

SIF Banat-Crișana S.A.

Separate Financial Statements
as at 31 December 2017

prepared in accordance with the Norm no. 39/2015 for
the approval of the Accounting Regulations in
accordance with the International Financial Reporting
Standards applicable to entities authorized, regulated
and supervised by the Financial Supervisory Authority,
operating within the Financial Instruments and
Investments Sector

Contents

Independent Auditor's report

Separate financial statements

Separate statement of profit or loss and other comprehensive income 1

Separate statement of financial position 2

Separate statement of changes in equity 3 – 4

Separate statement of cash flows 5

Notes to the separate financial statements 6– 72

Separate statement of profit or loss and other comprehensive income
for the financial year ended as at 31 December 2017

In RON	Note	31-Dec-17	31-Dec-16
Revenues			
Dividend income	7	81,469,412	101,624,336
Interest income	8	3,277,959	5,314,722
Other operating revenue		180,497	225,646
Investment gains/losses			
Gains from investment property	9	989,353	177,703
(Loss)/Net gains from exchange differences		168,443	(110,431)
Net profit from the sale of assets	10	2,150,991	2,189,901
Net Profit/(Loss) from financial assets at fair value through profit or loss		30	(140)
Expenses/other income			
Impairment/reversal of impairment of available-for-sale financial assets	11	3,912,645	(5,489,150)
Other (expenses)/reversals from adjustments for the impairment of other assets and provisions	12	(202,512)	458,984
Fees expenses	13	(2,717,509)	(2,255,325)
Other operating expenses	14	(16,737,900)	(16,916,799)
Profit before tax		<u>72,491,410</u>	<u>84,301,479</u>
Income tax	15	(2,938,216)	(2,938,778)
Net profit of the financial year		<u>69,553,195</u>	<u>81,362,702</u>
Other comprehensive income Items that are or may be transferred to profit or loss			
Fair value reserve (available-for-sale financial assets):			
Amount transferred to profit or loss	18	(2,442,752)	3,861,082
Change in fair value	18	316,072,688	140,679,472
Tax effect on the above reserves	18	(44,763,818)	(7,321,445)
Fixed assets revaluation reserve		-	32,765
Other comprehensive income		<u>268,866,118</u>	<u>137,251,875</u>
Total comprehensive income for the period		<u>338,419,313</u>	<u>218,614,576</u>
Earnings per share			
Basic		0.134	0.151
Diluted		0.134	0.151

The separate financial statements were authorized for issue by the Board of Directors on 19 March 2018 revised and approved in a final form at the meeting on 26 March 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, General Manager

Ștefan Doba
Finance Manager

**Separate statement of financial position
as at 31 December 2017**

<i>In RON</i>	<i>Note</i>	31 December 2017	31 December 2016
Assets			
Cash and cash equivalents	16	11,320,217	16,372,090
Bank deposits	17	4,814,586	41,253,904
Financial assets at fair value through profit and loss – held for trading		338	309
Available-for-sale financial assets	18	2,440,191,357	2,007,925,978
Held-to-maturity investments	19	6,499,764	6,336,716
Investment Property	20	20,042,164	19,466,667
Property, Plant and Equipment	21	3,435,599	3,183,928
Other financial assets	22	1,627,078	15,434,596
Other assets		214,068	215,140
Total assets		<u>2,488,145,171</u>	<u>2,110,189,328</u>
Liabilities			
Dividends payable	23	15,586,380	20,204,246
Deferred tax liabilities	24	176,433,120	130,804,501
Other financial liabilities	25	3,703,802	4,465,122
Other liabilities and income recorded in advance		1,181,726	-
Provisions for risks and expenses		-	469,374
Total liabilities		<u>196,905,028</u>	<u>155,943,243</u>
Equity			
Share capital	26	52,000,000	54,884,927
Effect of applying IAS 29 on the share capital	26	648,330,055	684,298,992
Treasury shares	26	(4,748,190)	(52,443,756)
Losses from redemption of treasury shares		(124,659)	(734,130)
Reserves established following the application of Law no. 133/1996	26	2,105,675,691	2,105,675,691
Effect of applying IAS 29 on the capital over the retained earnings	26	(2,608,519,657)	(2,644,488,595)
Retained earnings		145,433,105	204,087,976
Other reserves		690,289,841	608,927,140
Reserves from the reevaluation of Property, Plant and Equipment		97,794	97,794
Legal reserves	26	10,976,985	10,976,985
Reserves from the reevaluation of available-for-sale financial assets		1,251,829,179	982,963,061
Total equity		<u>2,291,240,143</u>	<u>1,954,246,085</u>
Total liabilities and equity		<u>2,488,145,171</u>	<u>2,110,189,328</u>

The separate financial statements were authorized for issue by the Board of Directors on 19 March 2018 revised and approved in a final form at the meeting on 26 March 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, General Manager

Ștefan Doba
Finance Manager

Separate statement of changes in equity *for the financial year ended as at 31 December 2017*

In RON	Inflated share capital	Treasury shares	Losses from redemption of shares	Legal reserves	Reserves established following Law no.133/1996 inflated	Reserves from reevaluation of available for sale financial assets	Reserves from reevaluation of fixed means	Other reserves	Accumulated profit	Effect of applying IAS 29 to the equity elements on retained earnings	Total
Balance as at 1 January 2017	<u>739,183,919</u>	<u>(52,443,756)</u>	<u>(734,130)</u>	<u>10,976,985</u>	<u>2,105,675,691</u>	<u>982,963,061</u>	<u>97,794</u>	<u>608,927,140</u>	<u>204,087,976</u>	<u>(2,644,488,595)</u>	<u>1,954,246,085</u>
Comprehensive income											
Profit of the financial year	-	-	-	-	-	-	-	-	69,553,195	-	69,553,195
Other comprehensive income											
Reserve from the reevaluation of available-for-sale financial assets transferred to the statement of income	-	-	-	-	-	(2,442,752)	-	-	-	-	(2,442,752)
Net change of the reserve from the reevaluation of available-for-sale financial assets	-	-	-	-	-	316,072,688	-	-	-	-	316,072,688
Deferred income tax	-	-	-	-	-	(44,763,818)	-	-	-	-	(44,763,818)
Total comprehensive income of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,866,118</u>	<u>-</u>	<u>-</u>	<u>69,553,195</u>	<u>-</u>	<u>338,419,313</u>
Other reserves	-	-	-	-	-	-	-	81,362,701	(81,362,701)	-	-
Transactions with shareholders, recognized directly in equity											
Redemption of treasury shares	-	(1,348,190)	(77,064)	-	-	-	-	-	-	-	-
Annulment of treasury shares	(38,853,864)	49,043,756	686,535	-	-	-	-	-	(46,845,364)	35,968,937	(1,425,254)
Total transactions with shareholders, recognized directly in equity	<u>(38,853,864)</u>	<u>47,695,566</u>	<u>609,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,845,364)</u>	<u>35,968,937</u>	<u>(1,425,254)</u>
Balance as at 31 December 2017	<u>700,330,055</u>	<u>(4,748,190)</u>	<u>(124,659)</u>	<u>10,976,985</u>	<u>2,105,675,691</u>	<u>1,251,829,179</u>	<u>97,794</u>	<u>690,289,841</u>	<u>145,433,105</u>	<u>(2,608,519,658)</u>	<u>2,291,240,143</u>

The separate financial statements were authorized for issue by the Board of Directors on 19 March 2018 revised and approved in a final form at the meeting on 26 March 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
President, General Manager

Ștefan Doba
Economic Director

Separate statement of changes in equity *for the financial year ended as at 31 December 2017*

In RON	Inflated share capital	Own actions	Losses from share redemption n	Legal reserves	Reserves established following Law no.133/1996 inflated	Reserves from reevaluation of available for sale financial assets	Reserves from reevaluat ion of fixed means	Other reserves	Accumulate d profit	Effect of applying IAS 29 to the equity elements on retained earnings	Total
Balance as at 1 January 2016	739,183,919	-	-	10,976,985	2,105,675,691	845,743,951	65,029	608,927,140	122,725,274	(2,644,488,595)	1,788,809,394
Comprehensive income											
Profit of the financial year	-	-	-	-	-	-	-	-	81,362,701	-	81,362,701
Other comprehensive income											
Reserve from the reevaluation of available-for-sale financial assets transferred to the statement of income	-	-	-	-	-	3,861,082	-	-	-	-	3,861,082
Net change of the reserve from the reevaluation of available- for-sale financial assets	-	-	-	-	-	140,679,472	-	-	-	-	140,679,472
Reevaluation of Property, Plant and Equipment	-	-	-	-	-	-	32,765	-	-	-	32,765
Deferred income tax	-	-	-	-	-	(7,321,445)	-	-	-	-	(7,321,445)
Total comprehensive income of the period	-	-	-	-	-	137,219,110	32,765	-	81,362,701	-	218,614,576
Transactions with shareholders, recognized directly in equity											
Dividends written-off											
Redemption of treasury shares	-	(52,443,756)	(734,130)	-	-	-	-	-	-	-	(53,177,886)
Total transactions with shareholders, recognized directly in equity	-	(52,443,756)	(734,130)	-	-	-	-	-	-	-	(53,177,886)
Balance as at 31 December 2016	739,183,919	(52,443,756)	(734,130)	10,976,985	2,105,675,691	982,963,061	97,794	608,927,140	204,087,975	(2,644,488,595)	1,954,246,084

Compared to the presentation of the financial statements for the year 2016, within Other comprehensive income the deferred tax effect was inserted. From the values of the Reserve from the reevaluation of available-for-sale financial assets transferred to the statement of income and of the Net variation of the reserve from the reevaluation of the available-for-sale financial assets, the influence of the deferred income tax was removed, the respective amount being presented differently.

The separate financial statements were authorized for issue by the Board of Directors on 19 March 2018 revised and approved in a final form at the meeting on 26 March 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
President, General Manager

Ștefan Doba
Economic Director

Separate statement of cash flows
for the financial year ended as at 31 December 2017

<i>In RON</i>	Nota	31 December 2017	31 December 2016
Operating activities			
Net profit of the period		69,553,195	81,362,702
<i>Adjustments for:</i>			
Depreciation of Property, Plant and Equipment and Intangible Assets		202,645	237,539
Net (Gains)/Loss from the disposal of Property, Plant and Equipment		(11,988)	-
Earnings from evaluation of Investment Property (Reversals)/Expenses with adjustments for the impairment of assets		(989,353)	(177,703)
Net profit from the sale of assets	10	(3,912,645)	5,489,150
(Net earnings)/ net loss from financial assets at the fair value through profit		(2,150,991)	(2,189,901)
Dividends income	7	(30)	140
Interests income	8	(81,469,412)	(101,624,336)
Expenses with /(income from) other provisions and adjustments		(3,277,959)	(5,314,722)
Income tax	15	202,512	458,984
		2,938,216	2,938,778
Changes in assets and liabilities corresponding to operating activities			
Changes in other assets (receivables, etc.)		(114,865)	(2,546,555)
Changes in other financial liabilities		1,096,503	1,535,469
Paid income tax		(962,378)	(1,851,725)
Net cash used in operating activities		<u>(18,896,551)</u>	<u>(21,682,180)</u>
Investment activities			
Payments for the acquisition of shares in subsidiaries and other available-for sale securities (shares, fund units, government securities)	10, 18	(187,000,444)	(152,658,954)
Proceeds from the sale of other available-for-sale securities (shares)		85,805,053	3,784,252
(Investments) / Proceeds from deposits for a period higher than 3 months		36,072,333	108,181,106
Investments by issuer of bonds		(160,893)	27,013,833
Proceeds from the sale of Property and investments		440,757	-
Payments for the acquisition of Property, Plant and Equipment		(462,162)	(49,939)
Dividends cashed		79,528,077	102,603,588
Interests cashed		4,497,211	4,850,262
Net cash from investment activities		<u>18,719,932</u>	<u>93,724,148</u>
Financing activities			
Dividends paid		(3,450,000)	(3,970,007)
Redemption of treasury shares		(1,425,254)	(53,177,886)
Net cash used in financing activities		<u>(4,875,254)</u>	<u>(57,147,892)</u>
Net increase / (decrease) in cash and cash equivalents			
		(5,051,873)	14,894,075
Cash and cash equivalents as at 1 January		16,372,090	1,478,015
Cash and cash equivalents as at 31 December		<u>11,320,217</u>	<u>16,372,090</u>

The separate financial statements were authorized for issue by the Board of Directors on 19 March 2018 revised and approved in a final form at the meeting on 26 March 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, General Manager

Ștefan Doba
Finance Manager

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

1. Reporting entity

Societatea de Investiții Financiare Banat–Crișana SA (the „Company”) was established according to Law no. 133/1996 by the reorganization and transformation of Fondul Proprietatea Privata Banat-Crișana and it is a trading joint-stock company operating according to Law 31/1990 and to Law no. 297/2004.

The registered office of SIF Banat–Crișana is in Arad, Calea Victoriei, nr. 35 A, județul Arad, cod 310158, phone 0257.234.167, Facsimile: 0257.250.165. The registration number with the Trade Register Office is: JO2/1898/1992, and the Tax Identification Number is: 2761040

The business object of the Company is:

- carrying-out financial investments in order to increase the value of its treasury shares according to the regulations in force;
- managing the investment portfolio and exercising all rights related to the invested instruments;
- other auxiliary and related activities, according to the regulations in force.

The Company’s shares have been listed on the Bucharest Stock Exchange, starting with 1 November 1999 and are traded on the Premium category regulated market, having the symbol SIF1.

Starting with 29.01.2014, the depositary company of the Company is BRD Groupe Société Générale, until that date ING Bank NV Amsterdam Bucharest branch office held this position and the company providing registry services is Depozitarul Central SA Bucharest.

2. Basis of preparation

(a) Statement of compliance

The separate financial statements were prepared in accordance with the Norm no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority within the Financial Instruments and Investments Sector (the Norm).

At the time of approval of these separate financial statements the Company has not prepared the related consolidated financial statements in accordance with IFRS for the Company and its subsidiaries (the "Group") as required by IFRS 10. The Company applied an interpretation contained in the agenda paper issued by the European Commission Internal Market and Services for the meeting of the Accounting Regulatory Committee (document ARC/08/2007) about relationship between the IAS regulation and the 4th and 7th Company Law Directives. The Commission Services Department was of the opinion that, if a company chooses or is required to prepare its annual financial statements in accordance with IFRS as adopted by the European Union, it can prepare and file them independently from the preparation and filing of its consolidated financial statements

In the consolidated financial statements, subsidiary undertakings - which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations - will be fully consolidated.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2017, as soon as they become available in order to obtain full information on the financial position, results of operations and cash flows of the Group as a whole.

