SIF Muntenia S.A.

Individual Interim Financial Statements as at 30 June 2017

Prepared in accordance with Rule no. 39/2015 approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the FSA of the Investment and Financial Instruments Sector

unaudited

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Individual statement of profit or loss and other comprehensive result

for the financial period ended 30 June 2017

LEI	***Note***	**30 June 2017 (Unrevised and Unaudited)**	**30 June 2016**
Revenue			
Dividend income	*6*	8,663,766	60,449,894
Interest income	*7*	415,331	254,930
Other operational revenue		109,623	33,391
Gain on investment			
Net loss from foreign exchange differences		4,614	(54,829)
Net gain on sale of assets	*8*	2,738,562	20,328,441
Net gain / (Net loss) from revaluation of financial assets at fair value through profit and loss	*9*	13,476,503	(6,876,627)
Expenses			
Assets impairment losses	*10*	(261,860)	(984,871)
Administrative expenses			
Management fees	*25*	(8,700,000)	(8,700,000)
Expenses with remuneration of the Council of the Shareholders Representatives	*25*	(654,431)	(629,458)
Other opereational expenses	*11*	(1,436,394)	(1,172,062)
Profit before tax		**14,355,714**	**62,648,809**
Profit tax	*12*	(1,229,651)	(2,747,835)
Net profit for the period		**13,126,063**	**59,900,974**
Other elements of comprehensive result			
Elements that are or may be tarnsferred to profit or loss			
Revaluation at fair value of financial assets available for sale, net of defferred tax		64,762,409	(71,768,327)
Reserve related to financial assets available for sale transferred to profit or loss		(1,874,509)	(12,608,597)
Other elements of comprehensive result		**62,887,900**	**(84,376,924)**
Total comprehensive result for the period		**76,013,963**	**(24,475,950)**
Result per share			
Basic	*22*	0.016	0.074
Diluted	*22*	0.016	0.074

Individual financial statements were approved by the Board of Directors on 8 August 2017 and were signed on its behalf by SAI Muntenia Invest S.A., administrator of SIF Muntenia S.A., by:

ADMINISTRATOR,	PREPARED BY,
SAI MUNTENIA INVEST S.A.	3B EXPERT AUDIT S.R.L.
Gabriela GRIGORE	Authorised legal person, CECCAR member
General Director	Registration number with the professional body A000158/26.01.2000
	Adriana – Anișoara BADIU, Administrator

Notes on pages 7 to 58 are part of the interim individual financial statements.

Individual statement of financial position

for the financial period ended 30 June 2017

In LEI	*Note*	**'30 June 2017 (Unrevised and Unaudited)**	**31 December 2016**
Assets			
Cash	*13*	13,368,185	4,861,588
Bank accounts	*14*	29,676,890	76,631,897
Financial assets at fair value through profit or loss	*15a*	107,368,595	79,279,822
Financial assets available for sale	*15b*	1,045,948,179	954,163,015
Loans and receivables	*15c*	8,261,848	8,259,365
Tangible assets	*16*	191,468	223,605
Other assets	*17*	7,945,041	5,013,016
Total assets		**1,212,760,206**	**1,128,432,308**
Liabilities			
Dividends	*18*	72,010,761	82,193,835
Deferred income tax liabilities	*19*	21,235,183	13,387,776
Other liabilities	*20*	9,270,920	8,404,099
Total liabilities		**102,516,864**	**103,985,710**
Shareholders equity			
Share capital	*21a*	80,703,652	80,703,652
The effect of hyperinflation on share capital	*21a*	803,294,017	803,294,017
Cumulative loss	*21a*	(88,810,511)	(111,719,355)
Reserves from revaluation of financial assets available for sale	*21b*	315,056,184	252,168,284
Shareholders equity - total		**1,110,243,342**	**1,024,446,598**
Liabilities and shareholders equity - total		**1,212,760,206**	**1,128,432,308**

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Individual statement of changes in equity (continued)

for the financial period ended 30 June 2017

In LEI	Share capital	Reserves from revaluation of financial assets available for sale	Cumulative loss	Total
Balance at 1 January 2017	**883,997,669**	**252,168,284**	**(111,719,355)**	**1,024,446,598**
Comprehensive result				
Profit of the financial exercise (unrevised and unaudited)	-	-	13,126,063	13,126,063
Other elements of the comprehensive result				
Revaluation to fair value of financial assets available for sale, net of deferred tax	-	64,762,409	-	64,762,409
Reserve for financial assets available for sale transferred to profit or loss	-	(1,874,509)	-	(1,874,509)
Comprehensive result of the period - Total (unrevised and unaudited)	**-**	**62,887,900**	**13,126,063**	**76,013,963**
Transactions with the shareholders, recognised directly in equity				
Prescribed dividends	-	-	42,064,242	42,064,242
Dividends to be paid	-	-	(32,281,461)	(32,281,461)
Reserves distributed to shareholders	-	-	-	-
Transactions with the shareholders, recognised directly in equity - Total (unrevised and unaudited)	**-**	**-**	**9,782,781**	**9,782,781**
Balance as at 30 June 2017 (unrevised and unaudited)	**883,997,669**	**315,056,184**	**(88,810,511)**	**1,110,243,342**

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Individual statement of changes in equity (continued)

for the financial period ended 30 June 2017

In LEI	Share capital	Reserves from revaluation of financial assets available for sale	Cumulative loss	Total
Balance at 1 January 2016	**883,997,669**	**229,080,295**	**(189,196,714)**	**923,881,250**
Comprehensive result				
Profit of the financial exercise	-	-	59,900,974	59,900,974
Other elements of the comprehensive result				
Revaluation to fair value of financial assets available for sale, net of deferred tax	-	(71,768,327)	-	(71,768,327)
Reserve for financial assets available for sale transferred to profit or loss	-	(12,608,597)	-	(12,608,597)
Comprehensive result of the period - Total	**-**	**(84,376,924)**	**59,900,974**	**(24,475,950)**
Transactions with the shareholders, recognised directly in equity				
Prescribed dividends	-	-	63,407,818	63,407,818
Dividends to be paid	-	-	(36,316,643)	(36,316,643)
Reserves distributed to shareholders	-	-	-	-
Transactions with the shareholders, recognised directly in equity - Total	**-**	**-**	**27,091,175**	**27,091,175**
Balance at 30 June 2016	**883,997,669**	**144,703,371**	**(102,204,565)**	**926,496,475**

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Individual statement of cash flows

for the financial period ended 30 June 2017

In LEI	***Note***	**30 June 2017 (Unrevised and unaudited)**	**30 June 2016**
Operating activites			
Profit before tax		14,355,714	62,648,809
Adjustments:			
Losses from impairment of financial assets available for sale and other assets	*10*	1,687,702	984,871
(Net gain) / net loss on revaluation of financial assets at fair value through profit or loss	*9*	(13,476,503)	6,876,627
Dividends income	*6*	(8,663,766)	(60,449,894)
Interest income	*7*	(415,331)	(254,930)
Revenue adjustments for impairment of loans and receivables	*10*	(1,425,842)	-
Net loss from foreign exchange differences		(4,614)	(54,829)
Other adjustments		35,785	32,136
Changes in assets and liabilities related to operating activities			
Changes in financial assets at fair value through profit or loss		(14,612,270)	(922,144)
Changes in financial assets available for sale		(21,618,523)	40,138,873
Changes in loans and receivables		1,349,757	1,744
Changes of other assets		(1,029,924)	(824,186)
Changes of other debts		1,396,252	(965,682)
Cashed in dividends		5,161,523	43,747,889
Cashed in interest		585,869	219,705
Paid profit tax		(205,263)	(10,336,829)
Net cash from/(used in) operating activities		**(36,879,434)**	**80,842,161**
Investing activities			
Payments for purchases of intangible assets		(113)	-
Receivables from sales of tangible assets		1,000	-
Net cash used for investing activities		**887**	**-**
Financing activities			
Dividends paid, including dividends paid tax		(1,476,006)	(617,281)
Net placements of deposits with maturity over three months and less than one year		36,147,500	(43,307,000)
Net cash used in financing activities		**34,671,494**	**(43,924,281)**
Net decrease in cash and cash equivalents		**(2,207,052)**	**36,917,880**
Effect of exchange rate changes on cash and cash equivalents		(1,351)	8,965
Cash and cash equivalents on 1st January		15,576,588	4,571,094
Cash and cash equivalent as at 30 June		**13,368,185**	**41,497,939**

Notes on pages 7 to 58 are part of the interim individual financial statements.

Individual statement of cash flows (continued)

for the financial period ended 30 June 2017

Cash and cash equivalents comprise

In LEI	***Note***	**30 June 2017 (Unrevised and unaudited)**	**30 June 2016**
Cash in the petty cash	*13*	2,265	1,364
Current accounts in banks	*13*	13,365,920	5,979,575
Bank deposits with less than three months maturity	*14*	-	35,517,000
Cash and cash equivalents		**13,368,185**	**41,497,939**

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1. Reporting entity

SIF Muntenia S.A. (the "Company") is an undertaking for collective investments trust established in 1996 which operates in Romania in accordance with Law 31/1990 on companies and Law 297/2004 on the capital market.
The Company is headquartered in 16, Splaiul Unirii, Sector 4, Bucharest, România.
The main field of activity of the Company is:

- administration and management of its own securities portfolio;
- investments in securities according to regulations in force;
- undertakings of financial resources available from natural or legal persons and their investment in securities.

The company operates under an administration contract concluded with Societatea de Administrare a Investiţiilor Muntenia – Invest S.A.

The Company's shares are listed on the Bucharest Stock Exchange, Premium Category, symbol SIF 4, starting with 1 November 1999.

S.C. Depozitarul Central S.A. Bucureşti keeps evidence of shares and shareholders, according to law.

BRD - Société Générale S.A. – Company authorised by the FSA offers custodian services for the Company's assets.

KPMG Audit SRL performed the statutory audit for the 2016 financial exercise. The auditor has exclusively provided financial audit services. The financial auditor's fee for the year ended 31 December 2016 is 196,403 lei.

2. Basis of preparation

(a) Declaration of compliance

The financial statements have been prepared in accordance with FSA Rule no. 39/28 December 2015 approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the FSA, Sector of Investment and Financial Instruments ("FSA Rule no.39/2015"). These interim financial statements have been prepared on a going concern basis which assumes that the Company will continue to operate in the foreseeable future.

In accordance with Regulation no. 1606/2002 of the European Parliament and the EU Council Regulation as of 19 July 2002 and FSA Rule no.39 /2015 the Company will prepare also annual consolidated financial statements in accordance with International Financial Reporting Standards adopted by the European Union for the financial year ended 31 December 2016. The consolidated financial statements as of 31 December 2015 and as at 31 December 2016 can be found on the Company's website www.sifmuntenia.ro. Consolidated financial statements as of 31 December 2016 will be submitted for approval to the Shareholders General Meeting on 30/31 August 2017.

2. Basis of preparation (continued)

(b) Presentation of financial statements

Interim individual financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" and with the requirements of IAS 34 „Interim financial reporting”. The Company has adopted a presentation based on liquidity in the individual statement of financial position and a presentation of income and expenditure according to their nature in the statement of profit or loss and other comprehensive result, considering that these methods of presentation provide information that is reliable and more relevant than those that would have been presented under other methods permitted by IAS 1.

(c) Basis of valuation

Interim individual financial statements are prepared using the fair value convention for financial assets and liabilities at fair value through profit or loss, financial assets available for sale, except those for which the fair value can not be determined reliably.

Other financial assets and liabilities and non-financial assets and liabilities are presented at amortized cost or historical cost.

The methods used for measuring the fair value are presented in Note 3(e)(iv) and Note 54. s

(d) Functional and presentation currency

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

(e) Use of estimates and judgments

Preparation of Interim individual financial statements in accordance with IFRS as adopted by the European Union involves the management’s use of estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Judgments and assumptions associated with these estimates are based on historical experience and on other factors deemed reasonable in light of these estimates. The results of these estimates form the basis for judgments related to accounting values of assets and liabilities that can not be obtained from other sources of information. The results obtained can differ from these estimates.

