



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

SIF BANAT-CRIȘANA

HALF YEAR REPORT

JANUARY 1 – JUNE 30, 2014

Prepared pursuant to Law 297/2004, Regulation no. 1/2006 and
Regulation no. 15/2004

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GENERAL INFORMATION

NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (herein after referred to as "SIF Banat-Crișana" or "the company")	
COMPANY TYPE	<ul style="list-style-type: none"> ▪ closed-end investment company with a diversified investment policy, registered as "Other Undertakings for Collective Investments" (AOPC) ▪ set-up as stock company in November 1996; Romanian legal entity with private capital 	
EQUITY	<ul style="list-style-type: none"> ▪ RON 54,884,926.80 lei – subscribed and paid-in capital ▪ 548,849,268 shares issued ▪ RON 0.10 nominal value of share 	
REGISTRATIONS	<ul style="list-style-type: none"> ▪ registered at trade Registry of the Arad Court under no. J02/1898/1992 ▪ Unique Registration Code 2761040 ▪ Number in ASF Register RJR09SIIR/020002/2006 	
MAIN ACTIVITY	<ul style="list-style-type: none"> ▪ main object of activity: other financial intermediation n.c.a. (CAEN code 6499) <i>CAEN – Classification of Activities from National Economy</i> 	
TRADING MARKET	Bucharest Stock Exchange (BVB or BSE), tier I of the regulated market, ticker SIF1	
FINANCIAL AUDITOR	KPMG Audit S.R.L. Bucharest	
DEPOSITARY	BRD Groupe Société Générale	
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. București	
HEADQUARTERS	Arad , 35 A Calea Victoriei, 310158, Romania TEL +40257 234 473 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro	
BRANCHES	Bucharest No. 16 Splaiul Unirii, 1st floor, rooms 101, 102, 114A and 109, sector 4, 040035, Bucharest	Cluj-Napoca No. 1 Piața Muzeului Cluj-Napoca, 400019, Cluj

MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RON mn]		
	31.12.2013	30.06.2014
Total assets, of which	1,110.22	1,224.31
Total financial assets	1,100.89	1,211.31
Equity	1,028.40	1,135.47
Total current liabilities	34.15	42.41

FINANCIAL PERFORMANCE [RON mn]		
	30.06.2013	30.06.2014
Total revenues	53.54	235.85
Total expenses	22.56	58.25
Gross profit	30.98	177.59
Net profit	28.68	149.30

SHARES AND NET ASSET PERFORMANCE		
	31.12.2013	30.06.2014
Price per share (end of period, RON)	1.2920	1.2040
Net asset value* / share (RON)	2.9094	2.9680
Accounting net asset / share (RON)	1.9606	2.1534
Nominal value of share (RON)	0.1	0.1
Number of shares	548,849,268	548,849,268

* calculated pursuant to Regulation no. 15/2004 and Measure no. 23/2012

OPERATIONAL DATA		
	31.12.2013	30.06.2014
Number of permanent employees	51	48
Number of branches	2	2

SHAREHOLDERS' STRUCTURE as at June 30, 2014		
	shareholders	holdings
Romanian individuals	5,790,379	48.88%
Non-resident individuals	1,873	0.57%
Romanian legal entities	265	28.27%
Non-resident legal entities	43	22.29%
TOTAL	5,792,560	100%

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1. ANALYSIS OF THE ACTIVITY OF SIF BANAT-CRIȘANA

Analysis of the portfolio

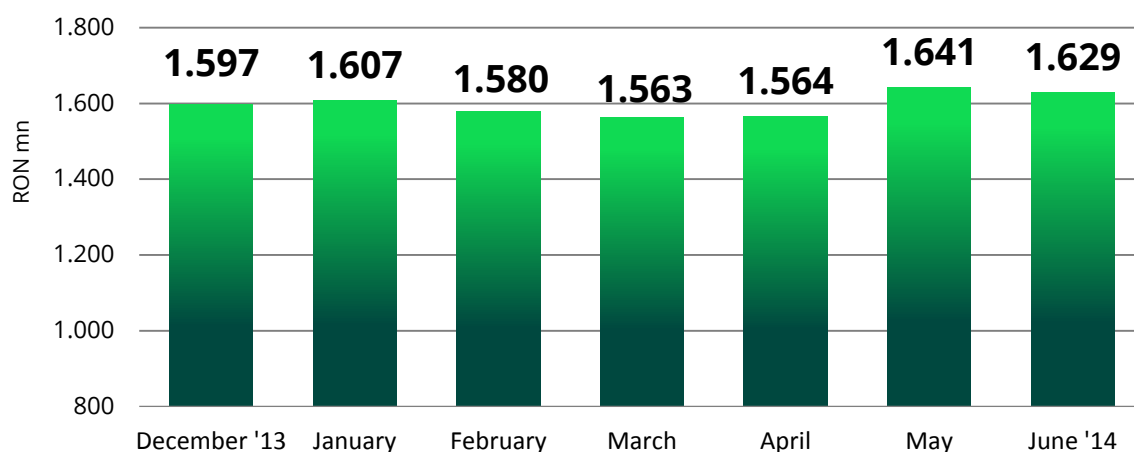
Net asset value

A key indicator for company's performance, Net Asset Value (NAV) of SIF Banat-Crișana was of **RON 1.629 million** at the end of H1 2014, up 2.01% as compared to December 31, 2013 and 17.11% higher than June 30, 2013.

