

SIF Banat-Crişana S.A.

**Condensed interim financial statements
as at June 30, 2016**

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

unaudited

FREE TRANSLATION

from Romanian which is the official and binding version

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**Condensed Statement of profit or loss and other comprehensive income
for the first semester ended June 30, 2016**

<i>Denominated in RON</i>	Note	H1 2016	H1 2015
Income			
Dividend income	4	76,145,058	23,251,932
Interest income	5	2,562,810	3,414,954
Other operating revenues		152,934	143,038
Investment gains			
(Loss) Net gain from foreign exchange differences		(62,362)	(102,631)
Net profit from sale of assets	6	-	18,569,947
Net Profit/(Loss) from financial assets at fair value through profit or loss		(89)	6,033,366
Reversals / (expenses) with adjustments for impairment (Loss) Net gain from foreign exchange differences		-	326,409
Expenses			
Fees and commissions expenses	7	(1,063,865)	(1,178,493)
Other operating expenses	8	(5,341,641)	(4,220,873)
Profit before tax		72,392,845	46,237,649
Income tax	9	(3,467,583)	(3,115,492)
Net profit for the period		68,925,262	43,122,157
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Fair value reserve (financial assets available for sale)			
Net amount transferred to profit or loss		-	(14,343,623)
Net change in fair value		(101,360,083)	82,412,324
Other comprehensive income		(101,360,083)	68,068,701
Total comprehensive income for the period		(32,434,821)	111,190,858
Earnings per share			
Basic		0.126	0.079
Diluted		0.126	0.079

The condensed interim financial statements were approved by the Board of Directors on August 11, 2016 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Octavian Avrămoiu
Vice-Chairman, Deputy General Director

Ștefan Doba
Economic Director

Condensed statement of financial position *as at June 30, 2016*

<i>denominated in RON</i>	Note	June 30, 2016	December 31, 2015
Assets			
Cash and cash equivalents with maturity of less than 3 months	10	1,626,536	1,478,015
Cash and cash equivalents with maturity over 3 months	10	79,858,973	149,922,495
Financial assets at fair value through profit or loss		360	449
Financial assets available for sale	11	1,725,531,205	1,728,617,277
Investments held to maturity	12	21,008,798	34,498,231
Investment property	13	19,288,964	19,288,964
Tangible assets (Property, plant and equipment)		3,224,742	3,330,474
Other assets	14	35,183,980	4,388,799
Total assets		<u>1,885,723,558</u>	<u>1,941,524,704</u>
Liabilities			
Dividends payable		20,515,232	20,850,807
Deferred income tax liabilities	15	99,829,921	124,114,688
Other liabilities	16	9,003,832	7,749,815
Total liabilities		<u>129,348,985</u>	<u>152,715,310</u>
Equity			
Statutory share capital	17	54,884,927	54,884,927
The effect of applying IAS 29 on the share capital	17	684,298,992	684,298,992
Reserves set-up from the application of Law no. 133/1996	17	145,486,088	145,486,088
The effect of applying IAS 29 on the reserve set-up after the application of Law no.133/1996	17	1,960,189,603	1,960,189,603
The effect of applying IAS 29 on retained earnings	17	-2,644,488,595	-2,644,488,595
Accumulated profit		800,577,676	731,652,414
Reserves from revaluation of tangible assets (property, plant and equipment)		65,029	65,029
Legal reserves	17	10,976,985	10,976,985
Reserves from revaluation of financial assets available for sale		744,383,868	845,743,951
Total equity		<u>1,756,374,573</u>	<u>1,788,809,394</u>
Total liabilities and equity		<u>1,885,723,558</u>	<u>1,941,524,704</u>

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Ștefan Doba
Economic Director

Condensed Statement of Changes in Equity as at June 30, 2016

<i>Denominated 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
Balance at January 1, 2016	739,183,919	10,976,985	2,105,675,691	845,743,951	65,029	731,652,414	(2,644,488,595)	1,788,809,394
Comprehensive income								
Profit for the period	-	-	-	-	-	68,925,262	-	68,925,262
Other comprehensive income								
Reserve from revaluation of assets available for sale transferred to profit or loss	-	-	-	-	-	-	-	-
Net change in reserve from revaluation of assets available for sale (net of deferred tax)	-	-	-	(101,360,083)	-	-	-	(101,360,083)
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(101,360,083)	-	68,925,262	-	(32,434,821)
Transactions with shareholders recognized directly in equity								
Dividends payable for 2014	-	-	-	-	-	-	-	-
Dividends written-off	-	-	-	-	-	-	-	-
Total transactions with shareholders recognized directly in equity	-	-	-	-	-	-	-	-
Balance at June 30, 2016	739,183,919	10,976,985	2,105,675,691	744,383,868	65,029	800,577,676	(2,644,488,595)	1,756,374,573