The separate financial statements were authorized by the Board of Directors on 26 March 2018. According to the Regulations no. 1606/2002 of the European Parliament and of the European Union Council dated 19 July 2002, as well as to Law no.24/2017 on issuers of financial instruments and market operations in 2017, the financial investments Companies must prepare and submit before the Financial Supervisory Authority (FSA) the annual consolidated financial statements, in accordance with IFRS, within 4 months as of the end of the financial year.

The date 31 December 2015 is the transition date to IFRS. During 2011-2014 the Company prepared for information the financial statements in accordance with IFRS (by restatement of the statutory financial statements), that were audited and disclosed to public.

The date 31 December 2015 is the adoption date of IFRS as main accounting basis for statutory reporting as well, date when, by restatement, the operations determined following the passing from the Regulations of National Securities Commission no. 4/2011 to the Accounting Regulations under IFRS were made and registered.

The most important changes in the financial statements prepared according to the Accounting and Reporting Regulations to comply with the IFRS requirements adopted by the European Union are:

- grouping more elements into more comprehensive categories;
- adjustments of assets, liabilities and equity items, according to 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, according to IAS 39 - „Financial Instruments: Recognition And Measurement”;
- adjustments in the statement of income to register the dividends income when declared and at their gross value;
- adjustments for the recognition of receivables and payables regarding the deferred income tax, according to IAS 12 „Income Taxes”; and
- disclosure requirements in accordance with IFRS.

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker. The chief operating decision-maker (president of BOD) is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately. The Company is managing all activities as one reportable activity segment.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

(b) Presentation of the separate financial statements

The Company adopted a liquidity-based presentation within the statement of financial position and a presentation of income and expenses depending on their nature within the statement of comprehensive income, considering that these disclosure methods provide reliable and more relevant information than that one presented based on other methods allowed by IAS 1 „Presentation of financial statements”.

(c) Basis of measurement

The separate financial statements are prepared based on the fair value convention for the financial assets and liabilities at their fair value through profit and loss and the available-for-sale financial assets, except for those for which the fair value cannot be established reliably.

Other financial assets and liabilities as well as the non-financial assets and liabilities are presented at amortized cost, reevaluated amount or historical cost.

The methods used to measure the fair value are presented at Note 3(e)(iii) and Note 5.

(d) Functional and presentation currency

The Company’s management considers that the functional currency, as defined by IAS 21 „Effects of changes in foreign exchange rates”, is the Romanian leu (RON or lei). The separate financial statements are presented in RON, rounded to the nearest RON, the currency that the Company’s management chose as presentation currency.

(e) Use of estimates and judgments

The preparation of the separate financial statements in accordance with IFRS supposes the use by the management of some estimates, judgments and assumptions that affect the application of the accounting policies as well as the reported value of the assets, liabilities, income and expenses. Such estimates and assumptions related to these judgments are based on the historical experience as well as on any other factors considered reasonable within the context of these estimates. The results of these estimates form the basis of judgments related to the carrying amounts of the assets and liabilities cannot be obtained from other sources of information. The results obtained may differ from the values of estimates.

The underlying estimates and assumptions are reviewed on an ongoing basis. The reviews of the accounting estimates are recognized during the period in which the estimate is reviewed, if the review affects only that period or during the period in which the estimate is reviewed and the future periods if the review affects both the current period and the future periods.

The judgments made by the management in applying the IFRS that have a significant effect on the separate financial statements as well as the estimates that involve a significant risk of a material adjustment during the next year are presented at Note 5.

(f) Changes in accounting policies

The accounting policies adopted comply with those ones used during the previous year.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

3. Significant accounting policies

The accounting policies presented below have been applied coherently during all periods presented within these separate financial statements.

(a) Subsidiaries and associates

Subsidiaries are entities under the Company's control. The Company controls an entity in which it invested when it is exposed or has rights over the variable return based on its participation in the entity in which it invested and has the capacity to influence that income through its authority over the entity in which it invested. When assessing control, the potential or convertible voting rights that are exercisable at that moment are also considered.

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

The list of subsidiaries and associates as at 31 December 2016 and 31 December 2017 are presented at Note 29 of the separate financial statements.

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

(b) Transactions in foreign currency

The operations expressed in foreign currency are carried in RON at the official exchange rate on the transaction settlement date. The monetary assets and liabilities registered in the foreign currency on the issue date of the statement of financial position are changed into the functional currency on the exchange rate on the respective day. The gains or the losses from the monetary elements are represented as the difference between the amortized costs expressed in the functional currency at the beginning of the reporting period, adjusted by an effective interest and the payments during the period, and the amortized cost in foreign currency converted into the functional currency at the exchange rate at the end of the period.

The non-monetary assets and liabilities denominated in foreign currency and measured at their fair value are translated into the functional currency at the exchange rate on the date when the fair value was determined.

The gains or losses from settlement are recognized in the statement of income, except for the cases in which the exchange differences result from the translation of the financial instruments classified as being available for sale that are included in the reserve resulting from the modification of the fair value of these financial instruments and of the cases in which the exchange differences result from the translation of the financial instruments classified at their fair value through profit and loss that are presented as being gains or losses from the fair value.

The exchange rates of the main foreign currencies were:

Currency	Spot rate 31 December 2017	Spot rate 31 December 2016
EUR	4.6597	4.5411
USD	3.8915	4.3033

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

(c) Accounting for the effect of hyperinflation

According to IAS 29 („Financial Reporting in Hyperinflationary Economies”) the financial statement of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the terms of the current purchase power of the currency on the issuing date of the statement of financial position, that is the non-monetary elements are restated using the consumer price index on the acquisition or contribution date.

According to IAS 29, an economy is considered hyperinflationary if, besides other factors, the cumulated rate of inflation for a three-year period exceeds 100%.

The continuous decrease of the inflation rate and other factors related to the characteristics of the economic environment of Romania indicate the fact that the economy whose functional currency was adopted by the Company stopped being hyperinflationary, with effect on the financial periods starting with 1 January 2004. Therefore, the provisions of IAS 29 were adopted for the issue of the separate financial statements until 31 December 2003.

Therefore, the values expressed in the measuring unit current as at 31 December 2003 are treated as the basis for the carrying amounts reported in the separate financial statements and do not represent measured values, replacement cost, or any other measurement of the current value of the assets or prices at which the transactions would take place at this moment.

In order to prepare the separate financial statements as at 31 December 2015, the Company adjusted the following elements to be expressed in the measuring unit current as at 31 December 2003:

- The share capital and the reserves (See note 26);
- The available-for-sale financial assets measured at cost, for which there is no active market and for which it is not possible to determine a fair value reliably (See note 3 e));

(d) Cash and cash equivalents

The cash comprises the cash on hand and the demand deposits.

The cash equivalents are short-term financial investments, highly liquid, that are slightly convertible into cash and are referred to a non significant risk of change in value.

Upon the issue of the statement of cash flows, the following have been considered cash and cash equivalents: cash on hand, current bank accounts and deposits with an initial due date of less than 90 days.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

(e) Financial assets and liabilities

(i) Classification

The company classifies the financial instruments held under the following categories:

Financial assets or liabilities measured at fair value through profit or loss

This category includes financial assets or financial liabilities held for trading, derivative financial instruments, structured and financial instruments designated at fair value through profit or loss upon the initial recognition. A financial asset or liability is classified within this category if it was acquired mainly to speculative purpose or if it was appointed within this category by the Company management.

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

Held-to-maturity investments

The held-to-maturity investments represent those non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the firm intent and ability to hold to maturity, other than:

- Those that the entity, upon the initial recognition, appoints them as being evaluated at fair value through profit or loss;
- Those that the entity appoints as being available for sale; and
- Those that correspond to the definition of loans and receivables.

The Company must not classify any financial asset as held-to-maturity if the Company, during the current financial year or during the latest two previous years, has sold or reclassified before maturity more than a non significant value of the held-to-maturity investments (more than non significant related to the total value of held-to-maturity investments), other than those of sales or reclassifications that:

- are so closed to maturity or the anticipated reimbursement date of the financial asset (for example, at less than three months before the due date) so that the modifications of the interest market rate have no significant effect on the fair value of the financial asset;
- take place once the entity collected the greatest part of the initial value of the financial asset through scheduled payments or anticipated payments; or
- are attributable to an isolated event falling outside the entity's scope of control, do not repeat and would not have been anticipated by the entity.

Loans and receivables

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

- those that the entity intends to sell immediately or within short time (that must be classified as being held-to-maturity) and those that the entity, upon the initial recognition, designates as being at fair value through profit or loss;
- those that the entity, upon the initial recognition, designates as being available for sale; or
- those for which the holder might not recover substantially the entire initial investment, due to other reasons than the credit deterioration (that must be classified as being available for sale).

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Available-for-sale financial assets

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

Subsequent to the initial recognition, the available-for-sale financial assets for which there is an active market are measured at fair value and the changes in fair value, other than the impairment losses, as well as the gains and losses resulted from the changes in foreign exchange rate corresponding to the available-for-sale monetary elements, are recognized directly in equity. When the asset is derecognized, the accumulated gain or loss recognized in equity is transferred to the statement of income.

(i) Recognition

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

(ii) Measurement

After the initial recognition, the entity must measure the financial assets, including the derivative instruments considered assets, at their fair value, without any deduction for the trading costs that might be borne at the sale or other assignment, excepting the following categories of financial assets:

- a) loans and receivables – measured at amortized cost according to the effective interest method;
- b) held-to-maturity investments – measured at amortized cost according to the effective interest method; and
- c) investments in equity that have no market price quoted on an active market and whose fair value cannot be evaluated reliably and derivative instruments that have as underlying assets such equity instruments – measured at cost.

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

After the initial recognition, the entity must measure all financial liabilities at amortized cost according to the effective interest method, except for:

- a) The financial liabilities measured at fair value through profit or loss. Such liabilities, including the derivative instruments that are liabilities, are measured at fair value, except for the derivative liabilities that are related and must be settled through the delivery of a non quoted equity instrument whose fair value cannot be measured reliably; these derivative liabilities must be measured at cost;
- b) financial liabilities that arise when the transfer of the financial asset fails to fulfill the conditions for derecognition.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Measurement at amortized cost

The amortized cost of a financial asset or of a financial liability is the value at which the financial asset or the financial liability is measured after the initial derecognition minus the reimbursement of principal, plus or minus the accumulated amortization using the effective interest method for each difference between the initial value and the value at due date, and minus any reduction (direct or by the use of an adjustment account) for impairment or unrecoverability.

The effective interest rate represents the rate that updates exactly the future payments and proceeds in cash during the forecasted life of the financial instrument or, where applicable, during a shorter period, up to the level of the net carrying amount of the financial asset or of the financial liability. For the calculation of the effective interest rate, the entity must estimate the cash flows considering all contractual conditions of the financial instrument, but must not consider the future losses from the changes in credit risk. The calculation includes all fees paid or cashed by the contracting parties that make integral part of the effective interest rate, transaction costs and all the other premiums and discounts.

Measurement at fair value

Fair value represents the price that would be received upon the sale of an asset or paid to extinguish a debt within a transaction developed under normal conditions between the participants in the principal market, on the measurement date, or in the absence of the principal market, 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 the prices quoted on an active market for that instrument. A financial instrument has an active market if for that instrument quoted prices are readily available and regularly. The company measures the instruments quoted on the active markets using the closing price.

A financial instrument is considered as being quoted on an active market when the quoted prices are readily available and regularly from an exchange, dealer, broker, association within the industry, a service for establishing the prices or a regulatory agency, and these prices reflect the transactions occurring actually and regularly, developed under objective market conditions.

Within the category of shares quoted on an active market, all those shares admitted to trading on the Stock Exchange or on the alternative market having frequent transactions are included (for example: at least 30 within the 30-day trading interval before the measurement date. The criterion to establish the active market must be set so that to ensure a stable portfolio of shares measured at cost/at fair value from one reporting period to another one). The market price used to determine the fair value is the closing price of the market on the last trading day before the measurement date.

The fund units are measured according to the Net Asset Value, calculated by the fund administrator using the closing quotations for the quoted financial instruments. If the Company notices that there is no active market for the fund holding, it recurs for measurement to the public financial statements of the fund holding, respectively to the net asset value. According to the net asset, a corrected Net Asset Value is obtained used to evaluate the units in the financial statements of SIF Banat-Crișana.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Government securities are measured based on the market quotation available on Bloomberg for the respective item, multiplied by the unit nominal value.

In the absence of a price quotation on an active market, the Company uses measurement techniques. The fair value of the financial assets not traded on an active market is determined by authorized valuers, within the current assessment compartment within the Company.

The valuation techniques include techniques based on the use of observable inputs, such as the quoted price of the identical element held by another party as asset, on a market that is not active, and for the assets for which the observable prices are not available, measurements techniques based on the analysis of the updated cash flows, and other measurement methods used regularly by the market participants, using at maximum the information of the market, based at least as possible on the company specific information. The Company uses valuation techniques that maximize the use of observable data and minimize the use of non observable data.

The value resulted through the use of a measurement model is adjusted depending on the number of factors, because the valuation techniques do not reflect reliably all factors considered by the market participants when closing a transaction. The adjustments are recorded so that to reflect the risk models, the differences between the sale and purchase quotations, the liquidity risks as well as other factors. The Company management considers that these adjustments are necessary to present a faithful measure of the value of the financial instruments held at fair value in the statement of financial position.

Financial instruments that have no active market, being traded at a very low number of transactions, and their fair value cannot be determined reliably, are measured at cost and are tested periodically for impairment. The measurements of these participations bear the risk that they are not reliable values, due to the (i) lack of reasonable information related to these companies, as effect of our position of minority, (ii) the companies are not liquid, there is no potential buyer and there are no comparables on the market.

(iii) Identification and measurement of impairment

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

If there is any proof of this kind, the Company applies the provisions below in order to determine the value of any impairment loss, differently for:

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

A financial asset or a group of financial assets is impaired and impairment losses are borne if and only if there is objective proof of impairment as a consequence of one or many events occurred after the initial recognition of the asset, and if that event (or events) triggering losses has an impact over the future estimated cash flows of the financial asset or of the group of financial assets that can be estimated reliably.

The loss can be determined not by one event but it must be the combined effect of many events.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The forecasted losses as a result of some future events, regardless of their probability, are not recognized.

