SIF BANAT-CRIȘANA S.A.

Standalone Financial Statements
as at 31 December 2018

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

Standalone statement of profit or loss and other comprehensive income
as at 31 December 2018

In RON	Note	31-Dec-18	31-Dec-17
Revenues			
Dividend income	7	110,224,602	81,469,412
Interest income	8	4,399,872	3,277,959
Other operating revenue		252,136	180,497
Investment gains			
Gains from investment property	9	86,351	989,353
Net (Loss)/ profit from exchange differences		92,468	168,443
Net Profit/(Loss) from financial assets at fair value through profit or loss	10	(14,950,272)	30
Profit / (loss) from the sale of assets	11	(1,282,416)	2,150,991
Expenses			
Expenses/reversals of impairment of available-for-sale financial assets		-	3,912,645
Other (expenses)/reversals from adjustments for the impairment of other assets and provisions	12	-	(202,512)
Commissions expenses		(3,248,280)	(2,717,509)
Other operating expenses	13	(14,682,344)	(16,737,900)
Profit before tax		80,892,117	72,491,410
Income tax	14	(3,705,890)	(2,938,216)
Net profit of the financial year		77,186,227	69,553,195
Other results of the global element			
Items that are or may be transferred to retained earnings or profit or loss			
Fair value reserve (financial assets):			
Amount transferred to profit or loss (debt instruments)		1,282,416	(2,442,752)
Change in fair value corresponding to shares measured by other comprehensive income		(106,620,673)	-
The fair value change for available-for-sale shares		-	316,072,688
Tax effect on the above reserves		22,132,907	(44,763,818)
Fixed assets revaluation reserve		7,222	97,794

Standalone statement of profit or loss and other comprehensive income
as at 31 December 2018

In RON	Note	31-Dec-18	31-Dec-17
Other comprehensive income		(83,198,128)	268,963,912
Total comprehensive income for the period		(6,011,901)	338,517,107
Earnings per share			
Basic		0.149	0.134
Diluted		0.149	0.134

The standalone financial statements were authorized for issue by the Board of Directors on 15 March 2019 revised and approved in a final form at the meeting on 22 March 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, General Manager

Ștefan Doba
Finance Manager

Standalone statement of profit or loss and other comprehensive income
as at 31 December 2018

In RON	***Note***	**31-Dec-18**	**31-Dec-17**
Assets			
Cash and cash equivalents	15	29,230,410	11,320,217
Bank deposits	16	6,044,457	4,814,586
Financial assets at fair value through profit and loss	17	1,105,989,265	338
Financial assets available for sale		-	2,440,191,357
Financial assets at fair value through other comprehensive income	18	1,279,345,173	-
Held-to-maturity investments	19	-	6,499,764
Financial assets at amortized cost	19	6,505,683	
Investment Property	20	20,128,515	20,042,164
Property, Plant and Equipment	21	3,203,517	3,435,599
Other financial assets	22	2,277,307	1,627,078
Other assets		218,926	214,068
Total assets		2,452,943,252	2,488,145,171
Liabilities			
Dividends payable	23	5,495	15,586,380
Deferred tax liabilities	24	129,889,043	176,433,120
Other financial liabilities	25	1,614,344	3,703,802
Other liabilities and income recorded in advance		13,757	1,181,726
Total liabilities		131,522,639	196,905,028
Equity			
Share capital	26	51,746,072	52,000,000
Effect of applying IAS 29 on the share capital	26	645,164,114	648,330,055
Treasury shares	26	(223,486)	(4,748,190)
Losses from redemption of treasury shares		(559)	(124,659)
Shares benefits granted		2,380,000	-
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	(2,605,353,717)	(2,608,519,657)
Accumulated profit		683,411,583	145,433,105
Other reserves		775,288,784	690,289,841

Standalone statement of profit or loss and other comprehensive income
as at 31 December 2018

In RON	***Note***	**31-Dec-18**	**31-Dec-17**
Reserves from the reevaluation of Property, Plant and Equipment		105,016	97,794
Legal reserves	26	10,349,214	10,976,985
Reserves from the reevaluation of financial assets held for sale	18	-	1,251,829,179
Differences from the change of fair value corresponding to financial assets measured through other comprehensive income	18	652,877,901	
Total equity		2,321,420,613	2,291,240,143
Total liabilities and equity		2,452,943,252	2,488,145,171

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Bogdan-Alexandru Drăgoi Chairman, General Manager	Ștefan Doba Finance Manager

Standalone statement of changes in equity ***for the financial year ended as at 31 December 2018***

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 financial assets reevaluated through Other Comprehensive Income**	**Reserves from reevaluation of fixed means**	**Other reserves**	**Benefits granted in equity**	**Accumulated profit**	**Effect of applying IAS 29 to the equity elements on retained earnings**	**Total**
Balance as at 31 December 2017	**700,330,055**	**(4,748,190)**	**(124,659)**	**10,976,985**	**2,105,675,691**	**1,251,829,179**		**97,794**	**690,289,841**	**-**	**145,433,106**	**(2,608,519,658)**	**2,291,240,143**
Effect of transition to IFRS 9	**-**	**-**	**-**	**-**	**-**	**(1,251,829,179)**	**1,176,253,311**	**-**	**-**	**-**	**94,173,757**	**-**	**18,597,889**
Balance as at 1 January 2018 – restated (Note 2f)	**700,330,055**	**(4,748,190)**	**(124,659)**	**10,976,985**	**2,105,675,691**	**-**	**1,176,253,311**	**97,794**	**690,289,841**	**-**	**239,606,863**	**(2,608,519,658)**	**2,309,838,033**
Comprehensive income													
Other comprehensive income													
IFRS 10 effect – The variation of fair value corresponding to deconsolidated subsidiaries	-	-	-	-	-	-	(376,323,691)	-	-	-	376,323,691	-	-
Profit of the financial year	-	-	-	-	-	-	-	-	-	-	77,186,227	-	77,186,227
Reserve from the reevaluation of financial assets transferred to the statement of account	-	-	-	-	-	-	1,282,416	-	-	-	-	-	1,282,416
Reserve from the reevaluation of financial assets transferred to retained earnings	-	-	-	-	-	-	(71,300,623)	-	-	-	71,300,623	-	-
Variation of reserve	-	-	-	(627,771)	-	-	(106,620,673)	-	-	-	627,771	-	(106,620,673)
Reevaluation of tangible assets	-	-	-	-	-	-	-	7,222	-	-	(7,222)	-	-
Deferred income tax	-	-	-	-	-	-	29,587,161	-	-	-	(7,454,254)	-	22,132,907
Total comprehensive income of the period	**-**	**-**	**-**	**(627,771)**	**-**	**-**	**(523,375,410)**	**7,222**	**-**	**-**	**517,976,836**	**-**	**(6,019,123)**
Other reserves – own sources	-	-	-	-	-	-	-	-	69,553,194	-	(69,553,194)	-	-
Dividends payable corresponding to year 2017	-	-	-	-	-	-	-	-	-	-	-	-	-
Prescribed dividends	-	-	-	-	-	-	-	-	15,445,748	-	-	-	15,445,748
Redemption of treasury shares	-	(223,486)	(559)	-	-	-	-	-	-	2,380,000	(4,618,922)	-	(2,462,967)
Annulment of treasury shares	(3,419,868)	4,748,190	124,659	-	-	-	-	-	-	-	-	3,165,940	4,618,921
Total transactions with shareholders, recognized directly in equity	**(3,419,868)**	**4,524,704**	**124,100**	-	-	-	-	-	**84,998,942**	**2,380,000**	**(74,172,116)**	**3,165,940**	**17,601,702**

Standalone statement of changes in equity *for the financial year ended as at 31 December 2018*

Balance as at 31 December 2018	**696,910,187**	**(223,487)**	**(559)**	**10,349,214**	**2,105,675,691**	**-**	**652,877,901**	**105,016**	**775,288,783**	**2,380,000**	**683,411,583**	**(2,605,353,718)**	**2,321,420,613**

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Bogdan-Alexandru Drăgoi
Chairman, General Manager

Ștefan Doba
Finance Manager

Standalone statement of changes in equity *for the financial year ended as at 31 December 2018*

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	**739,183,919**	**(52,443,756)**	**(734,130)**	**10,976,985**	**2,105,675,691**	**982,963,061**	**97,794**	**608,927,140**	**204,087,976**	**(2,644,488,595)**	**1,954,246,085**
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	**-**	**-**	**-**	**-**	**-**	**268,866,118**	**-**	**-**	**69,553,195**	**-**	**338,419,313**
Other reserves	-	-	-	-	-	-	-	81,362,701	(81,362,701)	-	0
Transactions shareholders, recognized directly in equity											
Dividends to pay corresponding to year 2016	-			-	-	-		-	-	-	
Prescribed dividends	-			-	-	-		-	-	-	
Redemption of treasury shares	-	(1,348,190)	(77,064)	-	-	-	-	-	-	-	(1,425,254)
Annulment of treasury shares	(38,853,864)	49,043,756	686,535	-	-	-	-	-	(46,845,364)	35,968,937	0
Total transactions with shareholders, recognized directly in equity	**(38,853,864)**	**47,695,566**	**609,471**	**-**		**-**	**-**	**-**	**(46,845,364)**	**35,968,937**	**(1,425,254)**
Balance as at 31 December 2017	**700,330,055**	**(4,748,190)**	**(124,659)**	**10,976,985**	**2,105,675,691**	**1,251,829,179**	**97,794**	**690,289,841**	**145,433,105**	**(2,608,519,658)**	**2,291,240,143**

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Chairman, General Manager

Ștefan Doba
Finance Manager

Standalone statement of cash flows
for the financial year ended as at 31 December 2018

In RON	Note	31-Dec-18	31-Dec-17
Operating activities			
Net profit of the period		77,186,227	69,553,195
Adjustments for:			
Depreciation of Property, Plant and Equipment and Intangible Assets		281,866	202,645
Net (Gains)/Loss from the disposal of Property, Plant and Equipment		4,557	(11,988)
Earnings from evaluation of Investment Property		(86,351)	(989,353)
(Reversals)/Expenses for adjustments for the impairment of assets		-	(3,912,645)
Net profit from the sale of assets (liabilities)	1	1,282,416	(2,150,991)
(Net earnings)/ net loss from financial assets at the fair value through profit and loss		14,950,272	(30)
Dividends income	7	(110,224,602)	(81,469,412)
Interests income	8	(4,399,872)	(3,277,959)
Expenses for /(income from) exchange rate differences financial assets		(10,086)	202,512
Shares benefits granted		2,380,000	
Income tax	14	3,705,890	2,938,216
Changes in assets and liabilities corresponding to operating activities			
Changes in other assets (receivables, etc.)		17,207	(114,865)
Changes in other financial liabilities		(2,083,394)	1,096,503
Paid income tax		(25,588,823)	(962,378)
Net cash used in operating activities		(42,584,693)	(18,896,551)
Investment activities			
Payments for the acquisition of shares in subsidiaries and other financial assets (shares, fund units, government securities, bonds)	18	(247,001,150)	(187,000,444)
Proceeds from the sale of financial securities (shares, government securities)		172,710,266	85,805,053
(Investments) / Proceeds from deposits for a period higher than 3 months		(1,200,000)	36,072,333
Proceeds from the sale / redemption of assets at the fair value through profit and loss (fund units)		23,466,399	-

Standalone statement of cash flows
for the financial year ended as at 31 December 2018

In RON	**Note**	**31-Dec-18**	**31-Dec-17**
Proceeds / (Payments) for the purchase of assets at the fair value through profit and loss		-	-
Proceeds / (Payments) from the sale of assets assessed at amortized cost		-	(160,893)
Proceeds from the sale of Property Plant and Equipment and property investments		-	440,757
Payments for the acquisition of Property, Plant and Equipment		(58,870)	(462,162)
Dividends cashed		106,528,122	79,528,077
Interests cashed		6,274,164	4,497,211
Net cash from investment activities		60,718,931	18,719,932
Financing activities			
Dividends paid		-	(3,450,000)
Redemption of treasury shares		(224,045)	(1,425,254)
Net cash used in financing activities		(224,045)	(4,875,254)
Net increase / (decrease) in cash and cash equivalents		17,910,193	(5,051,873)
Cash and cash equivalents as at 1 January		11,320,217	16,372,090
Cash and cash equivalents as at 31 December		29,230,410	11,320,217

The standalone financial statements were authorized for issue by the Board of Directors on 15 March 2019 revised and approved in a final form at the meeting on 22 March 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi	Ștefan Doba
Chairman, General Manager	Finance Manager

1. Reporting entity

Societatea de Investiţii Financiare Banat–Crişana SA (the „Company”) was established according to Law no. 133/1996 by the reorganization and transformation of Fondul Proprietatea Privata Banat-Crişana 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–Crişana is in Arad, Calea Victoriei, nr. 35 A, judeţul Arad, cod 310158, phone 0257.304.438, Facsimile: 0257.250.165. The registration number with the Trade Register Office is: J02/1898/1992, 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;
- risk management;
- other auxiliary and collective management 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 standalone 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).

