

SIF Banat-Crişana S.A.

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

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

unaudited

FREE TRANSLATION

*prepared for the convenience of English-speaking readers,
as translation of the original document issued in Romanian, which is the official and binding version;
for purposes of interpretation the Romanian text shall be authoritative and final*

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**Condensed Statement of profit or loss and other comprehensive income
as at September 30, 2016**

<i>Denominated in RON</i>	Note	Sept. 30, 2016	Sept. 30, 2015
Income			
Dividend income	4	101,038,250	31,386,411
Interest income	5	3,988,338	4,989,781
Other operating revenues		191,916	191,643
Investment gains			
(Loss) / Net gain from foreign exchange differences		(305,876)	(364,251)
Net profit from sale of assets	6	436,194	18,565,122
Net Profit/(Loss) from financial assets at fair value through profit or loss		(89)	4,641,801
Reversals / (expenses) with adjustments for impairment			
(Loss) Net gain from foreign exchange differences		-	326,409
Expenses			
Fees and commissions expenses	7	(1,633,923)	(1,741,974)
Other operating expenses	8	(8,613,914)	(6,528,169)
Profit before tax		95,100,897	51,466,773
Income tax	9	(3,576,713)	(4,912,256)
Net profit for the period		91,524,184	46,554,517
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Fair value reserve (financial assets available for sale)			
Net amount transferred to profit or loss		(216,335)	(14,342,938)
Net change in fair value		(101,360,083)	109,899,722
Other comprehensive income		(101,576,418)	95,556,784
Total comprehensive income for the period		(10,052,234)	142,111,301
Earnings per share			
Basic		0.168	0,085
Diluted		0.168	0,085

The condensed interim financial statements were approved by the Board of Directors on October 31, 2016 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Octavian Avrămoiu
Vice-Chairman, Deputy General Director

Ștefan Doba
Economic Director

Condensed statement of financial position as at September 30, 2016

<i>denominated in RON</i>	<i>Note</i>	September 30, 2016	December 31, 2015
Assets			
Cash and cash equivalents with maturity of less than 3 months	10	10,125,334	1,478,015
Cash and cash equivalents with maturity over 3 months	10	46,683,142	149,922,495
Financial assets at fair value through profit or loss		360	449
Financial assets available for sale	11	1,741,444,149	1,728,617,277
Investments held to maturity	12	21,116,655	34,498,231
Investment property	13	19,288,964	19,288,964
Tangible assets (property, plant and equipment)		3,169,672	3,330,474
Other assets	14	6,542,197	4,388,799
Total assets		1,848,370,474	1,941,524,705
Liabilities			
Dividends payable		20,367,574	20,850,807
Deferred income tax liabilities	15	99,829,922	124,114,688
Other liabilities	16	2,593,703	7,749,815
Total liabilities		122,791,199	152,715,310
Equity			
Statutory share capital	17	54,884,927	54,884,927
The effect of applying IAS 29 on the share capital	17	684,298,992	684,298,992
Own shares		(52,443,756)	-
Losses from repurchase of own shares		(734,130)	
Reserves set-up from the application of Law no. 133/1996	17	145,486,088	145,486,088
The effect of applying IAS 29 on the reserve set-up after the application of Law no.133/1996	17	1,960,189,603	1,960,189,603
The effect of applying IAS 29 on retained earnings	17	(2,644,488,595)	(2,644,488,595)
Accumulated profit		823,176,598	731,652,414
Reserves from revaluation of tangible assets (property, plant and equipment)		65,029	65,029
Legal reserves	17	10,976,985	10,976,985
Reserves from revaluation of financial assets available for sale		744,167,533	845,743,951
Total equity		1,725,579,274	1,788,809,394
Total liabilities and equity		1,848,370,474	1,941,524,704

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Ștefan Doba
Economic Director