The objective proof that a financial asset or a group of assets is impaired includes observable information about the upcoming events that trigger losses:

- (a) the significant financial difficulty of the issuer or of the debtor;
 - (b) a breach of the contract (eg. Non fulfillment of the payment obligation of the interest or of the principal);
 - (c) the creditor, due to economic or legal reasons related to the financial difficulties incurred by the debtor, grants to the debtor a concession that otherwise the creditor would not consider otherwise;
 - (d) the issuer, the debtor incurs the bankruptcy procedure or is likely to incur bankruptcy or other form of financial reorganization;
 - (e) the disappearance of an active market for that financial asset because of the financial difficulties;
- or
- (f) observable data showing that there is a quantifiable decrease in the future estimated treasury flows within a group of financial assets from the initial recognition of those assets, although the decrease cannot be identified with the separate financial assets of a group, including:
 - (i) non favorable changes in the status of the debtors' payments within the group (eg. greater number of delayed payments); or
 - (ii) national or local economic conditions correlated to the failure to fulfill the obligations regarding the group assets.
 - (g) information related to the significant changes that took place in the technological, market, economic or legal environment in which the issuer operates and indicate the fact that the cost of an investment in the equity instrument might not be recovered.

The significant or prolonged decrease of the fair value of an investment in an equity instrument under its cost represents also objective evidence of impairment.

Under certain cases, the observable data required to estimate the value of an impairment loss of a financial asset may be limited or might not be fully relevant under the current circumstances. For example, this might be the case when a debtor incurs financial difficulties and there is scarce available historical information related to similar debtors. Under such cases, an entity uses its experience-based rationale in order to estimate the value of any impairment loss. Similarly, an entity uses its experience-based rationale in order to adjust the observable data so that a group of financial assets reflects the actual situations.

Financial assets accounted for at amortized cost

If there is objective proof that a loss has incurred from the impairment of loans and receivables or held-to-maturity investments accounted for at amortized cost, the value of the loss is assessed as being the difference between the carrying amount of the asset and the updated value of the future estimated cash flows (excluding the future losses from the risk of loan that were not incurred), updated with the initial effective interest rate of the financial asset.

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

The value of impairment loss is recognized in profit or loss.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

If, during a subsequent period, the value of the impairment loss decreases, and the decrease is related objectively to an event occurred once the impairment has been recognized, the loss previously recognized impairment loss is reversed using an impairment adjustment account.

Reversal may not result in a carrying amount of the financial asset higher than the value that would have been the amortized cost should the impairment have not been recognized, on the date when the impairment loss is reversed.

Available-for-sale financial assets

As regards the available-for-sale financial assets, when a decrease in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective proof that the asset is impaired, the accumulated loss that was recognized directly in other comprehensive income will be reversed from the equity accounts and recognized in the statement of income even if the financial asset has not been yet derecognized.

The value of the accumulated loss that is reversed from equity in the statement of income will be the difference between the acquisition cost (net of principal repayment and amortization) and the current fair value, less any impairment loss of that financial asset recognized previously in the statement of income.

The impairment losses of assets recognized in the statement of income corresponding to some participations classified as being available for sale cannot be reversed in the statement of income. If, during a subsequent period, the fair value of an impaired participation increases, the increase of the value will be recognized directly in other comprehensive income.

If there is objective proof related to a impairment loss of a non listed participation that is not presented at fair value because the fair value cannot be measured reliably, or related to a related derivative financial asset or to be settled by such a non listed, the value of the impairment loss is measured as the difference between the carrying amount of the financial asset and the updated value of the future cash flows using the current internal rate of return of the market for a similar financial asset. These impairment losses are not reversed in the statement of income.

In order to determine whether an asset is depreciated, the Company takes into account the relevant loss events, such as the significant or long-term decrease of the fair value below the cost; the conditions of market and of the field of activity, provided that these ones influence the recoverable measure of the asset; the financial conditions and the short-term perspectives of the issuer, including any non favorable specific events that might influence the operations developed by the issuer, the recent losses of the issuer, the qualified independent auditor's report on the most recent financial statements of the issuer, etc.

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

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

(v) Derecognition

The Company derecognizes a financial asset when the rights to receive cash flows from that financial asset expires, or when the Company transferred the rights to receive the contractual cash flows corresponding to that financial asset in a transaction in which it transferred significantly all risks and benefits of the ownership right.

Any interest in the financial assets transferred retained by the Company or created for the Company is recognized separately as an asset or liability.

The Company derecognizes a financial liability when the contractual obligations ended or when the contractual obligations are cancelled or expire.

(vi) Reclassifications

The Company:

- a) shall not reclassify a derivative instrument 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 assessed at fair value through profit or loss if upon the initial recognition, it was designated by the entity at fair value 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 particularly to sell or repurchase in the near future), may reclassify that financial asset out of the category of instruments assessed at fair value through profit or loss.

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

If, at a certain moment, a financial asset or a financial liability must be accounted for at cost or at amortized cost, and not at fair value, the fair value of the financial asset or of the financial liability at that date becomes its new cost or amortized cost, as the case may be; this situation might occur:

- following the change in the entity's intent or capacity;
- under the rare cases in which it is not available after a reliable evaluation of the fair value;

Any previous gains or losses from that asset that were recognized in other elements of the comprehensive income are accounted for as follows:

- a) As regards a financial asset with a fixed due date, the loss or the gains must be amortized in profit or loss during the useful life of the held-to-maturity investment according to the effective interest method. Any difference between the new amortized cost and the value at due date must also be amortized during the remaining life of the financial asset using the effective interest method, similarly to the amortization of a premium and a discount. If the financial asset is impaired subsequently, any gains or loss that was recognized before directly to other comprehensive income is reclassified from equity to profit or loss;

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

- b) As regards a financial asset that has no fixed due date, the loss or the gains must be recognized in profit or loss when the financial asset is sold or assigned differently. If the financial asset is impaired subsequently, any gains or loss that was recognized in other comprehensive income is reclassified from equity to profit or loss.

(vii) Gains and losses

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

- a) The gains or losses generated by financial assets or financial liabilities classified as being measured at fair value through profit or loss are recognized in profit or loss;
- b) The gains or losses generated by an available-for-sale financial asset are recognized at other comprehensive income, except for impairment losses

When the assets are derecognized, the accumulated losses or gains previously recognized in other comprehensive income are reclassified from equity in profit or loss.

When the financial assets are impaired or derecognized and the financial liabilities are accounted for at amortized cost, and through their amortization process, the Company recognizes the gains or the loss in the statement of income.

As regards the recognized financial assets using the settlement date accounting, no change of the fair value of the asset to be received during the period between the trading date and the settlement date is recognized for the assets carried at cost or at amortized cost (except for impairment losses). But for the assets accounted for at fair value, the change in fair value must be recognized in profit or loss or in equity, as the case may be.

(f) Other financial assets and liabilities

Other financial assets and liabilities are measured at amortized cost using the effective interest method

(g) Property, Plant and Equipment

(i) Recognition and measurement

The Property, Plant and Equipment recognized as assets are measured initially at cost. The cost of an item of Property, Plant and Equipment is formed of the purchase price, including the non recoverable taxes, after having deducted any trade discounts and any costs attributable directly to bringing the asset to the premises and under the necessary condition so that this one might be used to the purpose intended by the management, such as: expenses with employees resulting directly from the construction or acquisition of assets, the costs of site preparation, the initial delivery and handling costs, the installation and assembly costs, the professional fees.

The Property, Plant and Equipment are classified by the Company within the following classes of assets of the same nature and with similar uses:

- Lands and buildings;
- Technical plants and transport means;
- Other furniture, fittings and equipment

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

(ii) Measurement after recognition

After the recognition as asset, the Property, Plant and Equipment in the form of land and buildings whose fair value can be evaluated are accounted for at a reevaluated value, this one being the fair value on the reevaluation date less any subsequent accumulated depreciation and any accumulated impairment losses. Other Property, Plant and Equipment are measured at cost less accumulated amortization and any impairment losses.

Revaluations are made regularly in order to ensure the fact that the carrying amount is not different from what it 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 reevaluated, then the entire class of Property, Plant and Equipment which includes the item is referred to reevaluation.

If the carrying amount of an asset is increased following a reevaluation, the increase is recognized in other comprehensive income and accumulated in equity, as reevaluation surplus.

However, the increase will be recognized in profit or loss provided that it compensates a decrease from the reevaluation of the same asset recognized before in profit or loss.

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

However, the decrease will be recognized in other comprehensive income to the extent in which the reevaluation surplus presents a credit balance for that asset the transfers from the reevaluation surplus in the retained earnings are not made through profit or loss.

(iii) Subsequent costs

The subsequent costs corresponding to Property, Plant and Equipment are measured according to the general recognition criteria of the Property, Plant and Equipment described at chapter (i) Recognition.

The daily maintenance costs („repairs and maintenance costs”) corresponding to the Property, Plant and Equipment are not accounted for; they are recognized as costs of the period during which they are incurred. These costs consist mainly in expenses with the workforce and with consumables, and may include the cost of the low-value components.

The expenses with the maintenance and repairs of Property, Plant and Equipment are registered in the statement of income when they are incurred, and the significant improvements of the Property, Plant and Equipment, that increase their value or their life, or increase significantly the capacity to generate some economic benefits by these ones, are accounted for.

(iv) Depreciation

Depreciation is calculated for the cost of the asset or another value replacing the cost, less the residual value. Depreciation is recognized in the statement of income using the straight-line method for the estimate useful live for the Property, Plant and Equipment, as of the date when they are available for use, this modality reflects faithfully the forecasted manner to consume the economic benefits incorporated in the assets.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

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

Buildings	10-50 years
Equipment, technical installations and machines	3-30 years
Transport means	4-12 years
Furniture and other Property, Plant and Equipment	3-20 years

The depreciation methods, the estimated useful lives as well as the residual values are reviewed by the Company management at each reporting date.

(v) Sale/disposal of Property, Plant and Equipment

The carrying amount of a Property, Plant and Equipment is derecognized (removed from the statement of financial position) on disposal or when no future economic benefit is expected from its use or assignment.

The Property, Plant and Equipment that are scrapped or sold are removed from the balance sheet together with the corresponding accumulated amortization. Any profit or loss resulted from such an operation is included in the result for the period.

(h) Intangible assets

Intangible assets are measured initially at cost. After the initial recognition, an intangible asset is accounted for at cost less the accumulated amortization and any losses from the accumulated depreciation (Note 3k).

(i) Subsequent expenditure

Subsequent expenditures are accounted for only when these ones increase the value of the future economic benefits embedded in the asset to which they are intended. All the other expenditures, including the expenses for the impairment of the goodwill and the internally generated marks, are recognized in the statement of income when they are incurred.

(ii) Amortisation of intangible assets

Amortisation is calculated for the cost or the asset or other amount replacing the cost, less the residual value. Amortisation is recognized in the statement of income using the straight-line method for the estimated useful life for the intangible assets, as of the date when they are available for use, this modality reflects the most reliable the forecasted modality to consume the economic benefits embedded in the asset.

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

Computer software	1-3 years
Other intangible assets	1- 5 years

The amortization methods, the useful lives and the residual values are reviewed at the end of each financial year and adjusted accordingly.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

(j) Investment property

Investment property is a real estate (land, building) held by the Company rather to derive income from rent or to increase the value of the capital, or both of them, rather than to be used to produce or to supply goods or services or to administrative purposes or to be sold during the ordinary course of business.

(i) Recognition

Investment property must be recognized as asset if, and only if there is the probability that the future economic benefits associated to the investment property correspond to the Company and the cost of the investment property can be reliably measured.

(ii) Measurement

Measurement at recognition

Investment property must be measured initially at cost, including transaction costs. The cost of an investment property bought comprises its purchase price plus any directly attributable expenses (for example, professional fees to render the legal services, fees for the transfer of the ownership right and other transaction costs).

Measurement after recognition

Fair value based model

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

Under exceptional situations, on the purchase date for the first time of an investment property, there is clear evidence that fair value of the investment property cannot be determined reliably on an ongoing basis, the Company measures that investment property using the cost model. The residual value of the investment property is assumed to be null. All the other investment properties are measured at fair value. If the Company measured before an investment property at fair value, then it will continue to assess that investment property at fair value until its disposal.

The gains or losses resulted following the changes in the fair value of the investment property are recognized in the statement of income of the period when they occur.

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

(iii) Transfers

The transfers in and from the category of Investment property must be made when and only when there is a modification of the use, emphasized by:

- (a) the Company begins to use – for transfers from the investment property category to the Property, Plant and Equipment category used by the Company;
- (b) starting the arrangement process to the sale perspective – for transfers from the investment property category to the inventories category, held for sale.
- (c) the Company stops using – for transfers from the Property, Plant and Equipment category used by the Company to the investment property category;
- (d) starting of an operational leasing with another party – for transfers from the inventories category to the investment property category.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

(iv) Derecognition

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

The gains or the losses generated from the scrapping or disposal of an Investment property must be recognized in the statement of income during the scrapping or disposal period.

(k) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, other than deferred tax assets, is reviewed at each reporting date in order to identify whether there is any indication of impairment. If such clues exist, the recoverable value of the respective assets is estimated.

An impairment loss is recognized when the carrying amount of the asset or of the cash generating units exceeds the recoverable value of the asset or of the cash generating unit. A cash generating unit is the smallest identifiable cash generating group and is independent to other assets and other groups of assets. The impairment losses are recognized in the statement of income.

The recoverable value of an asset or of a cash generating unit is the maximum between the value in use and its fair value less the costs for the sale of that asset or unit. In order to determine the net value in use, the future cash flows are updated using a discount rate before tax that reflects the current market conditions and the risks specific to the respective asset.

The impairment losses recognized during the previous periods are measured each reporting date in order to determine if they decreased or do not exist anymore. The impairment loss is reversed if a change occurred in the estimates used to determine the recoverable value. The impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been calculated, net of amortization and impairment, if the impairment loss had not been recognized.

(l) Share capital

The ordinary shares are recognized in equity. The directly attributable incremental costs to an issue of ordinary shares are deducted from the share capital, net of taxation effects.

In order to prepare the separate financial statements in accordance with IFRS, the Company also applied the provisions of IAS 29 „Financial Reporting in Hyperinflationary Economies” adjusting, in order to be expressed in the measuring unit current as at 31 December 2003, the share capital.

(m) Provisions for risks and expenses

The provisions are recognized in the statement of financial position when the Company incurs the obligation related to 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. In order to determine the provision, future cash flows are discounted using a discount rate before tax that reflects the current market conditions and the risks specific to the respective liability. The value

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

recognized as provisions represents the best estimate of the necessary expenses to settle the actual obligation at the end of the reporting period.

(n) Interest income and expenses

The interest income and expenses are recognized in the separate statement of income according to the effective interest method. The effective interest rate that updates exactly the payments and proceeds in cash estimated in the future during the expected life of the financial asset or liability (or, as the case may be, during a shorter period) at the carrying amount of the financial asset or liability.

(o) Dividend income

The dividends for an available-for-sale equity instrument are recognized in the profit or loss when the entity's right to receive the payment is established.

As regards the dividends received as shares as an alternative to the cash payment, the dividends income is recognized at the level of the cash that would have been received, in correspondence with the increase of the corresponding participation. The Company does not register income from dividends corresponding to the shares received when there are distributed proportionally to all shareholders.