Judgments and assumptions 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 revision affects both the current period and future periods

Judgments made by management in applying IFRS that have a significant effect on the financial statements and estimates that involve a significant risk of a material adjustment in the next year are disclosed in Note 4 and Note 5.

3. Significant accounting policies

Significant accounting policies set out below have been applied consistently to all periods presented in these interim individual financial statements.

(a) Subsidiaries and associated entities

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to lead, directly or indirectly, financial and operating policies of an entity so as to obtain benefits from its activities. When assessing control, one must be take into account potential voting rights that are exercisable or convertible at that time.

Associated entities are those companies in which the Company may exercise a significant influence, but not control over financial and operating policies.

List of subsidiaries and associates on 30 June 2017 and 31 December 2016 are presented in Note 25. The Company has classified in these interim individual financial statements shareholdings in subsidiaries and associates as financial assets available for sale (in accordance with IAS 39 - see accounting policy 3e).

(b) Transactions in foreign currency

Transactions denominated in foreign currencies are recorded in lei at the official exchange rate at the settlement date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the exchange rate of the day. Gains or losses resulting from the settlement thereof and the conversion using the exchange rate at the end of the financial exercise of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Translation differences on non-monetary items such as holdings at fair value through profit or loss are presented as gains or losses from fair value. Foreign exchange differences related to non-monetary financial assets items such as financial instruments classified as available for sale are included in the reserve from the change in fair value of these financial instruments.

Diferenţele de conversie asupra elementelor nemonetare cum ar fi participaţiile deţinute la valoare justă prin profit sau pierdere sunt prezentate ca fiind câştiguri sau pierderi din valoarea justă. Exchange differences relating to monetary financial assets denominated in foreign currency classified as available for sale at fair value are reflected in a separate account of reserves.

The exchange rates of major foreign currencies were:

Currency	30 June 2017	31 December 2016	Variation
Euro (EUR)	1: LEU 4.5539	1: LEU 4.5411	+ 0.28%
US Dollar (USD)	1: LEU 3.9915	1: LEU 4.3033	- 7.25%

3. Significant accounting policies (continued)

(c) Accounting for the hyperinflation effect

Under IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the measuring unit current at the balance sheet date (non-monetary items are restated using a general price index from the date of purchase or contribution).

Under IAS 29, an economy is considered hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years exceeds 100%. Continued decline in inflation and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary with effect for financial periods starting 1 January 2004. Therefore, provisions of IAS 29 have been adopted in the preparation of interim individual financial statements until 31 December 2003.

Thus, the values expressed in the measuring unit current as of 31 December 2003 are treated as the basis for the accounting amounts reported in these interim individual financial statements and do not represent appraised value, replacement cost, or any other measure of the current value of assets or the prices at which transactions would take place at this time.

In order to draw up interim individual financial statements as of 30 June 2017 and 31 December 2016, the Company adjusted the following non-cash items to be expressed in the measuring unit current at 31 December 2003: Share capital (see Note 21) and financial assets available for sale for which no active market exists. Tangible and intangible assets acquired until 31 December 2003 are insignificant, fully depreciated and that is why they were not inflated.

(d) Cash and cash equivalents

Cash and cash equivalents comprise: cash, current accounts and deposits with banks (including blocked deposits and interest earned on cash deposits).

When preparing the cash flow statement, the following have been considered as cash and cash equivalents: cash, current accounts at banks, deposits with an original maturity of less than 90 days (excluding blocked deposits).

3. Significant accounting policies (continued)

(e) Financial assets and liabilities

(i) Classification

The Company classifies financial instruments held in the following categories:

Financial assets and liabilities at fair value through profit or loss

This category includes financial assets or financial liabilities held for trading and financial instruments classified at fair value through profit or loss on initial recognition. An asset or financial liability is classified in this category if acquired principally for the speculative purpose or has been designated in this category by the management.

Investments held to maturity

Investments held to maturity are those non-derivative financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intention and ability to hold to maturity. Investments held to maturity are measured at amortized cost through the effective interest method less impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell immediately or in the near future.

F*inancial assets available for sale*

Financial assets available for sale are those financial assets that are not classified as loans and receivables, held to maturity or financial assets at fair value through profit or loss.

(ii) Recognition

Financial assets and financial liabilities are recognized on the date on which the Company becomes party to the contractual terms of the respective instrument. Financial assets and liabilities are measured at initial recognition at fair value, except for financial assets at fair value through profit or loss and equity investments whose fair value can not be reliably determined and they are initially recognized at cost.

(iii) Compensations

Financial assets and liabilities are offset and the net result is presented in the statement of financial position only when there is a legal right to compensation if their intention is to settle on a net basis, or if it is intended simultaneously the ahievement of the asset and settlement of the liabilities.

Revenues and expenses are presented net only when permitted by the accounting standards, or for the profit and loss resulted from a group of similar transactions such as the trading activity of the Company

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(iv) Valuation

Valuation at amortized cost

The amortized cost of a financial asset or liability is the amount at which that asset or financial liability is measured after initial recognition, less principal payments, plus or minus the accumulated depreciation to date using the effective interest method, less reductions related to impairment losses.

Valuation at fair value

Since 1 January 2013, following the application of IFRS 13 "Fair value measurement", the fair value is the price that would be received to sell an asset or paid to settle a liability in a transaction carried out under normal conditions between participants on the main market at the valuation date or if no principal market, on the most advantageous market in which the company has access to that date.

The Company measures the fair value of a financial instrument using quoted prices in an active market for that instrument. A financial instrument hass an active market if for that instrument there are available and regularly quoted prices. The category of financial instruments quoted in an active market includes all those instruments admitted to trading on a stock exchange and frequently presents at least 30 transactions during the 30 trading days prior to the evaluation. The market price used to determine fair value is the closing market price on the last trading day before the valuation date.

In the absence of price quotations in an active market, the Company uses valuation techniques based on the analysis of discounted cash flows and other valuation methods commonly used by market participants, making full use of market information, relying as little as possible on company-specific information. The Company uses valuation techniques that maximize the use of observable data and minimizes the use of unobservable inputs.

The value resulting by using a valuation model is adjusted based on a number of factors, due to the fact that assessment techniques do not reliably reflect all the factors considered by market participants when a transaction is performed. Adjustments are recorded to reflect the risk models, differences between quotations for sale and purchase, liquidity risks, and other factors.

Financial assets available for sale for which no active market exists and where it is not possible to determine reliably a fair value, given that the company does not have access to information that would facilitate the application of an alternative valuation technique are evaluated at cost and periodically tested for impairment.

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(v) Identification and valuation of value depreciation

Financial assets measured at amortized cost

On conclusion of each financial exercise, the Company examines whether there is any indication that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired if and only if there is objective evidence of impairment arising as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and loss event or events have an impact on future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that there has been an impairment loss on financial assets measured at amortized cost, the loss is measured as the difference between the asset's carrying amount and the present value of future cash flows using the effective interest rate of the financial asset at initial moment.

If a financial asset measured at amortized cost has a variable interest rate, the discount rate for measuring any loss of impairment is the current variable interest rate specified in the contract. The carrying amount of the asset is reduced through use of an adjustment account for impairment. The value of the depreciation expense is recognized in profit or loss.

If in a time following an event occurring after the impairment reduces recognition of the impairment loss, previously recognized impairment loss is reversed through the use of an allowance account for impairment. Reducing impairment loss is recognized in profit or loss.

Financial assets available for sale

In the case of financial assets available for sale, when a decline in the fair value of a financial asset available for sale was recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized directly in equity will resume in equity accounts and recognized in the profit or loss and other comprehensive income even though the financial asset has not been derecognised.

The value of the cumulative loss that is resumed from equity items in profit or loss will be the difference between the acquisition cost (net of principal repayments and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss related to certain equity instrument classified as available for sale can not be reversed in profit or loss. If, in a subsequent period, the fair value of an impaired equity increases, the recovery is recognized directly in other comprehensive income.

If there is objective evidence of an impairment loss on an unlisted participation which is not presented at fair value as fair value can not be reliably measured, or on a derivative asset that is linked or is to be settled by such an unlisted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of future cash flows using current internal rate of return for a similar financial asset market. These impairment losses are not reversed in profit or loss.

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(v) Identification and valuation of value depreciation (continued)

To determine whether an asset is impaired, the Company takes into account the loss-relevant events, such as significant long-term decline in fair value below cost; market conditions and industry, to the extent that they influence the recoverable amount of the asset; financial conditions and near-term prospects of the issuer, including any specific adverse events that may influence the operations of the issuer, the issuer recent losses, qualified independent auditor's report on the most recent financial statements of the issuer, etc.

Given the inherent limitations of the methodologies applied and the significant uncertainty of assets of international and local markets, the Company’s estimates may be revised significantly following the date of approval of the financial statements.

(vi) Derecognition

The Company derecognises a financial asset when the rights to receive cash flows of that financial asset expire or when the Company has transferred the rights to receive the contractual cash flows related to that financial asset in a transaction in which it substantially transferred all the risks and rewards related to ownership.

Any interest in transferred financial assets held by the Company or created for the Company is recognized as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations have been completed or when contractual obligations are canceled or expires.

The Company derecognises a financial asset when transferring between categories of the financial assets available for sale at the end of the reporting period, when there is no active market or where it is not possible to reliably determine a fair value when the financial asset market it becomes active.

(vii) Reclassification of financial assets

The reclassification of a financial asset outside the category of the 'financial assets held for trading" is allowed only in rare circumstances.

Transfer from the category of "financial assets available for sale" under "assets held to maturity" (for debt instruments) is possible if there is a change of intent and/or capacity or it is a period of contamination. The fair value of the asset at the date of transfer becomes its new cost or amortized cost, as applicable. If, after the change in intention or ability, it is no longer appropriate the classification of an asset as "available to maturity", it should be reclassified as "available for sale" and will be remeasured at fair value.

The Company reclassified financial assets only if there was a change in the business model for managing those financial instruments. The Company estimates that such changes are rare. The changes are determined by management as a result of changes in foreign and domestic operations are significant for the Company.

The business model for managing financial assets determines whether their cash flows are recovered by collecting the contractual cash flows through sale of financial assets or both.

(f) Other financial assets or liabilities

Other financial assets and liabilities are measured at amortized cost using the effective interest method, less any impairment losses.

3. Significant accounting policies (continued)

(g) Tangible assets

(i) Recognition and valuation

Tangible assets are initially recognized as an asset at cost. The cost of a tangible assets item comprises the purchase price, including non-recoverable taxes, after deducting any commercial discounts, and any costs directly attributable to bringing the asset to the location and conditions necessary for it to be used for the purpose intended by the management, such as staff costs arising directly from the construction or acquisition of assets, the costs of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees.

Tangible assets are classified by the Company in the following asset classes of the same nature and similar use:

- Lands;
- Constructions;
- Equipment, technical equipment and machinery;
- Vehicles;
- Furniture and other tangible assets.

The Company does not owe land and buildings.

Tangible assets and equipment are stated at cost, less accumulated amortization and the impairment loss (see accounting policy 3 h).

Expenditure on maintenance and repairs of tangible assets are recorded in profit or loss when incurred, while significant improvements to tangible assets, which increase the value or duration of their life, or which increase their capacity to generate economic benefits, are capitalized.

(ii) Depreciation

Depreciation is calculated using the straight line method over the estimated useful life of the assets as follows:

- Equipment, plant and machinery	3-20 years
- Vehicles	3-6 years
- Furniture and other tangible assets	3-15 years

Depreciation methods, useful life durations and estimated residual values are reviewed by management at each reporting date.