Net asset value per share (NAV/S) rose to **RON 2.9680** as at June 30, 2014, from RON 2.9094 at December 31, 2013 (30.06.2013: RON 2.5343 / share).

MONTHLY EVOLUTION OF THE NET ASSET VALUE

December 2013 - June 2014



Starting January 29, 2014, the contract for custodian services concluded by SIF Banat-Crișana with BRD Groupe Société Générale entered into force, endorsed by Financial Supervisory Authority ("FSA"). The monthly net asset values were calculated SIF Banat-Crișana and certified by ING BANK NV AMSTERDAM Bucharest Branch (former custodian bank) until December 31, 2013 and from January 2014 by BRD Groupe Société Générale.

The monthly reports on net asset value were submitted to the Bucharest Stock Exchange and FSA - Investment and Financial Instruments Sector, and published on SIF Banat-Crișana website www.sif1.ro within 15 days from the end of the reporting month.

Net assets statement as at June 30, 2014, prepared pursuant to annex 16 of the Regulation no. 15/2004, is presented as annex 1 to this report.

The methodology for calculating the net asset value

Valuation of assets managed by the company was performed in accordance with the Disposal of Measures no. 23/2012, which established a unified framework and harmonized methods of valuation of assets of undertakings for collective investment (OPC) authorized and / or endorsed by the regulatory authority.

According to regulations in force, listed shares are valued at the closing price of the market for the day for which the calculation is made. Unlisted shares are valued at the book value per share

as it results from the latest annual financial statements, respectively the equity value recorded in the monthly reports submitted the central bank (BNR) for credit institutions, without applying de-quotation as per the stake held in the share capital of the issuer.

Details of the assessment methods adopted by SIF Banat-Crișana for each class of assets are published on Company's website, at www.sif1.ro/en/investments/net-asset/net-asset-value-calculation-methodology/

Portfolio structure

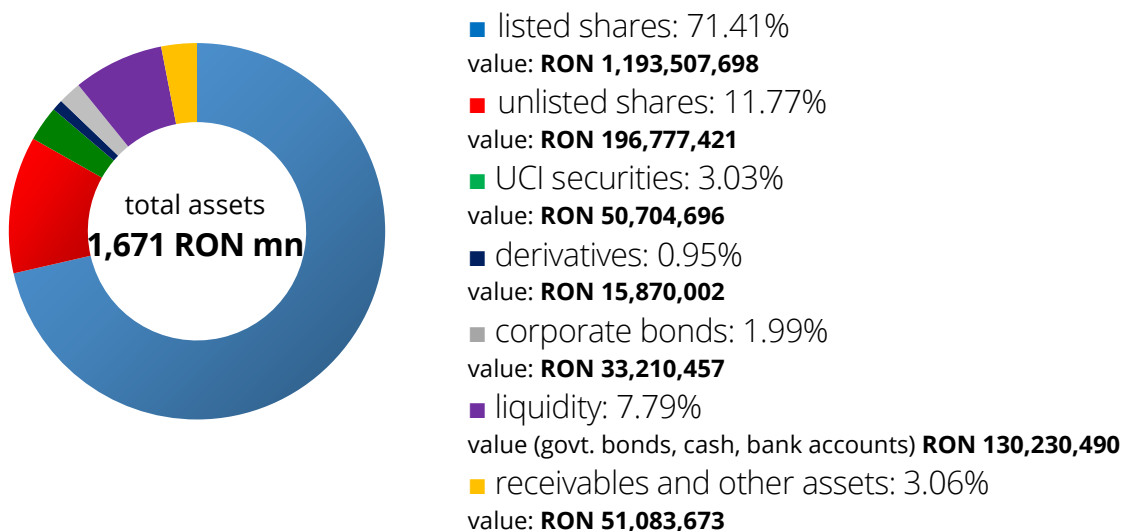
SIF Banat-Crișana's investment objective is the administration of a diversified portfolio of high quality assets, apt to provide a constant income flow, while preserving and growing the capital on a medium to long term.

Asset allocation strategy aims the maximizing the portfolio performance in the prudential framework set by Law no. 297/2004 regarding the capital market with subsequent amendments and Regulation no. 15/2004 on the authorisation and functioning of investment management firms, collective investment undertakings and depositories. Throughout the first half of year 2014, the assets managed by the company were within the legal limits permitted.

The breakdown of the assets managed by SIF Banat-Crișana as at June 30, 2014 is presented in the following chart:

SIF BANAT-CRIȘANA PORTFOLIO

breakdown on assets under management (weight on total assets)

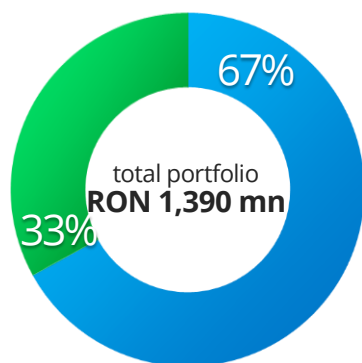


values computed as at June 30, 2014, pursuant to Regulation 15/2004 and Measure 23/2012

Detailed statement of investments as at June 30, 2014 - prepared pursuant to annex 17 of the Regulation no. 15/2004 is presented as annex 2 to this report.

