

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH**  
**INTERNATIONAL FINANCIAL REPORTING STANDARDS**  
**ADOPTED BY THE EUROPEAN UNION**

**DECEMBER 31, 2015**

## CONTENTS

## PAGE

INDEPENDENT AUDITOR'S REPORT	1 – 3
STATEMENT OF COMPREHENSIVE INCOME	4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8– 36
ADMINISTRATOR'S REPORT	1 – 4

To the Shareholders of,  
SSIF Blue Rock Financial Services S.A.  
Bucharest, Romania

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

1. We have audited the accompanying financial statements of SSIF Blue Rock Financial Services S.A. ("the Company") which comprise the statement of financial position as of December 31, 2015, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and applying Financial Supervisory Authority Norm no. 39 / 28 December 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorized, regulated and supervised by FSA – Financial Investments and Instruments Sector (referred here as "FSA Norm no.39/ 2015"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurances that the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

6. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SSIF Blue Rock Financial Services S.A. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and applying FSA Norm no. 39/2015.

## *Other Matters*

7. This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.
8. The financial statements of SSIF Blue Rock Financial Services S.A. for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 29<sup>th</sup>, 2015.

## **Report on the Administrators' Report**

The administrators are responsible for the preparation and presentation of the Administrator's Report in accordance with the requirements of the FSA Norm no. 39/2015, articles 8-13, which does not contain material misstatements and for such internal control as management determines is necessary to enable the preparation of Administrator's Report that is free from material misstatement, whether due to fraud or error.

In accordance with the FSA Norm no. 39/2015, Section 3, article 14, par.3 point (e), we have read the Administrators' Report. The said report is not part of the financial statements and our opinion on the financial statements does not cover the Administrator's Report.



# Deloitte.

In the Administrators' Report we have not identified any historic financial information which is not in accordance, in all material respects, with the information presented in the accompanying financial statements. The Administrators' Report contains, in all material respects, the required information in accordance with the provisions of the FSA Norm no.39/2015 article 8, points (1)-(2) and article 9, points (1) – (5).

Based on our knowledge and understanding concerning the Company and its environment gained during the audit we have not identified information included in the Administrators' Report that contains a material misstatement of fact,

Petr Pruner, Audit Partner

*For signature, please refer to the original Romanian version*

*Registered with the Chamber of Financial Auditors in Romania under the certificate no. 4147/11.01.2012*

*On behalf of:*

**DELOITTE AUDIT SRL**

*Registered with the Chamber of Financial Auditors in Romania under the certificate no. 25/25.06.2001*

Bucharest, Romania  
May 17<sup>th</sup>, 2016

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

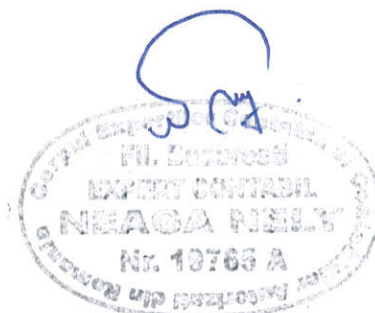
	<u>Note</u>	<u>2015</u>	<u>2014</u>
Services rendered	7	1,846,150	1,771,816
Net result from operations with financial assets held for trading	6	138,473	718,782
Net result from the measurement of financial assets held for trading	6	(128,194)	432,001
Interest income		13,152	54,615
Operating expenses	8	(2,892,733)	(2,849,418)
Net foreign currency gain		118,380	41,586
<b>Loss before taxation</b>		<b>(776,578)</b>	<b>(262,619)</b>
Income tax expenses	9	-	-
<b>Loss of the year</b>		<b>(776,578)</b>	<b>(262,619)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(776,578)</b>	<b>(262,619)</b>

The financial statements were authorized by the Board of Directors, on May 17, 2016 and were signed by:

Administrator,  
**GUNTER WOINAR**



Prepared by,  
**NEAGA & ASSOCIATES**  
**FINANCIAL CONSULTING SRL- Representative**  
**Nelly Neaga**  
Legal person authorised by CECCAR under no.  
5817/2008



The accompanying notes are an integral part of these financial statements.  
Free translation from the original Romanian version.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

(all amounts are expressed in Lei ("RON"), unless otherwise specified)

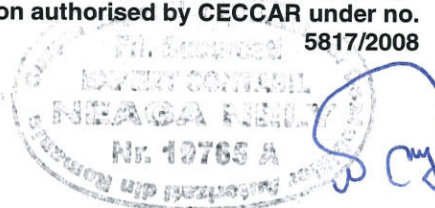
	Note	December 31, 2015	December 31, 2014
<b>Assets</b>			
Tangible assets	10	37,549	70,426
Intangible assets	11	147,453	201,828
Deferred tax receivables		-	48,092
Other non-current assets	17	343,433	396,264
<b>Total non-current assets</b>		<b>528,435</b>	<b>716,610</b>
Inventories		-	7,467
Trade and other receivables	13a)	488,269	625,393
Current assets related to trading activity	13b)	19,004,250	2,550,546
Financial assets held for trading	12	8,173,619	5,199,221
Available-for-sale financial assets	12	10,036	28,036
Bank accounts on behalf of clients	14	33,045,080	26,706,103
Cash and cash equivalents	14	1,547,711	5,155,751
<b>Total current assets</b>		<b>62,268,965</b>	<b>40,272,517</b>
<b>Total assets</b>		<b>62,797,400</b>	<b>40,989,127</b>
<b>Shareholders' equity</b>			
Share capital	18	15,559,320	15,559,320
Legal reserves	18	47,002	47,002
Retained earnings	18	(3,618,275)	(2,771,490)
<b>Total shareholders' equity</b>		<b>11,988,047</b>	<b>12,834,832</b>
<b>Current liabilities</b>			
Trade and other liabilities	14a)	512,305	528,924
Current assets related to trading activity	14b)	50,297,048	27,625,371
<b>Total current liabilities</b>		<b>50,809,353</b>	<b>28,154,295</b>
<b>Total liabilities and shareholders' equity</b>		<b>62,797,400</b>	<b>40,989,127</b>

The financial statements were authorized by the Board of Directors, on May 17, 2016 and were signed by:

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**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

	Share capital	Legal reserve	Retained earnings	Total equity
<b>Balance as at January 1, 2014</b>	15,559,320	47,002	(2,508,871)	13,097,451
<b>Total comprehensive income for the year</b>	-	-	(262,619)	(262,619)
Profit or loss	-	-	(262,619)	(262,619)
<b>Total comprehensive income for the year</b>	-	-	(262,619)	(262,619)
<b>Balance as at December 31, 2014</b>	15,559,320	47,002	(2,771,490)	12,834,832
<b>Balance as at January 1, 2015</b>	15,559,320	47,002	(2,771,490)	12,834,832
<b>Total comprehensive income for the year</b>	-	-	(776,578)	(776,578)
Profit or loss	-	-	(48,092)	(48,092)
Corrections of deferred income tax	-	-	(22,115)	(22,115)
Changes in retained earnings related to other reserves	-	-	(706,371)	(706,371)
<b>Total comprehensive income for the year</b>	-	-	(846,785)	(846,785)
<b>Balance as at December 31, 2015</b>	15,559,320	47,002	(3,618,275)	11,988,047

The financial statements were authorized by the Board of Directors, on May 17, 2016 and were signed by:

Administrator,  
**GUNTER WOINAR**



Prepared by,  
**NEAGA & ASSOCIATES**  
**FINANCIAL CONSULTING SRL- Representative Nelly Neaga**  
Legal person authorised by CECCAR under no. 5817/2008



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**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