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Condensed Statement of Changes in Equity as at June 30, 2016

<i>Denominated 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	Revaluatio n reserves	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
Balance at January 1, 2015	739,183,919	10,976,985	2,105,675,691	630,375,419	0	698,319,923	(2,644,488,595)	1,540,043,342
Comprehensive income								
Profit for the period	-	-	-	-		43,122,157	-	43,122,157
Other comprehensive income								
Reserve from revaluation of assets available for sale transferred to profit or loss	-	-	-	(14,343,623)		-	-	(14,343,623)
Net change in reserve from revaluation of assets available for sale (net of deferred tax)	-	-	-	82,412,324		-	-	82,412,324
Revaluation of property, plant and equipment								-
Total comprehensive income for the period	-	-	-	68,068,701	-	43,122,157	-	111,190,858
Transactions with shareholders recognized directly in equity								
Dividends payable for 2014	-	-	-	-		(54,884,927)	-	(54,884,927)
Dividends written-off	-	-	-	-	-		-	0
Total transactions with shareholders recognized directly in equity	-	-	-	-	-	(54,884,927)	-	(54,884,927)
Balance at June 30, 2015	739,183,919	10,976,985	2,105,675,691	698,444,120	0	686,557,153	(2,644,488,595)	1,596,349,273

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Economic Director

Condensed cash flow statement as at June 30, 2016

<i>Denominated in RON</i>	Note	June 30, 2016	June 30, 2015
Operating activities			
Net profit for the period		68,925,262	43,122,157
<i>Adjustments for:</i>			
Depreciation of tangible and intangible assets		124,089	126,144
Net (gain)/loss from disposal of property, plant and equipment		0	0
Gain from valuation of investment property		0	
(Reversals) / Expenses on adjustments for impairment		0	-469,374
Net profit from sale of assets	6		-18,569,947
(Net gain)/Net loss from financial assets at fair value through profit or loss		89	-6,033,366
Dividend income	4	-76,145,058	-23,251,932
Interest income	5	-2,519,528	-3,414,954
Expense with / (income from) other provisions and adjustments			
Income tax	9	3,467,583	3,115,492
Changes in operating assets and liabilities			
Change in other assets		-15,603,506	-94,220
Change in other liabilities		-2,192,614	-1,811,655
Income tax paid		-1,496,716	-868,621
Net cash from / (used in) operating activities		-25,440,399	-8,150,276
Investment activities			
Payments for acquisition of shares and other securities available for sale	6,11	-127,394,170	-7,070,432
Proceeds from sales of shares		0	21,015,478
(Placements) / Proceeds from term deposits greater than three months		70,015,216	-48,833,504
Net proceeds / (Payments) from sale of assets at fair value through profit or loss		0	19,525,295
Proceeds / (Payments) for purchase of investments held to maturity		12,324,748	42,508
Payments for purchases of property, plant and equipment		-9,921	-17,909
Dividends collected		71,242,256	16,276,770
Interest collected		3,069,812	3,550,578
Net cash flow proceeds / (used in) investment activities		29,247,941	4,488,784
Financing activities			
Dividends paid		-3,659,021	-33,869
Net cash from / (used in) financing activities		-3,659,021	-33,869
Net increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at January 1 st		1,478,015	37,065,143
Cash and cash equivalents at June 30th		1,626,536	33,369,782
Cash in hand and other valuables	10	39,350	32,116
Current accounts with banks	10	1,587,186	6,315,858
Bank deposits with original maturity of less than 3 months	10		27,021,808
Cash and cash equivalents with maturity of less than 3 months		1,626,536	33,369,782

1. Reporting entity

Societatea de Investiții Financiare Banat-Crișana SA ("the Company") was founded based on Law no. 133/1996 by the 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.

Selected explanatory notes to the condensed financial statements *as at June 30, 2016*

SIF Banat-Crişana is headquartered in Arad, 35A Calea Victoriei, Arad county, code 310158, tel.: +40257 304 438, fax: +40257 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, Premium category, with the market 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 Depozitarul Central SA Bucharest.

The Interim financial statements, condensed, prepared for the first semester ended June 30, 2016, are not audited or reviewed.

