

SIF Muntenia S.A.

**Individual Interim Financial
Statements as of
30 September 2018**

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 Financial Supervisory Authority of the
Financial Instruments and Investment Sector

UNAUDITED

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Individual statement of profit or loss and other elements of comprehensive result

For the financial period ended 30 September 2018

In LEI	Note	30 September 2018	30 September 2017
Revenue			
Dividend income	6	51,759,913	26,269,033
Interest income	7	602,780	533,773
Other operational revenue		556,897	131,927
Gain on investment			
Net gain/loss from foreign exchange differences		99	(158,690)
Net gain on sale of assets	8	-	7,203,715
Net gain from revaluation of financial assets at fair value through profit or loss	9	2,433,153	28,925,298
Expenses			
Reversal of impairments/Assets impairment losses	10	1,951,875	(3,735,202)
Administrative expenses			
Administration fees	25	(13,050,000)	(13,050,000)
Expenses with remuneration of the Shareholders Representatives Council	25	(766,903)	(981,767)
Other operational expenses	11	(2,176,673)	(2,254,697)
Profit before tax		<u><u>41,311,141</u></u>	<u><u>42,883,390</u></u>
Profit tax	12	<u><u>(5,452,723)</u></u>	<u><u>(3,711,106)</u></u>
Net profit for the period		<u><u>35,858,418</u></u>	<u><u>39,172,284</u></u>
Other elements of comprehensive result			
Elements that are or may be transferred to profit or loss			
Revaluation at fair value of financial assets available for sale, net of deferred tax		49,720,883	-
Reserve related to financial assets available for sale transferred to profit or loss		10,272,517	-
Elements that are or may be transferred to profit or loss			
Revaluation at fair value of financial assets available for sale, net of deferred tax		-	98,293,442
Reserve related to financial assets available for sale transferred to profit or loss		-	(4,645,323)
Other elements of comprehensive result		<u><u>59,993,400</u></u>	<u><u>93,648,119</u></u>
Total comprehensive result for the period		<u><u>95,851,818</u></u>	<u><u>132,820,403</u></u>
Result per share			
Basic	22	0.044	0.049
Diluted	22	0.044	0.049

Individual statement of profit or loss and other elements of comprehensive result

For the financial period ended 30 September 2018

Interim Individual financial statements were approved and authorised to be issued by the Board of Directors on 14 October 2018 and were signed on its behalf by S.A.I. Muntenia Invest S.A., administrator of SIF Muntenia S.A., by:

ADMINISTRATOR,
S.A.I. MUNTENIA INVEST S.A.
Nicușor Marian BUICĂ
General Director

PREPARED BY,
3B EXPERT AUDIT S.R.L.
Authorised legal person, CECCAR member
Registration number with the professional body
A000158/26.01.2000
Adriana – Anișoara BADIU, Administrator

Notes on pages 8 to 65 are part of the interim individual financial statements.

Individual statement of financial position

for the financial period ended 30 September 2018

<i>In LEI</i>	<i>Note</i>	30 September 2018	31 December 2017
Assets			
Cash and current accounts	13	5,906,071	6,574,391
Bank accounts	14	8,255,769	15,558,404
Financial assets at fair value through profit or loss	15a	700,882,066	98,683,282
Financial assets at fair value through other elements of comprehensive result / Financial assets available for sale	15b	628,936,711	1,164,697,391
Financial assets measured at amortized cost / Loans and receivables	15c	10,128,799	5,863,691
Tangible assets	16	121,469	165,731
Other assets	17	15,333,880	7,728,962
Total assets		1,369,564,765	1,299,271,852
Liabilities			
Dividends to be paid	18	68,391,044	54,323,451
Deferred income tax liabilities	19	29,526,376	29,550,239
Other liabilities	20	2,112,998	10,770,267
Total liabilities		100,030,418	94,643,957
Equity			
Share capital	21a	80,703,652	80,703,652
Hyperinflation effect- IAS 29	21a	803,294,017	803,294,017
Retained Result / (Accumulated Loss)	21a	302,403,762	(50,931,247)
Reserves from revaluation of financial assets at fair value through other elements of comprehensive result/financial assets available for sale	21b	69,137,676	371,561,473
Retained earnings representing surplus from revaluation reserves - IFRS 9	21c	13,995,240	-
Total equity		1,269,534,347	1,204,627,895
Total liabilities and equity		1,369,564,765	1,299,271,852

