivables and payables at invoice value in case the update impact is immaterial.
- **IAS 16 and IAS 38** were amended in order to clarify how the gross carrying amount and the accumulated depreciation are treated in case an entity uses the revaluation model.
- **IAS 24** was amended in order to include, as affiliated parties, the entities providing key management personnel services to the reporting entity or to the parent of the reporting entity (the “management entity”), as well as to request the disclosure of the amounts charged by the management entity for the provided services.

The amendment had no significant impact on the Company Financial Statements.

Accounting for Acquisition of interests in joint operations - Amendments to IFRS 11 (issued on May 6, 2014, and effective for the periods beginning on or subsequently to January 1, 2016, *applicable for the European Union for annual periods beginning on January 1, 2016).* This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

The amendment had no significant impact on the Company Financial Statements.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on May 12, 2014, and effective for the periods beginning on or subsequently to January 1, 2016, *applicable for the European Union for the annual periods beginning on January 1, 2016)*. In this amendment, IASB clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate, since the incomes generated by an activity including the use of an asset generally reflects other factors than the consumption of economic benefits incorporated by an asset.

The amendments had no significant impact on the Company Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Method in Separate Financial Statements - Amendments to IAS 27 *(issued on August 12, 2014, and effective for annual periods beginning on January 1, 2016, applicable for the European Union for annual periods beginning on January 1, 2016).* These amendments will allow the entities to use the equity method as an accounting option for the investments in subsidiaries, joint ventures, and associates in an entity's separate Financial Statements.

The amendment had no significant impact on the Company Financial Statements.

Annual Improvements to IFRS 2014 *(issued on September 25, 2014, and effective for annual periods beginning on or subsequently to January 1, 2016, applicable for the European Union for annual periods beginning on January 1, 2016).* The improvements consist of amendments brought for 4 standards. IFRS 5 was amended in order to clarify that changing the manner of writing-off of non-current assets (by reclassification from "held for sale" to "held for distribution" or vice-versa) is not a change of a distribution or sale plan, nor should they be recorded in accounting as such. The amendment to IFRS 7 adds clarifications to help the management to determine whether the terms of an agreement regarding the transfer of a financial asset is a "continuing involvement", in the sense of disclosing information required by IFRS 7. The amendment further clarifies that the disclosures of IFRS 7 information of compensation are not specifically required for all the interim periods, except for the cases provided for by IAS 34.

The amendment to IAS 19 clarifies that, concerning the fact that obligations regarding the post-employment benefits, the decisions regarding the update rate, the existence of the high-quality corporate bond market, or the state bonds which should be chosen as benchmark, should be based on the currency that the liabilities are expressed in, and not depending on the country where they appear. IAS 34 shall request a reference to the interim Financial Statements to the exact location of the "information disclosed elsewhere in the interim financial report".

The amendment had no significant impact on the Company Financial Statements.

Amendments to IAS 1 *(issued in December 2014, and effective for annual periods beginning on or subsequently to January 1, 2016, applicable for the European Union for annual periods beginning on January 1, 2016).* The standard was amended in order to clarify the concept of materiality threshold, and it explains that an entity cannot disclose information required by an IFRS, if such information is not significant, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The standard also offers new clarifications regarding the subtotals in the Financial Statements, in particular, such subtotals (a) must consist of elements made up of the recognised amounts and evaluated in accordance with the IFRS; (b) should be disclosed and labelled in such a way as to render the component elements clear and easily understandable; (c) should be consistent from one period to the next; and (d) should not be disclosed as having an importance higher than the subtotals and totals required by the IFR standards.

The amendment had no significant impact on the Company Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment entities: Applying the Consolidation Exception (Amendment to IFRS 10, IFRS 12 and IAS 28) *(issued on December 18, 2014, and effective for annual periods beginning on or subsequently to January 1, 2016, applicable for the European Union for annual periods beginning on January 1, 2016)*. The standard was amended in order to clarify the fact that an investment entity should evaluate, at the fair value, through the profit or loss, all its subsidiaries, which are investment entities themselves. Furthermore, the exemption from the preparation of the consolidated Financial Statements, if the interim mother-company or branch prepared consolidated Financial Statements available to the users, was amended in order to clarify the fact that the exemption is applicable regardless of whether the subsidiaries are consolidated or evaluated at the fair value, through the profit or loss, in accordance with IFRS 10, in the Financial Statements of the interim mother-company or branch.

The amendment had no significant impact on the Company Financial Statements.

<u>IASB standards or interpretations effectively applicable beginning on or subsequently to January 1, 2017.</u>

IFRS 9 "Financial Instruments: Classification and measurement", *(published in July 2014, and effective for annual periods beginning on or subsequently to January 1, 2018, applicable for the European Union for annual periods beginning on January 1, 2018).* The main characteristics of the new standard are:

