

**SIF Banat-Crişana S.A.**

**Separate Financial Statements  
31 December 2015**

Prepared in accordance with the Norm of the Financial Supervisory Authority no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector

FREE TRANSLATION\*

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**Separate statement of profit or loss and other comprehensive income  
for the year ended 31 December 2015**

*In RON*

	Note	2015	2014
<b>Income</b>			
Dividend income	7	34,072,103	15,951,208
Interest income	8	6,461,141	6,506,501
Other operating revenue	18	10,743,150	142,838
<b>Investment Income</b>			
Net gain from foreign exchange differences		73,886	83,542
Net profit from sale of assets	9	55,302,792	157,263,512
Net loss from financial assets at fair value through profit or loss		(672,551)	(9,665,010)
Impairment expense	10	(1,851,313)	(7,160,279)
<b>Expenses</b>			
Fee and commission expenses	11	(2,443,923)	(3,344,555)
Other operating expenses	12	(13,340,795)	(11,265,840)
<b>Profit before tax</b>		<b>88,344,490</b>	<b>148,511,917</b>
Income tax	13	(13,019,922)	(9,505,428)
<b>Net profit for the year</b>		<b>75,324,568</b>	<b>139,006,489</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss</b>			
Fair value reserve (available for sale financial assets)			
Net amount transferred to profit or loss		(28,395,882)	(129,566,844)
Net change in fair value		243,764,414	79,038,503
<b>Other comprehensive income</b>		<b>215,368,532</b>	<b>(50,528,341)</b>
<b>Total comprehensive income for the period</b>		<b>290,693,100</b>	<b>88,478,148</b>
<b>Earnings per share</b>			
Basic		0.137	0.253
Diluted		0.137	0.253

The separate financial statements were approved by the Board of Directors on 14 March 2016 and revised and approved in final form in the meeting of 25 March 2016 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi  
President, General Manager

Octavian Avrămoiu  
Vicepresident, Deputy General Manager

Ștefan Doba  
Economic Director

**Separate statement of financial position  
for the year ended 31 December 2015**

<i>In RON</i>	<b>Note</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Assets</b>			
Cash and cash equivalents	14	151,400,510	93,827,738
Financial assets at fair value through profit or loss	15	449	132,318,525
Financial assets available for sale	16	1,728,617,277	1,354,602,562
Investments held to maturity	17	34,498,231	50,844,602
Investment property	18	19,288,964	1,028,912
Property, plant and equipment	19	3,330,474	3,562,895
Other assets	20	4,388,799	2,423,091
<b>Total assets</b>		<b><u>1,941,524,704</u></b>	<b><u>1,638,608,325</u></b>
<b>Liabilities</b>			
Dividends payable	21	20,850,807	13,126,579
Deferred tax liabilities	22	124,114,688	82,769,736
Other liabilities	23	7,749,815	2,668,668
<b>Total liabilities</b>		<b><u>152,715,310</u></b>	<b><u>98,564,983</u></b>
<b>Equity</b>			
Share Capital	24	54,884,927	54,884,927
The effect of applying IAS 29 on the share capital	24	684,298,992	684,298,992
Reserves established from the application of Law no. 133/1996	24	145,486,088	145,486,088
The effect of applying IAS 29 on the reserve established after the application of Law no.133/1996	24	1,960,189,603	1,960,189,603
The effect of applying IAS 29 on retained earnings	24	-2,644,488,595	-2,644,488,595
Retained earnings		731,652,414	698,319,923
Reserves from revaluation of property, plant and equipment		65,029	-
Legal reserves	24	10,976,985	10,976,985
Reserves from revaluation of financial assets available for sale		845,743,951	630,375,419
<b>Total equity</b>		<b><u>1,788,809,394</u></b>	<b><u>1,540,043,342</u></b>
<b>Total liabilities and equity</b>		<b><u>1,941,524,704</u></b>	<b><u>1,638,608,325</u></b>

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## Separate statement of changes in equity for the year ended 31 December 2015

<i>In RON</i>	Share capital (including hyperinflation)	Legal reserve	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Reserves from revaluation of financial assets available for sale	Revaluation reserves	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
<b>Balance at 1 January 2015</b>	<b>739,183,919</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>630,375,419</b>	<b>0</b>	<b>698,319,923</b>	<b>-2,644,488,595</b>	<b>1,540,043,342</b>
<b>Total comprehensive income</b>								
<b>Profit for the year</b>	-	-	-	-		75,324,568	-	75,324,568
<b>Other comprehensive income</b>								
Reserve from revaluation of assets available for sale transferred to profit or loss	-	-	-	(28,395,882)		-	-	(28,395,882)
Net change in reserve from revaluation of assets available for sale (net of deferred tax)	-	-	-	243,764,414		-	-	243,764,414
Revaluation of property, plant and equipment					65,029			65,029
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,368,532</b>	<b>65,029</b>	<b>75,324,568</b>	<b>-</b>	<b>290,758,129</b>
<b>Transactions with shareholders recognized directly in equity</b>								
Dividends payable for 2014	-	-	-	-		(54,884,927)	-	(54,884,927)
Dividends written-off	-	-	-	-		12,892,850	-	12,892,850
<b>Total transactions with shareholders recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,992,077)</b>	<b>-</b>	<b>(41,992,077)</b>
<b>Balance at 31 December 2015</b>	<b>739,183,919</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>845,743,951</b>	<b>65,029</b>	<b>731,652,414</b>	<b>-2,644,488,595</b>	<b>1,788,809,394</b>

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## Separate statement of changes in equity for the year ended 31 December 2015

<i>In RON</i>	Share capital (including hyperinflation)	Legal reserve	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Reserves from revaluation of financial assets available for sale	Revaluation reserves	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings
<b>Balance at 1 January 2014</b>	<b>739,183,919</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>680,903,760</b>	<b>549,304,819</b>	<b>(2,644,488,595)</b>	<b>1,441,556,579</b>
<b>Total comprehensive income</b>							
<b>Profit for the year</b>	-	-	-	-	139,006,489	-	139,006,489
<b>Other comprehensive income</b>							
Reserve from revaluation of assets available for sale transferred to profit or loss	-	-	-	(129,566,844)	-	-	(129,566,844)
Net change in reserve from revaluation of assets available for sale (net of deferred tax)	-	-	-	79,038,503	-	-	79,038,503
<b>Total comprehensive income</b>	-	-	-	<b>50,528,341</b>	<b>139,006,489</b>	-	<b>88,478,148</b>
<b>Transactions with shareholders recognized directly in equity</b>							
Dividends payable for 2013	-	-	-	-	-	-	-
Dividends written-off	-	-	-	-	10,008,615	-	10,008,615
<b>Total transactions with shareholders recognized directly in equity</b>	-	-	-	-	10,008,615	-	10,008,615
<b>Balance at 31 December 2014</b>	<b>739,183,919</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>630,375,419</b>	<b>698,319,923</b>	<b>(2,644,488,595)</b>	<b>1,540,043,342</b>

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## Separate statement of cash flows

### For the year ended 31 December 2015

<i>In RON</i>	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>			
Net profit for the year		<b>75,324,568</b>	<b>139,006,489</b>
<i>Adjustments for:</i>			
Depreciation and amortisation		255,359	253,352
Net (gain)/loss from disposal of property, plant and equipment		0	21
Gain from valuation of investment property		-10,515,917	
Impairment expense	10	1,851,313	7,160,279
Net profit from sale of assets	9	-55,302,792	-157,263,512
Net (gain)/loss from financial assets at fair value through profit or loss		672,551	9,665,010
Dividend income	7	-34,072,103	-15,951,208
Interest income	8	-6,461,141	-6,506,501
Expense with/(income from) other provisions and adjustments		-12,605	-479,322
Income tax	13	13,019,922	9,505,428
<b>Changes in operating assets and liabilities</b>			
Change in other assets		-2,019,926	2,230,844
Change in other liabilities		-9,741	-261,653
Income tax paid		-2,246,889	-34,760,842
<b>Net cash from/(used in) operating activities</b>		<b>-19,517,402</b>	<b>-47,401,615</b>
<b>Investment activities</b>			
Acquisition of shares	16, 9	-36,895,424	-77,622,851
Proceeds from share sales		73,114,113	230,270,597
(Placements)/Proceeds from term deposits greater than three months		-92,790,943	15,857,359
Net proceeds/(payments) from sale of assets at fair value through profit or loss		18,656,691	-123,172,566
Proceeds/(payments) for purchase of investments held to maturity		16,016,606	1,012,845
Payments for purchases of property, plant and equipment		-125,531	-46,507
Dividends collected		30,477,215	13,455,031
Interest collected		6,421,949	6,759,017
<b>Net cash flow proceeds/(used in) investment activities</b>		<b>14,874,676</b>	<b>66,512,925</b>
<b>Financing activities</b>			
Dividends paid		-30,944,403	-204,211
<b>Net cash from / (used in) financing activities</b>		<b>-30,944,403</b>	<b>-204,211</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>			
		<b>-35,587,129</b>	<b>18,907,099</b>
Cash and cash equivalents at 1 January		37,065,143	18,158,045
<b>Cash and cash equivalents at 31 December</b>		<b>1,478,015</b>	<b>37,065,143</b>
Cash in hand	14	28,197	28,975
Current accounts with banks	14	269,818	536,168
Placements with banks with original maturity of less than 3 months	14	1,180,000	36,500,000
<b>Cash and cash equivalents</b>		<b>1,478,015</b>	<b>37,065,143</b>

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 1. Reporting entity

Societatea de Investiții Financiare Banat-Crișana SA („the Company”) was founded based on Law no. 133/1996 by reorganization and transformation of Fondul Proprietății Private Banat-Crișana and it is a joint stock company operating under Law 31/1990 and Law no. 297/2004.

SIF Banat-Crișana is based in Arad, 35 A Calea Victoriei, Arad county, code 310158, tel: 0257.234.167, Fax: 0257.250.165. The registration number in the Trade Register is: J02/1898/1992, and the tax identification number is: 2761040

The main activity of the company is:

- financial investments to maximize the value of owned shares in accordance with the regulations in force;
- management of the investment portfolio and exercise of all rights associated to the invested instruments;
- other additional and related activities in accordance with the regulations in force.

The Company's shares are listed on the Bucharest Stock Exchange since November 1st, 1999 and are traded on a regulated market of Premium category, with the symbol SIF1.

The custodian of the Company, starting 29.01.2014, is BRD Groupe Société Générale, replacing ING Bank NV Amsterdam Bucharest Branch and the company providing registry services is the Depozitarul Central SA Bucharest.

## 2. Basis of preparation

### (a) Statement of compliance

The separate financial statements were prepared in accordance with the Norm of the Financial Supervisory Authority no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

The separate financial statements were approved by the Board of Directors in its meeting on 14 March 2016 and revised and approved in final form in the meeting of 25 March 2016.

In accordance with Regulation no. 1606/2002 of the European Parliament and the EU Council of 19 July 2002, as well the ordered by NSC Decision no. 1176 / 15.09.2010, Financial investment companies are required to prepare and submit to the Financial Supervisory Authority (ASF) annual consolidated financial statements in accordance with IFRS, within 8 months from the financial year ending.

December 31, 2015 is the date of transition to IFRS as an accounting basis. At this date restatements were made and accounted for from NSC Regulation no. 4/2011 to IFRS accounting regulations.

The most significant changes in the financial statements prepared in accordance with RA compared to the IFRS requirements adopted by the European Union are:

- grouping several items into more comprehensive categories;
- adjustments of assets, liabilities and equity items in accordance with IAS 29 - "Financial reporting in hyperinflationary economies" because the Romanian economy was a hyperinflationary economy until 31 December 2003.
- fair value adjustments and adjustments for impairment of financial assets in accordance with IAS 39 - "Financial Instruments: Recognition and Measurement";
- adjustments in the statement of profit or loss to book dividend income at the time of declaration and at gross value;
- adjustments for the recognition of assets and liabilities with respect to the deferred income tax in accordance with IAS 12 "Income Taxes"; and
- disclosure requirements in accordance with IFRS.

### (b) Presentation of the separate financial statements

The Company adopted a presentation based on liquidity in the statement of financial position and a presentation of income and expenses according to their nature in the statement of comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than the information presented on other methods allowed by IAS 1 "Presentation of financial statements".



# Notes to the separate financial statements

*For the year ended 31 December 2015*

## **2. Basis of preparation (continued)**

### **(c) Basis of measurement**

The financial statements of the Bank are prepared on a fair value basis for the financial assets and liabilities at fair value through profit or loss and for the financial instruments available for sale, except those for which the fair value could not be determined reliably.

Other financial assets and liabilities and non-financial assets and liabilities are stated at amortized cost, revaluated amount or historical cost.

The methods used for measuring the fair value are presented in Note 3(e)(iv) and Note 5.

### **(d) Functional and presentation currency**

The Company's management considers that the functional currency, as defined by IAS 21 „The effects of changes in Foreign Exchange Rates“, is the Romanian leu (RON or lei). The separate financial statements are presented in lei, rounded to the nearest RON, which is the presentation currency chosen by the Company's management.

### **(e) Use of estimates and judgements**

The preparation of the separate financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses. Such estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances, the result of which form the basis of judgements used in assessing the carrying value of assets and liabilities for which no other evaluation sources are available. Actual results may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or if the period of the revision and future periods are affected the revision affects both current and future periods.

Judgments made by the management in applying IFRS that have a significant impact on the financial statements and estimates that involve a significant risk of a material adjustment in the next year are disclosed in Note 5.

### **(f) Changes in accounting policies**

The accounting policies adopted are consistent with those used in the previous year.

## **3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

### **(a) Subsidiaries and associates**

Subsidiaries are entities controlled by the Company. The company controls an entity when it is exposed, or has rights to variable returns based on its participation in the invested entity while having the ability to influence those revenues through its authority over the entity in which it invested. When assessing control, potential or convertible voting rights that could be exercised at that time are taken into account.

Associates are those companies in which the Company can exercise significant influence, but not control over financial and operating policies.

A list of subsidiaries and associates as at 31 December 2014 and 31 December 2015 is presented in Note 27 of the separate financial statements.

In the separate financial statements, investments in subsidiaries and associates are accounted for as financial assets available for sale in accordance with the accounting policy 3(e).

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 3. Significant accounting policies (continued)

### (b) Foreign currency operations

Foreign currency operations are booked in RON at the official exchange rate at the transaction settlement date. Monetary assets and liabilities denominated in foreign currencies at the date when the separate statement of the financial position is prepared are translated into the functional currency at the exchange rate of the respective date. Gains and losses from monetary items are presented as the difference between the amortized cost in the functional currency at the beginning of the reporting period, adjusted by the effective interest and payments during the period, and the amortized cost in foreign currency converted into functional currency at the period end exchange rate.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the operational currency at the exchange rate at the date when the fair value is determined

Settlement Gains and losses are recognized in the statement of profit or loss, except for cases where exchange differences arise 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 and cases where exchange differences arise from translation of the financial instruments classified at fair value through profit or loss which are presented as gains or losses from fair value.