Stock portfolio is the most important category in the assets managed by SIF Banat-Crișana, with a weight of 83.11% in total assets under management as at June 30, 2014.

STOCK PORTFOLIO geographical exposure



■ Romania: 67%

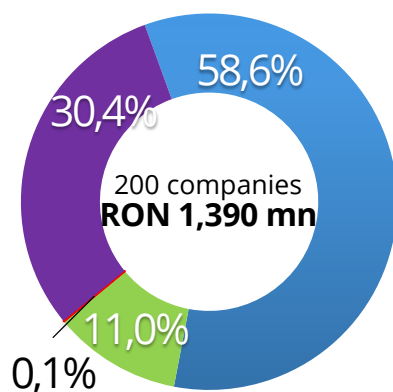
RON 931.11 mn (Dec. 31, 2013: RON 913.99 mn) value of holdings in 185 companies (Dec. 31, 2013: 196)

■ foreign markets: 33%

RON 459.17 mn (Dec. 31, 2013: RON 567.2 mn) value of holdings in 15 companies (Dec 31, 2013: 26): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare) Germany (4), Spain (1), Finland (1), France (3), Italy (1), Luxembourg (1), The Netherlands (3)

values computed as at June 30, 2014, pursuant to Regulation 15/2004 and Measure 23/2012

STOCK PORTFOLIO breakdown by stake held



■ up to 5%

stakes **up to 5%** in **79** companies
total value: **RON 814.03 mn** (Dec. 31, 2013: RON 931.14 mn)

■ 5-33%

stakes **between 5 - 33%** in **103** companies
total value: **RON 153.19 mn** (Dec. 31, 2013: RON 146.32 mn)

■ 33-50%

stakes **between 33-50%** in **3** companies
total value **RON 1,03 mn** (Dec. 31, 2013: RON 1.03 mn)

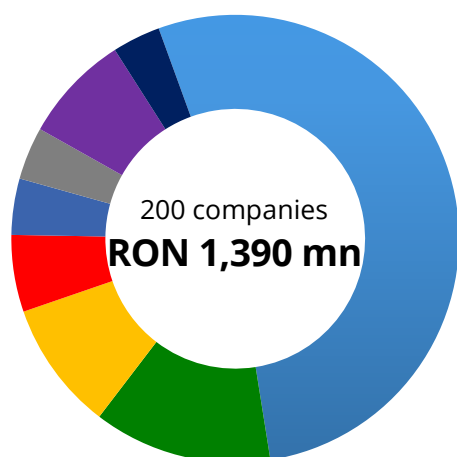
■ above 50%

majority stakes, above 50%, in **15** companies
total value **RON 422.03 mn** (Dec 31, 2013: RON 402.7 mn)

values computed as at June 30, 2014, pursuant to Regulation 15/2004 and Measure 23/2012

STOCK PORTFOLIO

sectoral breakdown



- financial - banking: 53.04%
stakes in **13** companies, total value: **RON 737.45 mn**
(Dec. 31, 2013: RON 861.50 mn)
- commerce – real-estate: 12.90%
stakes in **25** companies, total value: **RON 179.33 mn**
(Dec. 31, 2013: RON 163.28 mn)
- tourism and public food service: 9.34%
stakes in **9** companies, total value: **RON 129.81 mn**
(Dec. 31, 2013: RON 114,67 mn)
- pharmaceuticals: 5.55%
stakes in **3** companies, total value: **RON 77.19 mn**
(Dec. 31, 2013: RON 80.73 mn)
- energy - utilities: 4.06%
stakes in **14** companies, total value: **RON 56.48 mn**
(Dec. 31, 2013: RON 45.63 mn)
- pulp and paper: 3.81%
stakes in **8** companies, total value: **RON 52,93 mn**
(Dec. 31, 2013: RON 56.39 mn)
- various industries: 7.82%
stakes in **82** companies, total value: **RON 108.76 mn**
(Dec. 31, 2013: RON 117.21 mn)
- other fields: 3.48%
stakes in **46** companies, total value: **RON 48,32 mn**
(Dec. 31, 2013: RON 41,75 mn)