2. Basis of preparation

(a) Statement of compliance

Pursuant to Norm no. 39/2015 issued by the Financial Supervisory Authority of Financial Instruments and Investments Sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated and supervised by the FSA - Financial Instruments and Investments Sector, shall use the International Financial Reporting Standards adopted by the European Union EU ("IFRS") as the official accounting regulations.

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

Thus, during 2015, the Company did not prepare interim reports as pursuant to the provisions of IAS 34 "Interim Financial Reporting". To ensure the comparability of data, the comparative information for H1 2015, prepared in accordance with FSA Regulation No 4/2011, have been accordingly restated under IFRS, without being audited.

These condensed interim financial statements for H1 ended on June 30, 2016, have been prepared pursuant to the requirements of IAS 34 "Interim Financial Reporting" and should be read together with the separate financial statements for 2015 prepared in accordance with Norm no. 39/2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the FSA of Financial Instruments and Investments Sector (Norm).

Pursuant to Regulation no. 1606/2002 of the European Parliament and the EU Council of July 19, 2002, and those ordered by CNVM Decision no. 1176 / 15.09.2010, the financial investment companies are required to prepare and submit to the Financial Supervisory Authority (FSA) annual consolidated financial statements pursuant to IFRS, within 8 months from the end of the financial year. The Company does not intend to prepare consolidated financial statements as at June 30, 2016.

(b) Presentation of the financial statements

The Company adopted a presentation based on liquidity in the condensed statement of financial position and a presentation of income and expenses according to their nature in the interim condensed 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".

Selected explanatory notes to the condensed financial statements as at June 30, 2016

(c) Basis of measurement

The condensed interim financial statements 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.

(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 condensed interim financial statements are presented in RON, rounded to the nearest unit, which is the presentation currency chosen by the Company's management.

(e) Use of estimates and judgements

The preparation of the condensed interim financial statements pursuant to IFRS requires the management to make estimates, judgements, 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 judgments 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 Notes to the condensed interim financial statements.

(f) Changes in the accounting policies

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

3. Significant accounting policies

The accounting policies used in these condensed interim financial statements are the same as for the separate financial statements prepared as at December 31, 2015 and have been consistently applied to all the periods presented in these condensed interim financial statements.

Comparative financial information

Pursuant to Norm no. 39/2015 issued by the Financial Supervisory Authority of Financial Instruments and Investments Sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated and supervised by the FSA - Financial Instruments and Investments Sector, shall use the International Financial Reporting Standards adopted by the European Union EU ("IFRS") as the official accounting regulations.

December 31, 2015 is the date of transition to IFRS as an accounting basis, the date when by restatements were performed and accounted for the operations associated with the transition from NSC Regulation no. 4/2011 to IFRS accounting regulations.

Thus, during 2015, the Company did not prepare interim reports as pursuant to the provisions of IAS 34 "Interim Financial Reporting".

To ensure the comparability of data, the comparative information for H1 2015, prepared in accordance with FSA Regulation No 4/2011, have been accordingly restated under IFRS, without being audited.

Selected explanatory notes to the condensed financial statements *as at June 30, 2016*

4. Dividend income

Dividend income is recorded on a gross basis. Tax rates on dividends for H1 2016 from resident and non-resident companies were 5% and zero (2015: 16% and zero).

Details for dividend income on main counterparts are presented in the table below:

<i>denominated in RON</i>	June 30, 2016	June 30, 2015
Banca Transilvania	53,244,339	0
Erste Group Bank AG	5,896,618	0
SAI Muntenia Invest SA	5,526,049	10,930,636
BRD	4,356,959	0
Biofarm	0	3,256,572
SIF Moldova	2,317,497	2,605,896
Vrancart	0	1,936,040
Gaz Vest	2,100,782	1,568,976
SNTGN Transgaz	1,210,560	791,384
Iproeb	344,540	0
Spumotim	124,260	742,015
SNP Petrom	0	401,696
Comelf	121,191	231,562
Reva Simeria	0	163,014
Hercules SA Satu Mare	137,275	127,620
Others	764,988	496,521
Total	76,145,058	23,251,932

5. Interest income

<i>denominated in RON</i>	June 30, 2016	June 30, 2015
Interest income on deposits and current accounts	1,065,382	1,759,597
Interest income on investments held to maturity	1,062,458	1,655,357
Interest income on assets available for sale – govt. bonds	434,970	
	2,562,810	3,414,954

6. Net profit from sale / disposal of assets

<i>denominated in RON</i>	June 30, 2016	June 30, 2015
The acquisition cost of financial disposed assets available for sale		-3,128,938
Proceeds from sale		21,032,502
Other income / (expenses) from disposal (*)		666,383
Net profit from sale of financial assets	0	18,569,947

There were no transactions of sale of assets during H1 2016, following the change in the company's strategy in terms of achieving profit, namely to achieve profit mainly from dividends.