The exchange rates of major foreign currencies were:

Currency	Spot rate 31 December 2015	Sport rate 31 December 2014
EUR	4,5245	4,4821
USD	4,1477	3,6868

### (c) Accounting method for the effect of hyperinflation

According to IAS 29 („Financial reporting in hyperinflationary economies”) the financial statements of an entity which has the functional currency of a hyperinflationary economy must be presented in terms of current purchase power of the respective currency at the date of the preparation of the separate statement of financial position, meaning that the non-monetary elements are restated using a general price index from the date of acquisition or contribution.

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

Continued decline in inflation rate and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary with effect on financial periods starting with 1 January 2004. Therefore, the provisions of IAS 29 were adopted in preparing the separate financial statements until 31 December 2003.

Thus, the values expressed in the unit of measurement current at 31 December 2003 are treated as the basis for the carrying amounts reported in the separate financial statements and do not represent appraised value, replacement cost, or any other measurement of the current value of assets or prices related to current transactions.

For the purpose of preparing the separate financial statements at 31 December 2015, the Company has adjusted the following items, so as to be expressed in the unit of measurement current at 31 December 2003:

- share capital and reserves (see note 24);
- financial assets available for sale measured at cost, for which there is no active market and where it is not possible to determine the fair value reliably (see note 3 e);

### (d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank accounts and sight deposits.

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

When preparing the cash flow statement, the following have been considered as cash and cash equivalents: cash on hand, current bank accounts and deposits with an original maturity of less than 90 days.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 3. Significant accounting policies (continued)

### (e) Financial assets and liabilities

#### (i) *Classification*

The Company classifies its financial assets and liabilities in the following categories:

#### *Financial assets or financial liabilities at fair value through profit or loss*

This category comprises financial assets or financial liabilities held for trading, derivatives and financial instruments designated at fair value through profit or loss upon initial recognition. A financial asset or liability is classified in this category if acquired principally for the purpose of short term profit-taking or if so designated by the Company management.

Derivatives are also categorized as held for trading unless the derivative is a designated and effective hedging instrument.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the firm intention and ability to hold to maturity, others than:

- those that the entity, upon initial recognition, designates as measured at fair value through profit or loss;
- those that the entity designates as available for sale; and
- those that meet the definition of loans and receivables.

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

- are so close to maturity or to the anticipated date of repayment of the financial asset (for example, less than three months before maturity) that changes in market interest rates have a significant effect on the fair value of the financial asset;
- occur after the entity has collected most of the initial value of the financial asset through scheduled payments or prepayments; or
- are attributable to an isolated event falling outside the scope of control of the entity, are not repeated and could not have been reasonably anticipated by the entity.

#### *Loans and receivables*

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

- those which the entity intends to sell immediately or in the near term (To be classified as held for trading) and those that the entity, upon initial recognition, designates as being at fair value through profit or loss;
- those that the entity, upon initial recognition, designates as available for sale; or
- those where the holder may not recover substantially all of the initial investment due to other reasons than credit deterioration (to be classified as available for sale).

#### *Available-for-sale financial assets*

Available-for-sale financial assets are those financial assets which are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets available for sale for which there is an active market are measured at fair value and changes in fair value other than impairment losses, as well as gains and losses resulting from exchange rate movements related to monetary items available for sale, are recognized directly in equity. When the asset is derecognised, the cumulative gain or loss recognized in equity is transferred to profit or loss.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 3. Significant accounting policies (continued)

### (e) Financial assets and liabilities (continued)

#### *(ii) Recognition*

Assets and liabilities are recognized at the date when the Company becomes party to the contractual terms of the instrument. Financial assets and liabilities are measured upon initial recognition at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit or loss whose transaction costs are not included in the value of the instrument and investment in shares whose fair value could not be reliably determined and which are initially recognized at cost.

#### *(iii) Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle them on a net basis, or enforce the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

#### *(iv) Measurement*

After initial recognition, the entity shall remeasure its financial assets, including derivatives considered assets, at fair value, without any deduction for transaction costs that may be incurred on sale or other disposal, except for the following categories of financial assets:

- a) loans and receivables - measured at amortized cost through the effective interest method;
- b) investments held to maturity - measured at amortized cost through the effective interest method; and
- c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably and derivatives that have as underlying assets such equity instruments measured at cost.

All financial assets except those measured at fair value through profit or loss are periodically tested for impairment (see 3 (v)).

After initial recognition, the entity shall measure all financial liabilities at amortized cost through the effective interest method, except for:

- a) financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value, excluding debt derivatives that are linked and must be settled through delivery of an unquoted equity instrument whose fair value cannot be measured reliably. These derivative liabilities shall be valued at cost;
- b) financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition and is accounted for using the continue involvement approach.

#### ***Amortised cost measurement***

The amortized cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is assessed after initial recognition minus principal repayments, plus or minus accumulated amortization using the effective interest method of any difference between the original value and the maturity value, and minus any reduction (direct or by using an allowance account) for impairment or unrecoverability.

The effective interest rate is the rate that accurately adjusts future cash payments and receipts over the expected life of the financial instrument or, where appropriate, over a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the entity shall estimate cash flows considering all contractual terms of the financial instrument, but shall not take into account future losses from the changes in credit risk. The calculation includes all fees and costs paid or cashed between contractual parties that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## **3. Significant accounting policies (continued)**

### **(e) Financial assets and liabilities (continued)**

#### ***(iv) Measurement (continued)***

##### ***Fair value measurement***

Fair value is the price that would be received after selling an asset or the price paid to transfer a liability in an orderly transaction between participants on the principal market at the measurement date, or, in its absence, on the most advantageous market to which the Company has access at that date.

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

A financial instrument is regarded as quoted in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, association of industry, pricing service or regulatory agency and these prices reflect real transactions occurring regularly and carried out under balanced market conditions.

The category of shares quoted in an active market includes all those shares admitted to trading on the stock exchange or an alternative market and having frequent transactions (e.g. at least 30 in the 30 trading days prior to the measurement. The criterion establishing the active market should be set so as to ensure a stable portfolio of shares valued at cost/fair value from one reporting period to another). The market price used to determine the fair value is the closing market price from the last trading day before the measurement date.

Fund units are valued based on NAV (net asset value) calculated by the fund manager using closing quotes for quoted financial instruments. If the Company notices that there is no active market for the holdings of a fund, it requests measurement to the public financial statements of the fund holdings and to the net asset value, respectively. Based on the net asset a corrected NAV is obtained which is used to measure the fund units in the financial statements of SIF Banat-Crisana.

In the absence of a price quotation in an active market, the Company uses measurement techniques. The fair value of financial assets not traded in an active market is determined by authorized valuers from the assessment department within the Company. Valuation techniques include techniques based on the use of observable inputs, such as the quoted price of the identical item held by another party as an asset in a market that is not active and for assets for which observable prices are not available, valuation techniques based on discounted cash flow analysis and other valuation methods commonly used by market participants, making full use of market information, relying as little as possible on company-specific information. The Company uses valuation techniques that maximize the use of observable data and minimize the use of unobservable inputs.

The value resulting from using a valuation model is adjusted according to a number of factors, since the valuation techniques do not reliably reflect all the factors considered by market participants when closing a transaction. Adjustments are recorded to reflect the risk models, the differences between quotations for sale and purchase, the liquidity risks as well as other factors. The Company management believes that these adjustments are required for presenting a fair measure of the value of financial instruments held at fair value in the statement of financial position.

Financial instruments that do not have an active market and whose fair value cannot be reliably determined, are measured at cost and periodically tested for impairment.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 3. Significant accounting policies (continued)

### (e) Financial assets and liabilities (continued)

#### *(v) Identification and measurement of impairment*

For each reporting period the Company assesses the extent to which there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is any evidence of this kind, the Company applies the provisions below to determine the amount of any impairment loss, differently for:

- a) financial assets carried at amortized cost;
- b) available for sale financial assets carried at fair value or at cost.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and if that event (or events) that trigger(s) losses has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

It may not be possible to identify a distinctive single event that caused the impairment, the combined effect of several events may have caused the impairment.

Expected losses as a result of future events, no matter the likelihood, are not recognized.

Objective evidence that a financial asset or group of assets is impaired includes observable information about the following events that incur losses:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract (e.g. a default or delinquency in interest or principal payments);
- (c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (d) the issuer, the obligor is in bankruptcy or is likely to enter bankruptcy or other financial reorganization;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the separate financial assets in the group, including:
  - i) adverse changes in the payment status of borrowers in the group (e.g. greater number of delayed payments); or
  - ii) national or local economic conditions that correlate with defaults on assets in the group.
- (g) information on significant changes that have occurred in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of an investment may not be recovered in the equity instrument. Significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

In some cases the observable data required to estimate the amount of impairment loss on a financial asset may be limited or no longer fully relevant in the current circumstances. For example, this might be the case when a borrower is in financial difficulties and there is little historical information available relating to similar borrowers. In such cases, an entity uses its experienced judgment to estimate the amount of any impairment loss. Similarly, an entity uses its experienced judgment to adjust observable data for a group of financial assets to reflect current circumstances.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## **3. Significant accounting policies (continued)**

### **(e) Financial assets and liabilities (continued)**

#### ***(v) Identification and measurement of impairment (continued)***

##### ***Financial assets carried at amortized cost***

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows rate (excluding future credit risk losses that were not incurred) discounted at the financial asset's original effective interest.

When such an impairment loss occurs, the carrying amount of the asset is reduced through use of an impairment adjustment account.

The amount of the impairment loss shall be recognised in the profit or loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by using an impairment adjustment account.

The reversal may not result in a carrying amount of the financial asset exceeding the amount that would have constituted the amortized cost should the impairment not have been recognized, at the date the impairment loss is reversed.

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

##### ***Available for sale financial assets***

For financial assets classified as available-for-sale, when a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in the profit or loss account, even though the financial asset has not been derecognized.

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

Impairment losses recognized in the profit or loss account for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of an impaired equity instrument classified as available for sale increases, the impairment loss shall be reversed, with the amount of the reversal recognized in other comprehensive income.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value as the fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed through profit or loss.

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

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## **3. Significant accounting policies (continued)**

### **(e) Financial assets and liabilities (continued)**

#### ***(v) Identification and measurement of impairment (continued)***

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

#### ***(vi) Derecognition***

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the asset expire or when the Company transfers the rights to receive the contractual cash flows on the respective financial asset within a transaction in which all the risks and rewards of ownership of the financial asset are substantially transferred.

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

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

#### ***(vii) Reclassifications***

The Company:

- a) shall not reclassify a derivative out of the category of instruments measured at fair value through profit or loss while it is held or issued;
- b) shall not reclassify any financial instrument out of the category of instruments measured at fair value through profit or loss if, upon initial recognition, the entity designated it at fair value through profit or loss; and
- c) if the financial asset is no longer held for sale or repurchase in the near future (despite the fact that the financial asset may have been acquired or may have arisen in particular for the purpose of sale or repurchase in the near future), may reclassify that financial asset out of the category of instruments measured at fair value through profit or loss.

The entity shall not classify any financial instrument into the category of instruments measured at fair value through profit or loss after initial recognition.

If, after the change in intention or capacity, it is no longer appropriate to classify an investment as held to maturity, it shall be reclassified as available for sale and revalued at fair value.

Whenever sales or the reclassification of an amount more than insignificant from the investments held to maturity does not satisfy any of the requirements, all remaining investments held to maturity shall be reclassified as available for sale and held in this classification category for a period of at least 2 years.

If a reliable measurement becomes available for the fair value of a financial asset or a financial liability for which such a measurement was not previously available, the asset or liability shall be remeasured at fair value and the difference between its carrying amount and fair value shall be accounted for in equity or profit and loss account.



# Notes to the separate financial statements

*For the year ended 31 December 2015*

## **3. Significant accounting policies (continued)**

### **(e) Financial assets and liabilities (continued)**

#### ***(vii) Reclassifications (continued)***

If at a certain moment, a financial asset or financial liability must be recorded at cost or amortized cost, not at fair value, the fair value of the financial asset or financial liability at that date becomes its new cost or amortized cost, as appropriate; this can occur:

- Following the change in intention or capacity of the entity;
- In rare cases when a reliable assessment of the fair value is no longer available;

Any prior gains or losses related to that asset that were recognized in other comprehensive income shall be recorded as follows:

- a) If a financial asset has a fixed maturity date, the gain or loss must be amortized to profit or loss over the remaining useful life of the investment held to maturity using the effective interest method. Any difference between the new amortized cost and the maturity amount shall also be amortized over the remaining life of the financial asset using the effective interest method, similar to the amortization of a premium and a discount. If the asset depreciates further, any gain or loss that was previously recognized directly in other comprehensive income shall be reclassified from equity to profit or loss;
- b) If a financial asset that does not have a fixed maturity date, the gain or loss shall be recognized in profit or loss when the asset is sold or disposed of in another way. If the asset depreciates further, any gain or loss that was recognized in other comprehensive income shall be reclassified from equity to profit or loss.

#### ***(viii) Gains and losses***

Gains and losses resulting from a change in fair value of a financial asset or a financial liability that is not part of a hedging relationship are recognized as follows:

- a) gains and losses from financial assets and financial liabilities classified as measured at fair value through profit or loss are recognized in profit or loss;
- b) Gains and losses from financial assets available for sale are recognized in other comprehensive income, except for impairment losses

When the asset is derecognised, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss.

Through impairment or derecognition of financial assets and financial liabilities carried at amortized cost, as well as through the amortization process thereof, the Company recognizes a gain or loss in the profit or loss account.

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

### **(f) Other financial assets and liabilities**

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

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 3. Significant accounting policies (continued)

### (g) Property, plant and equipment

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

Tangible assets recognized as assets are initially measured at cost. The cost of an item of property, plant and equipment is made of the purchase price, including non-refundable purchase taxes, after deducting any trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as staff costs arising directly from the construction or acquisition of assets, the costs of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees.

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

- Land and buildings;
- Technical equipment and vehicles;
- Other installations, tools and furniture

#### *(ii) Measurement after recognition*

After recognition as assets, items of property, plant and equipment in the form of land and buildings whose fair value can be reliably measured are carried at revalued amount, being the fair value at the date of the revaluation less any subsequently accumulated depreciation and any accumulated impairment losses. Other tangible assets are measured at cost less accumulated depreciation and any impairment losses.

Revaluations are made regularly to ensure that the carrying amount does not differ materially from what would have been determined by using the fair value at the end of the reporting period.

If an item of property, plant and equipment is revalued, the entire class of intangible assets which includes the item is subject to revaluation.

If the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus.

However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss.

However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any transfers from revaluation surplus to retained earnings shall not be made through profit or loss.