(iii) Sale / scrapping of tangible assets

Tangible assets that are scrapped or sold are removed from the situation of the financial position along with the corresponding accumulated depreciation. Any profit or loss resulting from such operations are included in current profit or loss.

(h) Impairment of assets other than financial

The carrying amount of the Company's assets that are not financial, other than deferred tax assets, are reviewed at each reporting date to identify the existence of indications of impairment. If such indication exists, the recoverable amount is estimated for the respective assets.

3. Significant accounting policies (continued)

(h) Impairment of assets other than financial (continued)

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount of the asset or cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash independently of other assets and other groups of assets. Impairment losses are recognized in profit or loss and other comprehensive income. The recoverable amount of an asset or cash-generating unit is the maximum of its value in use and its fair value less costs to sell the asset or units. To determine value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date to determine whether it decreased or no longer exists. The impairment loss shall be resumed if there was a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

(i) Equity

Ordinary shares are recognized in equity.

(j) Provisions for risks and expenses

Provisions are recognized in the statement of financial position when the Company acquires the obligation related to a past event and it is likely to be required in the future consumption of economic resources to extinguish this obligation and can make a reasonable estimate of the obligation. To determine the allowance, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the liability.

(k) Interest income and interest expenses

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the expected cash receipts and payments in the future during the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the asset or financial liability.

(l) Dividend income

Dividend income is recognized in profit or loss on the date on which it is established the right to receive the income.

If dividends received in the form of shares as an alternative to cash, the dividend income is recognized at the level of cash that would have been received in correspondence with increasing participation therein. The Company does not record dividend income from shares received free of charge when they are distributed proportionally to all shareholders.

Dividend income is recorded on a gross basis including dividend tax, which is recognized as a current income tax expense.

3. Significant accounting policies (continued)

(m) Employees benefits

(i) Short term benefits

Obligations with short-term benefits granted to employees are not updated and are recognized in the statement of profit or loss and other comprehensive income as the services are provided.

Short-term employee benefits include salaries, bonuses and social security contributions. Short-term employee benefits are recognized as an expense when services are rendered. It recognizes a provision for the amounts expected to be paid as premiums in short-term cash while the company currently has a legal or constructive obligation to pay those amounts as a result of past service rendered by employees and whether that obligation can be estimated reliably.

(ii) Defined contribution plans

The Company makes payments on behalf of their employees to the Romanian State pension system, health insurance and unemployment fund, in the normal course of business.

All members and employees of the Company are also legally obliged to contribute (through social contributions) to the Romanian State pension (a State defined contribution plan). All relevant contributions are recognized in profit or loss when incurred. The Company has no further obligations.
The Company is not engaged in any independent pension scheme and consequently, has no other obligations in this regard. The Company is not engaged in any other post retirement benefit system. The Company has no obligation to provide further services to current or former employees.

(iii) Long term employees benefits

The Company's net obligation in respect of services related to long-term benefits is the amount of future benefit that employees have earned in return for services rendered by them in the current and prior periods.

The Company has no obligation to grant benefits to employees at retirement date.

(n) Gains and losses from foreign exchange rate differences

Foreign currency transactions are recorded in the functional currency (leu), by converting the amount in foreign currency at the official exchange rate of the National Bank of Romania for the trade date. At the financial position statement date, monetary items denominated in foreign currencies are translated using the closing exchange rate.

Gains or losses resulting from the settlement thereof and the conversion using the exchange rate at year-end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income except those that have been recognized in equity following their registration in accordance with hedge accounting.

Translation differences on elements such as participations at fair value through profit or loss are presented as gains or losses from fair value. Exchange differences relating to monetary financial assets denominated in foreign currency classified as available for sale, at fair value are reflected in a separate reserves account.

3. Significant accounting policies (continued)

(o) Tax on profit

Tax on profit for the period comprises current tax and deferred tax. Current income tax includes income tax from dividends recognized at gross value.

Profit tax is recognized in profit or loss and other elements of comprehensive income if the tax is related to capital items.

Current tax is the expected tax payable on the profit realized in the current period, using tax rates applied at the financial position statement date and any adjustments related to prior periods.

Deferred tax is provided for temporary differences arising between the tax base for calculating the tax for assets and liabilities and their carrying amount in the financial statements used for interim individual financial statements reporting.

Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities arising from transactions that are not business combinations and that affects neither the accounting profit or the tax differences arising on investments in subsidiaries, provided that they are not resumed in the near future. Deferred tax is calculated using tax rates expected to apply to temporary differences in their replay, the laws in force at the reporting date or issued at the reporting date and which will come into force later. Assets and liabilities deferred tax are offset only if a legally enforceable right to offset debts and claims current tax and whether they are related to the tax collected by the same taxation authority on the same entity subject to taxation or tax authorities different but they want to achieve settlement of claims and current tax liabilities using the net or related assets and liabilities will be realized simultaneously.
Deferred tax asset is recognized only to the extent that it is probable that future profits that can be used to cover the tax loss. The claim is reviewed at each financial year and is reduced to the extent that the related tax benefit is unlikely to be realized.

Additional taxes that arise from the distribution of dividends are recognized at the same time as the obligation to pay dividends.

For the financial exercise ended 30 June 2017 and 31 December 2016, the income tax rate was 16%. The tax rate related to taxable dividend income for the period ended 30 June 2017 and as at 30 June 2016 was of 5%.

(p) Earnings per share

The Company presents basic earnings per share and diluted for ordinary shares. Basic earnings per share is determined by dividing profit or loss attributable to ordinary equity shareholders of the Company's weighted average number of ordinary shares outstanding over the reporting period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with dilution effects arising from potential ordinary shares.

3. Significant accounting policies (continued)

q) Dividends to be distributed

Dividends are treated as an appropriation of profit in the period in which they were declared and approved by the General Meeting of Shareholders. Since the financial year ended 31 December 2015, the profit available for distribution is recorded in the profit of financial statements prepared in accordance with FSA Rule no. 39/2015. Dividends not collected for three years after expiry of prescription period are recorded directly in equity being treated as contributions from shareholders according to the decision of the General Shareholders Meeting.

(r) Subsequent events

Events occured after the financial year are those events favorable and unfavorable, that occur between the end of the financial year and the date the financial statements are authorized for issue.

Subsequent events that provide additional information about the Company's position to the date of ending the financial year (adjusting events) are reflected in the financial statements.

Events after the financial exercise that require no adjustments are shown in the notes, when considered significant.

(s) Affiliates

Different entities or persons are considered to be in special relationship with the Company also if one of the parties, either through ownership or through contractual rights, family relationships or other similar situations, can directly or indirectly control the other party or may influence it significantly in making financial or operational decisions.
Transactions between affiliated parties represent a transfer of resources or liabilities between affiliated parties whether or not they involve a price.

3. Significant accounting policies (continued)

(t) Standards and new interpretations that are not yet in force

A number of new standards, amendments to standards and interpretations are not yet effective as of the interim individual financial statements date and have not been applied in preparing these financial statements:

A. Standards that have been adopted by the European Union

a) IFRS 9 Financial Instruments (effective date: annual periods beginning with January 1, 2018)

This standard replaces the provisions of IAS 39 "Financial Instruments: Recognition and Evaluation" on classification and measurement of financial assets, with the exception of aspects relating to hedge accounting in respect of which entities may choose to apply the old provisions of IAS 39 or to apply IFRS 9.

Financial assets will be classified using one of the two methods of evaluation: amortized cost and fair value through other elements of comprehensive result and fair value through profit or loss. A financial asset can be measured at amortized cost only if the following two conditions are met: the assets are held in a business model whose objective is to hold assets for the purpose of collecting contractual treasury flows and contract terms generates, at certain dates, cash flows representing only the principal payment and interest on the principal due.

Gains or losses on subsequent changes in the value of assets measured at fair value are recognized in profit or loss except for investments in equity instruments that are not held for trading, for which the standard allows the recognition of initial measurement at fair value with recognition of subsequent value changes in the comprehensive result.

The pattern of loss in IAS 39 is replaced by the expected loss pattern, which means that it will no longer be necessary for a loss event to occur before the recognition of an impairment adjustment is recognized. At the same time, presentation requirements are substantial.

The Company considers that IFRS 9, when applied initially, will have a material impact on the financial statements, as the classification and measurement of certain financial instruments is expected to change.

b) IFRS 15 - Revenues from contracts with customers (effective for periods beginning on 1 January 2018)

Issued 28 May 2014, the standard replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC - 31. The standard is applicable to contracts with clients other than insurance, financial instruments, leasing. It prescribes a single model for analysis of customer contracts and two revenue recognition approaches - at a certain point in time or during the contract, depending on the time of fulfillment the obligation under the contract.

The Company does not consider that these amendments will have a significant effect on the interim individual financial statements.

B. Standards that have not been yet adopted by the European Union

a) Amendments to IAS 7 (effective for periods beginning on or after 1 January 2017)

Amendments to IAS 7 stipulate the need to present additional information to enable users to evaluate changes in liabilities in the cash flow from financing activities.

The Company does not consider these amendments will have a significant effect on the interim individual financial statements.

3. Significant accounting policies (continued)

(t) Standards and new interpretations that are not yet in force (continued)

b) Amendments to IAS 12 (effective for periods beginning on or after 1 January 2017)

The amendments clarify the accounting for deferred tax assets related to debt securities measured at fair value. Specifically, they clarify that losses from the measurement at fair value generate a deductible temporary difference. The Company does not consider these amendments will have a significant effect on the interim individual financial statements.

4. Significant risks administration

Investment activity exposes the Company to a variety of risks associated with financial instruments owned and financial markets in which it operates. The main risks to which the Company is exposed are:

- Market risk (interest rate risk, currency risk and price risk);
- Liquidity risk;
- Credit risk;
- Risk related to taxation;
- Operational risk.

The overall risk management strategy seeks to maximize Company's profit reported to the level of risk to which it is exposed and minimize any potential adverse variations on the financial performance of the Company.

The company uses a variety of policies and procedures for the management and evaluation of the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

(a) Market risk

Market risk is the risk of a loss or the failure to achieve expected profit as a result of fluctuations in prices, interest rates and exchange rates of currencies.

The Company is exposed to the following market risk categories:

(i) Price risk

The Company is exposed to risks associated with variation in the price of financial assets at fair value through profit or loss and financial assets available for sale.

Of the total shares held by the Company with an active market, on 30 June 2017, 51% (31 December 2016: 49%) were investments in companies that were part of the BET index of the Bucharest Stock Exchange, index weighted by market capitalization and designed to reflect the trend of prices of the most liquid ten shares traded on the Bucharest Stock Exchange.

The Board of Directors of SAI Muntenia Invest SA fulfills its role of monitoring the risk management framework and of approvings trading limits on the Romanian capital market for speculative purposes.

A positive variation of 10% in the price of financial assets at fair value through profit or loss would lead to an increase in profit after tax at 30 June 2017 with 9,018,962 lei (31 December 2016: 6,659,505 lei), a negative variation 10 % having an equal net impact and of opposite sign.

A positive variation of 10% in prices of financial assets available for sale would lead to an increase in equity, net of tax, at 30 June 2017 with 88,391,195 lei (31 December 2016: 80,214,512lei), a negative variation 10 % having an equal net impact and of opposite sign.

4. Significant risks administration (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The company holds shares in companies operating in various sectors, such as:

In LEI	**30 June 2017**	**%**	**31 december 2016**	**%**
Financial, banking and insurance	387,259,489	41%	345,082,895	40%
Real estate, lending and other services	107,334,223	11%	101,811,063	12%
Wholesale, retail, tourism and restaurants	92,466,468	10%	90,526,639	11%
Building materials industry	74,028,923	8%	75,758,617	9%
Agriculture, livestock, fishing	27,930,633	3%	27,930,633	3%
Metallic construction and metal products	45,939,034	5%	45,623,068	5%
Pharmaceutical and medical industry	149,665,103	16%	136,564,244	16%
Chemical and petrochemical industry	3,824,804	0%	3,454,090	0%
Energy industry	34,999,052	4%	16,597,254	2%
Others	17,221,518	2%	16,277,101	2%
TOTAL	**940,669,247**	**100%**	**859,625,604**	**100%**

As can be noticed from the above table, on 30 June 2017 the Company had mainly shares in companies active in banking and insurance, accounting for 41% of the total portfolio, increasing from the weight of 40% recorded on 31 December 2016. On the other hand, 16% of the equity portfolio at 30 June 2017 and 30 December 2016 represents holdings in companies in the pharmaceutical and medical industry.

