



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

2013 HALF-YEAR REPORT OF THE BOARD OF DIRECTORS

Prepared in accordance with
Law no. 297/2004, Regulation no. 1/2006 and Regulation no. 15/2004

FREE TRANSLATION

(translator's explanatory note: this translation of the report of the board of directors is provided as a free translation from Romanian which is the official and binding version)

CONTENTS

1. GENERAL INFORMATION REGARDING THE COMPANY	2
2. ANALYSIS OF THE ACTIVITY OF SIF BANAT-CRIŞANA	3
2.1 Analysis of the portfolio managed by SIF Banat - Crişana	3
2.2 Investment activity	8
2.3 Measures to streamline the business	9
2.4 Ensuring compliance	9
3. THE MARKET OF THE SECURITIES ISSUED BY SIF BANAT-CRIŞANA	11
4. CORPORATE GOVERNANCE	12
5. ACCOUNTING AND FINANCIAL POSITION	14
5.1 Balance sheet	14
5.2 Profit and loss account	15
5.3 Cash flow statement	17
6. OTHER SIGNIFICANT INFORMATION	18
7. SUBSEQUENT EVENTS	18
ANNEXES	
Annex 1	Statement of net assets as at 30 June 2013, prepared in accordance with Regulation no. 15/2004 (Annex 16)
Annex 2	Detailed Statement of investments at 30 June 2013, prepared in accordance with Regulation no. 15/2004 (Annex 17)
Annex 3	Six-month period ended 30 June 2013 reporting 30 June 2013 and related notes prepared in accordance with Regulation no. 4/2011 regarding the accounting regulations compliant with the IV th Directive of CEE applicable to entities authorized, regulated and supervised by CNVM, approved by the Order of the President of CNVM no. 13/2011
Annex 4	Statement of the responsible persons
Annex 5	Changes of SIF Banat-Crişana By Laws, authorized in the first semester of 2013

1. GENERAL INFORMATION REGARDING THE COMPANY

Societatea de Investiții Financiare BANAT-CRIȘANA S.A. (referred to as “SIF Banat-Crișana” or “The Company”) is a Romanian legal entity, set-up as a joint stock company, with local private capital.

SIF Banat-Crișana was set-up as a joint stock company in November 1996, through the reorganization and transformation of the Private Property Fund I Banat-Crișana, under law no. 133/1996 for the conversion of Private Property Funds in financial investment companies.

SIF Banat-Crișana is registered at the Trade Register of the Arad Courthouse, under number J02/1898/1992, with unique registration number 2761040.

SIF Banat-Crișana operates as a closed investment company with a diversified investment policy, in accordance with the regulations issued by the National Securities Commission (CNVM).

The Company is self-managed and is registered in the CNVM Register under the category “Other Undertakings for Collective Investments” (AOPC), under number RJR09SIIR/020002/2006. Starting from 29th of April 2013 the attributions of the National Securities Commission (“CNVM”) were transferred to the Financial Supervision Authority, according to law no. 113/2013 for the approval of O.U.G. no. 93/2012

The subscribed and paid up share capital at 30 June 2013 is RON **54,884,926.8**, consisting of **548,849,268** shares with a nominal value of RON **0.10** per share. SIF Banat-Crișana shares are listed on the Bucharest Stock Exchange (First Tier) and are traded on this market since 01/11/1999, under the ticker SIF1.

The record of the Company’s shares and shareholders is held by S.C. Depozitarul Central S.A. Bucharest.

Assets depository services are ensured by ING Bank N.V. AMSTERDAM Bucharest Branch.

The financial statements and the statements regarding the Company’s operations are audited by KPMG Audit S.R.L, Bucharest.