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

<i>Denominated in RON</i>	Share capital (including hyperinflation)	Own shares	Losses from repurchase of own shares	Legal reserve	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Reserves from revaluation of financial assets available for sale	Revaluation reserves	Accumulate d profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
Balance at January 1, 2016	739,183,919	0	0	10,976,985	2,105,675,691	845,743,951	65,029	731,652,414	(2,644,488,595)	1,788,809,394
Comprehensive income										
<i>Profit for the period</i>	-			-	-	-		91,524,184	-	91,524,184
<i>Other comprehensive income</i>										
Reserve from revaluation of assets available for sale transferred to profit or loss	-			-	-	(216,335)		-	-	(216,335)
Net change in reserve from revaluation of assets available for sale (net of deferred tax)	-			-	-	(101,360,083)		-	-	(101,360,083)
Revaluation of property, plant and equipment										-
Total comprehensive income for the period	-			-	-	(101,576,418)	-	91,524,184	-	(10,052,234)
Transactions with shareholders recognized directly in equity										
Dividends payable for 2014	-			-	-	-			-	-
Dividends written-off	-			-	-	-	-		-	-
Repurchase own shares		(52,443,756)	(734,130)							(53,177,886)
Total transactions with shareholders recognized directly in equity	-	(52,443,756)	(734,130)	-	-	-	-	-	-	(53,177,886)
Balance at September 30, 2016	739,183,919	(52,443,756)	(734,130)	10,976,985	2,105,675,691	744,167,533	65,029	823,176,598	(2,644,488,595)	1,725,579,274

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Ștefan Doba
Economic Director

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

<i>Denominated in RON</i>	Share capital (including hyperinflation)	Legal reserve	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Reserves from revaluation of financial assets available for sale	Revaluation reserves	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
Balance at January 1, 2015	739,183,919	10,976,985	2,105,675,691	630,375,419	0	698,319,923	(2,644,488,595)	1,540,043,342
Comprehensive income								
<i>Profit for the period</i>	-	-	-	-	-	46,554,517	-	46,554,517
<i>Other comprehensive income</i>								
Reserve from revaluation of assets available for sale transferred to profit or loss	-	-	-	(14,342,938)	-	-	-	(14,342,938)
Net change in reserve from revaluation of assets available for sale (net of deferred tax)	-	-	-	109,899,722	-	-	-	109,899,722
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	95,556,784	-	46,554,517	-	142,111,301
Transactions with shareholders recognized directly in equity								
Dividends payable for 2014	-	-	-	-	-	(54,884,927)	-	(54,884,927)
Dividends written-off	-	-	-	-	-	-	-	0
Total transactions with shareholders recognized directly in equity	-	-	-	-	-	(54,884,927)	-	(54,884,927)
Balance at September 30, 2015	739,183,919	10,976,985	2,105,675,691	725,932,203	0	689,989,513	(2,644,488,595)	1,627,269,716

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Octavian Avrămoiu
Vice-Chairman, Deputy General Director

Ștefan Doba
Economic Director

Condensed cash flow statement as at September 30, 2016

<i>Denominated in RON</i>	<i>Note</i>	September 30, 2016	September 30, 2015
Operating activities			
Net profit for the period		91,524,184	46,554,517
<i>Adjustments for:</i>			
Depreciation of tangible and intangible assets		184,845	187,967
Net (gain)/loss from disposal of property, plant and equipment		0	0
Gain from valuation of investment property		0	
(Reversals) / Expenses on adjustments for impairment		0	-326,409
Net profit from sale of assets	6	-436,194	-18,565,122
(Net gain)/Net loss from financial assets at fair value through profit or loss		89	-4,641,801
Dividend income	4	-101,038,250	-31,386,411
Interest income	5	-3,988,338	-4,989,781
Expense with / (income from) other provisions and adjustments		0	
Income tax	9	3,576,713	4,912,256
Changes in operating assets and liabilities			
Change in other assets		601,925	-2,839,656
Change in other liabilities		-1,832,665	1,669,097
Income tax paid		-355,008	-1,537,155
Net cash from / (used in) operating activities		-11,762,701	-10,962,498
Investment activities			
Payments for acquisition of shares and other securities available for sale	6,11	-138,399,590	-7,915,279
Proceeds from sales of shares		1,528,894	20,880,070
(Placements) / Proceeds from term deposits greater than three months		102,590,534	-68,911,050
Net proceeds / (Payments) from sale of assets at fair value through profit or loss		0	18,461,180
Proceeds / (Payments) for purchase of investments held to maturity		12,417,946	16,162,847
Payments for purchases of property, plant and equipment		-10,951	-100,339
Dividends collected		95,048,131	27,935,789
Interest collected		4,219,619	5,230,121
Net cash flow proceeds / (used in) investment activities		77,394,584	11,743,339
Financing activities			
Dividends paid		-3,806,679	-29,992,917
Repurchase of own shares		-53,177,886	0
Net cash from / (used in) financing activities		-56,984,564	-29,992,917
Net increase / (decrease) in cash and cash equivalents		8,647,319	-29,212,076
Cash and cash equivalents at January 1 st		1,478,015	37,065,143
Cash and cash equivalents at September 30th		10,125,334	7,853,067
<i>Denominated in RON</i>	<i>Note</i>	September 30, 2016	September 30, 2015
Cash in hand and other valuables	9	43,632	17,107
Current accounts with banks	9	10,081,702	1,315,960
Bank deposits with original maturity of less than 3 months	9	-	6,520,000
Cash and cash equivalents with maturity of less than 3 months		10,125,334	7,853,067