#### *(iii) Subsequent costs*

Subsequent costs related to tangible assets are measured in terms of the general recognition criteria described in chapter (i) Recognition.

Daily maintenance costs ("repairs and maintenance costs") of fixed assets are not capitalized; they are recognized as expenses in the period in which they are incurred. These costs consist primarily of workforce costs and consumables and may include the cost of low-value components.

Expenses with the maintenance and repairs of tangible assets are recorded in the profit or loss account when incurred, while significant improvements to tangible assets which increase the value or duration of their life or which increase their capacity to generate economic benefits are capitalized.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 3. Significant accounting policies (continued)

### (g) Property, plant and equipment (continued)

#### *(iv) Depreciation*

Depreciation is calculated for the cost of the asset or other amount substituted for cost, less its residual value. Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, from the date they are available for use, this method reflecting the most accurately the expected pattern of consumption of the economic benefits embodied in the asset.

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

Buildings	10-50 years
Equipment, technical installations and machines	3-30 years
Vehicles	4-12 years
Furniture and other equipment	3-20 years

Depreciation methods, estimated useful life durations and residual values are reviewed by Company management at each reporting date.

#### *(v) Sale / disposal of property, plant and equipment*

The carrying amount of an item of property, plant and equipment shall be derecognised (eliminated from the statement of financial position) on disposal or when no future economic benefits are expected from its use or disposal.

Tangible assets that are scrapped or sold are removed from the balance sheet along with the corresponding accumulated depreciation. Any profit or loss resulting from such operations is included in profit or loss account.

### (h) Intangible assets

Intangible assets are initially measured at cost. After initial recognition, an intangible asset is carried at cost less accumulated depreciation and any accumulated impairment losses (Note 3k).

#### *(i) Subsequent expenditure*

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

#### *(ii) Amortization of intangible assets*

Amortization is calculated for the cost of the asset or other amount substituted for cost, less any residual value. Amortization is recognized in the profit or loss account using the straight line method for the estimated useful life of intangible assets from the date they are available for use, this method reflecting the most accurately the expected pattern of consumption of the economic benefits embodied in the asset.

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

Software	1-3 years
Other intangible assets	1- 5 years

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

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 3. Significant accounting policies (continued)

### **(i) Assets held for sale**

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

### **(j) Investment property**

Investment property is property (land, building or part of a building) owned by the Company rather to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

#### ***(i) Recognition***

Investment property should be recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the entity and the cost of the property can be reliably measured.

#### ***(ii) Measurement***

##### *Initial measurement*

Investment property is initially measured at cost, including transaction costs. The cost of a purchased investment property comprises its purchase price plus any directly attributable costs (for example professional fees for legal services, property transfer taxes and other transaction costs).

##### *Measurement subsequent to initial recognition*

##### *Fair value model*

After initial recognition, all investment properties are measured at fair value, unless fair value cannot be determined reliably on a continuing basis.

In exceptional circumstances where, at the time of purchase for the first time of an investment property, there is clear evidence that the fair value of the investment property cannot be determined reliably on an ongoing basis, the Company evaluates that investment property using the cost model. The residual value of the investment property is assumed to be nul. All other investment properties are measured at fair value. If the Company has previously measured an investment property at fair value, then it will continue to evaluate that property at fair value until its disposal.

Gains and losses from the change in fair value of investment property are recognized in profit or loss in the period they are incurred.

The fair value of investment property shall reflect the market conditions at the end of the reporting period.

#### ***(iii) Transfers***

Transfers to and from investment property should only be made when there is a change in use, evidenced by:

- (a) commencement of owner occupation – for transfers from investment property to owner-occupied property;
- (b) commencement of pretension for sale – for transfers from investment property to inventories, hold for sale.
- (c) end of use by the Company – for transfers from owner-occupier property to investment property;
- (d) commencement of an operating lease to another party – for transfers from inventories to investment property.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## **3. Significant accounting policies (continued)**

### **(j) Investment property (continued)**

#### ***(iii) Transfers (continued)***

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the deemed cost of ownership for subsequent accounting purposes should be its fair value at the date of change in use.

#### ***(iv) Derecognition***

The carrying value of an investment property is derecognised (eliminated from the statement of financial position) on disposal or when the investment is permanently withdrawn from use and the occurrence of future economic benefits from its disposal is no longer expected.

Gains or losses arising from the scrapping or disposal of an investment property shall be recognized in profit or loss in the period of the scrapping or disposal.

### **(k) Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash flows and that is largely independent from other assets and groups of assets. Impairment losses are recognised in the profit or loss account.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change 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 amortisation or depreciation, if no impairment loss had been recognised.

### **(l) Share capital**

Ordinary shares are recognized in equity. Incremental costs directly attributable to an issue of ordinary shares are deducted from equity, net of related tax effects.

### **(m) Provisions for risks and charges**

Provisions are recognized in the statement of financial position of the Company when a present obligation has arisen as a result of a past event, the Company is likely to be required in the future to use economic resources to extinguish this obligation and a reasonable estimate of the obligation can be made. To determine the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to that liability. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

### **(n) Interest incomes and expenses**

Interest income and expense are recognised in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly adjusts estimated future cash payments and receipts over the expected life of the financial asset or liability (or, where appropriate, over a shorter period) to the net carrying amount of the financial asset or financial liability.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## **3. Significant accounting policies (continued)**

### **(o) Dividend income**

Dividends for an equity instrument available for sale are recognized in profit or loss when the entity's right to receive payment is established. In the case of dividends received in the form of shares as an alternative to cash, the dividend income is recognized equally to the cash that would have been received in correspondence with increasing the equity instrument therein. The Company does not record dividend income from shares received free of charge when they are distributed proportionally to all shareholders.

Dividend income is recorded on a gross basis including dividend tax, which is recognized as a current income tax expense.

### **(p) Employee benefits**

#### ***(i) Short term benefits***

Short-term employee benefits are not discounted and are recognized in the statement of comprehensive income as the services are rendered.

Short-term employee benefits include salaries, bonuses and social security contributions. Short-term employee benefits are recognized as an expense when services are rendered. A provision is recognized for the amounts expected to be paid for bonuses in cash in the short term or in schemes for staff participation in profit while the company currently has a legal or constructive obligation to pay those amounts as a result of past service rendered by employees and if the obligation can be estimated reliably.

#### ***(ii) Defined contribution plans***

The Company makes payments on behalf of their employees to the Romanian State pension system, health insurance and unemployment fund, in the normal course of business. The Company also retains and transfers to private pension funds, amounts that employees have signed up to pay to a voluntary pension plan.

All employees of the Company are members and are also legally obliged to make defined contributions (included in the social security contributions) to the Romanian State pension plan (a State defined contribution plan). All relevant contributions to the Romanian State pension plan are recognized as an expense in the statement of profit or loss as incurred. The Company does not have any further obligations.

The Company does not operate any independent pension scheme and, consequently, has no obligation in respect of pensions. The Company has no obligation to provide further services to current or former employees.

#### ***(iii) Long-term employee benefits***

The Company's net obligation in respect of services related to long-term benefits is the amount of future benefits that employees have earned in return for services rendered by them in the current and prior periods. Based on the collective labor agreement in force, people who retire at full retirement age may benefit upon retirement of an aid in the amount of five average net salaries in the Company.

The Company's net obligation in respect of long-term benefits determined based on the collective labor agreement is estimated using the projected unit credit method and is recognized in the income statement on an accrual basis. Surplus or deficit that arises from changes in the discount rate and other actuarial assumptions is recognized as income or expense over the remaining working period of the employees participating in the plan.

### **(q) Income tax**

Income tax for the period comprises current tax and deferred tax. Current income tax includes income tax from dividends recognized at gross value.

Profit tax is recognized in profit or loss or in other comprehensive income if the tax is related to equity items.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## **3. Significant accounting policies (continued)**

### **(q) Income tax (continued)**

Current tax is the expected tax payable on the taxable income for the year, determined using tax rates applied at the balance sheet date and any adjustments tax payable in respect of prior periods.

Deferred tax is determined using the balance sheet method for temporary differences arising between the tax base for calculating tax for assets and liabilities and their carrying amount used for reporting in the separate financial statements.

As at 31 december 2015 and 31 december 214 income tax was 16%.

Deferred tax is not recognized for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities arising from transactions that are not business combinations and that affect neither the accounting profit nor the tax profit and differences arising from investments in subsidiaries, provided that they are not reversed in the near future. Deferred tax is calculated using tax rates expected to be applicable to temporary differences when reversed, based on the legislation in force at the reporting date or on the legislation issued at the reporting date which will become effective subsequently.

The deferred tax asset is recognized only to the extent that it is probable that future taxable income will be obtained after offsetting the tax loss of previous years and the income tax recoveries. The deferred tax asset is reduced to the extent that the related tax benefit is unlikely to be realized.

Additional taxes that arise from the distribution of dividends are recognized at the same time as the obligation to pay dividends.

Deferred tax assets and liabilities calculated are shown net in the separate financial statements of the Company.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities that relate to taxes levied by the same taxation authority from the same taxable entity, or different tax entities which intend to offset current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

### **(r) Earnings per share**

The Company presents basic earnings per share and diluted earnings per share for ordinary shares. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Company to the weighted average number of ordinary shares outstanding during the reporting period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with dilution effects arising from potential ordinary shares.

### **(s) Dividends**

Dividends are treated as an appropriation of profit in the period in which they were declared and approved by the General Meeting of Shareholders.

### **(t) Standards and new interpretations that are not yet in force**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2015 and have not been applied in preparing these financial statements:

#### ***A. Standards that have been adopted by the European Union***

##### **a) Annual adjustments of IFRS (2010-2012 and 2011-2013 cycles, most of them effective for periods started in 1 February 2015)**

The amendments introduce 11 changes in 9 standards. Below are amendments that could impact the Company's activity:

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## **3. Significant accounting policies (continued)**

### **(t) standards and new interpretations that are not yet effective (continued)**

- IFRS 8 - Segment Reporting: The amendments introduce disclosure requirements of the judgments made in order to present aggregated reporting segments;
- IFRS 13 - Measurement at fair value: amendment clarifies that short-term debts and claims that have no interest attached can be presented in fair value - at the amount charged, if the discount effect is not significant;
- IAS 16 and IAS 38 - clarifies how restatement of accumulated depreciation should be done at the time of revaluation;
- IAS 24 - extends the definition of related parties
- IFRS 7 - Financial Instruments Presentation: amendment clarifies continuing involvement in a transferred asset.

### **b) Amendments to IAS 1 (effective for periods beginning on or after 1 January 2016)**

The definition of materiality has been modified to clarify its applicability on the financial statements as a whole and on each disclosure requirement within a standard. Also, amendments were introduced in the financial statements and notes in order to clarify that entities have flexibility as to the disclosure of accounting policies in the notes.

The Company does not consider these amendments will have a significant effect on the separate financial statements.

### **c) Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortization (effective for periods beginning on or after 1 January 2016)**

The amendments prohibit amortization based on revenue for tangible and place restrictions on the applicability of this method for intangibles.

The Company does not consider these amendments will have a significant effect on the financial statements as it does not apply to separate income-based depreciation.

### **d) Amendments to IAS 27 (effective for periods beginning on or after 1 January 2016)**

The amendments allow an entity to measure subsidiaries, affiliates and joint ventures in the financial statements using the equity method.

The Company does not consider these amendments will have a significant effect on the separate financial statements.

## ***B. Standards which have not yet been adopted by the European Union***

### **a) IFRS 9 Financial Instruments (effective date: annual periods beginning on or after January 1, 2018)**

This standard replaces the provisions of IAS 39 "Financial Instruments: Recognition and Measurement" on classification and measurement of financial assets, with the exception of aspects relating to hedge accounting in respect of which entities may choose to apply the old provisions of IAS 39 or to apply IFRS 9.

Financial assets will be classified using one of two methods of evaluation: amortized cost and fair value. A financial asset can be measured at amortized cost only if the following conditions are met: the assets are held within a business model of the company whose objective is managing for performance and cash flow at specified dates in the contractual terms which are represented only by the principal and interest. Gains or losses on subsequent changes in the value of assets measured at fair value are recognized in profit or loss except for investments in equity instruments that are not held for trading, for which the standard allows the recognition of initial measurement at fair value with recognition of changes subsequent value in the overall result. The model in IAS 39 is replaced with the expected loss model. However, the disclosure requirements are substantial.

The company is in the process of assessing the possible effects they may have to apply IFRS 9 in the financial statements.



# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 3. Significant accounting policies (continued)

### (t) Standards and new interpretations that are not yet effective (continued)

#### b) IFRS 15 - Revenue from contracts with customers (effective for periods beginning on or after January 1, 2017)

Standard issued in May 28, 2014 replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC - 31. The standard is applicable to contracts with clients other than insurance, financial instruments and leasing. It prescribes a single model for analysis of customer contracts and two approaches for revenue recognition – at a certain moment or on the entire duration of the contract, depending on the time for fulfillment of the contractual provisions.

The Company does not consider these amendments will have a significant effect on the separate financial statements.

## 4. Financial risk management

By nature of the object of activity, the Company is exposed to various types of risks associated with the financial instruments and market in which it invests. The main types of risks affecting the Company are:

- Market risk (currency risk, interest rate risk and price risk);
- Credit risk;
- Liquidity risk;
- Taxation risk;
- Business environment risk
- Operational risk.

Risk management is considering the maximization of the Company's profit reported in dependence of the level of risk to which it is exposed.

The Company uses a variety of policies and procedures for the management and evaluation of the types of risk to which it is exposed. These policies and procedures are presented in the subchapters dedicated to each type of risk.

### (a) Market risk

Market risk is the risk that changes in market prices, such as stock prices, interest rates and foreign exchange rates will affect the Company's income or the value of financial instruments held. The market risk of the equity instruments is the risk that the value of such an instrument will fluctuate due to changes in market prices, whether caused by factors specific to the issuer or factors affecting all instruments traded in the market.

The market risk of the equity instruments arises mainly from shares available for sale. The entities in which the Company holds shares operate in various industries.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, aiming to optimize profitability. The Company's strategy to manage market risk is imposed by its investment objective and the market risk is managed in accordance with the policies and procedures applied.

The Company is exposed to the following categories of market risk:

#### *(i) Price risk*

Price risk is the risk of decline in value of a securities or portfolio related to changes in asset prices.

The Company is exposed to the risk of fair value of financial instruments fluctuation due to changes in market prices, whether caused by factors specific to the activity of its issuer or factors affecting all instruments traded in the market.

The Board of Directors monitors the market risk management and internal procedures, which require that when price risks are not consistent with the Company's investment policy and principles, it shall proceed to rebalance the portfolio.

In recent years, because of the global financial crisis, Romania was also affected by price risk through depreciation of stock prices.

