

SIF Banat-Crişana S.A.

**Condensed interim financial statements
as at March 31, 2016**

prepared pursuant to 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 Financial Supervisory Authority from Financial Instruments and Investments Sector

unaudited

provided as a free translation from Romanian, which is the official and binding version

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Condensed statement of profit or loss and other comprehensive income for Q1 ended on 31 March 31, 2016

<i>denominated in RON</i>	Note	Q1 2016	Q1 2015
Income			
Dividend income	4	5,704,253	207,771
Interest income		1,345,985	1,622,730
Other operating income		113,538	91,269
Investment gains			
(Loss) / Net gain from exchange differences		(205,494)	(611,271)
Net profit from sale of assets	5	-	18,283,146
Profit / Net (Loss) from financial assets at fair value through profit and loss		-	3,811,308
Reversals / (Expenses) with adjustments for impairment		-	469,374
Expenses			
Expenses for commissions	6	(512,118)	(593,889)
Other operating expenses	7	(2,173,950)	(2,097,562)
Profit before tax		4,272,214	21,182,876
Income tax	8	(6,864)	(2,779,219)
Net profit for the period		4,265,350	18,403,657
Other comprehensive income			
Items that are or may be transferred to profit or loss			
Fair value reserve (financial assets available for sale)			
Net amount transferred to profit or loss			(14,007,874)
Net change in fair value		-	-
Other comprehensive income		-	(14,007,874)
Total comprehensive income for the period		4,265,350	4,395,783
Earnings per share			
Basic		0.008	0.034
Diluted		0.008	0.034

The condensed interim financial statements were approved by the Board of Directors on May 13, 2016 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman and CEO

Octavian Avrămoiu
Vice-Chairman, Deputy General Director

Ștefan Doba
Economic Director

Condensed statement of financial position *as at March 31, 2016*

<i>denominated in RON</i>	<i>Note</i>	March 31, 2016	December 31, 2015
Assets			
Cash and cash equivalents with maturity less than 3 months	9	2,208,182	1,478,015
Cash and cash equivalents with maturity more than 3 months	9	85,491,568	149,922,495
Financial assets at fair value through profit and loss		449	449
Financial assets available for sale	10	1,784,239,790	1,728,617,277
Investments held to maturity	11	32,000,026	34,498,231
Property investments	12	19,288,964	19,288,964
Tangible assets		3,273,561	3,330,474
Other assets	13	21,339,950	4,388,799
Total assets		<u>1,947,842,490</u>	<u>1,941,524,704</u>
Liabilities			
Payable dividends		20,657,519	20,850,807
Deferred income tax liabilities	14	124,114,688	124,114,688
Other liabilities	15	9,995,539	7,749,815
Total liabilities		<u>154,767,746</u>	<u>152,715,310</u>
Equity			
Statutory share capital	16	54,884,927	54,884,927
The effect of applying IAS 29 on share capital	16	684,298,992	684,298,992
Reserves from the application of Law no. 133/1996	16	145,486,088	145,486,088
The effect of applying IAS 29 on reserve constituted under Law no. 133/1996	16	1,960,189,603	1,960,189,603
The effect of applying IAS 29 on items of capital to retained earnings	16	-2,644,488,595	-2,644,488,595
Accumulated profit		735,917,764	731,652,414
Reserves from revaluation of tangible assets		65,029	65,029
Legal reserves	16	10,976,985	10,976,985
Reserves from revaluation of financial assets available for sale		845,743,951	845,743,951
Total equity		<u>1,793,074,744</u>	<u>1,788,809,394</u>
Total liabilities and equity		<u>1,947,842,490</u>	<u>1,941,524,704</u>

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Ștefan Doba
Economic Director