	Note	2015	2014
<b>Cash flows from operating activities</b>			
Net loss for the year		(776,578)	(262,619)
Adjustments for:			
Other reserves carried forward		(21,315)	-
Amortization of fixed assets	10,11	92,352	82,545
Result from the measurement of financial assets held for trading	6	128,194	(432,001)
Income from dividends	6	(57,678)	(55,099)
Gains on sale of shares held for trading	6	(208,989)	(231,682)
Interest income		(13,152)	(54,615)
Income tax expenses		48,092	-
		<b>(809,074)</b>	<b>(953,470)</b>
Changes in trade and other receivables		(16,358,005)	(1,152,124)
Changes in financial assets held for trading	12	(3,102,592)	(2,292,006)
Changes in trade and other liabilities		22,655,058	17,934,837
Changes in bank accounts on behalf of customers		(6,338,977)	(17,810,443)
Changes in long-term financial assets		70,831	(166,920)
<b>Net cash used in operating activities</b>		<b>(3,882,758)</b>	<b>(4,440,126)</b>
<b>Cash flows from investing activities</b>			
Interest received		13,152	54,615
Dividends received	6	57,678	55,099
Purchase of tangible and intangible assets	10,11	(5,100)	(244,425)
Gains on sale of financial assets held for trading	6	208,989	231,682
<b>Net cash flows from investing activities</b>		<b>274,719</b>	<b>96,971</b>
<b>Cash flows from financing activities</b>			
<b>Net cash from financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		<b>(3,608,040)</b>	<b>(4,343,155)</b>
<b>Cash and cash equivalents at beginning of the year</b>	14	<b>5,155,751</b>	<b>9,498,906</b>
<b>Cash and cash equivalents at end of the year</b>	14	<b>1,547,711</b>	<b>5,155,751</b>

The financial statements were authorized by the Board of Directors, on May 17, 2016 and were signed by:

Administrator,  
**GUNTER WOINAR**

Prepared by,  
**NEAGA & ASSOCIATES**  
**FINANCIAL CONSULTING SRL - Representative Nelly Neaga**  
Legal person authorised by CECCAR under no. 5817/2008



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**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**1. REPORTING ENTITY**

Blue Rock Financial Services S.A. ("the Company") is a joint-stock company, a Romanian legal entity authorized by the Financial Supervisory Authority in Romania under no. PJ01SSIF/190057. As at December 31, 2015, its main shareholder was Blue Rock Capital GmbH (former Euro Invest Bank A.G.).

The headquarters of the Company are in Bucharest, District 1, 28 Dr. Iacob Felix Street, 4<sup>th</sup> Floor. The main activity of the Company consists in rendering of other financial services, provided by the Romanian NACE code 6499 - Other financial service activities, except insurance and pension funding n.e.c.

**2. BASES OF PREPARATION**

**(a) Statement of compliance**

The standalone financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards as adopted by European Union ("IFRS") and issued by the International Accounting Standards Board (IASB), in force at the reporting date, December 31, 2015. The Company prepared these standalone financial statements in order to meet the requirements of Rule no. 39/2015 of the Financial Supervisory Authority ("FSA" former "NSC") regarding the application of IFRS by entities authorized, regulated and supervised by FSA.

The Company prepared the first financial statements in accordance with IFRS for 2011 and IFRS 1 (First-time adoption of International Financial Reporting Standards) was applied.

These financial statements include the statement of financial position, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and the explanatory notes.

*Differences between statutory financial statements and IFRS financial statements*

The Company maintains its accounting records in Romanian Lei ("RON"), in accordance with the Romanian Accounting Standards ("RAS"). The statutory accounts have been restated as to reflect the differences between RAS and IFRS, in accordance with the provisions of FSA Rule no. 39/28 December 2015. The statutory accounts have been adjusted accordingly, where necessary, to bring the financial statements, in all material respects, in accordance with IFRS.

The main changes in the statutory financial statements for the purpose of fair presentation in accordance with IFRS are:

- grouping several items into more comprehensive captions;
- recognition, measurement and classification of the financial instruments in accordance with IAS 39 ("Financial Instruments - Recognition and Measurement");
- provisioning for deferred tax (IAS 12 "Income Taxes");
- disclosures required under IFRS.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**2. BASES OF PREPARATION (continued)**

**(b) Presentation of financial statements**

The standalone financial statements are presented in accordance to the requirements of IAS 1 "Presentation of Financial Statements". The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of incomes and expenses according to their nature in the statement of comprehensive income, considering that these methods of presenting information are more relevant and credible than those which would have been submitted in other ways permitted by IAS 1.

**(c) Bases of valuation**

The financial statements have been prepared under the historical cost or amortized cost convention, except for financial assets held for trading valued through profit or loss.

Other financial assets and liabilities are presented at amortized cost. The methods used to determine fair value are disclosed in Note 4.

**(d) Functional and presentation currency**

The management of the Company considers the Romanian leu (RON) as the functional currency as defined by IAS 21 "The effects of changes in foreign exchange rates".

The standalone financial statements are presented in RON, rounded to the nearest RON, the currency chosen by the Company's management as the presentation currency.

**(e) Use of estimates and professional judgement**

The preparation of financial statements in accordance with IFRS as adopted by the European Union requires the management to make estimates and assumptions that affect the application of policies and the amounts of the assets, liabilities, income and expenses reported. The estimates and judgments associated with them are based on historical and other factors considered to be relevant in these circumstances. The result of these factors forms the basis of judgments used in determining the carrying amount of assets and liabilities for which there are no other sources available for valuation. Actual results may differ from the estimated amounts.

The estimates and the assumptions are revised periodically. The accounting estimates revisions are recognized, if the revision affects only that period, in the period in which the estimate is revised or if the revision affects both current period and subsequent periods, in the current and also the subsequent periods.

**(f) Going concern**

The financial statements are prepared in accordance with the going concern principle, meaning that the Company will continue to operate as a going concern for the foreseeable future (being 12 months from the date of these financial statements).

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant methods and accounting policies have been consistently applied by the Company during the financial years presented in these financial statements.

The standalone financial statements are prepared based on the assumption that the Company will continue its operations in the foreseeable future. To assess the practicability of this hypothesis, the management analyzes the estimates relating to future cash inflows.

**(a) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from the settlement thereof and from the conversion of monetary assets and liabilities denominated in foreign currency using the exchange rate as at the end of the year are recognized in profit or loss. Non-monetary assets and liabilities in foreign currency that are measured at historical cost are recorded in RON using the exchange rate prevailing at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are recorded in RON using the exchange rate prevailing at the date of the fair value measurement.

Conversion differences are presented in profit or loss, except for the differences arising from the translation of financial instruments classified as available-for-sale, which are included in the reserve from the change in fair value of these financial instruments. The exchange rates of the main currencies were as follows:

<b>Currency</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
EUR	4.5245	4.4821
USD	4.1477	3.6868

**(c) Financial assets and liabilities**

***Financial assets***

The accounts receivable and deposits are initially recognized by the Company at the date of their recording. All other financial assets (including assets at fair value through profit or loss) are recognized initially on the transaction date when the Company becomes a party to the contractual terms of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Any risk and reward in the transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The financial assets and liabilities can be offset and the statement of financial position will present their net value, only when the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the obligation at the same time.

The Company classifies as follows financial assets held: financial assets at fair value through profit or loss, financial assets held to maturity, accounts receivable and available-for-sale financial assets.

***(i) Financial assets at fair value through profit or loss***

A financial asset is designated at fair value through profit or loss if is classified as held for trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and decides to buy or sell based on fair value. On initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and the subsequent changes are recognized in profit or loss.

Free translation from the original Romanian version.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Financial assets and liabilities (continued)**

The derivative financial instruments are classified as held for trading if they do not represent instruments used for hedge accounting.

*(ii) Financial assets held to maturity*

If the Company intends and is able to hold the instruments to maturity, then the financial assets are classified as held-to-maturity investments. Financial assets held to maturity are initially recognized at fair value plus directly attributable transaction costs.

Subsequent to initial recognition, financial assets held to maturity are measured at amortized cost using the effective interest method, less any impairment loss. Any sale or reclassification before maturity other than insignificant amounts of held-to-maturity investments and which does not arise near the maturity results in the reclassification of all held-to-maturity investments into available-for-sale assets, and the Company will not be able to classify those instruments as held to maturity investments in the current and the next two financial years.

As at 31 December 2015 and 31 December 2014, the Company has no investment assets classified as held-to-maturity.

*(iii) Trade receivables*

Trade receivable are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade receivable are measured at the initial value less any impairment loss. Trade receivables include trade and other long-term receivables.