- The financial assets must be classified under three measurement categories: the ones which are to be subsequently evaluated under the amortised costs, the ones which must be subsequently evaluated at the fair value through other comprehensive income (FVOCI), and the ones which are to be subsequently evaluated at the fair value through the profit or loss (FVPL).
- The classification for the debt instruments is determined by the business model of the entity managing the financial assets, and whether the contractual cash flow are solely payments of principal and interest (SPPI). If the debt instruments are held to be collected, they can be recorded under amortised cost if they also meet the SPPI requirement. The debt instruments meeting the SPPI requirement, which an entity holds in a portfolio both to collect the asset cash flows and to sell assets can be classified as FVOCI. The financial assets, which do not contain cash flows that are SPPI must be evaluated as FVPL (for instance, derivative instruments). The integrated derivative instruments are no longer separated from the financial assets, but they will be included in the evaluation of the SPPI requirement.
- The investments in equity instruments are always evaluated at the fair value. However, the management can make an irrevocable change to disclose the changes in the fair value of other comprehensive income, under the condition that the instrument not be held for trading. In case the equity instrument is held for trading, the changes in the fair value are disclosed in the profit and loss account.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Most of the IAS 39 requirements for the classification and evaluation of the financial liabilities were taken over unchanged from the IFRS 9. The main change consists of the fact that an entity shall have to present the effects of the changes in the own credit risk of the financial debts evaluated at the fair value through the profit or loss account in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of the impairment losses **-** the expected credit loss model (ECL). There is a “three-stage” approach, based on the modification of the credit quality of the financial assets from the initial recognition. In practice, the new norms mean that the entities shall have to recognise an immediate loss equal to the 12-month ECL from the initial recognition of the financial assets which are not depreciated (or equal to lifetime ECL for the commercial receivables). In case a significant increase of the credit risk occurred, the depreciation is evaluated by using the lifetime ECL, compared to the 12-month ECL. The model includes operational simplifications for leasing and commercial receivables.
- The requirements regarding the hedge accounting were modified in order to better harmonize the accounting with the risk management. The standard offers the entities to make an accounting policy choice between the application of the requirements regarding the hedge accounting in IFRS 9, and the further application of IAS 39 for all the hedges, since the standard currently fails to provide for the accounting of macro hedges.

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

IFRS 15, Revenue from contracts with Customers *(issued on May 28, 2014, and applicable for the periods beginning on or subsequently to January 1, 2018, applicable for the European Union for annual periods beginning on January 1, 2018).* The new standard introduces the basic principle according to which the revenues must be recognised when the goods or services are transferred to the Customer, at the transaction price. Any group of included goods or services, which are distinct, must be recognised separately, and any deductions to the contract price must generally be allocated to the separate elements. In case the count revalue varies for whatever reason, the minimum amounts must be recognised if no significant revenue reversal risk shows itself. The costs borne in order to insure the contracts with Customers must be capitalised and amortised during the period when the contract benefits are consumed.

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

Sale or contribution of Assets between an Investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28 (issued on September 11, 2014, and effective for annual periods beginning on or subsequently to the date to be established by IASB, not passed by the European Union). These amendments address the inconsistencies between the requirements of IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an Investor and its associates or joint ventures. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

IFRS 16 Leases (issued on January 13, 2016, and effective for annual periods beginning on or subsequently to January 1, 2019, not passed by the European Union). The new standard sets the principles for the recognition, evaluation, and submission of the Lease Agreements. All the leases result in the Lessee's right to use an asset at the beginning of the Agreement and, in case the payments are made in due time, to obtain funding. Therefore, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model for the Lessee. The Lessees are required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets in the profit and loss account, separately from the interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

Recognition of deferred tax assets for unrealised losses - Amendments to IAS 12 (issued on January 19, 2016, and effective for annual periods beginning on or subsequently to January 1, 2017, not passed by the European Union). The amendment clarified the requirements on the recognition of assets regarding the deferred tax resulted from the unrealised losses from debt instruments. The entity is required to recognise an asset regarding the deferred tax for the unrealised losses appearing as a result of the updated cash flows of the debt instruments to the market interests, even though it is expected to hold the instrument until the due date and no tax shall be owed upon the principal collection. The economic benefit embodied in the related deferred tax asset arises from the ability of the holder of the debt instrument to achieve future taxable gains (to amortise the update effects) without paying taxes on those gains.

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to IAS 7 (Issued on January 29, 2016 and applicable for annual periods beginning on or subsequently to January 1, 2017, not passed by the European Union). The amendment to IAS 7 consists in the requirement of a reconciliation of movements in the liabilities resulting from financing activities. The Company examines the impact that this new standard might have on the Financial Statements of the Company.

Amendments to IFRS 15 Revenue from Customer Contracts (issued on **April 12, 2016** and applicable for annual periods beginning on or subsequently to **January 1, 2018**, not passed by the European Union). The amendments do not modify the basic principles of the Standard but clarify how these principles should be applied. The amendments clarify how to identify an obligation to do (the promise to transfer a good or service to a client) in a contract; how to determine whether a company has the principal role (the supplier of the good or service) or agent (responsible for the arrangements for the supply of the good or service) and how to determine whether the license revenue should be recognized at a given moment or in time. Besides clarifications, the amendments contain two additional cost-cutting facilities and complexity for a company applying for the first time the new Standard.