Users of these standalone financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2018, in order to obtain full information on the financial position, results of operations and cash flows of the Group as a whole.

The standalone financial statements were authorized for issue by the Board of Directors on 15 March 2019 revised and approved in a final form at the meeting on 22 March 2019 and were signed on its behalf by:

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 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 transition date to IFRS as 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.

During the first quarter of 2018, the Company reanalyzed the criteria related to the classification as investment entity and concluded that these ones are fulfilled, less as regards the subsidiaries that supply investment related services (SAI Muntenia Invest, Administrare Imobiliare SA). Therefore, according to IAS 27 and IFRS 10, from the date when the Company management concluded that the Company fulfills the classification criteria as an "investment entity", the Company has measured all its subsidiaries at the fair value through profit and loss, except for the subsidiaries that supply investment related services, that will continue to be consolidated. Under these conditions, the Company issues two sets of financial statements: standalone and consolidated, according to the provisions of IFRS 10 and IAS 27.

Operating segments are reported in a manner consistent with the internal reporting, analyzed by the Company's chief operating decision maker (the Board of Directors). This one 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 standalone. The Company manages all activities as one reportable activity segment.

(b) Presentation of the standalone 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 standalone financial statements are prepared based on the fair value convention for the financial assets and liabilities at their fair value through profit and loss or through other comprehensive income.

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 standalone 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 standalone 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 standalone 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, amended with the provisions of IFRS 9 "*Financial instruments*" in force starting with 1 January 2018, as well as with the Amendments to IFRS 10 "*Consolidated financial statements*".

The following table presents the classification and measurement changes to 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 IAS 39	Classification according to IFRS 9	Final balance 31 Dec 2017 (IAS 39)	Transition effect: Revaluation – Others	Transition effect: Reclasification – Mandatory	Initial balance 1 Jan 2018 (IFRS 9)
Cash and cash equivalent (including bank deposits)	L&R	Amortised cost	16,134,803	-	-	16,134,803
Debt instruments (state and corporate bonds)	AFS	FVTOCI	67,163,649	(343,234)	-	66,820,415
Debt instruments (fund units and corporate bond)	AFS	FVTPL (mandatory)	267,129,024	-	-	267,129,024
Debt instruments (corporate bonds)	HTM	Amortised cost	6,321,346	-	-	6,321,346
TOTAL DEBT INSTRUMENTS			**356,748,822**	**(343,234)**	**-**	**356,405,588**
Equity instruments (speculative)	HFT	FVTPL (mandatory)	338	-	-	338
Equity instruments (associated)	AFS	FVTPL	95,025,865	-	-	95,025,865
Equity instruments total shares including subsidiaries	AFS	FVTOCI	2,008,815,084	-	18,957,169	2,027,772,253
TOTAL CAPITAL INSTRUMENTS			**2,103,841,287**	**-**	**18,957,169**	**2,122,798,456**
Receivables	L&R	Amortised cost	1,627,078	-	-	1,627,078
TOTAL RECEIVABLES			**1,627,078**	**-**	**-**	**1,627,078**
TOTAL FINANCIAL ASSETS						

The changes resulting from the application of IFRS 10 starting the financial year 2018 consist mainly of the classification of subsidiaries that are no longer consolidated at financial assets at fair value through profit or loss to be disclosed in Note 5 “Effects of the Company's classification as an entity investment”.

3. Significant accounting policies

The accounting policies presented below have been applied coherently during all periods presented within these standalone 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 2017 and 31 December 2018 are presented at Note 29 of the standalone financial statements.
In the standalone financial statements, the investments in subsidiaries and associates are accounted for as financial assets at the fair value through profit and loss 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 cost 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:

	Spot rate	Spot rate
Currency	**31 December 2018**	**31 December 2017**
EUR	4.6639	4.6597
USD	4.0736	3.8915

(c) Accounting for the effect of hyperinflation

According to IAS 29 („Financial Reporting in Hyperinflationary Economies") the financial statements 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 standalone 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 standalone 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 standalone 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.

(e) Financial assets and liabilities

The financial instruments, according to IFRS 9 include the following:

- Investments in equity instruments (eg. shares);
- Investments in liability instruments (eg. bonds, securities, loans);
- Trade receivables and other receivables;
- Cash and cash equivalents;
- Derivative financial instruments;
- Shares in subsidiaries, associates and joint ventures – depending on the provisions of IFRS 10/ IAS 27/ IAS 28.

(i) Classification

The financial instruments held are classified by the Company according to IFRS 9 ”Financial instruments” into financial assets and liabilities.

The company classifies the *financial assets* as evaluated at the amortized cost, at the fair value through other comprehensive income or at the fair value through profit or loss based on:

a) the business model of the entity to manage the financial assets and
b) the characteristics of the contractual cash flows of the financial asset.

Business model

- It represents the manner in which an entity manages its financial assets in order to generate cash flows: *collection, sale of assets* or *both of them*;
- Its determination is realized by facts, considering: *the valuation and reporting modality of* their *performance, the current risks and the management* modality thereof and the *management compensation modality* (based on fair value or based on cash flows related to these investments);

Model of held-for-collection assets

- Managed in order to carry out the cash flows by collecting the principal and the interest during the lifetime of the instrument;
- The hold-to-maturity is not necessary;
- There are categories of sale transactions compatible to this model: those ones due to the increase of the credit risk, infrequent or insignificant sales from the value point of view or sales on dates closed to the due date of the instruments;
- The accounting recording of these assets (if the SPPI criterion is also fulfilled and the fair value option was not selected) is made at amortized cost (using the effective interest method; the interests, earnings or losses from impairment and the exchange rate differences – in profit and loss).

Model of held-for-collection and held-for-sale assets

- Managed both to realize cash flows from collection and through the (full) sale of assets;
- The sales have high frequency and value compared to the previous model, without mentioning a certain threshold to classify within this model;
- The purpose of these sales can be: managing the current liquidity needs, mentioning certain structure of the output obtained or optimization decisions of the entity's balance sheet (correlation of the term of financial assets with that of financial liabilities).
- The accounting registration of these assets (if the SPPI criterion is also fulfilled and the fair value option was not selected) is made at the fair value through other comprehensive income (using the effective interest method; the interests, earnings or losses from impairment and the exchange rate differences – in profit and loss / variation of the fair value of these instruments – in other comprehensive income, the amounts recognized in other comprehensive income are recycled through profit and loss when the asset is derecognized).

Other business model

- The assets managed in order to carry out the cash flows by means of sale;
- The collection of cash flows related to these investments is incidental, it does not represent the purpose of their holding;
- Assets whose performance is managed and reported based on their fair value;
- Liability items acquired for the sale in the near future, are meant to obtain short-term profit or these are derivative instruments;
- The accounting recording of these assets is made at the fair value through profit and loss.

SPPI test

It comprises criteria that evaluates to what extent the structure of the cash flows of a liability instrument classifies within the model of the base credit agreement (the interest reflects to a great extent of the value in time of money and credit risk).

There are some ratios that indicate the case in which the liabilities instruments held should be evaluated at the fair value through profit and loss:

- non-standard interest rate;
- presence of the leverage effect;
- hybrid instruments (including an incorporated derivative).

There are also ratios that, although they would impose a registration at fair value, can comply, under certain circumstances, with the SPPI criterion and so the respective assets should be accounted for at amortized cost:

- the existence of an anticipated reimbursement option or extension of the asset term;
- assets without recourse that should guarantee the debt reimbursement
- contractually related instruments.

Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset must be measured at fair value through profit or loss, except if it is measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through other comprehensive income (FVOCI)

A financial asset, such as debt instruments, must be measured at fair value through other comprehensive income if both conditions below are complied with:

a) the financial asset is held within a business model whose goal is achieved by collecting the contractual cash flows and the sale of financial assets and
b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of the principal and of the interest corresponding to the principal owed.

The company can make an irrevocable choice upon the initial recognition in case of certain investments in *equity instruments* that otherwise would have been evaluated at the fair value through profit or loss to present the subsequent modifications of the fair value in other comprehensive income (according to paragraphs 5.7.5 and 5.7.6 of IFRS 9 – Financial Instruments).

Financial instruments measured at amortized cost

A financial asset must be measured at amortized cost if both conditions below are complied with:
(a) the financial asset is held within a business model whose goal is to hold financial assets in order to collect the contractual cash flows and
(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of the principal and of the interest corresponding to the principal owed.

Financial liabilities – They are measured at amortized cost, except for the financial liabilities classified at fair value through profit or loss.

***(ii)* Recognition**

The assets and liabilities are recognized on the date when the Company becomes a contractual party to the conditions of the respective instrument. When the Company recognizes a financial asset for the fist time, it must classify it according to paragraphs 4.1.1-4.1.5 (at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income) of IFRS 9 and value it according to paragraphs 5.1.1-5.1.3. (a financial asset or financial liability is measured at fair value adding or substrating the transaction costs, directly attributable to the acquisition or issue of the asset or liability).

***(iii)* Measurement**

After the initial recognition, the entity must measure the financial assets according to paragraphs 4.1.1 – 4.1.5 of IFRS 9 at:

a) Amortized cost;
b) Fair value through other comprehensive income; or
c) Fair value through profit or loss.

After the initial recognition, the entity must value the financial liabilities according to paragraphs 4.2.1-4.2.2 of IFRS 9. Thus, the Company will classify all financial liabilities at amortized cost, except for:

a) The financial liabilities measured at fair value through profit or loss;
b) The financial liabilities that appear when the transfer of a financial asset does not qualify for derecognition;

c) Financial collateral contracts valued at the highest of the loss provision value (Section 5.5 of IFRS 9) and the amount initially recognized less accumulated income (recognized under IFRS 15);

d) commitments to provide a loan at an interest rate below the market value measured at the highest of the loss provision value (Section 5.5 of IFRS 9) and the amount initially recognized less accumulated income (recognized under IFRS 15)

e) Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

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. 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.

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 valuators, 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. These include the method of comparisons with similar instruments for which there is an observable market price or the percentage method of the net assets of these companies adjusted with a discount for minority ownership and a discount for lack of liquidity, using at maximum the market information, being based at minimum on the specific company information. The Group uses evaluation techniques that maximize the use of observable data and minimize the use of non observable data. The assessment techniques are used regularly.

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.

(iv) Identification and measurement of value impairment

The Company must recognize a provision for the forecasted losses from credit corresponding to a financial asset that is measured according to paragraph 4.1.2 or 4.1.2A of IFRS 9 (debt instruments measured at amortized cost or at the fair value through other comprehensive income), a receivable resulting from a leasing agreement, a credit commitment and a financial guarantee agreement.

The Company applies the impairment provisions for the recognition of the provision for losses corresponding to the assets measured at fair value through other comprehensive income (debt instruments that meet the criteria of paragraph 4.1.2A of IFRS 9 – assets held in order to collect the cash flows and sales, whose cash flows represent exclusively principal reimbursement or interest payments). The provision determined is recognized considering other comprehensive income and does not reduce the carrying amount of the financial asset from the statement of the financial position.

Every reporting day, the Company measures the provision for losses corresponding to a financial instrument at a value equal to:

- The credit losses forecasted for a 12-month period, if the credit risk has not increased significantly as of the initial recognition;
- The credit losses forecasted during the entire life, if the credit risk has increased significantly as of the initial recognition.

The Company recognizes in profit or loss, as earnings or losses from impairment, the value of the forecasted, recognized or reversed losses, required to adjust the provision for losses on the reporting date up to the level imposed by the provisions of IFRS 9.

The Company assesses the expected credit losses of a financial instrument so that it represents:

- An impartial value, resulted from the weighting of more possible results depending on the probabilities related thereto;
- The time value of money;
- Reasonable information available at no cost or disproportionate effort at reporting date.

The Company may assume that the risk credit for a financial instrument has not increased significantly as of the initial recognition if the financial instrument is considered to have a low credit risk on the reporting date. A financial instrument is considered to have a low credit risk if:

- The debtor has a high capacity to meet the obligations associated with short-term contractual cash flow;
- Unfavorable changes in the business and the business environment may, but not necessarily, reduce the debtor's ability to meet its obligations.

In the assessment of low credit risk for issuers, no real collateral is taken into account. At the same time, financial instruments are not considered to be low-risk only because they have a lower risk than the other instruments issued by the debtor or in comparison with the credit risk prevailing in the geographical region or the jurisdiction in which it operates.

In the credit risk assessment, the company uses both external credit risk ratings and internal ratings that are consistent with generally accepted definitions of credit risk.

(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.

Derecognition of financial assets and liabilities is accounted for using the weighted average cost method.

(vi) Reclassifications

If the Company reclassifies the financial assets according to paragraph 4.4.1 of IFRS 9 (as a result of changing the business model for the management of its financial assets), then all the affected financial assets will be reclassified. The financial liabilities cannot be reclassified after the initial recognition.