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

1. Reporting entity

Societatea de Investiții Financiare Banat-Crișana SA ("the Company") was founded based on Law no. 133/1996 by the reorganization and transformation of Fondul Proprietății Private Banat-Crișana and it is a joint stock company operating under Law 31/1990 and Law no. 297/2004.

SIF Banat-Crișana is headquartered in Arad, 35A Calea Victoriei, Arad county, code 310158, tel.: +40257 304 438, fax: +40257 250 165. The registration number in the Trade Register is: J02/1898/1992, and the tax identification number is: 2761040

The main activity of the company is:

- financial investments to maximize the value of own shares in accordance with the regulations in force;
- the management of the investment portfolio and exercising all rights associated to the invested instruments;
- other additional and related activities in accordance with the regulations in force.

The Company's shares are listed on the Bucharest Stock Exchange since November 1st, 1999, and are traded on the regulated market, Premium category, with the market symbol SIF1.

The custodian of the Company, starting 29.01.2014, is BRD Groupe Société Générale, replacing ING Bank NV Amsterdam Bucharest Branch, and the company providing registry services is Depozitarul Central SA Bucharest.

The Interim financial statements, condensed, prepared for the first three semesters ended September 30, 2016, are not audited.

2. Basis of preparation

(a) Statement of compliance

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

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

Thus, during 2015, the Company did not prepare interim reports as pursuant to the provisions of IAS 34 "Interim Financial Reporting". To ensure the comparability of data, the comparative information for Q3 2015, prepared in accordance with FSA Regulation No 4/2011, have been accordingly restated under IFRS, without being audited.

These condensed interim financial statements for Q3 ended on September 30, 2016, have been prepared pursuant to the requirements of IAS 34 "Interim Financial Reporting" and should be read together with the separate financial statements for 2015 prepared in accordance with Norm no. 39/2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the FSA of Financial Instruments and Investments Sector (Norm).

Pursuant to Regulation no. 1606/2002 of the European Parliament and the EU Council of July 19, 2002, and those ordered by CNVM Decision no. 1176 / 15.09.2010, the financial investment companies are required to prepare and submit to the Financial Supervisory Authority (FSA) annual consolidated financial statements pursuant to IFRS, within 8 months from the end of the financial year. The Company prepared consolidated financial statements as at December 31, 2015, made public starting August 31, 2016. The Company does not intend to prepare consolidated financial statements as at September 30, 2016.

(b) Presentation of the financial statements

The Company has adopted a presentation based on liquidity in the condensed statement of financial position and a presentation of income and expenses per their nature in the interim condensed statement of comprehensive income, considering that these methods of presentation provide information that is

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

reliable and more relevant than the information presented on other methods allowed by IAS 1 "Presentation of financial statements".

(c) Basis of measurement

The condensed interim financial statements are prepared on a fair value basis for the financial assets and liabilities at fair value through profit or loss and for the financial instruments available for sale, except those for which the fair value could not be determined reliably.

Other financial assets and liabilities and non-financial assets and liabilities are stated at amortized cost, revaluated amount or historical cost.

(d) Functional and presentation currency

The Company's management considers that the functional currency, as defined by IAS 21 "The effects of changes in Foreign Exchange Rates", is the Romanian Leu (RON or lei). The condensed interim financial statements are presented in RON, rounded to the nearest unit, which is the presentation currency chosen by the Company's management.