Contact

Address: Calea Victoriei no. 35A, Post Code 310158, Arad, Arad County, Romania

Phone (Fax): +40257 234 473 | +40257 250 165

Email: sifbc@sif1.ro

Web: www.sif1.ro

2. ANALYSIS OF THE ACTIVITY OF SIF BANAT-CRIȘANA

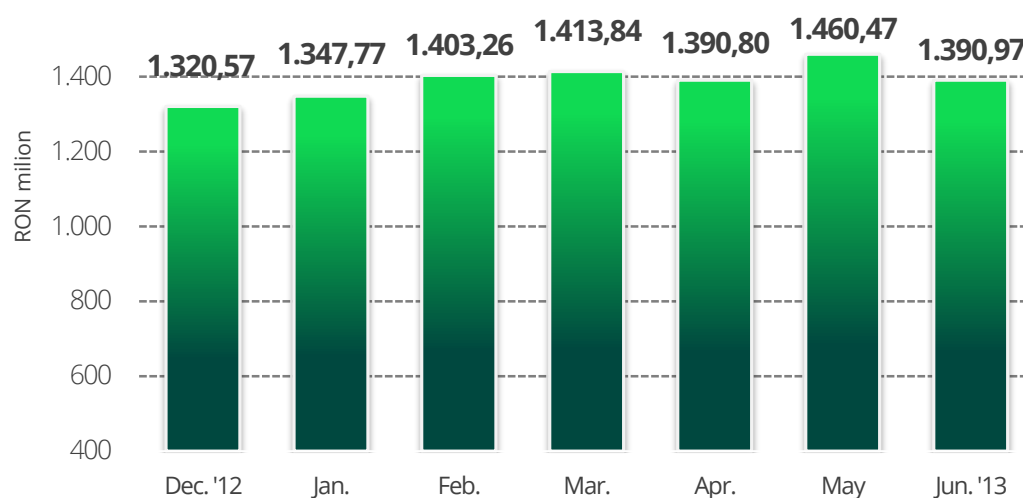
2.1 Analysis of the portfolio managed by SIF Banat-Crișana

Net asset value

Net Asset Value (NAV) of SIF Banat-Crișana was **RON 1,390.97 million** at 30 June 2013, an increase of **5.33%** compared to the value reported at 31 December 2012 (RON 1,320.57 million).

The net asset value per share (NAV) was RON 2.5343 as at 30 June 2013, compared to RON 2.4061 as at 31 December 2012.

The following chart presents the monthly net asset value during the period 31 December 2012 – 30 June 2013.



The monthly net asset values were calculated by SIF Banat-Crișana and have been certified by ING BANK NV AMSTERDAM Bucharest Branch, the Company's assets depository.

NAV monthly reports were submitted to the BSE and the National Securities Commission, or Financial Supervisory Authority Investment and Financial Instruments Sector, and published on the website of SIF Banat-Crișana www.sif1.ro, no later than 15 calendar days from the end of the reporting month.

The 30 June 2013 Statement of assets and liabilities of SIF Banat-Crișana, prepared in accordance with Regulation no. 15/2004 (Annex 16), is presented in Annex 1 to this report.

The methodology for calculating the net asset value

For January and February 2013, SIF Banat-Crișana calculated the net asset value in accordance with the National Securities Commission - Regulation no. 15/2004 and the measures no. 9/2010 and 21/2010.

Starting March 2013, the Disposition of Measures no. 23/2012 entered into force, establishing a common and harmonized framework for the valuation methods of assets of collective investment undertakings authorized and / or approved by the regulatory authority.

Under the new regulations, listed shares are valued at the closing market price for the day on which the calculation is made, giving up the evaluation method based on the weighted average quotation of the previous 3 months. Unlisted shares are valued at the book value per share resulting from the last annual financial statements, respectively the equity value contained in the monthly reports to the central bank for credit institutions. In assessing the value of unlisted shares no discount percentages are applicable anymore.

The application of the new methodology of calculation did not significantly affect the value of the Company's portfolio of listed shares, given that during the reporting period there were no significant fluctuations in the market prices of these issuers.

At the end of the first semester of 2013, the value of the portfolio of unlisted shares increased by 31.50% compared to the value at the beginning of the year. This was driven mainly by rising financial results reported by several issuers included in this asset class.

The structure of the portfolio managed

The investment objective of SIF Banat-Crișana is managing a diversified portfolio of quality assets, able to provide both short-term revenue generation, as well as preservation and long-term growth of capital.

Throughout the first half of 2013, the categories of assets in the portfolio of SIF Banat-Crișana have been in line with the statutory prudential limits set by Law no. 297/2004, as amended and supplemented, and Regulation no. 15/2004.

The statement of assets managed by SIF Banat-Crișana as at 30 June 2013 compared to 31 December 2012 is presented in the table below:

ASSETS UNDER MANAGEMENT

Categories of assets *	31 December 2012		30 June 2013	
	RON	share in total assets	RON	share in total assets
State bonds, Treasury bills	25,580,832	1.89%	16,744,101	1.17%
Available cash	104,893	0.01%	4,251,596	0.30%
Receivables	382,629	0.03%	33,387,783	2.34%
Bank deposits	126,324,373	9.33%	81,181,714	5.69%
Corporate bonds	1,042,647	0.08%	34,095,564	2.39%
Listed shares	1,037,797,357	76.67%	1,047,903,039	73.40%
Unlisted shares	146,718,869	10.84%	192,932,600	13.51%
/ securities of AOPC	10,131,939	0.75%	11,764,608	0.82%
Other assets	5,593,738	0.41%	5,382,939	0.38%
TOTAL ASSETS	1,353,677,278	100.00%	1,427,643,945	100.00%
Total liabilities + deferred income	33,103,142	2.45%	36,672,248	2.57%
NET ASSETS	1,320,574,136	97.55%	1,390,971,697	97.43%
UNAV (unitary net assets value/share)	2.4061		2.5343	