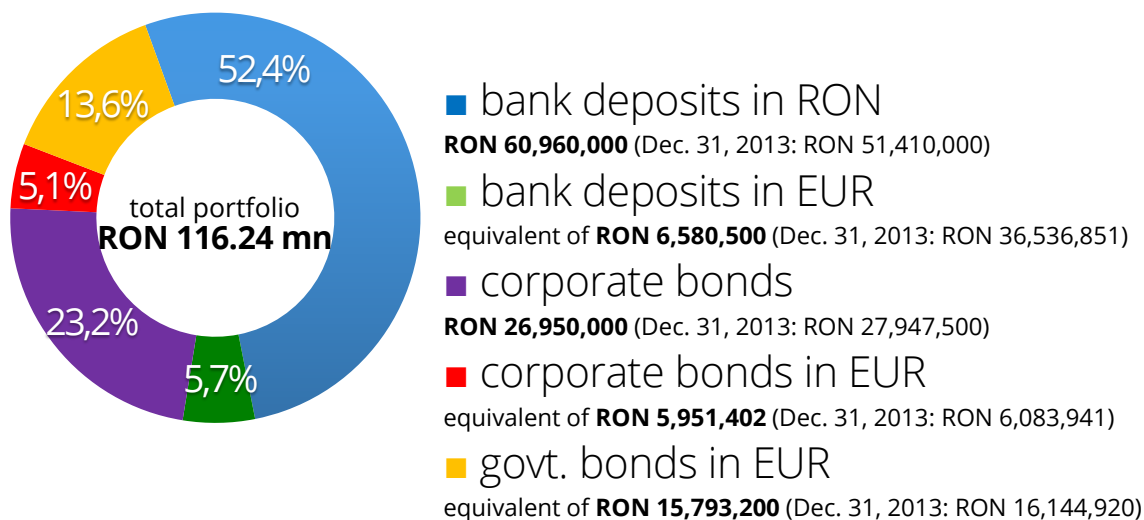
values computed as at June 30, 2014, pursuant to Regulation 15/2004 and Measure 23/2012

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as at June 30, 2014

Company	Sector of activity	Value* of stake [RON mn]	% of NAV
Erste Group Bank AG	financial - banking	304.25	18.68%
Banca Transilvania	financial - banking	178.63	10.97%
BRD - Groupe Société Générale	financial - banking	158.57	9.73%
SIF Imobiliare Plc	financial services applicable to the real estate	152.98	9.39%
Biofarm Bucharest	pharmaceuticals	66.48	4.08%
Calipso Oradea	tourism and public food service	44.88	2.76%
Azuga Turism	tourism and public food service	43.95	2.70%
Vrancart Adjud	pulp and paper	43.24	2.65%
Napomar Cluj	machinery	42.09	2.58%
SIF Moldova	other financial service activities	35.02	2.15%
TOTAL		1,070.09	65.69%

* values computed as at June 30, 2014, pursuant to Regulation 15/2004 and Measure 23/2012

PORTFOLIO OF FIXED INCOME INSTRUMENTS



values computed as at June 30, 2014, do not include interest receivable

- fixed income instruments in RON had an average return of 5.52% in the first half of 2014, higher throughout the period than ROBOR (3M);
- fixed income instruments in EURO had an average return of 3.75% in the first half of 2014, throughout the period higher than EURIBOR (3M).

Investment activity

Strategic vision of SIF Banat-Crișana is developing the company by means of an effective management of the portfolio and increasing the value of the assets under management by improving the allocation of resources, to obtain higher yields for the capital invested.

In the first six months of 2014, the Company focused the investment policy on the purchase financial instruments, mainly shares, thus providing a prudent diversification of the portfolio in terms of profitability and liquidity.

Purchases and inflows of financial assets in H1 2014, of which:

- shares on domestic and foreign markets amounting to RON 113.3 million, of which RON 112.8 million - on the domestic market and RON 0.5 million - on foreign markets;
- unlisted shares in the amount of RON 4.2 million;
- participation in the capital increase in a company with the amount of RON 0.9 million;
- derivatives amounting to RON 21.7 million, representing certificates issued with underlying SIF4 shares;
- units in closed funds in the amount of RON 53.2 million.

Disposal and outflows of financial assets in H1 2014, of which:

- listed shares on domestic and foreign markets amounting to RON 227.7 million;
- derivatives amounting to RON 2.2 million;
- units amounting to RON 0.2 million;
- value of securities write-off from the portfolio as a result of liquidation of the companies amounting to RON 0.3 million.

Reorganization and liquidation in companies from the portfolio

- as of June 30, 2014, 69 companies from portfolio were in process of bankruptcy / insolvency / winding up. These companies are recorded with zero value in the Net Asset Value;
- in H1 2014 five companies were out of SIF Banat-Crișana portfolio, following the completion of the liquidation and reorganization processes initiated in the previous years. The value of these companies was of RON 0.3 mn, amount provisioned in the previous years.

Human resources

As at June 30, 2014, SIF Banat-Crișana had 48 employees, of which 41 at headquarters in Arad and 7 at the branches.

The breakdown of employees on the level of education: 77% of employees have completed higher education, 11% secondary and 12% general education.

The employment relationships are regulated by the Individual Labour Contracts and by the Collective Labour Contract. During the first half of 2014 there were no conflicts in the relations between management and employees. SIF Banat-Crișana provides a positive work environment and equal opportunities to all employees throughout the entire period of employment.

Assuming that performance is the key to sustaining a successful business, its assessment is a priority. Thus the project of performance evaluation based on SMART objectives was carried on. During H1 2014, the process of evaluating the performance of employees for the activities carried out in 2013 was completed and the objectives for the year 2014 were set.

Ensuring compliance

Internal audit

Internal audits carried out in the first half 2014 considered:

- human resources management, compliance with the Collective Labour Contract, internal regulations and the procedures in force;
- compliance with the legislation and the procedures regarding the calculation and the reporting of SIF Banat-Crișana's net asset;
- trading securities on domestic and foreign markets, compliance with the short-term investment policy and procedures in force;
- portfolio management of fixed income instruments and the compliance with the approved limits of remit;
- monitoring and collecting dividends from portfolio companies.