Condensed statement of changes in equity for the Q1 ended on March 31, 2016

denominated in RON

	Inflated share capital	Legal reserves	Reserves from the application of Law no. 133/1996 inflated	Reserves from revaluation of financial assets available for sale	Revaluation reserves	Accumulated profit	The effect of applying IAS 29 to items of capital on retained earnings	Total
Balance as at January 1, 2016	739,183,919	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>	-	-	-	-		4,265,350	-	4,265,350
<i>Other comprehensive income</i>								
Reserve from revaluation of financial assets available for sale transferred to profit or loss	-	-	-	0		-	-	0
Net change in reserve from revaluation of financial assets available for sale (net of deferred tax)	-	-	-	-		-	-	-
Revaluation tangible assets								-
Total comprehensive income for the period	-	-	-	-	-	4,265,350	-	4,265,350
Transactions with shareholders, recognized directly in equity								
Dividends payable for 2014	-	-	-	-			-	0
Prescribed dividends	-	-	-	-	-		-	0
Total transactions with shareholders, recognized directly in equity	-	-	-	-	-	-	-	0
Balance as at March 31, 2016	739,183,919	10,976,985	2,105,675,691	845,743,951	65,029	735,917,764	(2,644,488,595)	1,793,074,744

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Condensed statement of changes in equity for the Q1 ended on March 31, 2016

denominated in RON

	Inflated share capital	Legal reserves	Reserves from the application of Law no. 133/1996 inflated	Reserves from revaluation of financial assets available for sale	Revaluation reserves	Accumulated profit	The effect of applying IAS 29 to items of capital on retained earnings	Total
Balance as at January 1, 2015	<u>739,183,919</u>	<u>10,976,985</u>	<u>2,105,675,691</u>	<u>630,375,419</u>	<u>0</u>	<u>698,319,923</u>	<u>-2,644,488,595</u>	<u>1,540,043,342</u>
Comprehensive income								
Profit for the period	-	-	-	-		12,411,912	-	12,411,912
Other comprehensive income								
Reserve from revaluation of financial assets available for sale transferred to profit or loss	-	-	-	(14,007,874)		-	-	(14,007,874)
Net change in reserve from revaluation of financial assets available for sale (net of deferred tax)	-	-	-			-	-	-
Revaluation tangible assets								-
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>- 14,007,874</u>	<u>-</u>	<u>12,411,912</u>	<u>-</u>	<u>- 1,595,962</u>
Transactions with shareholders, recognized directly in equity								
Dividends payable for 2014	-	-	-	-			-	0
Prescribed dividends	-	-	-	-	-		-	0
Total transactions with shareholders, recognized directly in equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
Balance as at March 31, 2015	<u>739,183,919</u>	<u>10,976,985</u>	<u>2,105,675,691</u>	<u>616,367,545</u>	<u>0</u>	<u>710,731,835</u>	<u>(2,644,488,595)</u>	<u>1,538,447,380</u>

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Bogdan-Alexandru Drăgoi
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Octavian Avrămoiu
Vice-Chairman, Deputy General Director

Ștefan Doba
Economic Director

Condensed statement of cash flows for Q1 ended on March 31, 2016

<i>denominated in RON</i>	Note	March 31, 2016	March 31, 2015
Operating activities			
Net profit for the period		4,265,350	18,403,657
<i>Adjustments for:</i>			
Depreciation of tangible and intangible assets		62,073	63,285
(Gain) / Net loss on disposal tangible assets		0	0
Gain from valuation of property investments		0	
(Reversals) / Expense on adjustments for impairment		0	- 469,374
Net profit from sale of assets	5		-18,283,146
(Net gain) / Net loss from financial assets at fair value through profit and loss			- 3,811,308
Dividend income	4	- 5,704,253	- 207,771
Interest income	0	-1,345,984	- 1,622,730
Expense on / (income from) other provisions and adjustments			
Income tax	8	6,864	2,779,219
Changes in assets and liabilities related to operating activities			
Changes in other assets		- 9,727,606	42,137
Changes in other liabilities		7,065,886	- 1,679,886
Tax on profit paid		- 1,496,716	0
Net cash (used in) / from operating activities		- 6,874,386	- 4,785,917
Investment activities			
Payments for purchase of shares and other securities available for sale	5, 10	- 59,068,476	- 995,563
Receipts form sale of shares		0	19,877,883
(Investments) / Receipts from deposits exceeding 3 months		64,376,528	-55,937,837
Receipts / (Payments) from sale of net assets at fair value through profit and loss		0	4,429,048
Receipts / (Payments) for purchase of investments held to maturity		2,763,779	357,371
Payments for purchases of tangible assets		- 215	- 8,173
Dividends received		1,960,493	469,374
Interest received		1,089,178	538,276
Net cash (used in) / from investment activities		11,121,287	- 31,269,621
Financing activities			
Dividends paid		- 3,516,734	- 18,054
Net cash (used in) / from financing activities		-3,516,734	- 18,054
Increase / (Decrease) in net cash and cash equivalents			
		730,167	- 36,073,592
Cash and cash equivalents at January 1		1,478,015	37,065,143
Cash and cash equivalents at March 31		2,208,182	991,551
Cash in hand	9	18.583	30.584
Current accounts in banks	9	2.189.599	960.967
Bank deposits with initial maturity less than 3 months	9		
Cash and cash equivalents with maturity less than 3 months		2.208.182	991.551

