

Societatea de Investiții Financiare Oltenia S.A.

Str. Tufănele, nr. 1

Craiova

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SIF Oltenia S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion on the Consolidated Financial Statements

1. We have audited the consolidated financial statements of the Societatea de Investitii Financiare Oltenia S.A. (SIF Oltenia S.A. or the "Group"), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
2. Those consolidated financial statements are identified as follow:
 - Net assets/Shareholders' Equity 1.731.897.801 lei
 - Net profit 93.222.653 lei
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with the A.S.F. Rule No. 39/2015 approving the Accounting Regulations compliant with International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), The EU Regulation no. 537 (further referred as the "Regulation") and the Law no. 162/2017 (the "Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of the Ethics Code for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole and in forming an opinion on the consolidated financial statements and we do not express an opinion on these individual matters.

The main aspects that were considered were as follows:

Valuation of unlisted financial assets at fair value through other comprehensive income.

Note 17, to the consolidated financial statements

Key matters

Unlisted investments are measured at values which are established based on valuation reports prepared by professional appraisers. This has been one of the audit areas that our audit focused on.

Our response

Our procedures included but were not limited to:

- enquiry of the documentation of the valuation and measurement of the unlisted investments
- discussions with the investment managers on key judgments applied for the measurement of the unlisted investments
- evaluation of the competence, capabilities, and objectivity of the valuers
- checking the correct recording of the fair values in the financial statements

Other information – The Directors’ Report

6. The directors are responsible for the preparation and presentation of other information. That information includes the Directors’ Report, but do not include the consolidated financial statements and the audit report.

The directors’ report is not part of the consolidated financial statements. Our opinion on the consolidated financial statements do not cover the director’s report.

In relation with the consolidated financial statements for the year ended December 31, 2018, our responsibility is to read that other information and to assess if this information differs significantly to the consolidated financial statements or if it is significantly misstated.

In relation with the Director’s Report, we have read and we report that it was prepared, in all material respects, in accordance with the ASF Rule no. 5/2018 and the Rule no. 39/2015 for entities supervised and regulated by the ASF.

In our opinion:

- a) Nothing was identified by us that makes us believe that the information presented in the director's report, in all material respects, is not in accordance with the consolidated financial statements
- b) The director's report mentioned above includes, in all material respects, the information requested by the A.S.F. Rule no. 39/2015 for the approval of the accounting regulations in accordance with the International Accounting Reporting Standards, applicable for the entities authorized, regulated and supervised by the Financial Supervisory Authority ("A.S.F.") for the Financial Instruments and Investments Sector.

Based on our understanding and knowledge obtained during our audit on the S.I.F. Oltenia S.A. consolidated financial statements prepared for the year ended December 31, 2018 and, on its environment, we are asked to report if we have identified significant misstatements in the directors' Report. We have nothing to report concerning this aspect. no information that is included in the directors' report came to our attention that would make us believe that it is misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe

these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

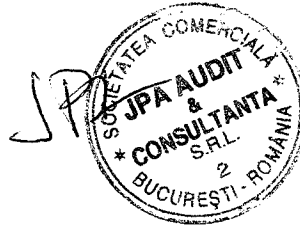
Report on Other Legal and Regulatory Requirements

According to art. 10 par. (20) of the EU Regulation no. 537/2014 we give the following information in our independent auditor's report, which are requested supplementary of the International Standards on Auditing.

15. We were nominated by the General Meeting of Shareholders in the date 26.08.2016 as auditors for the financial statements of SIF Oltenia S.A. for the year ended December 31, 2018. The total duration of our engagement is of 2 years, covering the years ended December 31, 2017 and December 31, 2018.
16. We confirm that our opinion on the financial statements is according to the supplementary report presented to the Audit Committee, issued in March 19, 2019 in compliance with the art. 11 of the EU Regulation no. 537/2014
17. We confirm that we have not deliver any other non-audit services as mentioned in the art. 5 par. (1) of the EU regulation no. 537/2014.

March 20th, 2019

In the name of:
JPA Audit și Consultanta S.R.L.
Registered Auditor C.A.F.R. nr. 319



Florin Toma
C.A.F.R. 1747