Fund units held by the Company are exposed to price risk, having different degrees of risk investments themselves (bank deposits, bonds, other fixed income instruments, equities, derivatives etc.) - see note 26.

Structured products held by the Company are also exposed to price risk. They are in the amount of 74,423,417 lei (31 December 2016: 64,226,991 lei), through their support assets - see note 15.

(ii) Interest rate risk

The company faces interest rate risk exposure to adverse movements in interest rates. Changing market interest rates directly affects income and expenses related to financial assets and liabilities bearing floating interest rates and the market value of the interest bearing assets (for example, the bonds). As of 30 June 2017 and 31 December 2016, most of the Company's assets and liabilities are not interest bearing. As a result, the Company is not directly affected significantly by the risk of interest rate fluctuations. Cash and cash equivalents are generally invested in short-term interest rates. However, lowering the yield on the market can affect the valuation value of assets held by the Company.

4. Significant risks administration (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Of total financial assets of the Company, the only variable interest bearing assets are represented by bonds issued by Banca Transilvania SA, amounting to 1,135,285 lei, whose interest will be reset within 1-6 months to 31 December 2016. For more information on contractual maturity of interest-bearing financial assets of the Company, see note 4 (c) liquidity risk.

The Company does not use derivative financial instruments to protect itself against interest rate fluctuations. The impact on net profit of the Company of a change of ± 1.00% interest rate related to variable interest-bearing assets and liabilities denominated in other currencies in conjunction with a change of ± 5.00% interest rate related to variable interest-bearing assets and liabilities denominated in lei lei is of ± 9,536 lei (31 December 2016: ± 9, 510 lei).

(iii) Currency risk

Currency risk is the risk of loss or failure to achieve estimated profit as a result of unfavorable exchange rate fluctuations. The Company is exposed to fluctuations in exchange rates, but has not formalized a policy of currency hedging. Most of the Company's financial assets and liabilities are denominated in local currency, other currencies in which operations are performed are EUR and USD.

Financial assets and liabilities denominated in foreign currencies and LEI as of 30 June 2017 and 31 December 2016 are presented in the following tables.

30 June 2017

In LEI	**Book value**	**LEI**	**USD**	**EUR**
Financial assets				
Cash and cash equivalents	**13,368,185**	13,359,104	859	8,222
Deposits with banks	**29,676,890**	29,676,890	-	-
Financial assets at fair value through profit and loss	**107,368,595**	58,706,579	-	48,662,016
Financial assets available for sale	**1,045,948,179**	1,045,948,179	-	-
Loans and receivables	**8,261,848**	-	-	8,261,848
Other assets	**7,728,945**	7,728,945	-	-
TOTAL	**1,212,352,642**	**1,155,419,697**	**859**	**56,932,086**
Financial liabilities				
Dividends payment	**72,010,761**	72,010,761	-	-
Other liabilities	**9,270,920**	9,270,920	-	-
TOTAL	**81,281,681**	**81,281,681**	-	-

4. Significant risks administration (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

31 December 2016

In LEI	**Book value**	**LEI**	**USD**	**EUR**
Financial assets				
Cash and cash equivalents	**4,861,588**	4,852,211	819	8,558
Deposits with banks	**76,631,897**	76,631,897	-	-
Financial assets at fair value through profit and loss	**79,279,822**	35,774,231	-	43,505,591
Financial assets available for sale	**954,163,015**	954,163,015	-	-
Loans and receivables	**8,259,365**	-	-	8,259,365
Other assets	**4,959,899**	4,959,899	-	-
TOTAL	**1,128,155,586**	**1,076,381,253**	**819**	**51,773,514**
Financial liabilities				
Dividends payment	**82,193,835**	82,193,835	-	-
Other liabilities	**8,404,099**	8,404,099	-	-
TOTAL	**90,597,934**	**90,597,934**	-	-

The net impact on Company’s profit of a change of ± 5% of the RON/ EUR currency rate together with a modification of ± 5% of the RON/ USD currency rate as of 30 June 2017, all other variables remaining constant, is of ± 2,391,184 lei (31 December 2016: ± 2,174,522 lei).

(b) Credit risk

Credit risk is the risk of loss or failure to achieve estimated profits due to failure of a counterparty to comply with financial obligations. The Company is exposed to credit risk due to investments in bonds issued by companies, current accounts and bank deposits and loans and receivables.

As of 30 June 2017 and 31 December 2016 the Company holds depreciated bonds in the amount of 15,872,291 lei, issued by Medical Competences Muntenia SA, which is under judicial restructuring and a real estate collateral was established as a guarantee amounting to 15,090,618 lei. For these bonds, impairment adjustments are made in the amount of 8,777,411 lei.

4. Significant risks administration (continued)

(b) Credit risk (continued)

The Company's maximum exposure to credit risk amounts to 59,033,603 lei as of 30 June 2017 and to 94,711,638 lei as of 31 December 2016 and may be analyzed as follows:

In LEI	**30 June 2017** ***(Unrevised and unaudited)***	**31 December 2016**
Exposures of current accounts and deposits with banks (Note 13 and Note 14)		
Veneto Banca S.A.	611	13,225,801
Banca Transilvania S.A.	15,722,025	15,675,205
Libra Internet Bank S.A.	20,762,759	20,394,379
Banca Comercială Română S.A.	109	79
BRD - Groupe Societe Generale S.A.	29,918	35,963
Credit Europe Bank S.A.	82,848	6,515,265
Marfin Bank S.A.	5,935,474	20,056,596
Banca Comercială Feroviară S.A.	226,535	5,199,930
Other commercial banks	282,531	389,156
Total	**43,042,810**	**81,492,374**
Loans and receivables (Note 15 c)		
Muntenia Medical Competences bonds	7,094,880	7,094,880
Banca Transilvania bonds	1,135,285	1,132,094
Other bonds and related interest	31,683	32,391
Total	**8,261,848**	**8,259,365**
Loans and receivables classified by maturity:		
- current (Banca Transilvania bonds and attached interest, other receivables from Semrom Muntenia)	1,166,968	1,164,485
- outstandings, adjusted gross values (bonds issued by Muntenia Medical Competences, Transchim, Siderca)	18,532,868	19,958,710
- Adjustments for oustandings (bonds issued by Muntenia Medical Competences, Transchim, Siderca)	(11,437,988)	(12,863,830)
Total	**8,261,848**	**8,259,365**

4. Significant risks administration (continued)

(b) Credit risk (continued)

Various debtors and trade receivables (Note 17)	**30 June 2017 (Unrevised and unaudited)**	**31 December 2016**
Consol S.A.	2,057,414	2,057,414
Banca Română de Scont S.A.	1,283,228	1,283,228
Autoritatea Administrării Activelor Statului	1,154,577	1,154,742
Timpuri Noi S.A.	2,529,526	2,529,526
Galgros S.A.	1,951,258	1,951,258
Vulturul Comarnic S.A.	2,451,251	2,451,251
Dividends to be received	4,006,393	746,870
Other various debtors	1,573,000	711,663
Impairment of trade receivables and various debtors	(9,277,703)	(7,926,054)
Total	**7,728,945**	**4,959,899**

Various debtors and trade receivables classified according to maturity:

- current (various debtors and dividends to be	4,262,927	6,684
- outstanding, adjustments of gross values (various debtors and dividends to be received)	12,743,721	12,868,263
- adjustments for various debtors (Consol S.A.,Banca Română de Scont S.A.,Autoritatea Administrării Activelor Statului, Timpuri Noi S.A., Galgros S.A.,Vulturul Comarnic S.A., Cristiro S.A.) and outstanding dividends to be received	(9,277,703)	(7,926,054)
- outstanding, unadjsuted (dividends to be received)	-	11,006
Total	**7,728,945**	**4,959,899**
Total exposure	**59,033,603**	**94,711,638**

4. Significant risks administration (continued)

(c) Liquidity risk

Liquidity risk is the risk of loss or failure to achieve estimated profits resulting from failure to meet payment obligations at any time in the short term, without this entailing excessive costs or losses that may be incurred by the Company.

The structure of assets and liabilities was analyzed based on the period remaining as of the financial position statement date to contractual maturity date, both for the period ended 30 June 2017, and for the financial exercise ended 31 December 2016 is as follows:

30 June 2017

In LEI	**Book value**	**Below 3 months**	**Between 3 and 12 months**	**More than 1 year**	**Without default maturity**
Financial assets					
Cash and cash equivalents	**13,368,185**	13,365,920	-	-	2,265
Depozite plasate la bănci	**29,676,890**	29,666,229		-	10,661
Financial assets at fair value through profit or loss	**107,368,595**	-	25,761,400	48,662,016	32,945,179
Financial assets available for sale	**1,045,948,179**	-	-	-	1,045,948,179
Loans and receivables	**8,261,848**	7,126,563	-	1,135,285	-
Other assets (Note 17)	**7,728,945**	7,728,945	-	-	-
Total financial assets	**1,212,352,642**	**57,887,657**	**25,761,400**	**49,797,301**	**1,078,906,284**
Financial liabilities					
Dividends payment	**72,010,761**	72,010,761	-	-	-
Other liabilities	**9,270,920**	9,270,920	-	-	-
Total financial liabilities	**81,281,681**	**81,281,681**	**-**	**-**	**-**
Surplus liquidity	**1,131,070,961**	**(23,394,024)**	**25,761,400**	**49,797,301**	**1,078,906,284**

The Management of the Company considers, on the basis of the estimates made, taking into account the statistical data relating to the previous years, that the share of dividends requested by the shareholders is insignificant from the dividends distributed until 31 December 2016. The distribution of dividends to shareholders, distributed from the profits of the year 2016, will be made starting with 28 September 2017, according to the Shareholders General Meeting decision.

4. Significant risks administration (continued)

(c) Liquidity risk (continued)

31 December 2016

In LEI	**Book value**	**Below 3 months**	**Between 3 and 12 months**	**More than 1 year**	**Without default maturity**
Financial assets					
Cash and cash equivalents	**4,861,588**	4,860,477	-	-	1,111
Depozite plasate la bănci	**76,631,897**	76,621,236		-	10,661
Financial assets at fair value through profit or loss	**79,279,822**	-	20,721,400	43,505,591	15,052,831
Financial assets available for sale	**954,163,015**	-	-	-	954,163,015
Loans and receivables	**8,259,365**	7,127,271	-	1,132,094	-
Other assets (Note 17)	**4,959,899**	4,959,899	-	-	-
Total financial assets	**1,128,155,586**	**93,568,883**	**20,721,400**	**44,637,685**	**969,227,618**
Financial liabilities					
Dividends payment	**82,193,835**	82,193,835	-	-	-
Other liabilities	**8,404,099**	8,404,099	-	-	-
Total financial liabilities	**90,597,934**	**90,597,934**	**-**	**-**	**-**
Surplus liquidity	**1,037,557,652**	**2,970,949**	**20,721,400**	**44,637,685**	**969,227,618**

(d) Taxation risk

Romanian tax legislation provides detailed and complex rules that undergone several changes in recent years. Interpretation of the text and the practical implementation of tax laws may vary with the risk that certain transactions is interpreted differently by the tax authorities as compared to the Company’s treatment.