*(iv) Cash and cash equivalents*

Cash and cash equivalents comprise petty cash, cash at banks and deposits with an original maturity of three months or less held by the bank in its own name.

Bank accounts on behalf of customers include funds deposited with banks on behalf of customers, from advances paid by the latter for future transactions.

*(v) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and not classified in any of the above mentioned categories. Company's investments in equity instruments and in certain debt instruments are classified as financial assets available for sale.

Subsequent to initial recognition, they are measured at fair value and the subsequent changes, other than impairment losses and foreign exchange differences relating to equity instruments available for sale are recognized in other comprehensive income and are presented within equity in the reserve. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is transferred to profit or loss.

If fair value cannot be reliably measured, the available-for-sale financial assets are carried at the restated cost less impairment provision.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Financial assets and liabilities (continued)**

***Financial liabilities***

Financial liabilities are recognised on the date it becomes a party to the contractual provisions of the instrument. The Company applies trade date accounting.

Financial liabilities are recognised initially at fair value plus, in case of financial liabilities not measured at fair value through profit or loss, any directly attributable transaction costs (including brokerage fees).

The Company derecognizes a financial liability when its contractual obligations are paid, are cancelled or expire.

Financial assets and liabilities are offset with and in the statement of financial position the net value is presented only when the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to simultaneously realize the asset and settle the liability.

The Company's non-derivative financial liabilities consist of trade and other payables. These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

**(d) Property, plant and equipment**

***(i) Recognition and measurement***

Tangible assets are recorded at cost, less accumulated depreciation and impairment losses. No restatement of the cost of tangible assets in accordance with IAS 29 was necessary, because the Company has no fixed assets acquired before December 31, 2003.

***(ii) Subsequent costs***

The Company recognizes in the carrying amount of tangible assets the replacement cost if it is probable that the economic benefits included in the asset will be transferred to the Company and the cost of the asset can be measured reliably. All other costs are charged to profit or loss as incurred.

The expenses incurred to replace a separately booked component of a tangible asset, including inspections or overhauls are capitalized. Other subsequent expenses are capitalized to the extent that they enhance the future performance of those tangible assets. All other repairs and maintenance costs are charged to profit or loss as incurred.

***(iii) Depreciation of tangible assets***

Depreciation is computed using the straight-line depreciation method during the estimated useful life of each item of property, plant and equipment.

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

Equipment and machinery	3-5 years
Furniture and fittings	3-6 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted accordingly.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Intangible assets**

***Other intangible assets***

Other intangible assets (including software) purchased by the Company and with a determined useful life are measured at cost or revalued cost less accumulated depreciation and accumulated impairment losses.

**(i) Subsequent expenses**

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

**(i) Amortization**

The amortization is calculated for the cost of asset or for the other value which substituted the cost less residual value. The amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of the intangible assets, other than goodwill, as of the date they are available for use; this method reflects most faithfully the expected method of consumption of the economic benefits embedded in the asset.

The useful life for the current period and for the comparative period is the following:

Software	1-3 years
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Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted accordingly.

**(f) Impairment**

**(i) Financial assets**

A financial asset not carried at fair value through profit and loss is evaluated at each reporting date to determine whether there is objective evidence regarding the existence of impairment. A financial asset is considered impaired if there is objective evidence to indicate that after the initial recognition of the asset, an event took place that caused a loss that can be estimated reliably and has a negative impact on the estimated future cash flows of the asset.

Objective evidence indicating that financial assets (including equity instruments) are impaired can include: failure of payment by a debtor, restructuring of an amount owed to the Company, under terms that the Company would otherwise not accept, indications that a debtor or issuer will enter bankruptcy or insolvency, the disappearance of an active trading market for a certain instrument. Furthermore, for an investment in equity instruments, a significant and prolonged decrease in its fair value below its cost represents objective evidence of impairment.

The Company takes into consideration, as evidence of impairment for receivables and held-to-maturity investments, events that took place both at a collective and specific asset level. All receivables and held to maturity investments that are individually significant are assessed for impairment. All receivables that are individually significant for which no specific impairment evidence has been identified, are tested collectively in order to determine the existence of an impairment that has not been identified yet.

Receivables that are not individually significant are grouped according to similar credit risk characteristics and collectively assessed for impairment.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Impairment (continued)**

*(i) Financial assets (continued)*

In order to assess collective impairment, the Company uses historical trends concerning the probability of default, the period required for debt recovery and the loss amount incurred, adjusted according to the management's professional judgment related to the likelihood that, due to current economic conditions, the effective losses will be higher or lower than those indicated by historical trends.

An impairment loss related to a financial asset held at amortized cost is calculated as the difference between its carrying amount and the present value of expected future cash flows, discounted using the original effective interest rate of the asset. Losses are recognized in profit or loss and are presented in an allowance for receivables account. When a subsequent event causes the decrease in impairment losses, it is reflected through profit and loss accounts, without exceeding the initial allowance value.

Impairment losses on available-for-sale investments are recognized by transferring to profit or loss accounts the cumulative loss that has been recognized in other comprehensive income and presented in the fair value reserve in the equity accounts. The cumulative loss transferred from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value less any impairment loss previously recognized in profit or loss.

Changes in provisions for impairment attributable to the time value of money are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired debt instrument available for sale increases and the increase can be objectively linked to an event occurring after the impairment was recognized in profit or loss, then the impairment loss is reversed and the amount of the reversal is recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale instrument is recognized in other comprehensive income.

*(ii) Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is evidence of the existence of impairment. If any such evidence exists, the recoverable amount of the asset value is estimated. For goodwill and intangible assets that have indefinite useful life or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or any other cash-generating unit is calculated as the maximum between value in use and fair value less costs of sales. In determining the value in use, estimated future cash flows are discounted in order to determine the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

To test impairment, assets that cannot be individually tested are grouped at the lowest level of cash generating assets group that are largely independent of the cash inflows from other assets or groups of assets ("cash-generating unit"). In order to assess goodwill, cash-generating units to which goodwill was allocated are monitored for internal reporting purposes, in their respective operational segment. Goodwill acquired in a business merger is allocated to groups of cash-generating units expected to benefit from the synergies of the merger.

The Company's corporate assets do not generate separate cash inflows. If there is any indication that a corporate asset is impaired, then the recoverable amount is determined for the cash-generating unit to which the asset belongs.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Impairment (continued)**

*(ii) Non financial assets (continued)*

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Recognized impairment losses related to cash-generating units are used firstly to reduce the carrying amount of goodwill allocated to the respective units if the case, and then to reduce the carrying amount of the other assets in the cash-generating unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In relation to other assets, impairment losses recognized in prior periods are reassessed at each reporting date to determine whether there is evidence that the loss has decreased or no longer exists. An impairment loss is reversed if there were changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment would be recognized.

Goodwill that is part of the carrying amount of an investment in a related party is not recognized separately and therefore is not assessed for impairment separately. Instead, the total value of an investment in a related party is assessed for impairment as a single asset when there is objective evidence that the investment in the related party may be impaired.

**(g) Employee benefits**

*(i) Short-term benefits*

Short-term employee benefits include salaries, wages and social security contributions. Short-term benefits are recognized as an expense as the services are rendered.

*(ii) Defined contribution plans*

Under a defined contribution plan, the Company pays fixed contributions to the State fund (social security fund, unemployment benefit fund and health insurance fund) during the Company's normal course of business. All members and employees of the Company are also legally obliged to contribute (through social security contributions) to the Romanian pension plan (defined contribution plan of the State). All related contributions are recognized in the financial result of the year.

*(iii) Defined benefit plans*

These are post-employment benefit plans other than a defined contribution plans.

The Company has no obligation towards its employees, according to Romanian law, related to pensions and does not participate in any other retirement plan. Allowance for pension due to illness retirement is granted only if the retirement decision is final.

*(iv) Other long-term employee benefits*

The Company does not grant long-term employee benefits other than those stated above.