The Company applies the reclassification of financial assets prospectively as of the reclassification date. The eventual earnings, losses or interests recognized before will not be restated.

If a reclassification occurs, the Company proceeds as follows:

- When reclassifying an asset in the amortized cost category to fair value through profit or loss, the fair value is determined at the date of reclassification. The difference between the amortized cost and the fair value is recognized in profit or loss;
- When reclassifying an asset in the fair value through profit or loss category to the amortized cost, the fair value at the date of reclassification becomes the new gross carrying amount;
- When reclassifying an asset in the amortized cost category to fair value through other comprehensive income, fair value is determined at the date of reclassification. The difference between the amortized cost and the fair value is recognized in other comprehensive income, without adjusting the effective interest rate or the expected loss from the borrowing;
- When reclassifying an asset in the fair value category by other elements of the comprehensive income to the amortized cost, the reclassification is carried at the fair value of the asset from the reclassification date. Amounts previously recognized in other comprehensive income are eliminated in relation to the fair value of the asset, without affecting the profit or loss account. The actual interest rate and the expected loss on credit are not adjusted as a reclassification effect;
- When reclassifying an asset in the fair value through profit or loss category to fair value through other comprehensive income, the asset continues to be measured at its fair value;
- When reclassifying an asset of fair value through other comprehensive income to fair value through profit or loss, the financial asset continues to be measured at fair value. Amounts previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment (in accordance with IAS1).

(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, in the case of debt instruments;
- are transferred to retained earnings, in case of equity instruments (shares).

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 for 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

(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.

Reevaluations 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 for the workforce and with consumables, and may include the cost of the low-value components.

The expenses for 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.

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) Amortization of intangible assets

Amortization is calculated for the cost or the asset or other amount replacing the cost, less the residual value. Amortization 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.

(j) Investment property

Investment property is a real estate (land, building or part thereof) 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.

(iii) 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 standalone 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 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 standalone 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 live 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 corresponding to equity instrument classified at fair value through other comprehensive income respectively at fair value through profit or loss are recognized in profit or loss when the entity's right to receive these amounts is established unless those amounts represents a substantial recovery of the cost of investment in accordance with IFRS 9.

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 for the income tax.

(p) Employee benefits

(i) Short-term benefits

The obligations with the short-term employee benefits are not updated 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.

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.

(iv) Share-based payment and share option plan type programs

According to IFRS 2, for equity-settled share-based payment transactions, the entity must measure the goods or services received and the appropriate increase in equity to the fair value of the goods or services received, unless the fair value cannot be reliably estimated. If the entity cannot reliably estimate the fair value of the goods or services received, the entity shall measure their value and the corresponding increase in equity, indirectly, in relation to the fair value of the equity instruments granted.

In order to apply these provisions to transactions with employees and other persons providing similar services, the entity shall measure the fair value of services received by reference to the fair value of the equity instruments granted, as it is generally not possible to estimate reliably the fair value of the services received. The fair value of those equity instruments must be measured at the date of issue.

A grant of equity instruments may be conditional on satisfying specific vesting conditions. For example, a share or share option granted to an employee is generally conditional upon the employee remaining in the service of the entity for a specified period of time. It may be necessary to satisfy performance conditions, such as the entity achieving a specified profit growth or a specified increase in the entity's share price. The vesting conditions other than market conditions should not be taken into account when estimating the fair value of shares or share options at the valuation date. Instead, the vesting conditions should be taken into account by adjusting the number of equity instruments included in the transaction value valuation, so that ultimately the value recognized for counterparty goods or services for the equity instruments granted must be based on the number of end-of-life equity instruments. Therefore, on a cumulative basis, no value is recognized for the goods or services received if the equity instruments granted do not qualify due to non-fulfillment of a vesting condition eg the other party does not complete the specified service period or a performance condition is not met.

(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 standalone financial statements.

As at 31 December 2018 and 31 December 2017 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 standalone financial statements.

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 equity at Other reserves.

(t) Adoption of New or Revised Standards and Interpretations

(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 applicable for the periods beginning on 1 January 2018 or after this date) and amendments to IFRS 15 "Revenue from contracts with customers" for periods beginning on or after 1 January 2018).

The new standard introduces the core principle that revenue must be recognized 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 IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after January 2018).
- Amendments to IFRS 9 - "Prepayment characteristics with negative netting" (issued on 12 October 2017 and applicable at the latest for annual periods beginning on or after 1 January 2019)
- Improvements to annual IFRSs (2014-2016 cycle) issued on December 8, 2016 and effective for annual periods beginning on or after 1 January 2018 for changes to IFRS 1 and IAS 28.
- Amendments to IFRS 4 - "Applying IFRS 9 Financial Instruments to IFRS 4 Insurance Contracts" (issued on September 12, 2016 and effective, by approach, for annual periods beginning on or after 1 January 2018 for entities that opts for the application of the temporary exemption or when the entity first applies IFRS 9 to entities that choose to apply the overriding approach)
- IFRIC 22 - Foreign Exchange Transactions (issued on December 8, 2016 and effective for annual periods beginning on or after January 1, 2018).
- Real estate investment transfers - Amendments to IAS 40 (issued December 8, 2016 and effective for annual periods beginning on or after January 1, 2018).

Certain new standards, amendments and interpretations of the standards and adopted by the EU are not in force for the financial year ended as at 31 December 2018 and, thus are not applied for the issue of these financial statements.

IFRS 16, Leases (issued in 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, an asset (the right to use a rental property) and a financial debt to pay rent will be recognized. 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.

There are no other standards and interpretations that are not in force and would be expected to have an impact over the financial position of the Company or its performance.

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

- 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.
- IFRIC 23 "Income Tax Treatment Uncertainty" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).
- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021). Improvements to IFRSs (2015-2017 cycle), Improvements to IFRS 3, IFRS 11, IAS 12 and IAS 23 to eliminate inconsistencies and clarifications (issued December 12, 2017 and effective from or after January 1, 2019).
- Amendments to IAS 19 "Changes, reductions or reversals of the plan" (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).

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 Regulation of the National Securities Commission no. 15/2004, as amended and completed.

The most significant financial risks to which the Company is exposed to are the credit risk, the liquidity risk and the market risk. The market risk included the foreign currency risk, the interest rate risk and the price risk of the equity instruments. 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 risks

(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 has monitored and is permanently monitoring the reduction of adverse effects related to this financial risk, through an active procedure of diversifying prudently 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.

Concentration risk

Concentration risk relates to all 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 market risk of equity instruments is mainly the result of shares measured at fair value through other comprehensive income and through profit or loss. 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 both 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.

A positive variation of 10% in the price of financial assets at fair value through profit or loss (shares of subsidiaries, associates and fund units) would lead to an increase in profit after tax by RON 92,903,098 (31 December 2017: RON 28), a negative variation of 10% having an equal net impact on the opposite direction.

A positive variation of 10% in the prices of financial assets measured at fair value through other comprehensive income, investments in shares and unit funds would lead to an increase in equity, net of tax, of RON 107,464,995 (31 December 2017: RON 194,064,233), 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:
As it can be noticed from the table below, as at 31 December 2018, the Company mainly held shares in companies in the banking-financial and insurance field, accounting for 51.2 % of the total portfolio, decreasing compared to 57.7% registered as at 31 December 2017.

In RON	**31 December 2018**	**%**	**31 December 2017**	**%**
Financial brokerage and insurance	1,047,441,047	51.2%	1,213,927,110	57.7%
Manufacturing industry	333,231,839	16.3%	333,124,087	15.8%
Hotels and restaurants	126,746,145	6.2%	133,903,433	6.4%
Wholesale and retail trade, repair of motor vehicles	37,902,258	1.9%	28,646,240	1.4%
Production and supply of energy, gas and water	27,242,153	1.3%	35,638,407	1.7%
Extractive industry	54,416,217	2.7%	59,450,796	2.8%
Other activities	2,901,664	0.1%	3,134,241	0.1%
Financial services applicable to real estate	344,682,950	16.9%	268,708,025	12.8%
Constructions	667,238	0.0%	1,217,307	0.1%
Transport and storage	57,659,329	2.8%	25,470,155	1.2%
Rental of property investment	10,570,630	0.5%	-	0.0%
Agriculture, forestry and fishing	378,546	0.0%	621,150	0.0%
TOTAL	**2,043,840,016**	**100%**	**2,103,840,949**	**100%**

As at December 31, 2018, the Company holds fund units of 295,681,969 RON, at closed the investment funds Active Plus, Omnitrend, Star Value, Optim Invest, Certinvest Shares and Romania Strategy Fund. The Company is exposed to price risk in terms of placements made with different degrees of risk by these Investment Funds.

As at December 31, 2017, the Company holds fund units in the closed investment funds Active Plus, Omnitrend, Star Value and Optim Invest..
As at 31 December 2017, the Company holds fund units in Closed Investment Funds Active Plus, Omnitrend, Star Value and Optim Invest.

(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 profitable financial instruments, with due date 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 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 shows the annual interest rates earned by the Company for interest-bearing assets during the year 2018:

	RON interval		**EUR interval**	
Financial assets	**Min**	**Max**	**Min**	**Max**
Cash and cash equivalents	-	-	-	-
Bank deposits	0.45%	3.00%	-	-
Financial assets at fair value through profit and loss	3.85%	5.35%	-	-
Financial assets at fair value through other comprehensive income *	3.25%	5.75%	5.75%	5.75%
Investments measured at amortized cost	-	-	5.98%	5.98%

* Government bonds (the interest is the nominal coupon, not the output at acquisition / adjudication) and corporate bonds.

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

	RON interval		EUR interval	
Financial assets	**Min**	**Max**	**Min**	**Max**
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%

** Government bonds (the interest is the nominal coupon, not the output at acquisition / adjudication) and corporate bonds.

The following table shows 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	**2018**
Cash and cash equivalent	15,500,000
Bank deposits	6,000,000
Financial assets at fair value through profit and loss – corporate bonds	40,562,280
Financial assets at fair value through comprehensive income – corporate bonds	4,872,610
Investments measured at amortized cost – corporate bonds	6,327,044
TOTAL	**73,261,933**

In RON	**2017**
Cash and cash equivalent	10,200,000
Bank deposits	4,800,000
Available-for-sale financial assets	103,888,634
Held to maturity investments	6,321,346
TOTAL	**125,209,981**

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

The impact on the Company's net profit and equity of a change of ± 1.00% in the interest rate related to variable interest bearing assets and liabilities and expressed on other currencies corroborated with a change of ± 1.00% in the interest rate related to variable interest bearing assets in RON is RON 615,400 (31 December 2017: RON 1,051,764).

(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 2018 can be analyzed as follows:

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

In RON	**2018**
Cash and cash equivalent	9,025,982
Bank deposits	-
Financial assets at fair value through profit and loss – (assets held by investment funds)*	20,255,448
Financial assets at fair value through other comprehensive income **	290,081,290
Investments measured at amortized cost	6,505,683
TOTAL	**325,868,403**

* The shares held in foreign currency by the investment funds are included within financial assets at fair value through profit and loss prorate the Company's holding in their assets.

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

In RON	**2017**
Cash and cash equivalent	141,467
Bank deposits	-
Available-for sale financial assets**	445,573,454
Held to maturity investments	6,499,764
TOTAL	**452,214,686**

** In 2018 the shares held outside the country, namely Austria – Erste Bank and Impact corporate bonds are included within the financial assets at fair value through other comprehensive income (2017: available-for sale financial assets) in EUR.

As at 31 December 2018, The Company holds fund units in the Closed Investment Funds Active Plus, Omnitrend, Star Value, Optim Invest, Certinvest Acțiuni and Romania Strategy Fund. As at 31 December 2017, the Company held fund units in Closed Investment Funds Active Plus, Omnitrend, Star Value and Optim Invest. The Company is exposed to foreign currency risk through the investments made by these Investment Funds.

As at 31 December 2018 the assets of the Closed Investment Fund Omnitrend were represented mainly by traded shares held at SIF Oltenia – 81.5% (31 December 2017: 47.7% - SIF Moldova) and bank deposits 18.5% (31 December 2017: 48.8%). The investments in financial assets in foreign currency (shares, bank deposits) represent 0.03% of the fund's assets.

As at 31 December 2018, the total asset of the Closed Investment Fund Active Plus was represented mainly by traded shares held at SIFs 86.11% (31 December 2017: 83.54%), traded admitted shares on a regulated market in another member state OPUS-Chartered Issuances SA 9.14% (31 December 2017: 10.21%) and other security interests admitted for trading on a market of another member state 4.45% (31 December 2017: 6.05%; structured products Morgan Stanley&Co with active asset shares SIF1, SIF2, SIF4 and Palatino Technologies).

As at 31 December 2018, the total asset of the Closed Investment Fund Optim Invest was represented mainly by traded shares held at SIFs 98.3% (31 December 2017: 98.8%), monetary investments 0.91% and fund units 0.83%.

As at 31 December 2018, the total asset of the Open type Alternative Investment Fund Certinvest Acțiuni was represented mainly by traded shares on the domestic market 91.7%, bank deposits in RON 5.1% and fund units with a weight of 3.2%.