In terms of profit tax, there is a risk of different interpretation by the tax authorities of the fiscal rules applied according to IFRS accounting regulations.
Romanian Government has a number of agencies authorized to conduct audits (controls) of companies operating in Romania. These controls are similar to tax audits in other countries, and may extend not only to tax matters but also to other legal and regulatory issues of interest to these agencies. There is posible that the Company may be subject to tax audits on the extent of issuing new tax regulations.

4. Significant risks administration (continued)

(e) Operational risk

Operational risk is the risk of incurring losses or not reaching the estimated profits due to internal factors such as inappropriate conduct of internal activities, the existence of personnel or systems failure or due to external factors such as economic conditions, changes in capital market, technological progress. Operational risk is inherent in all activities of the Company. Defined policies for operational risk management took into consideration each type of event that can generate significant risks and ways of their manifestations, to eliminate or reduce financial or reputational losses.

(f) Capital adequacy

The Management's policy regarding capital adequacy focuses on maintaining a sound capital base in order to support the ongoing development of the Company and investment objectives.

5. Significant accounting estimates and judgments

The Management discussed the development, selection, presentation and application of significant accounting policies and estimates. All these are approved at the meetings of the Board of Directors of SAI Muntenia Invest SA.

These presentations complement the information on financial risk management (see Note 4). Significant accounting judgments on applying the Company's accounting policies include:

5. Significant accounting estimates and judgments (continued)

Key sources of uncertainty of estimation

Impairment of loans and receivables

Assets carried at amortized cost are evaluated for impairment in accordance with accounting policy described in Note 3 (e) (v).

Assessment for impairment of receivables is made on an individual level and are based on management's best estimate of the present value of cash flows expected to be received. To estimate these flows, the management makes certain estimates related to the financial position of the counterparty. Each impaired asset is individually analyzed. Accuracy of the adjustments depends on estimates of future cash flows for specific counterparties.

Determining the fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques in accounting policy described in Note 3 (e) (v). 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 of the degree of liquidity, the concentration, uncertainty of market factors, assumptions of price and other risks affecting the respective financial instrument

Fair value hierarchy

The Company uses the following hierarchy for fair value measurement methods:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes items that are not based on observable and unobservable input parameters which can have a significant effect on the assessment instrument. This category includes instruments that are valued based on quoted prices for similar instruments but which are subject to adjustments based largely on unobservable data or estimates to reflect the difference between the two instruments.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or the prices quoted by brokers. For all other financial instruments, the Company determines fair value by using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Assumptions and variables used in valuation techniques include interest rates without risk and reference rates, margins for credit risk and other premiums used in estimating discount rates, yields on bonds and equity, exchange rates, indices price of capital, volatilities and correlations predicted. The purpose of valuation techniques is to determine the fair value of financial instruments which reflect the price at the reporting date, the price would be determined by objective conditions market participants.

The Company uses valuation recognized models to determine the fair value of financial instruments using only simple observable market data and asks very little from management estimates and analysis. Prices and observable input parameters in the model are usually available in the market for capital instruments. Their availability reduces the need for analysis from management estimates and uncertainty associated with determining fair value. The availability of observable market prices and inputs varies depending on products and markets and is subject to changes arising from specific events and general conditions in the financial markets

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

For the shares that do not have a quoted market price in an active market, the Company uses valuation models which are usually derived from known models of valuation. Some or all significant data input into these models may not be observable in the market and are derived from market prices or estimated based on assumptions. Valuation models requiring unobservable inputs require a greater analysis and estimation by management to determine fair value. Analyze and estimate from management affect, in particular, the selection of a suitable evaluation to determine future cash flows of a financial instrument, to determine the probability of default by the counterparty and payments in advance and selecting discount appropriate rates.

The table below uses financial instruments recorded at fair value according to the method of assessment.

30 June 2017

In LEI	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	32,945,178	-	74,423,417	107,368,595
Financial assets available for sale at fair value	620,683,859	-	345,571,895	966,255,754
	653,629,037	**-**	**419,995,312**	**1,073,624,349**

31 December 2016

In LEI	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	15,052,831	-	64,226,991	79,279,822
Financial assets available for sale at fair value	561,953,202	-	311,266,272	873,219,474
	577,006,033	**-**	**375,493,263**	**952,499,296**

For the period ended 30 June 2017, the Company presented financial assets at fair value through profit or loss on fair value hierarchy level 3, instruments held in structured products amounting to 74,423,417 lei (as of 31 December 2015: 55,263,607 lei) and closed fund units amounting to 58,030,361 lei (as of 31 December 2016: 64,226,991).

For the period ended 30 June 2017, the Company has classified financial assets available for sale at fair value in Level 3 of the fair value hierarchy, shares in ten companies whose fair value of 239,511,605 lei (at 31 December 2016: 239,511,605 lei) was determined by an independent valuer using valuation models according to the ANEVAR evaluation standards and closed fund units amounting to 106,060,290 lei (at 31 December 2016: 71,754,667lei)

The principal assumptions used at 30 June 2017 and 31 December 2016 in the valuation model for financial assets available for sale - **shares**, together with the amounts are presented in the following table:

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

Assumptions used in the valuation model	The indicator value used in evaluation
The annual change in EBITDA	0% - 8%
Perpetual variation of revenues and expenses	1.40%
Weighted average cost of capital (WACC)	6.6% - 10.2%

Although the Company considers its fair value estimates as appropriate, using other methods or assumptions could result in different values of fair value. For fair values recognized following the use of a significant number of unobservable inputs (Level 3) modifying one or more hypotheses other reasonable alternative assumptions would have an influence on the situation of profit or loss and other comprehensive income, as follows:

Changing variable at the valuation	Impact on the profit and loss account	Impact on other elements of comprehensive result
Increase of EBITDA with 3%	-	8,725,120
Decrease of EBITDA with 3%	-	(8,503,927)
Increase of WACC with 0,5%	-	(11,361,658)
Decrease of WACC with 0,5%	-	13,373,129
Increase of perpetuity of revenues and expenses with 0,5%	-	7,977,675
Decrease of perpetuity of revenues and expenses with 0,5%	-	(6,832,794)

In the valuation model for financial assets available for sale – fund units, a positive change in fair value of 10% leads to an increase in equity, net of tax, with 8,909,064 lei as of 30 June 2017 (31 December 2016: 6,027,392 lei), a 10% adverse change having an equal net impact and of opposite sign.

In the valuation model for financial assets at fair value through profit or loss – fund units and structured products, a positive change in fair value of 10% leads to an increase in profit after tax of 6,251,567 lei as of 30 June 2017 (31 December 2016: 5,395,067 lei), a 10% adverse change having an equal net impact and of opposite sign.

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

Reconciliation of fair value evaluations classified in Level 3 of the fair value hierarchy

In LEI	**Financial assets at fair value through profit or loss**	**Financial assets available for sale at fair value**
1 January 2016	**113,293,968**	**239,504,649**
Transfers to level 3	-	62,322,767
Transfers from level 3	(55,645,599)	(3,800,026)
	5,996,222	(1,956,913)
Gains or losses for the period included in profit or loss		
	-	16,711,663
Period gains or losses included in other comprehensive income		
Acquisitions, participations to share capital	66,203,757	-
Sales	(65,621,357)	(1,515,868)
31 December 2016	**64,226,991**	**311,266,272**
Transfers to level 3	-	-
Transfers from level 3	-	-
	10,196,426	230,831
Gains or losses for the period included in profit or loss		
	-	8,801,904
Period gains or losses included in other comprehensive income		
Acquisitions, participations to share capital	-	26,999,924
Sales	-	(1,727,036)
30 June 2017	**74,423,417**	**345,571,895**

On 31 December 2016, the stake held at Unisem S.A. was transferred from level 1 to level 3 of the fair value hierarchy at the fair value of 15,533,457 lei. As at 31 December 2016, the fund units FII BET-FI Index Invest were transferred from level 3 to level 1 of the fair value hierarchy at the fair value of 3,891,239 lei.

Classification of financial assets and liabilities

The Company's accounting policies provide the basis so that the assets and liabilities to be classified, initially, in various accounting categories. For the classification of assets and liabilities at fair value through profit or loss, the Company has determined to have been met one or more criteria as presented in note 3 (e) (i).

Details of the classification of financial assets and liabilities of the Company are presented in Note 23.

6. Dividend income

Dividend income is recorded on a gross basis. Tax rates on dividends for the period ended as at 30 June 2017 was of 5% and zero (31 December 2016: 5% and zero). Detailing the main counterparts of dividend income is presented below:

In LEI	**30 June 2017** ***(Unrevised and unaudited)***	**30 June 2016**
Banca Transilvania S.A.	-	32,684,748
BRD GSG S.A.	2,489,512	926,025
Transilvania Leasing & Credit IFN S.A.	127,498	152,998
Merrill Lynch	-	1,260,000
SIF Oltenia S.A.	-	2,262,000
Conpet S.A.	424,442	-
Firos S.A.	844,673	712,622
Biofarm S.A.	-	8,038,065
Bursa de Valori București S.A.	304,999	287,905
CI-CO S.A.	-	4,808,815
ICPE S.A.	349,363	299,230
Sticloval S.A.	423,375	1,913,926
Sin S.A.	-	3,337,574
Casa de Bucovina S.A.	380,461	335,701
Compania de Librării București S.A.	348,080	289,504
SN Nuclearelectrica	106,069	106,069
Transgaz S.A.	625,455	138,049
SNGN Romgaz S.A.	-	1,016,474
Unisem S.A.	406,700	-
Gecsatherm S.A.	458,159	140,376
Gecsat S.A.	514,993	156,015
STK Emergent	228,409	-
Fondul Roman de Garantare a Creditelor IFN S.A.	107,633	129,160
Others	523,944	1,454,637
Total	**8,663,766**	**60,449,894**

7. Interest income

In LEI	**30 June 2017** *(Unrevised and unaudited)*	**30 June 2016**
Interest income on deposits and current accounts	381,359	219,469
Interest income on loans and receivables	33,972	35,461
Total	**415,331**	**254,930**

8. Net income from sale of assets

In LEI	**30 June 2017** *(Unrevised and unaudited)*	**30 June 2016**
Net gain from sale of financial assets available for sale(i)	2,775,083	20,568,441
Net gain from sale of assets at fair value through profit and loss (ii)	(36,521)	(240,000)
Total	**2,738,562**	**20,328,441**

(i) The carrying amount of financial assets available for sale valuated at cost at the time of sale was of 23,641,209 lei (30 June 2016: 36,208,711 lei), and the selling profit was of 706,574 lei (30 June 2016: 13,322,063 lei).
The carrying amount of financial assets available for sale evaluated at fair value at the time of sale was of 10,612,992 lei (30 June 2016: 46,381,709 lei), and the selling profit was of 2,068,509 lei (30 June 2016: 7,246,378 lei).
(i) The carrying amount of financial assets measured at fair value at the time of sale was 2,449,487 lei (30 June 2016: 3,000,000 lei), and the loss on sale amounted to 36,521 lei (30 June 2016: 240,000 lei).