* values as at 31 December 2012 according to Regulation no. 15/2004 and the measures no. 9/2010 and 21/2010 and 30 June 2013 according to the CNVM measures. 23 / 20.12.2012;

** this category includes shares in the Fondul Proprietatea, according to regulations in force.

As at 30 June 2013, the investments in shares had the largest proportion in the value of the assets managed by SIF Banat-Crișana, representing 90% of the NAV.

The structure of the portfolio, according to the sector of activity of the issuing companies;

SECTOR	Number of issuers at 30 June 2013	Market value* of the portfolio (RON)
Financial and banking	15	715,794,752
Tourism and public food service	12	137,760,137
Commerce and real estate	46	87,028,254
Machinery and equipment	11	72,530,017
Pharmaceutical	3	64,692,373
Pulp and paper	8	49,120,965
Energy and utilities	18	32,014,853
Chemicals and plastics	6	18,605,251
Wood processing	39	10,860,099
Construction	12	10,680,547
Food industry	5	5,746,016
Metallurgy	11	5,690,868
Other industries	65	41,826,217
TOTAL	251	1,252,350,348

* calculated as at 30 June 2013 in accordance with Measure no. 23/2012.

- As at 30 June 2013, significant concentrations in the portfolio shares remain in the banking sector (representing 51.46% of NAV), followed by tourism and public alimentation sector (around 10% of NAV) and the commerce and real-estate sector (6.26% of NAV).

Top 10 companies in the portfolio of SIF Banat-Crișana as at 30 June 2013

Issuer	Sector of activity	% shareholding	Value of shares held (RON)*	% of NAV
Erste Group Bank AG	Financial and banking	0.97%	348,528,312	25.06%
BRD - Groupe Société Générale SA	Financial and banking	4.63%	241,661,286	17.37%
Banca Transilvania SA	Financial and banking	4.52%	105,953,262	7.62%
Biofarm SA	Pharmaceutical	21.30%	57,366,191	4.12%
Napomar SA	Machinery and equipment	99.43%	48,133,586	3.46%
Vrancart SA	Pulp and paper	74.72%	41,250,674	2.97%
Calipso SA	Tourism and public food-service	96.65%	36,316,718	2.61%
Azuga Turism SA	Tourism and public food-service	98.94%	35,774,902	2.57%
Arta Culinara SA	Real estate and public food-service	89.45%	26,789,140	1.93%
IAMU SA	Machinery and equipment	76.70%	22,168,681	1.59%
TOTAL			963,942,752	69.30%

* calculated as at 30 June 2013 in accordance with Measure no. 23/2012.

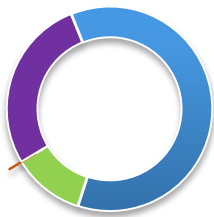
GEOGRAPHICAL EXPOSURE OF THE STOCK PORTFOLIO



- **72%** Romania
RON 897 mil.* in 221 issuers
- **28%** External Markets
RON 355 mil. value* of holdings in 30 issuers (of which 348.5 million is the value of holding in Erste Group Bank AG)
*values calculated as at 30 June 2013 in accordance with CNVM measure no. 23/2012

STOCK PORTFOLIO

breakdown by shareholding as at 30 June 2013



- **Up to 5%**
Holding **up to 5%** in 100 issuers
Total value **RON 765,27 mil** (31 dec. 2012: RON 770,77 mil)
- **Up to 5-33%**
Holding **between 5-33%** in 116 issuers
Total value **RON 141,41 mil** (31 dec. 2012: RON 109,07 mil)
- **Up to 33-50%**
Holding **between 33-50%** in 4 issuers
Total value **RON 1,03 mil** (31 dec. 2012: RON 0.83 mil)
- **Over 50%**
Majority ownership, **of over 50%**, in 31 issuers
Total value **RON 344,64 mil** (31 dec. 2012: RON 313.72 mil)

* values calculated as at 30 June 2013 in accordance with CNVM measure no. 23/2012