As at 31 December 2018, the total asset of the Closed Investment Fund Star Value was represented mainly by traded shares on the domestic market 83.0%, bank deposits in RON 16.2% and shares on the foreign markets 0.38% (Erste Bank).

As at 31 December 2018, the total asset of the Closed Investment Fund Romania Strategy Fund was represented mainly by traded shares held at SIFs 49.7% and current availabilities in RON 50.3%.

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:

	31 December 2018		31 December 2017	
	The impact on the profit and loss account	**The impact on other comprehensive income**	**The impact on the profit and loss account**	**The impact on other comprehensive income**
EUR Increase with 5% (2017: 5%)	1,229,820	12,456,653	5,942	18,987,075
EUR Decrease with 5% (2017: 5%)	(1,229,820)	(12,456,653)	(5,942)	(18,987,075)
Total	-	-	-	-

(b) Credit risk

Credit risk is the risk of financial loss of the Company if a 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 2018 and 31 December 2017, the Company did not have any security interests as insurance, nor any other credit enhancement.
As at 31 December 2018 and 31 December 2017, the Company did not record outstanding financial assets but that are not impaired.

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

31 December 2018	Current account	Bank deposits	Bonds issued by financial entities (measured at amortized cost)	Bonds issued by trading companies (measured at fair value through other comprehensive income)	Bonds issued by trading companies (measured at fair value through profit and loss)	Other financial assets	Total
Current and not impaired							
Rating AAA up to A-							
BBB+	10,988,692	13,000,000	-	-	-	-	23,988,692
BBB	24,299	-	-	-	-	-	24,299
BB+	2,698,188	8,500,000	6,505,683	-	-	-	17,703,871
Baa2	4,367	-	-	-	-	-	4,367
Ba3	3,554	-	-	-	-	-	3,554
Caa2	284	-	-	-	-	-	284
NR	1,501	-	-	4,882,639	40,929,816	2,277,307	48,091,262
TOTAL	**13,720,885**	**21,500,000**	**6,505,683**	**4,882,639**	**40,929,816**	**2,277,307**	**89,816,329**

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
Not overdue and not impaired							
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**

The Company's maximum exposure to credit risk is RON 89,816,329 as at 31 December 2018 (31 December 2017: RON 130,184,779) and can be analyzed as follows:

Exposure of current accounts and deposits placed at banks (excluding interest accrued)

	Credit rating			**31 Dec 2018**	**31 Dec 2017**
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	23,940,933	9,292,327
Banca Transilvania	BB+	Banca Transilvania	Fitch	11,197,124	6,729,677
Banca Comerciala Romana	BBB+	Banca Comerciala Romana	Fitch	46,776	47,406
Veneto Banca **	B	Veneto Banca Italia	S&P	-	19,095
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	24,299	6,779
Raiffeisen Bank Romania	Baa2	Raiffeisen Bank Romania	Moody's	4,367	6,014
Alpha Bank Romania	Ba3	Alpha Bank Romania	Moody's	3,554	4,056
Bancpost***	BB+	Banca Transilvania	Fitch	1,064	1,972
UniCredit Tiriac	BBB+	UniCredit Tiriac	Fitch	983	1,695
Banca Comerciala Feroviara	NR			1,501	1,537
Piraeus Bank Romania****	Caa2	Piraeus Bank Romania	Moody's	284	1,006
TOTAL (Notes 15 and 16)				**35,220,885**	**16,111,566**

* For banks for which there is no rating, we considered the parent company's rating **During year 2018, the local operations of Veneto Bank were taken over by Intesa Sanpaolo Romania.

***At the end of year 2018, the taking over of Bancpost by Banca Transilvania was completed.

****In 2018, the local subsidiary of Piraeus Bank Greece was taken over by the American investment fund JC Flowers, the name of the bank was changed into First Bank.

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 34,519
(31 December 2017: RON 158,050) are not past due and not impaired

As at 31 December 2018 and 31 December 2017, the Company considers the value of the receivables (within different borrowers) at the amount of RON 1,406,362 (31 December 2017: RON 1,417,610) 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.
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 2018 and as at 31 December 2017, as follows:

In RON	Carrying amount	Less than 3 months	3 to 12 months	More than 1 year	No fixed maturity
31 December 2018					
Financial assets					
Cash and cash equivalents	29,230,410	29,230,410	-	-	-
Bank deposits	6,044,457	3,030,457	3,014,000	-	-
Financial assets at fair value through profit or loss	1,105,989,265	-	-	40,929,816	1,065,059,449
Financial assets at fair value through comprehensive income	1,279,345,173	-	-	4,882,639	1,274,462,535
Financial assets measured at amortized cost	6,505,683	-	6,505,683	-	-
Other financial assets	2,277,307	2,277,307	-	-	-
Total financial assets	2,429,392,294	34,538,174	3,014,000	52,318,137	2,339,521,984
Financial liabilities					
Dividends payable	5,495	5,495	-	-	-
Other financial liabilities	1,614,344	1,614,344	-	-	-
Total financial liabilities	1,619,839	1,619,839	-	-	-
Liquidity surplus	2,427,772,455	32,918,335	3,014,000	52,318,137	2,339,521,984

In RON	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

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

In addition, the Romanian Government has a number of agencies authorized to conduct audits (controls) of companies operating in Romania. These controls are similar to tax audits in other countries, and may extend not only to tax matters but also 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 2018 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.

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 during the latest period (at the meeting in January 2019) both the benchmark interest rate in absolute historical absolutes (0%) and the commitment to fully reinvest the amounts cashed on the maturity date of the financial instruments acquired in the quantitative easing program, 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, considering the recent macroeconomic data that indicate a slowdown of the economic activity in the main economies of the Euro area (including technical recession in Italy), signals the persistence of some risks 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 RON 2,321,420,613 as at 31 December 2018 (RON 2,291,240,143 as at 31 December 2017).

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:

Application of Amendments to IFRS 10 Investment Entities

During the first quarter of 2018, the Company reanalyzed the criteria disposed by IFRS 10 related to the classification as investment entity and concluded that these ones are fulfilled, namely:

a) it obtains funds from one or many investors in order to supply investment management services;
b) it is committed in front of its investors that the purpose of its activity is to invest funds only for earnings from the increase of the investment value, income from investment or both of them; and
c) it quantifies and measures the performance of most investments based on the fair value (IFRS 10.27).

The company also meets the characteristics of an investment entity, namely:

- Investment related services;
- Purpose of the activity; and
- Ealuation at fair value.

Thus, the Company applies the provisions of IFRS 10 - Investment Entities from the financial year 2018.

Investment related services

An investment firm may provide investment-related services (eg investment advisory services, investment management, investment support and administrative services) either directly or through a subsidiary, to third parties and to its investors, even if those activities are substantial for the company [IFRS 10.B85C].

The Company holds significant investments in two subsidiaries that provide (directly or indirectly through a subsidiary) investment services or activities as follows:

- SAI Muntenia Invest SA is the Investment Management Company (SAI) and Alternative Investment Funds Administrator (AFIA) and is the administrator of Societatea de Investiții Financiare Muntenia S.A. and of the Open Investment Fund Plus Invest.
  SIF Imobiliare Plc (hereinafter referred to as ”SIFI”) that represents a vehicle for holding shares in other entities that activate in real estate field.
  One of the entities within SIFI portfolio, Administrare Imobiliare SA (hereinafter referred to as „AISA”) (held 98.90% by SIFI), is the administrator of the entities within SIFI Group and supplies investment management services to all these companies, such as: investment management, consultancy related to the investment opportunities, management and administration consultancy services, financial support etc.

As at 31 December 2018, the Company holds directly 97.4% of the share capital of Administrare Imobiliare SA, following the participation in the increase of the share capital with contribution in cash.

Therefore, the Company will consolidate SAI Muntenia and AISA, according to IFRS 10 par. B85E. The investment in SIFI will be measured at the fair value through profit or loss in the standalone and consolidated financial statements of SIF Banat – Crișana.

Purpose of the activity of an investment entity

The purpose of an investment entity is that one to obtain funds from its investors and to invest those funds to the sole purpose of increasing the investment value or investment income or both of them. In this respect, the purpose of an investment entity is highlighted by:

i) Documents such as the prospectus for shares and other regular publications related to investment activity; and
ii) The way in which it is presented to investors or potential investors such as the investment strategy or the analysis of the investment portfolio.

SIF Banat-Crișana was established as a joint stock company in November 1996, according to the provisions of Law no. 133/1996 for the change of Private Property Funds into Financial Investment Companies, according to the Articles of Association updated on 22 May 2017.

According to the Articles of Association, the purpose of the Company is to carry out financial activities specific to its business object and to get profit in order to distribute it to shareholders and /or to finance financial investments, permitted by the statutory object and according to the legal provisions in force.

The investment strategy of the Company seeks to maximize the portfolio performance in order to increase the value of assets managed and income from investments, rather than the exploitation of some economic benefits that would not be available to other non-related parties.

The Company presents the investment strategy to current investors by means of regular reports.

Exit strategies

One way to prove the purpose of the activity of an investment entity can be proved is through the existence of an exit strategy for its investments.
The differentiate approach applied by the Company for each of its shares follows the fructification of an aggregate output (generated from dividend earnings and capital earnings).

The execution of the various exit strategies will be adapted and correlated to a series of internal and external factors, such as: general economic perspectives; bull or bear evolution of the Bucharest Stock Exchange; the liquidity of the securities quoted and daily trading volumes; regional character of small business; access barriers (interest), depending on the shareholding structure; the need of liquidities of SIF Banat-Crișana.

Investment results

Unlike an investment entity, a parent company does not invest only in order to increase the investment value and/or the investment income, but seeks to obtain other benefits from its investments that are not available to other non-related parties of the company in which investments were made.

The Company's investment strategy seeks to achieve sustainable results and avoid decapitalization of the Company by selling assets as the primary means of obtaining profits. One of the investment objectives of SIF Banat-Crişana is to increase the quality of the portfolio of shares by focusing on companies with stable dividends and a high dividend yield above the market average.

Measurement at fair value

An essential element of the definition of an investment entity is that this one quantifies and measures the performance of most of its investments based on fair value, because the use of fair value triggers more relevant information than, for example, the consolidation of its subsidiaries or the use of the equity method for its interests in associates or joint ventures.

Starting with 1 January 2018, the Company measures all financial investments at fair value. The measurement at fair value is carried out by authorized internal and external evaluators.
SIF Banat-Crișana also holds properties classified as „Investment Property”, which are measured using the fair value model according to IAS 40.

Effects of Classification of the Company as an Investment Entity

From the time that the parent became an investment entity, the Company accounted for the change in its status as a "ceded loss" or "loss of control" over its subsidiaries as presented in the consolidated financial statements under IFRS .

The fair value of the investment at the date of change of the statute should be used as a consideration received when the provisions of IFRS 10 are applied.

Thus, gain or loss in the case of a "ceded loss" must be recognized as a gain or loss in the income statement. The parent company measures all its subsidiaries at fair value through profit or loss, except for the subsidiaries of SAI Muntenia Invest SA and AISA, which will continue to be consolidated.

Thus, the Company will prepare two sets of financial statements: individual and consolidated financial statements in accordance with IFRS 10 and IAS 27.

The manner of presenting the investments in the parent's financial statements as an investment entity shall consider both the requirements of IFRS 10 and IFRS 9 for the Classification and Measurement of Financial Instruments held by the Company as required by:

i) Investments in subsidiaries excluded from consolidation are measured at fair value through profit or loss in accordance with IFRS 9;
ii) Investments in subsidiaries (SAI Muntenia and AISA) included in the consolidation perimeter will be measured in accordance with IFRS 9 and measured at fair value through other items of comprehensive income.
iii) Investments in associates are measured at fair value through profit or loss in accordance with IFRS 9;
iv) Investments in equity instruments (other than in subsidiaries and associates) - at fair value through other items of comprehensive income;
v) Investments in debt instruments (bonds) will be classified and measured in accordance with IFRS 9, after analysis of the business model and the SPPI test:
    - Government and corporate bonds - at fair value through other elements of the global result, as a result of documenting the Hold to collect & sell business model and passing the SPPI test;

- Corporate bonds issued by subsidiaries and associates - at fair value through profit or loss, consistently with the method of valuation of subsidiaries and associates, following the provisions of IFRS 10, paragraph 31, and the Company's business model , in line with the exit strategy for those investments; and
- Corporate bonds, other than those issued by subsidiaries and associates, at amortized cost consistent with those detailed in Section B.1 (iv) "Investments in debt instruments (bonds)".

vi) Investments in fund units will be classified at fair value through profit or loss, which are ineligible for the irrevocable choice to present them in other changes in the comprehensive income. Under IFRS 9, even if investments in such instruments can be assimilated to equity investments for accounting purposes, they do not meet the definition of equity as set out in IAS 32. Thus, financial instruments that give the holder the right to place the instruments back to the issuer in return for a consideration in cash or another financial asset is a financial liability of the issuer. Moreover, the respective investments representing debt instruments from the perspective of IFRS 9, it is unlikely that these investments will pass the SPPI test.