(*) For H1 2015 *Other income from disposal* include:

- value of land acquired following the withdrawal of a share part from Azuga SA (RON 0.7 mn).

7. Fees and commissions expenses

<i>denominated in RON</i>	June 30, 2016	June 30, 2015
FSA commissions	834,008	792,312
Depository fees	144,837	141,246

Selected explanatory notes to the condensed financial statements *as at June 30, 2016*

Fees payable to SSIF	0	138,927
Registry fees	72,000	74,400
Other fees and commissions	13,020	31,608
Total	<u>1,063,865</u>	<u>1,178,493</u>

8. Other operating expenses

<i>denominated in RON</i>	June 30, 2016	June 30, 2015
Expenses with taxes and fees	100,798	104,146
Expenses with salaries and other personnel expenses	3,802,692	2,768,716
Amortization expenses	124,089	126,144
Expenditure on external services	1,314,062	1,221,867
Total	<u>5,341,641</u>	<u>4,220,873</u>

In other operating expenses are included personnel expenses, expenditure with taxes and fees, amortization expenses and other expenses on external services.

In the period ended on June 30, 2016, the average number of employees was of 40 (June 30, 2015: 48), and the number of employees registered at the end of the reporting period was of 40 (June 30, 2015: 48).

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

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

9. Income tax

<i>denominated in RON</i>	June 30, 2016	June 30, 2015
Current income tax		
Current income tax (16%)	355,009	3,196,139
Tax on dividend (2016: 0%, 5%; 2015: 0%, 10%, 16%)	3,112,574	860,546
Deferred tax expense / (income)		
Financial assets available for sale	0	-7,807
Financial assets at fair value through profit or loss	0	-1,022,441
Tangible assets / Investment property	0	89,055
Total income tax recognized in profit or loss	<u>3,467,583</u>	<u>3,115,492</u>

The effective tax rate used to calculate the deferred tax of the Company was 16%.

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

<i>denominated in RON</i>	June 30, 2016	June 30, 2015
Profit before tax	72,392,845	46,237,649
Tax under statutory tax rate of 16% (2015: 16%)	11,582,855	7,398,024
Income tax effect of:		

Selected explanatory notes to the condensed financial statements *as at June 30, 2016*

Tax on dividend (2016: 0%, 5%; 2015: 0%, 16%)	3,112,574	860,546
Non-deductible expenses and similar items	4,996,716	514,242
Non-taxable income	-16,202,328	-4,694,567
Revenue related items	2,767	2,440
Costs related items		
Deferred tax		-941,193
Amounts of sponsorship within legal limits and other deductions	-25,000	-24,000
Income tax	3,467,583	3,115,492

10. Cash and cash equivalents

<i>denominated in RON</i>	June 30, 2016	December 31, 2015
Cash in hand and other valuables	39,350	28,197
Current accounts in banks	1,587,186	269,818
Deposits at banks with original maturity less than 3 months	0	1,180,000
(I) Total cash and cash equivalents with maturity - less than 3 months	1,626,536	1,478,015
Deposits at banks with original maturities of more than 3 months	79,038,223	149,053,439
Interest on deposits	820,750	869,056
(II) Total cash and cash equivalents with maturity - more than 3 months	79,858,973	149,922,495
Total (I+II)	81,485,509	151,400,510

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

11. Financial assets available for sale

<i>denominated in RON</i>	June 30, 2016	December 31, 2015
Shares at fair value	1,543,828,763	1,654,647,742
Shares at cost	25,308,106	25,308,106
Unit funds at fair value	54,826,002	48,661,429
Government bonds (including interest)	101,568,334	0
Total	1,725,531,205	1,728,617,277

The fair value measurement for the shares was done by multiplying the number of shares at the date of the balance sheet (June 30, 2016) with the closing price from the last trading day of the reporting period or the price determined by other valuation methods, respectively valuation performed by certified appraisers.

As at June 30, 2016, the category of shares measured at fair value mainly includes the value of stakes held in Banca Transilvania, Erste Group Bank AG, SIF Imobiliare PLC, BRD - Groupe Société Générale S.A (December 31, 2015: Erste Group Bank AG, Banca Transilvania, SIF Imobiliare PLC, BRD - Groupe Société Générale S.A).