PORTFOLIO OF FIXED INCOME FINANCIAL INSTRUMENTS

as at 30 June 2013


■ 14.12%

 Bank deposits: **RON 18.42 mil**
■ 47.52%

 Foreign currency bank deposits (RON eq.): **RON 62 mil**
■ 21.42%

 Corporate bonds (RON): **RON 27.95 mil**
■ 4.64%

 corporate bonds in the primary market currency (RON eq.): **RON 6.05 mil**
■ 12.30%

 Treasury certificates on the primary market (RON eq.): **RON 16.05 mil**

- Total value* of the portfolio (RON eq.): **RON 130.48 mil**
- 2013 annual average return on investments in domestic currency was **6.20%** compared to a **4.22%** inflation rate
- achieved in H1 2013 average yield on investments in EUR was **3.86%**, compared to the average EURIBOR for the same period of **0.54%**

** calculated as at 30 June 2013 in accordance with regulations in force*

Portfolio management

The strategic vision of SIF Banat-Crișana is the development of the company through the effective management of the participations held and increasing the value of the assets managed by improving resource allocation in order to get bigger returns on capital invested.

In the first half of 2013, SIF Banat-Crișana focused on increasing the efficiency of the process of administration of the majority holdings, by grouping them according to the nature of their activity, in order to:

- Increase the efficiency of these companies,
- Implement uniform management techniques,
- Adopting measures to rationalize the use of resources,
- Optimize costs,
- Coordinate major investment processes.

Following the objectives approved by the shareholders in April 2013, the Board of Directors of the Company approved on 28 June 2013 the setting up of a joint stock company called "SIF IMOBILIARE LIMITED". This company will be wholly owned by SIF Banat-Crișana which will bring as in-kind contribution to the share capital its majority shareholdings held in 18 companies operating in the real estate sector, in order to optimize the management of these companies.

Following the set-up of "SIF IMOBILIARE LIMITED", SIF Banat-Crișana will take all the necessary steps for the listings of the shares issued by the company.

2.2 The Investment Activity

SIF Banat- Crișana's investment policy is focused towards the acquisition of financial instruments, mainly shares, providing a mix of growth and value, aiming at finding solutions to ensure a steady cash-flow and the optimization of operations from a fiscal and trading methods perspective.

In the first half of 2013, SIF Banat-Crișana made significant transactions with financial instruments representing:

- Purchase of shares listed on BSE (Bucharest Stock Exchange) or direct transactions, respectively purchase of shares listed on foreign markets, totaling RON 45.3 million;
- Participation at share capital increase in cash at two portfolio companies from the portfolio, totaling RON 4.6 million. At the date of this report, the share capital increase operations were in progress;
- Purchases of corporate bonds in the amount of RON 32.8 million;
- Sales of shares listed on BSE or external markets, totaling RON 30.3 million, with a profit of RON 16.8 million.

Also, securities of 3 companies were disposed of, following the completion of liquidation proceedings, the value of the participations liquidated being of RON 0.3 million.

For 2013, the investment program of SIF Banat-Crișana aims at new projects at a larger scale which will ensure a faster recovery and a higher rate of return.

In February 2013, SIF Banat-Crișana announced its intention to acquire the control position in Societatea de Administrare a Investițiilor Muntenia Invest SA ("SAI Muntenia Invest") and notified in accordance with the law the National Securities Commission and the Competition Council in order to obtain prior authorization for the transaction. On 27 June 2013, the Company was communicated by the Competition Council Decision no. 27/20.06.2013 of non-objection for the transaction.

The acquisition of the majority shares of SAI Muntenia Invest is a strategic investment with the objective of medium-term financial revenue growth by streamlining activities and the methods of administration of SAI Muntenia Invest.

The acquisition of majority stake in SAI Muntenia Invest will be performed in three stages. In the first stage, the transaction concerns the acquisition of 50.01% of the share capital of SAI Muntenia Invest at a price of RON 8.25 million plus a variable component based on the net asset development. The price of the packets that will be purchased during the next steps will be determined by the value of the net assets at the time of the transaction.

Regarding the investment strategy of SIF Banat-Crișana for foreign markets, it seeks to build a portfolio formed mostly from aggressive shares of companies highly capitalized with leading market position and geographical diversification at a global business level. In the first half of 2013, investments undertaken in foreign markets were mainly channeled towards issuers with a solid financial position and fundamental indicators, mainly in countries with AA ratings, namely Germany, France, the Netherlands and Finland. During the first half of 2013, sales return on invested capital was 9.04%.

The detailed statement of investments of SIF Banat-Crișana as at 30 June 2013, prepared in accordance with Regulation no. 15/2004 (Annex 17), is shown in Annex 2 to this report.