The audit reports containing the mission, findings, conclusions, recommendations and proposals of the Internal Auditor were presented to the Audit Committee and the Company's Board of Directors.

There were not identified significant situations to require the intervention of the Board.

Internal Audit considers that the activities and operations conducted by SIF Banat-Crișana in the first half of 2014, subject to audit, are consistent with the policies, programs and management of the company, pursuant to the legislation and internal regulations.

Internal control

The activity of the internal control compartment was carried out pursuant to the Plan for Investigation and control plan for the year 2014, as approved by the Board of Directors of SIF Banat-Crișana in the meeting from January 31, 2013, the provisions of Regulation no. 15/2004, work procedures and regulations.

Lines of action considered were: controlling compliance with the applicable regulations specific for the capital market and / or internal procedures, providing information for the company and staff on legal requirements on the capital market, endorsement of documents submitted by SIF Banat-Crișana FSA to obtain the authorizations provided by ASF regulations, endorsement of the reports submitted to capital market entities and ASF, endorsement of informative and publicity materials of the company, other activities regarding the compliance of the company and employees with legislation in force for the capital market and the internal regulations.

During the control activity conducted in H1 2014, the following were addressed: compliance with the capital market legislation and working procedures in the activities for preparing and transmitting the list of persons with access to inside information; redaction, transmittal and publication of mandatory reports, requests for ASF endorsements, the observance of regulations and procedure for the calculation of net asset and the status of holding limits under Law 297/2004 (as amended by Ordinance 32/2012) and Regulation no. 15/2004.

Control actions ascertained the compliance with current legislation, regulations and internal procedures for the controlled operations. Following the control activities, recommendations for improving work procedures and activities were made.

2. SECURITIES ISSUED BY SIF BANAT-CRIȘANA

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

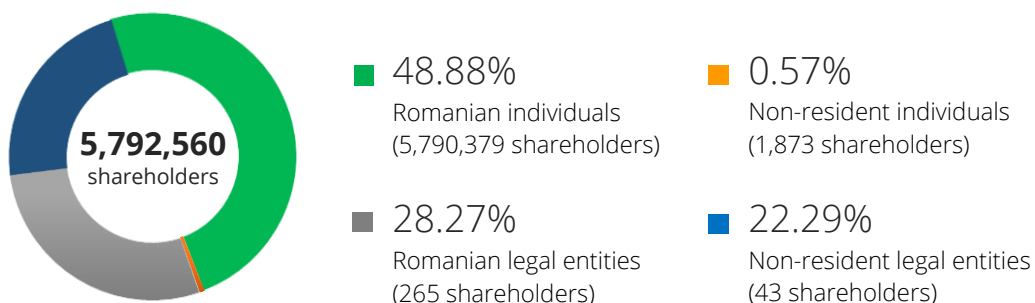
Total number of shares issued (as of June 30, 2014)	548,849,268
Nominal value	0.1000 lei /share
Type of shares	common, ordinary, nominative, dematerialized, indivisible
Market	Regulated market of the Bucharest Stock Exchange (BVB) Tier I – since 1 of November 1999
Free float	100%
BSE symbol	SIF1
International identifier	Bloomberg BBGID: BBG000BMN388
ISIN code	ROSIFAACNOR2
Indices containing SIF1 share	BSE indices: BET-FI, BET-XT and BET-BK

Since its establishment, SIF Banat-Crișana has not issued bonds or other debt instrument, nor has acquired or held its shares at any given time.

As of June 30, 2014, SIF Banat-Crișana had 5,792,560 shares, as reported by Depozitarul Central S.A. Bucharest, the company that keeps the Company's registry of shareholders.