9. Net profit / (Net loss) from revaluation of financial assets at fair value through profit or loss

In LEI	**30 June 2017** *(Unrevised and unaudited)*	**30 June 2016**
Net gain / (Net loss) from revaluation of financial assets held for trading - shares	3,280,077	(243,893)
Net gain / (Net loss) from revaluation of financial assets held for trading - structured products	10,196,426	(2,240,000)
Net loss from revaluation of financial assets held for trading - fond units	-	(4,392,734)
Total	**13,476,503**	**(6,876,627)**

10. Impairment losses

In LEI	**30 June 2017** ***(Unrevised and unaudited)***	**30 June 2016**
Impairment losses on financial assets available for sale (Note 15b)	(336,053)	(986,616)
Resumption losses from impairment of loans and receivables (Note 15c)	1,425,842	-
(Loss) /Resumption losses from impairment of other assets (Note 17)	(1,351,649)	1,745
Total	**(261,860)**	**(984,871)**

11. Other operating expenses

In LEI	**30 June 2017** ***(Unrevised and unaudited)***	**30 June 2016**
Expenses on external services	386,310	245,132
Expenses for fees	639,649	582,344
Custody fees	118,669	108,714
Trading fees	57,886	110,478
Expenses for protocol, advertising and publicity	65,501	52,313
Other operating expenses	168,379	73,081
Total	**1,436,394**	**1,172,062**

Other operating expenses include the costs of transport and telecommunications, other taxes, etc

12. Income tax

In LEI	**30 June 2017** *(Unrevised and unaudited)*	**30 June 2016**
Current income tax		
Current income tax 16%)	752,244	-
Dividend tax (5%)	244,794	2,004,163
	997,038	**2,004,163**
Deferred income tax		
Financial assets available for sale	220,742	(800,233)
Financial assets at fair value through profit and loss	-	1,543,626
Provisions for other assets, loans and receivables	11,871	279
	232,613	**743,672**
Total	**1,229,651**	**2,747,835**

Reconciliation of profit before taxation with the Income tax:

In LEI	**30 June 2017** *(Unrevised and unaudited)*	**30 June 2016**
Income before tax	**14,355,714**	**62,648,809**
Tax under statutory tax rate of 16%	2,296,914	10,023,809
Effect on income tax of:		
The dividends tax rates	244,794	2,004,163
Nondeductible expenses	751,548	149,990
Taxable income	(1,702,627)	(10,470,936)
Amounts of sponsorship within legal limits	-	-
Recording and reversal of temporary differences	232,612	743,672
Current tax loss	-	297,137
Brought forward tax loss	(593,590)	-
Income tax	**1,229,651**	**2,747,835**

When calculating the profit tax, in the taxable revenue category there is included, along with dividend income and income from sale/transfer of shares and liquidation proceeds, no matter if the legal entities where participations are owned are legal Romanian or foreign entities from states with which Romania has concluded double taxation agreements (including outside the EU). This income is not taxable if certain conditions are met (if as of the date of sale/assignment of shares or as of the date of starting the liquidation operation the period of minimum of one year of uninterrupted holding is comlied with, for a participation of at least 10%). Given that the economic benefits associated with financial assets available for sale that meet the conditions stipulated in the Tax Code are not taxable, according to IAS 12, the tax basis of the assets is equal to the accounting basis and therefore were resumed on deferred tax expenses previously recognized for temporary differences arising from adjustments for impairment.

13. Cash and current accounts

In LEI	**30 June 2017** ***(Unrevised and unaudited)***	**31 December 2016**
Cash in the petty cash	2,265	1,111
Current accounts at banks	13,365,920	4,860,477
Total	**13,368,185**	**4,861,588**

Current accounts held in banks are permanently available to the Company and are not restricted or encumbered.

14. Deposits with banks

In LEI	**30 June 2017** ***(Unrevised and unaudited)***	**31 December 2016**
Bank deposits with an initial maturity less than 3 months *(i)*	-	10,715,000
Bank deposits with an initial maturity more than 3 months and less than 1 year *(i)*	29,618,500	65,766,000
Receivables attached	47,729	140,236
Blocked deposits	10,661	10,661
Total deposits with banks	**29,676,890**	**76,631,897**

(i) Bank deposits are permanently available to the Company and are not restricted or encumbered.

15. Financial assets

a) Financial assets at fair value through profit or loss

In LEI	**30 June 2017** ***(Unrevised and unaudited)***	**31 December 2016**
Financial assets held for trading - shares *(i)*	32,945,178	15,052,831
Financial assets held for trading - structured products *(ii)*	74,423,417	64,226,991
Total	**107,368,595**	**79,279,822**

(i) At 30 June 2017 and 31 December 2016 financial assets held for trading - shares are represented by shares issued by companies listed on the Bucharest Stock Exchange.

(ii) During 2016, the Company invested in 28 million units at a cost of 21,582,400 lei, structured financial instruments issued by Merrill Lynch International & CO C, instruments that track the evolution of SIF Moldova S.A. (SIF 2) share price for a period of one year. Merrill Lynch International & Co. CV is a company specialized in issuing warrants and financial instruments as well as in the distribution of fund units managed by Merrill Lynch International. The company operates as a subsidiary of Merrill Lynch Cayman Holdings Inc. Owning the financial instruments presented above do not carry voting right to investors for the stakes in SIF Moldova S.A. The purchase of this type of investment instrument is in pursuit of SIF Muntenia S.A.'s portfolio diversification.
At 31 December 2016 and 30 June 2017, the Company has evaluated these securities using a valuation model which considers the closing quotation published by Bloomberg and an adjustment factor which mainly addresses market liquidity risk of the respective asset and its effect on the quotation of securities by their issuer.

On 30 June 2017, the Company registers the adjustment of the value of these structured products in the amount of 1,090,600 lei constituted in 2016.

During 2016, the Company invested in bonds issued by OPUS Chartered Issuance SA with a maturity of two years and an acquisition cost of 44,621,357 lei, equivalent of 10,000,080 euros for a total of 1,140 units. The purchase of such securities is part of the investment policy of SIF Muntenia S.A.'s diversification of the investment portfolio. The titles follow the price of a basket of SIF Moldova S.A. shares (a quota of 9.17%) and SIF Oltenia S.A. (a quota of 90.83%), giving the holder the right to dividend, but without conferring for the investor in SIF 2 and SIF5 shares the voting right. OPUS Chartered Issuance SA is a public limited liability company registered in Luxembourg as unregulated securitization company, the transaction dealer being represented by Morgan Stanley International Plc.

As of 30 June 2017 and 30 December 2016, the Company has evaluated these securities using a valuation model which considers the closing quotation published by Bloomberg and an adjustment factor which mainly addressed the liquidity risk on the market of the respective asset and its effect over the quotation of the securities by their issuer.

On 30 June 2017, the Company registers the adjustment of the value of these structured products in the amount of 2,270,568 lei constituted in 2016.

15. Financial assets (continued)

b) Financial assets available for sale

In LEI	**30 June 2017** *(Unrevised and unaudited)*	**31 December 2016**
Shares evaluated at fair value *(i)*	828,031,643	763,629,232
Shares evaluated at cost *(ii)*	79,692,425	80,943,541
Fund units evaluated at fair value (*iii)*	138,224,111	109,590,242
Total	**1,045,948,179**	**954,163,015**

(i) Fair value shares evaluation has been done by multiplying the number of shares held with the closing price on the last trading day of the reporting period or by obtaining valuation reports by independent valuers. On 30 June 2017 and 31 December 2016, the fair value category includes mainly the value of shares held in BRD - Groupe Societe Generale S.A., Banca Transilvania, Biofarm S.A., SIF Banat-Crişana S.A., SIF Oltenia S.A.
On 1 December 2015, the Company reclassified from financial assets held for trading - shares in financial assets available for sale, valued at fair value, shares held in six companies (Biofarm SA, Banca Transilvania SA, SN Nuclearelectrica SA, SSIF Broker SA, SIF Banat-Crişana SA, SIF Oltenia SA) at a fair value of 361,505,256 lei. On 30 June 2017 their value is 396,234,723 lei (31 December 2016: 358,931,233 lei). In 2017, the gain recognized in other comprehensive income (before tax) for these instruments is 37,303,490 lei (2016: loss of 6,532,409 lei).

(ii) As at 30 June 2017, the value of the shares valued at the cost of 79,692,425 lei (31 December 2016: 80,943,541 lei) is determined by their cost or the transfer value in the category of equities valued at 247,688,463 lei (31 December 2016: 271,329,672 lei) decreased with depreciation adjustments amounting to 167,996,038 lei (31 December 2016: 190,386,131 lei). Depreciation adjustments for the period ended 30 June 2017 amounted to 336,053 lei (30 June 2016: 18,552 lei).

(iii) On 30 June 2017, the Company owns fund units valuated at fair value of which: in open-end investment funds (Certinvest Prudent, Certinvest Dinamic, Star Next, Star Focus, Napoca, Transilvania, Active Dynamic and Prosper Invest) amounting to 27,700,035 lei and in closed-end investment funds (Certinvest Properties RO, BT Invest 1, BET-FI Index Invest, Multicapital Invest, Omnihedge, Omnitrend, Active Plus, Star Value and Optim Invest) amounting to 110,524,076 lei.

On 1 April 2016, the Company reclassified from financial assets designated at fair value through profit or loss - fund units in available-for-sale financial assets valued at fair value of eight funds (FDI Active Dynamic, FII Active Plus, FIC Multicapital Invest, FII Omnitrend, FII Star Value, FII STK Emergent, FDI Star Next and FDI Star Focus) at a fair value of 72,817,171 lei. On June 30 2017 their value is 83,479,728 lei (31 December 2016: 77,209,398 lei). The gain recognized in other comprehensive income on these instruments is 6,270,330 lei (31 December 2016: 4,392,227 lei).

These fund units have been reclassified in the light of circumstances that arose after the acquisition and initial recognition by the Company. Due to low returns, fund units have not been traded over the past 18 months (as a result of significant falls in assets in the funds’portfolios). Thus, the Company will retain the fund units for a minimum of 3 years, when quotations are expected to increase.

15. Financial assets (continued)

b) Financial assets available for sale (continued)

In Note 26, Units, details are presented on investment fund managers, their objectives, structure tof he portfolio to the latest available date.

Based on the regulations issued by the FSA, the fund units are valued based on net asset value, calculated by the fund manager using closing prices of the financial instruments. If the company notices that there is not an active market for the holdings of a fund, the assessment calls for public information on fund holdings (financial statements, audit reports, public portfolio structure, etc.) and the net asset value. Based on net asset a corrected NAV per SHARE is obtained, adjustments deemed necessary at the net asset value after analyzing public information mentioned above.

On 30 June 2017 provisions for impairment amounting to 540,467 lei (31 December 2016: 1,028,920 lei) are recognized mainly for FII Omnihedge and FII Certinvest Properties (31 December 2016: FDI STK Europe, FII Omnitrend and Certinvest Properties RO).

Notes to interim individual financial statements
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15. Active financiare (continuare)

b) Financial assets available for sale (continued)

The movement of financial assets available for sale during the financial period ended 30 June 2017 is presented in teh table below:

In LEI	**Shares evaluated at fair value**	**Shares evaluated at cost**	**Fund units**	**Total**
31 December 2016	**763,629,232**	**80,943,541**	**109,590,242**	**954,163,015**
Net change during the period (i) restated	2,987,900	(915,063)	17,671,177	19,744,014
Transfer between categories (ii)	-	-	-	-
Reclassification (iii)	-	-	-	-
Impairment losses	-	(336,053)	-	(336,053)
Changes in fair value	61,414,511	-	10,962,692	72,377,203
30 June 2017 (unrevised and unaudited)	**828,031,643**	**79,692,425**	**138,224,111**	**1,045,948,179**

15. Financial assets (continued)

b) Financial assets available for sale (continued)

The movement of financial assets available for sale during the financial period ended 30 June 2016 is presented in the table below)

In LEI	**Shares evaluated at fair value**	**Shares evaluated at cost**	**Fund units**	**Total**
31 December 2015	**740,122,720**	**114,571,658**	**48,924,359**	**903,618,737**
Net change during the period (i) restated	(36,940,606)	(1,739,986)	(14,192,214)	(52,872,806)
Transfer between categories (ii)	-	-	-	-
Reclassification (iii)	-	-	72,817,171	72,817,171
Impairment losses	(968,064)	(18,552)	-	(986,616)
Changes in fair value, restated	(73,227,053)	-	(7,029,897)	(80,256,950)
30 June 2016	**628,986,997**	**112,813,120**	**100,519,419**	**842,319,536**

15. Financial assets (continued)

b) Financial assets available for sale (continued)

(i) Inputs of shares during the period ended at 30 June 2017 represnt: participation to share capital increases of companies already existing within the portfolio, such as: Vrancart S.A., purchase of shares on a regulated market, such as: Vrancart S.A. and BRD Group Societe Generale S.A..