Selected explanatory notes to the condensed financial statements for Q1 ended on March 31, 2016

1. The reporting entity

Societatea de Investiții Financiare (SIF) Banat-Crișana SA was established under Law no. 133/1996 through the reorganization and transformation of the Private Property Fund Banat-Crișana and it's 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, postal code 310158, telephone: +0257 234 167, Fax: +40257 250 165. Registration number at the Trade Register is: J02 / 1898/1992 and Unique Fiscal Registration Code is 2761040.

Main activity of the company:

- financial investments to maximize the value of own shares pursuant to the regulations in force;
- management of the investment portfolio and exercising the rights associated to the investments;
- other additional and related activities pursuant to the regulations in force;

The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1.

The depository bank for the company starting 29.01.2014 is BRD Groupe Société Générale, until then being ING Bank NV Amsterdam Bucharest branch, and the company that keeps the shares and shareholders' registry is Depozitarul Central SA Bucharest.

The Interim financial statements, condensed, prepared for Q1 ended on March 31, 2016, are not audited.

2. Basis of preparation

(a) Declaration of Conformity

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

December 31, 2015 is the date of transition to IFRS as an accounting basis, on which date the restatement was performed and accounted the operations determined by the transition from CNVM Regulation no. 4/2011 to accounting regulations under IFRS.

Thus, during 2015, the Company did not prepare interim reports pursuant to IAS 34 "Interim Financial Reporting". To ensure comparability of data, the comparative information for Q1 2015, prepared pursuant to ASF Regulation no 4/2011, have been restated accordingly under IFRS, without being audited.

These condensed interim financial statements for Q1 ended on March 31, 2016 have been prepared pursuant to IAS 34 "Interim Financial Reporting" and should be read together with the separate financial statements for 2015 prepared pursuant to 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 Financial Supervisory Authority - Financial Instruments and Investment Sector (Norm).

Pursuant to Regulation no. 1606/2002 of the European Parliament and the EU Council of July 19, 2002, as well as those ordered by CNVM Decision no. 1176 / 15.09.2010, financial investment companies are required to prepare and submit to the Financial Supervisory Authority (ASF) annual consolidated financial statements pursuant to IFRS, within 8 months of the end of the financial year. The Company does not intend to prepare consolidated financial statements for March 31, 2016.

Selected explanatory notes to the condensed financial statements for Q1 ended on March 31, 2016

(b) Presentation of Financial Statements

The Company has adopted a presentation based on liquidity in the interim statement, condensed of the financial position and a statement of income and expenses according to their nature in the interim statement, condensed of comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than those that would have been presented under other methods allowed by IAS 1 "Presentation of financial statements".

(c) Bases of valuation

The condensed interim financial statements are prepared using the fair value of financial assets and financial liabilities at fair value through profit and loss and financial assets available for sale, except those for which the fair value cannot be reliably determined.

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

(d) Functional and presentation currency

Company's management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate variation" is the Romanian Leu (RON or lei). The interim financial statements, condensed, are presented in lei, rounded to the nearest Leu, currency which the Company's management has chosen as presentation currency.

(e) Use of estimates and judgments

The preparation of condensed interim financial statements pursuant to IFRS requires the management to use estimates, judgments and assumptions that affect the application of policies and the reported values for assets, liabilities, income and expenses.

The estimates and assumptions associated with these judgments are based on historical experience and on other factors deemed reasonable in light of these estimates. The results of these estimates form the bases for judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results achieved may differ from these estimates.