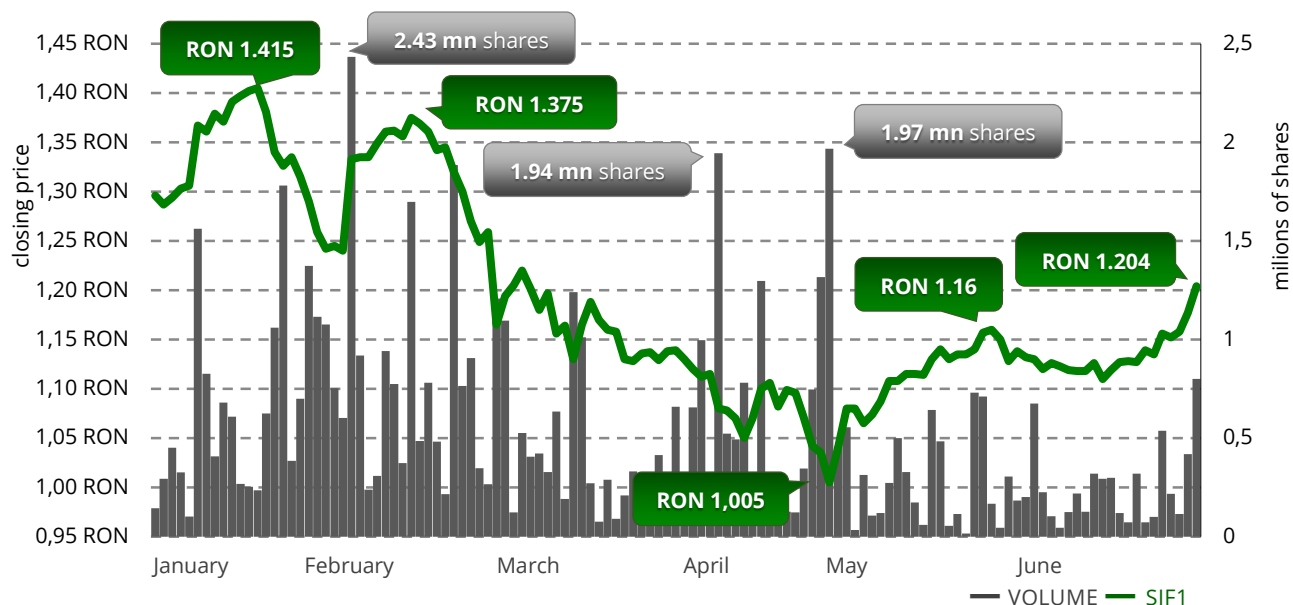
SIF BANAT-CRIȘANA SHAREHOLDERS' STRUCTURE

as per holdings at June 30, 2014



SIF1 on Bucharest Stock Exchange

PRICE OF SIF1 SHARES AND VOLUMES TRADED IN H1 2014



highlighted values recorded at the closing trading sessions

During H1 2014, SIF1 shares were traded on Bucharest Stock Exchange in 123 trading sessions.

- price of SIF1 shares lowered 7.1% from RON 1.2960 (closing price in January 3, 2014, first trading session of the year), to RON 1.2040 (closing price in last trading session of H1 2014, June 30);
- highest price for the period was recorded in the trading session of January 21, of RON 1.415; while the lowest was recorded on April 28, when SIF1 price was of RON 0.995. The range between the highest and the lowest price for the period was of 30%;
- highest daily volume, of 2,434,000 million shares, traded on February 6, recorded in a period of rising prices; average traded volume was slightly above one million shares;
- compared to the same period of the previous year, the liquidity of SIF1 was quite low in H1 2014, 63,446,700 shares representing 11.56% of total shares issued were traded in all;
- on "DEAL" market 7 transaction were concluded, with a total of 25 million shares, with a value of RON 30.6 million;
- SIF1 market capitalization was of RON 661 million on June 30, 2014 (calculated using the closing price).

3. CORPORATE GOVERNANCE

Company management

Board of Directors

Pursuant to the provisions of the Statute, SIF Banat-Crișana is managed based on a unitary system, specific to collective investment organizations regulated by the FSA. The administration of the Company is performed by a Board of Directors, consisting of seven members. The members are elected by the General Shareholders' Meeting, by means of secret vote, pursuant to a transparent procedure for their appointment and with the majority of votes. The members are elected for an office term of four years, with the possibility of being re-elected.

Ordinary General Meeting of Shareholders (OGM) held on April 15, 2014, elected Mr. Najib El Lakis as administrator. Mr. El Lakis served as interim administrator appointed by the BoD in July 2013 (ASF endorsement no. A/22/06.11.2013). The documentation for ASF endorsement of Mr. Najib El Lakis as administrator, with a term of office valid until the termination of the administrators' elected by OGM on April 24, 2013, was submitted to ASF, pursuant to the legal requirements.

Audit committee

Within the Board of Directors, an audit committee having a consultative role, consisting of two non-executive members of the Board of Directors was set-up, in accordance with the legal requirements. As at June 30, 2014, the members of the Audit Committee were Mr. Ion STANCU and Mr. Valentin CHISER, elected by the resolution of the Board of Directors on April 24, 2013.

The audit committee met two times. The meetings were dedicated to the analysis of the annual financial statements for 2013 prepared pursuant to Romanian accounting regulations, and IFRS respectively.

Executive directors

The Board of Directors has delegated part of its powers to the General Director, in accordance with Law no. 31/1990, within the limits set by the law, the incorporation documents and Board decisions.

The executive management of SIF Banat-Crișana is ensured by three Executive Directors, appointed by the Board of Directors in accordance with the requirements of the Emergency Ordinance of the Government no. 32/2012 and of the Regulation no. 15/2004 and endorsed by the Financial Supervision Authority.

During January 1 and March 19, 2014, the executive directors of SIF Banat-Crișana were: Mr. Dragoș-George BÎLTEANU, Mrs. Gabriela GRIGORE and Mrs. Carmen DUMITRESCU. The Board of Directors, in the meeting from March 19, took note of Ms. Carmen Dumitrescu resignation from the position of Deputy General Director - Development, labour relations ceasing at that time.

On April 3, 2014, the Board of Directors decided to appoint Mrs Teodora SFERDIAN for the position of Deputy General Director.

As of June 30, 2014, the executive management was provided by: Mr. Dragoș-George Bîlteanu, Chairman of the Board and General Director, Mrs. Gabriela Grigore, Deputy General Director - Operations, Mrs. Teodora Sferdian, Deputy General Director - Development, based on the

Endorsement no. A/28/22.05.2014 issued by Financial Supervisory Authority - Financial Instruments and Investments Sector.

General meeting of shareholders

On February 21, 2014, the Board of Directors called the Ordinary General Meeting of Shareholders (OGM), convened on the second call on April 15, 2014, with direct participation, by representative, or by mail of the shareholders holding 114,559,682 shares, representing 20.87% of the share capital.