The movement of the available for sale financial assets during the reporting period ended on June 30, 2016 is presented in the table below:

<i>denominated in RON</i>	Shares at fair value	Shares at cost	Unit funds at fair value	Govt. bonds	Total
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Selected explanatory notes to the condensed financial statements as at June 30, 2016

January 1, 2016	1,654,647,742	25,308,106	48,661,429	0	1,728,617,277
Acquisitions	6,906,308		14,000,000	100,989,762	121,896,070
Sales					0
Change in fair value	-117,725,287		-7,835,427	-84,135	-125,644,849
Attached interest				662,707	662,707
June 30, 2016	1,543,828,763	25,308,106	54,826,002	101,568,334	1,725,531,205

The movement of the financial assets available for sale during the financial year ended on December 31, 2015 is presented in the table below:

<i>denominated in RON</i>	Shares at fair value	Shares at cost	Unit funds at fair value	Total
January 1, 2015	1,271,937,266	34,529,153	48,136,143	1,354,602,562
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
Acquisitions 2015	36,895,424	0		36,895,424
Sales 2015	-57,381,169	-1,829,980		-59,211,149
Set-up of adjustments impairment losses	-376,355	-1,944,331		-2,320,686
Change in fair value	284,849,778	0	525,285	285,375,063
December 31, 2015	1,654,647,742	25,308,106	48,661,429	1,728,617,277

Acquisitions of shares during H1 2016, amounting to RON 6,906,308 include purchases on the stock exchange (Romgaz RON 3.3 mn, transgaz RON 2 mn, Electrica RON 1.5 mn, Fondul Proprietatea RON 0.1 mn).

Purchases of fund units during H1 2016 amounted to RON 14.0 mn, and include Active Plus fund units.

During H1 2016 government bonds worth RON 100.9 million were purchased, and were classified as available for sale.

Acquisitions of shares in 2015, amounting to RON 36.9mn (of which during H1 2015 amounted to RON 7.1 mn) mainly included acquisitions of shares traded on the stock market amounting to RON 31.2 million (Romgaz RON 24.3 mn, Electrica RON 4.7 mn., Conpet SA RON 1.2 mn., Biofarm SA RON 1.0 mn, etc.) and direct purchase of shares totalling RON 5.7 mn, representing shares in SAI Muntenia Invest, the management company of SIF Muntenia.

Disposals of shares in 2015, in the total amount of RON 59.2 mn, (of which during H1 2015 worth of RON 20.2 mn) include the carrying amount of the shares, mainly as a result of sales of shares (BRD RON 28.0 mn, Erste Group Bank RON 27.3 mn, Transelectrica RON 0.6 mn, etc.) and withdrawals from companies (Azuga SA RON 1.3 mn, Hidrotim SA RON 1.3 mn).

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.
- Level 2: Valuation techniques based on observable inputs: quoted market prices in active markets for similar instruments; valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques largely based on unobservable input.

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 intermediaries (brokers).

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

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 within the Company, using the strategy set by the management of the issuer and valuation techniques including techniques based on

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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.

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

June 30, 2016

<i>denominated in RON</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	360	-	-	360
Financial assets available for sale at fair value – shares	1,042,398,001	3,367,170	498,063,593	1,543,828,764
Financial assets available for sale at fair value – fund units			54,826,002	54,826,002
Financial assets available for sale at fair value – govt. bonds	101,568,334			101,568,334
Investment property			19,288,964	19,288,964
	1,143,966,695	3,367,170	572,178,559	1,719,512,424

December 31, 2015

<i>denominated 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 – fund units			48,661,429	48,661,429
Investment property			19,288,964	19,288,964
	1,166,787,507	2,876,225	552,934,852	1,722,598,584

There have been no transfers between levels of fair value during H1 2016.