Estimates and assumptions underlying them are regularly reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period in which the estimate is revised and future periods if the review affects both the current period and future periods.

Judgments made by the management in applying IFRS that have a significant effect on the separate financial statements and estimates that involve a significant risk of a material adjustment in the next year are presented in the 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 consistent with those of the separate financial statements prepared for December 31, 2015 and have been applied consistently for all the periods presented in these condensed interim financial statements.

Comparative financial information

Pursuant to Norm no. 39/2015 of 28.12.2015 issued by the Financial Supervisory Authority of Financial Instruments and Investment Sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated and supervised by the ASF - Financial Instruments and Investment Sector, should apply the International Financial Reporting Standards adopted by the Union EU ("IFRS") as the official accounting regulations.

**Selected explanatory notes to the condensed financial statements
for Q1 ended on March 31, 2016**

December 31, 2015 is the date of transition to IFRS as an accounting basis, on which date the restatement was performed and accounted the operations determined by the transition from CNVM Regulation no. 4/2011 to accounting regulations under IFRS.

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

Consequently, to ensure the comparability of data with the current period, Q1 2016, the comparative information for Q1 2015, prepared pursuant to ASF Regulation no 4/2011, have been restated accordingly under IFRS, without being audited.

4. Dividend income

Dividend income is recorded on a gross basis. Tax rates on dividends for Q1 2016 from resident and non-resident companies were 16% and zero (2015: 16% and zero). Details the main counterparts of dividend income is presented in the table below:

<i>denominated in RON</i>	March 31, 2016	March 31, 2015
SAI Muntenia Invest SA	5,526,049	0
Hercules SA Satu Mare	137,275	127,620
Atlascard Deva	40,774	54,938
Others	155	25,213
Total	<u>5,704,253</u>	<u>207,771</u>

5. Net profit on sale of assets

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

<i>denominated in RON</i>	March 2016	March 2015
The acquisition cost on disposal of financial assets available for sale		- 2,428,146
Receipts form sale		20,044,909
Other income / (expenses) on disposal (*)		666,383
Net profit from sale of financial assets	<u>0</u>	<u>18,283,146</u>

In Q1 2016 there were not performed any sales of assets, following the change in the company's strategy regarding the attainment of profit, namely achieving profit from dividends.

(*) In Q1 2015 Other income on disposal include:

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

6. Expenses for commissions

<i>denominated in RON</i>	March 31, 2016	March 31, 2015
Commissions for ASF	419,120	405,313
Commissions for depository	56,998	55,177
Commissions owed to financial investment services company	0	96,199
Commissions for registry	36,000	37,200
Total	<u>512,118</u>	<u>593,889</u>

**Selected explanatory notes to the condensed financial statements
for Q1 ended on March 31, 2016**

7. Other operating expenses

<i>denominated in RON</i>	March 31, 2016	March 31, 2015
Expenses on salaries and other personnel expenses	1,555,568	1,391,390
Expenses on fees for the audit and consulting	57,526	101,524
Expenses on materials and inventory items	30,102	37,882
Expenditure on energy and water	38,339	54,969
Expenses on external services:	395,982	353,118
- maintenance and repairs	16,534	17,291
- royalties, locations, rents	29,516	53,568
- insurance premiums	32,164	26,724
- protocol, advertising and publicity	69,904	27,451
- travels, secondment, transfers	87,813	60,080
- post and telecommunications	28,889	27,708
- other third party services	131,162	140,296
Expenses on other taxes, charges and similar payments	3,419	66,408
Donations and grants awarded	25,000	24,000
Depreciation expense	62,073	63,285
Other operating expenses	5,941	4,986
Total	<u>2,173,950</u>	<u>2,097,562</u>

8. Income tax

<i>denominated in RON</i>	March 31, 2016	March 31, 2015
Tax on current profit		
Tax on current profit (16%)		2,527,605
Dividend tax (0%, 10%, 16%)	6,864	24,453
Tax exemption on transactions with ownership of more than 10%	0	
Expense on / (Income from) deferred income tax		
Financial assets available for sale	0	-907,516
Financial assets at fair value through profit and loss	0	1,037,429
Tangible assets / Investment Property	0	97,248
Total tax on profit recognized in the result for the period	<u>6,864</u>	<u>2,779,219</u>