The dividend income is registered at the gross value including the dividend tax that is recognized as a current expense with the income tax.

(p) Employee benefits

(i) Short-term benefits

The obligations with the short-term employee benefits are not discounted and are recognized in the statement of comprehensive income as the corresponding service is rendered.

The short-term employee benefits include wages, bonuses and social security contributions. The short-term employee benefits are recognized as expense when the services are rendered. A provision is recognized for the amounts expected to be paid as bonuses in short-term cash or employee profit participation scheme considering that the Company has at present a legal or implicit obligation to pay those amounts as results of the past services rendered by the employees and if the respective obligation can be estimated reliably.

(ii) Defined contribution plans

The Company makes payments on behalf on its own employees to the Romanian State pension system, health insurance and unemployment fund, during the normal course of business. The Company also retains and pays to the private pension funds the amounts with which the employees enrolled in a facultative pension plan.

All the Company employees are members and have the legal obligation to contribute (by means of the social contribution) to the pension system of the Romanian State (a State defined contribution plan). All the corresponding contributions are recognized in the statement of income when they are made. The Company has no other supplementary obligations.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The Company is not committed in any independent pension plan and, therefore, it has no other obligations to this purpose. The Company must not render subsequent services to the former or current employees.

(iii) Long-term employee benefits

The Company's net obligation as regards the benefits corresponding to the long-term services is represented by the value of future benefits that the employees earned in exchange of the services rendered by these ones during the current period and previous periods. According to the collective employment Contract in force, the 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 present value of such an obligation is not material, and as such it was not recognized in these financial statements.

(q) Income tax

The income tax corresponding to the year comprises the current tax and the deferred tax. The current income tax includes the income tax resulted from dividends recognized at gross value.

The income tax is recognized in profit or loss or in other comprehensive income if the tax corresponds to the equity elements.

Current tax is the expected tax payable on the taxable income for the year, determined based on the percentages applied on the balance sheet date and of all adjustments corresponding to the previous periods.

Deferred tax is determined using the balance sheet method for those temporary differences occurring between the calculation tax basis for assets and liabilities and their carrying amount used for reporting in separate financial statements.

As at 31 December 2017 and 31 December 2016 the income tax amounted to 16%.

The deferred tax is not recognized for the following temporary differences: initial recognition of the assets and liabilities resulted from transactions that are not business combinations and do not affect the accounting profit or the tax profit and differences resulting from the investments in subsidiaries and associates, provided that these ones are not reversed in the near future. The deferred tax is calculated based on the taxation rates expected to be applicable to the temporary differences when reversed, according to the legislation in force on the reporting date or on the legislation issued on the reporting date that will come into force subsequently.

The deferred tax receivables tax is recognized only if it is probable to obtain taxable profit in the future after the compensation with the tax loss of the previous years with the income tax to recover. The deferred tax receivables are reduced if the tax benefit is unlikely to be realized.

The additional taxes that appear from the dividend distribution are recognized at the same date with the payment obligation of dividends.

The deferred tax receivables and liabilities are presented at the net value in the Company's separate financial statements.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The deferred tax assets and liabilities are compensated if there is a legally enforceable right to compensate the deferred tax receivables and liabilities that relate to taxes levied by the same tax authority, from the same taxable entity, or different tax entities which intend to offset the deferred tax receivables and liabilities on a net base or the tax receivables and liabilities will be realized simultaneously.

(r) Earnings per Share

The Company presents the basic and diluted Earnings per Share for the ordinary shares. The basic Earnings per Share are determined by dividing the profit or loss attributable to ordinary shareholders of the Company to the weighted average number of ordinary shares corresponding to the reporting period. The diluted Earnings per Share is determined by adjusting the profit or loss attributable to ordinary shareholders and of the weighted average number of ordinary shares with the dilution effects generated by the potential ordinary shares.

(s) Dividends

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

Dividends not cashed during three years and for which the right to ask was limited are registered in the retained earnings

(t) Adoption of New or Revised Standards and Interpretations

New Accounting Pronouncements

(i) The following amended standards have entered into force for the Company as of 1 January 2017 but have had no material impact on the Company.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017).

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price.

The Company is currently assessing the impact of the new standard on its financial statements.

Amendments to IAS 7 "Statement of cash flows" Presentation Initiative – (effective beginning on 1 January 2017). The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities.

Recognition of deferred tax assets for unrealized losses ***Amendments to IAS 12 (issued on 19 January 2016 and effective for the periods beginning on or after 1 January 2017)***

(ii) Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2017 or later, and which the Company has not early adopted.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

IFRS 9 “Financial Instruments: Classification and Measurement” (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets’ cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The following table presents changes to the classification and measurement of financial instruments held by the Company as a result of the application of IFRS 9 as of 1 January 2018:

Active category	Classification according to		Final balance 31 Dec 2017 (IAS 39)	Transition effect		Reclassification Mandatory	Initial balance 1 Jan 2018 (IFRS 9)
	IAS 39	IFRS 9		Revaluation Expected credit losses	Other		
Cash and cash equivalent (including bank deposits)	L&R	Amortised cost	16,134,803	-	-	-	16,134,803
Debt instruments	HFT	FVTPL (mandatory)	-	-	-	-	-
Debt instruments	FVTPL	FVTPL (mandatory)	-	-	-	-	-
Debt instruments	FVTPL	FVTPL (mandatory)	-	-	-	-	-
Debt instruments (state and corporate bonds)	AFS	FVTO CI	67,163,649	-	(343,234)	-	66,820,415
Debt instruments (fund units and corporate bonds)	AFS	FVTPL (mandatory)	267,129,024	-	-	-	267,129,024
Debt instruments (corporate bonds)	HTM	Amortised cost	6,321,346	-	-	-	6,321,346
Debt instruments	HTM	FVTPL (mandatory)	-	-	-	-	-
Total debt instruments			356,748,822	-	(343,234)	-	(356,405,588)
Equity instruments (speculative)	HFT	FVTPL (mandatory)	338	-	-	-	-
Equity instruments (associates)	AFS	FVTPL	95,025,865	-	-	-	95,025,865
Equity instruments (subsidiaries)	AFS	FVTO CI	2,008,815,084	-	-	18,957,169	2,027,772,253
Equity instruments	AFS	FVTPL (mandatory)	-	-	-	-	-
Total equity instruments			2,103,841,287	-	-	18,957,169	2,149,024,810
Receivables	L&R	Amortised cost					
Receivables	L&R	FVTPL (mandatory)	1,627,078	-	-	-	1,627,078
Total receivables							
Other financial assets	L&R	Amortised cost	-	-	-	-	-
Other financial assets	L&R	FVTPL (mandatory)	-	-	-	-	-
Total other financial assets			-	-	-	-	-
Total financial assets			-	-	-	-	-

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

As a result of the adoption of IFRS 9 as of 1 January 2018, the fair value reserve for available-for-sale financial assets (Fund Units) in the amount of RON 68,204,116 will be recognized in retained earnings.

For the equity instruments measured at cost under IAS 39 cost, more exactly shares accounted for at acquisition cost less impairment provision, with a net value of 23,956,850 RON as of 31/12/2017 (see note 18), for the purpose of the transition to IFRS 9, the Company started assessing the potential fair values. The fair value method to be used is still underway at the moment of approval of these financial statements. The current development in this respect is that the company started to split these equity investments into categories :

- a) Companies for which market comparatives exists – these will be valued using level 2 techniques
- b) Participations which were sold as subsequent event in Jan-March 2018
- c) Participations in companies, where there are no market comparatives, and which were valued using the FSA approved net assets % method, reduced with discount for lack of marketability and minority discount

In accordance with the transitional provisions of IFRS 9, the Company has decided not to reverse prior periods.

IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019).

For all lessees, this will result in the fact that almost all leasing contracts will be recognized in the balance sheet,

the differences between the operational and financial leasing contracts will be eliminated. According to the new standard, will be recognized an asset (the right to use a rental property) and a financial debt to pay rent. The only exceptions are short-term and low-value leasing contracts. Accounting will not change significantly. The Standard is effective for annual periods beginning on 1 January 2019 and early application is permitted. The Company expects IFRS 16 to have an insignificant impact on current accounting practices.

The following other new pronouncements are not expected to have any material impact on the Company when adopted:

- Amendment to IFRS 2 Share-based payment (issued on 20 June 2016 and effective for annual periods beginning on or after January 2018)
- Amendment IAS 28 Investor and its Associate or Joint Venture – Long-term interests and associates and joint ventures effective for annual periods beginning on or after 1 January 2019.
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28).

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

- Annual Improvements to IFRSs 2015-2017 cycle improvements to IAS 12 and IAS 13, in order to eliminate inconsistencies and bring clarifications (effective for annual periods beginning on or after 1 January 2019).
 - IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
 - Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Unless otherwise stated above, new standards and interpretations are not expected to materially affect the Company's financial statements.

4. Significant risk management

The risk management policy can be found in the Company organizational structure and it encompasses both general and specific risks, as set forth in law no. 297/2004 and the C.N.V.M. Regulation no. 15/2004, as amended and completed.

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. This note provides information on the Company's exposure to each of the above-mentioned risks, the Company's objectives and policies, and the risk assessment and risk management processes. The company uses a variety of policies and procedures for managing and assessing the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

4.1 Financial risk

(a) Market risk

Market risk is the present or future risk of recording losses related balance and off-balance sheet due to adverse movements in market price (such as stock prices, interest rates, foreign exchange rates). Management sets the limits on the value of risk that may be accepted, which are monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Position risk is associated with financial instruments portfolio held by the Company with intention to benefit from positive evolution of prices of underlined financial assets or potential dividends/coupons issued by entities. The Company is exposed to general position risk as well as specific, due to short term investments made in bonds, shares and fund units.

The management is permanently monitoring the reduction of adverse effects related to this financial risk, through an active procedure of diversifying the investment portfolio and by using one or more technics of diminishing of the risk through trading activity or market prices evolution related to financial instruments held by the Company.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Risk of concentration

Concentration risk relates to all financial assets held by the Company, regardless of Company intention to hold these assets, and through diminishing this risk is intended to avoid large exposure against the same debtor/entity at Company level.

The management policy of diversifying exposures is applied to portfolio structure, business structure as well as structure of financial risks exposure. Thus this diversifying policy implies: avoiding excessive exposures against the same debtor/issue, or geographical area; diversifying business structure implies avoiding at Company's level excessive exposure against specific type of business/sector; diversifying structure of financial risks intends to avoid excessive exposure against the same financial risk.

The equity risk of equity instruments is mainly the result of available-for-sale shares. Entities in which the Company holds shares operate in various industries.

The objective of market risk management is to control and manage market risk exposures in acceptable parameters to the extent that profitability is optimized.

The Company's strategy for managing market risk is driven by its investment objective, and market risk is managed in accordance with its policies and procedures.

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

(i) Equity Price risk

Price risk is the risk of decline in value of a security 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.

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 28 (31 December 2016: RON 26), a negative variation of 10% having an equal net impact on the opposite direction.

A positive variation of 10% in the prices of available-for-sale financial assets at fair value, investments in shares and unit funds would lead to an increase in equity, net of tax, of 194,064,233 RON (31 December 2016: RON 157,893,533), 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:

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

As it can be noticed from the above table, as at 31 December 2017, the Company mainly held shares in companies in the banking and insurance field, accounting for 57.01% of the total portfolio, decreasing compared to 54.3% registered as at 31 December 2016.

In RON	31 December 2017	%	31 December 2016	%
Financial brokerage and insurance	1,213,927,110	57.7%	998,800,769	54.3%
Manufacturing industry	333,124,087	15.8%	321,458,880	17.5%
Hotels and restaurants	133,903,433	6.4%	136,860,802	7.4%
Wholesale and retail trade, repair of motor vehicles	28,646,240	1.4%	22,314,716	1.2%
Production and supply of energy, gas and water	35,638,407	1.7%	38,587,783	2.1%
Extractive industry	59,450,796	2.8%	48,652,649	2.6%
Other activities	3,134,241	0.1%	2,537,009	0.1%
Financial services applicable to real estate	268,708,025	12.8%	248,899,192	13.5%
Constructions	1,217,307	0.1%	1,217,306	0.1%
Transport and storage	25,470,155	1.2%	19,740,660	1.1%
Agriculture, forestry and fishing	621,150	0.0%	665,734	0.0%
TOTAL	2,103,840,949	100%	1,839,735,500	100%

As at 31 December 2016 and 31 December 2017 holds unit funds in Active Plus and Omnitrend closed investment fund. The Company is exposed to price risk through the investments made by the fund.

(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.

As regards the 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 liabilities. 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 fair value of future cash flows related to financial instruments

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

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 table show the annual interest rates earned by the Company for interest-bearing assets during the year 2017:

Financial assets	RON		EUR	
	<u>Min</u>	<u>Max</u>	<u>Min</u>	<u>Max</u>
Cash and cash equivalents				
Bank deposits	0.1%	2.15%	1.25%	1.4%
Financial assets available for sale *	2.5%	5.75%	5.75%	5.75%
Investments held to maturity	-	-	5.98%	6.06%

Financial assets available-for-sale include government securities (interest is the nominal coupon, not return on acquisition / adjudication).

The following table show the annual interest rates earned by the Company for interest-bearing assets during the year 2016:

Financial assets	RON		EUR	
	<u>Min</u>	<u>Max</u>	<u>Min</u>	<u>Max</u>
Cash and cash equivalents				
Bank deposits	0.1%	3%	0.42%	1.5%
Financial assets available for sale *	2.9%	3.25%	-	-
Investments held to maturity	8%	8%	6.06%	6.3%

The following table show a summary Company's exposure to the interest rate risk. The table includes the Company's assets and liabilities at the carrying amounts classified by the most recent date of the change in the interest rate and the maturity date.

In RON	2017	2016
Cash and cash equivalent	10,200,000	700,000
Bank deposits	4,800,000	40,872,334
Available-for-sale financial assets*	103,888,634	101,591,097
Held to maturity investments	6,321,346	6,160,454
TOTAL	<u>125,209,981</u>	<u>149,323,884</u>

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The available for sale financial instruments exposed to interest rate risks are the government bonds held by the Company

The impact on the Company's net profit and equity of a change of $\pm 1.00\%$ in the interest rate related to variable interest bearing assets in lei is 1,051,764RON (31 December 2016: RON 1,254,321).

(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.

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 fix derivative transaction during the financial years presented.