# Notes to the separate financial statements

For the year ended 31 December 2015

## 4. Financial risk management (continued)

### (a) Market risk (continued)

A positive variation of 10% in the price of financial assets at fair value through profit or loss would lead to an increase in profit after tax by RON 38 (31 December 2014: RON 10,466,445), a negative variation of 10% having an equal net impact on the opposite direction.

A positive variation of 10% in the prices of financial assets available for sale at fair value (Level 1) would lead to an increase in equity, net of tax, of RON 100,229,985 (31 December 2014: RON 67,826,694), a negative variation of 10% with an equal net impact on an opposite direction.

The company holds shares in companies operating in various sectors, such as:

In RON	31 December 2015	%	31 December 2014	%
Financial brokerage and insurance	953,882,121	57%	640,064,088	49%
Manufacturing industry	266,313,435	16%	246,022,350	19%
Hotels and restaurants	121,921,116	7%	127,165,677	10%
Wholesale and retail trade, repair of motor vehicles	24,041,251	1%	25,114,396	2%
Production and supply of energy, gas and water	27,113,050	2%	19,472,321	2%
Extractive industry	49,433,082	3%	14,741,867	1%
Other activities	2,827,560	0%	5,162,466	0%
Investment Property	0	0%	-	0%
Financial services applicable to real estate	215,560,572	13%	214,227,338	16%
Constructions	1,217,304	0%	1,217,303	0%
Transport and storage	16,750,049	1%	12,559,055	1%
Agriculture, forestry and fishing	896,310	0%	896,310	0%
<b>TOTAL</b>	<b>1,679,955,848</b>	<b>100%</b>	<b>1,306,643,171</b>	<b>100%</b>

As it can be seen in the above table, at 31 December 2015 the Company mainly held shares in companies in the banking and insurance field, accounting for 57% of the total portfolio, increasing from the 49% recorded as at 31 December 2014.

At December 31, 2014 and December 31, 2015 the Company holds unit funds in Omnitrend Active Plus closed investment fund. The Company is exposed to price risk through the investments made by the fund.

At 31 December 2014 the Company was exposed to price risk also by holding a number of derivative/structured financial instruments that included principally purchases made during 2014 of SIF4 PNOTE and minilong SIF4 certificates, instruments issued by the Royal Bank of Scotland plc (RBS), with the underlying shares SIF4. During 2015 these financial instruments were sold.

### (ii) Interest rate risk

Interest rate risk is the risk that revenues or expenses, or the value of assets or liabilities of the Company will fluctuate due to changes in market interest rates.

With respect to interest bearing financial instruments: the interest rate risk consists of the risk of fluctuation recorded in the value of a financial instrument due to changes in interest rates and risk differences between the maturity of interest bearing financial assets and interest bearing debt. However, the interest rate risk may also affect the value of assets bearing fixed interest rates (e.g. bonds) so that an increase in interest rate on the market will determine a decrease in the value of future cash flows generated by them and may lead to their price reduction if it increases the preference of investors to place their funds in bank deposits or other instruments whose interest has grown, and vice versa - a reduction in interest rate on the market may increase the price of shares and bonds and will lead to an increase in the fair value of future cash flows.

With respect to the Company's interest bearing financial instruments, the policy is to invest in financial instruments generally in the short-term, no more than 12 months, thus considerably reducing both the risk of fluctuation and the risk of maturity variance (the Company has no debt with maturity over 1 year). With respect to the fixed interest bearing assets or tradable assets, the Company is exposed to the risk that the fair

# Notes to the separate financial statements

For the year ended 31 December 2015

## 4. Financial risk management (continued)

### (a) Market risk (continued)

value of future cash flows related to financial instruments will fluctuate as a result of changes in market interest rates. However, most financial assets of the Company are in stable currencies whose interest rates are unlikely to vary significantly.

Thus the Company will be subject to limited exposure to the fair value interest rate risk or to future cash flows due to fluctuations in the prevailing levels of market interest rates.

The Company does not use derivative financial instruments to protect itself against interest rate fluctuations.

The following tables show the Company's exposure to the interest rate risk:

<i>In RON</i>	<b>Net amount at 31 December 2015</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>	<b>Without interest rate risk</b>
<b>Financial assets</b>						
Cash and cash equivalents	<b>151,400,510</b>	19,395,826	130,837,613	-	-	1,167,071
Financial assets at fair value through profit or loss	<b>449</b>	-	-	-	-	449
Available for sale financial assets	<b>1,728,617,277</b>	-	-	-	-	1,728,617,277
Investments held to maturity	<b>34,498,231</b>	-	6,137,934	26,950,000	-	1,410,297
Other assets	<b>4,388,799</b>	-	-	-	-	4,388,799
<b>TOTAL</b>	<b>1,918,905,266</b>	<b>19,395,826</b>	<b>136,975,547</b>	<b>34,498,231</b>	-	<b>1,735,583,839</b>
<b>Financial liabilities</b>						
Dividends payable	<b>20,850,807</b>	-	-	-	-	20,850,807
Other liabilities	<b>7,749,815</b>	-	-	-	-	7,749,815
<b>TOTAL</b>	<b>28,600,622</b>	-	-	-	-	<b>28,600,622</b>

The category of financial assets available for sale includes shares in Omnitrend and Active Plus Investment Funds. At 31 December 2015 the total assets of the closed investment fund Active Plus were represented mainly of traded shares held in the SIFs 77% and other securities admitted for trading on a market in another Member State 23% and structured products from Merrill Lynch Intl & CO with underlying shares SIF 2. At 31 December 2015 the assets of the closed investment fund Omnitrend were mainly represented by traded shares held in SIF Moldova - 38.4% and shares and bonds traded on a stock exchange market of a non-member state 59.3% (Transeastern Power Trust).

# Notes to the separate financial statements

For the year ended 31 December 2015

## 4. Financial risk management (continued)

### (a) Market risk (continued)

<i>In RON</i>	<b>Net value at 31 December 2014</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>	<b>Without interest rate risk</b>
<b>Financial assets</b>						
Cash and cash equivalents	<b>93,827,738</b>	57,916,113	34,846,383	-	-	1,065,242
Financial assets at fair value through profit or loss	<b>132,318,525</b>	-	-	-	-	132,318,525
Available for sale financial assets	<b>1,354,602,562</b>	-	-	-	-	1,354,602,562
Investments held to maturity	<b>50,844,602</b>	-	22,154,540	26,950,000	-	1,740,062
Other assets	<b>2,423,091</b>	-	-	-	-	2,423,091
<b>TOTAL</b>	<b>1,634,016,518</b>	<b>57,916,113</b>	<b>57,000,923</b>	<b>26,950,000</b>	<b>-</b>	<b>1,492,149,482</b>
<b>Financial liabilities</b>						
Dividends payable	<b>13,126,579</b>	-	-	-	-	13,126,579
Other liabilities	<b>2,668,668</b>	-	-	-	-	2,668,668
<b>TOTAL</b>	<b>15,795,247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,795,247</b>

The category of financial assets available for sale includes fund units purchased from Omnitrend and Active Plus Investment Funds.

At 31 December 2014 the total assets of the closed investment fund Active Plus was represented mainly of traded shares held by SIFs 65.9% and other securities admitted to trading on a market in another Member State 33.32% and structured products (Royal Bank of Scotland NV 10.623% and Merrill Lynch Intl & CO 22.7%). At 31 December 2014 the assets of the Closed Investment Fund Omnitrend were represented mainly of traded shares held in SIF Moldova - 35.37% and stocks and bonds traded on a stock exchange of a Non-member State 63.61% (Transeastern Power Trust).

The impact on the net profit of the Company of a change of  $\pm 1.00\%$  in the interest rate related to interest-bearing assets and liabilities denominated in foreign currencies in conjunction with a change of  $\pm 5.00\%$  in the interest rate related to variable interest bearing assets and liabilities expressed in lei is RON 0 (31 December 2014: RON 0).

#### (iii) Currency risk

Currency risk is the risk of loss or failure to achieve the estimated profit as a result of unfavorable exchange rate fluctuations. The Company invests in financial instruments and enters into transactions which are denominated in currencies other than the functional currency, thus being exposed to risks that the exchange rate of the national currency in relation to another currency may adversely affect the fair value or future cash flows of that share of financial assets and liabilities denominated in other currencies.

# Notes to the separate financial statements

For the year ended 31 December 2015

## 4. Financial risk management (continued)

### (a) Market risk (continued)

In the reporting periods the company conducted transactions in Romanian currency (RON) and in foreign currencies. The Romanian currency has fluctuated compared to the foreign currencies EUR and USD.

The financial instruments used enable the conservation of the value of monetary assets held in RON, by making investments and collecting interest according to their maturity.

The Company has not entered into any fx derivative transaction during the financial years presented.

<i>In RON</i>	<b>Net amount at 31 December 2015</b>	<b>RON</b>	<b>EUR (RON equivalent)</b>
<b>Financial assets</b>			
Cash and cash equivalents	<b>151,400,510</b>	140,129,826	11,270,684
Financial assets at fair value through profit or loss	<b>449</b>	449	-
Available for sale financial assets	<b>1,728,617,277</b>	1,170,448,343	558,168,934
Investments held to maturity	<b>34,498,231</b>	28,177,722	6,320,509
Other assets	<b>4,388,799</b>	4,388,799	-
<b>TOTAL</b>	<b>1,918,905,266</b>	<b>1,343,145,139</b>	<b>575,760,127</b>
<b>Financial liabilities</b>			
Dividends payable	<b>20,850,807</b>	20,850,807	-
Other liabilities	<b>7,749,815</b>	7,749,815	-
<b>TOTAL</b>	<b>28,600,622</b>	<b>28,600,622</b>	-
<b>Other financial assets, net</b>	<b>1,890,304,644</b>	<b>1,314,544,517</b>	<b>575,760,127</b>

At December 31, 2014 and December 31, 2015 the Company holds shares in Omnitrend and Active Plus Closed Fund. The Company is exposed to currency risk through the investments made by the Investment Funds.

### 31 December 2014

<i>In RON</i>	<b>Net amount at 31 December 2014</b>	<b>RON</b>	<b>EUR (RON equivalent)</b>
<b>Financial assets</b>			
Cash and cash equivalents	<b>93,827,738</b>	80,196,700	13,631,038
Financial assets at fair value through profit or loss	<b>132,318,525</b>	131,901,353	417,172
Available for sale financial assets	<b>1,354,602,562</b>	887,239,044	467,363,518
Investments held to maturity	<b>50,844,602</b>	28,177,722	22,666,880
Other assets	<b>2,423,091</b>	2,423,091	-
<b>TOTAL</b>	<b>1,634,016,518</b>	<b>1,129,937,910</b>	<b>504,078,608</b>
<b>Financial liabilities</b>			
Dividends payable	<b>13,126,579</b>	13,126,579	-
Other liabilities	<b>2,668,668</b>	2,668,668	-
<b>TOTAL</b>	<b>15,795,247</b>	<b>15,795,247</b>	-
<b>Other financial assets, net</b>	<b>1,618,221,271</b>	<b>1,114,142,663</b>	<b>504,078,608</b>

At 31 December 2014 the Company owned SIF 4 minilong certificates (included in financial assets at fair value through the profit or loss account) at a purchase value of RON 6,901,104 (EUR 1,540,666), with a price adjustment amounting to RON 6,483,932. Given the evolution of the exchange rate in 2014, the estimated exchange rate for 2015 and the expected date of their sale during the first quarter of 2015, the Company believes that it is not exposed to currency risk on derivative/structured financial instruments.

During 2015 the SIF 4 minilong certificates were sold.

The net impact of on the Company's profit of change of  $\pm 15\%$  in the RON/EUR exchange rate, all other variables remaining constant, is  $\pm$  RON 72,545,776 (31 December 2014:  $\pm$  RON 63,513,905).

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 4. Financial risk management (continued)

### (b) Credit risk

The credit risk is the risk that a counterparty to a financial instrument will fail to fulfill a financial obligation or commitment it has with the Company, resulting in a loss for the Company.

The Company is exposed to credit risk due to investments in bonds issued by companies or the Romanian State, current accounts and bank deposits and other receivables.

Company's management monitors closely and constantly credit risk exposure so as not to suffer losses due to credit concentration in a particular sector or industry.

At 31 December 2015 and 31 December 2014 the Company did not hold any collaterals as insurance, and any other improvements in the credit rating. At 31 December 2015 and 31 December 2014 the Company had no records of past due but not impaired financial assets.

The maximum credit risk exposure of the Company amounts to RON 189,165,394 at 31 December 2015 (31 December 2014: RON 144,173,668) and can be analyzed as follows:

*Exposure of current accounts and placements with banks (excluding interest accrued)*

	<b>31 December 2015</b>	<b>31 December 2014</b>
Piraeus Bank Romania	48,780,554	2,080,240
Bancpost	44,907,554	13,528,315
Veneto Banca	37,053,589	2,331
Alpha Bank Romania	9,649,385	6,178,046
Banca Transilvania	7,051,472	296,361
Banca Comerciala Feroviara	3,002,844	36,601,618
UniCredit Tiriac	22,775	22,772
Banca Comerciala Romana	9,891	19,169
Intesa Sanpaolo Romania	8,952	34,507,771
Raiffeisen Bank Romania	7,342	8,034
ProCredit Bank Romania	3,661	3,917
BRD - Groupe Société Générale	5,238	50,091
<b>TOTAL (Note 14)</b>	<b><u>150,503,257</u></b>	<b><u>93,298,664</u></b>

# Notes to the separate financial statements

For the year ended 31 December 2015

## 4. Financial risk management (continued)

### (b) Credit risk (continued)

#### *Investments held to maturity*

	<b>31 December 2015</b>	<b>31 December 2014</b>
Bonds issued by the Ministry of Public Finance	-	16,398,252
Bonds issued by Industrial Energy (Romenergo)	28,177,722	28,177,722
Bonds issued by Banca Transilvania	6,320,509	6,268,628
<b>TOTAL (Nota 17)</b>	<b><u>34,498,231</u></b>	<b><u>50,844,602</u></b>

#### *Sundry debtors*

	<b>31 December 2015</b>	<b>31 December 2014</b>
Sundry debtors (Note 19)	4,920,020	1,268,495
Provisions for impairment of sundry debtors (Note 19)	-756,114	-1,238,093
<b>TOTAL</b>	<b><u>4,163,906</u></b>	<b><u>30,402</u></b>
<b>Total credit risk exposure</b>	<b><u>189,165,394</u></b>	<b><u>144,173,668</u></b>

On 31 December 2015 the Company has impaired receivables (various debtors) amounting to RON 756.114 in dividends and penalties due from portfolio companies and non collected for the period 1994-2007. The Company has no overdue receivables.

### (c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations arising from short-term financial liabilities that are settled by payment of cash or other financial means, or the risk that such obligations are sort extinguished in a manner unfavorable to the Company.

The company monitors the evolution of its liquidity levels to be able to meet its payment obligations at due date and constantly analyzes assets and liabilities based on the remaining period to contractual maturities.