(e) Use of estimates and judgements

The preparation of the condensed interim financial statements pursuant to IFRS requires the management to make estimates, judgements, and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses.

Such estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances, the result of which form the basis of judgments used in assessing the carrying value of assets and liabilities for which no other evaluation sources are available. Actual results may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or if the period of the revision and future periods are affected the revision affects both current and future periods.

Judgments made by the management in applying IFRS that have a significant impact on the financial statements and estimates that involve a significant risk of a material adjustment in the next year are disclosed in Notes to the condensed interim financial statements.

(f) Changes in the accounting policies

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

3. Significant accounting policies

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

Comparative financial information

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

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

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

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

To ensure the comparability of data with the current period, September 30, 2016, the comparative information for the corresponding period of the previous year, prepared in accordance with FSA Regulation No 4/2011, have been accordingly restated under IFRS, without being audited.

4. Dividend income

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

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

<i>denominated in RON</i>	September 30, 2016	September 30, 2015
Banca Transilvania	53,244,339	0
Vrancart	10,325,547	1,936,040
Erste Group Bank AG	5,896,618	0
SAI Muntenia Invest SA	5,526,049	10,930,636
BRD	4,356,959	0
SNGN Romgaz	4,243,501	1,842,750
Biofarm	3,478,037	3,256,572
SIF Moldova	2,317,497	2,605,896
Gaz Vest	2,100,782	1,568,976
SIF Muntenia	1,805,558	2,868,830
SIF Oltenia	1,508,390	1,392,360
IAMU Blaj	1,210,982	1,020,081
SNTGN Transgaz	1,210,560	791,384
Silvana Cehu Silvaniei	721,886	0
Conpet Ploiesti	631,988	444,106
Electrica	479,450	19,486
Iproeb	344,540	0
Antibiotice Iasi	294,488	332,314
Hercules SA Satu Mare	137,275	127,620
Spumotim	124,260	742,015
Comelf	121,191	231,562
Reva Simeria	0	163,014
SNP Petrom	0	401,696
Rompetrol Well Services	0	110,838
Others	958,353	600,235
Total	101,038,250	31,386,411

5. Interest income

<i>denominated in RON</i>	September 30, 2016	September 30, 2015
Interest income on deposits and current accounts	1,379,384	2,640,423
Interest income on investments held to maturity	1,455,524	2,349,358
Interest income on assets available for sale – govt. bonds	1,153,430	
	3,988,338	4,989,781

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

6. Net profit from sale / disposal of assets

<i>denominated in RON</i>	September 30, 2016	September 30, 2015
The acquisition cost of financial disposed assets available for sale	-1,092,700	-3,158,083
Proceeds from sale	1,528,894	21,056,822
Other income / (expenses) from disposal (*)	0	666,383
Net profit from sale of financial assets	436,194	18,565,122

As at September 30, 2016, a low volume of transactions was achieved (sale of Albalact and Fondul Proprietatea shares), with a profit from sale of RON 436,194.

(*) As at September 30, 2015 *Other income from disposal* include:

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

7. Fees and commissions expenses

<i>denominated in RON</i>	September 30, 2016	September 30, 2015
FSA commissions	1,267,770	1,207,290
Depository fees	235,184	231,565
Fees payable to SSIF	3,439	141,740
Registry fees	108,000	111,600
Other fees and commissions	19,530	49,779
Total	1,633,923	1,741,974

8. Other operating expenses

<i>denominated in RON</i>	September 30, 2016	September 30, 2015
Expenses with taxes and fees	197,255	161,461
Expenses with salaries and other personnel expenses	5,715,217	4,547,877
Amortization expenses	184,845	187,967
Expenditure on external services	2,516,597	1,630,864
Total	8,613,914	6,528,169

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

During the period ended on September 30, 2016, the average number of employees was of 40 (September 30, 2015: 48), and the number of employees registered at the end of the reporting period was of 39 (September 30, 2015: 49).