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

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

<i>denominated in RON</i>	March 31, 2016	March 31, 2015
Profit before tax	4,272,214	21,182,876
Tax under statutory tax rate of 16% (2015: 16%)	683,554	3,389,260
Effect on income tax of:		
Dividend tax (0%, 16%)	6,864	24,453
Nondeductible expenses and similar items	5,361	499,055
Non-taxable income	-960,090	-1,337,930
Items alike income	1,383	1,220
Items alike expenses		
Deferred tax		227,161
Amounts of sponsorship within legal limits and other deductions		-24,000
Income tax	<u>6,864</u>	<u>2,779,219</u>

**Selected explanatory notes to the condensed financial statements
for Q1 ended on March 31, 2016**

9. Cash and cash equivalents

<i>denominated in RON</i>	March 31, 2016	March 31, 2015
Cash in hand	18,583	28,197
Current accounts in banks	2,189,599	269,818
Deposits at banks with initial maturity less than 3 months	0	1,180,000
(I) Total cash and cash equivalents with maturity less than 3 months	2,208,182	1,478,015
Deposits at banks with original maturities of over 3 months	84,676,911	149,053,439
Interest on deposits	814,657	869,056
(II) Total cash and cash equivalents with maturity over 3 months	85,491,568	149,922,495
Total (I+II)	87,699,750	151,400,510

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

10. Financial assets available for sale

<i>denominated in RON</i>	March 31, 2016	March 31, 2015
Shares at fair value	1,658,271,005	1,654,647,742
Shares at cost	25,308,106	25,308,106
Fund units at fair value	48,661,429	48,661,429
Government bonds (including interest attached)	51,999,250	0
Total	1,784,239,790	1,728,617,277

Valuation of shares at fair value was done by multiplying the number of shares at the date of balance sheet (December 31, 2015) with the closing price on the last trading day of the reporting period or the price determined by other methods of evaluation, respectively the assessment of evaluators. On March 31, 2016, the category of actions at fair value mainly includes the value of shares in Erste Group Bank AG, Banca Transilvania, SIF Imobiliare PLC, BRD - Groupe Société Générale S.A. (December 31, 2015: Erste Group Bank AG, Banca Transilvania, SIF Imobiliare PLC, BRD - Groupe Société Générale S.A).

On March 31, 2016, there has not been established the fair value of financial instruments, as there were not available fair values of financial instruments of 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 t 31.12. 2015. These differences resulting from measurement at fair value were recognized in reserves from fair value measurement.

The movement of financial assets available for sale during the reporting period ending March 31, 2016 is shown below:

<i>denominated in RON</i>	Shares at fair value	Shares at cost	Fund units at fair values	Government bonds	Total
January 1, 2016	1,654,647,742	25,308,106	48,661,429	0	1,728,617,277
Purchases	3,623,263			51,999,250	55,622,513
Sales					0
March 31, 2016	1,658,271,005	25,308,106	48,661,429	51,999,250	1,784,239,790

The movement of financial assets available for sale in the financial year ended 31 December 2015 is shown below:

**Selected explanatory notes to the condensed financial statements
for Q1 ended on March 31, 2016**

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

Shares purchased during Q1 2016, amounting to RON 3,623,263 include acquisitions from the stock market (Transgaz RON 2.0 mn, Electrica RON 1.5 mn, Fondul Proprietatea SA RON 0.1 mn);

During the first quarter of 2016 govt. bonds were purchased, worth RON 52 mn and were classified as available for sale.

Purchases of shares in 2015, amounting to RON 36.9 mn, mainly include acquisitions from 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 purchases of shares amounting to RON 5.7 mn, representing SAI Muntenia Invest shares, the management company for SIF Muntenia;

Disposals of shares in the total amount of RON 59.2 mn include the carrying amount of the shares outgoing administration, mainly as a result of sales of securities (BRD RON 28 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 for fair value measurement:

- Level 1: Market price quoted on an active market for an identical instrument.
- Level 2: Valuation techniques based on observable elements: the market price quoted on active markets for similar instruments; valuation techniques in which elements may be directly or indirectly observable in market statistics.
- Level 3: Valuation techniques largely based on unobservable elements.