*(v) Termination benefits*

Termination of employment benefits are recognized as an expense when the Company can demonstrate, without a realistic possibility of withdrawal, the commitment to a detailed formal plan to either terminate the employment contracts before the normal retirement date or to provide benefits for termination of employment as a result of an offer to encourage voluntary unemployment. During 2015 and 2014, the Company did not provide termination benefits.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Provisions**

Provisions are recognized in the statement of financial position when the Company acquires an obligation related to a past event that will probably generate a future outflow of economic resources in order to extinguish the obligation and a reliable estimate can be made in relation to the value of the respective obligation. In determining the allowance, future cash flows are discounted using a discount rate before taxes that reflects current market conditions and the risks specific to the liability in question. The allowance is considered a financial expense.

A provision for reorganization is recognized when the Company has approved a detailed and formal reorganization plan and the process has either begun or it has been publicly announced. Future operating losses are not provisioned.

As at December 31, 2015 and December 31, 2014, the Company has not booked any provisions in the statement of financial position.

**(i) Income**

*(i) Income from services rendered*

Income from services rendered is recognized in the income statement in the period in which services are provided.

The main sources of income are the revenues from fees related to brokered transactions. Revenues are recognized net of commission.

*(ii) Interest income*

Interest income is recognized using the effective interest method. The interest income is received from current accounts and deposits opened at credit institutions.

*(iii) Income from dividends*

Income from dividends is recognized in profit or loss on the date when the Company gains the right to receive such income.

In case of dividends received in the form of shares as an alternative to cash payments, dividend income is recognized on the cash that would have been received in correspondence with the increase in shares.

The Company records income from dividends at gross value including dividend tax, which is recognized as current income tax expense.

**(j) Net gain / (loss) on financial assets held for trading**

Net gain/(loss) on financial assets held for trading include gains/losses on the sale of financial assets held for trading, changes in fair value of financial assets recognized at fair value through profit or loss and dividends received as a result of holding such financial assets.

Income from dividends is recognized in profit or loss on the date on which the Company gains the right to receive the payment which, in case of floating financial instruments, is the ex-dividend date.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Income tax**

Income tax for the period comprises current tax and deferred tax. Income tax is recognized in the end of year result, unless it is related to company merger or to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax to be paid for the income during the period, or received for the loss registered in the period, determined using tax rates applicable at the reporting date and any adjustment to the payment obligations of corporate tax for prior periods.

Deferred tax is determined based on the temporary differences that arise between the tax base for assets and liabilities and their carrying value used for financial reporting. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit and liabilities arising from temporary differences associated with investments in subsidiaries, branches, but only to the extent that it is probable that the reversal will not occur in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted by the end of the reporting period.

The deferred tax asset is recognized only to the extent that it is probable that future taxable profit can be obtained after offsetting previous year's tax loss and profit tax to be recovered. Deferred tax assets are reduced to the extent that the related tax benefit is unlikely to be achieved.

Additional taxes that arise from the distribution of dividends are recognized at the same date with the liability to pay the dividend.

The tax rate used to calculate current and deferred taxes at December 31, 2015 was 16% (31 December 2014: 16%).

**(l) Legal reserve**

In accordance with the legislation in Romania, companies must allocate an amount equal to at least 5% of profit before tax to legal reserves until they reach 20% of the share capital. Once this level was reached, the Company can make additional allocations, but only from the net profit. The legal reserve is tax deductible up to 5% on the accounting profit before income tax.

**(m) Dividends**

Dividends are treated as profit appropriation for the period in which they are declared and approved by the General Meeting of Shareholders. The only profit available for dividend distribution is the one recorded in the statutory accounts during the year, which differs from the profit from these financial statements prepared in accordance with IFRS, due to differences between Romanian accounting law and IFRS.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) New accounting regulations**

**Standards and Interpretations effective in the current period**

The following standards and amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) are effective for the current period:

- Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),
- IFRIC 21 "Levies" adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

**Amendments to the existing standards issued by IASB and adopted by the EU, but not yet effective**

At the date of authorization of these financial statements the following amendments to the existing standards issued by IASB and adopted by the EU were in issue but not yet effective:

- Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- Amendments to IFRS 11 "Joint Arrangements" - Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortization - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

**Standards and Interpretations issued by IASB, but not yet adopted by the EU**

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU as at the approval of these financial statements:



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) New accounting regulations (continued)**

**Standards and Interpretations issued by IASB, but not yet adopted by the EU ("continued")**

- IFRS 9 "Financial Instruments", issued on July 24, 2014 replaces IAS 39 Financial Instruments, Recognition and Measurement, effective for annual periods beginning on or after 1 January 2018.

IFRS 9 includes requirements on financial instruments regarding recognition, classification and measurement, impairment losses, derecognition and hedge accounting:

Recognition and Measurement: IFRS 9 comes with a new approach regarding the classification of financial assets, determined by the characteristics of cash flows and the business model based on which an asset is held. Such unique principle-based approach replaces the rule-based requirements of IAS 39. The new model will also determine a single impairment model applicable to all financial instruments.

Impairment losses: IFRS 9 introduces a new model for impairment losses, based on expected loss, which will require the faster recognition of expected losses on the impairment of receivables. The standard provides that entities should register expected impairment losses on receivables upon the initial recognition of the financial instruments and also recognize much faster expected impairment losses throughout the entire useful life thereof.

Hedge accounting: IFRS 9 introduces a model which is significantly improved regarding hedge accounting, which comprises additional disclosure requirements regarding risk management. The new model is a significant update of hedge accounting, which enables the accounting treatment to be aligned to risk management activities.

Own credit: IFRS 9 eliminates volatility in the profit or loss arising from the change in credit risk related to liabilities measured at fair value. The change in the accounting requirements related to such liabilities implies that revenues from the mitigation of an entity's own credit risk will no longer be recognized through profit or loss.

- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016) – the European Commission decided not to initiate the adoption of this interim standard, and to wait the issue of the final standard;
- IFRS 15 "Revenue from Contracts with Customers" with subsequent amendments (effective for annual periods beginning on or after 1 January 2018);
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture with subsequent amendments (the effective date has been postponed indefinitely until the research project regarding the equity method is complete).

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**4. FAIR VALUE MEASUREMENT**

Certain accounting policies and information disclosure requirements of the Company, require the determination of fair value for both financial and non-financial assets and liabilities. Fair values were determined in order to evaluate and/or to retrieve information based on the methods described below. When applicable, further information about the assumptions used in determining fair values is disclosed in the notes specific to that asset or liability.

**(a) Investments in equity and debt securities**

The fair value of financial assets at fair value through profit and loss is determined by reference to the closing quote for the bid price at the reporting date. Financial assets available for sale represent own equity instruments. These instruments owned by the Company do not have a quoted market price on the active market and their fair value could not be reliably determined using a valuation technique, therefore, they are measured at cost and are subject to impairment assessment.

**(b) Trade and other receivables**

The fair value of trade and other receivables is estimated based on the present value of future cash flows, discounted at the market interest rate at the reporting date, i.e. 31 December 2014. This fair value is determined only for presentation purposes. For financial instruments such as receivables and short-term liabilities, the management believes that the carrying value is a reasonable approximation of the fair value and therefore it is not necessary to present a fair value separately.

**(c) Fair value hierarchy**

The Company measures the fair value of financial instruments using one of these hierarchy methods:

- (i) Level 1: Active market quotation for similar instruments.
- (ii) Level 2: Valuation techniques based on observable market data. This category includes instruments valued using: quotations in active markets for similar instruments; market quotes for similar instruments in markets that are considered less than active; other valuation techniques where all significant inputs are directly or indirectly observable in the market data.
- (iii) Level 3: Valuation techniques based on data that cannot be observed in the market. This category includes all instruments whose valuation method is not based on observable market data and the unobservable inputs have a significant influence on the instrument evaluation. This category includes instruments that are valued on the basis of market quotations for similar instruments where unobservable adjustments or assumptions are required to reflect differences between the instruments.

**5. FINANCIAL RISK MANAGEMENT**

The Company is exposed to the following risks as a result of its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk, including interest risk and exchange rate risk
- Operational risk;
- Economic environment risk;
- Tax risk.