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

Improvements to IFRS 2, Share based payments *(issued on June 20, 2016 and applicable for annual periods beginning on or subsequently to January 1, 2018, not passed by the European Union)*. The amendments foresee that non-market performance-based vesting conditions will affect the measurement of cash-settled share-based payment transactions in a manner similar to offsetting benefits. The amendments also clarify the classification of a net offset transaction in which the entity retains a certain proportion of its own equity instruments that would otherwise be issued to the other party in exercising the right (or vesting) in exchange for offsetting the tax liability of the other party linked to share-based payment. Such arrangements are totally classified as share offsetting.
Finally, the amendments clarify and record in the accounting the cash-settled share-based payments on an adjusted basis to be offset by shares as follows: (a) share-based payment is measured by the fair value at the date of the change in the equity instruments granted as a result of the change; (b) the liability is derecognised at the change; (c) share-settled share-based payment is recognized to the extent that the services were provided up to the date of the change; and (d) the difference between the carrying amount of the liability at the date of the change and the amount recognized in equity at the same date is immediately recognized in profit or loss.

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

Annual Improvements to International Financial Reporting Standards 2014-2016 (issued on **December 8, 2016 and** applicable for annual periods beginning on or subsequently to **January 1, 2017** for Amendments to IFRS **12,** on or subsequently to **January 1, 2018** for Amendments to IFRS 1 and IAS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

28, not passed by the European Union). Improvements affect three standards. The amendments clarify the scope of disclosure requirements in IFRS 12 by specifying that disclosure requirements in IFRS 12, other than those relating to financial information summarized for subsidiaries, joint ventures, associates, apply to an entity's participants in other entities classified as held for sale or discontinued operations in accordance with IFRS 5. IFRS 1 has been amended and some short-term IFRS exemptions on the disclosure of financial instruments, the benefits of employees and investment entities have been removed after these short-term exemptions have reached their established goal. The amendments to IAS 28 clarify that an entity has an "investment-by-investment" option for measurement at the fair value of investments in accordance with IAS 28 through an organization with venture capital or mutual fund, investment fund or similar entities, including insurance funds with an investment component. In addition, an entity that is not an investment entity may have an associate or a joint venture to be an investment entity. IAS 28 allows such entity to maintain its measurements at the fair value used by that investment or joint venture associate when applying the equity method. The amendments clarify that this option is also available investment –by-investment.

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

JFRIC 22 - Foreign currency and advances transactions (issued on December 8, 2016 and applicable for annual periods beginning on or subsequently to January 1, 2018, not passed by the European Union). The interpretation addresses the method of determining the transaction date in order to determine the exchange rate used for the initial recognition of the asset, the expense or the related income (or part thereof) in the derecognition of an asset or non-monetary debt resulting from the payment of an advance in a foreign currency.
In accordance with IAS 21, the transaction date for the purposes of determining the exchange rate used at the initial recognition of the asset, expense or related income (or part thereof) is the date on which an entity first recognizes the asset or non-monetary liability arising from the advance. In the case of multiple advance payments or collections, the entity will set the transaction date for each payment or collection. *IFRIC 22* applies only to situations where an entity recognizes an asset or a non-monetary liability arising from an advance. IFRIC 22 does not provide clarifications on the definition of monetary and non-monetary items. An advance payment or an advance collection leads in general to the recognition of an asset or non-monetary debt, but could also give rise to a monetary asset or liability. The entity may have to consider whether an item is monetary or non-monetary.

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

Transfer of real estate investments - Amendments to IAS 40 (issued on December 8, 2016 and in force for annual periods beginning on or subsequently to January 1, 2018, not passed by the European Union). The amendments clarify requirements for transfers to and from real estate investments of properties under construction.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior to the amendments, there were no specific clarifications regarding the transfers in or from the real estate investment under construction in IAS 40. The amendment clarifies that there was no intention to prohibit the transfers of the properties under construction or development previously classified as inventories in real estate investments when there was a clear change of destination. IAS 40 has been amended to emphasize the principle of transferring in or from real estate investments in IAS 40 in order to specify that a transfer in or from real estate investment is made only if there has been a change in the destination of the property; such a change of destination implies an assessment of how the property can be qualified as a real estate investment. Such a change of destination must be proven.

The Company examines the impact that this new standard might have on the Financial Statements of the Company.

4. FAIR VALUE DETERMINATION

Certain Company accounting policies and information presentation requirements need the determination of the fair value both for the financial assets and liabilities, as well as for the non-financial ones. The fair values were determined in order to evaluate and/or take over the information based on the methods described hereinafter. When applicable, additional information regarding the hypotheses used in determining the fair values are presented in the Explanatory Notes specific to the respective asset or liability.

(a) Investments in equity securities and debts

The fair value of the financial assets at the fair value through the profit and loss account is determined by reference to the closure quotation for the bid price on the reporting date.
The available-for-sale financial assets consist of the equity instruments. These instruments held by the Company do not have a price listed on an active market and the fair value cannot be credibly determined by using an evaluation technique, therefore, they are evaluated at the cost, being subject to depreciation tests.

(b) Trade receivables and other receivables

The fair value of the trade receivables and other receivables is estimated as the present value of the future cash flows, updated with the market interest rate on the reporting date, namely, on December 31, 2016. This fair value is only determined for presentation purposes.

For the financial instruments such as the short-term financial receivables and liabilities, the Management considers that the carrying amount is a reasonable approximation of the fair value and, therefore, it is not necessary to separately present a fair value.