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

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 it is determined using various levels of estimates of the liquidity degree, of concentration degree, uncertainty of market factors, assumptions of price and other risks affecting the respective financial instrument.

For the financial instruments for which there is no active market (Level 2 and 3), the fair value was determined by authorized appraisers within the Company's Valuation compartment, using the strategy set by the management of the issuer and valuation techniques including techniques based on net present value, discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price. Valuation techniques were used consistently, with no changes in their application.

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

**Selected explanatory notes to the condensed financial statements
for Q1 ended on March 31, 2016**

March 31, 2016

denominated in RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	449	-	-	449
Financial assets available for sale at fair value - shares	1,170,410,321	2,876,225	484,984,459	1,658,271,005
Financial assets available for sale at fair value - fund units			48,661,429	48,661,429
Financial assets available for sale at fair value - govt. bonds	51,999,250			51,999,250
Property investments			19,288,964	19,288,964
	<u>1,222,410,020</u>	<u>2,876,225</u>	<u>552,934,852</u>	<u>1,778,221,097</u>

December 31, 2015

denominated in RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and 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
Property investments			19,288,964	19,288,964
	<u>1,166,787,507</u>	<u>2,876,225</u>	<u>552,934,852</u>	<u>1,722,598,584</u>

During Q1 2016 there has not been made any transfer between the levels of fair value, and the assets assessed at Level 3 stood at the level of December 31, 2015.

11. Investments held to maturity

denominated in RON

	March 31, 2016	December 31, 2015
Bonds	30,324,154	33,087,934
Interest attached for govt. and corporate bonds	1,675,872	1,410,297
Total	<u>32,000,026</u>	<u>34,498,231</u>

The bonds outstanding at March 31, 2016 and December 31, 2015 include:

- corporate bonds issued by Banca Transilvania denominated in euro, amounting to RON 6.1 mn, purchased in May 2013, convertible into Banca Transilvania shares, with maturity in May 2020, with an annual variable interest rate based on EURIBOR _{6 months} + a margin set at 6.25%;

- bonds issued by the company Industrial Energy (Romenergo SA) Bucharest, in the amount of RON 24.2 mn, nonconvertible bonds, acquired in June 2013, with maturity in June 2017 and an interest rate of 8% p.a.

During Q1 2016, Industrial Energy bonds amounting to RON 2.7 mn were redeemed.

12. Property investments

denominated in RON

	March 31, 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
Outflows		
Changes in fair value		10,440,264
Balance at the end of period	<u>19,288,964</u>	<u>19,288,964</u>

The balance of investment property includes building and lands value acquired following the withdrawals from companies and the value of buildings owned following the closure of branches, at fair value.

**Selected explanatory notes to the condensed financial statements
for Q1 ended on March 31, 2016**

13. Other assets

<i>denominated in RON</i>	March 31, 2016	December 31, 2015
Sundry debtors	21,882,287	4,920,020
Other assets	213,777	224,893
Provisions for impairment sundry debtors	-756,114	-756,114
Total	21,339,950	4,388,799

As at March 31, 2016, the increase of item sundry debtors reflects the of highlighting various settlements to be performed on the subscription to the capital increase of SIF Real Estate PLC in the amount of RON 13.4 mn.

14. Deferred income tax liabilities

Deferred tax assets and liabilities as at March 31, 2016 and December 31, 2015 are generated by the items detailed in the following table:

<i>denominated in RON</i>	Assets	Liabilities	Net
Financial assets at fair value through profit and loss	-449	-	-449
Financial assets available for sale		763,812,396	-763,812,396
Tangible assets and property investments		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
Net temporary differences - 10% rate			0
Deferred income tax liabilities			-124,114,688

Deferred income tax liabilities in the balance at March 31, 2016, amounting to RON 124,114,688 (2015: 124,114,688) include:

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

15. Other liabilities

<i>denominated in RON</i>	March 31, 2016	December 31, 2015
Liabilities to employees	433,218	2,780,949
Taxes and charges	70,337	4,832,005
Internal suppliers	105,100	136,861
Amounts payable	9,386,884	
Total	9,995,539	7,749,815

Amounts payable as at March 31, 2016 include amounts to be paid to the company SIF Imobiliare PLC as a result of subscribing to the capital increase.