2.3 Measures to streamline the business

Given the dynamics of the economic conditions and the need to increase the efficiency of its operations, the Board of Directors approved on 27 May 2013 the start of a complex **business reorganization process**.

The objectives are to provide a framework for effective decision making, simplifying operational and informational flows and optimizing the number of positions according to the volume and complexity of the activities performed.

The measures adopted by the Board of Directors in May also referred to:

- the changes to the internal regulation, by defining and/or modifying responsibilities of the departments in the new organizational chart;
- closing two of the four branches of the Company;
- re-designing positions in the new organizational chart by reducing their number.

In order to implement these measures, the Company requested the necessary authorizations from the Financial Supervision Authority.

2.4 Ensuring compliance

Internal Audit

Internal audits carried out in the first half of 2013 focused on:

- the procedures for the payment and registration of dividends to shareholders of SIF Banat-Crișana;
- trading securities on domestic and foreign markets, short-term compliance with the investment policy and work approved procedures;
- portfolio management of fixed income instruments and competence with the limits approved;
- the organization of the meetings of the Board and the fulfillment of decisions issued;
- compliance by the branches with internal regulations, working procedures and any measures passed by the management of the company.

Audit reports, containing the scope of the audit assignment, results, conclusions, recommendations and proposals of the Internal Auditor were presented to the Audit Committee and to the Board of Directors of the Company.

None identified significant situations that require the intervention of the Board.

Internal Audit considers that the activities and operations conducted by SIF Banat-Crișana during the first half of 2013, subject to audit, are consistent with the policies, programs and the management of the company and are in accordance with the laws and regulations.

Internal Control

The activity of the internal control was performed in accordance with the plan of investigation and control for 2013, approved by the Board of Directors in the meeting from 25 January 2013, the provisions of Regulation no. 15/2004, work procedures and regulations.

The lines of action that were considered were: control of compliance with the regulations of the capital market and / or internal procedures; informing the company and the staff regarding the legal requirements on the capital market, approval of documents submitted by SIF Banat-Crișana to the regulatory and supervisory authority to obtain authorizations according to the capital market law, approval of reports submitted capital market entities and the supervisory authority, approval of the Company's information and publicity materials, other activities related to compliance by the Company and employees with the legislation in force on the capital market and internal regulations.

During the first half of 2013, within the internal control activity, the compliance with the capital market legislation and working procedures was tested regarding:

- preparation and submission of the list of persons with access to inside information;
- preparation, submission and publication of mandatory reports;
- the requests for approval submitted to the supervision authority;
- calculation of the net assets and of the holding limits according to Law no. 297/2004 and CNVM Regulation no. 15/2004.

Control actions revealed compliance with current legislation, regulations and internal procedures for controlled operations. However, the representative of the internal control activities made recommendations for improving work procedures and activities.

3. THE MARKET OF THE SECURITIES ISSUED BY SIF BANAT-CRIȘANA

THE CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total no. of issued shares (as of 30 June 2013)	548,849,268
Face value	0.1000 RON/share
Type of shares	common, ordinary, nominative, dematerialized, indivisible
Market	Regulated market of the Bucharest Stock Exchange (BVB) Tier I – since 1 of November 1999
Free float	100%
BSE Ticker	SIF1
International identifier	Bloomberg BBGID: BBG000BMN388
ISIN Code	ROSIFAACNOR2
Indices containing SIF1 share	BSE Indices: BET-FI, BET and BET-XT-BK

Share prices for SIF1 and traded volumes in the first half of 2013



The market capitalization of SIF1, calculated at the closing price from 28 June 2013 (the last trading day of the month of June) **was RON 626 million.**

4. CORPORATE GOVERNANCE

The change of the composition of the Board of Directors

In April 2013, the mandate of the Board of Directors elected by the General Assembly of Shareholders from 25 April 2009 expired.

On 24 April 2013, the General Assembly of Shareholders approved a four year mandate for the following members of the Board of Directors: Mr. Dragoș-George Bîlteanu, Mr. Ștefan Dumitru, Mr. Ion Stancu, Mr. Ali H. Lakis, Mr. Petre Adrian Petreanu and Mr. Valentin Chiser. In accordance with the provisions of Regulation no. 15/2004 on the operation of investment management companies, placement organizations and depositors, the elected administrators were subject to approval by the Financial Supervisory Authority (FSA).

By Notice no. A/8 from 27 June 2013, FSA approved the change of the Board of Directors of SIF Banat-Crișana, in accordance with Resolution no. 1 of the General Assembly of Shareholders of SIF Banat-Crișana from 24 April 2013.