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Individual statement of changes in equity

for the financial period ended 30 September 2018

In LEI	Share capital	Reserves from revaluation of financial assets at fair value through other items of comprehensive income	(Cumulative loss) / Retained earnings	Retained earnings representing surplus from revaluation reserves - IFRS 9	Total
Balance as at 31 December 2017	883,997,669	371,561,473	(50,931,247)	-	1,204,627,895
Comprehensive result					
<i>Profit for the period</i>	-	-	35,858,418	-	35,858,418
<i>Other items of comprehensive income</i>					
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax	-	49,720,883	7,437,026	-	57,157,909
Reserve relating to financial assets at fair value through other items of comprehensive income transferred to retained earnings	-	10,272,517	-	(10,272,517)	-
Transfer of reserve for financial assets available for sale in retained earnings as a result of the adoption of IFRS 9, net of deferred tax	-	(362,417,197)	362,300,780	-	(116,417)
Transfer of retained earnings from transition date to IFRS 9 in surplus for disposed financial assets	-	-	(24,257,048)	24,267,757	10,709
Total comprehensive result of the period	-	(302,423,797)	381,339,176	13,995,240	92,910,619
Transactions with the shareholders, recognised directly in equity					
Prescribed dividends	-	-	-	-	-
Dividends to be paid	-	-	(28,004,167)	-	(28,004,167)
Total transactions with the shareholders, recognised directly in equity	-	-	(28,004,167)	-	(28,004,167)
Balance at 30 September 2018	883,997,669	69,137,676	302,403,762	13,995,240	1,269,534,347

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Individual statement of changes in equity (continued)

for the financial period ended 30 September 2018

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				
<i>Profit of the period</i>	-	-	39,172,284	39,172,284
<i>Other items of the comprehensive result</i>				
Revaluation to fair value of financial assets available for sale, net of deferred tax	-	98,293,442	-	98,293,442
Reserve for financial assets available for sale transferred to profit or loss	-	(4,645,323)	-	(4,645,323)
Total comprehensive result of the period	-	93,648,119	39,172,284	132,820,403
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)
Total transactions with the shareholders, recognised directly in equity	-	-	9,782,781	9,782,781
Balance as at 30 September 2017	883,997,669	345,816,403	(62,764,290)	1,167,049,782

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Individual statement of cash flow

for the financial period ended 30 September 2018

<i>In LEI</i>	<i>Note</i>	30 September 2018	30 September 2017
Operating activites			
Profit before tax		41,311,141	42,883,390
<i>Adjustments:</i>			
(Reversal of losses) /Losses from depreciation of other assets	10	(1,951,875)	5,161,044
Net gain on revaluation of financial assets at fair value through profit or loss	9	(2,433,153)	(28,925,298)
Dividends income	6	(51,759,913)	(26,269,033)
Interest income	7	(602,780)	(533,773)
Revenue adjustments for impairment of financial assets valued at amortized cost/loans and receivables	10	-	(1,425,842)
Net gain from foreign exchange differences		(99)	158,690
Other adjustments		55,479	53,682
Changes in assets and liabilities related to operating activities			
Changes in financial assets at fair value through profit or loss		6,405,183	(20,034,580)
Changes in financial assets at fair value through other items of comprehensive income/financial assets available for sale		(12,580,591)	(30,320,264)
Changes in financial assets measured at amortized cost / loans and receivables		(5,300,000)	1,349,757
Changes of other assets		(4,238,330)	(549,798)
Changes of other debts		(3,179,574)	(879,581)
Dividends received		48,820,233	24,476,320
Interest received		550,996	755,633
Paid profit tax		(8,438,961)	(752,244)
Net cash from/(used in) operating activities		6,657,756	(34,851,897)
Investment activities			
Payments for purchases of tangible and intangible assets		(7,163)	(113)
Receivables from sales of tangible assets		-	1,000
Net cash used for investment activities		(7,163)	887
Financing activities			
Dividends paid, including dividends tax paid		(14,581,779)	(16,467,647)
Net placements in deposits with maturity over three months and less than one year	14	3,010,000	62,266,000
Net cash (used in)/resulted from financing activities		(11,571,779)	45,798,353
Net decrease in cash and cash equivalents		(4,921,186)	10,947,343
Effect of exchange rate changes on cash and cash equivalents		(6,244)	(70,796)
Cash and cash equivalents on 1st January		19,074,391	15,576,588
Cash and cash equivalent as at 30 September		14,146,961	26,453,135

Notes on pages 8 to 65 are part of the interim individual financial statements.