**Selected explanatory notes to the condensed financial statements
for Q1 ended on March 31, 2016**

16. Capital and reserves

(a) Share capital

SIF Banat-Crişana's share capital as per its Articles of Incorporation amounts to RON 54,884,926.80, divided into 548,849,268 shares with a nominal value of RON 0.1 and is the result of the direct subscriptions to the share capital of SIF Banat-Crişana, by converting into shares the amounts due as dividends pursuant to Law no. 55/1995 and under Law 133/1996. As at On 31 March 2016 the number of shareholders was 5,772,947 (31 December 2015: 5,774,815).

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

All shares are ordinary, were subscribed and paid in full as at March 31, 2016, and December 31, 2015. All shares grant equal voting rights and have a nominal value of 0.1 lei/share. The number of shares authorized to be issued is equal to the shares issued.

Reconciliation of share capital in accordance with IFRS with that of the Articles of Incorporation is presented in the following table:

<i>denominated in RON</i>	March 31, 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 pursuant to Law no. 133/1996

Reserve for the initial portfolio was constituted under Law no. 133/1996, as the difference between the portfolio value contribution and the value of subscribed share capital of SIF Banat-Crişana. So these reserves are treated as an initial contribution and are not used to sell the non-current securities. Reconciliation of the reserve related to the initial portfolio according to IFRS with the accounting regulations applicable to the date of application of ASF Norm no. 39/2015 is shown in the following table:

<i>denominated in RON</i>	March 31, 2016	December 31, 2015
Reserves set-up pursuant to Law no. 133/1996	145,486,088	145,486,088
The effect of applying IAS 29 on the reserve set-up pursuant to Law no. 133/1996	1,960,189,603	1,960,189,603
Reserves set-up pursuant to Law no. 133/1996	2,105,675,691	2,105,675,691

The effect of Hyperinflation on shareholders' equity in the amount of RON 684,298,992 and on the reserve set-up pursuant to Law no. 133/1996 in the amount of RON 1,960,189,603 was recorded by reducing retained earnings, resulting in an accumulated loss following the applying of IAS 29 on the elements of capital 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 includes cumulative net changes in the fair values of financial assets available for sale from the date of their classification in this category and to the date they have been derecognized or impaired.

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

Selected explanatory notes to the condensed financial statements for Q1 ended on March 31, 2016

(d) Legal reserves

According to legal requirements, the Company sets-up legal reserves in the amount of 5% of profit recorded under applicable accounting regulations up to 20% of the share capital according to the Articles of Incorporation. Legal reserve value on March 31, 2016 is of RON 10,976,985 (December 31, 2015: RON 10,976,985). In the financial years 2015 and Q1 2016, the Company no longer set-up legal reserves from allocated profit, as these reached the threshold of 20% of the share capital pursuant to the Articles of Incorporation.

Legal reserves cannot be distributed to shareholders.

(e) Dividends

During Q1 2016 there was no distribution of dividends subject for the approval. During the year 2015 it has been approved the dividend distribution of the profit for the year 2014 in the amount of RON 0.1 / share, i.e. a total amount of RON 54,884,927.

17. Earnings per share

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

<i>denominated in RON</i>	March 31, 2016	March 31, 2015
Profit attributable to ordinary shareholders	4,265,350	18,403,657
Weighted average number of ordinary shares	548,849,268	548,849,268
Basic earnings per share	0.008	0.034

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

18. Commitments and contingent liabilities

(a) Litigations

As at March 31, 2016 there were a total of 116 litigations pending before the courts.

The company had locus standi in 96 litigations, locus passive in 19 litigations, and intervener in a dispute.

In most disputes in which the Company acts as plaintiff, the subject of litigation is the cancellation / annulment of decisions of the General Meetings of Shareholders in portfolio companies, recovery of uncollected dividends or insolvency proceedings of portfolio companies.

(b) Other commitments

On 21.03.2016, the company subscribed to the share capital increase of the company SIF Imobiliare PLC with the amount of RON 13,409,884 representing 2,999,974 newly issued shares, out of which on March 21, 2016 the amount of RON 4,023,000 was transferred, representing 30% of the subscription amount, while the remaining sum is to be paid in the future.