The structure of assets and liabilities was analyzed based on the remaining period from the balance sheet date to contractual maturity date, both as at 31 December 2015 and as at 31 December 2014, as follows:

# Notes to the separate financial statements

For the year ended 31 December 2015

## 4. Financial risk management (continued)

### (c) Liquidity risk (continued)

<i>In RON</i>	Carrying amount	Less than 3 months	3 to 12 months	More than 1 year	No fixed maturity
<b>31 December 2015</b>					
<b>Financial assets</b>					
Cash and cash equivalents	151,400,510	20,534,700	130,837,613	-	28,197
Financial assets at fair value through profit or loss	449	-	-	-	449
Available for sale financial assets	1,728,617,277	-	-	-	1,728,617,277
Investments held to maturity	34,498,231	-	-	34,498,231	-
Other assets	4,388,799	4,364,838	-	-	23,961
<b>Total Financial assets</b>	<b>1,918,905,266</b>	<b>24,899,538</b>	<b>130,837,613</b>	<b>34,498,231</b>	<b>1,728,669,884</b>
<b>Financial liabilities</b>					
Dividends payable	20,850,807	20,850,807	-	-	-
Other liabilities	7,749,815	7,749,815	-	-	-
<b>Total Financial liabilities</b>	<b>28,600,622</b>	<b>28,600,622</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liquidity surplus</b>	<b>1,890,304,644</b>	<b>(3,701,084)</b>	<b>130,837,613</b>	<b>34,498,231</b>	<b>1,728,669,884</b>
<b>31 December 2014</b>					
<b>Financial assets</b>					
Cash and cash equivalents	93,827,738	58,952,380	34,846,383	-	28,975
Financial assets at fair value through profit or loss	132,318,525	-	-	-	132,318,525
Available for sale financial assets	1,354,602,562	-	-	-	1,354,602,562
Investments held to maturity	50,844,602	-	16,398,252	34,446,350	-
Other assets	2,423,091	2,407,437	-	-	15,654
<b>Total Financial assets</b>	<b>1,634,016,518</b>	<b>61,359,817</b>	<b>51,244,635</b>	<b>34,446,350</b>	<b>1,486,965,716</b>
<b>Financial liabilities</b>					
Dividends payable	13,126,579	13,126,579	-	-	-
Other liabilities	2,668,668	2,668,668	-	-	-
<b>Total Financial liabilities</b>	<b>15,795,247</b>	<b>15,795,247</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liquidity surplus</b>	<b>1,618,221,271</b>	<b>45,564,570</b>	<b>51,244,635</b>	<b>34,446,350</b>	<b>1,486,965,716</b>

### (d) Taxation risk

Starting with 1 January 2007, following Romania's accession to the European Union, the Company had to comply with the EU regulations and therefore was prepared to implement changes brought by the European legislation. The Company has implemented these changes, but their implementation remains open to tax audit for 5 years.



# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 4. Financial risk management (continued)

### (d) Taxation risk (continued)

Interpretation of texts and practical implementation of the procedures of the new applicable tax regulations could vary and there is a risk that in some cases the tax authorities might adopt a position different from that of the Company.

In terms of corporation tax for the financial year 2015 there is a risk of different interpretation by the tax authorities to accounting treatments that were determined by the transition to IFRS as an accounting basis.

In addition, the Romanian Government has a number of agencies authorized to conduct audits (controls) of companies operating in Romania. These controls are similar to tax audits in other countries, and may extend not only to tax matters but to other legal and regulatory issues of interest to these agencies. The Company may be subject to tax audits as new tax regulations are issued.

### (e) Economic environment risk

The process of adjusting the amounts depending on the risk that occurred in international financial markets in recent years has severely affected performance, including the financial market in Romania, leading to an increased uncertainty about future economic developments.

The effects of the international financial crisis were felt also on the Romanian financial market particularly in the form of: significant increase in total amount of non-performing loans in the domestic banking system, difficult access to finance for both the population and economic entities, banks' orientation rather to financing the authorities, by purchases of government bonds than financing the economic development or consumption, depreciation of the national currency, decline of real estate prices, deterioration of macroeconomic indicators (inflation, budget deficit, current account deficit, decline in direct foreign investment, rising unemployment etc.).

The management of SIF Banat-Crisana cannot predict all the effects of the financial crisis with an impact on the financial sector in Romania, but believes that in 2015 it adopted the necessary measures for the sustainability and development of the Company under the present state of the financial market by monitoring its cash flows and adapting its investment policies.

Risk avoidance and mitigation is ensured by the company through an investment policy which complies with prudential rules imposed by the applicable laws and regulations in force.

SIF Banat-Crisana adopted risk management policies through which risks are managed actively, by implementing specific risk identification, evaluation, measurement and control procedures meant to provide reasonable assurance with respect to the achievement of the Company's objectives, thus seeking a consistent balance between risk and expected profit.

The risk management aims at: (i) identifying and assessing significant risks with major impact in achieving the target investment and developing activities to counter the risk identified; (ii) adapting the risk management policies to the developments in the financial capital market, monitoring performance and improving risk management procedures; (iii) reviewing investment decisions in line with the development of the capital and money market; (iv) compliance with the legislation in force.

Significant difficulties in solving problems of some countries in the euro area continued in 2015, which led to speculation about the long-term sustainability of the euro area. The deep recession in a number of countries, the large-scale consequences of programs of fiscal austerity and other governmental actions, as well as concerns about the viability of the financial institutions in some countries have led to increased volatility in government securities, which reached alarming levels in the last year.

Most recently, certain measures undertaken by the European Central Bank and the European Commission have yielded positive results in terms of improving market confidence. However, the situation remains fragile.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 4. Financial risk management (continued)

### (f) Operational risk

Operational risk is the risk of direct or indirect loss resulting from deficiencies or weaknesses in procedures, personnel, the Company's internal systems or from external events that can have an impact on its operations. Operational risks arise from all the Company's activities.

The Company's objective is to manage the operational risk so as to limit financial loss, not damage its reputation and achieve the investment objective of generating returns for investors.

The primary responsibility for implementation and development of control over the operational risk lies with the Board of Directors. This responsibility is supported by the development of general standards of operational risk management, including controls and processes within service providers.

### (g) Capital adequacy

Management policy with respect to capital adequacy focuses on maintaining a sound capital base in order to support the ongoing development of the Company and attain the investment objectives.

The Company's equity includes the share capital, different types of reserves and the retained earnings. The equity was in amount of 1,788,809,394 at 31 December 2015 (RON 1,540,043,342 at 31 December 2014).

## 5. Use of estimates and judgments

The management discusses the development, selection, presentation and application of significant accounting policies and estimates. They are approved in the meetings of the Board of Directors of the Company. These presentations complement the information on financial risk management (see note 4).

### Key sources of estimation uncertainty

Significant accounting judgments in applying the Company's accounting policies include:

#### **Application of Amendments to IFRS 10 Investment Entities**

The company examined the possibility of applying IFRS 10 and the amendments to IFRS 10, IFRS 12 and IAS 27 (Investment companies), the criteria set out in Amendments to achieve the conditions to be considered an investment entity. The conclusion of management is that currently the company does not meet all the requirements of IFRS 10 and the amendments, such as the establishment of an exit strategy for substantially all investments that may be held for undetermined time and administration based on the fair value of holdings in portfolio companies.

#### **Provisions for impairment of receivables**

Assets carried at amortized cost are measured for impairment in accordance with the accounting policies described in the notes 3(e)(iv) and 3(e)(v).

Assessment for impairment of receivables is made individually and is based on management's best estimate of the present value of cash flows expected to be received. To estimate these flows, management makes certain estimates relating to the financial position of the counterparty. Each impaired asset is assessed individually. The accuracy of provisions depends on the estimates of future cash flows for specific counterparties.

#### **Determining the fair value of financial instruments**

The fair value of the financial instruments that are not traded in an active market is determined using the measurement techniques described in accounting policy 3 (e) (iv). The fair value of the financial instruments rarely traded and for which there is no price transparency is less objective and is determined using various levels of estimates of the degree of liquidity, concentration, uncertainty of the market factors, price assumptions and other risks affecting the financial instrument.

The Company uses the following hierarchy of methods to measure fair value:

- Level 1: quoted market price in an active market for an identical instrument.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 5. Use of estimates and judgments (continued)

- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques largely based on unobservable inputs. This category includes all instruments where the valuation technique includes items that are not based on observable data and the unobservable input parameters could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or on prices quoted by brokers. For all other financial instruments, the Company determines the fair value by using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation techniques. Assumptions and data used in valuation techniques include the risk free interest rates and reference rates, credit gaps and other premiums used in estimating discount rates, yields on bonds and equity, exchange rates, stock market price indices, volatility and expected correlations. The purpose of the valuation techniques is to determine the fair value to reflect the price of financial instruments at the reporting date, the price that would be determined in objective conditions by market participants.

The Company uses valuation models recognized to determine the fair value of simple financial instruments which use only observable market data and require very few estimates and analysis from management (e.g. instruments that are valued based on quoted prices for similar instruments and which do not require adjustments based on unobservable data or estimates in order to reflect the difference between the two instruments). Observable prices and input parameters are usually available on the market for capital instruments. Their availability reduces the need for estimates and analyses from management and the uncertainty associated with determining the fair value. The availability of observable market prices and inputs varies depending on products and markets and is subject to changes arising from specific events and general conditions in the financial markets.

For shares that do not have a quoted market price in an active market the Company uses valuation models which are usually derived from known models of valuation. Some or all significant input data of these models may not be observable in the market and are derived from market prices or estimated based on assumptions. Valuation models in need of unobservable inputs require from management high level analysis and estimates to determine the fair value. Management analysis and estimates are involved, in particular, in the selection of a suitable valuation model, in the establishment of future cash flows of a financial instrument, in determining the probability of default by the counterparty and of advance payments and in selecting the appropriate discount rates.

The fair value of the financial instruments for which there is no active market (Level 2 and 3) was determined by authorized valuers within the Valuation department of the Company, using the strategy set by the management of the issuer and valuation techniques including techniques based on the present net value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price.

Valuation techniques have been used consistently, with no changes in their application.

An analysis of the financial instruments recognized at fair value according to the valuation method is presented in the table below:

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 5. Use of estimates and judgments (continued)

### 31 December 2015

<i>In RON</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	449	-	-	449
Financial assets available for sale at fair value – shares	1,166,787,058	2,876,225	484,984,459	1,654,647,742
Financial assets available for sale at fair value – unit funds			48,661,429	48,661,429
Investment property			19,288,964	19,288,964
	<b>1,166,787,507</b>	<b>2,876,225</b>	<b>552,934,852</b>	<b>1,722,598,584</b>

### 31 December 2014

<i>In RON</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	132,318,524	-	-	132,318,524
Financial assets available for sale at fair value – shares	785,112,577	1,964,447	484,860,242	1,271,937,266
Financial assets available for sale at fair value – unit funds			48,136,143	48,136,143
Investment Property	-	-	1,028,912	1,028,912
	<b>909,713,110</b>	<b>9,682,438</b>	<b>534,025,297</b>	<b>1,453,420,845</b>

In 2014 transfers were made between fair value levels from level 2 to level 3 for four commercial companies in the hotel industry (Azuga Turism SA, Rusca SA Hunedoara, Trans Euro Hotel SA and Valy Tim SA) as a result of assessments made by external valuers through the method of discounted net cash flows (in 2013 they were re-evaluated internally by comparison with rated hotels).

## Notes to the separate financial statements

For the year ended 31 December 2015

### 5. Use of estimates and judgments (continued)

The following table presents a reconciliation of the opening balance with the closing balance of financial assets available for sale at fair value, level 3 in the fair value hierarchy:

	Assets available for sale - shares	Assets available for sale – fund units	Investment property
<b>2014</b>			
<b>Balance at 1 January 2014</b>	<b>170,314,375</b>	<b>0</b>	<b>569.180</b>
Transfers from cost measured	149,063,546		
Transfers from Level 2 to Level 3	56,524,857		
Transfers from tangible assets			459.732
(Gain)/Loss recognized in:			
- statement of profit or loss			
- other comprehensive income	90,616,290	(5.063.829)	
Acquisitions	18,361,119	53.199.972	
Acquisition cost of shares ceded	-19,945		
<b>Balance at 31 December 2014</b>	<b>484,860,242</b>	<b>48,136,143</b>	<b>1,028,912</b>
<b>2015</b>			
<b>Balance at 1 January 2015</b>	<b>484,860,242</b>	<b>48.136.143</b>	<b>1.028.912</b>
Transfers from cost measured			
Transfers from tangible assets			251.829
(Gain) Loss recognized in:			
- statement of profit or loss	28,780,798		10.440.264
- other comprehensive income	(4,224,448)	525.286	
Acquisitions	5,685,619		7.567.959
Acquisition cost of shares ceded	-30,117,752		
<b>Balance at 31 December 2015</b>	<b>484,984,459</b>	<b>48,661,429</b>	<b>19,288,964</b>

Although the Company considers its fair value estimates as appropriate, the use of other methods or assumptions could result in different amounts of the fair value. For fair values recognized from the use of a significant number of unobservable inputs (Level 3), changing one or more assumptions in order to make possible alternative assumptions would impact the comprehensive income.

On the amount resulting from the valuation of financial assets available for sale – shares the company has conducted a sensitivity analysis estimating the risk of variations on the main valuation factors. The company two valuation techniques, namely:

- Valuation based on discounted net cash flow - thus both EBITDA amounts and the weighted average cost of capital values were changed statistically by +/- 5% (2014: +/- 5%), considered as limit risk, obtaining values per share and implicitly values of the Company's equity with a deviation from the standard value. These deviations from the standard value affect the statement of profit or loss and the other comprehensive income (net of tax).

-valuation based on adjusted net asset - both for financial assets and liabilities has been calculated for a variation of +/- 5% from the values assessed sensitivity.

# Notes to the separate financial statements

For the year ended 31 December 2015

## 5. Use of estimates and judgments (continued)

### 2015

Change in variable	Impact on the statement of profit or loss	Impact on other comprehensive income
Increase in EBITDA by 5%	316,707	20,115,000
Decrease in EBITDA by 5%	-316,707	-20,103,483
Increase in WACC by 5%	501,593	17,499,741
Decrease in WACC by 5%	-429,547	-17,261,098
Increase on liabilities by 3%		5,918
Decrease on liabilities by 3%		-5,918

### 2014

Change in variable	Impact on the statement of profit or loss	Impact on other comprehensive income
Increase in EBITDA by 5%	508,084	18,186,491
Decrease in EBITDA by 5%	-508,084	-17,939,393
Increase in WACC by 5%	800,169	15,037,12
Decrease in WACC by 5%	-695,567	-12,928,823
Increase on liabilities by 3%		235,864
Decrease on liabilities by 3%		-235,864

On the amount resulting from the valuation of financial assets available for sale a sensitivity analysis was conducted estimating the risk of variations on NAV and minimum price SIF 2 +/- 15%. These deviations from the standard value affects other comprehensive income (net of tax) by RON +/- 6,131,340 at 31 december 2015 (31 December 2014: RON +/- 6.065.154).