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

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

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

9. Income tax

<i>denominated in RON</i>	September 30, 2016	September 30, 2015
Current income tax		
Current income tax (16%)	6,303	3,905,873
Tax on dividend (2016: 0%, 5%; 2015: 0%, 10%, 16%)	3,570,410	1,998,113
Deferred tax expense / (income)		
Financial assets available for sale	0	-7,807
Financial assets at fair value through profit or loss	0	-1,074,833
Tangible assets / Investment property	0	90,910
Total income tax recognized in profit or loss	<u>3,576,713</u>	<u>4,912,256</u>

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

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

<i>denominated in RON</i>	September 30, 2016	September 30, 2015
Profit before tax	95,100,897	51,466,773
Tax under statutory tax rate of 16% (2015: 16%)	15,216,143	8,234,684
Income tax effect of:		
Tax on dividend (2016: 0%, 5%; 2015: 0%, 16%)	3,570,410	1,998,113
Non-deductible expenses and similar items	4,996,947	994,380
Non-taxable income	-20,185,239	-5,283,292
Revenue related items	3,452	3,660
Costs related items		
Deferred tax		-991,730
Amounts of sponsorship within legal limits and other deductions	-25,000	-43,560
Income tax	<u>3,576,713</u>	<u>4,912,256</u>

10. Cash and cash equivalents

<i>denominated in RON</i>	September 30, 2016	December 31, 2015
Cash in hand and other valuables	43,632	28,197
Current accounts in banks	10,081,702	269,818
Deposits at banks with original maturity less than 3 months	-	1,180,000
(I) Total cash and cash equivalents with maturity - less than 3 months	10,125,334	1,478,015
Deposits at banks with original maturities of more than 3 months	46,462,905	149,053,439
Interest on deposits	220,238	869,056
(II) Total cash and cash equivalents with maturity - more than 3 months	46,683,142	149,922,495
Total (I+II)	<u>56,808,476</u>	<u>151,400,510</u>

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

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

11. Financial assets available for sale

<i>denominated in RON</i>	September 30, 2016	December 31, 2015
Shares at fair value	1,559,023,246	1,654,647,742
Shares at cost	25,308,106	25,308,106
Unit funds at fair value	54,826,003	48,661,429
Government bonds (including interest)	102,286,794	0
Total	1,741,444,149	1,728,617,277

The fair value measurement for the shares was performed as at June 30, 2016 by multiplying the number of shares at the date of the H1 balance sheet with the closing price from the last trading day of the reporting period (for securities classified in Level 1) or the price determined by other valuation methods, respectively valuation performed by certified appraisers (for securities classified in Level 3).

There has not been established the fair value of financial instruments as at September 30, 2016, as there has not been available fair values of financial instruments Level 2 and 3 and therefore their fair value has been maintained in the condensed interim financial statements at the fair value determined as at 30.06. 2016. Differences arising from measurement at fair value would have been recognized in reserves from fair value measurement.

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

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

<i>denominated in RON</i>	Shares at fair value	Shares at cost	Unit funds at fair value	Govt. bonds	Total
January 1, 2016	1,654,647,742	25,308,106	48,661,429	0	1,728,617,277
Acquisitions	23,409,828		14,000,000	100,989,762	138,399,590
Sales	-1,309,036				-1,309,036
Change in fair value	-117,725,288		-7,835,426	-84,135	-125,644,849
Attached interest				1,381,167	1,381,167
June 30, 2016	1,559,023,246	25,308,106	54,826,003	102,286,794	1,741,444,149

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

<i>denominated in RON</i>	Shares at fair value	Shares at cost	Unit funds at fair value	Total
January 1, 2015	1,271,937,266	34,529,153	48,136,143	1,354,602,562
Reclassification from assets at fair value through profit and loss	113,276,063			113,276,063
Reclassification 2015	5,446,736	-5,446,736		0
Acquisitions 2015	36,895,424	0		36,895,424
Sales 2015	-57,381,169	-1,829,980		-59,211,149
Set-up of adjustments impairment losses	-376,355	-1,944,331		-2,320,686
Change in fair value	284,849,778	0	525,285	285,375,063
December 31, 2015	1,654,647,742	25,308,106	48,661,429	1,728,617,277

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

Acquisitions of shares during the first nine months of 2016, amounting to RON 23.409.828, include:

- purchases on the stock exchange amounting to RON 10 mn (Romgaz RON 3.3 mn, Biofarm RON 3.1 mn, Transgaz RON 2 mn, Electrica RON 1.5 mn, Fondul Proprietatea RON 0.1 mn);
- participation in the capital increase in the company SIF Imobiliare PLC with RON 13.4 mn.