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
2015			
Balance at January 1, 2015	484,860,242	48,136,143	1,028,912
Transfers from cost measured			
Transfers from tangible assets			251,829
(Gain) Loss recognized in:			
- profit or loss account	28,780,798		10,440,264
- other comprehensive income	(4,224,448)	525,286	
Adjustments for impairment recognized in profit or loss			
Acquisitions / Inflows	5,685,619		7,567,959
Acquisition cost of shares ceded	-30,117,752		
Balance at December 31, 2015	484,984,459	48,661,429	19,288,964
2016			
Balance at January 1, 2016	484,984,459	48,661,429	19,288,964
(Gain) Loss recognized in:			
- profit or loss account			
- other comprehensive income	13,079,134	-7,835,427	
Adjustments for impairment recognized in profit or loss			
Acquisitions / Inflows		14,000,000	
Acquisition cost of shares ceded			

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	Assets available for sale - shares	Assets available for sale - fund units	Investment property
Balance at June 30, 2016	498,063,593	54,826,002	19,288,964

Although the Company considers its fair value estimates as appropriate, the use of other methods or assumptions could result in different amounts for 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 used two valuation techniques, namely:

- valuation based on discounted net cash flow – thus, both EBITDA values and the value of weighted average cost of capital values were changed statistically by +/- 5% (2014: +/- 5%), considered as risk limit, 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 values that represent a risk of variation of these values.

H1 2016

Changing global variable elements	Impact on the profit or loss account	Impact on other comprehensive income
Increase in EBITDA by 5%	221,401	12,541,028
Decrease in EBITDA by 5%	-221,400	-12,539,269
Increase in WACC by 5%	519,336	23,569,292
Decrease in WACC by 5%	-443,824	-19,714,995
Increase financial assets by 5%		11,829,003
Decrease financial assets by 5%		-11,829,004
Increase on liabilities by 5%		10,315
Decrease on liabilities by 5%		-10,316

2015

Changing global variable elements	Impact on the profit or loss account	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
Increase on liabilities by 3%		-5,918

The amount resulting from the valuation of financial assets available for sale - units was conducted a sensitivity analysis estimating the risk of variations on NAV and a minimum price SIF 2 for +/- 15%. These deviations from the standard value affects other comprehensive income (net of tax) for an amount of +/- RON 6,908,076 as at June 30, 2016 (December 31, 2015: +/- RON 6,131,340).

The value of investment property was not changed as at June 30, 2016 as compared to December 31, 2015, since the market for such assets has not changed.

As at December 31, 2015, on the value resulting from the valuation of investment property, a sensitivity analysis was performed by 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).

Selected explanatory notes to the condensed financial statements as at June 30, 2016

- 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

Changing global variable elements

Impact on the profit or loss account

Increase in revenue by 5%	333,554
Decrease in revenue 5%	-333,554
Increase in market value by 5%	498,107
Decrease in market value by 5%	-498,107

The Company's management believes that the presentation in the above manner is suitable for determining lines of action useful in managing risk.

12. Investments held to maturity

denominated in RON

	June 30, 2016	December 31, 2015
Bonds	20,763,186	33,087,934
Interest attached related to the bonds	245,612	1,410,297
Total	21,008,798	34,498,231

Outstanding bonds at June 30, 2016 and December 31, 2015 include:

- corporate bonds issued by Banca Transilvania in EURO, amounting to RON 6.1 mn, purchased in May 2013, convertible into shares in Banca Transilvania, with maturity in May 2020, and an annual variable interest rate based on EURIBOR_{6 months} + a margin set at 6.25%;
- bonds issued by Romenergo SA Bucharest, amounting to RON 14.6 mn (2015: RON 26.9 mn), non-convertible bonds, purchased in June 2013, with maturity in June 2017 and an interest rate of 8% p.a.

During H1 2016 Industrial Energy bonds amounting to RON 12.3 mn were redeemed.

13. Investment property

denominated in RON

	June 30, 2016	December 31, 2015
Balance at the beginning of period	19,288,964	1,028,912
Entries		7,567,959
Transfer from tangible assets		251,829
Exists		
Changes in fair value		10,440,264
Balance at the end of period	19,288,964	19,288,964

Soldul investițiilor imobiliare include valoarea clădirii și a terenurilor dobândite ca urmare a retragerilor din societăți și valoarea clădirilor deținute în urma închiderii unor sucursale, evaluate la valoarea justă.

14. Other assets

denominated in RON

	June 30, 2016	December 31, 2015
Sundry debtors	35,762,435	4,920,020
Other assets	177,659	224,893
Impairment for depreciation of sundry debtors	-756,114	-756,114
Total	35,183,980	4,388,799

Selected explanatory notes to the condensed financial statements as at June 30, 2016

On June 30, 2016, the increase in sundry debtors' position reflects the highlighting of various settlements achieved on subscription to the share capital increase of SIF Imobiliare PLC in the amount of RON 13.4 mn and payment of security for market operations amounting to RON 16 mn.