4. FAIR VALUE DETERMINATION (continued)

(c) Fair Value Hierarchy

The Company measures the fair value of the financial instruments by using one of the following hierarchy level-categorisation methods:

i) Level 1: Quoted prices in active markets for identical instruments.
ii) Level 2: Evaluation techniques based on observable market data. This category includes instruments evaluated using: quoted prices in active markets for identical instruments; quoted market prices for similar instruments in markets considered to be less active; or other evaluation techniques where the significant data can be directly or indirectly observed in the market data.
iii) Level 3: Evaluation techniques based on non-observable market data. This category includes all the instruments whose evaluation methods are not based on observable data and the non-observable data have a significant influence on the instrument evaluation. This category includes instruments which are evaluated based on quoted market prices for similar instruments, where non-observable adjustments or assumptions are necessary in order to reflect the difference between instruments.

5. RISK MANAGEMENT

In accordance with the performed activity, S.S.I.F. Vienna Investment TRUST S.A. is exposed to the following risks as a result of the use of financial instruments:

- Credit and counterparty risk;
- Residual risk;
- Concentration risk;
- Market risk;
- Liquidity risk;
- Operational risk;

This note presents information concerning the Company exposure to every individual risk mentioned hereinabove, the Company objectives, the risk evaluation and management policies and processes and the procedures for the capital management.

General framework regarding the risk management

The Company Board of Directors holds the general responsibility for establishing and supervising the risk management framework at the Company level.

5. THE RISK MANAGEMENT (continued)

The Company policies for risk management are defined so as to ensure the identification and analysis of the risks that the Company faces, to establish the appropriate limitations and controls, as well as to monitor the risks and the compliance with the established limitations. The risk management policies and systems are subject to regular review in order to reflect the changes occurred in the market conditions and in the Company activities. The Company, through its training and management standards and procedures, aims at developing an orderly and constructive control environment, where all the employees understand their roles and obligations.

The Company internal audit supervises the way the management monitors the compliance with the risk management policies and procedures and revises the appropriation of the risk management framework with reference to the risks the entities deal with.

- **Credit risk**

The credit risk is the risk for the Company to bear a financial loss as a result of the failure to comply with the contractual obligations by a Customer or Counterparty in a financial instrument, and this risk mainly results from the trade receivables and the financial investments of the Company.

(i) Trade receivables and other receivables

The Company exposure to the credit risk is mainly influenced by the individual characteristics of every Customer and of the country where the latter performs its activity. Most Company Customers perform their activity in Romania.

The Company Customer base consists of natural and artificial persons making investments on the capital market.

(ii) Financial Investments

The Company limits its exposure to the credit risk by investing only in liquid instruments issued by counterparties having a satisfactory credit quality. The Management constantly monitors the credit quality and, considering that the Company invested only in instruments having a high credit quality, the Management does not expect these counterparties to fail to comply with their contractual obligations. The table below shows the scores granted by the rating agencies to the banks where the Company holds cash and deposits, at the end of the financial reporting periods:

	Dec 31, 2016	**Dec 31, 2015**	**Rating agency**
Banca Comerciala Romana S.A.	BBB	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB	BB-	Fitch Ratings
Libra Bank	n/a	n/a	n/a
Alpha Bank Romania SA	Caa3	Caa3	Moody’s
Credit Europe Bank (Romania) S.A.	BB-	BB-	Fitch Ratings

5. THE RISK MANAGEMENT (continued)

The maximum exposure to the credit risk is equal to the exposure in the balance sheet on the reporting date and it amounted to:

	Dec 31, 2016	**Dec 31, 2015**
Available-for-sale financial assets	162,874	167,586
Financial assets for trading	4,744,066	4,963,704
Credits and receivables	605,393	860,628
Cash and cash equivalents	6,749,805	14,286,242
Total	**12,262,138**	**20,278,160**

The Company monitors the credit risk exposure through the aging method applied to the receivables it holds.

The Company has limited exposure to the credit risk given the specificity of the performed activity of intermediating financial transactions for the natural and artificial person Customers, transactions which are performed based on advance payments received from the Customers.

Residual risk

The Company will approach and control risk so that the used recognised techniques for mitigating the credit risk may prove less effective than the forecasts. Any residual risk resulting from the dynamic coverage strategies must be reflected in the own funds requirement.

Concentration risk

The concentration risk is the risk appearing as a result of the exposures to counterparties, groups of related counterparties and counterparties from the same economic sector, geographical region, same business or merchandise or of the application of the credit risk mitigation techniques and it includes particularly the risks associated to the high indirect exposures to the credit risk.
The control of the concentration risk is performed by monitoring the budgeted amounts/percentages regarding the exposure: per business sectors, counterparty categories, main currencies and territorial profile.

Market risk

The market risk is the risk that the market price variation, such as the foreign exchange rate, interest rate and equity instrument price, affect the Company revenues or the value of the held financial instruments.

The objective of the market risk management is to manage and control the exposure to the market risk within acceptable parameters and, at the same time, to optimise the investment profitability.