On the value resulting from investment property valuation a sensitivity analysis was performed estimating the risk of variations on the main influencing factors. Two valuation techniques were used, namely:

- Assessment based on discounted net cash flow - thus revenue values to be obtained from these investment properties have been modified +/- 5%. These deviations from the standard value affect profit or loss (net of tax).

- Assessment based on market value - thus market price values expected to be obtained from these investment properties have been modified +/- 5%. These deviations from the standard value affects profit or loss (net of tax).

### 2015

Change in variable	Impact on the statement of profit or loss
Increase in revenue by 5%	333,554
Decrease in revenue by 5%	-333,554
Market value increase by 5%	498,107
Market Value Decrease by 5%	-498,107

Management believes that the presentation of the above manner is useful for determining lines of action useful in managing risk.

### ***Classification of financial assets and liabilities***

The Company's accounting policies provide the basis for assets and liabilities to be classified at baseline in various accounting categories. For the classification of assets and liabilities at fair value through the profit and loss account, the Company has determined that one or more criteria set out in note 3 (e) (i) have been met.

For classification of financial assets as held to maturity, the Company determined that both the positive intent and ability to hold the asset to maturity, required by Note 3 (e) (i) have been met.

Details of the classification of the Company's financial assets and liabilities are presented in Note 6.

## Notes to the separate financial statements

For the year ended 31 December 2015

### 6. Financial assets and liabilities

#### Accounting classifications and fair values

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as at 31 December 2015:

<i>In RON</i>	Traded	Designated at fair value	Available for sale	Amortized cost	Total carrying amount	Fair Value
Cash and cash equivalents	-	-	-	151,400,510	151,400,510	<b>151,400,510</b>
Financial assets at fair value through profit or loss	449	-	-	-	449	<b>449</b>
Available for sale financial assets	-	-	1,728,617,277	-	1,728,617,277	<b>1,728,617,277</b>
Investments held to maturity	-	-	-	34,498,231	34,498,231	<b>38,083,744</b>
Other financial assets	-	-	-	4,163,906	4,163,906	<b>4,163,906</b>
<b>Total financial assets</b>	<b>449</b>	<b>-</b>	<b>1,728,617,277</b>	<b>190,062,647</b>	<b>1,918,680,373</b>	<b>1,922,265,887</b>
Dividends payable	-	-	-	-20,850,807	<b>-20,850,807</b>	<b>-20,850,807</b>
Other financial liabilities	-	-	-	-7,749,815	<b>-7,749,815</b>	<b>-7,749,815</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-28,600,622</b>	<b>-28,600,622</b>	<b>-28,600,622</b>

To estimate the fair value of financial assets and liabilities measured at amortized cost, the Company used the following estimates and significant judgments:

- For cash and cash equivalents items, other financial assets and liabilities that are issued or held short term and that generally do not bear interest or bear fixed interest rates, the Company approximated fair value with their cost ;
- For investments held to maturity, the Company used valuation techniques as the discounted cash flows technique, using observable market inputs (as such, the valuation was performed using level 3 techniques).

## Notes to the separate financial statements

For the year ended 31 December 2015

### 6. Financial assets and liabilities (continued)

#### Accounting classifications and fair values

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as at 31 December 2014:

<i>In RON</i>	Traded	Designated at fair value	Available for sale	Amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	-	93,827,738	93,827,738	<b>93,827,738</b>
Financial assets at fair value through profit or loss	124,600,533	7,717,992	-	-	132,318,525	<b>132,318,525</b>
Available for sale financial assets	-	-	1,354,602,562	-	1,354,602,562	<b>1,354,602,562</b>
Investments held to maturity	-	-	-	50,844,602	50,844,602	<b>56,001,357</b>
Other assets financiare	-	-	-	30,402	30,402	<b>30,402</b>
<b>Total financial assets</b>	<b>124,600,533</b>	<b>7,717,992</b>	<b>1,354,602,562</b>	<b>144,702,742</b>	<b>1,631,623,829</b>	<b>1,636,780,585</b>
Dividends payable	-	-	-	-13,126,579	<b>-13,126,579</b>	<b>-13,126,579</b>
Other liabilities financiare	-	-	-	-2,668,668	<b>-2,668,668</b>	<b>-2,668,668</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-15,795,247</b>	<b>-15,795,247</b>	<b>-15,795,247</b>



# Notes to the separate financial statements

For the year ended 31 December 2015

## 7. Dividend income

Dividend income is recorded at gross value. Tax rates on dividends for the financial year ended 31 December 2015 from resident and non-resident companies were 16% and nil (2014: 30%, 26%, 25%, 21%, 16%, 15%, 10% and nil). Details of dividend income from the most significant counterparties is presented in the table below:

<i>In RON</i>	<b>2015</b>	<b>2014</b>
SAI Muntenia Invest SA	10,930,636	3,106,746
Biofarm	3,256,572	-
SIF Muntenia	2,868,830	-
SIF Moldova	2,605,896	-
Erste Group Bank AG	1,963,806	2,915,366
Vrancart	1,936,040	-
SNGN Romgaz SA	1,842,750	475,498
Gaz Vest	1,568,976	1,536,173
SIF Oltenia	1,392,360	1,856,458
IAMU Blaj	1,020,081	-
SNTGN Transgaz	791,384	870,104
Spumotim	742,015	-
Silvana	721,886	577,509
Conpet Ploiesti	444,106	87,924
SNP Petrom	401,696	1,396,928
Antibiotice Iasi	332,314	326,863
Comelf	231,562	132,533
Reva Simeria	163,014	-
Hercules	127,620	125,245
Rompetrol Well Services	110,838	166,244
Fondul Proprietatea	111,500	876,344
Mobex	-	199,733
CNTEE Transelectrica	-	181,136
Zentiva	-	161,195
Iproeb	-	129,200
Transeuro Hotel	-	92,403
Others	508,221	737,605
	<b>34,072,103</b>	<b>15,951,208</b>

## 8. Interest income

<i>In RON</i>	<b>2015</b>	<b>2014</b>
Interest income on deposits and current accounts	3,460,005	3,147,952
Interest income on held to maturity investments	3,001,136	3,358,549
	<b>6,461,141</b>	<b>6,506,501</b>

# Notes to the separate financial statements

For the year ended 31 December 2015

## 9. Net profit on sale of assets

Net profit was entirely due to transactions with available for sale financial assets.

<i>In RON</i>	<b>2015</b>	<b>2014</b>
The acquisition cost of financial assets available for sale transferred	-54,261,617	-70,977,496
Proceeds from sale	73,290,865	230,093,845
Other income on disposal (*)	36,273,544	-1,852,837
Net profit from sale of financial assets	<b>55,302,792</b>	<b>157,263,512</b>

(\*) In 2015 Other income on disposal includes:

- The amount by which the share capital of SIF Hoteluri SA (RON 28.8 million) was increased as a result of the merger by absorption of five hotel companies (Beta Transport SA Cluj, Hotel Mesesul SA Zalau, Rusca Hunedoara SA, Trans Euro Hotel SA Baia Mare, Valy Tim SA Timisoara) The acquisition cost of hotels uptake was represented by their fair value at the merger date, the fair value reserve in the amount of 6,087,957 lei was not transferred to profit or loss;

- The value of building and land obtained as a result of withdrawal from Hidrotim SA Timisoara (RON 6.8 million);

- The value of land acquired following the share withdrawal from Azuga SA (RON 0.7 million).

In 2014 Other income on disposal includes the difference between the value of land contributed by Hidro Jepi SA to the capital of Azuga SA and the paid in value.

## 10. Impairment expenses

<i>In RON</i>	<b>2015</b>	<b>2014</b>
Impairment of financial assets available for sale	-2,320,687	-6,690,905
Net gains from reversal of depreciation of other assets	469,374	-469,374
	<b>-1,851,313</b>	<b>-7,160,279</b>

## 11. Fees and commissions expenses

<i>In RON</i>	<b>2015</b>	<b>2014</b>
ASF commission	1,690,507	1,699,378
Depository fees	357,447	354,226
Fees payable to SSIF	247,169	1,142,151
Registry fees	148,800	148,800
<b>Total</b>	<b>2,443,923</b>	<b>3,344,555</b>

# Notes to the separate financial statements

For the year ended 31 December 2015

## 12. Other operating expenses

<i>In RON</i>	<b>2015</b>	<b>2014</b>
Expenses with salaries and other personnel expenses	10,404,994	8,551,741
Expenditure on the audit and consulting fees	267,617	168,189
Expenses on materials and inventory items	156,037	207,459
Expenditure on energy and water	181,601	153,297
Expenditure on external services:	1,542,330	1,598,398
- maintenance and repair	73,341	84,513
- royalties, and rents locations	169,057	153,511
- insurance premiums	110,742	56,521
- protocol, advertising and publicity	325,142	212,864
- work related travel, transfers	157,393	321,939
- postal servoces and telecommunications	119,556	138,463
- other services performed by third parties	587,099	630,587
Other taxes, charges and similar	166,543	182,784
Donations and grants	363,560	140,927
Depreciation and amortization	255,359	253,352
Other operating expenses	2,754	9,693
	<b><u>13,340,795</u></b>	<b><u>11,265,840</u></b>

## Salaries and similar expenses

	<b>2015</b>	<b>2014</b>
Expenses with salaries*	8.682.015	6.836.332
Expenses with insurance and social security	1.540.522	1.564.383
Other staff expenses	182.457	151.026
<b>TOTAL</b>	<b><u>10.404.994</u></b>	<b><u>8.551.741</u></b>

\* The amount includes compensatory payments for employees laid off, according to the collective labor agreement and awards for achievement, according to the income and expenditure budget approved by the GSM

	<b>2015</b>	<b>2014</b>
Employees with superior	34	37
Employees with secondary	3	5
Employees with general	4	6
<b>TOTAL</b>	<b><u>41</u></b>	<b><u>48</u></b>

The average number of employees for the year ended 31 December 2015 was 48 (2014: 49).  
The fee paid to the auditors during the year 2015 was in the amount of RON 272,985.

## 13. Income tax

<i>In RON</i>	<b>2015</b>	<b>2014</b>
<b>Current income tax</b>		
Current income tax (16%)	5,402,589	26,641,363
Tax on dividends (0%, 10%, 16%)	1,998,113	1,762,127
Tax exemption for transactions with ownerships greater than 10%	465,434	-465,434
<b>Deferred tax expense / (income)</b>		
Available for sale financial assets	1,878,158	-16,914,428
Financial assets at fair value through profit or loss	1,557,868	-1,484,585
Property, plant and equipment	1,717,760	-33,616
<b>Total income tax recognized in profit or loss</b>	<b><u>13,019,922</u></b>	<b><u>9,505,428</u></b>

Reconciliation of profit before tax with income tax expense in the income statement:  
FREE TRANSLATION

# Notes to the separate financial statements

For the year ended 31 December 2015

## 13. Income tax (continued)

<i>In RON</i>	2015	2014
<b>Profit before tax</b>	<b>88,344,491</b>	<b>148,511,917</b>
<b>Tax under statutory tax rate of 16% (2014: 16%)</b>	14,135,119	23,761,907
<b>Income tax effect of:</b>		
Tax on dividend (0%, 10%, 16%)	1,678,415	1,762,127
Deductible expenses and similar items(*)	7,148,082	4,454,713
Nontaxable income	-10,587,599	-1,899,763
Revenue related items	2,729,370	
Costs related items	-7,193,390	
Deferred tax	5,153,786	-18,432,629
Amounts of sponsorship within legal limits and other deductions	-363,560	-140,927
<b>Income tax</b>	<b>13,019,922</b>	<b>9,505,428</b>

(\*) Starting in January 1st, 2014 the amendments to the Tax Code become effective, according to which revenues from the sale/transfer of equity securities and liquidation proceeds are also included under nontaxable income when calculating income tax, along with dividend income, regardless whether the legal entities in which equity securities are held are Romanian or foreign, from countries with which Romania has concluded double taxation agreements (including countries from outside the EU). This income is nontaxable if certain conditions are met (if at the date of sale/transfer of equity securities or at the date of commencement of liquidation procedures the minimum 1 year period of uninterrupted holding of minimum 10% of the shares is reached). Given that the economic benefits associated with the financial assets available for sale that meet the conditions stipulated in the Tax Code are not taxable, according to IAS 12, the tax basis of these assets is equal to the accounting basis and therefore deferred tax receivables previously recognized for temporary differences arising from adjustments for impairment were reversed or expensed.

In prior years, following the acquisition of ERSTE shares through exchange of BCR shares, under the IFRS accounting system the gain was recorded in retained earnings and deferred tax has been recorded for the transaction.

The current income tax includes the deferred income tax rate related to the sales of ERSTE shares during 2015. The Company calculates income tax resulting from the transaction with Erste shares as the difference between the selling price and the fiscal base of the shares. In the absence of specific tax regulations, income tax is calculated both as the difference between the selling price and the IFRS cost of the shares and recorded as income tax expense, and the difference between the IFRS cost of the share and the fiscal base of the ERSTE shares by adjusting the tax calculated through deferred tax.

## 14. Cash and cash equivalents

<i>In RON</i>	31 December 2015	31 December 2014
Cash in hand	28,197	28,975
Current accounts in banks	269,818	536,168
Deposits at banks with original maturity less than 3 months	1,180,000	36,500,000
<b>(I) Total cash and cash equivalents with maturity - less than 3 months</b>	<b>1,478,015</b>	<b>37,065,143</b>
Deposits at banks with original maturities of less than 3 months	149,053,439	56,262,496
Interest on deposits	869,056	500,099
<b>(II) Total cash and cash equivalents with maturity - more than 3 months</b>	<b>149,922,495</b>	<b>56,762,595</b>

Current bank accounts and bank deposits are permanently available to the Company and are not restricted.

# Notes to the separate financial statements

For the year ended 31 December 2015

## 15. Financial assets at fair value through profit or loss

	31 December 2015	31 December 2014
<b>Equity</b>	<b>449</b>	<b>124,600,534</b>
Internal market	449	124,600,534
<b>Derivatives</b>	<b>0</b>	<b>7,717,991</b>
External market	0	7,717,991
<b>Total</b>	<b>449</b>	<b>132,318,525</b>

Shares were measured at fair value by multiplying the number of shares held at balance sheet date with the closing price from the last trading day of the reporting period. As it can be seen in the table above, the shares are traded on the main market of the Bucharest Stock Exchange (BVB) as well as on international stock exchanges.

In 2015, following the analysis made on the investment strategy for securities, securities at fair value through profit or loss were reclassified as financial assets available for sale. The carrying value of securities that were reclassified as RON 120,945,958, and the market value at the time of reclassification amounted to RON 113,276,063, the Company recognizing an adjustment for impairment in the income statement in 2015 in the amount of RON 7,669,895.