The Company's assets and liabilities in RON and foreign currencies at 31 December 2017 can be analyzed as follows:

Financial assets exposed to foreign currency risk (expressed in RON)

<i>In RON</i>	2017	2016
Cash and cash equivalent	141,467	42,641
Bank deposits	-	5,366,250
Available-for sale financial assets*	445,573,454	395,459,760
Held to maturity investments	6,499,764	6,336,716
TOTAL	<u>452,214,686</u>	<u>407,205,367</u>

*Available-for-sale financial assets exposed to foreign currency risks includes investment in share of Erste Bank listed in EUR at the Austria (in 2016 the fund units were also included).

As at 31 December 2016 and 31 December 2017 the company holds assets of Active Plus, Omnitrend and Optim Invest closed investment funds. The Company is exposed to currency risk in terms of placements made by these Investment Funds.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

As at 31 December 2017 the assets of Omnitrend closed investment fund were mainly represented by traded shares held in SIF Moldova – 47.7% (31 December 2016: 42,7%) and bank deposits 48,8%.

As at 2016 the fund hold shares and bonds traded on a stock exchange market of a non-Member State 51.5% (Transeastern Power Trust).

As at 31 December 2017 the total assets of Active Plus closed investment fund were represented mainly of traded shares held in the 83,54% (31 December 2016: 80,7%) and other securities admitted for trading on a market in another Member State OPUS-Chartered Issuances SA 10.21% and other securities admitted for trading on a market in another Member State 6.05% from Morgan Stanley&Co (31 December 2016: 19,2 Merrill Lynch Intl&CO with underlying shares SIF2).

As at 31 December 2017, the total asset of the Investment Fund Optim Invest was mainly represented by traded shares held at SIFs 98.8%.

The following table shows the sensitivity of profit or loss as well as equity to possible changes at the end of the reporting period of the exchange rates in line with the reporting currency, consistently maintaining all other variables:

	<u>31 December 2017</u>		<u>31 December 2016</u>	
	The impact on the profit and loss account	The impact on other elements of the overall result	The impact on the profit and loss account	The impact on other elements of the overall result
Appreciere EUR cu 5% (2016: 5%)	5,942	18,987,075	227,173	16,875,452
Depreciere EUR 5% (2016: 5%)	(5,942)	(18,987,075)	(227,173)	(16,875,452)
Total	-	-	-	-

(b) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, or a financial engagement in which it has entered into a relationship with the Company, resulting in a loss to the Company.

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

The management of the Company closely monitors and expands the exposure to credit risk so that it does not suffer losses as a result of the concentration of credit in a particular sector or field of activity.

As at 31 December 2017 and 31 December 2017, the Company did not have any real collateral as insurance, nor any other credit enhancement.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

As at 31 December 2017 and 31 December 2016, the Company did not record outstanding financial assets but are not impaired.

Below we present our financial assets with exposure to credit risk:

31 December 2017	Current accounts	Bank deposits	Bonds issued by financial institutions (Held to maturity)	Government bonds	Bonds issued by companies (financial assets available for sale)	Other financial assets	Total
<i>Not overdue and not impaired</i>							
BBB+	341,428	9,000,000	-	-	-	-	9,341,428
BBB-	6,779	-	-	64,044,407	-	-	64,051,186
BB+	6,014	-	-	-	-	-	6,014
BB	729,677	6,000,000	6,499,764	-	-	-	13,229,442
B	19,095	-	-	-	-	-	19,095
CCC+	4,056	-	-	-	-	-	4,056
C	2,979	-	-	-	-	-	2,979
NR	1,537	-	-	-	41,901,964	1,627,078	43,530,579
TOTAL	1,111,566	15,000,000	6,499,764	64,044,407	41,901,964	1,627,078	130,184,779

31 December 2016	Current accounts	Bank deposits	Corporate bonds (held to maturity)	Bonds issued by financial institutions (held to maturity)	Other financial assets	Total
<i>Curente și nedepreciate</i>						
Rating AAA până la A-						
BBB+	15,317,091	-	-	-	-	15,317,091
BBB-	7,697	-	-	103,690,723	-	103,698,420
BB+	5,530	-	-	-	-	5,530
BB	244,930	700,000	6,336,716	-	-	7,281,646
B	21,290	31,868,337	-	-	-	31,889,627
CCC+	4,518	-	-	-	-	4,518
C	50,945	9,004,000	-	-	-	9,054,945
NR	1,772	-	-	-	15,434,596	15,436,368
TOTAL	15,653,773	41,572,337	6,336,716	103,690,723	15,434,596	182,688,145

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The Company's maximum exposure to credit risk is 130,184,779 as at 31 December 2017 (31 December 2016: 182,688,145) and can be analyzed as follows:

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

	Credit rating	31 December 2017	31 December 2016
BRD - Groupe Société Générale *	BBB+	9,292,327	15,311,757
Banca Transilvania	BB	6,729,677	944,930
Banca Comerciala Romana	BBB+	47,406	2,930
Veneto Banca	B	19,095	31,889,627
Intesa Sanpaolo Romania	BB-	6,779	7,697
Raiffeisen Bank Romania	Ba1	6,014	5,530
Alpha Bank Romania	CCC+	4,056	4,518
Bancpost	C	1,972	9,009,113
UniCredit Tiriac	BBB+	1,695	2,404
Banca Comerciala Feroviara	NR	1,537	1,772
Piraeus Bank Romania	C	1,006	45,832
TOTAL (Nota 16 și 17)		16,111,566	57,226,110

*Including the amount of RON 15,298,336 in settlement rate, cashed on 03.01.2017

** When the Bank from Romania had no direct rating, the parent company credit rating was used

The cash and cash equivalent and bank deposits are not past due and not impaired. The corporate bonds are not past due and not impaired.

From category other financial assets, financial assets amounting to RON 158,050 (31 December 2016: RON 15,038,259) are not past due and not impaired

As at 31 December 2017 and 31 December 2016, the Company considers the value of the receivables (within different borrowers) to be amortized at the amount of RON 1,417,610 (31 December 2016: RON 745,724) representing dividends and penalties due from the companies in the portfolio and not collected for the periods earlier.

The company has no outstanding claims.

(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 extinguished in a manner unfavorable to the Company.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

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 2017 and as at 31 December 2016, as follows:

<i>In RON</i>	Carrying amount	Less than 3 months	3 to 12 months	More than 1 year	No fixed maturity
31 December 2017					
Financial assets					
Cash and cash equivalents	11,320,217	11,311,566	-	-	8,651
Bank deposits	4,814,586	2,405,212	2,409,374	-	-
Financial assets at fair value through profit or loss	338	-	-	-	338
Available-for-sale financial assets	2,440,191,357	-	-	105,946,371	2,334,244,986
Held-to-maturity investments	6,499,764	-	-	6,499,764	-
Other financial assets	1,627,078	1,627,078	-	-	-
Total financial assets	2,464,453,341	15,343,855	2,409,374	112,446,136	2,334,253,975
Financial liabilities					
Dividends payable	15,586,380	15,586,380	-	-	-
Other financial liabilities	3,703,802	3,703,802	-	-	-
Total financial liabilities	19,290,182	19,290,182	-	-	-
Liquidity surplus	2,445,163,159	(3,946,326)	2,409,374	112,446,136	2,334,253,975

<i>In RON</i>	Carrying amount	Less than 3 months	3 to 12 months	More than 1 year	No fixed maturity
31 December 2017					
Financial assets					
Cash and cash equivalents	16,372,090	16,353,775	-	-	18,314
Bank deposits	41,253,904	20,793,049	20,460,855	-	-
Financial assets at fair value through profit or loss	309	-	-	-	309
Available-for-sale financial assets	2,007,925,978	-	-	103,690,723	1,904,235,254
Held-to-maturity investments	6,336,716	-	-	6,336,716	-
Other financial assets	15,434,596	15,434,596	-	-	-
Total financial assets	2,087,323,592	52,581,420	20,460,855	110,027,439	1,904,253,878
Financial liabilities					
Dividends payable	20,204,246	20,204,246	-	-	-
Other financial liabilities	4,465,122	4,465,122	-	-	-
Total financial liabilities	24,669,368	24,669,368	-	-	-
Liquidity surplus	2,062,654,224	27,912,052	20,460,855	110,027,439	1,904,253,878

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

4.2 Other risks

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

- taxation risk;
- economic environment risk;
- operational risk.

The risk management takes into account the maximization of the Company profit related to the risk level it is exposed to.

The Company uses various management and measurement policies and procedures for the risk types it is exposed to. These policies and procedures are presented at subchapter dedicated to each type of risk.

(a) 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.

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 income tax corresponding to financial year 2016 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.

(b) Economic environment risk

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 it believes that in 2017 it adopted the necessary measures for the Company's sustainability and development under the present state of the financial market by monitoring its cash flows and adapting its investment policies.

Risk avoidance and mitigation of their effects 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.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

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.

The euro area economy has experienced a significant recovery in recent years, both in terms of GDP growth (with annualized increases of more than 1.5%) and the progressive reduction of unemployment and the return of inflation to the target ECB (2 %). However, the ECB has also maintained both the benchmark interest rate in absolute historical absolutes (0%) and the Asset Purchase Program (APP), with a reduction in monthly purchases of EUR 30bn starting in January 2018, the duration of this program being dependent on the sustainability of the inflation rate to the 2% target set by the ECB. Maintaining these exceptional measures signals the persistence of macroeconomic risks to the euro area economy, despite positive developments in recent years.

(c) 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 and service commitments with service providers.

(d) Capital adequacy

The 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 amounted to 2,291,240,143 RON as at 31 December 2017 (RON 1,954,246,085 as at 31 December 2016).

5. Significant accounting 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:

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Application of Amendments to IFRS 10 Investment Entities

The Company examines the fulfillment of the requirements of IFRS 10.

Determining the fair value of financial instruments

The fair value of the financial instruments that are not traded on an active market is determined using the measurement techniques described at the accounting policy 3(e)(iii). 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, of 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 on an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices on active markets for similar instruments; quoted prices for similar instruments on 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 mainly equity investments that are valued based on present value of future cash flows of these companies (Discounted cash flow model).

The fair value of financial assets and liabilities that are traded on 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. The 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 on 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 on the financial markets.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

For shares that do not have a quoted market price on 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 on the market and are derived from market prices or estimated based on assumptions. The valuation models needing unobservable inputs require from management high level analysis and estimates to determine the fair value. The 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 and investment property and land and buildings recognized at fair value according to the valuation method is presented in the table below:

31 December 2017

In RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	338	-	-	338
Available for sale financial assets at fair value-shares	1,506,589,226	8,976,610	564,318,611	2,079,884,447
Available for sale financial assets at fair value-fund units	-	-	230,404,039	230,404,039
Available for sale financial assets at fair value-government securities	64,044,407	-	-	64,044,407
Available for sale financial assets at fair value- corporate bonds	4,912,490	36,989,473	-	41,901,964
Held to maturity investments	6,499,764	-	-	6,499,764
Investment property	-	-	20,042,164	20,042,164
Land and building	-	-	2,883,532	2,883,532
	<u>1,582,046,226</u>	<u>45,966,083</u>	<u>817,648,345</u>	<u>2,445,660,655</u>

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

31 December 2016

In RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	309	-	-	309
Available for sale financial assets at fair value-shares	1,253,185,682	3,010,212	558,989,265	1,815,185,159
Available for sale financial assets at fair value-fund units	-	-	64,499,756	64,499,756
Available for sale financial assets at fair value-government securities	101,591,097	-	-	101,591,097
Held to maturity investments	6,336,716	-	-	6,336,716
Investment property	-	-	19,466,667	19,466,667
Land and building	-	-	2,960,971	2,960,971
	<u>1,361,113,804</u>	<u>3,010,212</u>	<u>645,916,658</u>	<u>2,010,040,674</u>

During 2017, a company was reclassified from level 3 to level 2, with an assessment being made through market comparisons.

The table below presents the reconciliation of the opening balance with the closing balance of financial assets available for sale at fair value and Investment property, level 3 of the fair value hierarchy:

	Available-for-sale assets-shares	Available-for-sale assets-fund units	Investment property
2016			
Balance as at 1 January 2016	484,984,459	48,661,429	19,288,964
Transfers from Property, Plant and Equipment			
(Gain)/Loss recognized in:	-	-	-
- statement of income	-	(4,077,417)	177,703
- other comprehensive income	6,332,858 (737,936)	5,915,743	-
--Acquisitions	13,409,884	14,000,000	-
Acquisition cost of shares disposed	-	-	-
Balance as at 31 December 2016	558,989,265	64,499,755	19,466,667
2017			
Balance as at 1 January 2017	558,989,265	64,499,755	19,466,667
Transfers from cost measured	(5,775,520)	-	-
(Gain)/Loss recognized in:			
- statement of income	-	4,077,417	856,821
- other comprehensive income	11,074,866	66,826,915	-
Acquisitions/Inputs	30,000	94,999,951	-
Acquisition cost of shares disposed	-	-	(281,324)
Balance as at 31 December 2017	564,318,611	230,404,038	20,042,164

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

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.

The company has conducted a sensitivity analysis for the amount resulting from the valuation of financial assets available for sale – shares, 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 amounts and the weighted average cost of capital values were changed by +/-5% (2016: +/-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).

2017

Change in variable global items	Impact on statement of income	Impact on other comprehensive income
Increase in EBITDA by 5%	-	24,204,180
Decrease in EBITDA by 5%	-	(24,949,119)
Increase in WACC by 5%	-	19,374,578
Decrease in WACC by 5%	-	(16,643,137)

2016

Change in variable global items	Impact on statement of income	Impact on other comprehensive income
Increase in EBITDA by 5%	252,275	32,079,976
Decrease in EBITDA by 5%	(257,126)	(32,136,753)
Increase in WACC by 5%	368,709	20,144,826
Decrease in WACC by 5%	(334,749)	(20,415,690)

As a result of the valuation of financial assets available for sale - fund units, a sensitivity analysis was performed. These funds generally invest in very liquid stocks and bonds. As such, the sensitivity analysis was carried out considering a variation of +/- 10% in the market prices of the equity instruments. These variations affect other elements of the net result (net of tax) with the amount of +/- 19,353,939 lei as at 31 December 2017 (31 December 2016: +/- RON 5,417,919).

The sensitivity analysis for government securities was determined by 1% yield variation, which would lead to a change in the bond price. The sensitivity analysis for government securities was determined by 1% yield variation, which would lead to a change in the bond price. In the case of the government bond portfolio held on 31 December 2017, the increase (decrease) in the yield by 1% would result in a negative (positive) price change of 3.05% (3.19%). The price increase (decrease) would generate a favorable (unfavorable) impact in the fair value of 2,031,289 lei (1,946,198 lei).

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

A sensitivity analysis was conducted for the amount resulting from the valuation of Investment property, estimating the risk of variations on the main influencing factors. Two valuation techniques were used, namely:

- Assessment based on discounted net cash flow – thus, the 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 affect profit or loss (net of tax).