This note presents information about the Company's exposure to each risk mentioned above, the Company's objectives, policies and processes for measuring and managing risk and capital management procedures.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**5. FINANCIAL RISK MANAGEMENT (continued)**

**(a) The general risk management framework**

The Board of Directors has overall responsibility for the Company's risk management establishment and oversight.

The Board of Directors is also responsible for examining and approving the Company's strategic plan and the operational, financial and corporate structure.

The Company's risk management policies are defined to ensure the identification and analysis of risk the Company is facing, setting appropriate controls, risk monitoring and compliance limits. Policies and risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training standards, procedures and management, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations.

The internal audit of the Company oversees how management monitors compliance with Company's policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by entity.

**(b) Credit risk**

Credit risk is the risk that the Company will incur a financial loss due to non-fulfilment of contractual obligations by a customer or counterparty to a financial instrument, the risk results mainly from the Company's trade receivables and financial investments.

*(i) Trade and other receivables*

Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer and the country in which it operates. Most of the Company's clients operate in Romania.

Company's customer base is comprised of individuals and companies who invest in the stock market.

The Company calculates a provision for impairment of receivables which represent estimated losses on trade receivables, other receivables and investments. The first component of this adjustment is the specific loss component related to bad debts for which the process of debt recovery has begun.

The second is the collective loss component, corresponding to the losses that have been incurred, but not yet identified, which is calculated based on the aging analysis of receivables after the application of the principle of contamination, using historical loss rates.

*(ii) Financial instruments*

The Company limits its exposure to credit risk by investing only in liquid instruments issued by counterparties that have a satisfactory credit quality. The management constantly monitors the credit quality and, considering that the Company has invested only in instruments with high credit quality, the management does not expect these counterparties do not fulfil their contractual obligations. The table below presents the ratings given by rating agencies to banks where the Company has cash and deposits at the end of financial reporting periods:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>	<b>Rating agency</b>
Kontrollbank Aktiengesellschaft	AA+	AA+	S&P
Banca Comerciala Romana S.A.	BBB	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB	BB-	Fitch Ratings
BRD Groupe Societe Generale S.A.	BBB+	BBB+	Fitch Ratings

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**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**5. FINANCIAL RISK MANAGEMENT (continued)**

***Exposure to credit risk***

The maximum exposure to credit risk is equal to the exposure from statement of financial position at the reporting date and was as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Other long-term financial assets	343,433	396,264
Available-for-sale financial assets	10,036	28,036
Trade and other receivables	488,269	625,393
Current assets related to trading activity	19,004,250	2,550,546
Financial assets held for trading	8,173,619	5,199,221
Cash and cash equivalents	1,547,711	5,155,751
Bank accounts on behalf of customers	33,045,080	26,706,103
<b>Total</b>	<b>62,612,398</b>	<b>40,668,780</b>

The Company monitors exposure to credit risk by analyzing the receivables aging.

The Company is exposed to credit risk through the activity of intermediation of financial transactions for individuals and legal entities, transactions which are carried out on the basis of advance payments received from the customers.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will face difficulties in fulfilling its obligations associated with the financial liabilities that are settled in cash or another financial asset transfer. The Company's approach to liquidity risk is to ensure that, to the extent possible, at all times holds sufficient liquidities to deal with the liabilities when they become due, both under normal and stress conditions, without incurring unacceptable losses or putting the Company's reputation at risk.

The Company has no borrowings, needing liquidity just to cover the current operating expenses and settlement performed within clearing-settlement systems that it operates. Taking into account the fact that a significant proportion of the Company's assets consists of investments with high liquidity level, the liquidity risk level to which the Company is exposed is low.

Contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements, are the following:

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 6 month</b>	<b>6 to 12 month</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>More than 5 years</b>
<b>December 31, 2015</b>							
Current liabilities related to trading activity	50,297,048	50,297,048	50,297,048	-	-	-	-
<b>Total (b)</b>	<b>50,297,048</b>	<b>50,297,048</b>	<b>50,297,048</b>	-	-	-	-
<b>December 31, 2014</b>							
Current liabilities related to trading activity	27,625,371	27,625,371	27,625,371	-	-	-	-
<b>Total (b)</b>	<b>27,625,371</b>	<b>27,625,371</b>	<b>27,625,371</b>	-	-	-	-

Free translation from the original Romanian version.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**5. FINANCIAL RISK MANAGEMENT (continued)**

**(c) Liquidity risk (continued)**

The cash flows included in the analysis of maturity are not expected to occur significantly earlier or at significantly different value.

The Company maintains sufficient liquid assets (residual maturity less than 6 months) in order to cover all the outstanding debts, as :

	<b>Note</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Current assets related to trading activity	13b)	19,004,250	2,550,546
Bank accounts on behalf of clients	14	33,045,080	26,706,103
Cash and cash equivalents	14	1,547,711	5,155,751
<b>Total assets with maturity less than 6 months (a)</b>		<b>53,597,041</b>	<b>34,412,400</b>
<b>Net position (a – b)</b>		<b>3.229.993</b>	<b>6.787.029</b>

Assets and liabilities not presented in the above tables have no define residual maturity at initial recognition and depends mainly on the Company trading strategy i.e.: financial assets held for trading or are no significant to be disclosed in the liquidity risk note.

**(d) Market risk**

Market risk is the risk that the market prices variation, such as exchange rate, interest rate and the price of equity instruments, will affect the income of the Company or value of the financial instruments owned.

The objective of market risk management is to manage and control the exposures at market risk within acceptable parameters, and also to optimize the return of the investment.

***Fair values of financial assets and liabilities***

Except for the financial instruments which are measured at the fair value and which are disclosed at note 11, the carrying amounts of the financial assets and liabilities presented in the financial statements represents their fair values of those financial assets and liabilities not presented on the Company's statement of financial position at their fair value. Bid prices are used to estimate fair values of assets, whereas offer prices are applied for liabilities.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**5. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Market risk (continued)**

***Exposure to foreign exchange risk***

The Company's exposure to foreign exchange risk is presented below, based on theoretical values in thousand Lei equivalent:

<b>December 31, 2015</b>	<b>EUR</b>	<b>RON</b>	<b>USD</b>	<b>GBP</b>	<b>Total</b>
<b>Financial assets</b>					
Financial assets available for sale	-	10	-	-	10
Other non-current financial assets	271	72	-	-	343
Trade and other receivables	-	488	-	-	488
Current assets related to trading activity	18,831	173	-	-	19,004
Financial assets for trading	7,688	368	118	-	8,174
Bank accounts on behalf of customers	16,847	10,445	5,753	-	33,045
Cash and cash equivalents	1,517	28	3	-	1,548
<b>Total financial assets</b>	<b>45,154</b>	<b>11,584</b>	<b>5,874</b>	<b>-</b>	<b>62,612</b>
<b>Financial liabilities</b>					
Trade and other liabilities	(21)	(491)	-	-	(512)
Current liabilities related to trading activity	(33,660)	(10,884)	(5,753)	-	(27,625)
<b>Total financial liabilities</b>	<b>(33,681)</b>	<b>(11,375)</b>	<b>(5,753)</b>	<b>-</b>	<b>(50,809)</b>
<b>Net financial assets</b>	<b>11,473</b>	<b>209</b>	<b>121</b>	<b>-</b>	<b>11,803</b>
<b>December 31, 2014</b>	<b>EUR</b>	<b>RON</b>	<b>USD</b>	<b>GBP</b>	<b>Total</b>
<b>Financial assets</b>					
Financial assets available for sale	-	28	-	-	28
Other non-current financial assets	269	127	-	-	396
Trade and other receivables	156	469	-	-	625
Current assets related to trading activity	1,605	129	817	-	2,551
Financial assets for trading	3,135	930	1,134	-	5,199
Bank accounts on behalf of customers	21,153	3,159	2,395	-	26,707
Cash and cash equivalents	5,088	68	-	-	5,156
<b>Total financial assets</b>	<b>31,406</b>	<b>4,910</b>	<b>4,346</b>	<b>-</b>	<b>40,662</b>
<b>Financial liabilities</b>					
Trade and other liabilities	(8)	(511)	-	(10)	(529)
Current liabilities related to trading activity	(21,481)	(3,415)	(2,729)	-	(27,625)
<b>Total financial liabilities</b>	<b>(21,489)</b>	<b>(3,926)</b>	<b>(2,729)</b>	<b>(10)</b>	<b>(28,154)</b>
<b>Net financial assets</b>	<b>9,917</b>	<b>984</b>	<b>1,617</b>	<b>(10)</b>	<b>12,508</b>

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**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**5. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Market risk (continued)**

***The sensitivity analysis***

If the Leu had weakened as at December 31, 2015 and December 31, 2014, against the EUR, USD, GBP and CAD as indicated below, it would have caused an increase in the Company's result by the values presented below. This analysis assumes that all other variables, particularly the interest rate, remain constant.