In 2014 shares were purchased mainly from SIF Muntenia RON 38.7 million, SIF Moldova RON 35.3 million, SIF Oltenia RON 22.7 million, Romgaz RON 13.4 million., Transelectrica RON 4,7 million. etc.

Structured financial instruments held in 2014 include mainly purchases of certificates during 2014: SIF4 PNOTE (RON 10.1 million) and minilong SIF 4 (RON 11.6 million, of which certificates amounting to RON 4.7 million were sold until 31 December 2014). The instruments were issued by the Royal Bank of Scotland plc (RBS) with the underlying shares SIF4.

Adjustments for impairment on other investment securities (structured products) in the amount of RON 9,307,997 include adjustments related to SIF 4 PNOTE and minilong SIF 4 certificates.

On 18.02.2015, the Company collected from The Royal Bank of Scotland the value of Minilong certificates, in the amount of EUR 913,850, recording a loss of RON 2,807,692 compared to the acquisition cost, which did not exceed the prudential value adjustment recorded at 31.12.2014.

On 03.04.2015, the Company collected from SSIF Swiss Capital the equivalent value of SIF4 Pnote certificates in the amount of RON 10,563,572, recording a profit of RON 438,787 compared to the acquisition cost. The impairment adjustment recorded at 31.12.2014 was in amount of RON 2,824,065.

## 16. Available for sale financial assets

<i>In RON</i>	31 December 2015	31 December 2014
Shares at fair value	1,654,647,742	1,271,937,266
Shares at cost	25,308,106	34,529,153
Unit funds	48,661,429	48,136,143
<b>Total</b>	<b>1,728,617,277</b>	<b>1,354,602,562</b>

The fair value measurement of the shares was done by multiplying the number of shares at balance sheet date with the closing price from the last trading day of the reporting period or the price determined by other valuation methods (see Note 5). At 31 December 2015, the category of shares measured at fair value mainly includes the amount of shares held in Erste Group Bank AG, Banca Transilvania, SIF Imobiliare PLC, BRD - Groupe Societe Generale SA (31 December 2014: Erste Group Bank AG, Banca Transilvania, SIF Imobiliare PLC, BRD - Groupe Societe Generale SA).

Unit funds include purchases made in 2014 from the Closed Investment Fund Active Plus in amount of RON 41.2 million and from the Closed Investment Fund Omnitrend in amount of RON 12.0 million.

## Notes to the separate financial statements

*For the year ended 31 December 2015*

### 16. Available for sale financial assets (continued)

The adjustments recorded at 31 December 2015 in amount of RON 4,682,261 (31 December 2014: RON 5,063,829) were recognized in reserves for unit funds held in the Closed Investment Fund Omnitrend.

The movement of the available for sale financial assets in the financial year ended 31 December 2015 is shown below:

<i>In RON</i>	<b>Shares at fair value</b>	<b>Shares at cost</b>	<b>Unit funds at fair value</b>	<b>Total</b>
<b>1 January 2015</b>	<b>1,271,937,266</b>	<b>34,529,153</b>	<b>48,136,143</b>	<b>1,354,602,562</b>
Reclassification from assets at fair value through profit and loss	113,276,063			113,276,063
Reclassification 2015	5,446,736	-5,446,736	0	0
Acquisitions 2015	36,895,424	0		36,895,424
Sales 2015	-57,381,169	-1,829,980	0	-59,211,149
Impairment losses	-376,355	-1,944,331		-2,320,687
Fair value adjustment	284,849,778	0	525,285	285,375,063
<b>31 December 2015</b>	<b>1,654,647,742</b>	<b>25,308,106</b>	<b>48,661,429</b>	<b>1,728,617,277</b>

The movement of the available for sale financial assets in the financial year ended 31 December 2014 is shown below:

<i>In RON</i>	<b>Shares at fair value</b>	<b>Shares at cost</b>	<b>Unit funds at fair value</b>	<b>Total</b>
<b>1 January 2014</b>	<b>1,258,199,914</b>	<b>186,344,181</b>	<b>0</b>	<b>1,444,544,095</b>
Reclassification 2014	146,217,895	-146,217,895	0	0
Acquisitions 2014	20,915,436	4,173,774	53,199,972	78,289,182
Sales 2014	-223,178,626	-3,686,997	0	-226,865,623
Impairment losses	-606,995	-6,083,910		-6,690,905
Fair value adjustment	70,389,642	0	-5,063,829	65,325,813
<b>31 December 2014</b>	<b>1,271,937,266</b>	<b>34,529,153</b>	<b>48,136,143</b>	<b>1,354,602,562</b>

Acquisitions of shares in 2015, amounting to RON 36,895,424 mainly include the following:

- Acquisitions of shares traded on the stock market amounting to RON 31.2 million (RON 24.3 million Romgaz, Electrica RON 4.7 mil., Conpet SA RON 1.2 mil., Biofarm SA RON 1.0 mil., etc.);
- Direct purchase of shares totaling RON 5.7 mil., representing shares in SAI Muntenia Invest, the management company of SIF Muntenia;

Disposals of shares in the total amount of RON 59,211,149 include the carrying amount of the shares, mainly as a result of sales of shares (RON 28.0 million BRD, Erste Group Bank RON 27.3 mil., Transelectrica RON 0.6 mil., etc.) and withdrawals of companies (Azuga SA RON 1.3 mil. Hidrotim SA SA RON 1.3 mil.).

Acquisitions of financial assets available for sale during 2014 mainly include purchases of unit funds totalling RON 53.2 mil. in Closed Investment Active Plus Fund assets in the amount of RON 41.2 mil. and Closed Investment Fund Omnitrend in amount of RON 12.0 million Omnitrend., direct purchase of shares (including participation in the capital increase) in the amount of RON 18.7 million (Central Cluj, SAI Muntenia Invest, the management company of SIF Muntenia IFB Finwest Arad, Timisoara SA Hidrotim, Petrocart SA, Calipso SA Oradea, North CONFOREST SA and SA Tourism Azuga) and acquisitions carried out on the stock market totaling RON 6.3 million (Conpet SA, Biofarm SA, SIF SA Oradea Hotels, Rusca SA, etc).

## Notes to the separate financial statements

*For the year ended 31 December 2015*

### 16. Available for sale financial assets (continued)

The administrator of the Active Plus Fund is SAI Swiss Capital located in Bucharest, 20 Dacia Blvd, 4th floor, Sector 1 registered with the Trade Register of Bucharest under no. J40/10183/1998, unique registration code 11070990, authorized by C.N.V.M. by Decision no. D4551/28.10.1998, registered in the register of C.N.V.M. under no. PJR05SAIR/400015 from 14/12/2004, telephone 021.408.42.25, fax 021.408.42.22.

The depository of Active Plus Fund is UniCredit Tîriac Bank S.A., Romanian legal entity located in Bucharest, 23-25 Ghețarilor Street, sector 1, RO-014106, Romania, registered with the Trade Register of Bucharest under no. J40/7706/1991, tax identification number RO361536, with NBR authorization series B No.000007/01.07.1994, registered in the Register of CNVM under no. PJR10DEPR/400011.

The Administrator of Omnitrend is SAI SIRA located in Bucharest, 25 Finlanda street, 2nd floor, Sector 1 registered at the Trade Register of Bucharest under no. J40/914/1996, unique registration code 8106253, authorized by C.N.V.M. through Decision no. 256/19.01.2004, registered at the Register of C.N.V.M. under no. PJR05SAIR/400008, telephone 021.230.00.78, fax 021.230.45.50.

The depository of Omnitrend Fund is Banca Comercială Română S.A., Romanian legal entity located in Bucharest, 5 Regina Elisabeta Blvd, sector 3, registered at the Trade Register of Bucharest under no. J40/90/23.01.1991, unique registration code 361757, registered in the Register of C.N.V.M. unde rno. PJR10/DEPR/400010 from 04.05.2006.

Disposals of shares held as available for sale during 2014 in amount of RON 226.9 million mainly comprise the amount of securities sold from the portfolio such as BRD, Erste Group Bank, Fondul Proprietatea SA, Biofarm SA Bucharest, Teraplast SA , etc.

### 17. Investments held to maturity

<i>In RON</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
Bonds	33,087,934	49,104,540
Interest on government securities and bonds	1,410,297	1,740,062
<b>Total</b>	<b>34,498,231</b>	<b>50,844,602</b>

Outstanding bonds at 31 December 2015 include:

- Corporate bonds issued by Banca Transilvania in EURO, purchased in May 2013 convertible into shares in Banca Transilvania, with maturity in May 2020 and an annual variable interest rate based on EURIBOR + a margin fixed at 6.25%;
- Bonds issued by Romenergo SA Bucharest, amounting to RON 26.9 million, non-convertible bonds purchased in June 2013 with maturity in June 2017 and an interest rate of 8% p.a.

At 31 December 2014 there were also bonds issued by the Ministry of Public Finance denominated in EUR, in the amount of RON 16.1 million, purchased in July 2011, with maturity in July 2015 and an interest rate of 4.7% .

# Notes to the separate financial statements

For the year ended 31 December 2015

## 18. Investment property

<i>In RON</i>	<b>2015</b>	<b>2014</b>
Balance at January 1 <sup>st</sup>	1,028,912	569,180
Entries	7,567,959	-
Transfer from tangible assets	251,829	459,732
Changes in fair value	10,440,264	
<b>Balance at December 31st</b>	<b>19,288,964</b>	<b>1,028,912</b>

Entries include real estate investment value of the building and the land obtained as a result of withdrawal from society Hidrotim SA Timisoara amounting to RON 6,901,576 and the value of land obtained by the withdrawal of the contribution to Azuga SA amounting to RON 666,383.

On December 31st, 2015 the values of building owned in Cluj were transferred from tangible assets due to the closure of the branch office in Cluj.

Changes in fair value are mainly the results of the valuation made as of December 31st, 2015 for land obtained from the company Azuga SA. The amount resulting from evaluation was recognized in other operating income.

The evaluation was carried out by internal evaluators and appraisers certified by the National Association of Certified Appraisers in Romania (ANEVAR).

## 19. Tangible Assets

<i>In RON</i>	<b>Land and buildings</b>	<b>Technical installations and means of transportation</b>	<b>Other systems, equipment and furniture</b>	<b>Total</b>
<i>Cost</i>				
On 1 January 2015	3,868,075	1,898,582	441,181	<b>6,207,838</b>
Revaluation	110,065			<b>110,065</b>
Acquisitions	0	88,101	37,428	<b>125,529</b>
Sales	-493,288	-29,897	-14,090	<b>-537,275</b>
<b>31 December 2015</b>	<b>3,484,852</b>	<b>1,956,786</b>	<b>464,519</b>	<b>5,906,157</b>
<i>Accumulated depreciation and impairment losses</i>				
On 1 January 2015	538,510	1,720,832	385,601	<b>2,644,943</b>
Amortization related				
Revaluation	45,035			<b>45,035</b>
Depreciation expense	70,812	87,419	12,920	<b>171,151</b>
Sales	-241,458	-29,897	-14,091	<b>-285,446</b>
<b>31 December 2015</b>	<b>412,899</b>	<b>1,778,354</b>	<b>384,430</b>	<b>2,575,683</b>
<i>Net Book Value</i>				
<b>On 1 January 2015</b>	<b>3,329,565</b>	<b>177,750</b>	<b>55,580</b>	<b>3,562,895</b>
<b>31 December 2015</b>	<b>3,071,953</b>	<b>178,432</b>	<b>80,089</b>	<b>3,330,474</b>



# Notes to the separate financial statements

For the year ended 31 December 2015

## 19. Tangible Assets (continued)

<i>In RON</i>	Land and buildings	Technical installations and means of transportation	Other systems, equipment and furniture	Total
<i>Cost</i>				
On 1 January 2014	4,396,541	1,979,808	450,579	<b>6,826,928</b>
Acquisitions	0	22,755	16,130	<b>38,885</b>
Sales	-528,466	-103,981	-25,528	<b>-657,975</b>
<b>31 December 2014</b>	<b>3,868,075</b>	<b>1,898,582</b>	<b>441,181</b>	<b>6,207,838</b>
<i>Accumulated depreciation and impairment losses</i>				
1 January 2014	460,202	1,738,381	395,623	<b>2,594,206</b>
Depreciation expense	147,041	86,432	15,484	<b>248,957</b>
Sales	-68,733	-103,981	-25,506	<b>-198,220</b>
<b>31 December 2014</b>	<b>538,510</b>	<b>1,720,832</b>	<b>385,601</b>	<b>2,644,943</b>
<i>The net book value</i>				
<b>1 January 2014</b>	<b>3,936,339</b>	<b>241,427</b>	<b>54,956</b>	<b>4,232,722</b>
<b>31 December 2014</b>	<b>3,329,565</b>	<b>177,750</b>	<b>55,580</b>	<b>3,562,895</b>

## 20. Other assets

<i>In RON</i>	31 December 2015	31 December 2014
Sundry debtors	4,920,020	1,268,495
Current income tax receivables	0	2,124,418
Other assets	224,893	268,271
Impairment of sundry debtors	-756,114	-1,238,093
<b>Total</b>	<b>4,388,799</b>	<b>2,423,091</b>

The impairment of sundry debtors and dividends receivable can be analyzed as follows:

<i>In RON</i>	2015	2014
<b>1 January</b>	<b>1,238,093</b>	<b>778,667</b>
Additional reversal	-481,979	-9,948
Additional allowances	-	469,374
<b>31 December</b>	<b>756,114</b>	<b>1,238,093</b>

At 31 December 2015 impairment reversal was made mainly due to the collection of overdue dividends.

At 31 December 2014 a provision was established for outstanding dividends not collected from a company within the Company's portfolio.

# Notes to the separate financial statements

For the year ended 31 December 2015

## 21. Dividends payable

<i>In RON</i>	31 December 2015	31 December 2014
Dividends payable 2014	20,850,807	-
Dividends payable 2011	-	13,126,579
<b>Total Dividends payable</b>	<b>20,850,807</b>	<b>13,126,579</b>

Dividends not collected for three years and for which the right to require payment expired are recorded in equity in Other reserves.