2017

Change in variable global items	Impact on statement of income
Increase in revenue by 5%	481,050
Decrease in revenue by 5%	(481,046)
Market value increase by 5%	451,158
Market Value Decrease by 5%	(451,158)

2016

Change in variable global items	Impact on statement of income
Increase in revenue by 5%	426,847
Decrease in revenue by 5%	(426,847)
Market value increase by 5%	482,461
Market Value Decrease by 5%	(482,461)

Management believes that the presentation as above 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 profit and loss, the Company has determined that one or more criteria set out at 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 at Note 6.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

6. Financial assets and liabilities

Accounting classifications and fair values

For the purpose of valuation, IAS 39 "Financial Instruments: Recognition and Measurement" classifies financial assets in the following categories: (a) loans and receivables; (b) investments

available for sale; (c) financial assets held to maturity; and (d) financial assets at fair value through profit or loss.

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as at 31 December 2017:

<i>IN RON</i>	Trading assets	Available for sale securities	Loans and receivables	Held to maturity investments	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalent (note 16)	-	-	11,320,217	-	-	11,320,217	11,320,217
Cash at hand	-	-	8,651	-	-	8,651	8,651
Cash in current accounts	-	-	1,111,566	-	-	1,111,566	1,111,566
Short term deposits	-	-	10,200,000	-	-	10,200,000	10,200,000
Long term bank deposits (note 17)	-	-	4,814,586	-	-	4,814,586	4,814,586
Financial assets at fair value through profit and loss	338	-	-	-	-	338	338
Available for sale financial assets (note 18)	-	2,440,191,357	-	-	-	2,440,191,357	2,440,191,357
Shares	-	2,103,840,948	-	-	-	2,103,840,948	2,103,840,948
Bonds	-	64,044,406	-	-	-	64,044,406	64,044,406
Unit funds	-	230,404,039	-	-	-	230,404,039	230,404,039
Corporate bonds	-	41,891,964	-	-	-	41,901,964	41,901,964
Held to maturity investments (note 19)	-	-	-	6,499,764	-	6,499,764	6,751,627
Bonds issued by financial institutions	-	-	-	6,499,764	-	6,499,764	6,751,627
Other financial assets (note 22)	-	-	1,627,078	-	-	1,627,078	1,627,078
Total financial assets	338	2,440,191,357	17,761,881	6,499,764	-	2,464,453,341	2,464,705,203
Dividends payable	-	-	-	-	(15,586,380)	(15,586,380)	(15,586,380)
Other financial liabilities	-	-	-	-	(3,703,802)	(3,703,802)	(3,703,802)
Total financial liabilities	-	-	-	-	(19,290,182)	(19,290,182)	(19,290,182)

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;

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

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 2016:

<i>IN RON</i>	Trading assets	Available for sale securities	Loans and receivables	Held to maturity investments	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalent (note 16)			16,372,090			16,372,090	16,372,090
Cash at hand	-	-	18,314	-	-	18,314	18,314
Cash in current accounts	-	-	15,653,776	-	-	15,653,776	15,653,776
Short term deposits	-	-	700,000	-	-	700,000	700,000
Long term bank deposits (note 17)	-	-	41,253,904	-	-	41,253,904	41,253,904
Financial assets at fair value through profit and loss	309	-	-	-	-	309	309
Available for sale financial assets (note 18)		2,007,925,978	-	-	-	2,007,925,978	2,007,925,978
Shares		1,839,735,500	-	-	-	1,839,735,500	1,839,735,500
Bonds		103,690,723	-	-	-	103,690,723	103,690,723
Unit funds		64,499,755	-	-	-	64,499,755	64,499,755
Held to maturity investments (note 19)	-	-	-	6,336,716	-	6,336,716	7,088,934
Corporate bonds	-	-	-	-	-	-	-
Bonds issued by financial institutions	-	-	-	6,336,716	-	6,336,716	7,088,934
Other financial assets (note 22)	-	-	15,434,596	-	-	15,434,596	15,434,596
Total financial assets	309	2,007,925,978	73,060,590	6,336,716	-	2,087,323,593	2,088,075,811
Dividends payable	-	-	-	-	-20,204,246	- 20,204,246	-
Other financial liabilities	-	-	-	-	-4,465,122	- 4,465,122	-
Total financial liabilities	-	-	-	-	- 24,669,368	- 24,669,368	-

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

7. Dividend income

Dividend income is recorded at gross value. Tax rates on dividends for the financial year ended as at 31 December 2016 from resident and non-resident companies were 5% and nil (2016: 5% and nil). Details of dividend income from the most significant counterparties are presented in the table below:

<i>In LEI</i>	2017	2016
ERSTE GROUP BANK AG	11,916,603	5,896,618
VRANCART	10,532,058	10,325,547
BRD	9,939,313	4,356,959
BANCA TRANSILVANIA	9,717,065	53,244,339
ROMGAZ	9,052,802	4,243,501
SAI Muntenia	7,497,000	5,526,049
BIOFARM BUCURESTI	3,890,043	3,478,037
SNTGN TRANSGAZ	2,667,968	1,210,560
GAZ Vest	2,408,666	2,100,782
CONPET PLOIESTI	2,285,615	631,988
SIF MOLDOVA	2,265,997	2,317,497
BT Asset Management	2,000,000	-
SIF MUNTENIA	1,604,940	1,805,558
IAMU BLAJ	1,238,670	1,210,982
SIF Oltenia	1,044,270	1,508,390
ANTIBIOTICE IASI	543,355	294,489
SNP PETROM	537,987	-
ELECTRICA S.A.	487,536	479,450
IPROEB	301,469	344,540
COMELF	199,964	121,191
Spumotim	144,211	124,260
PREBET AIUD	125,072	49,135
HERCULES SATU MARE	123,409	137,275
Silvana	-	721,886
Mobex Targu Mures	-	446,724
Urbana Bistrita	-	132,080
Eximbank	15,651	121,902
Other	929,745	794,598
Total	81,469,411	101,624,336

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

8. Interest income

<i>In RON</i>	2017	2016
Interest income on deposits and current accounts	231,815	1,589,377
Interest income on held-to-maturity investments	389,692	1,853,455
Interest income on available-for-sale assets – government securities	2,656,452	1,871,890
	<u>3,277,959</u>	<u>5,314,722</u>

9. Gains on investment property

<i>In RON</i>	2017	2016
Gains on investment property	856,821	177,703
Gains from sale	132,532	-
	<u>989,353</u>	<u>177,703</u>

10. Net profit on sale of assets

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

<i>In RON</i>	2017	2016
Acquisition cost of available-for-sale financial assets sold	(82,472,335)	(1,594,351)
Proceeds from sale of financial assets	84,623,326	3,784,252
Other income on disposal of available for sale financial assets	-	-
	<u>2,150,992</u>	<u>2,189,901</u>

Sales in 2017 include mainly sales of government securities with a sale value of RON 75,9 mn and shares at a sale value of RON 8,7 mn (Fondul Proprietatea 2,5 mil lei, Felix 2 Tourism, 1 million lei, Shipyard 1,5 million lei, Prebet 1 million lei, Alumil 1 million lei, etc.).

11. Impairment of available-for-sale financial assets

<i>In RON</i>	2017	2016
Impairment of available-for-sale financial assets	(164,772)	(1,411,733)
Permanent impairment recycled from Other comprehensive income in respect of closed investment funds	-	(4,077,417)
Reversal of impairment adjustments for fund units	4,077,417	-
	<u>3.912.645</u>	<u>(5.489.150)</u>

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

12. Other (expenses)/reversals from adjustments for the impairment of other assets and provisions

<i>In RON</i>	2017	2016
Provisions expenses for litigations	-	(469,374)
Expenses with adjustments for impairment of receivables	(671,886)	-
Resume for litigation	(469,374)	-
Adjustment reversals for the impairment of receivables	-	10,390
	<u>(202,512)</u>	<u>(458,984)</u>

13. Fees expenses

<i>In RON</i>	2017	2016
FSA fees	2,073,307	1,741,294
Depository fees	483,539	365,879
Fees payable to financial institutions	16,663	4,152
Registry fees	144,000	144,000
Total	<u>2,717,509</u>	<u>2,255,325</u>

14. Other operating expenses

<i>In RON</i>	2017	2016
Expenses with other taxes, fees and related payments	210,871	166,543
Expenses with salaries and other personnel expenses	13,647,813	12,865,662
Depreciation expenses	202,645	237,540
Expenses with external services	2,676,571	3,613,538
Total	<u>16,737,900</u>	<u>16,916,799</u>

Expenses with salaries and similar expenses

	<u>2017</u>	<u>2016</u>
Expenses with salaries *	10,972,928	10,943,131
Expenses with insurance and social security	2,512,710	1,767,925
Other staff expenses	162,175	154,606
TOTAL	<u>13,647,813</u>	<u>12,865,662</u>

* The amount includes the premiums granted for the achievement of the employee's and directors'/manager's goals, according to the BVC provisions, that is the limits of directors'

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

supplementary remunerations and general limits of the managers' remunerations approved by the Shareholders General Meeting

	<u>2017</u>	<u>2016</u>
Employees with high education	30	31
Employees with secondary education	3	3
Employees with general studies	4	4
TOTAL	<u>37</u>	<u>38</u>

The average number of employees for the financial year ended as at 31 December 2017 was 36 (2016: 39).

The fee paid to the auditors during the year 2017 for the audit of the separate financial statements amounted to 334,993 RON (2016: 249,219) and for non-audit services 221,585.

15. Income tax

<i>In RON</i>	2017	2016
Current income tax		
Current income tax (16%)	-	-
Tax on dividends (0%, 5%)	2,073,414	3,570,410
Tax exemption for transactions with ownerships greater than 10%	-	-
Deferred tax expenses / (income)		
Available-for-sale financial assets	740,944	(635,906)
Financial assets at fair value through profit or loss	(49)	(22)
Investment Property	123,907	4,296
Total income tax recognized in profit or loss	<u>2,938,216</u>	<u>2,938,777</u>

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

<i>In RON</i>	2017	2016
Profit before tax	72,491,410	84,301,479
Tax under statutory tax rate of 16% (2016: 16%)	11,598,626	13,488,237
Income tax effect of:		
Tax on dividend (0%, 5%)	2,073,414	3,570,410
Nondeductible expenses and similar items	3,467,581	19,761,321
Nontaxable income	(14,942,047)	34,201,109
Amounts of sponsorship within legal limits and other deductions	13,185	4,553
	-	-
	(137,344)	(631,633)
Income tax	864,801	2,938,777
Total	2,938,216	2,938,777

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The non deductible expenses on which the income tax effect was calculated include mainly the cost corresponding to shares withdrawn from portfolio (sale or liquidation) in which the holding was higher than 10% and during a term higher than one year.

The nontaxable income includes mainly the dividends income corresponding from the Romanian legal entities and income from adjustment reversal for losses of value corresponding to non-current financial assets.

(*) Starting with 1 January 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 non-taxable 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 treaties (including countries 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 available-for-sale financial assets 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.

During 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 tax 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.

16. Cash and cash equivalents

In RON	31 December 2017	31 December 2016
Cash in hand	8,651	18,314
Current accounts in banks	1,111,566	15,653,776
Deposits at banks with original maturity less than 3 months	10,200,000	700,000
Total	11,320,217	16,372,090

*It includes the anticipated redemption amount of the bonds issued by Industrial Energy (Romenergo), amount paid by Industrial Energy on 30 December 2016 and cashed by the Company on 3 January 2017.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The current account opened with banks and bank deposits are permanently available to the Company and are not restricted.

Cash and cash equivalent are neither past due nor impaired.

17. Bank deposits

<i>In RON</i>	31 December 2017	31 December 2016
Deposits at banks with initial maturity more than 3 months	4,800,000	40,872,333
Interest attributable to deposits	<u>14,586</u>	<u>381,570</u>
Total	<u>4,814,586</u>	<u>41,253,903</u>

Bank deposits are neither past due nor impaired.

18. Available-for-sale financial assets

<i>In RON</i>	31 December 2017	31 December 2016
Shares measured at fair value	2,079,884,448	1,815,185,159
Shares measured at cost_____	23,956,501	24,550,341
Fund units measured at fair value	230,404,038	64,499,755
Government securities	64,044,407	103,690,723
	<u>41,901,964</u>	<u>-</u>
Total	<u>2,440,191,358</u>	<u>2,007,925,978</u>

Shares were measured at fair value by multiplying the number of shares held on the balance sheet date with the closing price from the last trading day of the reporting period or the price determined by other measurement methods, respectively the evaluation made by valuers (see Note 5).

As at 31 December 2017, the category of shares measured at fair value includes mainly the value of shares held in Erste Group Bank AG, Banca Transilvania, SIF Imobiliare PLC, BRD - Groupe Societe Generale S.A (31 December 2016: in Banca Transilvania, Erste Group Bank AG, SIF Imobiliare PLC, BRD - Groupe Societe Generale S.A).

The shares measured at cost represent the shares held in some listed companies, (eg. (Petrocart, Mobex) for which there is no active market, and their fair value cannot be established reliably.

An eventual measurement of shares measured at cost triggers the risk that the respective measurements are not reliable, because of: (i) the lack of information related to the companies and their business in their entirety, considering the Company's minority position; (ii) the companies are not liquid, there is no potential buyer, interest has not been shown either for them or for the quota

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

held by the Company; (iii) situation in which the probability of various estimates cannot be evaluated reliably.