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 instruments that are rated based on quoted prices for similar instruments, but for which adjustments are needed based mainly on unobservable inputs or estimates to reflect the difference between the two instruments.

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.

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 external valuators and authorized valuators 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 2018

In RON	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss - shares	207,568,029	-	561,809,452	769,377,481
Financial assets at fair value through profit and loss – fund units	-	-	295,681,969	295,681,969
Financial assets at fair value through profit and loss – bonds	40,929,816	-	-	40,929,816
Financial assets at fair value through other comprehensive income - shares	1,139,744,797	16,138,348	118,579,391	1,274,462,536
Financial assets at fair value through other comprehensive income - corporate bonds	4,882,639	-	-	4,882,639
Financial assets measured at amortized cost – corporate bonds	6,505,683	-	-	6,505,683
Investment property	-	-	20,128,515	20,128,515
Land and building	-	-	2,773,415	2,773,415
	1,399,630,963	**16,138,348**	**998,972,742**	**2,414,742,053**

Starting with 2018, following the application of IFRS 9, the Company has developed valuation models for participations in unlisted and listed companies but without an active market. Thus, the following reclassifications were made:

- 2 companies that were valued at cost were transferred to level 2 with a value of 12,892,354 lei
- 99 companies that were valued at cost were transferred to level 3 with a value of 26,092,717 lei

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
	1,582,046,226	**45,966,083**	**817,648,345**	**2,445,660,655**

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:

2017	**Financial assets available for sale - share**	**Financial assets available for sale fund units**	**Property investment**
Balance as at 1 January 2017	**558,989,265**	**64,499,755**	**19,466,667**
Transfers from level 3 to level 2	(5,775,520)	-	-
(Gain)/Loss recognized in:			
- statement of income	-	4,077,417	856,821
- other comprehensive income	11,074,866	66,826,915	-
Adjustments for loss of values recognized in the statement of income	-	-	-
-Acquisitions / Inputs	30,000	94,999,951	-
Acquisition cost of shares disposed	-	-	(281,324)
Balance as at 31 Dec 2017	**564,318,611**	**230,404,038**	**20,042,164**

2018	**Financial assets measured at fair value through other comprehensive income - shares**	**Financial assets measured at fair value through profit or loss – shares**	**Financial assets measured at fair value through profit or loss – unit funds**	**Property investment**
Balance as at 1 January 2018	**564,318,611**	**-**	**230,404,038**	**20,042,164**
Initial balance restated based on IFRS 9	562,202,672	28,208,657	230,404,038	20,042,164
Reclassification in assets measured at fair value through profit and loss	(491,143,508)	491,143,508	-	-
(Gain)/Loss recognized in:				
- statement of income	-	37,033,415	(51,852,388)	86,351
- other comprehensive income	9,236,362	-	-	-
Acquisitions/Inputs	40,522,753	5,423,872	140,499,992	-
Acquisition cost of shares disposed	(2,238,888)	-	(23,369,673)	-
Balance as at 31 December 2018	**118,579,391**	**561,809,452**	**295,681,969**	**20,128,515**

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% (2017: +/-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).

2018

Change in variable global items	**Impact on statement of income**	**Impact on other comprehensive income**
Increase in EBITDA by 5%	10,133,279	1,313,333
Decrease in EBITDA by 5%	(10,130,591)	(1,313,333)
Increase in WACC by 5%	(10,795,362)	(1,413,810)
Decrease in WACC by 5%	12,478,279	1,587,111

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)

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 +/- RON 24,837,285 as at 31 December 2018 (31 December 2017: +/- RON 19,353,939, with influence on other comprehensive income).

As at 31 December 2017, 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%. The price increase (decrease) would generate a favorable (unfavorable) impact in the fair value of RON 2,031,289.

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).

	2018
Change in variable global items	**Impact on statement of income**
Increase in revenue by 5%	475,051
Decrease in revenue by 5%	(474,202)
Market value increase by 5%	451,565
Market Value Decrease by 5%	(451,565)

	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)

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 the assets and liabilities to be initially classified in different accounting categories. For the classification of assets and liabilities at fair value through profit or loss, the Company has determined that one or more of the criteria presented in Note 3 (e) (i) have been met.

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

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

Determining the fair value in respect of investment properties

The fair value of the completed investment property is determined based on the income method with explicit hypotheses regarding the ownership benefits and debts throughout the useful life of the asset, including an exit price or closing value. The income capitalisation on property quotas is accepted as income assessment. To this cash flow series forecasted, a capitalisation rate is added as derived from the market in order to determine the actual value of the cash income associated with the property.

Specific income and the specific input and exist calendar are determined by events such as rent revision, lease agreement renewal, auxiliary lease periods, re-lease, rearrangement or renovation.

The corresponding period is usually established by market behaviour. In case of property investments, the income estimated as gross income minus vacant spaces, non-recoverable expenses, collection losses, lease incentives, maintenance costs, costs with agencies and fees, and other operation and management expenses.

For the year ending as at 31 December 2018, the Group has obtained independent valuation reports on its property investment. The fair value of the property investment relies on these valuations. The Group's property investments are classified as Level 3 of the fair value hierarchy defined in IFRS 13.

For all the property investments, the current utilisation degree is equivalent to the highest and the best utilisation degree. The Group reviews the valuations conducted by the independent valuators for financial and reporting purposes. At each year end, the financial department or the valuation department, as the case may be:

- checks all major aspects related to the independent valuation report;
- appraises the valuation movements of the property investments and compares the same with the evaluation report in the previous year; and
- discusses with the independent valuator.

At the end of the reporting period, the Group portfolio included retail spaces, office spares and industrial buildings.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Groups currently presents fair values according to a "fair value hierarchy" (according to IFRS 13), which categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs. The various levels of the fair value hierarchy are explained below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Using an input model (other than quoted market prices included within Level 1) that are observable on the market, either directly or indirectly and
- Level 3: Using an input model with inputs that are not based on observable data.

The Group's property investments are classified at Level 3. There we no transfers between the hierarchy levels during the year.

Information regarding the fair value measurement using significant unobservable inputs (Level 3) for 2018 are illustrated in the table below.

Segments	**Measurement method**	**Estimated rent value - EUR/sqm**	**Discount rates (%)**
Industrial and service – buildings	Income capitalisation method	2-8 euros/mp	8-10%

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.

6. Financial assets and liabilities

Accounting classifications and fair values

For the purpose of valuation, IAS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at amortized cost; (b) financial assets at fair value through other comprehensive income; (c) 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 2018:

IN RON	**Fair value through profit and loss**	**Fair value through other comprehensive income**	**Amortized cost**	**Loans and receivables**	**Financial liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and cash equivalent	-	-	-	29,230,410	-	29,230,410	29,230,410
Cash at hand	-	-	-	9,526	-	9,526	9,526
Current accounts at banks	-	-	-	13,720,884	-	13,720,884	13,720,884
Bank deposits with initial maturity less than 3 months	-	-	-	15,500,000	-	15,500,000	15,500,000
Bank deposits	-	-	-	6,044,457	-	6,044,457	6,044,457
Financial assets at fair value through profit and loss	1,105,989,265	-	-	-	-	1,105,989,265	1,105,989,265
Shares	769,377,480	-	-	-	-	769,377,480	769,377,480
Bonds	295,681,969	-	-	-	-	295,681,969	295,681,969
Unit funds	40,929,816	-	-	-	-	40,929,816	40,929,816
Corporate bonds		-		-	-		
Financial assets measured at fair value through other comprehensive income	-	1,279,345,173	-	-	-	1,279,345,173	1,279,345,173
Shares	-	1,274,462,535	-	-	-	1,274,462,535	1,274,462,535
Government bonds	-	-	-	-	-	-	-
Corporate bonds	-	4,882,639	-	-	-	4,882,639	4,882,639
Financial assets measured at amortized cost	-	-	6,505,683	-	-	6,505,683	6,505,683
Bonds issued by financial entities	-	-	6,505,683	-	-	6,505,683	6,505,683
Other financial assets	-	-	-	-	-	-	-
Total financial assets	1,105,989,265	1,279,345,173	6,505,683	35,274,867	-	2,427,114,988	2,427,114,988
Dividends payable	-	-	-	-	(5,495)	(5,495)	(5,495)
Other financial liabilities	-	-	-	-	(1,614,344)	(1,614,344)	(1,614,344)
Total financial liabilities	-	-	-	-	(1,619,839)	(1,619,839)	(1,619,839)

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

IN RON	Trading assets	Available for sale securities	Loans and receivables	Held to maturity investments	Financial liabilities at amortized 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
Current accounts at banks	-	-	1,111,566	-	-	1,111,566	1,111,566
Bank deposits with initial maturity less than 3 months	-	-	10,200,000	-	-	10,200,000	10,200,000
Bank deposits	-	-	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	-	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
Government bonds	-	64,044,406	-	-	-	64,044,406	64,044,406
Unit funds	-	230,404,039	-	-	-	230,404,039	230,404,039
Corporate bonds	-	41,901,964	-	-	-	41,901,964	41,901,964
Held to maturity investments	-	-	-	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	-	-	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)

In estimating the fair value of financial assets and financial liabilities measured at amortized cost, the Company has used the following assumptions and has made the following significant judgments:
- For cash and cash equivalents, other financial assets and financial liabilities that are issued or held for very short periods and are generally non-interest bearing or have fixed interest rates, the Company has approximated fair value to their cost .

7. Dividend income

In accordance with IFRS 9, and as a result of the fact that the Company has opted for the option to measure participations by other comprehensive income, dividends on these interests are recognized in income unless they represent a material recovery of the investment cost .
Dividend income is recorded at gross value. Tax rates on dividends for the financial year ended as at 31 December 2018 from resident and non-resident companies were 5% and nil (2017: 5% and nil).
Details of dividend income from the most significant counterparties are presented in the table below:

In LEI	**31 December 2018**	**31 December 2017**
Banca Transilvania	27,065,775	9,717,065
BRD	22,329,415	9,939,313
Erste Group Bank AG	11,552,853	11,916,603
ROMGAZ	10,765,919	9,052,802
VRANCART	8,518,577	10,532,058
SAI Muntenia Invest SA	7,748,450	7,497,000
CONPET PLOIESTI	4,525,377	2,285,615
BIOFARM BUCURESTI	4,347,695	3,890,043
SIF MOLDOVA	2,532,496	2,265,997
IAMU BLAJ	2,113,027	1,238,670
SNTGN Transgaz	2,039,669	2,667,968
BT Asset Management	2,000,000	2,000,000
SIF MUNTENIA	1,392,285	1,604,940
SIF Oltenia	812,210	1,044,270
SNP Petrom	717,316	537,987
IPROEB BISTRITA	516,521	301,469
ELECTRICA S.A.	475,833	487,536
ANTIBIOTICE IASI	376,190	543,355
Gaz Vest	-	2,408,666
Comelf	87,451	199,965
PREBET AIUD	0	125,072
Hercules SA Satu Mare	79,791	123,409
Spumotim	24,156	144,211
Others	203,595	945,397
Total	**110,224,602**	**81,469,412**

8. Interest income

In RON	**2018**	**2017**
Interest income on deposits and current accounts	875,036	231,815
Interest income on bonds measured at amortized cost	383,339	389,692
Interest income on assets measured through profit and loss	1,719,092	907,007
Interest income on assets measured through other comprehensive income (government and corporate bonds)	1,422,405	1,749,445
	4,399,872	**3,277,959**

9. Gains on investment property

In RON	**31 December 2018**	**31 December 2017**
Gains on measurement	86,351	856,821
Gains from sale	-	132,532
	86,351	**989,353**

10. Net profit / (loss) on financial assets at fair value through profit and loss

In RON	**31 December 2018**	**31 December 2017**
Profit / (loss) from the measurement / disposal of fund units	(51,755,974)	-
Profit / (loss) from measurement of bonds (Vrancart)	3,837,295	-
Profit / (loss) from measures of shares at subsidiaries and associates	32,968,434	-
Profit / (loss) from the sale of short-term held shares	(26)	30
Total	**(14,950,271)**	**30**

In accordance with IFRS 9, and as the Company has concluded that it meets the criteria of IFRS 10 to declare itself as an investment entity, during the year 2018, the Company assessed the holdings in unit funds, shares and bonds held in subsidiaries and entities associated with the profit and loss account, resulting in a value decrease of 14.9 mn lei.

If the Company had applied IFRS 10 and in 2017 at the end of 2017, the fair value differences for these participations, which were favorable in the amount of RON 114.2 mn, would have increased the net result at 31 December 2017 with this amount and would have diminished the position of other elements of the comprehensive income, the total of comprehensive income for the period remaining unchanged.