MEMBERS OF THE BOARD OF DIRECTORS at 30 June 2013

Name	Position
Dragoș-George BÎLTEANU	President of the Board of Directors and General Director
Ștefan DUMITRU	Vice-President of the Board of Directors and non-executive director
Ion STANCU	Member of BoD, non-executive director, Member of Audit Committee
Ali H. Lakis	Member of BoD, non-executive director
Petre Adrian Petreanu	Member of BoD, non-executive director
Valentin Chiser	Member of BoD, non-executive director, Member of Audit Committee

The Adaptation of the Statute to the provisions of the capital market law

On 28 June 2013, on the basis of the resolution of the Board of Directors, the authorization request regarding the modification of the Constitutive Deed in accordance with the new provisions of the capital market law was sent to the Financial Supervisory Authority, as required by Regulation no. 32/2012 regarding collective investment organizations in securities and asset managers, and by the modifications brought to Law no. 297/2004 regarding the capital market.

The adaptation of the By Laws SIF Banat-Crișana concerns the modification of art. 6, paragraph. (18): "The conditions for the validity of the proceedings of the Extraordinary General Meeting of Shareholders and for making decisions are those provided by Law no. 31/1990".

Art. 19, paragraph (2) from the By Laws of the Company states: "Any normative acts which occurred subsequently and remove or restrict the limitations expressly provided in the present for financial investment companies, the terms of this Constitutive Deed will be considered as modified by law effect." In this way, through the adaptation of the By Laws it is desired the formalization of a legal modification by rewriting the text.

Art. 286 paragraph (3) of Law 297/2004 regarding the capital market states: „By derogation from Law No 31/1990, the changes to be carried out regarding the constitutive deeds of S. I. F.s, for their compliance with the provisions of this law, shall be recorded at the office of the register of commerce, by the decision of the board of directors, or a S.A. I., as the case may be, subsequently obtaining prior authorization issued by C. N. V. M.”

At the date of this report, the request for the adaptation of the By Laws was in the analysis of ASF.

5. ACCOUNTING AND FINANCIAL POSITION

The organization and keeping of accounting records in SIF Banat-Crișana were carried out in accordance with Accounting Law No 82/1991 and with the provisions of the CNVM Regulation no. 4/2011 on Accounting Regulations compliant with Directive IV of the European Economic Community applicable to entities authorized regulated and supervised by the National Securities Commission, approved by National Securities Commission Order no. 13/2011. The accounting reporting as at 30 June 2013 has been reviewed by the financial auditor KPMG Audit SRL.

5.1 Balance Sheet

<i>(all amounts are in RON, unless otherwise stated)</i>	31 December 2012	30 June 2013
Securities and other non-current financial instruments	809,243,201	864,755,768
Receivables	748,040	14,764,090
Short-term financial investments	143,374,756	89,608,347
Other assets	5,698,632	9,634,536
TOTAL ASSETS	959,064,629	978,762,741
Current liabilities	33,058,982	36,372,248
Provisions	51,337,769	46,713,033
Other liabilities	44,160	300,000
Equity	874,623,718	895,377,460
TOTAL LIABILITIES	959,064,629	978,762,741

Securities and other non-current financial instruments mainly include the value of the shares held in companies, carried at their historical cost, adjusted with the allowances for impairment set-up at 31 December 2012 and having the most significant share in total assets. The 6 % increase of the non-current financial assets at 30 June 2013 compared to 31 December 2012 is mainly due to investments in equity securities and long-term corporate bonds.

Receivables show a significant increase compared to the beginning of the year, as a result of the accounting for the 2012 dividends from companies in the portfolio of the company and the participation in the increase of the share capital of the company Calipso SA Oradea, operation which was not completed until 30 June 2013.

Short-term financial investments show a decrease at 30 June 2013 compared to the beginning of the year, as a result of targeting long-term investments, i.e. equity investments and corporate bonds.

Other assets mainly include tangible and intangible assets held by the Company and the cash in the current account. The increase of these assets compared to the end of the year 2012 is due to the existence of a larger volume of cash balances in the current account of the company.

The Company's current liabilities consist mainly of unclaimed shareholder dividends afferent to the previous financial years, amounts payable for financial assets, commercial debts, employee-related debts, taxes and other debts.

Provisions primarily include provisions for taxes, representing the income tax calculated on the reserves afferent to shares held, revaluation reserves of fixed assets and reserves from tax incentives. The decrease of the volume of the provisions at 30 June 2013 compared to the beginning of the year is due to the revenue from the reversal of the provision constituted as at 31 December 2012 for incentives for the participation to the profits of employees and managers, as a result of the payment of the amounts.