Presentation of investments held in subsidiaries:

As at 31 December 2017 and 31 December 2016, the fair value of investments held in subsidiaries is as follows:

	31 December 2017	31 December 2016
SIF IMOBILIARE PLC NICOSIA	268,708,025	248,899,192
SAI Muntenia Invest SA BUCURESTI (societatea de administrare SIF Muntenia)	45,364,847	27,695,717
NAPOMAR SA CLUJ-NAPOCA	22,253,512	26,973,914
SIF HOTELURI SA ORADEA	96,576,144	103,099,735
AZUGA TURISM SA BUCURESTI	26,712,568	31,585,443
SILVANA SA CEHU SILVANIEI	2,435,964	9,774,336
IAMU SA BLAJ	49,001,511	52,898,531
CENTRAL SA CLUJ	21,236,823	14,602,157
VRANCART SA ADJUD	147,139,050	116,485,082
SOMPLAST SA BISTRITA	3,820,561	8,153,257
Total	<u>683,249,005</u>	<u>640,167,364</u>

The fair value increase of the investment in SAI Muntenia is due to some changes in the forecast model used to determine future available cash flows.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Hierarchy of the fair value of financial instruments

As at 31 December 2017, the financial assets measured at fair value classified as Level 3 are as follows:

Financial assets	Fair value at 31 December 2017	Evaluation technique	Input data used		Unobservable input data	The weighted average cost of capital		Capitalisation rate		The relationship between unobservable input data and fair value - sensitivity
						Standard values	Variations from standard values	Standard values	Variations from standard values	
Financial investments available for sale, d.c:	794,722,650	-	-	-	-	Standard values	Variations from standard values	Standard values	Variations from standard values	-
Non-listed or no active market – subsidiaries	267,401,930	income approach – discounted cash flow method	Turnover, EBITDA for each major stake	Variation +/- 5% from standard value	weighted average cost of capital	8 % - 16.6%	Variation +/- 5% from standard value	-	-	Increasing EBITDA (influenced by revenue growth and / or declining costs and wacc decrease in fair value and versus fair value reduces fair value.
No active market - subsidiaries	268,708,025	Income approach – corrected net assets method	Corrected net assets for each subsidiary of the holding	Variation +/- 5% from standard value	Average market rental rates and capitalization rates – used in valuation of real estate holdings – major effect on net assets	-	-	8,5%-12%	Variation +/- 5% from standard value	Increasing of net asset (influenced by the increase in the value of real estate investments) brings about the rise in fair value and vice versa to lowering the fair value
Investments in Associated Entities	28,208,657	income approach – discounted cash flow method	Turnover, EBITDA for each investment in associated entities financial data - VU	Variation +/- 5% from standard value	weighted average cost of capital	9.30 %	Variation +/- 5% from standard value	-	-	Increasing EBITDA (influenced by revenue growth and / or declining costs and wacc decrease in fair value and versus fair value reduces fair value.
Fund units	230,404,039	asset approach	AN published by the Fund Manager	-	-	-	-	-	-	-
Total	794,722,650									

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The fund units include holding in the Active Plus closed investment fund amounting to RON 170,67mil (31 December 2016: 56,6 mil lei), and in Omnitrend closed investment fund amounting to RON 13,02 mil (31 December 2016: 12 mil lei) and Optim in amount RON 46,72 mil .

As at 31 December 2017, the adjustments for the fund units held at the Closed Investment Fund Omnitrend amounted to RON 4,077,417 as at 31 December 2016 on reimbursement of expenses.

The fair value of government securities was established taking into account the Bloomberg market quote for that issue (expressed as a percentage of the nominal value of the issue) multiplied by the number of units held and the unit nominal value.

The movement of the available-for-sale financial assets during the financial year ended as at 31 December 2017 is presented in the table below:

<i>In RON</i>	Shares measured at fair value	Shares measured at cost	Fund units measured at fair value	Government bonds at fair value	Corporate bonds	Total
1 January 2017	1,815,185,159	24,550,341	64,499,755	103,690,723	-	2,007,925,978
Acquisitions 2017	21,350,207	-	94,999,951	39,996,019	41,749,985	198,096,162
Sales 2017	(8,075,842)	(460,904)	-	(76,378,341)	-	(84,915,087)
Interest rate	-	-	-	(1,203,363)	274,508	928,855
Impairment losses	(31,836)	(132,936)	4,077,417	-	-	3,912,645
Change in fair value	251,456,761	-	66,826,915	(2,060,631)	(122,529)	316,100,515
31 December 2017	2,079,884,449	23,956,501	230,404,038	64,044,408	41,891,964	2,440,191,358

The movement of the available for sale financial assets during the financial year ended as at 31 December 2016 is shown below:

<i>In RON</i>	Shares measured at fair value	Shares measured at cost	Fund units measured at fair value	Government bonds at fair value	Total
1 January 2016	1,654,647,742	25,308,106	48,661,429	-	1,728,617,277
Acquisitions 2016	24,762,258	-	14,000,000	100,989,762	139,752,020
Sales 2016	(1,309,036)	(501,650)	-	-	(1,810,686)
Impairment losses	(1,155,618)	(256,115)	(4,077,417)	-	(5,489,150)
Change in fair value	138,239,813	-	5,915,743	2,700,961	118,517,639
31 December 2016	1,815,185,159	24,550,341	64,499,755	103,690,723	2,007,925,978

Shares in 2017, totaling RON 21,350,207, mainly include the following:

- purchases of shares on the hill market amounting to RON 8.4 mn of Intercontinental SA Bucharest;
- direct purchase of SAI Muntenia shares in the amount of RON 0.03 mn;
- Completing the registration of the share capital increase operation at Vrancart SA with the amount of RON 12.9 million.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The total disposal of the shares in the amount of 8,536,746 lei includes the book value of the issued shares, mainly as a result of the sales of securities (Fondul Proprietatea 2,8 mil lei, Felix Turism 2,5 mil lei, Prebet 1, 4 million lei, Shipyard RON 0.8 million, Nuclearelectrica 0.5 million lei, etc.).

In 2017, fund units in the amount of RON 95 mn were purchased, of which the Active Plus Investment Fund in the amount of RON 60 mn and the Invest Invest closed investment fund in the amount of RON 35 mn.

During the year 2017, government securities were purchased in the amount of 40 million lei.

Acquisitions of corporate bonds during the year 2017 in a total amount of 41.7 million lei include Vrancart bonds in the amount of 36.8 million lei and Impact bonds in the amount of 4.9 million lei.

Acquisitions of available-for-sale financial assets during 2016 mainly include purchases of on the stock exchange market amounting to RON 11.4 mil (Romgaz RON 3.3 mil, Biofarm SA RON 3.1 mil., Electrica RON 2.9 mil, Transgaz RON 2 mil., etc);

- participation in the increase of the share capital of SIF Imobiliare PLC with the amount of RON 13.4 mil.

The total disposal of shares in the amount of 1.8 million lei includes the book value of the issued shares, mainly as a result of the sales of securities (Albalact 1.1 million lei, Fondul Proprietatea 0.2 million lei, etc.).

During 2016 fund units amounting to RON 14 mil were acquired in the Active Plus closed investment fund

The Active Plus Fund Manager is SAI Swiss Capital based in Bucharest, Dacia Blvd. 20, floor 4 ., District 1 registered at the Trade Registry Office attached to the Bucharest Tribunal 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 C.N.V.M. under no. PJR05SAIR / 400015 of 14/12/2004, telephone 021.408.42.25, fax 021.408.42.22.

The Active Plus Depository is UniCredit Tiriac Bank S.A., a legal entity based in Bucharest, Str. Glatarilor nr. 23-25, sector1, RO-014106, Romania, registered in the Trade Register of Bucharest under no. J40 / 7706/1991, having the fiscal code RO361536, having BNR authorization, B series No.000007 / 01.07.1994, registered in the CNVM Register under no. PJR10DEPR / 400011.

The Administrator of Omnitrend is SAI SIRA with registered office in București, Strada Finlanda nr. 25, etaj 2, Sector 1 registered at the Trade Register of Bucharest under no. J40/914/1996, tax identification number 8106253, authorized by

the National Securities Commission according to Decision no. 256/19.01.2004, registered with the register of the National Securities Commission under no. PJR05SAIR/400008, phone 021.230.00.78, fax 021.230.45.50.

The depository of Omnitrend Fund is Banca Comercială Română S.A., Romanian legal entity, with registered office in București, B-dul Regina Elisabeta nr. 5, sector 3, registered at the Trade Register of Bucharest under no. J40/90/23.01.1991, tax identification number 361757, registered with the register of the National Securities Commission under no. PJR10/DEPR/400010 dated 04.05.2006.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

The manager of Optim Invest is SAI Broker SA, based in Cluj Napoca, Moti Street no. 119, floor 4, registered at the Trade Register Office attached to the Cluj Court under no. J12 / 2603/2012, unique registration code 30706475, authorized by C.N.V.M. by Decision no. 71 / 29.01.2013, registered in the C.N.V.M. under no. PJR05SAIR / 29.01.2013, phone 0364260755 /, fax 0364780124.
Depozitarul Optim Invest Fund is BRD GSG S.A., a Romanian legal person, based in Bucharest, Ion Mihalache Blvd. 1-7, sector 1, registered with the Trade Register Office under no. J40 / 608 / 19.12.1991, unique registration code 361579, registered in the C.N.V.M. under no. PJROLINCR400008.

Reserve of fair value corresponding to available-for-sale financial assets

In LEI	2017	2016
As at 1 January	982,963,061	845,743,951
Gains from the measurement at fair value of the available-for-sale financial assets	316,072,688	140,679,472
(Gains) transferred to the statement of income corresponding to available-for-sale financial assets withdrawn from portfolio	(2,442,752)	(216,335)
Effect of impairment of available-for-sale financial assets transferred to the statement of income	-	4,077,417
Effect of the corresponding deferred income tax	(44,763,818)	(7,321,445)
As at 31 December	1,251,829,179	982,963,061

Government bonds are fully performing and not overdue as at 31/12/2017. These are not impaired.

19. Held-to-maturity investments

In RON	31 December 2017	31 December 2016
Bonds (ii)	6,499,764	6,336,716
Total	6,499,764	6,336,716

Outstanding bonds as at 31 December 2017 include corporate bonds issued by Banca Transilvania in EURO, amounting to RON 6,321,346 (31 December 2016: 6,160,454 lei), including the due interest acquired in May 2013, convertible in shares of Banca Transilvania, with due date in May 2020, with an annual variable interest rate based on EURIBOR_{6months} + a margin established at 6.25%;

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

20. Investment property

	31 December 2017	31 December 2016
Balance as at 1 January	19,288,964	19,288,964
Entries		
Transfer from Property, Plant and Equipment		
Sales	(281,324)	-
Changes in fair value	856,821	177,703
Balance as at 31 December	20,042,164	19,466,667

The change in fair value as at 31 December 2017 is favorable and resulted following the assessment of the Investment property.

Real estate valuation was achieved through the income-based approach (for building and land type properties that constituted stand-alone cash-generating units) and the market comparisons method (for land owned).

In the case of the constructions with the related land, the valuator determined the rentable surface, establishing the unitary rent, determining the gross potential income, estimating the annual occupancy degree, determining the owner's operating expenses (fixed expenses and variable expenses), determining the actual net income, determining the capitalization rate, determining the potential property value, determining conversion investments, and finally determining the effective value of the property. The sources of information used are the market information and those provided by ANEVAR publications.

The evaluation was carried out by internal evaluators, approved by the National Association of Authorized Evaluators in Romania (ANEVAR).

In the year 2017 the revenues from real estate investments (rents, refurbished utilities and the sale of a space) amounted to 265 thousand lei and the related expenses (utilities, insurance, local taxes) amounted to 136 thousand lei.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

21. Property, Plant and Equipment

<i>In RON</i>	Lands and buildings	Technical installations and transport means	Other plants, equipment and furniture	Total
<i>Cost</i>				
<i>As at 1 January 2017</i>	3,819,727	1,718,722	434,906	5,973,355
<i>Reevaluation</i>	-	-	-	-
<i>Acquisitions</i>	-	415,351	44,082	459,432
<i>Sales</i>	-	(174,587)	(8,368)	(182,955)
<i>As at 31 December 2017</i>	3,819,727	1,959,486	470,619	6,249,832
<i>Accumulated depreciation and impairment losses</i>				
<i>As at 1 January 2017</i>	825,991	1,613,950	349,486	2,789,427
<i>Depreciation related reevaluation</i>	-	-	-	-
<i>Depreciation expenses</i>	110,204	61,877	20,767	192,849
<i>Sales</i>	-	(162,437)	(5,605)	(168,042)
<i>As at 31 December 2017</i>	936,195	1,513,390	364,648	2,814,233
<i>Net carrying amount</i>				
<i>As at 1 January 2017</i>	2,993,736	104,772	85,420	3,183,928
<i>As at 31 December 2017</i>	2,883,532	446,096	105,970	3,435,599
<i>In RON</i>	Lands and buildings	Technical installations and transport means	Other plants, equipment and furniture	Total
<i>Cost</i>				
<i>As at 1 January 2016</i>	3,484,852	1,956,786	464,519	5,906,157
<i>Reevaluation</i>	155,129	-	-	155,129
<i>Acquisitions</i>	-	23,912	23,297	47,209
<i>Sales</i>	179,746	(1,718,722)	(52,910)	(135,140)
<i>As at 31 December 2016</i>	3,819,727	1,718,722	434,906	5,973,355
<i>Accumulated depreciation and impairment losses</i>				
<i>As at 1 January 2016</i>	412,899	1,778,354	384,430	2,575,683
<i>Depreciation related reevaluation</i>	122,364	-	-	122,364
<i>Depreciation expenses</i>	110,982	97,572	17,966	226,520
<i>Sales</i>	179,746	(261,976)	(52,910)	(135,140)
<i>As at 31 December 2016</i>	825,991	1,613,950	349,486	2,789,427
<i>Net carrying amount</i>				
<i>As at 1 January 2016</i>	3,071,953	178,432	80,089	3,330,474
<i>As at 31 December 2016</i>	2,993,736	104,772	85,420	3,183,928

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

22. Other financial assets

<i>In RON</i>	31 December 2017	31 December 2016
Various debtors	1,575,659	15,783,982
Current income tax receivables	1,317,387	355,009
Other financial assets	151,641	41,328
Provisions for impairment of various debtors	(1,417,610)	(745,724)
Total	<u>1,627,078</u>	<u>15,434,596</u>

The provisions for impairment of various debtors and for dividends receivables can be analyzed as follows:

<i>In RON</i>	31 December 2017	31 December 2016
As at 1 January	<u>745,724</u>	<u>756,114</u>
Provision reversal	-	(10,390)
Establishment of provisions	671,886	-
As at 31 December	<u>1,417,610</u>	<u>745,724</u>

As at 31 December 2017, the Company booked an allowance for bad debt, related to long outstanding dividends to be cashed from third parties.

As at 31 December 2016 the provisions reversal was mainly realized following the write-off of some outstanding dividends, as a result of the cancellation of the respective companies.

The other financial assets are represented mainly by various advances paid for investments acquisitions and dividends receivable. These are with counterparties with no external credit rating.

As of 31 December 2017, other debtors (including dividends receivable) amounting to 1,417,610 RON (2016: 745,724 RON) were overdue with more than 365 days and were fully impaired. The financial assets which are not overdue and not impaired does not have an external credit rating.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

23. Dividends payable

<i>In RON</i>	31 December 2017	31 December 2016
Dividends payable 2015	15,586,380	20,204,246
Total Dividends payable	15,586,380	20,204,246

The dividend/share for year 2014 was 0,1 RON/share.

According to the decision of the GMS, dividends not collected for three years and for which the right to require payment expired, are recorded in the retained earnings.