5. THE RISK MANAGEMENT (continued)

Exposure to foreign exchange risk

The Company exposure to the foreign exchange risk is presented hereinafter, based on the notional values in Thousand Ron equivalent:

on December 31, 2016	RON	EUR	CAD	Other currencies	Total
Financial assets					
Available-for-sale financial assets	162,874	-	-	-	162,874
Financial assets for trading	3,975,019	-	769,047	-	4,744,066
Credits and receivables	152,031	412,817	34,086	6,459	605,393
Cash and cash equivalents	6,537,124	678	212,003	-	6,749,805
Total financial assets	**10,827,048**	**413,495**	**1,015,136**	**6,459**	**12,262,138**
Financial liabilities					
Trade liabilities	30,280	-	-	876	31,156
Other liabilities	585,971	-	-	-	585,971
Advance payments collected from Customers	5,708,968	-	-	-	5,708,968
Total financial liabilities	**6,325,219**	-	-	**876**	**6,326,095**
Net financial assets	**4,501,829**	**413,495**	**1,015,136**	**5,583**	**5,936,043**

on December 31, 2015	RON	EUR	CAD	Other currencies	Total
Financial assets	167,586	-	-	-	167,586
Available-for-sale financial assets					
Financial assets for trading	3,804,454	-	1,159,150	-	4,963,704
Credits and receivables	392,987	424,367	33,496	9,778	860,628
Cash and cash equivalents	14,123,506	3,637	159,099	-	14,286,242
Total financial assets	**18,488,633**	**428,004**	**1,351,745**	**9,778**	**20,278,060**
Financial liabilities					
Trade liabilities	6,652	2,036	3,361	-	12,049
Other liabilities	164,359	-	-	-	164,359
Advance payments collected from Customers	13,531,485	-	-	-	13,531,485
	13,702,496	**2,036**	**3,361**	-	**13,707,893**
Total financial liabilities					
	4,786,137	**425,968**	**1,348,384**	**9,778**	**6,570,167**
Net financial assets					

Exposure to the price risk of the held-for-trading financial assets

The price risk of the held-for-trading financial assets is the risk that the value of such instruments may fluctuate as a result of the market price changes, either because of issuer-specific factors or because of factor affecting all the instruments traded on the market.

The Company holds financial assets for trading amounting to 4.744 thousand Ron on December 31, 2016 (on December 31, 2015: 4.964 Thousands Ron). For such assets, an increase of ten per cent

5. THE RISK MANAGEMENT (continued)

in the trading price on the reporting date would determine an increase of the Company result and of the equity on December 31, 2016 by 474.40 thousand Ron (on December 31, 2015: 496.36 thousand Ron); a similar change in reverse would determine a decrease of the Company result and equity by 474.40 thousand Ron (on December 31, 2015: 496.36 thousand Ron).

Liquidity risk

The liquidity risk is the risk that the Company may face difficulties in complying with the obligations associated to the financial debts discounted in cash or through the transfer of another financial asset. The Company approach regarding the liquidity risk is to make sure, to the extent that this is possible, it holds, at any time, enough liquidities to cope with the liabilities when they reach their maturity, both under normal conditions, as well as under stress conditions, without bearing unacceptable losses or putting the Company reputation at risk.

The Company has no engaged loans, since it only needs liquidities to cover the current operational expenses and discounts performed within the compensation - discounting systems that it operates. Taking into account that a significant weight of the Company assets consists of high liquidity investments, the liquidity risk level that the Company is exposed to is very low.

The contractual maturities of the financial liabilities, including the estimated interest payments and excluding the impact of the compensation agreements, are as follows:

on December 31, 2016	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Trade liabilities and other liabilities	617,128	617,128	617,128	-	-	-	-
Advance payments collected from Customers	5,708,968	5,708,968	5,708,968	-	-	-	-
Total	**6,326,096**	**6,326,096**	**6,326,096**	-	-	**-**	**-**

on December 31, 2015	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Trade liabilities and other liabilities	176,408	176,408	176,408				
Advance payments collected from Customers	13,531,485	13,531,485	13,531,485	-	-	-	-
Total	**13,707,893**	**13,707,893**	**13,707,893**	**-**	**-**	**-**	**-**

The cash flows included in the maturity analysis are not forecasted to occur significantly earlier or at significantly different values.

The Company keeps sufficient liquid assets (residual maturity below 3 months) in order to cover all the due liabilities.

5. THE RISK MANAGEMENT (continued)

Operational risk

Operational risk means the loss risk resulting either from the use of inappropriate internal processes, persons or systems or which did not perform their task appropriately, or from external events, and it includes the legal risk.

The policy of the Board of Directors is to maintain a solid capital base necessary for keeping the trust of the investors, creditors and market in order to support the future entity development. The Board of Directors monitors the profitability of the employed capital, defined by the Company as the net profit from the exploitation activity divided to the total equity, except for the non-controlling interests.

The coverage rates of the Company own funds requirements for the reference periods were as follows:

Equity rates and equity levels	**Dec. 31, 2016**	**Dec. 31, 2015**
Basic level 1 equity rate	50.70%	57.75%
Basic level 1 equity Surplus(+)/Deficit(-)	5,430,221.33	6,566,909.54
Basic level 1 equity rate	50.70%	57.75%
Basic level 1 equity Surplus(+)/Deficit(-)	5,253,922.42	6,381,943.42
Total equity rate	50.70%	57.75%
Total Equity Surplus(+)/Deficit(-)	5,018,857.19	6,135,321.94

The specific requirements issued by Autoritatea de Supraveghere Financiara din Romania ("ASF" - the Financial Supervisory Authority, formerly known as "CNVM" – Comisia Nationala a Valorilor Mobiliare, i.e. National Securities Commission – "NSC") regarding the equities are: the initial share capital should be higher than 730 thousand euro, the equities should exceed 730 thousand euro, namely, the equities should be higher or equal to the amount of capital requirements, the requirements being complied with throughout the activity performance in 2016 and 2015.