During 2018, unit funds were redeemed by the Optim Invest Investment Fund in the amount of RON 18.5 mn, this representing RON 2.5 mn below the current book value, respectively, RON 2.3 mn above the subscription value, and by the closed investment fund Omnitrend amounting to RON 4.9 mn, this representing RON 0.06 mn below the current book value and RON 0.3 mn below the subscription value.

The investment fund Certinvest paid the sum of 2.5 million lei during 2018, representing dividends received from the companies in the portfolio, pro rata to the holding of SIF.

11. Net profit / (loss) from the sale of assets

In RON	**31 December 2018**	**31 December 2017**
Profit/(loss) from the sale of government bonds	(1,282,416)	(98,789)
Profit/(loss) from the sale of shares	-	2,249,780
Total	**(1,282,416)**	**2,150,991**

During 2018, government bonds amounting to RON 62.9 mn were sold with a loss amounting to RON 1.3 mn.

We mention that according to IFRS 9 and following the fact that the Company has opted for the option of valuing participations through other comprehensive income, the profit from share sale transactions realized during year 2018, in a net amount of RON 63,846,369, is reflected in the retained earnings.

During year 2017, the sales included mainly sales of government bonds with a sale value of RON 75.9 mn and shares at a sale value of RON 8.7 mn (Fondul Proprietatea RON 2.5 mn, Turism Felix RON 2.1 mn, Santierul Naval RON 1.5 mn, Prebet RON 1 mn, Alumil RON 1 mn, etc.).

12. Fees expenses

In RON	**2018**	**2017**
FSA fees	2,422,233	2,073,307
Depository fees	527,074	483,539
Fees payable to financial institutions	133,239	16,663
Registry fees	144,000	144,000
Other fees	21,733	-
Total	**3,248,280**	**2,717,509**

13. Other operating expenses

In RON	**2018**	**2017**
Expenses for other taxes, fees and related payments	184,769	210,871
Expenses for salaries and other personnel expenses	11,490,118	13,647,813
Depreciation expenses	281,866	202,645
Expenses for external services	2,725,591	2,676,571
Total	**14,682,344**	**16,737,900**

Expenses for salaries and similar expenses

	2018	**2017**
Salary and allowance expenses of which*:	11,002,094	10,972,928
Fixed amounts	7,354,074	6,008,780
Variable amounts	3,648,020	4,964,148
Expenses with insurance and social protection	329,939	2,512,710
Other expenses	158,085	162,175
TOTAL	11,490,118	13,647,813

The aggregate amount of remuneration, broken down for senior management and members of staff whose actions have a material impact on the company's risk profile (according to Article 21 paragraph (2) letter f) of Law no. 74/2015 regarding Alternative Investment Fund Managers)

	2018	**2017**
Total Remunerations (Fixed and Variable), of which *:	11,002,094	10,972,928
Administrator payments	1,905,981	2,512,710
Director payments	2,649,985	162,175
Payments of Risk Management Personnel, Compliance Officer, and Internal Auditor **	298,171	316,977

* * the total amount of the total remuneration includes the amount of 2,380,000 lei representing the expenses resulting from the execution of a share-based payment program through which shares will be provided to the directors and directors (the amount not paid)
** the internal audit function is outsourced, the remuneration is contracted

	2018	**2017**
Employees with high education	28	30
Employees with secondary education	2	3
Employees with general studies	4	4
TOTAL	**34**	**37**

The average number of employees for the financial year ended as at 31 December 2018 was 35 (2017: 36).

The fee paid to the auditors during the year 2018 for the audit of the standalone financial statements amounted to RON 369,140 (31 December 2017: 334,993) and for non-audit services RON 228,236 (31 December 2017: 221,585).

14. Income tax

In RON	2018	2017
Current income tax		
Current income tax (16%)	-	-
Tax on dividends (0%, 5%)	3,696,481	2,073,414
Tax exemption for transactions with ownerships greater than 10%		
Deferred tax expenses / (income)		
Financial assets at fair value through other comprehensive income	-	740,944
Financial assets at fair value through profit or loss	-	(49)
Property, Plant and Equipment / Investment Property	9,410	123,907
Total income tax recognized in profit or loss	**3,705,890**	**2,938,216**

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

In RON	2018	2017
Profit before tax	**80,892,117**	**72,491,410**
Tax under statutory tax rate of 16% (2017: 16%)	12,942,739	11,598,626
Income tax effect of:		
Tax on dividend (0%, 5%)	3,696,481	2,073,414
Nondeductible expenses and similar items	8,394,628	3,467,581
Nontaxable income	(28,719,138)	(14,942,047)
Income similar items	33,355,269	13,185
Expenses similar items	-	-
Tax loss to recover	(1,109,699)	(137.344)
Deferred tax	9,410	864.801
Amounts representing sponsorship within legal limits and other deductions	(83,942)	-
Tax recognized in retained earnings	(24,779,858)	-
Income tax	**3,705,890**	**2,938,216**

The nondeductible expenses on which the income tax effect was calculated include mainly the differences from the fair value measurement corresponding to holdings in which the holding is higher than 10%.

The nontaxable income includes mainly the dividends income corresponding from the Romanian legal entities and income from the fair value measurement corresponding to holdings in which the holding is higher than 10%.

(*) 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 the year. 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.

15. Cash and cash equivalents

In RON	31 December 2018	31 December 2017
Cash in hand and other values	9,526	8,651
Current accounts in banks	13,720,884	1,111,566
Deposits at banks with original maturity less than 3 months	15,500,000	10,200,000
Total	**29,230,410**	**11,320,217**

The current accounts 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.

16. Bank deposits

In RON	31 December 2018	31 December 2017
Deposits at banks with initial maturity more than 3 months	6,000,000	4,800,000
Interest attributable to deposits	44,457	14,586
Total	**6,044,457**	**4,814,586**

Bank deposits are neither past due nor impaired.

17. Assets measured at fair value through profit or loss

In RON	31 December 2018	31 December 2017
Shares measured at fair value	769,377,480	338
- Non-consolidated subsidiaries	674,144,609	-
- Associated entities	95,232,871	-
Fund units measured at fair value	295,681,969	-
Government securities (including corresponding interest)	40,929,816	-
Total	**1,105,989,265**	**338**

Following the application of IFRS 9 starting with 1 January 2018, the holding in associates, fund units and bonds held at related partirs were reclassified within the category of assets measured at fair value through profit and loss.

The shares measured at fair value through profit and loss include subsidiaries (not consolidated) amounting to RON 674,144,609 and associates RON 95,232,871.

The fair value of the investments in subsidiaries is presented below:

	31 December 2018	31 December 2017
1	**Measured at fair value through profit and loss**	
SIF IMOBILIARE PLC NICOSIA	304,495,261	268,708,025
NAPOMAR SA CLUJ-NAPOCA	30,615,905	22,253,512
SIF HOTELURI SA ORADEA	83,297,586	96,576,144
AZUGA TURISM SA BUCURESTI	27,529,618	26,712,568
SILVANA SA CEHU SILVANIEI	882,000	2,435,964
IAMU SA BLAJ	51,264,214	49,001,511
CENTRAL SA CLUJ	29,091,869	21,236,823
VRANCART SA ADJUD	133,199,561	147,139,050
SOMPLAST SA BISTRITA	3,197,965	3,820,561
SIF SPV TWO	119,988	-
UNITEH	10,450,642	-
Total	**674,144,609**	**637,884,158**
2. Measured at fair value through other comprehensive income		
Administrare Imobiliare Bucuresti	40,187,689	-
SAI Muntenia Invest SA BUCURESTI (administration company SIF Muntenia)	48,723,249	45,364,847
Total	**88,910,939**	**45,364,847**
Total subsidiaries investments	**763,055,548**	**683,249,005**

Statement of Investment Funds in which fund units are held:

	31 December 2018	31 December 2017
Closed Investment Fund Active Plus	148,826,336	170,671,268
Closed Investment Fund Omnitrend	21,442,900	13,015,760
Closed Investment Fund Optim Invest	24,279,839	46,717,010
Closed Investment Fund Star Value	8,233,456	-
Alternative Investment Fund Certinvest Actiuni	65,165,578	-
Alternative Investment Fund Romania Strategy Fund	27,733,860	-
Total	**295,681,969**	**230,404,038**

The administrator of the Fund Active Plus is SAI Swiss Capital, based in Bucharest, Bd. Dacia nr. 20, etaj 4, Sector 1 registered with the Trade Register Office attached to the Court of law of Bucharest under no. J40/10183/1998, Tax Identification Number 11070990, authorized by the National Securities Commission according to Decision no. D4551/28.10.1998, registered in the register of the National Securities Commission under no. PJR05SAIR/400015 dated 14/12/2004, phone 021.408.42.25, fax 021.408.42.22.

The depositary of the Fund Active Plus is UniCredit Țiriac Bank S.A., legal entity based in Bucharest, B-dul Expozitiei 1F, registered with the Trade Register Office attached to the Court of law of Bucharest under no. J40/7706/1991, Tax Identification Number 361536, registered in the register of the National Securities Commission under no. PJR10DEPR/400011 dated 16.11.2006.

The administrator of Omnitrend is SAI SIRA, based in Bucharest, Strada Finlanda nr. 25, etaj 2, Sector 1 registered with the Trade Register Office attached to the Court of law of Bucharest under no. J40/914/1996, Tax Identification Number 8106253, authorized by the National Securities Commission by Decision no. 256/19.01.2004, registered in the register of the National Securities Commission under no. PJR05SAIR/400008, phone 021.230.00.78, fax 021.230.45.50.

The depositary of the Fund Omnitrend is Banca Comercială Română S.A., Romanian legal entity based in Bucharest, Calea Victoriei nr.15, sector 3, registered with the Trade Register Office under no. J40/90/23.01.1991, Tax Identification Number 361757, registered in the register of the National Securities Commission under no. PJR10/DEPR/400010 dated 04.05.2006.

The administrator of Optim Invest is SAI Broker SA, based in Cluj Napoca, Strada Moților nr. 119, etaj 4, registered with the Trade Register Office attached to the Court of law of Cluj under no. J12/2603/2012, Tax Identification Number 30706475, authorized by the National Securities Commission by Decision no. 71/29.01.2013, registered in the register of the National Securities Commission under no. PJR05SAIR/29.01.2013, phone 0364260755 /, fax 0364780124.
The depositary of the Fund Optim Invest is BRD GSG S.A., Romanian legal entity with registered office in București, Str.Biharia nr.67-77, corp A2, et.2, registered with the Trade Register Office under no. J40/608/19.12.1991, Tax Identification Number 361579, registered in the register of the National Securities Commission under no. PJR10DEPR/400007 dated 09.12.2003.

The administrator of Star Value is SAI Star Asset Management SA based in Bucharest, Calea Floreasca nr. 91-111, Bl. F1, Tronson 5 etaj 1, ap. 41, sector 1, registered with the Trade Register Office attached to the Court of law of Cluj under no. J40/1381/2006, Tax Identification Number 18331767, authorized by the National Securities Commission by Decision no. 730/23.03.2006, registered in the register of the National Securities Commission under no. *PJR05SAIR/400021*, phone 0213161766 /, fax 0213161778.

The depositary of the Fund Star Value is BCR S.A., Romanian legal entity based in Bucharest, Calea Victoriei nr.15, sector 3, registered with the Trade Register Office under no. J40/90/1991, Tax Identification Number 361757, registered in the register of the National Securities Commission under no. PJR10/DEPR/400010 dated 04.05.2006.

The administrator of Certinvest Acțiuni is SAI Certinvest SA, based in Bucharest, Strada Buzești nr. 75-77, registered with the Trade Register Office attached to the Court of law of Bucharest under no. J40/16855/1994, Tax Identification Number 6175133, registered in the register of the National Securities Commission under no. PJR05SAIR/400005 dated 02.12.2003, phone 021.203.14.00 /, fax 021.203.14.14.

The depositary of the Fund Certinvest Acțiuni is BRD GSG S.A., Romanian legal entity with based in Bucharest, Str.Biharia nr.67-77, corp A2, et.2, registered with the Trade Register Office under no. J40/608/19.12.1991, Tax Identification Number 361579, registered in the register of the National Securities Commission under no. PJR10DEPR/400007 dated 09.12.2003.

The administrator of Romania Strategy Fund is Accuro Fund Solutions AG, based in Hintergass 19, Postfach 109, 9490 Vaduz, Liechtenstein, registered with the Public Register of Financial Market Authority Liechtenstein under number FL-0002.024.149.2, phone: +423.233.47.07.

The depositary of the Fund Romania Strategy Fund is Liechtensteinische Landesbank AG, based in Städtle 44 · P. O. Box 384, 9490 Vaduz · Liechtenstein, registered with the Public Register of Financial Market Authority Liechtenstein under number AJU HR FL-0001.000.289-1, phone: +423.236.88.11, fax: +423.236.88.22.