The OGM approved the following: financial statements for 2013, capitalization of the entire profit without dividend distribution, discharging from liability of the Board of Directors for the activity carried out in 2013 fiscal year, Operational Plan and Budget for 2014 fiscal year, monthly remuneration for the members of the Board of Directors, general limits of all additional remunerations set for the members of the Board of Directors and the general limits of the directors' remuneration, election by secret vote, of a Board member with a term of office valid until the termination of the mandate of the current Board members elected by the Ordinary General Meeting of Shareholders on April 24, 2013, the record date.

The Board of Directors approved procedures for an orderly and efficient organization of the workings of OGM, in accordance with the legal requirements and applicable FSA regulations. The information and materials related to the General Meeting of Shareholders were made available to shareholders at the Company's headquarters and posted on company's website: the convening notice of the meeting, informative materials and documents proposed for discussion and submitted for approval by the OGM, participation and voting procedures, special proxy forms and bulletins for voting by correspondence and the resolutions approved by the OGM as well as the voting results for each item on the agenda.

In the general meeting of shareholders, the suspension of voting rights for the holdings above the above the legal and statutory ownership threshold was made in accordance with the legal provisions.

4. ANALYSIS OF THE FINANCIAL STATEMENTS

Organization and bookkeeping of accounting records at SIF Banat-Crișana was performed pursuant to the Accounting Law no. 82/1991, republished and amended, the provisions of CNVM (now Financial Supervisory Authority – ASF) Regulation no. 4/2011 on Accounting Regulations compliant with Directive IV of the European Economic Communities applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority (former National Securities Commission), approved by Order of the National Securities Commission no. 13/2011.

The audited individual interim financial reporting for the six month period ended June 30, 2014, prepared in accordance with Romanian accounting regulations are presented in full form in Annex 3 of this report.

Below are the comments on the main elements of the financial position and results for the first half of 2014:

BALANCE SHEET

<i>(all amounts are in RON, unless otherwise stated)</i>	31.12.2013	H1 2014
Securities and other non-current financial instruments	992,652,771	929,940,902
Receivables	4,350,750	8,144,707
Short-term financial investments	105,901,521	236,145,456
Other assets	7,319,133	50,081,696
Total assets	1,110,224,175	1,224,312,761
Current liabilities	34,153,880	42,409,210
Provisions	47,667,668	46,428,642
Equity	1,028,402,627	1,135,474,909
Total liabilities	1,110,224,175	1,224,312,761

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 December 31, 2013 and having the most significant weight in total assets. The reduction by 6.3% of the volume of non-current financial instruments held at June 30, 2014 as compared to December 31, 2013 is primarily due to the reduction of stakes in some companies (Erste Group Bank, BRD etc.) and the sale of holdings (Fondul Proprietatea, Teraplast, Turbomecanica etc).

Receivables are higher as compared to the beginning of the year, as a result of recording the due dividends for the year 2013 from portfolio companies.

Short-term financial investments significantly increased as at June 30, 2014 as compared to the beginning of the year, as a result of directing the revenues from sale of long-term holdings to short-term investments (shares, units in closed funds, derivatives).

Other assets category mainly includes tangible and intangible assets and amounts held by the Company in current accounts. The increase of these assets as compared to the end of 2013 is due to higher amounts in the current accounts of the Company.

Current liabilities of the Company consist mainly of liabilities related to dividends unclaimed by shareholders for previous years, payables, payables to employees, tax and other liabilities. The increase is mainly due to the increase of total income tax expense due to the second quarter of 2014.

As for the **provisions**, a significant share is represented by 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 as at June 30, 2014 compared to the beginning of the year is due to the reduction of provisions for deferred tax assets related to securities calculated on reserves from the sale of shares and respectively the diminishing of related reserves.

Equity holds the largest stake in the structure of liabilities and includes mainly reserves afferent to shares held and reserves constituted as own sources of financing. Equity is higher as compared to the beginning of the year, influenced by the current result of the period.

INCOME STATEMENT

<i>(all amounts are in RON, unless otherwise stated)</i>	H1 2013	H1 2014
Income from non-current financial assets	16,063,790	12,449,844
Income from disposal of financial assets	24,152,936	218,852,234
Income from reversal of provisions, reactivated receivables and sundry debtors	5,335,953	454,286
Income from foreign exchange differences	4,299,506	353,144
Interest income	3,291,061	3,196,892
Other income	403,173	542,363
Total income	53,546,419	235,848,763
Expenses with the disposal of financial assets	7,528,872	50,319,254
Expenses from foreign exchange differences	3,614,367	1,081,133
Fees and commissions expenses	1,324,965	2,338,135
Amortization, provisions and losses from receivables	152,696	127,317
Other current expenses	9,943,652	4,387,150
Total expenses	22,564,552	58,252,989
Gross profit	30,981,867	177,595,774
Income tax	2,302,813	28,300,347
Net profit	28,679,054	149,295,427

The level of **total revenues** as of June 30, 2014 shows a significant rise as compared to the last year's same period as a result of recording a much higher volume of revenues from financial investments.

The evolution of income with significant weight:

Income from financial assets (dividends and amounts from capital reduction) decreased as compared to the first half of 2013 as a result of capitalization of profits by some companies from the portfolio (Biofarm etc.).