15. Deferred tax liabilities

Deferred tax assets and liabilities at June 30, 2016 and December 31, 2015 are generated by the elements detailed in the following tables:

H1 2016

<i>denominated in RON</i>	Assets	Liabilities	Net
Financial assets at fair value through profit or loss	-449	-	-449
Financial assets available for sale	-	612,032,605	-612,032,605
Property, plant, equipment and investment property	-	11,903,958	-11,903,958
Total	-449	623,936,563	-623,937,012
Corresponding tax on loss carried forward			-
Net temporary differences - 16% rate			-623,937,012
Net temporary differences - 10% rate			0
Deferred tax liabilities			-99,829,921

2015

<i>denominated in RON</i>	Assets	Liabilities	Net
Financial assets at fair value through profit or loss	-449	-	-449
Financial assets available for sale	-	763,812,396	-763,812,396
Property, plant, equipment and investment property	-	11,903,958	-11,903,958
Total	-449	775,716,354	-775,716,803
Corresponding tax on loss carried forward			-
Net temporary differences - 16% rate			-775,716,803
Net temporary differences - 10% rate			0
Deferred tax liabilities			-124,114,688

Deferred income tax liabilities in balance at June 30, 2016 in the amount of RON 99,829,921 (2015: RON 124,114,688i) include:

- deferred income tax recognized directly in equity by reducing the amount of RON 77,661,350 (2015: RON 101,946,117), being generated entirely by reserves for financial assets available for sale at fair value,
- deferred tax mainly for the differences from 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.

16. Other liabilities

<i>denominated in RON</i>	June 30, 2016	December 31, 2015
Liabilities to employees	579,161	2,780,949
Taxes and fees	439,878	4,832,005
Internal suppliers	73,009	136,861
Amounts payable	7,911,784	
Total	9,003,832	7,749,815

Selected explanatory notes to the condensed financial statements as at June 30, 2016

Amounts payable as at June 30, 2016 include amounts to be paid to the company SIF Imobiliare PLC following the subscribing to the capital increase.

17. Capital and reserves

(a) Capital social

The share capital of SIF Banat-Crişana amounts to RON 54,884,926.80, divided into 548,849,268 shares with the nominal value of RON 0.1 and it is the result of direct subscriptions to the share capital of the company, by converting into shares the amounts due as dividends under Law no. 55/1995 and pursuant to Law no. 133/1996. As at June 30, 2016 the number of shareholders was 5,771,219 (December 31, 2015: 5,774,815).

The shares issued by SIF Banat-Crişana 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 as June 30, 2016 and December 31, 2015. 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 in the table below:

<i>denominated in RON</i>	June 30, 2016	December 31, 2015
Statutory share capital	54,884,927	54,884,927
The effect of applying IAS 29 on share capital	684,298,992	684,298,992
Restated capital	739,183,919	739,183,919

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

The reserve for the initial portfolio was set up under the application of Law no. 133/1996, as the difference between the portfolio value and the subscribed capital contribution to the company. 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 FSA Norm no. 39/2015 is presented in the following table:

<i>denominated in RON</i>	June 30, 2016	December 31, 2015
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
Reserves from the application of Law no. 133/1996	2,105,675,691	2,105,675,691

The effect of hyperinflation over the share capital amounting to RON 684,298,992 and over the reserve set-up following the application of Law no. 133/1996 amounting to 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 financial assets available for sale

This reserve comprises cumulative net changes in the fair values of financial assets available for sale from the date of their classification in this category to the date they have been derecognized or impaired.

Reserves from the revaluation of financial assets available for sale are recorded net of related deferred tax.

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(d) Legal reserves

Pursuant to the legal requirements, the Company set-up legal reserves in the amount of 5% of recorded profit according to applicable accounting standards up to 20% of the share capital as per the Articles of Incorporation. The legal reserve as at June 30, 2016, amounts to RON 10,976,985 (December 31, 2015: RON 10,976,985). The Company has no longer set-up legal reserves from the distributed profit, as these reached the upper limit of 20% of the share capital, as per the Articles of Incorporation.

Legal reserves cannot be distributed to shareholders.

(e) Dividends

During H1 2016 there was no approval of dividend distribution. In 2015 shareholders approved the dividend distribution from the profit for the year 2014 in the amount of RON 0.1 / share, meaning the total amount of RON 54,884,927.