The movement of financial assets measured at fair value through profit and loss in year 2018 is presented in the table following table:

In RON	**Shares**	**Fund units**	**Corporate bonds held at subsidiaries**	**Total**
1 January 2018	**338**	**-**	**-**	**338**
1 January 2018 - restated	**95,026,202**	**230,404,039**	**36,989,473**	**362,419,714**
Acquisitions	5,423,872	140,499,992	-	145,923,864
Reclassifications from assets measured at fair value through other comprehensive income	635,959,310	-	-	635,959,310
Sales	(338)	(23,369,673)	-	(23,370,011)
Corresponding interest	-	-	103,047	103,047
Change of fair value	32,968,434	(51,852,389)	3,837,295	(15,046,661)
31 December 2018	**769,377,480**	**295,681,969**	**40,929,815**	**1,105,989,264**

At the end of the first quarter of 2018, the Company concluded that it met the criteria to declare itself as an investment entity and thus reclassified its holdings in subsidiaries, from assets measured through other comprehensive income, into assets measured at fair value through profit and loss. The fair value of these shares on the reclassification date amounted to RON 635,959,310.

The acquisitions of shares amounting to RON 5.4 mn include mainly the value of the shares in Uniteh SA Timişoara (RON 5.3 mn), classified as shares held in subsidiaries.
During year 2018, fund units amounting to RON 140.5 mn were acquired, out of which RON 74.5 at the Fund Certinvest Actiuni, RON 29 mn at the Fund Romania Strategy Fund, RON 15 mn at the Fund Omnitrend, RON 12 mn at the Fund Active Plus and RON 10 mn at the Closed Investment Fund Star Value.

The sales of unit funds include the redemption of fund units by the Fund Optim Invest amounting to RON 18.5 mn and Omnitrend amounting to RON 4.8 mn.

Hierarchy of the fair value of financial instruments

As at 31 December 2018, 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		Capitalization 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:	976,070,812	-	-	-	-					-
Non-listed or no active market – subsidiaries	325,360,726	income approach – discounted cash flow method	Turnover, EBITDA for each major stake	Variation +/- 5% from standard value	weighted average cost of capital	8 % - 14%	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	304,495,261	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	20,864,403	income approach – discounted cash flow method	Turnover, EBITDA for each investment in associated entities	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.
Minority holdings without active market	29,668,453	net asset corrected approach	historical and half-yearly financial statements		discounts for lack of liquidity					
Fund units	295,681,969	asset approach	financial data - VU AN published by the Fund Manager	-	-	-	-	-	-	-
Total	976,070,812									

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**		**Capitalization 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	-	-	-	-					-
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	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	financial data - VU AN published by the Fund Manager	-	-	-	-	-	-	-
Total	**794,722,650**									

18. Assets measured at fair value through other comprehensive income

In RON	**31 December 2018**	**31 December 2017**
Shares measured at fair value	1,274,462,535	2,079,884,448
Shares measured at cost	-	23,956,501
Fund units measured at fair value	-	230,404,038
Government securities (including interest)	-	64,044,407
Corporate bonds (including interest)	4,882,639	41,901,964
Total	**1.279.345.173**	**2,440,191,358**

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 valuators (see Note 5).

As at 31 December 2018, the category of shares measured at fair value includes mainly the value of shares held in Banca Transilvania, SIF Imobiliare PLC, Erste Group Bank AG, BRD - Groupe Societe Generale S.A. (31 December 2017: Erste Group Bank AG, Banca Transilvania, SIF Imobiliare PLC, BRD - Groupe Societe Generale S.A.).

In year 2017, the shares measured at cost included the shares held in some unlisted companies and some listed companies, (eg. (Petrocart, Mobex) for which there is no active market, and their fair value cannot be established reliably.

Starting with the financial year 2018, following the adoption of IFRS 9, the Company has developed internal models for analyzing and evaluating holdings in unlisted or listed companies but whose frequency and trading volume do not provide the premises of a reliable fair value. The models for the valuation of these participations are either based on the market comparison method (for those participations in relation to which the Company has access to reliable information for listed companies comparable to those subject to the valuation, information on financial performance, their dynamics over time and the value attributed to them through multiples of valuation) or the net asset method (corrected and adjusted to certain coefficients that measure the impact of the lack of control / liquidity / marketability).

The movement of the financial assets measured at fair cost through other comprehensive income during the financial year 2018 is presented in the table below:

In RON

	Shares measured at fair value	Government bonds at fair value	Corporate bonds	Shares measured at cost	Fund units	Total
31 December 2017	2,079,884,448	64,044,407	41,901,964	23,956,501	230,404,038	2,440,191,358
1 January 2018 – restated	2,027,772,253	64,044,407	4,912,490	-	-	2,096,729,150
Acquisitions	101,077,286	-	-	-	-	101,077,286
Reclassification in assets measured at fair value through profit and loss	(635,959,310)	-	-	-	-	(635,959,310)
Sales	(111,649,280)	(62,228,956)	-	-	-	(173,878,235)
Corresponding interest	-	(2,007,441)	9	-	-	(2,007,432)
Change of fair value	(106,778,414)	191,989	(29,860)	-	-	(106,616,285)
31 December 2018	1,274,462,535	(-)	4,882,639	-	-	1,279,345,173

The decrease of the volume of these financial assets as at 1 January 2018 compared to the end of year 2017 results from the reclassification, according to IFRS 9 Financial Instruments, the fund units, the shares held at associates and bonds acquired from a subsidiary, within the category of assets measured at fair value through profit and loss.

The share additions in year 2018, amounting to RON 101.1 mn include mainly the acquisition of Conpet shares (RON 48.3 mn), Administrare Imobiliare SA București (RON 40.1 mn), Banca Transilvania (RON 8.1 mn), Erste Bank SA (RON 4.1 mn) and shares Central SA Cluj (RON 0.4 mn).

The sales of shares amounting to RON 111.6 mn, include mainly the sale of Erste Bank shares (RON 98.8 mn), Compa (RON 1.9 mn), Celhart Donaris (RON 1.7 mn), Hora Reghin (RON 1.5 mn), SIF Moldova (RON 1.3 mn), Bermas (RON 1.3 mn), Silvarom (RON 1.3 mn), Hercules (RON 1.1 mn), Cotroceni Park (RON 0.8 mn), etc.
The gains from transactions amounting to RON 71.3 mn were recognized in the retained earnings.

During year 2018, government bonds amounting to RON 62.2 mn were sold.

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:

In RON	**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**	**41,901,964**	**2,440,191,358**

Share inputs in 2017, totaling RON 21.4 mn, mainly include purchases of shares on the deal market amounting to RON 8.4 mn of Intercontinental SA Bucharest; a direct purchase of SAI Muntenia shares in the amount of RON 0.03 mn and completing the registration of the share capital increase operation at Vrancart SA with the amount of RON 12.9 million.

The total disposal of the shares in the amount of RON 8,536,746 includes the carrying amount of the issued shares, mainly as a result of the sales of securities (Fondul Proprietatea RON 2,8 mn, Felix Turism RON 2,5 mn, Prebet RON 1, 4 million, Shipyard RON 0.8 million, Nuclearelectrica RON 0.5 million, 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 closed investment fund in the amount of RON 35 mn.

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

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

Differences from the change of fair value corresponding to financial assets measured through other comprehensive income

In RON	**2018**	**2017**
As at 1 January	**1,251,829,179**	**982,963,061**
As at 1 January 2018 – restated	**1,176,253,311**	**-**
Profit from the measurement at the fair value of financial assets measured at fair value through other comprehensive income	(106,620,673)	316,072,688
Profit transferred to retained earnings corresponding to the financial assets measured at fair value through other comprehensive income out of the portfolio	(71,300,623)	-
(Profit)/Loss transferred to statement of income corresponding to the financial assets measured at fair value through other comprehensive income out of portfolio	(1,282,416)	(2,442,752)
Transfer of the reserve corresponding to subsidiaries in retained earnings following the application of IFRS 10	376,323,691)	-
Effect of deferred income tax	29,587,161	(44,763,818)
As at 31 December	**652,877,901**	**1,251,829,179**

19. Financial assets measured at amortized cost

In RON	**31 December 2018**
Bonds	6,327,044
Interest corresponding to bonds	178,639
Total	**6,505,683**

Following the application of IFRS 9 as of 1 January 2018, the bonds held with Banca Transilvania reclassified from held-to-maturity investments to financial assets at amortized cost.

Investments held to maturity

	31 December 2018
Bonds	6,321,346
Attached interest corresponding to the state titles and bonds	178,418
Total	6,499,764

As at 31 December 2018 and 2017 include corporate bonds issued by Banca Transilvania in EURO, purchased in May 2013, convertible in shares of Transilvania bank, with due date in May 2020, with a variable annual rate of the interest based on EURIBOR + a margin established at 5.98%;

20. Investment property

	31 December 2018	31 December 2017
Balance as at 1 January	**20,042,164**	**19,288,964**
Entries	-	-
Sales	-	(281,324)
Changes in fair value	86,351	856,821
Balance as at 31 December	**20,128,515**	**20,042,164**

The change in fair value as at 31 December 2018 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 2018 the revenues from real estate investments (rents and re-invoiced utilities) amounted to RON 138 thousand and the related expenses (utilities, insurance, local taxes) amounted to RON 126 thousand.

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

21. Property, Plant and Equipment

In RON	**Lands and buildings**	**Technical installations and transport means**	**Other plants, equipment and furniture**	**Total**
Cost				
As at 1 January 2018	3,819,727	1,959,486	470,619	6,249,832
Reevaluation	-	-	-	-
Acquisitions	-	35,401	11,507	46,908
Sales	-	(23,702)	(25,087)	(48,789)
As at 31 December 2018	**3,819,727**	**1,971,186**	**457,039**	**6,247,952**
Accumulated depreciation and impairment losses				
As at 1 January 2018	936,195	1,513,390	364,648	2,814,233
Depreciation related reevaluation	-	-	-	-
Depreciation expenses	110,117	141,817	23,573	**275,507**
Sales	-	(23,702)	(21,604)	**(45,306)**
As at 31 December 2018	**1,046,312**	**1,631,505**	**366,618**	**3,044,435**
Net carrying amount				
As at 1 January 2018	**2,883,532**	**446,096**	**105,970**	**3,435,599**
As at 31 December 2018	**2,773,415**	**339,680**	**90,422**	**3,203,517**

In RON	Lands and buildings	Technical installations and transport means	Other plants, equipment and furniture	Total
Cost				
As at 1 January 2017	3,819,727	1,718,722	434,906	5,973,355
Reevaluation	-	-	-	-
Acquisitions	-	415,351	44,082	459,432
Sales	-	(174,587)	(8,368)	(182,955)
As at 31 December 2017	**3,819,727**	**1,959,486**	**470,619**	**6,249,832**
Accumulated depreciation and impairment losses				
As at 1 January 2017	825,991	1,613,950	349,486	2,789,427
Depreciation related reevaluation	-	-	-	-
Depreciation expenses	110,204	61,877	20,767	192,849
Sales	-	(162,437)	(5,605)	(168,042)
As at 31 December 2017	**936,195**	**1,513,390**	**364,648**	**2,814,233**
Net carrying amount				
As at 1 January 2017	**2,993,736**	**104,772**	**85,420**	**3,183,928**
As at 31 December 2017	**2,883,532**	**446,096**	**105,970**	**3,435,599**

22. Other financial assets

In RON	31 December 2018	31 December 2017
Sundry debtors	1,440,881	1,575,659
Current income tax receivables	2,126,352	1,317,387
Other financial assets	116,436	151,641
Provisions for impairment of various debtors	(1,406,362)	(1,417,610)
Total	**2,277,307**	**1,627,078**

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

In RON	**31 December 2018**	**31 December 2017**
As at 1 January	**1,417,610**	**745,724**
Provision reversal	(11,247)	-
Establishment of provisions	-	671,886
As at 31 December	**1,406,362**	**1,417,610**

As at 31 December 2018 a provision was made for dividends deducted as a result of the cancellation of certain companies.

As at 31 December 2017, an adjustment for impairment of receivables was established, representing the outstanding dividends not cashed from a company.

The other financial assets are represented mainly by various advances paid for investments acquisitions and dividends receivable. These are counterparties without an external credit rating..

As of 31 December 2018, other debtors (including dividends receivable) amounting to RON 1,406,362 (2017: 1,417,610 RON) were overdue with more than 365 days and were fully impaired. The financial assets which are not overdue are not impaired and do not have an external credit rating.

23. Dividends payable

In RON	**31 December 2018**	**31 December 2017**
Dividends payable 2014	5,495	15,586,380
Total dividends payable	**5,495**	**15,586,380**

The gross 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 equity at Other reserves.