Individual statement of cash flow (continued)

for the financial period ended 30 September 2018

At 30 September cash and cash equivalents comprise

<i>In LEI</i>	<i>Note</i>	30 September 2018	30 September 2017
Cash in the petty cash	<i>13</i>	1,564	2,194
Current accounts at banks	<i>13</i>	5,904,507	13,447,941
Bank deposits with less than three months initial maturity	<i>14</i>	8,240,890	13,003,000
Cash and cash equivalents		14,146,961	26,453,135
		=====	=====

At 1 January cash and cash equivalents comprise

<i>In LEI</i>	<i>Note</i>	1 January 2018	1 January 2017
Cash in the petty cash		4,776	1,111
Current accounts at banks		6,569,615	4,860,477
Bank deposits with less than three months initial maturity		12,500,000	10,715,000
Cash and cash equivalents		19,074,391	15,576,588
		=====	=====

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Notes to interim individual financial statements

for the financial period ended 30 September 2018

1. The 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 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, according to the Articles of Incorporation from 26 April 2018 updated on the basis of the Decision of the Extraordinary General Meeting of Shareholders No. 1 from April 26, 2018 is :

- making financial investments in order to maximize the value of the own shares in accordance with the regulations in force;
- management of the investment portfolio and the exercise of all the rights associated with the instruments in which it is invested;
- risk management;
- other auxillary and adjacent activities in accordance with the regulations in force.

The company operates under an administration contract concluded with Societatea de Administrare a Investițiilor Muntenia Invest S.A. On December 21, 2017, the FSA certified the registration of S.A.I. Muntenia Invest S.A. as an alternative investment fund manager (AIFM) with the number PJR07 1AFIAI / 400005. According to the provisions of art. 3 point 2 of the Law no. 74/2015, as amended and supplemented, AIFM means any legal person whose principal activity is the management of one or more alternative investment funds.

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. București keeps evidence of shares and shareholders, according to law. BRD - Société Générale S.A. – Company authorised by the FSA provides custodian services for the Company's assets.

The individual interim financial statements for the period ended 30 september 2018 have not been audited or reviewed.

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 as further modified and supplemented ("FSA Rule no.39/2015"). Pursuant to the FSA Rule No.39 / 2015, the International Financial Reporting Standards are those adopted according to the procedure laid down in Regulation (EC) No. 1606/2002 ("IFRS adopted by the European Union").

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 has also prepared annual consolidated financial statements in accordance with International Financial Reporting Standards adopted by the European Union for the financial year ended 31 December 2017. The consolidated financial statements as of 31 December 2017 can be viewed on the Company's website www.sifmuntenia.ro.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

2. Basis of preparation (continued)

(a) Declaration of compliance

Starting 1 January 2018, the Company complied with the valuation criteria as an investment entity in accordance with IFRS 10 "Consolidated Financial Statements." Consequently, the Company will no longer prepare consolidated financial statements, individual financial statements being the only financial statements of the Company.

Applying this exemption from consolidation implies that an investment entity should not consolidate its subsidiaries or apply IFRS 3 "Business combinations" when it obtains control over another entity. Instead, it must assess an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments".

The Company re-evaluated the valuation criteria in order to be an investment entity and concluded that they were still met for the period ended at 30 September 2018.

(b) Presentation of financial statements

Interim individual financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements", with the requirements of IAS 34 „Interim financial reporting”, IAS 27 "Individual Financial Statements", and IFRS 12 "Presentation of Interests in Other Entities". The Company has adopted a presentation based on liquidity in the individual statement of financial position and a presentation of income and expenses 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 at fair value through other elements of comprehensive result or 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 5.

(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 (lei). Interim individual financial statements are presented in lei, 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

Notes to interim individual financial statements

for the financial period ended 30 September 2018

2. Basis of preparation (continued)

(e) Use of estimates and judgments (continued)

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 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 September 2018 and 31 December 2017 are presented in Note 25. In these individual interim financial statements, the Company classifies participations in subsidiaries as financial assets at fair value through profit or loss (as of 1 January 2018, following the adoption of IFRS 9 and the application of IFRS 10 on the exception to consolidation) or 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 financial position statement 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.

The exchange rates of major foreign currencies were:

Currency	30 September 2018	31 December 2017	Variation
Euro (EUR)	1: LEU 4.6637	1: LEU 4,6597	+ 0.09%
US Dollar (USD)	1: LEU 4,0210	1: LEU 3,8915	+ 3.33%

(c) Accounting of 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 end of the reporting period (non-monetary items are restated using a general price index from the date of purchase or contribution).