The Company equities are determined in compliance with the requirements of Regulation (EU) no. 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

For the calculation of the Company equity, the following elements extracted from the of the Company analytical balance shall be taken into account:

- Positive elements:
  - Subscribed and paid up share capital;
  - Legal reserves, statutory reserves and other reserves.

- Negative elements:
  - Result carried forward, representing loss;
  - Loss of the current period recorded until the equities determination date;
  - Book-keeping registration value of the intangible fixed assets.

5. THE RISK MANAGEMENT (continued)

According to the reporting accruing to December 31, 2016, the Company equities registered a value increase of Ron 6,959,118, namely, Euro 1,312,263 (2015: Ron 6,509,122, namely, Euro 1,438,639).

Within the Company, for a good administration of the risk management, willing to establish new methods to manage its level, each individual department continuously aims at updating and improving the specific procedures and rules, to the extent that, at one point in time, it may be considered that the Company is exposed through the activity performance of that department, based on the rules in force at that time.

6. INCOMES FROM SERVICES

The incomes from financial service provision and brokerage operations recognised in the profit and loss account are:

	Dec. 31, 2016	**Dec. 31, 2015**
Incomes from trading commissions	309,045	688,420
Incomes from various activities - commissions for other services	10,150	802
Incomes from various activities – consultancy	80,881	101,763
Other operating incomes	71,197	506
Total incomes	**471,273**	**791,491**

The main income sources, in 2016, consist of the incomes from commissions accruing to the brokered transactions and incomes from consultancy.

7. OPERATIONAL EXPENSES

The operational expenses include:

	Dec. 31, 2016	**Dec. 31, 2015**
Rent expenses	69,446	58,696
Expenses regarding the commissions/taxes for the capital market	82,478	99,154
Expenses regarding the audit fees	40,891	22,900
Other expenses regarding the commissions and fees	47	3,717
Expenses with protocol and donations, sponsorships	3,974	6,561
Commercial and publicity expenses	1,929	37,293
Expenses with other levies, locale taxes	68,851	95,044
Personnel expenses *(i)*	481,009	493,727
Other operating expenses	92	246,844
Other expenses with services provided by third parties (ii)	303,850	208,764
Depreciation expenses *(note 14, 15)*	5,544	3,860
Total expenses	**1,058,111**	**1,276,560**

7. OPERATIONAL EXPENSES (continued)

(i) The personnel expenses consist of the following:

	Dec. 31, 2016	Dec. 31, 2015
Expenses with the management salaries	187,220	198,090
Expenses with the salaries of the operational personnel	202,510	202,909
Expenses with the insurances and social security	91,279	92,728
Total	**481,009**	**493,727**

The number of employees within the Company amounted to:

	Dec. 31, 2016		Dec. 31, 2015	
	At year end	Average per year	At year end	Average per year
Number of employees	**6**	**6**	**7**	**7**

(ii) The expenses with the services provided by third parties include communication, repairs, accounting services, translation services and others.

8. FINANCIAL INCOMES	Dec. 31, 2016	Dec. 31, 2015
Incomes from held financial assets	8,422	122,739
Incomes from the revaluation of financial instruments	1,514,577	1,284,605
Incomes from dividends	233,396	248,312
Incomes from foreign exchange rate differences	83,728	-
Incomes from interests	71,504	62,679
Other financial incomes	30,166	207,654
Total incomes	**1,941,793**	**1,925,989**

9. FINANCIAL EXPENSES	Dec. 31, 2014	Dec. 31, 2015
Expenses regarding the financial assets	7,037	15,844
Expenses from revaluation of financial instruments	1,852,105	1,888,411
Expenses from foreign exchange rate differences	-	124,011
Expenses with bank commissions	12,359	9,184
Total Expenses	**1,871,501**	**2,037,450**

10. Expenses with the profit tax	Dec. 31, 2016	Dec. 31, 2015
Expenditure with the current profit tax	-	-
Expenditure with the deferred profit tax	-	-

11. CASH AND CASH EQUIVALENTS

The cash and cash equivalents have the following structure (the amounts in EUR, CAD are converted into RON at the foreign exchange rate valid on the last day of the year/of the concluded financial year):

	Dec. 31, 2016	**Dec. 31, 2015**
Short-term bank deposits (RON)	211,520	404,652
Current accounts - Company liquidity (RON)	44,549	50,838
Current accounts - Company liquidity (EUR)	678	3,637
Current accounts - Company liquidity (CAD)	212,003	159,099
Overnight deposits - customer liquidity (RON)	238,488	301,372
Current accounts - customer liquidity (RON)	3,916,681	3,365,609
Customer liquidity/savings accounts (RON)	2,124,521	10,000,000
Other securities	1,365	1,035
Total cash and cash equivalents	**6,749,805**	**14,286,242**