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Leu weakened by 10% compared with the currencies mentioned above	1,159	1,152

***Exposure to interest rate risk***

The Company does not hold financial instruments with variable interest rate. The financial instruments held to maturity are not affected by the interest rate variations. Therefore, a change in interest rate at the reporting date would not affect the income statement and the equity.

***Exposure to price risk of financial assets held for trading***

The price risk of financial assets held for trading represents the risk that the value of such instruments fluctuates due to changes to market prices, either due to specific factors of the issuer or factors which affect all the instruments traded on the market.

The Company holds financial instruments for trading in amount of RON 8,174 thousand as at December 31, 2015 (December 31, 2014: RON 5,199 thousand), detailed in Note 12. For these assets, an increase by ten percent of the price of transaction at the reporting date would lead to an increase in the Company's earnings and equity as at December 31, 2015 by RON 801.94 thousand (December 31, 2014: RON 1,372 thousand); a similar change in the opposite direction would determine a decrease in the Company's earnings and equity by RON 801.94 thousand (December 31, 2014: RON 1,372 thousand).

**(e) Operating risk**

Operating risk represents the risk of direct or indirect loss arising from a wide range of causes associated with the processes, the staff, the technologies and the infrastructure of the Company, as well as external factors, other than credit risk, market risk and liquidity risk, such as those arising from the legal and regulatory requirements and the generally accepted standards related to the organizational behavior. The operational risks arise from all of the Company's operations. The main responsibility of development and implementation of controls related to operating risks bears with the management. The responsibility is supported by the development of the general standards of the Company to manage the operating risk on the following areas:

- Requirements to segregate the responsibilities, including the independent authorization of the transactions;
- Requirements on reconciliation and monitoring of transactions;
- Compliance with the legal and regulatory requirements;
- Documentation of the controls and the procedures;
- Requirements related to periodic analysis of the operating risk to which the Company is exposed and the appropriateness of the controls and procedures to prevent the identified risks;
- Requirements to report operational losses and proposals for improving the causes that have generated them;
- Development of plans for operational continuity;
- Development and continuous professional training;
- Set-up of ethical standards;
- Prevent the litigation risk, including insurance were applicable;
- Risk mitigation, including the efficient use of the insurance were applicable.

Free translation from the original Romanian version.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**5. FINANCIAL RISK MANAGEMENT (continued)**

**(f) Capital adequacy**

The policies of the Board of Directors are to preserve a solid base of capital needed for maintain the confidence of investors, creditors and market and to support the future development of the Company. The Board of Directors monitors the return on capital employed, defined by the Company as net operating profit divided by total equity, less non-controlling interests.

The ratio of the Company's liabilities to equity at the end of the period was as follows:

	<b>2015</b>	<b>2014</b>
Total liabilities	50,809,353	28,154,295
Cash and cash equivalents and current activities	53,597,041	34,412,399
<b>Net assets</b>	<b>2,787,688</b>	<b>6,258,104</b>
<b>Total equity</b>	<b>11,988,047</b>	<b>12,834,831</b>

The specific requirements issued by the Financial Supervisory Authority (the former NSC) related to equity are: the initial share capital to exceed EUR 730 thousand, own funds greater than EUR 730 thousand, own funds greater than or equal to total capital needs. The requirements were met throughout 2015 and 2014.

**g) Economic environment risk**

In the past years, the European financial sector faced a public debt crisis, triggered by the major tax imbalances and public debts from several European countries. The current fears that the deterioration in the financial conditions could contribute at a subsequent stage to an additional reduction of investors' confidence, determined a joint effort of Governments and central banks to adopt special measures to counteract the vicious circle of the increasing aversion to risk and to ensure the normal functioning of the market.

The identification and assessment of investments influenced by a credit market devoid of liquidity, the analysis of the compliance of credit agreements and other contractual obligations, the assessment of the significant uncertainties, including the uncertainties related to the ability of an entity to continue to operate for a reasonable period of time, all of these trigger other challenges.

The effects on the financial market in Romania was the decrease of prices and liquidity on capital market and the increase of long-term interest rate due to liquidity conditions at international level.

Debtors of the Company may also be affected by the liquidity crises that could affect the ability to meet their current liabilities. Deterioration of operating conditions to the creditors affects the management of cash flows forecasts and the analysis of impairment of financial and non-financial assets. To the extent that the information is available, the management has included revised estimates of future cash flows in its impairment policy.

The management is unable to reliably estimate the effects on the Company's financial statements due to the worsening of financial market liquidity, the impairment of financial assets affected by illiquid market conditions and the high volatility of the national currency and financial market.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**5. FINANCIAL RISK MANAGEMENT (continued)**

**g) Economic environment risk (continued)**

The management of the Company believes it is taking all necessary measures to support the growth of the Company in the current market conditions through:

- i) liquidity management strategies and the establishment of specific measures of liquidity management in crisis situations;
- ii) the current liquidity forecasts;
- iii) daily monitoring of cash flows and estimation of effects on borrowers of the Company, due to limited access to funding and limited opportunities to support the business growth in Romania.
- (iv) the examination of provisions and requirements included in the clearing and settlement commitments, at present and in the near future.

**(h) Tax risk**

Starting with January 1, 2007, following Romania's accession to the European Union, the Company had to comply with the European Union's regulations and therefore was prepared for the application of the changes to European legislation. The Company implemented these changes, but their way of implementation remains open to fiscal audit from the authorities for a period of 5 years.

The interpretation of texts and practical implementation of the procedures of the new tax regulations applicable harmonized with European legislation could vary from entity to entity, and there is the risk that in some circumstances the fiscal authorities adopt a different position from that of the Company.

Furthermore, the Government has a number of authorized agencies to carry out audits (controls) of companies operating on the territory of Romania. These controls are similar to tax audits performed in other countries and can cover not only tax matters, but also other legal and regulatory matters which present interest for these agencies. It is possible that the Company will continue to be subject to tax controls as new tax regulations will be issued.

**6. NET LOSS ON FINANCIAL INSTRUMENTS HELD FOR TRADING**

The net losses from financial instruments held for trading recognized in profit or loss include:

	<u>2015</u>	<u>2014</u>
Net result from the measurement of financial instruments held for trading	(128,194)	432,001
Net result from the disposal of financial instruments held for trading	208,989	231,682
Gross income from dividends	71,322	65,994
Withholding tax for dividends received	(13,644)	(10,895)
<b>Net result from operations with financial instruments held for trading</b>	<u><b>138,473</b></u>	<u><b>718,782</b></u>

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**7. INCOME FROM SERVICES**

Income from intermediation operations and supply of financial services recognised in profit or loss are:

	<u>2015</u>	<u>2014</u>
Commissions from financial intermediation activity	673,753	684,516
Commission from payment agent activity	528,361	898,200
Commission from custody and administration activity	635,446	144,221
Other commissions received	8,590	44,879
<b>Total income from intermediation commissions and financial services</b>	<b><u>1,846,150</u></b>	<b><u>1,771,816</u></b>

**8. OPERATING EXPENSES**

Operating expenses include:

	<u>2015</u>	<u>2014</u>
Staff costs i)	905,506	920,693
Intermediation commissions and taxes paid	530,139	505,284
Office rent and utilities	227,140	218,817
Services rendered by third parties ii)	850,162	628,943
Depreciation (Notes 9, 10)	92,353	82,545
Local tax expenses and other taxes	128,059	77,472
Transport and travel expenses	62,758	54,270
Bank commissions	51,542	48,393
Other expenses	45,074	313,001
<b>Total</b>	<b><u>2,892,733</u></b>	<b><u>2,849,418</u></b>

i) Staff costs include the following:

	<u>2015</u>	<u>2014</u>
Operations employees	174,015	262,293
Social contributions	552,908	452,182
Other expenses	156,778	188,293
	<u>21,805</u>	<u>17,925</u>
<b>Total</b>	<b><u>905,506</u></b>	<b><u>920,693</u></b>

The number of employees in the Company is:

	<u>2015</u>		<u>2014</u>	
	<u>End of year</u>	<u>Average per year</u>	<u>End of year</u>	<u>Average per year</u>
Number of employees	12	13	15	15

ii) Expenses with services rendered by third parties mainly include communications, repairs, accounting services, translations and other.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**9. EXPENSES WITH INCOME TAX**

	<u>2015</u>	<u>2014</u>
Current income tax	-	-
Deferred income tax	-	-
<b>Reconciliation of profit before tax with income tax expenses in profit or loss</b>		
	<u>2015</u>	<u>2014</u>
Loss before tax	(776,578)	(262,619)
Tax in accordance with the statutory tax rate of 16% (income)	(124,252)	(42,019)
<b>Effect on income tax on</b>		
Non-taxable income	(5,724)	(8,816)
Non-deductible expenses	26,962	24,070
<b>Income from deferred profit tax</b>	<u>(103,014)</u>	<u>(26,765)</u>

Deferred tax asset as at December 31, 2015 and December 31, 2014 was not recognized for prudence reasons, as long the Company booked losses in both financial periods 2015<sup>th</sup> and 2014<sup>th</sup>.

**10. PROPERTY, PLANT AND EQUIPMENT**

	<u>Land and buildings</u>	<u>Plant and IT equipment</u>	<u>Stationery, furniture and protection equipment</u>	<u>Total</u>
<b>Cost</b>				
<b>Balance as at January 1, 2014</b>	-	183,359	70,401	253,760
Purchases	-	22,210	-	22,210
Disposals	-	-	-	-
<b>Balance as at December 31, 2014</b>	-	205,569	70,401	275,970
Purchases	-	5,100	-	5,100
Disposals	-	-	-	-
<b>Balance as at December 31, 2015</b>	-	210,669	70,401	281,070
<b>Depreciation</b>				
<b>Balance as at January 1, 2014</b>	-	114,140	52,679	166,818
Depreciation during the year	-	33,068	5,657	38,725
Disposals	-	-	-	-
<b>Balance as at December 31, 2014</b>	-	147,208	58,336	205,544
Depreciation during the year	-	33,887	4,090	37,977
Disposals	-	-	-	-
<b>Balance as at December 31, 2014</b>	-	181,094	62,426	243,521
<b>Net book value</b>				
<b>Balance as at December 31, 2014</b>	-	58,361	12,065	70,426
<b>Balance as at December 31, 2015</b>	-	29,574	7,975	37,549

Free translation from the original Romanian version.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**11. INTANGIBLE ASSETS**

	<u>License, software</u>	<u>Total</u>
<b>Cost</b>		
<b>Balance as at January 1, 2014</b>	<b>37,083</b>	<b>37,083</b>
Purchases	222,421	222,421
<b>Balance as at December 31, 2014</b>	<b>259,504</b>	<b>259,504</b>
Purchases	-	-
<b>Balance as at December 31, 2015</b>	<b>259,504</b>	<b>259,504</b>
<b>Accumulated amortization</b>		
<b>Balance as at January 1, 2014</b>	<b>13,856</b>	<b>13,856</b>
Annual amortization	43,820	43,820
<b>Balance as at December 31, 2014</b>	<b>57,676</b>	<b>57,676</b>
Annual amortization	54,375	54,375
<b>Balance as at December 31, 2015</b>	<b>112,051</b>	<b>112,051</b>
<b>Net book value</b>		
<b>Balance as at December 31, 2014</b>	<b>201,828</b>	<b>201,828</b>
<b>Balance as at December 31, 2015</b>	<b>147,453</b>	<b>147,453</b>

**12. FINANCIAL INSTRUMENTS**

a.) The financial instruments held by the Company are:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Available-for-sale financial assets i)	10,036	28,036
Financial assets at fair value through profit and loss ii)	8,173,619	5,199,221

i) The financial assets available for sale represent shares at Casa de Compensare București S.A., Casa Română de Compensare S.A., Fondul de Compensare a Investitorilor S.A. and IPAC SA. These are presented at cost. None of the institutions and companies above is listed on stock exchange.

The value of available-for-sale financial assets decreased due to the reduction of share capital of CRC and repayment of the RON 18,000.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**11. FINANCIAL INSTRUMENTS (continued)**

ii) The variation of financial instruments at fair value through profit and loss is presented below:

	<u>2015</u>	<u>2014</u>
<b>Balance as at 1 January</b>	<b>5,199,221</b>	<b>2,474,411</b>
Purchases	54,232,088	27,264,409
Value reduction/increase from revaluation	(128,194)	432,001
Sales	(51,129,495)	(24,971,600)
<b>Balance as at December 31</b>	<b>8,173,619</b>	<b>5,199,221</b>

**b.) Fair value hierarchy**

The table below analyzes the financial instruments recorded at fair value depending on the valuation method. All the financial instruments held by the Company are measured at fair value based on the quotation available for the last trading day for each symbol, by multiplying the number of instruments held by such quotation.

**As at December 31, 2015:**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets held for trading	8,173,619	-	-	8,173,619
	<b>8,173,619</b>	<b>-</b>	<b>-</b>	<b>8,173,619</b>

**La December 31, 2014:**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets held for trading	5,199,221	-	-	5,199,221
	<b>5,199,221</b>	<b>-</b>	<b>-</b>	<b>5,199,221</b>

Financial assets held for trading represent mainly non-derivative financial instruments, quoted and unquoted, traded on domestic and external markets. As at December 31, 2015 the Company had a single position open for derivative financial instruments due in March 2016.

**13. TRADE AND OTHER RECEIVABLES**

a) Trade and other receivables are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Amounts to recover from former shareholders	432,341	432,341
Prepaid expenses	39,611	14,964
Amounts receivable from customers	-	156,029
Personnel-related receivables	14,516	15,259
Other receivables	1,801	6,800
<b>Total</b>	<b>488,269</b>	<b>625,393</b>

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**13. TRADE AND OTHER RECEIVABLES (continued)**

**b) Current assets related to trading activity**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Debtors from transactions on behalf of customers	16,855,441	792,564
Debtors from transactions on behalf of the Company	2,148,809	1,757,982
<b>Total</b>	<b><u>19,004,250</u></b>	<b><u>2,550,546</u></b>

The values represent amounts receivable from transactions entered into in the past trading days and which are in the normal course of settlement. The amounts are received on the settlement terms provided by the markets for which they were carried out. The outstanding amounts as at such dates were fully received in the first week of the following year.

**14. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents held by the Company are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current bank accounts	1,537,523	5,144,365
Cash on hand	10,188	11,386
<b>Total</b>	<b><u>1,547,711</u></b>	<b><u>5,155,751</u></b>

Cash and cash equivalents do not include the amounts deposited at banks on behalf of customers amounting to RON 33,045,080 (December 31, 2014: RON 26,706,103) representing advances paid by them for future transaction dealing. This amount is presented in the statement of financial position at "Bank accounts on behalf of customers".

**15. TRADE AND OTHER LIABILITIES**

**a) Trade and other liabilities include:**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Trade liabilities i)	78,644	54,218
Liabilities to employees	-	6,973
Social security contributions and payroll tax	-	30,341
Other liabilities to the State budget	421,493	431,080
Other liabilities	12,168	6,336
<b>Total</b>	<b><u>512,305</u></b>	<b><u>528,924</u></b>

i) The trade liabilities mainly represent the obligations to suppliers, paid in early 2016.

ii) Other liabilities to the State budget mainly represent the income tax and the related penalties due for the sale transactions of Bucharest Stock Exchange shares by the Company to former shareholders in 2010. These liabilities shall be settled as soon as the Ministry of Finance communicates the transfer price for them to the Company.