18. Earnings per share

Calculul rezultatului pe acțiune de bază s-a efectuat în baza profitului atribuit acționarilor ordinari și a numărului mediu ponderat de acțiuni ordinare:

<i>denominated in RON</i>	June 30, 2016	December 31, 2015
Profit attributable to ordinary shareholders	68,925,262	18,403,657
Weighted average number of ordinary shares	548,849,268	548,849,268
Basic earnings per share	0.126	0.034

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

19. Contingent assets and liabilities

(a) Litigations

As at June 30, 2016 the Legal Department of the Company reported 102 litigations pending in Courts. The company had legal standing in 83 lawsuits, and passive legal standing in 19 lawsuits.

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) Other liabilities

The company has subscribed on 21.03.2016 to the capital increase of the company SIF Imobiliare PLC with the amount of RON 13,409,884 representing 2,999,974 newly issued shares, of which on March 21, 2016 was transferred the amount of RON 4,023,000 (representing 30% of the subscription amount) and on June 30, 2016 the amount of RON 1,475,000, while the remaining is to be paid in the future.

20. Related parties

The parties are considered related if one party has the ability to control the other party or to exercise a 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

June 30, 2016

- As at June 30, 2016, the Board of Directors of SIF Banat-Crișana was comprised of 7 members: Bogdan-Alexandru Drăgoi-Chairman, Octavian Avrămoiu-Vice-Chairman, Ștefan Dumitru, Valentin Chiser, Ion Stancu, Dan Weiler and Ionel Marian Ciucioi.

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- As at June 30, 2016, the members of the executive team of SIF Banat-Crişana are: Bogdan-Alexandru Drăgoi – CEO (General Director), Octavian Avrămoiu – Deputy General Director, Teodora Sferdian - Deputy General Director, Laurențiu Riviş – Director.

December 31, 2015

- As at December 31, 2015, the Board of Directors of SIF Banat-Crişana was comprised of 7 members: Bogdan-Alexandru Drăgoi-Chairman, Octavian Avrămoiu-Vice-Chairman, Ștefan Dumitru, Valentin Chiser, Ion Stancu, Dan Weiler and Ionel Marian Ciucioi.
- As at December 31, 2015, the members of the executive team of SIF Banat-Crişana are: Bogdan-Alexandru Drăgoi – CEO (General Director), Octavian Avrămoiu – Deputy General Director, Teodora Sferdian - Deputy General Director.

During the period of the interim reporting, there were no transactions carried out and no advances and loans were granted to managers and administrators of the Company, except for work related travel advances.

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

Subsidiaries

As at June 30, 2016 and December 31, 2015, the Company held stakes in 11 companies.

Associated entities

The number of entities in which the Company holds stakes between 20% and 50% of the capital as at June 30, 2016 and December 31, 2015 are 31, of which:

- a. Two entities (Gaz Vest SA Arad, Biofarm SA Bucharest), in which the Company exercises significant influence;
- b. 10 entities that do not qualify as associates, because the Company does not exercise significant influence in those companies;
- c. 19 entities in insolvency / liquidation / bankruptcy.

Transactions with related parties during the interim reporting period:

During H1 2016 the Company paid to the company Administrare Imobiliare SA (management company for SIF Imobiliare) the total amount of RON 68,349, representing rent and operating expenses for the rented space.

On March 21, 2016 was paid the subscription of the capital increase in the company SIF Imobiliare PLC, amounting to RON 13,409,884, of which the amount of RON RON 5,498,100 was transferred.

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21. Events after the period of interim report

- On July 25, 2016, the Company convened the OGM and EGM for August 29(30), 2016, having on the agenda: OGM – approval of the the consolidated financial statements prepared under IFRS; EGM - approval of the amendment of the articles of incorporation in order to reduce the number of board members from 7 to 5, with effect from 24.04.2017.
- By Decision No. 1499/27.07.2016, the Financial Supervisory Authority approved the document of the public tender offer for the shares issued by SIF Banat-Crișana, initiated by the Company, the offer having the following characteristics: Number of shares being tendered is of 27,450,000, representing 5.0014% of the share capital; Nominal value: 0.10 RON / share; The purchase price is: RON 1.70 / share; Period: 02.08.2016 – 23.08.2016; Intermediary Raiffeisen BANK S.A; Places of subscription: according to the information from the tender offer document.
- By Endorsement no. 186/28.07.2016, FSA endorsed the has endorsed the change in the composition of the Company's Board of Directors following the election of Mr. Ionel-Marian CIUCIOI as administrator, pursuant to Resolution no. 1 of the Ordinary General Meeting of SIF Banat-Crișana's Shareholders held on April 26, 2016.