Sale of shares during the period ended 30 June 2017 represent: sales of titles within the protfolio such as: Cemacon S.A., Complex Savoy S.A. Mamaia, deregistration of some companies such as: Navol S.A. Oltenița.

(ii) During the financial exercises ended 30 June 2017 and 31 December 2016, the market of some shares owned by the Company became active, so it was possible to determine their fair value. Also, the market of some shares held by the Company became inactive, the fair value can no longer be reliably determined.

(iii) On 1 April 2016, the Company has reclassified from financial assets held for trading - units in financial assets available for sale, valued at fair value of 72,817,171 lei.

c) Loans and receivables

In LEI	**30 June 2017** *(Unrevised and unaudited)*	**31 December 2016**
Corporate bonds - other currencies	17,039,259	17,036,776
Corporate bonds - RON	2,660,577	4,086,419
Minus adjustments for impairment of loans and receivables	(11,437,988)	(12,863,830)
TOTAL	**8,261,848**	**8,259,365**
of which with maturity in more than a year:		
Corporate bonds - other currencies	1,135,285	1,132,094
Corporate bonds - RON	-	-

As 30 June 2017 and 31 December 2016 , impairment adjustments made are related to the issuers Muntenia Medical Competences S.A., Siderca S.A. and Transchim S.A.

LEI	**30 June 2017** *(Unrevised and unaudited)*	**31 December 2016**
At 1 January	**(12,863,830)**	**(13,092,663)**
Resumption of impairment	1,425,842	228,833
At 30 June / 31 December	**(11,437,988)**	**(12,863,830)**

16. Tangible assets

In LEI	**Plant and machinery**	**Other fixtures, tools and furniture**	**Total**
Cost			
as of 1st January 2017	397,847	3,597	**401,444**
Acquisitions	-	-	**-**
Sales	(8,098)	-	**(8,098)**
As of 30 June 2017 (unrevised and unaudited)	**389,749**	**3,597**	**393,346**
Accumulated depreciation and impairment losses			
as of 1st January 2017	176,460	1,379	**177,839**
Depreciation expenses	31,627	510	**32,137**
Sales	(8,098)	-	**(8,098)**
As of 30 June 2017 (unrevised and unaudited)	**199,989**	**1,889**	**201,878**
Net book value			
as of 1st January 2017	**221,387**	**2,218**	**223,605**
As of 30 June 2017 (unrevised and unaudited)	**189,760**	**1,708**	**191,468**

In LEI	**Plant and machinery**	**Other fixtures, tools and furniture**	**Total**
Cost			
as of 1st January 2016	399,903	3,597	**403,500**
Acquisitions	-	-	**-**
Sales	-	-	**-**
As of 30 June 2016	**399,903**	**3,597**	**403,500**
Accumulated depreciation and impairment losses			
as of 1st January 2016	115,263	359	**115,622**
Depreciation expenses	31,627	510	**32,137**
Sales	-	-	**-**
As of 30 June 2016	**146,890**	**869**	**147,759**
Net book value			
as of 1st January 2016	**284,640**	**3,238**	**287,878**
as of 30 June 2016	**253,013**	**2,728**	**255,741**

As of 30 June 2017 and 30 June 2016 the Company had no tangible assets pledged or in custody to third parties.

17. Other assets

In LEI	**30 June 2017** *(Unrevised and unaudited)*	**31 December 2016**
Various debtors	13,000,255	12,139,082
Dividends to be received	4,006,393	746,870
Other assets	216,096	53,117
Minus adjustments for depreciation various debtors	(8,539,765)	(7,190,189)
Minus adjustments for depreciation dividends receivables	(737,938)	(735,864)
Total	**7,945,041**	**5,013,016**
Of which, with credit risk:	7,728,945	4,959,899

Evolution of impairment of various debtors and dividends receivables are the following:

In LEI	**30 June 2017** *(Unrevised and unaudited)*	**31 December 2016**
as of 1st January	**(7,926,053)**	**(5,826,958)**
Establishment of Adjustment for impairment (Note 10)	(1,351,650)	(2,099,095)
as of 31st December	**(9,277,703)**	**(7,926,053)**

18. Dividend payment

In LEI	**30 June 2017** ***(Unrevised and unaudited)***	**31 December 2016**
Dividend payment for 2012	-	42,064,246
Dividend payment for 2014	22,897,736	23,066,128
Dividend payment for 2015	16,831,564	17,063,461
Dividend payment for 2016	32,281,461	-
Total dividend payment	**72,010,761**	**82,193,835**

For dividends not claimed within more than 3 years from the date of the declaration, the Shareholders General meeting of the Company approved their transfer to equity (retained earnings).

19. Liabilities related to deferred income tax

Liabilities with deferred tax as of 30 June 2017 are generated by items detailed within the table below:

In LEI	**Assets**	**Liabilities**	**Net**
Financial assets available for sale	153,435,592	-	153,435,592
Impairment adjustments and other provisions	-	20,715,691	(20,715,691)
Total	**153,435,592**	**20,715,691**	**132,719,901**
Net temporary differences - 16% quota			132,719,901
Deferred income tax liabilities (unrevised and unaudited)			**21,235,183**

Liabilities with deferred tax as of 31 December 2016 are generated by items detailed within the table below:

In LEI	**Assets**	**Liabilities**	**Net**
Financial assets available for sale	104,463,489	-	104,463,489
Impairment adjustments and other provisions	-	20,789,884	(20,789,884)
Total	**104,463,489**	**20,789,884**	**83,673,605**
Net temporary differences - 16% quota			83,673,605
Deferred income tax liabilities			**13,387,776**

The balance of the deferred tax directly recognized through decrease of equity amounts to 28,712,241 lei as of 30 June 2017 (31 December 2016: 21,097,447 lei), being entirely generated by financial assets available for sale evaluated at fair value.

20. Other liabilities

In LEI	30 June 2017 *(Unrevised and unaudited)*	31 December 2016
Suppliers - invoices to be received	2,507,656	2,849,896
Current income tax liabilities	546,981	-
Taxes and fees	55,352	1,010,045
Domestic suppliers	1,553,302	80,365
Other liabilities *(i)*	4,607,629	4,463,793
Total	**9,270,920**	**8,404,099**

(i) In Other liabilities as of 30 June 2017 and 31 December 2016, the amount 4,190,550 lei is registered, representing the payments to be done related to share capital increases of the subsidiary CI-CO S.A.. The term established for payment according to CI-CO S.A.'s BoD Decision is of 3 years since the publication of the SGM resolution related to the increase, 16 February 2018, respectively.

21. Equity and reserves

(a) Share capital

The shareholding structure of the company is the following:

31 December 2016	Shareholders number	Number of shares	Amount (RON)	(%)
Individuals	5,960,982	499,220,852	49,922,085	61.86
Legal persons	208	307,815,663	30,781,566	38.14
Total	**5,961,190**	**807,036,515**	**80,703,652**	**100**

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

During the period ended as of 30 June 2017 there were no changes in the number of issued shares.

Presentation of shareholding structure as of 30 June 2017 is not relevant.

Reconciliation of equity in accordance with IFRS with the Articles of Association is presented in the following table:

In LEI	30 June 2017	31 December 2016
Share capital according to the Articles of Association	80,703,652	80,703,652
Hyperinflation effect - IAS 29	803,294,017	803,294,017
Restated share capital	**883,997,669**	**883,997,669**

21. Equity and reserves (continued)

Hyperinflation effect on shareholders' equity in the amount of 803,294,017 lei was registered by reducing retained earnings, resulting in an accumulated loss as at 30 June 2017 of 88,810,511 lei (30 December 2016: 111,719,355 lei).

(b) 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.
Revaluation reserves of financial assets available for sale are recorded net of related deferred tax. The value of deferred tax recognized directly by decrease in equity is presented in Note 19.

(c) Legal reserves

According to legal requirements, the Company creates legal reserves in a quota of 5% of gross profit statutory recorded up to a level of 20% of the share capital according to the Articles of Association. Legal reserve value at 30 June 2017 is of 16,140,730 lei (31 December 2016: 16,140,730 lei).

Legal reserves can not be distributed to shareholders. The value of legal reserves was included in the financial position statement under "Cummulated loss" line.

(d) Dividends

During the period ended 30 June 2017 the Company declared dividends amounting to 32,281,461 lei for the year 2016, respectively 0.04 lei/ share. During the period ended at 30 June 2016, the Company declared dividends amounting to 36,316,643 lei related to 2015, respectively 0.045 lei/ share.

During the period ended at 30 June 2017 the Company prescribed dividends amounting to 42,064,242 lei related to 2012 (during the period ended at 30 June 2016: 63,407,819 lei related to 2011 and the amounts due to shareholders according to the SGOM decision as of 7 July 2012), according to the Shareholders General Meeting decision.

22. Earnings per share

The calculation of basic earnings per share was made on the basis of net income and the weighted average number of ordinary shares:

In LEI	**30 June 2017 (Unrevised and unaudited)**	**30 June 2016**
Net income	13,126,063	59,900,974
Weighted average number of ordinary shares	807,036,515	807,036,515
Basic earnings per share	**0.016**	**0.074**

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

23. Financial assets and liabilities

Accounting classifications and fair values

The table below summarizes the carrying amounts and fair values of financial assets and liabilities of the Company on 30 June 2017:

In LEI	**Tradable**	**Available for sale**	**Amortized cost**	**Total book value**	**Fair value**
Cash and cash equivalents	-	-	13,368,185	**13,368,185**	**13,368,185**
Deposits from banks	-	-	29,676,890	**29,676,890**	**29,676,890**
Financial assets at fair value through profit or loss	107,368,595	-	-	**107,368,595**	**107,368,595**
Financial assets available for sale	-	1,045,948,179	-	**1,045,948,179**	**1,045,948,179**
Loans and receivables	-	-	8,261,848	**8,261,848**	**8,399,922**
Other financial assets (Note 17)	-	-	7,728,945	**7,728,945**	**7,728,945**
Total financial assets	**107,368,595**	**1,045,948,179**	**59,035,868**	**1,212,352,642**	**1,212,490,716**
Dividends to be paid	-	-	(72,010,761)	**(72,010,761)**	**(72,010,761)**
Other financial liabilities	-	-	(9,270,920)	**(9,270,920)**	**(9,270,920)**
Total financial liabilities	-	-	**(81,281,681)**	**(81,281,681)**	**(81,281,681)**

In order to estimate the fair value of financial assets and liabilities measured at amortized cost, the Company used the following estimates and made the following judgments for significant elements such as cash and cash equivalents, other financial assets and liabilities that are issued or held on a very short term and generally do not bear interest or bear fixed interest, the Company approximated fair value with their costs; as for loans and receivables, the Company used valuation techniques such as discounted cash flows, using observable market inputs (as such, the evaluation was performed using Level 3 techniques)

23. Financial assets and liabilities (continued)

The table below summarizes the carrying amounts and fair values of financial assets and liabilities of the Company on 31 December 2016:

In LEI	Tradable	Available for sale	Amortized cost	Total book value	Fair value
Cash and cash equivalents	-	-	4,861,588	**4,861,588**	**4,861,588**
Deposits from banks	-	-	76,631,897	**76,631,897**	**76,631,897**
Financial assets at fair value through profit or loss	79,279,822	-	-	**79,279,822**	**79,279,822**
Financial assets available for sale	-	954,163,015	-	**954,163,015**	**954,163,015**
Loans and receivables	-	-	8,259,365	**8,259,365**	**8,420,175**
Other financial assets (Note 17)	-	-	4,959,899	**4,959,899**	**4,959,899**
Total financial assets	**79,279,822**	**954,163,015**	**94,712,749**	**1,128,155,586**	**1,128,316,396**
Dividends to be paid	-	-	(82,193,835)	**(82,193,835)**	**(82,193,835)**
Other financial liabilities	-	-	(8,404,099)	**(8,404,099)**	**(8,404,099)**
Total financial liabilities	**-**	**-**	**(90,597,934)**	**(90,597,934)**	**(90,597,934)**

In order to estimate the fair value of financial assets and liabilities measured at amortized cost, the Company used the following estimates and made the following judgments for significant elements such as cash and cash equivalents, other financial assets and liabilities that are issued or held on a very short term and generally do not bear interest or bear fixed interest, the Company approximated fair value with their costs; as for loans and receivables, the Company used valuation techniques such as discounted cash flows, using observable market inputs (as such, the evaluation was performed using Level 3 techniques).