12. CREDITS AND RECEIVABLES

a. Other receivables	**Dec. 31, 2016**	**Dec. 31, 2015**
Various Debtors	8,174	8,423
Debtors from transaction operations	104,656	311,873
Total other receivables	**112,830**	**320,296**

b. Expenses recorded in advance	**Dec. 31, 2016**	**Dec. 31, 2015**
Car MTPL insurance	122	131
EEM annual commission	1,889	-
FCI contribution	6,535	-
Total Expenses recorded in advance	**8,546**	**131**

13. FINANCIAL ASSETS

a. Available for sale - securities	**Dec. 31, 2016**	**Dec. 31, 2015**
Casa de Compensare Bucuresti (C.C.B.)	574	5,286
Fondul de Compensare a Investitorilor (F.C.I.)	1,500	1,500
Casa Romana de Compensatie (CRC)	4,050	4,050
Shares with Sai Sira SA	156,750	156,750
Total value of the equity securities	**162,874**	**167,586**

13. FINANCIAL ASSETS (continued)

b. Available for trading

The held-for-trading financial assets are mainly underived financial instruments, listed and unlisted, traded on the internal markets, amounting to Ron 3,975,019, in 2016 (2015: Ron 3,804,554) and on the external markets, amounting to Ron 769,047, in 2016 (2015: Ron 1,159,150).

The table below analyses the financial instruments registered at the fair value depending on the evaluation method. All the financial instruments held by the Company are evaluated at the fair value based on the quotation available for the last trading day for every held symbol, by multiplying the number of instruments held with that quotation.

On December 31, 2016:

	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets	4,744,066	-	-	4,744,066
	4,744,066	-	-	**4,744,066**

On December 31, 2015:

	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets	4,963,704	-	-	4,963,704
	4,963,704	-	-	**4,963,704**

c. Other financial assets	**Dec. 31, 2016**	**Dec. 31, 2015**
CCB initial contribution	-	29,701
CCB Financial guarantee	-	20,000
Guarantee - the Romanian Commodities Exchange	6,714	6,714
Depozitarul Central - Guarantee Fund *(i)*	76,061	75,577
Depozitarul Sibex - Guarantee Fund *(ii)*	46,500	46,379
Keler - Guarantee Fund *(iii)*	227,055	226,225
Athexclear - Guarantee Fund *(iii)*	136,233	135,735
Total other fixed assets	**492,563**	**540,332**

(i) The guarantee with the Guarantee Fund of Depozitarul Central was required in order to perform transactions on the Bucharest Stock Exchange.

(ii) The guarantee with the Guarantee Fund of Depozitarul Sibex was required in order to perform transactions on the Sibex Stock Exchange in Sibiu.

(iii) The guarantees with the Keler and Athexclear brokerage companies are guarantees in order to perform transactions on their trading platforms.

14. TANGIBLE FIXED ASSETS

Cost	**Technical installations and means of transport**	**Furniture, office automation and other equipment**	**Total**
Balance on January 1, 2015	**139,900**	**22,360**	**162,260**
Acquisitions	9,037	-	9,036
Exits	-	**7,655**	7,655
Balance on December 31, 2015	148,937	**14,705**	**163,642**
Balance on January 1, 2016	**148,937**	**14,705**	163,642
Acquisitions	6,671i	-	6,671
Exits	28,372	-	28,372
Balance on December 31, 2016	**127,236**	**14,705**	**141,941**

Depreciation	**Technical installations and means of transport**	**Furniture, office automation and other equipment**	**Total**
Balance on January 1, 2015	**134,670**	**20,151**	**154,821**
Depreciation expense	2,856	491	3,347
Eliminated upon the asset exit	-	7,655	7,655
Balance on December 31, 2015	**137,526**	**12,987**	**150,513**
Balance on January 1, 2016	137,526	12,987	150,513
Depreciation expense	4,779	491	5,270
Eliminated upon the asset exit	28,372	-	28,372
Balance on December 31, 2016	**133,933**	**13,478**	**127,411**

15. INTANGIBLE FIXED ASSETS - LICENCES AND SOFTWARE

	Cost		**Depreciation**
Balance on January 1, 2015	**133,972**	**Balance on January 1, 2015**	**75,278**
Acquisitions	272	Depreciation expense	513
Exits	59,634	Eliminated upon the asset exit	1,387
Balance on December 31, 2015	**74,610**	**Balance on December 31, 2015**	**74,404**
Balance on January 1, 2016	**74,610**	**Balance on January 1, 2016**	74,404
Acquisitions	1,480	Depreciation expense	275
Exits	-	Eliminated upon the asset exit	-
Balance on December 31, 2016	**76,090**	**Balance on December 31, 2016**	**74,679**

16. TRADE LIABILITIES AND OTHER LIABILITIES

	Dec. 31, 2016	**Dec. 31, 2015**
Trade liabilities	31,156	12,049
Liabilities representing Capital Market commissions	-	940
Liabilities representing advance payments collected from Customers	5,708,968	13,531,485
Bucharest Stock Exchange – customer transactions undergoing discounting	563,064	142,921
Liabilities representing Director guarantees	266	266
Liabilities to the State budget	6,315	6,528
Liabilities representing payable social security contributions	10,212	12,397
Liabilities to F.S.A.	4,569	1,274
Other various creditors	1,545	33
Total liabilities	**6,326,095**	**13,707,893**

The trade liabilities are current invoices, mainly for the internet and telecommunications services, utilities and book-keeping. The commissions due to the companies from the Capital Market are current liabilities to the Bucharest Stock Exchange, Depozitarul Central and Brokers' Association.