Equity holds the majority share in the structure of liabilities and includes mainly reserves afferent to shares held and reserves constituted as own sources of financing. The level of equity is increasing compared to the beginning of the year, being influenced by the current result of the period.

5.2 Profit and Loss account

<i>(all amounts are in RON, unless otherwise stated)</i>	30 June 2012	30 June 2013
Income from non-current financial assets	13,932,865	16,063,790
Income from disposal of financial assets	104,306,868	24,152,936
Income from reversal of provisions, reactivated receivables and sundry debtors	9,065,211	5,335,953
Foreign exchange gains	1,908,364	4,299,506
Interest income	4,673,968	3,291,061
Other income	1,137,129	403,173
TOTAL INCOME	135,024,405	53,546,419
Expenses with the disposal of financial assets	13,070,096	7,528,872
Foreign exchange losses	243,747	3,614,367
Fees and commissions expenses	1,264,895	1,324,965
Expenses with depreciation, amortization, provisions, losses from receivables and sundry debtors	214,614	152,696
Other operating expenses	7,835,508	9,943,652
TOTAL EXPENSES	22,628,860	22,564,552
GROSS PROFIT	112,395,545	30,981,867
INCOME TAX	15,906,700	2,302,813
NET PROFIT	96,488,845	28,679,054

Total revenues at 30 June 2013 show a significant decrease compared to the same period of the previous year, as a result of achieving a smaller volume of revenues on disposal of financial investments (in the first semester 2012 significant revenue from transactions with BCR shares have been carried out).

The evolution of revenues with significant weight:

The income from financial assets (dividends) has registered an increase compared to the first semester of 2012, their share in total income increasing from 10.3 % at 30 June 2012 to 30% at 30 June 2013.

The income on disposal of financial investments (sales of shares and short term financial investments) shows a decrease compared to the first semester of 2012. The share of this income in total income has decreased from 77.3 % in the first semester of 2012 to 45.1 % in the first semester of 2013.

Income from reversal of provisions, re-activated receivables and sundry debtors mainly include the reversal of value adjustments for impairment losses on securities upon disposal and the value of the provision for incentives granted. In the first semester of 2013 this income shows a decrease compared to the first semester of 2012, the reduction being explained by the revenue from the value adjustments on securities.

Foreign exchange gains show an increase compared to the same period of the previous year and are mainly related to foreign currency investments.

The interest income generated by the fixed income-instruments shows a decrease, due to the reduction of the monetary investments and the reduction of the average rates of interest, compared to the same period of the previous year.

The evolution of total expenses at 30 June 2013 compared to the similar period in 2012 is influenced by the volume of transactions with shares and investment activities on the money market (exchange differences).

On the main items of expenses, the evolution is as follows:

Expenses from disposal of financial investments have a significant share in the total expenses of the period, their level and dynamics are influenced by the sales of securities made and the relationship between the historical cost of such securities and any reserves for shares received at no cost. In the first semester of 2013, the volume of these expenses is below the one from 30 June 2012.

Foreign exchange losses show an increase in the first semester of 2013 compared to the same period of the previous year, but the net effect of exchange differences (income – expenses) at 30 June 2013 is a favorable one.

Fees and commissions expenses have a volume similar with the one achieved at 30 June 2012.

The category of other expenses includes mainly administrative expenses (consumables, energy, water, travel, phones, etc.), staff costs, advertising and publicity and other administrative expenses. The increase of these expenses by 26.9 % compared to the first semester of 2012 is due to the increase of the volume of staff costs, relating to the expenses with incentives for employees, amount of money that does not influence the result of the current period, being also recognized as income from reversal of provisions.