Income from disposal of financial assets (sales of shares and short-time financial investments) registered a significant upsurge as compared to the first half of 2013, mainly due to reducing the stakes held in certain companies (Erste Group Bank, BRD etc.).

Income from reversal of provisions, reactivated receivables and sundry debtors mainly include the reversal of value adjustments for impairment losses on securities upon disposal (sold or liquidated). In H1 2014 these revenues decreased as compared to H1 2013, as there were no reversals of provisions for profit-related incentives.

Income from foreign exchange, afferent, primarily to foreign currency investments, are lower as compared to the corresponding period of the previous year due to an inferior volume of investments in foreign currency and the strengthening of domestic currency.

Interest income (bank deposits and bonds) are close to the level recorded in the same period of the previous year.

The evolution of total expenses as at June 30, 2014 compared to the similar period in 2013 is influenced by the volume of transactions with shares performed by the company.

Evolution of the main items of expenditure are as follows:

Expenses with the disposal of financial assets have a significant stake in the total expenses of the period, their level is influenced by the sales of securities executed and the relationship between the historical cost of such securities and any reserves for shares received at no cost. For H1 2014 the amount of these expenses is above the level of June 30, 2013, but it is correlated with income from financial investments.

Expenses from foreign exchange differences recorded a decline in H1 2014 as compared to the corresponding period of the previous year, but the net impact of exchange differences (income minus expenses) from June 30, 2014 is an unfavourable one.

Fees and commissions expenses are above those achieved as at June 30 2013, as a result of increased costs due to commissions for SSIFs for transactions.

Other current expenses primarily include administrative expenses, staff costs, advertising and publicity and other expenses. The amount of these expenses show significant reduction as compared to previous year's corresponding period, mainly due to the reduction of personnel expenses.

Net profit as at June 30, 2014 is significantly higher than June 30, 2013, as a result of higher revenues from the disposal of financial assets.

CASH FLOW STATEMENT

<i>(all amounts are in RON, unless otherwise stated)</i>	No. row	June 30, 2013	June 30, 2014
A Cash flow in operating activities			
+ Receipts from customers	01	84,366	65,178
- Payments to suppliers and employees	02	(10,719,535)	(8,116,319)
- Income tax paid	03	(2,719,485)	(16,107,668)
Cash flow used in operating activities	04	(13,354,654)	(24,158,809)
B Cash flow in investing activities			
- Payments for acquisition of shares and financial assets	05	(129,718,144)	(232,140,701)
- Payments for acquisition of tangible and intangible assets	06	(10,095)	(23,085)
+ Receipts from sale of shares and financial assets	07	39,642,217	301,084,203
+ Receipts from sale of tangible assets	08	-	-
+ Interest received	09	3,773,973	3,485,478
+ Dividends received	10	8,746,836	7,109,159
- Other payments from investing activities	11	(1,034,474)	(288,713)
+ Other receipts from investing activities	12	1,481,006	147,724
Cash flow from investing activities	13	(77,118,681)	79,374,065
C Cash flow in financing activities			
- Dividends paid	14	(3,247,252)	(106,290)
Cash flow used in financing activities	15	(3,247,252)	(106,290)
Increase / (decrease) of cash flow and cash equivalents (A+B+C)	16	(93,720,587)	55,108,967
Cash and cash equivalent at the beginning of the period*	17	124,130,913	19,658,044
Cash and cash equivalent at the end of the period *	18	30,410,326	74,767,011

* 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.

Cash flow in H1 2014 is different from H1 2013 in the sense that investment activities generated cash (while in H1 2013 required cash), which led to an increase in cash and cash equivalents.

From the structural point of view, the cash flow recorded in H1 2014 one can observe following developments:

- higher cash necessities for operating activities as a result of higher volumes due on tax debt;
- generate cash from investing activities as a result of a significant increase of revenues from disposal of shares and financial assets (including receipts from deposits with a residual maturity greater than 3 months), growth that exceeded the volume of payments for purchases of shares and financial assets (including the establishment of bank deposits with maturity over 3 months);
- reducing the amount of cash used in financing activities as a result of payments of outstanding dividends.

5. OTHER SIGNIFICANT INFORMATION

Litigations

As of June 30, 2014 SIF Banat-Crișana was involved in 161 litigations in Court trials. Company is the claimant in 119 disputes the defendant in 38 cases, while in 4 litigations the Company is an intervening party.

In most of the litigations in which the Company is a plaintiff, the dispute is on the cancellation / nullity of the general meetings of shareholders on portfolio companies, retrieval of unpaid dividends, or the insolvency of some portfolio companies.

6. ANNEXES

Annex 1 Net asset statement as at June 30, 2014 prepared pursuant to annex 16 to Regulation no. 15/2004

Annex 2 Detailed statement of investments as at June 30, 2014, pursuant to annex 17 to Regulation no. 15/2004

Annex 3 Individual interim financial reporting for the six month period ended June 30, 2014 and explanatory notes prepared pursuant to Regulation no. 4/2011 regarding the accounting regulations compliant with the IVth 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

Signatures

President, General Director
Dragoș-George Bîlteanu

Economic Director
Ștefan Doba