Notes to interim individual financial statements

for the financial period ended 30 September 2018

3. Significant accounting policies (continued)

(c) Accounting of the hyperinflation effect (continued)

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 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 September 2018 and 31 December 2017, 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 measured at fair value through other items of the comprehensive result/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 at 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 and deposits with an original maturity of less than 90 days (excluding blocked deposits).

(e) Financial assets and liabilities

(i) Classification

The Company classifies financial instruments held in the following categories:

Classification from 1 January 2018

The Company adopted IFRS 9 "Financial Instruments" with the date of initial application 1 January 2018.

This Standard supersedes the provisions of IAS 39 Financial Instruments: Recognition and Measurement on Classification and Valuation of Financial Assets and replaces the model for estimating adjustments for impairment of financial assets with an expected loss-based model.

IFRS 9 contains a new approach to the classification and measurement of financial assets that reflects the business model in which assets and cash flow characteristics are managed.

IFRS 9 includes three main categories of financial asset classification: measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(i) Classification (continued)

Financial assets measured at amortized cost

A financial asset is measured at *amortized cost* if it meets both of the conditions below and is not designated as at fair value through profit or loss:

- is owned within a business model whose purpose is to keep assets for the collection of contractual cash flows; and
- its contractual conditions generate, at certain dates, cash flows that are only principal payments and interest on the principal due.

The Standard takes over the provisions of IAS 39 on the Recognition and Derecognition of Financial Instruments.

Financial assets at fair value through other items of comprehensive result

A financial asset is measured at fair value through other comprehensive result only if it meets both of the following conditions and is not designated at fair value through profit or loss:

- is owned within a business model the objective of which is achieved both by collecting contractual treasury flows and by selling financial assets; and
- its contractual conditions generate, at certain dates, cash flows that represent only principal payments and interest on the principal due.

Upon the initial recognition of an investment in equity instruments that are not held for trading, the Company may irrevocably choose to make subsequent changes in fair value in other comprehensive income. These options apply to each instrument, as appropriate.

Financial assets at fair value through profit or loss

All financial assets that are not classified at amortized cost or at fair value through other comprehensive result, as described above, will be measured at fair value through profit or loss. In addition, upon initial recognition, the Company may irrevocably designate that a financial asset that otherwise meets the requirements to be measured at amortized cost or fair value through other comprehensive result is measured at fair value through profit or loss, if this eliminates or significantly reduces an accounting mismatch that would otherwise arise if it were otherwise.

The new standard eliminates the categories in IAS 39 of held-to-maturity investments, loans and receivables and assets available for sale.

Classification until 31 December 2017

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 mainly 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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(i) Classification (continued)

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.

Financial 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.

(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 achievement 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.

(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 has an active market if for that instrument there are available and regularly quoted prices.

As at 30 September 2018 and 31 December 2017, in the category of financial instruments quoted in an active market includes all those instruments admitted to trading on a regulated market and presents frequent transactions during 250 trading days prior to the evaluation.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(iv) Valuation (continued)

In order to be considered as frequent transactions, the number of transactions is analyzed as follows: for issuers exceeding 500 transactions in the chosen range, the quoted price is used, for issuers ranging between 250 and 500 transactions, the Company's management uses the professional judgment to use the quoted price or other evaluation models.

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.

(v) Identifying and evaluating impairment

Financial assets measured at amortized cost starting with 1 January 2018

A financial asset or group of financial assets is impaired as a result of credit risk in the event that one or more events occurred that have a negative impact on the estimated future cash flows of the assets.

On initial recognition, the expected lifetime losses on credit are included in the calculation of the effective interest rate.

The Company assesses whether the credit risk for a financial asset has increased significantly from initial recognition on the basis of information available without cost or undue effort, which is an indicator of significant credit risk increases since initial recognition.

The Company recognizes in profit or loss the amount of changes in expected loss of credit over the life of the financial assets as impairment gain or loss.

Gains or losses from impairment are determined as the difference between the carrying amount of the financial asset and the present value of future cash flows using the effective interest rate of the financial asset at its original date.

The Company recognizes favorable changes in expected credit losses during the entire lifetime as an impairment gain, even if expected credit loss during the entire lifetime is less than the amount of expected loss on credit that was included in the cash flows estimated at the initial recognition.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(v) Identifying and evaluating impairment (continued)

Financial assets measured at amortized cost until 31 December 2017

At the end 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 until 31 December 2017

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.