The liabilities to the state budget and the social security contributions are the taxes, duties and contributions accruing to the salaries for December 2016, due on January 25, 2017.

The liabilities to the F.S.A. are the 0.08% share of the purchase transactions and the 1% tax applied to the operating incomes, accruing to the fourth quarter of the year 2016.

Other various creditors are former customers who could not be returned their account liquidities.

17. OTHER OFF-BALANCE-SHEET ELEMENTS

In the normal trading process, SSIF executes the Clients' instructions regarding the financial instruments existing in the accounts open in their names. These financial instruments are recorded off-the-balance-sheet, though chronological and systematic records in the owner clients' accounts. The financial instruments are identified through symbols and they are presented quantitatively and based on the value, by multiplying the quantity by the quotations upon the closing time, for the reference date, on the market where they are traded.

On December 31, 2016, compared to December 31, 2015, the value of the financial instruments held by the Customers and recorded in the off-balance-sheet records of SSIF, is as follows:

- portfolio of financial instruments highlighted off-the-balance-sheet, at the market value of Ron 29,555,102 (2015: Ron 29,094,784) for 19 Clients (2015: 21 Clients) - artificial persons;
- portfolio of financial instruments highlighted off-the-balance-sheet, at the market value of Ron 26,061,125 (on ,607,113) for 289 Clients (2015: 302 Clients) - natural persons.

17. CAPITAL, RESERVES, PROFITABILITY

(a) Share capital

The subscribed and paid up share capital on December 31, 2016 amounted to Ron 4,453,452, namely, the counter value of 167,423 shares having a nominal value of 26.60 Ron/share.

On December 31, 2016, the shareholding structure was as follows:

Shareholder	No. of Shares	Share value	%
Toma Constantin	123,070	3,273,662.00	73.51%
Simionescu Adrian	41,856	1,113,369.60	25.00%
Certasig SA	1,048	27,876.80	0.62%
Israel Credit Line Compl	754	20,056.40	0.45%
Thomas Mayer	573	15,241.80	0.34%
Prime Invest House Roman	61	1,622.60	0.04%
Prime Invest 2000	61	1,622.60	0.04%
Total	**167,423**	**4,453,451.80**	**100.00%**

The shareholding structure did not change in 2016.
In 2016, no new shares and no new bonds were issued.
The elements assimilated to the share capital are the value of the inflation capital adjustment for the period from 1995 to 2002.

b) Dividends

In 2016, dividends were distributed to the shareholders in the amount of RON 106,855.31 according to the Decision of the Ordinary Shareholders' General Assembly as on May 12, 2016 (2015: Ron 0).

c) The legal reserve

According to the legal requirements, the Company constitute legal reserves amounting to a minimum of 5% of the profit recorded, until the level of 20% of the share capital. The legal reserves cannot be distributed to the shareholders.

The value of the legal reserves in the balance on December 31, 2016 amounts to Ron 292,477 (2015: Ron 292,477). The legal reserves can be used to cover the operating activity losses.

d) Result brought forward

The result brought forward is a credit balance, representing the positive results recorded by the Company in the previous years, amounting to Ron 1,214,344, and a debit balance, amounting to Ron 5,118,333, representing the result brought forward from the inflation adjustment of the share capital for the period from 1995 to 2002.

19. TRANSACTIONS WITH THE AFFILIATES (continued)

In 2016, the salaries paid to the key management personnel amounted to Ron 187,220 (2015: Ron 198,090).

No indemnities were paid to the members of the Board of Directors.
The Company granted no loans, advance payments or guarantees in favour of the members of the Board of Directors and of the Executive Managers.

20. COMMITMENTS AND CONTINGENT liabilities

(a) ***Litigations in court***

The Company had no on-going litigations on December 31, 2016 and on December 31, 2015.

(b) ***Off-balance sheet commitments***

The Company had no off-balance sheet commitments given or received on December 31, 2016 and on December 31, 2015.

(c) ***Transfer price***

The Romanian tax legislation has contained rules regarding the transfer price between affiliates, as of 2000. The current legislative framework defines the principle of "market value" for the transactions between affiliates, as well as the methods for establishing the transfer prices. Therefore, it is to be expected that the tax authorities initiate thorough verifications of the transfer prices, in order to make sure that the fiscal result and/or the customs value of the imported goods are not distorted by the effect of the prices practices in the relationships with affiliates.

21. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Until the publication date of these Financial Statements, no significant events took place subsequently to the reporting date.

SIMIONESCU ADRIAN
Round stamp
"Vienna Investment Trust S.A., Romania"

Signature
Illegible signature

PREPARED BY,
Surname(s) and name(s) (capacity)
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Signature
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I, the undersigned **Gabriela-Monica STEGARU, sworn interpreter and translator** for **French and English**, as per the Authorization no. 12963 as of 12.10.2016, issued by the Ministry of Justice of Romania, do hereby certify the accuracy of the translation made from Romanian to English, also that the presented text was translated entirely, without omissions, and that, by translating it, the content and meaning of the written document were not altered.

Gabriela-Monica STEGARU
SWORN INTERPRETER AND TRANSLATOR

MINISTERUL JUSTIȚIEI
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