## 22. Deferred tax liabilities

Deferred tax assets and liabilities at 31 December 2015 are generated by the elements detailed in the following table:

<i>In RON</i>	Assets	Liabilities	Net
Financial assets at fair value through profit or loss	-449	-	-449
Available for sale financial assets	-	763,812,396	-763,812,396
Property, plant, equipment and investment property	-	11,903,958	-11,903,958
<b>Total</b>	<b>-449</b>	<b>775,716,354</b>	<b>-775,716,803</b>
Corresponding tax loss carried forward			-
Net temporary differences - 16%			-775,716,803
<b>Deferred tax liabilities</b>			<b>-124,114,688</b>

Deferred tax assets and liabilities at 31 December 2014 are generated by the elements detailed in the following table:

<i>In RON</i>	Assets	Liabilities	Net
Financial assets at fair value through profit or loss	14,800,054	-	14,800,054
Available for sale financial assets	-	530,942,953	-530,942,953
Property, plant and equipment	-	1,167,952	-1,167,952
<b>Total</b>	<b>14,800,054</b>	<b>532,110,905</b>	<b>-517,310,851</b>
Corresponding tax loss carried forward			-
Net temporary differences - 16%			-517,310,851
<b>Deferred tax liabilities</b>			<b>-82,769,736</b>

Deferred income tax liabilities in balance at December 31, 2015 amounted to RON 124,114,688 (2014: RON 82,769,736) and include:

- Deferred income tax recognized directly in equity by reducing the amount of RON 101,946,117 (2014: RON 65,754,951), being generated entirely by reserves for financial assets available for sale at fair value,
- Deferred tax in financial assets hyperinflation and adjustments for depreciation, of which an amount of RON 5,153,786 recognized in the current year result and the amount of RON 17,014,785 recognized in retained earnings.

# Notes to the separate financial statements

For the year ended 31 December 2015

## 23. Other liabilities

<i>In RON</i>	31 December 2015	31 December 2014
Liabilities to employees	2,780,949	2,521,778
Taxes and fees	4,832,005	12,135
Domestic suppliers	136,861	134,755
<b>Total</b>	<b>7,749,815</b>	<b>2,668,668</b>

## 24. Capital and reserves

### (a) Share capital

The share capital of SIF Banat-Crisana is in amount of RON 54,884,926.80 and divided into 548,849,268 shares with nominal value of RON 0.1 and is the result of direct subscriptions to the share capital of SIF by converting into shares the amounts due as dividends under law no. 55/1995 and law no. 133/1996. At 31 December 2015 the number of shareholders was 5,774,815 (31 December 2014: 5,785,854).

Shares issued by SIF Banat Crisana are traded on the Bucharest Stock Exchange since November 1999. The records of shares and shareholders is kept by Depozitarul Central S.A. Bucharest.

All shares are ordinary shares, were subscribed and fully paid at 31 December 2015 and 31 December 2014. All shares have equal voting rights and a nominal value of RON 0.1/share. The number of shares authorized to be issued is equal to the shares issued.

Reconciliation of the share capital in accordance with IFRS with the share capital in accordance with the statutory share capital is shown below:

<i>In RON</i>	31 December 2015	31 December 2014
Statutory capital	54,884,927	54,884,927
The effect of applying IAS 29 on share capital	684,298,992	684,298,992
<b>Restated capital</b>	<b>739,183,919</b>	<b>739,183,919</b>

### (b) Reserves set up following the application of Law no. 133/1996

The reserve for the initial portfolio was set up after the application of Law no. 133/1996, as the difference between the portfolio value and the subscribed capital contribution to SIF. These reserves are treated as an initial contribution (share premium) and are not used when selling the financial assets. Reconciliation of the reserve related to the initial portfolio according to IFRS with the reserve according to the accounting regulations applicable up to the date of application ASF Norm no. 39/2015 is shown in the following table:

# Notes to the separate financial statements

For the year ended 31 December 2015

## 24. Capital and reserves (continued)

### (b) Reserves set up following the application of Law no. 133/1996 (continued)

<i>In RON</i>	<b>31 December 2015</b>	<b>31 December 2014</b>
Reserves from the application of Law no. 133/1996	145,486,088	145,486,088
The effect of applying IAS 29 on reserves set up following the application of Law no. 133/1996	1,960,189,603	1,960,189,603
<b>Reserves from the application of Law no. 133/1996</b>	<b>2,105,675,691</b>	<b>2,105,675,691</b>

Hyperinflation effect on the share capital in amount of RON 684,298,992 and on the reserve established following the application of Law no. 133/1996 in the amount of RON 1,960,189,603 was recorded by reducing the retained earnings, resulting in an accumulated loss related to applying IAS 29 on the capital items in the amount of RON 2,644,488,595 at the end of each period presented.

### (c) Reserves from revaluation of available for sale financial assets

This reserve includes cumulative net changes in the fair values of available for sale financial assets from the date of their classification in this category to the date they have been derecognized or impaired. Reserves from the revaluation of available for sale financial assets are recorded net of related deferred tax. The value of deferred tax is recognized directly as an equity deduction and is presented in Note 22.

### (d) Legal reserves

According to legal requirements, the Company establishes legal reserves in the amount of 5% of profits recorded according to applicable accounting standards up to 20% of the share capital. The legal reserve at 31 December 2015 is in amount of RON 10,976,985 (31 December 2014: RON 10,976,985). In the financial years 2014 and 2015, the Company has no longer established legal reserves from the distributed profit which reached the ceiling of 20% of the share capital.

Legal reserves cannot be distributed to shareholders.

### (e) Dividends

Shareholders approved during 2015 to distribute dividends from the profit for the year 2014 in the amount of RON 0.1/share, meaning the total amount of RON 54,884,927 (in 2014, the dividends for 2013 were 0).

## 25. Earnings per share

Basic earnings per share were calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

<i>In RON</i>	<b>2015</b>	<b>2014</b>
Profit attributable to ordinary shareholders	75,324,568	139,006,489
Weighted average number of ordinary shares	548,849,268	548,849,268
<b>Earnings per ordinary share</b>	<b>0.137</b>	<b>0.253</b>

Diluted earnings per share equals basic earnings per share, as the Company did not record potential ordinary shares.

# Notes to the separate financial statements

*For the year ended 31 December 2015*

## 26. Contingent assets and liabilities

### **(a) Litigations**

At 31 December 2015 the Legal Department reported 116 lawsuits.

The company had legal standing in 96 lawsuits, passive legal standing in 19 lawsuits and had the status of intervener in one lawsuit.

In most lawsuits in which the Company acts as plaintiff, the subject of litigation is the cancellation / ascertainment of cancellation of decisions taken by the General Meetings of Shareholders in portfolio companies, recovery of non-collected dividends or insolvency proceedings of portfolio companies.

### **(b) Transfer pricing**

Romanian tax legislation has rules on transfer pricing between related parties since 2000. The current legislative framework defines the "market value" principle for transactions between related parties as well as transfer pricing methods. As a result, tax authorities are expected to initiate thorough checks of transfer prices, to ensure that the tax result and/or customs value of imported goods are not distorted by the effect of prices applied between affiliates. The Company cannot assess the outcome of such verification.

## 26. Contingent assets and liabilities (continued)

### **(c) Other liabilities**

On 03.10.2014 the company signed a share transfer agreement in order to sell 786,882 shares of the issuer Azuga Turism SA, representing 94.415% of its share capital, with payment in installments over three years, after paying an advance. The total value of the contract exceeds the cost of the ownership. The contract provides for a suspension clause to its execution, consisting in withdrawal by SIF Banat-Crisana of the in-kind contribution to the share capital, contribution consisting of land located in Busteni and whose value was not subject to the transaction.

On 26 March 2015 the buyer informed the Company of its intention to undo the share transfer agreement covering the sale by SIF Banat-Crisana of 786,882 shares of the issuer Azuga Turism SA. An addendum was signed where the parties jointly agreed on termination of the transfer agreement.

## 27. Related parties

The parties are considered related if one party has the ability to control the other party or exercise significant influence over its financial and operational decision making.

The Company has identified the following related parties in the course of business:

### **Key management personnel**

#### *31 December 2015*

- At 31 December 2015 the Board of Directors of SIF Banat-Crisana SA was composed of 7 members: Bogdan-Alexandru Drăgoi-President, Octavian Avrămoiu-Vice President, Stefan Dumitru, Valentin Chiser, Ion Stancu, Dan Weiler and Ionel Marian Ciucioi.
- At 31 December 2015 the executive managers of SIF BANAT-CRIȘANA SA were: Bogdan-Alexandru Drăgoi – General Manager, Octavian Avrămoiu – Deputy General Manager, Teodora Sferdian - Deputy General Manager.

#### *31 December 2014*

- Members of the Board of Directors of SIF BANAT-CRIȘANA SA: Ștefan Dumitru – Vicepresident, Valentin Chiser and Ion Stancu.
- Members of the executive management of SIF BANAT-CRIȘANA SA: Gabriela Grigore – Deputy General Manager – Operations and Teodora Sferdian - Deputy General Manager – Development.

During the financial year, no transactions were carried out and no advances and loans were granted to managers and administrators of the Company, except for work related travel advances.

During 2015 gross payments of members of the BoD and managers were in the amount of RON 3,120 thousand (2014: 1,539 thousand).

The Company has not received and has not given guarantees in favor of any related party.

# Notes to the separate financial statements

For the year ended 31 December 2015

## 27. Related parties (continued)

### Subsidiaries

Company's subsidiaries at 31 December 2015 and 31 December 2014 are as follows:

<b>Company name</b>	<b>Percentage of ownership 31 December 2015</b>	<b>Percentage of ownership 31 December 2014</b>
SIF IMOBILIARE PLC NICOSIA	99.99%	99.99%
SAI Muntenia Invest SA BUCURESTI (management company of SIF Muntenie)	99,96%	74.98%
NAPOMAR SA CLUJ-NAPOCA	99.43%	99.43%
SIF HOTELURI SA ORADEA	99.00%	98.66%
AZUGA TURISM SA BUCURESTI	98.94%	98.98%
SILVANA SA CEHU SILVANIEI	96.28%	96.28%
ARIO SA BISTRITA	93.64%	93.64%
IAMU SA BLAJ	76.70%	76.70%
CENTRAL SA CLUJ	63.51%	63.51%
VRANCART SA ADJUD	74.72%	74.72%
SOMPLAST SA BISTRITA	70.75%	70.75%
BETA TRANSPORT SA CLUJ NAPOCA*	0.00%	99,40%
HOTEL MESESUL SA ZALAU*	0.00%	98.40%
RUSCA SA HUNEDOARA*	0.00%	99.23%
TRANS EURO HOTEL SA BAIJA MARE*	0.00%	99.93%
VALY-TIM SA TIMISOARA*	0.00%	100.00%

\*merged through absorption by SIF SA Oradea Hotels

### Associates

Associates of the Company at 31 December 2015 and 31 December 2014 are as follows:

a. Entities where the Company holds over 20% of the share capital and it has significant influence:

<b>Company Name</b>	<b>Percentage of ownership 31 December 2015</b>	<b>Percentage of ownership 31 December 2014</b>
GAZ VEST SA ARAD	25.82%	25.82%
BIOFARM SA BUCURESTI	22.06%	19.53%

b. Entities where the Company holds over 20% of the share capital, but which do not qualify as associates, because the company has no significant influence:

<b>Company Name</b>	<b>Percentage of ownership 31 December 2015</b>	<b>Percentage of ownership 31 December 2014</b>
NORD CONSTRUCTII SA CAREI	44.31%	44.31%
COMAR SA BAIJA MARE	34.94%	34.94%
ATLASCARD SA DEVA	31.36%	31.36%
FORESTIERA SA TIRGOVISTE	25.75%	25.75%
MOBICOM SA SATU MARE	24.11%	24.11%
AGROMECA GATAIA	23.91%	23.91%
CTCE SA ALBA IULIA	23.24%	23.24%
COMAT ALBA	20.67%	20.67%
COMAT CARAS SEVERIN	20.41%	20.41%
HIDROTIM	0.00%	30.51%
MOBIPET SA PETROSANI	0.00%	28.87%

# Notes to the separate financial statements

For the year ended 31 December 2015

## 27. Related parties (continued)

c. Holding over 20% of the share capital, but companies which are in insolvency/liquidation:

Company name	Percentage of ownership 31 December 2015	Percentage of ownership 31 December 2014	State
ARADEANCA SA ARAD	39.16%	39.16%	INS
MOBILA USI SA BACAU	32.45%	32.45%	LJ
ELBAC SA BACAU	32.45%	32.45%	LJ
AGROPRODUCT RESITA	30.00%	30.00%	RJ
AGROINDUSTRIALA NADLAC	30.00%	29.03%	DIZ
UZINA ARDEALUL ALBA IULIA	29.51%	29.51%	LJ
COMMIXT SA OCNA MURES	28.97%	28.97%	LJ
MOBIMET SA HATEG	28.87%	28.87%	LJ
METALURGICA SA MARGHITA	28.41%	28.41%	F
SUINPROD GALDA DE JOS	27.09%	27.09%	LJ
MEBIS SA BISTRITA	26.78%	26.78%	INS
EXFOR SA BUCURESTI	24.23%	24.23%	LJ
AGROINDUSTRIALA SAGU	23.62%	23.62%	LJ
AGROTRANSPORT SA RESITA	23.46%	23.46%	RJ
AGROINDUSTRIALA SOCGAT GATAIA	22.65%	22.65%	DIZ
MOPAL SA BISTRITA	21.89%	21.89%	RJ
MOLIDUL SA SUCEAVA	21.63%	21.63%	RJ
TRANSILVANIA AIUD	20.19%	30.00%	LJ
METALURGICA SA	20.01%	20.01%	RJ
CRISCOM SA CHISINEU CRIS	0.00%	30.00%	LJ
REMAT MARGHITA	0.00%	29.39%	DIZ

Ins: insolvency

Li: liquidation

RJ: judicial reorganization

DIZ: dissolution

F: bankruptcy

The company participated to the capital increase of the company Azuga Turism SA in 2014, by contribution in kind with land. During 2015, the Company withdrew the contribution in kind to the share capital of Azuga Turism SA Bucharest in the amount of RON 0.7 million.

During 2015 the Company increased its holding in the company SAI Muntenia Invest, administrator of SIF Muntenia, from 74.98% to 99.96%, following direct purchase of shares.

In 2015 the Company increased the share capital of SIF Hoteluri following the merger by absorption with hospitality companies in its portfolio. The share capital of SIF Hoteluri (acquiring company) was increased by an amount of RON 28.8 million, representing the contribution value of holding SIF Banat-Crisana SA in the share capital of the acquired companies: Rusca Hunedoara, Hotel Mesesul Zalau, Valy Tim Timisoara, Trans Euro Hotel Baia Mare and Beta Transport Cluj Napoca.

During 2015 the Company has paid to the Administrare Imobiliare SA (management company of SIF Imobiliare) the total amount of RON 149,716, representing consideration for rent and operating expenses for rented space.

## 28. Subsequent events

- On February 18, 2016 FSA approval no. 64 of 18.2.2016, approved the changes in the internal regulations of the company, according to the decision of the Management Board no. 2 / 01.29.2016.
- By notice no. 75 / 02.25.2016, the Financial Supervision Authority has approved changing the composition of the Company's management by appointing Mr. Riviş Laurenţiu as Director in accordance with decision no. 3 / 27.11.2015 and the Decision no. 8 / 29.01.2016 of the Board of Directors of SIF Banat-Crisana.