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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(v) Identifying and evaluating impairment (continued)

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.

(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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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).

Expenses 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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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 provided. 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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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.

Starting 2018, the fiscal result is determined on the basis of items of income and expense in the Profit or Loss Statement plus items similar to income, and deduct items similar to expense as shown in retained earnings as a result of the adoption of IFRS 9.

For the period ended 30 September 2018 and the period ended 30 September 2017, the income tax rate was 16%. The tax rate related to taxable dividend income for the period ended 30 September 2018 and the period ended 30 September 2017 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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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. 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 occurred 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.

(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) Amendments to IFRS 9: Advance payments with negative compensation (effective: annual periods beginning on 1 January 2019)

These amendments address the concerns about accounting for financial assets that include specific early-payment options. In particular, the concern was related to how a company would classify and measure a debt instrument if the borrower would be allowed to pay the instrument in advance at a lower amount than the unpaid principal and the interest owed. Such a prepayment amount is often described as including "negative compensation".

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

b) Amendments to IAS 28: Long-term interests in associates and joint ventures (effective for periods beginning on or after 1 January 2019)

The amendment clarifies that a venture capital fund or mutual fund, investment unit and similar entities may, at their initial recognition, choose to measure the investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture.

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

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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 at fair value through other items of comprehensive income / financial assets available for sale.

Of the total shares held by the Company with an active market, on 30 September 2018, 54% (31 December 2017: 51%) 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 fifteen shares traded on the Bucharest Stock Exchange.

The Board of Directors of SAI Muntenia Invest S.A. fulfills its role of monitoring the risk management framework and of approving 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 September 2018 with 65,927,270 lei (31 December 2017: 8,289,396 lei), a negative variation 10 % having an equal net impact and of opposite sign.

A positive variation of 10% in the price of financial assets at fair value through other items of comprehensive result would lead to an increase in equity, net of profit tax at 30 September 2018 with 54,539,024 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 31 December 2017 with 101,093,249 lei, a negative variation 10 % having an equal net impact and of opposite sign.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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 September 2018	%	31 December 2017	%
Financial, banking and insurance	460,697,530	43%	412,597,237	42%
Real estate, rentals and other services	86,926,594	8%	98,034,792	10%
Wholesale, retail, tourism and restaurants	76,616,524	7%	78,353,257	8%
Building materials industry	76,990,864	7%	75,736,391	8%
Agriculture, livestock, fishing	33,596,411	3%	33,596,411	3%
Metallic construction and metal products	49,219,456	5%	48,642,801	5%
Pharmaceutical and medical industry	192,728,452	18%	166,051,412	17%
Chemical and petrochemical industry	14,541,176	1%	6,715,728	1%
Energy industry	51,373,400	5%	47,101,750	5%
Others	27,719,481	3%	18,136,251	2%
TOTAL	1,070,409,888	100%	984,966,030	100%

As can be noticed from the above table, on 30 September 2018 the Company had mainly shares in companies active in banking and insurance, accounting for 43% of the total portfolio, increasing from 42% as registered as at 31 December 2017. On the other hand, 18% of the equity portfolio at 30 September 2018, increasing from 17% as registered as at 31 December 2017 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 etc.).

Structured products held by the Company are also exposed to price risk. They are in the amount of 92,930,319 lei (31 December 2017: 98,683,282 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 September 2018 and 31 December 2017, 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 evaluation value of assets held by the Company.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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, whose interest will be reset within 1-6 months to 30 September 2018. 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 $\pm 1.00\%$ interest rate related to variable interest-bearing assets and liabilities denominated in other currencies in conjunction with a change of $\pm 5.00\%$ interest rate related to variable interest-bearing assets and liabilities denominated in lei lei is of $\pm 9,766$ lei (31 December 2017: $\pm 9,758$ 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 September 2018 and 31 December 2017 are presented in the following tables.