5.3 Cash-Flow Statement

<i>(all amounts in RON, unless otherwise stated)</i>			
	row	30 June 2012	30 June 2013
A CASH FLOW OPERATING ACTIVITIES			
+ Receipts from customers	01	316,077	84,366
- Payments to suppliers and employees	02	(6,992,032)	(10,719,535)
- Income tax paid	03	(16,888,665)	(2,719,485)
CASH FLOW USED IN OPERATING ACTIVITIES	04	(23,564,620)	(13,354,654)
B CASH FLOW INVESTING ACTIVITIES			
- Payments for acquisition of shares and financial assets	05	(51,664,010)	(129,718,144)
- Payments to acquire tangible and intangible assets	06	(50,541)	(10,095)
+ Receipts from sale of financial assets and other receipts from investing activities	07	93,045,167	39,642,217
+ Receipts from sale of tangible assets	08	-	-
+ Interest received	09	2,359,291	3,773,973
+ Dividends received	10	8,158,965	8,746,836
- Other payments from investing activities	11	(170,804)	(1,034,474)
+ Other receipts from investing activities	12	1,350,883	1,481,006
CASH FLOW FROM INVESTING ACTIVITIES	13	53,028,951	(77,118,681)
C CASH FLOW FINANCING ACTIVITIES			
- Dividends paid	14	(2,535,448)	(3,247,252)
CASH FLOW USED IN FINANCING ACTIVITIES	15	(2,535,448)	(3,247,252)
Increase /(decrease) of CASH FLOW and cash equivalents (A+B+C)	16	26,928,883	(93,720,587)
Cash and cash equivalents at the beginning of the period	17	120,223,325	124,130,913
Cash and cash equivalents at the end of the period	18	147,152,208	30,410,326

* Cash and cash equivalents at the beginning and at the end of the period include petty cash, cash at bank, cash advances and short-term investments (bank deposits, securities, bonds) with residual maturity of less than three months.

From the structural point of view, the cash-flow recorded in the first six months of 2013 reflects the following evolutions:

- the significant decrease of cash requirement for operating activities, as a result of the decrease in the volume of the income tax, liabilities due;
- the use of cash for investing activities, as a result of the decrease in volume of the receipts from sale of share and financial assets and the increase in volume of the payments for acquisition of shares and financial assets (including bank deposits with residual maturity exceeding three months);
- the use of cash for financing activities, i.e. paying the tax for 2011 unclaimed dividends at 31 December 2012 and outstanding dividends payments.

The presentation of separate financial statements prepared in accordance with IFRS for 2012

Starting with 28 June 2013, SIF Banat-Crișana made available to investors the separate financial statements at 31 December 2012, prepared in accordance with International Financial Reporting Standards adopted by the European Union together with the opinion of the financial auditor KPMG Audit SRL. These financial statements are available on the Company's website, at the address www.sif1.ro, in the section Investor Relations> Financial Results.

6. OTHER SIGNIFICANT INFORMATION

Pending litigations status

As at 30 June 2013, the Company was involved in 96 litigations in Court trial. The Company is the claimant in 54 litigation cases, the defendant in 31 cases, and in 11 of the litigation cases the Company is the intervening party.

In cases where the Company is the claimant, the subject of the litigation is the annulment of some decisions of the general meeting of shareholders from the companies in the portfolio or the recovery of the unpaid dividends from companies in operation or liquidation.

The trials where the Company is defendant are represented by the obligation of making a takeover offer of SC ARGUS CONSTANTA SA, or other requests from the privatization period.

7. SUBSEQUENT EVENTS

On 8 July 2013, SIF Banat-Crișana received Notice no. A/9/05.07.2013 issued by the Financial Supervisory Authority Financial Instruments and Investments Sector, regarding the approval of the changes of the Constitutive Deed, as a result of the dissolution of SIF Banat-Crișana branches from Bistrița and Satu Mare, according to the decision of the Board of Directors from 27 May 2013.

On 17 July 2013, SIF Banat-Crișana received Notice no. A/10/16.07.2013 issued by the Financial Supervisory Authority Financial Instruments and Investments Sector, concerning the approval of changes in the company's internal regulations, approved by the Board of Directors on 27 May 2013.

On 17 July 2013, the Financial Supervisory Authority issued Decision 365/17.07.2013, approving the acquisition by SIF Banat-Crișana of a qualifying holding of 99,96% of the share capital and of the total voting rights of SAI Muntenia Invest SA.

The report includes the following appendices:

- Annex 1** Statement of net assets as at 30 June 2013, prepared in accordance with Regulation no. 15/2004 (Annex no. 16);
- Annex 2** Detailed Statement of investments as at 30 June 2013, prepared in accordance with Regulation no. 15/2004 (Annex no. 17);
- Annex 3** Six month period accounting report concluded on 30 June 2013 and explanatory notes prepared in accordance with Regulation no. 4 /2011 on accounting regulations in accordance with Directive IV of EEC applicable to authorized entities, regulated and supervised by CNVM, approved by Order no. 13 /2011 of the CNVM President;
- Annex 4** Statement of the responsible persons;
- Annex 5** Changes of SIF Banat-Crișana By Laws, authorized in the first semester of 2013.

Signatures:

Dragoș-George BÎLTEANU
President, General Director

Ștefan DOBA
Economic Department Director