Purchases of fund units amounted to RON 14 mn include Active Plus fund units.

During the first three semesters of 2016 government bonds worth RON 100.9 million were purchased, and were classified as available for sale.

Disposals of shares in the total amount of RON 1.3 mn as at September 30, 2016, include the value of shares sold (Albalact and Fondul Proprietatea).

Change in fair value is the result of valuation at fair value of financial assets available for sale as at June 30, 2016.

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

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

The Company uses the following hierarchy of methods to measure fair value:

- Level 1: quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs: quoted market prices in active markets for similar instruments; valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques largely based on unobservable input.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or on prices quoted by intermediaries (brokers).

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

The fair value of the financial instruments for which there is no active market (Level 2 and 3) was determined by authorized valuers within the Valuation department within the Company, using the strategy set by the management of the issuer and valuation techniques including techniques based on the present net value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price. Valuation techniques have been used consistently.

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

September 30, 2016

denominated in RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	360	-	-	360
Financial assets available for sale at fair value – shares	1,044,182,600	3,367,170	511,473,476	1,559,023,246
Financial assets available for sale at fair value – fund units			54,826,003	54,826,003
Financial assets available for sale at fair value – govt. bonds	102,286,794			102,286,794
Investment property			19,288,964	19,288,964
	1,146,469,754	3,367,170	585,588,443	1,735,425,366

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

December 31, 2015

denominated in RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	449	-	-	449
Financial assets available for sale at fair value – shares	1,166,787,058	2,876,225	484,984,459	1,654,647,742
Financial assets available for sale at fair value – fund units			48,661,429	48,661,429
Investment property			19,288,964	19,288,964
	1,166,787,507	2,876,225	552,934,852	1,722,598,584

There have been no transfers between levels of fair value during the first three semesters of 2016.

12. Investments held to maturity

denominated in RON

	September 30, 2016	December 31, 2015
Bonds	20,669,988	33,087,934
Interest attached related to the bonds	446,668	1,410,297
Total	21,116,655	34,498,231

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

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

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

13. Investment property

denominated in RON

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

The balance of investment property includes land and building value gained through withdrawals from companies and the value of buildings owned following the closure of branch offices, at fair value.

14. Other assets

denominated in RON

	September 30, 2016	December 31, 2015
Sundry debtors	6,834,374	4,920,020
Other assets	463,937	224,893
Impairment for depreciation of sundry debtors	(756,114)	(756,114)
Total	6,542,197	4,388,799

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

15. Deferred tax liabilities

Deferred tax assets and liabilities at September 30, 2016 are generated by the elements detailed in the following table:

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

Deferred tax assets and liabilities at December 31, 2015 are generated by the elements detailed in the following table:

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

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

- deferred income tax recognized directly in equity by reducing the amount of RON 77,661,350 (2015: RON 101,946,117), being generated entirely by reserves for financial assets available for sale at fair value,
- deferred tax mainly for the differences from financial assets hyperinflation and adjustments for depreciation, of which an amount of RON 5,153,786 recognized in the current year result and the amount of RON 17,014,785 recognized in retained earnings.

16. Other liabilities

<i>denominated in RON</i>	September 30, 2016	December 31, 2015
Liabilities to employees	585,648	2,780,949
Taxes and fees	10,366	4,832,005
Internal suppliers	168,954	136,861
Amounts payable	1,828,735	
Total	2,593,703	7,749,815

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

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

17. Capital and reserves

(a) Capital social

The share capital of SIF Banat-Crişana amounts to RON 54,884,926.80, divided into 548,849,268 shares with the nominal value of RON 0.1 and it is the result of direct subscriptions to the share capital of the company, by converting into shares the amounts due as dividends under Law no. 55/1995 and pursuant to Law no. 133/1996. As at September 30, 2016 the number of shareholders was 5,769,125 (December 31, 2015: 5,774,815).

The shares issued by SIF Banat-Crişana are traded on the Bucharest Stock Exchange since November 1999. The records of shares and shareholders is kept by Depozitarul Central S.A. Bucharest.