24. Commitments and contingent liabilities

(a) Litigations

The Company is subject to a number of lawsuits arising in the normal course of business. The management believes, based on consultations with his lawyers, that these actions will not have significant adverse effects on economic performance and financial position of the Company.

(b) Contingencies related to the environment

Environmental regulations are under development in Romania and the Company did not record any obligations at 30 June 2017 and 31 December 2016 for any anticipated costs, including legal fees and consulting studies of site, design, implementation of remedial plans concerning environmental elements. The Company's management does not consider the costs associated with any environmental problems as significant.

(c) Transfer pricing

Romanian tax legislation contains rules on transfer pricing between related parties since 2000. The current legislative framework defines the "market value" for transactions between affiliates and the methods of transfer pricing. As a result, it is expected that the tax authorities shall initiate thorough checks of transfer pricing, to ensure that the result of fiscal and/or customs value of imported goods are not distorted by the effect of prices in relations with affiliates. The Company can not assess the outcome of such verification.

25. Transactions and balances with parties under special relations

The Company identified during the development of its activity the following parties under special relationships:

(i) Company Administration

The Company operates under an administration contract signed with cu Societatea de Administrare a Investiţiilor Muntenia Invest S.A.. The majority shareholder of the Administration Company Societatea de Administrare a Investiţiilor Muntenia Invest S.A is SIF Banat-Crisana, holding 99.96% of the share capital on 30 June 2017. The Board of Directors of SIF Banat Crisana S.A. may change the Board of Directors of SAI Muntenia Invest S.A., the Administrator of the Company.

Transactions performed between the Company and the Administrator are the following:

Loans and receivables	**30 June 2017** ***(unrevised and unaudited)***	**31 December 2016**
Liabilities related to administration fee	(1,908,250)	(1,908,250)

Revenues and expenses	**30 June 2017** ***(unrevised and unaudited)***	**30 June 2016**
Administration fee	(8,700,000)	(8,700,000)
Lease revenues	33,000	33,000

25. Transactions and balances with parties under special relations (continued)

(ii) Key management personnel

30 June 2017

- Members of the Board of Directors of S.A.I. Muntenia Invest S.A.: Florica Trandafir, Daniel-Silviu Stoicescu and Nicușor Marian Buică;
- Member of the executive management of S.A.I. Muntenia Invest S.A: Gabriela Grigore - General Director, Florica Trandafir – Corporate Administration Director, Mircea Constantin – Strategy Director;
- Members of the Shareholders Representatives Council.

Transactions with the company personnel:

Other transactions	**30 June 2017** *(unrevised and unaudited)*	**30 June 2016**
	619,922	558,264
Expense with the remuneration of Shareholders Representatives Council members		
Salaries paid	34,509	71,194

As at 30 June 2017, the Company registers an actual number of 2 employees and 10 members of the Shareholders Representatives Council.

(iii) Subsidiaries (companies where SIF Muntenia holds control)

All subsidiaries of the Company at 30 June 2017 and 31 December 2016 are based in Romania. For them, the ownership percentage of the Company is no different from the percentage of number of votes held.

Denomination of the company	**Percentage held as of 30 June 2017**	**Percentage held as of 31 December 2016**	**Status as of 30 June 2017**	**Status as of 31 December 2016**
Avicola București S.A.	99.40%	99.40%	subsidiary	subsidiary
Bucur S.A.	67.98%	67.98%	subsidiary	subsidiary
S.A.	66.87%	66.87%	subsidiary	subsidiary
CI-CO S.A.	97.34%	97.34%	subsidiary	subsidiary
Firos S.A.	99.69%	99.69%	subsidiary	subsidiary
FRGC IFN S.A.	53.60%	53.60%	subsidiary	subsidiary
Gecsatherm	50.00%	50.00%	subsidiary	subsidiary
Mindo S.A.	98.02%	98.02%	subsidiary	subsidiary
Muntenia Medical Competences	98.94%	98.94%	subsidiary	subsidiary
Semrom Muntenia S.A.	90.68%	90.68%	subsidiary	subsidiary
Semrom Oltenia S.A.	88.49%	88.49%	subsidiary	subsidiary
Unisem S.A.	76.91%	76.91%	subsidiary	subsidiary
Voluthema Property Developer S.A.	69.11%	69.11%	subsidiary	subsidiary
Biofarm S.A.	50.98%	50.98%	subsidiary	subsidiary

25. Transactions and balances with parties under special relations (continued)

(iv) Associates of the Comapany

As at 30 June 2017 the Company does not hold participations in associated entities.

(v) Transactions and balances with subsidiaries and associates of the Company

Transactions entered into by the Company with parties having special relations were conducted in the normal course of business. The Company did not receive and did not give guarantees in favor of any party under special relations.

Transactions with Company's subsidiaries

Loans and receivables	**30 June 2017** ***(unrevised and unaudited)***	**31 December 2016**
Commercial receivables	9,661	9,661
Dividends to be received	1,332,767	-
Commercial liabilities	(41)	(41)

Revenues and expenses	**30 June 2017** ***(unrevised and unaudited)***	**30 June 2016**
Acquisition of goods and services	57,389	(57,392)
Dividends income	2,197,626	14,213,481

Transactions with associates

There were no transactions or balances with associates.

26. Fund units

Fund units on 30 June 2017 and 31 December 2016 are:

Financial assets available for sale:	**30 June 2017** *(Unrevised and unaudited)*	**31 December 2016**
FÎI Certinvest Properties RO	427,554	722,007
FÎI STK Emergent	-	1,416,142
FÎI BT Invest 1	9,023,459	7,562,519
FDI Transilvania	3,023,218	4,167,347
FDI Napoca	2,998,545	5,647,736
FÎI Multicapital Invest	10,050,564	9,072,484
FDI Tehnoglobinvest	-	852,107
FÎI Omnihedge	239,989	262,183
FÎI BET-FI Index Invest	4,463,786	3,891,293
FÎI Omnitrend	11,776,817	10,456,086
FDI STK Europe	-	1,064,585
FDI Certinvest Prudent	337,718	339,439
FDI Certinvest Dinamic	456,322	946,955
FDI Star Next	1,124,697	1,047,205
FDI Star Focus	911,927	879,416
FDI Prosper Invest	1,205,285	1,092,039
FÎI Active Plus	36,453,773	32,407,650
FÎI Star Value	12,170,309	11,254,550
FDI Active Dinamic	17,642,321	17,537,418
FII Optim Invest	26,458,292	-
Total	**138,764,577**	**110,619,162**
Depreciation losses (Note 15.b)	(540,467)	(1,028,920)
Financial assets available for sale (Note 15.b)	**138,224,111**	**109,590,242**

26. Fund units (continued)

The structure of the financial instruments held in the portfolio on 30 June 2017 and the net asset value certified by the depository bank at the most recent date for which the information is public - 31 December 2016 for each investment fund are presented below.

Fund denomination	**Administrator (SAI)**	**Depository**	**Investments**							
			Deposits	Available	Securities	Bonds	Equity AOPC/ OPCVM	Dividends / other rights	Other instruments	NAV 31.12.2016
FII Cerinvest Properties RO	SAI Certinvest SA	BRD-GSG	0.00%	0.11%	3.95%	90.79%	5.16%	0.00%	0.00%	246,462.7900 lei
FII BT Invest 1	BT Asset Management SAI	BRD-GSG	17.28%	2.23%	77.84%	0.00%	0.00%	2.64%	0.01%	14,531.9200 lei
FII Multicapital Invest	SAI STAR Asset Management	BRD-GSG	15.53%	0.00%	84.27%	0.00%	0.00%	0.19%	0.01%	2,091.8800 lei
FII Omnihedge	SAI SIRA SA	BCR	99.64%	0.04%	0.00%	0.00%	0.33%	0.00%	0.00%	5,627.4463 lei
FII Omnitrend	SAI SIRA SA	BCR	2.45%	0.00%	90.49%	6.87%	0.19%	0.00%	0.01%	6,752.3120 lei
FII Star Value	SAI STAR Asset Management	BCR	25.73%	0.00%	73.24%	0.28%	0.12%	0.49%	0.14%	743.6600 lei
FII Active Plus	Swiss Capital Asset Management	Unicredit	2.15%	0.00%	96.67%	0.00%	0.00%	1.19%	0.00%	7,985.7800 lei
FII BET-FI Index Invest	SAI Broker SA	BRD-GSG	0.00%	3.14%	87.74%	0.00%	9.12%	0.00%	0.00%	469.0000 lei
FII Optim Invest	SAI Broker SA	BRD-GSG	30.00%	6.68%	25.28%	0.00%	38.03%	0.00%	0.01%	8,144.5300 lei

26. Fund units (continued)

Fund denomination	Administrator (SAI)	Depository	Investments							
			Deposits	Available	Securities	Bonds	Equity AOPC/ OPCVM	Dividends / other rights	Other instruments	NAV 31.12.2016
FDI Transilvania	SAI Globinvest SA	Bancpost	4.66%	2.13%	55.32%	27.28%	8.72%	0.00%	1.90%	41.2266 lei
FDI Napoca	SAI Globinvest SA	Bancpost	4.47%	3.02%	80.49%	0.00%	9.49%	0.00%	2.53%	0.4527 lei
FDI Certinvest Prudent	SAI Certinvest SA	BRD-GSG	28.05%	0.05%	29.26%	32.84%	9.28%	0.38%	0.16%	9.8600 lei
FDI Certinvest Dinamic	SAI Certinvest SA	BCR	13.43%	1.94%	53.86%	16.65%	9.43%	0.50%	4.42%	5.9682 lei
FDI Star Next	SAI STAR Asset Management	BRD-GSG	33.93%	0.01%	57.09%	4.88%	2.35%	1.74%	0.01%	5.4960 lei
FDI Star Focus	SAI STAR Asset Management	BRD-GSG	56.61%	0.01%	24.93%	15.30%	2.95%	0.20%	0.06%	5.7617 lei
FDI Active Dinamic	Swiss Capital Asset Management	Uncredit	3.77%	0.01%	79.56%	0.00%	0.00%	16.61%	0.05%	5.9682 lei
FDI Prosper Invest	SAI Broker SA	BRD-GSG	14.86%	2.21%	64.30%	9.48%	9.12%	0.03%	0.00%	10.9111 lei

27. Subsequent events

On 25 July 2017, the SGOM of SIF Muntenia was convened for 30/31 August 2017. The agenda includes the approval of SIF Muntenia's consolidated financial statements for the 2016 financial year and the appointment of the financial auditor and the setting of the minimum duration of the financial audit contract.

The Ordinary General Meeting of the Shareholders of SAI Muntenia Invest SA, held on 31 July 2017 decided the election of Mr. Adrian Simionescu as Administrator for a four-year term from 20 August 2017. The appointment of Mr. Adrian Simionescu as Administrator of SAI Muntenia Invest SA is to be subject to the FSA authorization.

ADMINISTRATOR,
SAI MUNTENIA INVEST S.A.
Gabriela GRIGORE
General Director

PREPARED BY,
3B EXPERT AUDIT S.R.L.
Certified legal entity, CECCAR member
No. of registration with the professional body A000158/26.01.2000
Adriana – Anişoara BADIU, Administrator