24. Deferred tax liabilities

Deferred tax assets and liabilities as at 31 December 2017 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	-	-	-
Available-for-sale financial assets	-	1,090,001,769	1,090,001,769
Property, Plant and Equipment and Investment property	-	12,705,224	(12,705,224)
Total	-	1,102,706,993	(1,102,706,993)
Tax corresponding to loss carried forward			-
Net temporary differences - 16%	-	-	(1,102,706,993)
Deferred tax liabilities	-	-	(176,433,120)

Deferred tax assets and liabilities as at 31 December 2016 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	(309)	-	(309)
Available-for-sale financial assets	-	805,597,010	(805,597,010)
Property, plant and equipment and Investment Property	-	11,930,808	(11,930,808)
Total	(309)	817,527,818	(817,528,127)
Tax corresponding to loss carried forward	-	-	-
Net temporary differences - 16%	-	-	(817,528,127)
Deferred tax liabilities	-	-	(130,804,501)

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Deferred income tax liabilities in balance as at 31 December 2017 amounting to 176,081,931 RON (2016: RON 130,804,499) include:

- Deferred income tax recognized directly in other comprehensive income by reducing other comprehensive income amounting to 154,031,379 RON (2016: RON 109,267,561), being generated entirely by reserves for financial assets available for sale at fair value,
- Deferred tax corresponding mainly to the differences between the financial assets hyperinflation and adjustments for depreciation, out of which an amount of RON 864,801 recognized in the retained earnings (favorable) and the amount of RON 21,536,940 recognized in result carried-forward.

The movement table in respect of deferred tax liabilities is as follows:

IN RON	01 January 2017	Charged/ (credited) to profit or loss	Charged / (credited) directly to other compre- hensive income	31 December 2017
Financial assets at fair value through profit and loss	49	(49)	-	-
Available for sale financial assets	128,895,522	740,943	44,763,819	174,400,284
Property, plant and equipment and investment property	1,908,929	123,907	-	2,032,836
	130,804,500	864,801	44,763,819	176,433,120

IN RON	01 January 2016	Charged/ (credited) to profit or loss	Charged / (credited) directly to other compre-hensive income	31 December 2016
Financial assets at fair value through profit and loss	72	(22)	-	49
Available for sale financial assets	122,209,983	(635,906)	7,321,444	128,895,522
Property, plant and equipment and investment property	1,904,633	4,296	-	1,908,929
	124,114,689	(631,633)	7,321,444	130,804,500

25. Other financial liabilities

In RON	31 December 2017	31 December 2016
Liabilities to employees and corresponding contributions	3,267,972	2,139,210
Taxes and fees	9,117	11,459
Domestic suppliers	426,712	456,630
Payments to make	-	1,857,823
Total	3,703,802	4,465,122

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

26. Capital and reserves

(a) Share capital

The share capital according to the Articles of Incorporation of SIF Banat Crişana amounts to RON 52,000,000 and is divided into 520,000,000 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. As at 31 December 2017, the number of shareholders was 5,760,880 (31 December 2016: 5,767,382).

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 as at 31 December 2017 and as at 31 December 2016. 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 2017	31 December 2016
Statutory share capital	52,000,000	54,884,927
The effect of applying IAS 29 on share capital	648,330,055	684,298,992
Restated share capital	<u>700,330,055</u>	<u>739,183,919</u>

Following the approval by the General Meeting of Shareholders in April 2017, a number of 30,849,268 shares was redeemed in August 2017 (with a number of 28,849,268 shares the share capital will be reduced, and 2,000,000 shares will be distributed to employees, directors and managers). The total redemption value of the shares amounted to RON 52,443,756.

Following the endorsement by the Shareholders' General Assembly of October 2016, in September 2017, 539,276 shares were redeemed, the value of which would be reduced by the share capital.

During 2017, the share capital was reduced by 28,849,268 shares with a nominal value of 2,884,927 lei.

(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 a contribution share premium and are not used when selling the financial assets. The 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 financial year ended as at 31 December 2017

<i>In RON</i>	31 December 2017	31 December 2016
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	<u>2,105,675,691</u>	<u>2,105,675,691</u>

Hyperinflation effect on the share capital amounting to RON 684,298,992 and on the reserve established following the application of Law no. 133/1996 amounting to 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 2,608,519,658 at the end of each period presented. 31 December (2,644,488,595)

(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 within this category to the date they have been derecognized or impaired.

The 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 at Note 24.

(d) Legal reserves

According to the 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 according to the Articles of Incorporation. The value of the legal reserve as at 31 December 2017 amounts to RON 10,976,985 (31 December 2016: RON 10,976,985). During the financial years 2016 - 2017, the Company has no longer established legal reserves from the distributed profit which reached the ceiling of 20% of the share capital according to the Articles of Incorporation.

Legal reserves cannot be distributed to shareholders.

(e) Dividends

The shareholders of the Company did not approve in 2017 to distribute dividends from the profit of 2016.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

27. 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>	2017	2016
Profit attributable to ordinary shareholders	69,553,195	81,362,701
Weighted average number of ordinary shares	517,849,298	538,566,179
Earnings per ordinary share	0.134	0.151

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

28. Contingent assets and liabilities

(a) Litigations

As at 31.12.2017 the Legal Department reported 99 litigations on the docket of the courts of law. The company had active legal standing in 85 litigations, passive legal standing in 14 litigations and had the status of intervener in one litigation.

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

SIF Banat - Crişana SA was in litigation with Transilvania Construcţii Cluj, following the cancellation of the GMS decision on the distribution of dividends received by the company in 2015 through forced execution and against which TRANSILVANIA CONSTRUCTIONS SA filed a challenge of forced execution. As a result of the litigation, all executions executed during the proceedings were definitively canceled.

In order to preserve the amount of 469,374 lei, representing dividends on the basis of the OGG of 20.09.2013 and the accessories (penalties for delay, fees, etc.), SIF Banat - Crişana started a new forced execution of TRANSILVANIA CONSTRUCTIONS SA, against which the debtor filed a new appeal against forced execution, but this time, SIF Banat - Crişana SA won the case in the first instance. The solution of the substantive court was also maintained in the appeal appeal, so that, after the final sentence of the conviction, SIF Banat - Crişana SA received, on 05.02.2018, the amount of 106.266,47 lei representing late penalties calculated within the execution file.

At the date of these financial statements, the dispute with TRANSILVANIA CONSTRUCTIONS SA is settled definitively, and will be archived after all procedural documents have been communicated.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

(b) Transfer pricing

Romanian tax legislation has rules on transfer pricing between related parties since 2000. The current legislative framework defines the "arm's length" 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.

(c) Other commitments

Not applicable.

29. 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 2017

- As at 31 December 2017 the Board of Directors of SIF Banat-Crisana SA was composed of 7 members: Bogdan-Alexandru Drăgoi- President, Răzvan Radu Străuț- Vice President, Ștefan Dumitru, Valentin Chiser, Ion Stancu, Dan Weiler and Ionel Marian Ciucioi.
- As at 31 December 2017 the executive managers of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi –General Manager, Răzvan Radu Străuț – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș - Manager.

31 December 2016

- As at 31 December 2016 the Board of Directors of SIF Banat-Crisana SA was composed of 7 members: Bogdan-Alexandru Drăgoi- President, Octavian Avrămoiu- Vice President, Ștefan Dumitru, Valentin Chiser, Ion Stancu, Dan Weiler and Ionel Marian Ciucioi.
- As at 31 December 2016 the executive managers of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi –General Manager, Octavian Avrămoiu – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș - Manager.

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

During 2017 gross payments of members of the BoD and managers amounted RON 6.403 thousands (2016: RON 6,562 thousands).

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

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Subsidiaries

Company's subsidiaries as at 31 December 2017 and as at 31 December 2016 are as follows:

Company Name	Percentage of ownership as at 31 December 2017	Percentage of ownership as at 31 December 2016
SIF IMOBILIARE PLC NICOSIA	100.00%	100.00%
SAI Muntenia Invest SA BUCURESTI (management company of SIF Muntenia)	99.98%	99.96%
NAPOMAR SA CLUJ-NAPOCA	99.43%	99.43%
SIF HOTELURI SA ORADEA	99.00%	99.00%
AZUGA TURISM SA BUCURESTI	98.94%	98.94%
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	75.06%	74.72%
SOMPLAST SA BISTRITA	70.75%	70.75%

Associates

The associates of the Company as at 31 December 2017 and as at 31 December 2016 are as follows:

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

Company Name	Percentage of ownership as at 31 December 2017	Percentage of ownership as at 31 December 2016
GAZ VEST SA ARAD	25.82%	25.82%
BIOFARM SA BUCURESTI	23.22%	23.22%

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

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Company Name	Percentage of ownership as at 31 December 2017	Percentage of ownership as at 31 December 2016
NORD CONSTRUCTII SA CAREI	44.31%	44.31%
COMAR SA BAI A MARE	34.94%	34.94%
ATLASCARD SA DEVA	31.36%	31.36%
PETROCART	30.18%	30.18%
FORESTIERA SA TIRGOVISTE	25.75%	25.75%
MOBICOM SA SATU MARE	24.11%	24.11%
AGROMEC GATAIA	23.91%	23.91%
CTCE SA ALBA IULIA	23.24%	23.24%
MOLIDUL SA SUCEAVA	21.63%	21.63%
COMAT CARAS SEVERIN	20.41%	20.41%

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

Company Name	Percentage of ownership as at 31 December 2017	Percentage of ownership as at 31 December 2016	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%	30.00%	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
MOPAL SA BISTRITA	21.89%	21.89%	RJ
TRANSILVANIA AIUD	20.19%	20.19%	LJ

Ins: insolvency

Li: liquidation

RJ: judicial reorganization

DIZ: dissolution

F: bankruptcy

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Investments in all of these companies are classified as available for sale financial assets and presented in note 18

Revenues and expenses with related parties

	2017	2016
Dividend income:		
VRANCART ADJUD	10,532,058	10,325,547
SAI Muntenia	7,497,000	5,526,049
BIOFARM BUCURESTI	3,890,043	3,478,037
GAZ VEST ARAD	2,408,666	2,100,782
IAMU BLAJ	1,238,670	1,210,982
SILVANA CEHU SILVANIEI	-	721,886
ATLASCARD DEVA	43,886	40,774
Total	25,610,323	23,404,057
Expenses with related parties		
Various rental costs and other costs	139,074	137,299
Gaz Vest	49,780	-

Year end balances with related parties

	2017	2016
Other debtors		
SILVANA CEHU SILVANIEI	671,886	671,886
VRANCART ADJUD	-	12,906,934
VRANCART ADJUD-obligațiuni	36,724,985	-
VRANCART ADJUD-dobândă	264,488	-
Total	37,661,359	13,578,820
Other liabilities		
SIF Imobiliare	-	1,857,823
Administrare Imobiliare	11,528	11,577
Gaz Vest	6,792	-
Total	18,320	1,869,400

During 2017, the Company recorded the following operations related to participation in the share capital increase in companies:

- SIF Imobiliare PLC - the remaining amount of the subscription of 1,857,823 lei;
- Vrancart SA Adjud operation in the Central Depository of the share capital increase in 2016 with the amount of 12,906,934 lei.

During the year 2017, 24 SAI Muntenia shares were purchased, the current shareholding being 99.98%.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

30. Subsequent events

- The Board of Directors of SIF Banat-Crişana, meeting on January 16, 2018, approved the appointment of Mr. Ionel-Marian CIUCIOI as interim administrator of SIF Banat-Crişana until the date of the general meeting of the shareholders.
- The Board of Directors of SIF Banat-Crişana, meeting on January 25, 2018, according to the provisions of art. 7 par. (15) of the Articles of Incorporation of the Company decided to maintain the decisions of the Board of Directors dated 24.04.2017, reconfirming the appointment of Radu Răzvan Străuţ, Deputy Chairman of the Board of Directors, as Deputy General Manager of SIF Banat-Crişana and delegation of the management of the company under art. 143 of Law no. 31/1990.
SIF Banat-Crişana will take the necessary steps to approve by the Financial Supervisory Authority of Mr. Radu Răzvan Străuţ as the director of the company.
- As at 15 February 2018, SIF Banat-Crişana published the preliminary financial results corresponding to the year ended as at 31 December 2017 prepared in accordance with IFRS, by market communication (BVB) and publishing on the Company's Internet page, address www.sifi.ro.

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

31. Segment reporting

Information Segments of activity

Operating segments are components that engage in business activities that may earn revenues or incur expenses, that can generate revenue or expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Board of Directors of the Company.

Description of products and services from which each reportable segment derives its revenue

The Company is organised on the basis of one main business segments, its main activity being carrying-out financial investments in order to increase the value of its treasury shares according to the regulations in force and subsequently managing the investment portfolio and exercising all rights related to the invested instruments

Factors that management used to identify the reportable segments

The Company considered that it has only one reportable segment, as it has one core strategic business unit.

Segment financial information reviewed by the CODM includes the investment portfolio of the Company, mainly the available for sale financial assets, and the dividend revenue of the Company.

The CODM obtains financial statements of the Company prepared in accordance with IFRS. Such financial information overlaps with the segment analysis provided internally to the CODM.

Management therefore applied the core principle of IFRS 8, *Operating Segments*, in determining which of the overlapping financial information sets should form the basis of operating segments. Management considered that information on IFRS financial statements is available less frequently in concluding that reporting on segments shall exclude details other than information about the investments portfolio and dividend revenue.

(C) Measurement of operating segment profit or loss, assets and liabilities

The CODM reviews financial information prepared based on International Financial Reporting Standards: The CODM evaluates performance of the lone segment based on profit before tax.

Information about reportable segment profit or loss, assets and liabilities

Notes to the separate financial statements

for the financial year ended as at 31 December 2017

Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the year ended 31 December 2017 is set out below:

	31 Dec-2017	31-Dec-2016
Dividend income	81,469,412	101,624,336
Interest income	3,277,959	5,314,722
Other operating income	180,497	225,646
Total revenues	84,927,868	107,164,704
Net gain/loss from investments	3,308,818	2,257,033
Operating expenses	(15,745,275)	(25,120,258)
Profit before tax	72,491,410	84,301,479
Tax expense	(2,938,216)	(2,938,778)
Net Profit	69,553,195	81,362,702
Total segment results	<u>69,553,195</u>	<u>81,362,702</u>
Cash and cash equivalent	11,320,217	16,372,090
Bank deposits	4,814,586	41,253,904
Investments in financial assets	2,446,691,460	2,014,263,003
Investments in investment property and property plant and equipment	23,477,763	22,650,595
Other assets (financial and other)	1,841,146	15,649,736
Total reportable segment assets	2,488,145,171	2,110,189,328
Dividends payable	15,586,380	20,204,246
Deferred tax liability	176,433,120	130,804,501
Other liabilities (financial and non financial)	4,885,528	4,934,496
Total reportable segment liabilities	196,905,028	155,943,243
Capital expenditure for investments in available for sale financial assets	(187,000,444)	(152,658,954)

All of the company's revenues are obtained in Romania.