All shares are ordinary shares, subscribed and fully paid as at September 30, 2016 and December 31, 2015. All shares have equal voting rights and a nominal value of RON 0.1/share. The number of shares authorized to be issued is equal to the shares issued.

Following approval of the General Meeting of Shareholders held in April 2016, during August 2016 a total of 30,849,268 shares were repurchased (the share capital will be reduced with a number of 28,849,268 shares and 2,000,000 shares will be distributed to employees and managers). The total value of share buyback was of RON 52,443,756.

Reconciliation of the share capital in accordance with IFRS with the share capital in accordance with the statutory share capital is shown in the table below:

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

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

The reserve for the initial portfolio was set up under the application of Law no. 133/1996, as the difference between the portfolio value and the subscribed capital contribution to the company. These reserves are treated as an initial contribution (share premium) and are not used when selling the financial assets. Reconciliation of the reserve related to the initial portfolio as per IFRS with the reserve according to the accounting regulations applicable up to the date of application FSA Norm no. 39/2015 is presented in the following table:

<i>denominated in RON</i>	September 30, 2016	December 31, 2015
Reserves from the application of Law no. 133/1996	145,486,088	145,486,088
The effect of applying IAS 29 on reserves set up following the application of Law no. 133/1996	1,960,189,603	1,960,189,603
Reserves from the application of Law no. 133/1996	2,105,675,691	2,105,675,691

The effect of hyperinflation over the share capital amounting to RON 684,298,992 and over the reserve set-up following the application of Law no. 133/1996 amounting to RON 1,960,189,603 was recorded by reducing the retained earnings, resulting in an accumulated loss related to applying IAS 29 on the capital items in the amount of RON 2,644,488,595 at the end of each period presented.

(c) Reserves from revaluation of financial assets available for sale

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

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

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

(d) Legal reserves

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

Legal reserves cannot be distributed to shareholders.

(e) Dividends

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

18. Earnings per share

The calculation of basic earnings per share was made based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

<i>denominated in RON</i>	September 30, 2016	September 30, 2015
Profit attributable to ordinary shareholders	91,524,184	46,554,517
Weighted average number of ordinary shares	545,421,572	548,849,268
Basic earnings per share	0.168	0.085

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

19. Contingent assets and liabilities

(a) Litigations

As at September 30, 2016 there were 116 litigations pending in Courts. The company had legal standing in 96 lawsuits, passive legal standing in 19 lawsuits and the status of intervener in one litigation.

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

(b) Other liabilities

As at September 30, 2016, the Company has concluded a contract of transfer of shares with the company Remex SA Reghin, for the sale of the stake of 7,858 shares in Remex SA. Remex company will pay the full price until October 31, 2016.

20. Related parties

The parties are considered related if one party has the ability to control the other party or to exercise a significant influence over its financial and operational decision making.

The Company has identified the following related parties in the course of business:

Key management personnel

September 30, 2016

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

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

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

December 31, 2015

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

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

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

Subsidiaries

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

Associated entities

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

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

Transactions with related parties during the interim reporting period:

During the first three semesters of 2016 the Company paid to the company Administrare Imobiliare SA (management company for SIF Imobiliare) the total amount of RON 91,122, representing rent and operating expenses for the rented space.

The Company subscribed to the capital increase of the company SIF Imobiliare PLC, the amount of RON 13,409,884, of which the amount of RON 11,581,149 was transferred.

21. Events after the period of interim report

On October 11, 2015, the EGM approved the following:

- the reduction of the capital of SIF Banat-Crişana SA from RON 54,884,926.80 to RON 52,000,000, following the cancellation of a number of 28,849,268 own shares acquired by the company, in the buy-back program.
- running a program to repurchase its own shares ("Program") by the Company, in compliance with applicable legal provisions and having the following features:

- (i) The program's purpose: The Company will repurchase shares under the program to reduce its share capital;
- (ii) The maximum number of shares that may be repurchased: 20,000,000 shares at most;
- (iii) The minimum price per share: RON 0.50;
- (iv) The maximum price per share: RON 3.41;
- (v) Program Duration: 12 months after publication of the decision in the Official Gazette of Romania, Part IV.