19. Related parties

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

The Company has identified during its activity the following the following related parties:

Selected explanatory notes to the condensed financial statements for Q1 ended on March 31, 2016

Key management staff

March 31, 2016

- As at March 31, 2016, the Board of Directors of SIF Banat-Crişana was comprised of seven members: Bogdan-Alexandru Drăgoi - Chairman, Octavian Avrămoiu - Vice-Chairman, Ştefan Dumitru, Valentin Chiser, Ion Stancu, Dan Weiler and Ionel Marian Ciucioi.
- As at March 31, 2016, members of the executive management of SIF Banat-Crişana: Bogdan-Alexandru Drăgoi – CEO (General Director), Octavian Avrămoiu – Deputy General Director, Teodora Sferdian - Deputy General Director, Riviş Laurenţiu – Director.

December 31, 2015

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

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

The Company did not receive nor granted guarantees in favour of any related party.

Subsidiaries

As at March 31, 2016 and December 31, 2015, the Company has holdings in a number of 11 companies.

Associated entities

The number of entities in which the Company holds between 20% and 50% of the share capital as at March 31, 2016 and December 31, 2015 are 31, of which:

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

Transactions with related parties during the period of interim reporting:

During Q1 2016 the Company has paid to the company Administrare Imobiliare SA (management company of SIF Imobiliare) the total amount of RON 45,539, representing rent and operating expenses for the rented venue.

On March 21, 2016, the subscription to the share capital increase in the company SIF Imobiliare PLC was performed, amounting to RON 13,409,884, of which the amount of RON 4,023,000 was transferred.

20. Events after the interim reporting period

- In the meeting held on April 1, 2016, the Board of Directors of SIF Banat-Crişana approved, at the request of a group of shareholders, the amendment of the Agenda for the Ordinary General Meeting of Shareholders convened for 25/26.04.2016, with the proposal of distribution of dividends in gross amount of 0.1098 RON / share, representing 80% of net profit for the financial year ended on 31.12.2015.
- The Board of Directors, in the meeting held on April 5, 2016, approved the review of the Convening Notice for the OGM and EGM convened for April 25 (26), 2016, pursuant to the ASF recommendations comprised in letter no. VPI / 3761 / 04.04.2016.

**Selected explanatory notes to the condensed financial statements
for Q1 ended on March 31, 2016**

- The Board of Directors of SIF Banat-Crișana approved the amendment of the Convening Notice for the Ordinary and Extraordinary General Meeting of Shareholders of SIF Banat-Crișana convened for April 25 (26), 2016.
- In the meeting held on April 25, 2016, the Extraordinary General Meeting of Shareholders approved the running by the Company of a program to repurchase its own shares ("Program"), the supplementation of the main object of the company, the amendment of the constitutive documents of the company, May 17, 2016 as the record date (May 16, 2016 as the ex-date) in accordance with the legal provisions.
- In the meeting held on April 26, 2016, the Ordinary General Meeting of Shareholders approved the financial statements for the financial year 2015, the allocation of net profit for the financial year 2015, the Budget and Activity Plan for the financial year 2016, the remuneration for the members of the board.

The OGM of April 26, 2016 elected Mr. Ciucioi Ionel-Marian as administrator on the vacant seat on the Board, and as financial auditor was elected the firm PricewaterhouseCoopers Audit SRL.

- În data de 28.04.2016, societatea Industrial Energy S.A. București, succesoarea în drepturile și obligațiile Romenergo S.A., ne-a informat cu privire la intenția societății de a rambursa (răscumpăra) parțial, anticipat, în data de 29.04.2016 a unui număr de 550.000 obligațiuni corporative. Valoarea acestora, în sumă de 9.630.500 lei a fost încasată în data de 29.04.2016.
- On 28.04.2016, the company Industrial Energy S.A. Bucharest, successor in rights and obligations of Romenergo S.A., has informed the company of its intention to partially repay (redeem), in advance, on 29.04.2016 a number of 550,000 corporate bonds. Their value, amounting to RON 9,630,500, was collected on 29.04.2016.