Free translation from the original Romanian version.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**15. TRADE AND OTHER LIABILITIES (continued)**

**b) Current liabilities related to trading activity**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Advance payments from customers	49,167,847	27,496,978
Creditors from transactions on behalf of customers	862,419	-
Deferred income	266,782	128,393
<b>Total</b>	<b><u>50,297,048</u></b>	<b><u>27,625,371</u></b>

The values represent amounts payable from transactions entered into in the past trading days and which are in the normal course of settlement or cash advances received from customers for transactions to be performed by the Company on behalf of clients. The amounts are received on the settlement terms provided by the markets for which they were carried out. The outstanding amounts as at such dates were fully received in the first week of the following year.

**16. DEFERRED TAX LIABILITIES AND ASSETS**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounting loss	776,578	525,003
Deductions	92,353	82,545
Non-deductible income	35,773	55,099
Non-deductible expenses	168,515	150,437
<b>Fiscal loss</b>	<b><u>736,189</u></b>	<b><u>512,210</u></b>
Tax loss carried forward	1,695,666	1,183,456
<b>Accumulated tax loss</b>	<b><u>2,431,855</u></b>	<b><u>1,695,666</u></b>

As at 31 December 2015, the Company did not recognize a deferred tax asset (December 31, 2014: RON 48,092). For prudential reasons, no additional deferred tax asset was recognized related to the accumulated fiscal loss.

**17. OTHER NON-CURRENT ASSETS**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Guarantee to CCP Austria i)	271,470	268,926
Guarantee to Depozitarul Central S.A. i)	56,609	55,831
Guarantee to Depozitarul Sibex S.A. ii)	-	50,916
Guarantees to suppliers	15,354	20,591
<b>Total non-current assets</b>	<b><u>343,433</u></b>	<b><u>396,264</u></b>

- i) The guarantee fund established at CCP Austria is established for trading on the Vienna Stock Exchange and the one at Depozitarul Central S.A. is established for trading on the Bucharest Stock Exchange.
- ii) The guarantee submitted at the Guarantee Fund of Sibex Depository is required to carry out the transactions on the Sibiu Sibex Stock Exchange. Given that the Company withdrew from this market in 2015, the outstanding guarantee as at December 31, 2015 was 0.

Free translation from the original Romanian version.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**18. CAPITAL AND RESERVES**

**(a) Share capital**

The subscribed and paid-in share capital as at December 31, 2015 was in amount of RON 14,122,654, representing the counter value of 14,122,654 shares at a nominal value of RON 1/share, dematerialized, granting equal voting rights (December 31, 2014: RON 14,122,654).

The subscribed share capital increased in 2013, according to Decision of the Extraordinary General Meeting no. 1 on September 9, 2013 from RON 5,181,654 to RON 14,122,654, by the subscription of main shareholder Blue Rock Capital GmbH (former Euro Invest Bank AG) and contribution in cash.

Shareholding as at December 31, 2015	Number of shares	% in share capital
<b>Legal persons, of which:</b>		
- Blue Rock Capital GmbH (former Euro Invest Bank AG)	14,116,884	99.959%
<b>Individuals, of which:</b>		
- foreign	5,770	0.041%
<b>Total</b>	<b>14,122,654</b>	<b>100%</b>

Shareholding as at December 31, 2014	Number of shares	% in share capital
<b>Legal persons, of which:</b>		
- Blue Rock Capital GmbH (former Euro Invest Bank AG)	14,116,884	99.959%
<b>Individuals, of which:</b>		
- foreign	5,770	0.041%
<b>Total</b>	<b>14,122,654</b>	<b>100%</b>

The reconciliation of the share capital according to IFRS with the share capital according to the Romanian regulations is presented in the table below:

	December 31, 2015	December 31, 2014
Share capital according to RAS	14,122,654	14,122,654
Effect of hyperinflation – IAS 29	1,436,666	1,436,666
<b>Total</b>	<b>15,559,320</b>	<b>15,559,320</b>

**(b) Dividends**

In 2015 and 2014, no dividends were distributed to shareholders, as the Company recorded a loss.

**(c) Legal reserve**

According to legal requirements, the Company creates legal reserves in amount of at least 5% of the accounting profit before tax recorded under RAS to the level of 20% of the share capital. The legal reserves cannot be distributed to shareholders.

The value of outstanding legal reserves as at December 31, 2015 is RON 47,002 (2014: RON 47,002). Legal reserves can be used to cover the losses from operating activities.



**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in Lei ("RON"), unless otherwise specified)**

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**18. CAPITAL AND RESERVES (continued)**

**(d) Retained earnings**

Retained earnings represent the result of the Company from previous years, as well as the result of the current year that has not been allocated to other destinations. The accumulated losses will be covered according to shareholders decisions following the approval of the present financial statements.

**(e) Return on assets**

EU Regulation no. 575/2013, Arts. 431-455 and FSA Regulation no. 3/2014, Art. 134 provide that the Company should publish in its annual financial statements the return on assets ratio, calculated as ratio between net profit realized and total asset value.

For the financial year ended December 31, 2015, the return on assets ratio was -1.24%, (2014: -0.64%)

**19. TRANSACTIONS WITH AFFILIATES**

**(a) Trading operations with affiliates**

The Company intermediated transactions with financial instruments on internal and international financial markets for affiliate customers at arm's length.

The total value of transactions with financial instruments conducted through the Company in 2015 was RON 75,317,451 (2014: RON 2,564,708). The value of intermediation commissions and fees for the financial services delivered was RON 50,394 (2014: RON 2,596).

The outstanding cash and cash equivalents of affiliate customers registered by the Company as at December 31, 2015 is in amount of RON 14,736,666 (2014: RON 2,320,270) representing 29.97% (2014: 8.44%) of the total value of the customers' cash and cash equivalents.

**(b) Key management personnel**

**December 31, 2015**

**Members of the Board of Directors:**

Gunter Woinar – president  
Josef Julius Stummer - member  
Ploscaru Monica - member

**Executive management:**

Ploscaru Monica  
Ciolan Emil

**December 31, 2014**

**Members of the Board of Directors:**

Gunter Woinar – president  
Josef Julius Stummer - member  
Franz Wanovits - member

**Executive management:**

Ploscaru Monica  
Ciolan Emil

In 2015, salaries paid to key management personnel amounted to RON 174,015 (2014: RON 262,293).

No indemnities were paid to the members of the Board of Directors.

The Company did not grant loans, advances or guarantees in favor of members of the Board of Directors or executive management.

**S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in Lei ("RON"), unless otherwise specified)

**20. COMMITMENTS AND CONTINGENT LIABILITIES**

**(a) Litigation**

The Company had no litigation as at December 31, 2015 and as at December 31, 2014.

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

The Company had no off-balance sheet commitments as at December 31, 2015 and as at December 31, 2014.

**(c) Transfer pricing**

The fiscal legislation in Romania contains rules regarding the transfer prices between affiliated persons, since 2000. The current legal framework defines the "market value" principle for transactions between affiliated persons, as well as methods to establish the transfer price. Therefore, the fiscal authorities may initiate detailed controls of transfer prices in order to ensure that the fiscal result and/or the customs value of imported goods are not distorted by the prices applied between affiliates.

**21. RECONCILIATION OF PROFIT UNDER RAS WITH THE ONE UNDER IFRS**

	<u>2015</u>	<u>2014</u>
Net loss under RAS	(514,124)	(525,003)
Movement in other reserves	(21,315)	-
Movement in retained earnings to other reserves	21,315	-
Mark-to-market derivatives		
Derivatives (reversal)	<u>(262,384)</u>	<u>262,384</u>
<b>Net loss under IFRS</b>	<b><u>(776,578)</u></b>	<b><u>(262,619)</u></b>

**22. SUBSEQUENT EVENTS**

Until the issuance of these financial statements, no other significant subsequent events occurred.