24. Deferred tax liabilities

Deferred tax assets and liabilities as at 31 December 2018 are generated by the elements detailed in the following table:

In RON	**Assets**	**Liabilities**	**Net**
Financial assets at fair value through profit or loss	-	-	-
Financial assets at fair value through comprehensive income	-	799,042,481	(799,042,481)
Property, Plant and Equipment and Investment property	-	12,764,034	(12,764,034)
	-	**811,806,515**	**(811,806,515)**
Total	-	-	-
Net temporary differences - 16%	-	-	**(811,806,515)**
Net temporary differences - 10%	-	-	--
Deferred tax liabilities	-	-	**(129,889,043)**

Deferred tax assets and liabilities as at 31 December 2017 are generated by the elements detailed in the following table:

In RON	**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 income tax liabilities in balance as at 31 December 2018 amounting to RON 129,889,043 (2017: RON 176,081,931) include:

- Deferred income tax recognized directly in other comprehensive income by reducing other comprehensive income amounting to RON 113,971,379 (2017: RON 154,031,379), 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 9,410 recognized in the retained earnings (unfavorable) and the amount of RON 15,908,254 recognized in retained earnings.

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

	31 December 2017	**01 January 2018 restated**	**Charged/ (credited) to profit or loss**	**Charged / (credited) directly to other comprehensive income**	**31 December 2018**
Financial assets at fair value through other comprehensive income	174,400,284	163,846,903	-	(36,000,106)	127,846,797
Property, plant and equipment and investment property	2,032,836	2,032,836	9,410	-	2,042,246
	176,433,120	**165,879,739**	**9,410**	**(36,000,106)**	**129,889,043**

	01 January 2017	**Charged/ (credited) to profit or loss**	**Charged / (credited) directly to other comprehensive 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**

25. Other financial liabilities

In RON	**31 December 2018**	**31 December 2017**
Liabilities to employees and corresponding contributions	1,195,933	3,267,972
Taxes and fees	8,606	9,117
Domestic suppliers	409,805	426,712
Total	**1,614,344**	**3,703,802**

26. Capital and reserves

(a) Share capital

As at 31 December 2018, the share capital SIF Banat Crişana amounted to RON 51,746,072 and is divided into 517,460,724 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 2018, the number of shareholders was 5,754,670 (31 December 2017: 5,760,880).

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 2018 and as at 31 December 2017. 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.

The Extraordinary General Meeting of Shareholders dated 26 April 2018 approved the reduction of the share capital of SIF Banat-Crișana SA, pursuant to art. 207 par. (1) letter c) of Law no. 31/1990, from RON 52,000,000 to RON 51,746,072.4, following the cancellation of a number of 2,539,276 own shares acquired by the company, as part of the redemption programs of its own shares in 2016 and 2017.
The Extraordinary General Meeting of Shareholders dated 26 April 2018 approved the execution of a program for the redemption of 17,460,724 own shares ("Program I") by the Company for the purpose of reducing its share capital.

The Extraordinary General Meeting of Shareholders dated 26 April 2018 approved the execution of a program of redemption of 1.400.000 own shares ("Program II") by the Company, for distribution free of charge to the members of the management of the Company (administrators, directors) as well as the reward for the activity carried out within the Company, according to the performance criteria to be established by the Board of Directors.

Following the decision of the Extraordinary General Meeting of Shareholders dated 26 April 2018, the Board of Directors approved the "Share-based payment plan" which provided 1,400,000 shares of SIF1 to the directors and directors of the Company. Entry rights (share transfer) will be made when the conditions in the "Share-based Payment Plan" are met and the option is exercised by each beneficiary after a 12-month deadline has elapsed since the signing of the payment agreements.

On 28 September 2018, SIF Banat-Crișana reported related to the starting, from 2 October 2018, of the Program II of redemption of its own shares through daily transactions in the market, according to the decision of the AGM no. 2 art. 2 of 26.04.2018. The program has been suspended by the Society since October 29, 2018

The reconciliation of the share capital according to IFRS with the one according to the Articles of Incorporation is presented in the following table:

In RON	**31 December 2018**	**31 December 2017**
Statutory share capital	51,746,072	52,000,000
The effect of applying IAS 29 on share capital	645,164,114	648,330,055
Restated share capital	**696,910,187**	**70,330,055**

(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:

In RON	**31 December 2018**	**31 December 2017**
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 set up from the application of Law no. 133/1996	**2,105,675,691**	**2,105,675,691**

Hyperinflation effect on the share capital amounting to RON 645,164,114 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 2,605,353,717 (31 December 2017 : RON 2,608,519,658)

(c) Differences from the change of fair value corresponding to financial assets measured through other comprehensive income

This reserve includes cumulative net changes in the fair values of financial assets measured through other comprehensive income from the date of their classification within this category to the date they have been derecognized or impaired.

The reserves 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) Other reserves

In RON	**31 December 2018**	**31 December 2017**
Reserves distributed from net profit	667,034,928	597,481,733
Reserve dividends	88,420,910	72,975,162
Reserves from course differences and investment facilities	19,832,946	19,832,946
Total	**775,288,784**	**690,289,841**

(e) 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 2018 amounts to RON 10,349,214 (31 December 2017: RON 10,976,985). During the financial year 2018, the Company reduced the legal reserve following the reduction of the share capital.
Legal reserves cannot be distributed to shareholders.

(f) Dividends

The shareholders of the Company did not approve in 2018 to distribute dividends from the profit of 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:

In RON	**2018**	**2017**
Profit attributable to ordinary shareholders	77,186,227	69,553,195
Weighted average number of ordinary shares	517,441,294	517,849,298
Earnings per ordinary share	**0.1492**	**0.134**

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

28. Contingent assets and liabilities

(a) Litigation

As at 31 December 2018 the records of the Company showed 86 litigation cases on the docket of the courts of law. The company had active legal standing in 74 litigation cases, passive legal standing in 12 litigation cases.
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.

(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 charged 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 2018

- As at 31 December 2017 the Board of Directors of SIF Banat-Crisana SA was composed of 5 members: Bogdan-Alexandru Drăgoi- Chairman, Răzvan Radu Străuț- Vice-chairman, Sorin Marica, Marcel Pfister și Ionel Marian Ciucioi.
- As at 31 December 2018, the executive managers of SIF BANAT-CRIŞANA SA: Bogdan-Alexandru Drăgoi –General Manager, Răzvan Radu Străuț – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș - Manager.

31 December 2017

- As at 31 December 2017, the Board of Directors of SIF Banat-Crisana SA was composed of 4 members: Bogdan-Alexandru Drăgoi- Chairman, Răzvan Radu Străuț- Vice-chairman, Ștefan Marica and Marcel Heinz Pfister.
- As at 31 December 2017 the executive managers of SIF BANAT-CRIŞANA SA: Bogdan-Alexandru Drăgoi –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 directors, except for work related travel advances.
During 2018, gross payments of members of the BoD and managers amounted RON 3,692 thousands (2017: RON 6.403 thousands). Currently, a share-based payment program is in progress, through which shares will be offered to directors and managers, during 2018 the amount of RON 2,380 thousandis recognized in expeditures.

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

Subsidiaries

Company's subsidiaries as at 31 December 2018 and as at 31 December 2017 are as follows:

Company Name	**Percentage of ownership as at 31 December 2018**	**Percentage of ownership as at 31 December 2017**
SIF IMOBILIARE PLC NICOSIA	100.00%	100.00%
SAI Muntenia Invest SA BUCURESTI (management company SIF Muntenia)	99.98%	99.98%
NAPOMAR SA CLUJ-NAPOCA	99.43%	99.43%
SIF HOTELURI SA ORADEA	99.00%	99.00%
AZUGA TURISM SA BUCURESTI	98.94%	98.94%
Administrare Imobiliare SA București	97.40%	-
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%	75.06%
SOMPLAST SA BISTRITA	70.75%	70.75%
SIF SPV TWO Bucuresti	99.99%	0.00%
UNITEH Timisoara*	33.81%	0.00%

* it is subsidiary through the control held and indirectly by SIF Imobiliare

Associates

The associates of the Company as at 31 December 2018 and as at 31 December 2017 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 2018**	**Percentage of ownership as at 31 December 2017**
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:

Company Name	**Percentage of ownership as at 31 December 2018**	**Percentage of ownership as at 31 December 2017**
NORD CONSTRUCTII SA CAREI	44.31%	44.31%
COMAR SA BAIA MARE	34.94%	34.94%
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%
ATLASCARD SA DEVA	-	31.36%

c. Holding over 20% of the share capital, but insolvency/liquidation/bankruptcy etc. proceedings are under way at these companies:

Company Name	Percentage of ownership as at 31 December 2018	Percentage of ownership as at 31 December 2017	Status
ARADEANCA SA ARAD	39.16%	39.16%	R
MOBILA USI SA BACAU	32.45%	32.45%	F
ELBAC SA BACAU	32.45%	32.45%	F
AGROPRODUCT RESITA	30.00%	30.00%	RJ
AGROINDUSTRIALA NADLAC	30.00%	30.00%	F
UZINA ARDEALUL ALBA IULIA	29.51%	29.51%	F
COMMIXT SA OCNA MURES	28.97%	28.97%	F
MOBIMET SA HATEG	28.87%	28.87%	F
METALURGICA SA MARGHITA	28.41%	28.41%	F
SUINPROD GALDA DE JOS	30.00%	30.00%	DIZ
MEBIS SA BISTRITA	26.78%	26.78%	INS
EXFOR SA BUCURESTI	24.23%	24.23%	F
MOPAL SA BISTRITA	21.89%	21.89%	RJ
TRANSILVANIA AIUD	20.19%	20.19%	F
AGROINDUSTRIALA SAGU	-	23.62%	R

Ins: insolvency
RJ: judicial reorganization
DIZ: dissolution
F: bankruptcy
R: Deregistered

Transactions through profit or loss

	2018	2017
Dividend income, out of which:		
VRANCART ADJUD	8,518,577	10,532,058
SAI Muntenia	7,748,450	7,497,000
BIOFARM BUCURESTI	4,347,695	3,890,043
GAZ VEST ARAD	-	2,408,666
IAMU BLAJ	2,113,027	1,238,670
ATLASCARD DEVA	-	43,886
Total	**22,727,749**	**25,610,323**

Interest income, out of which:		
VRANCART ADJUD	**1,616,044**	**642,517**

Other expenses, out of which:		
- expenses for rentals and operating expenses	148,578	139,074
Gaz Vest – supply of gas	43,161	49,780

Transactions through statement of financial position

	2018	**2017**
Other receivables, out of which:		
SILVANA CEHU SILVANIEI	671,886	671,886
SILVANA CEHU SILVANIEI-adjustment	(671,886)	(671,886)
VRANCART ADJUD-bonds	40,562,280	36,724,985
VRANCART ADJUD-interest	367,536	264,488
Total	**40,929,816**	**36,989,473**
Other liabilities, out of which:		
Administrare Imobiliare	12,598	11,528
Gaz Vest	12,026	6,792
Total	**24,624**	**18,320**

- During the year 2018, the following operations were carried out at subsidiaries:- Central SA Cluj - participation in the share capital increase of 398,400 lei, representing the equivalent of 39,840 shares, the current percentage holding being of 79.19%
- SIF SPV TWO - subscription to the share capital with the amount of 119,988 lei, representing 119,988 shares, in the amount of 99.99% of the capital
- Uniteh SA Timisoara - the acquisition of 158,522 shares with a value of 5,303,884 lei, the percentage holding being of 36.33%

  Administrare Imobiliare SA - participation in the increase of the share capital with cash contribution amounting to 40.124.352 lei, holding being of 97.4%

30. Subsequent events

On January 28, 2019, SIF Banat-Crişana informed the shareholders about the transaction for the subscription and acquisition of 7500 unlisted corporate bonds with a nominal value of 2000 Euro, issued by SIFI BH RETAIL SA Bucharest, a transaction that falls in the provisions of art. 82 of Law 24/2017.

31. Segment reporting

<u>Information Segments of activity</u>

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.

<u>Description of products and services from which each reportable segment derives its revenue</u>
The Company is organized 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.

<u>Factors that management used to identify the reportable segments</u>
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 and evaluates performance of the lone segment based on profit before tax.

Information about segment profit, namely segment assets and liabilities

In RON

	31 Dec-2018	31-Dec-2017
Income		
Dividend income	110,224,602	81,469,412
Interest income	4,399,872	3,277,959
Other operating income	252,136	180,497
Total revenues	**114,876,610**	**84,927,868**
Gain from investments	**(16,053,869)**	**3,308,818**
Expenses	**(17,930,623)**	**(15,745,275)**
Profit before tax	**80,892,118**	**72,491,410**
Income tax	(3,705,890)	(2,938,216)
Net Profit	77,186,227	**69,553,195**
Total segment results	**77,186,227**	**69,553,195**
Cash and cash equivalent	29,230,410	11,320,217
Bank deposits	6,044,457	4,814,586
Investments in financial assets	2,391,840,121	2,446,691,459
Investments in investment property and property plant and equipment	23,332,032	23,477,763
Other assets (financial and other)	2,496,233	1,841,146
Total reportable segment assets	**2,452,943,252**	**2,488,145,171**
Dividends payable	5,495	15,586,380
Deferred tax liability	129,889,043	176,433,120
Other liabilities (financial and non-financial)	1,628,101	4,885,528
Total segment liabilities	**131,522,639**	**196,905,028**
Payments for investments in available for sale financial assets	(247,001,150)	(187,000,444)

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