30 September 2018

In LEI	Book value	LEI	USD	EUR
Financial assets				
Cash and cash equivalents	5,906,071	5,897,541	491	8,039
Deposits at banks	8,255,769	8,255,769	-	-
Financial assets at fair value through profit or loss	700,882,066	606,759,309	-	94,122,757
Financial assets at fair value through other elements of comprehensive income	628,936,711	628,936,711	-	-
Financial assets measured at amortized cost	10,128,799	5,388,691	-	4,740,108
Other assets	15,270,683	8,175,803	-	7,094,880
TOTAL	1,369,380,099	1,263,413,824	491	105,965,784
Financial liabilities				
Dividends to be paid	68,391,044	68,391,044	-	-
Other liabilities	2,112,998	2,112,998	-	-
TOTAL	70,504,042	70,504,042	-	-

Notes to interim individual financial statements

for the financial period ended 30 September 2018

4. Significant risks administration (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

31 December 2017

In LEI	Book value	LEI	USD	EUR
Financial assets				
Cash and cash equivalents	6,574,391	6,561,688	605	12,098
Deposits at banks	15,558,404	15,558,404	-	-
Financial assets at fair value through profit or loss	98,683,282	-	-	98,683,282
Financial assets available for sale	1,164,697,391	1,164,697,391	-	-
Loans and receivables	5,863,691	-	-	5,863,691
Other assets	7,682,571	587,691	-	7,094,880
TOTAL	1,299,059,730	1,187,405,174	605	111,653,951
Financial liabilities				
Dividends to be paid	54,323,451	54,323,451	-	-
Other liabilities	10,770,267	10,770,267	-	-
TOTAL	65,093,718	65,093,718	-	-

The net impact on Company's profit of a change of $\pm 5\%$ of the RON/ EUR currency rate together with a modification of $\pm 5\%$ of the RON/ USD currency rate as of 30 September 2018, all other variables remaining constant, is of $\pm 4,450,584$ lei (31 December 2017: $\pm 4,689,491$ lei).

(a) 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 municipalities or companies, current accounts and bank deposits and loans and receivables.

As of 30 September 2018 and 31 December 2017 the Company holds due and unreceived bond liabilities in the amount of 16,053,211 lei, issued by Medical Competences Muntenia SA, which has entered insolvency procedure for this being constituted a real estate collateral as a guarantee amounting to 15,636,941 lei. For these liabilities, impairment adjustments are made in the amount of 8,777,411 lei.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

4. Significant risks administration (continued)

(b) Credit risk (continued)

The Company's maximum exposure to credit risk amounts to 36,199,581 lei as of 30 September 2018 and to 35,674,281 lei as of 31 December 2017 and may be analyzed as follows:

In LEI	30 September 2018	31 December 2017
<i>Exposures of current accounts and deposits at banks (Note 13 and Note 14)</i>		
Banca Transilvania S.A.	10,461	3,506,858
Libra Internet Bank S.A.	7,261,068	2,814,849
Banca Comercială Română S.A.	596	9,024,223
BRD - Groupe Societe Generale S.A.	1,243,147	646,652
Credit Europe Bank S.A.	4,429,114	19,481
Marfin Bank S.A.	5,971	3,033,519
Banca Comercială Feroviară S.A.	5,628	1,996,930
Banca Comercială Intesa Sanpaolo Bank	2,927	-
Other commercial banks	1,201,364	1,085,507
Total	14,160,276	22,128,019

Financial assets measured at amortized cost / Loans and receivables (Note 15 (c))

Banca Transilvania S.A. Bonds	-	1,161,660
Impact Developer&Contractor S.A. Bonds	4,663,700	4,659,700
Medimfarm S.A. Bonds	5,300,000	-
Other bonds and related interest	165,099	42,331
Total	10,128,799	5,863,691

Financial assets measured at amortized cost / Loans and receivables classified by maturity are:

- current (Medimfarm S.A., Impact Developer&Contractor S.A., Banca Transilvania S.A. bonds and related interest)	10,128,799	5,863,691
Total	10,128,799	5,863,691

Notes to interim individual financial statements

for the financial period ended 30 September 2018

4. Significant risks administration (continued)

(b) Credit risk (continued)

In LEI	30 September 2018	31 December 2017
<i>Various debtors and trade receivables (Note 17)</i>		
Consol S.A.	2,056,149	2,057,414
Banca Română de Scont S.A.	1,283,228	1,283,228
Autoritatea Administrării Activelor Statului	1,153,625	1,153,625
Timpuri Noi S.A.	2,529,526	2,529,526
Galgros S.A.	-	1,951,258
Vulturul Comarnic S.A.	2,451,251	2,451,251
Muntenia Medical Competences S.A.	16,053,211	16,053,211
Transchim S.A.	2,250,243	2,250,243
Siderca S.A.	410,334	410,334
Dividends to be received	2,494,741	1,075,961
Other various debtors	3,474,225	664,421
Impairment of trade receivables and various debtors	(22,246,027)	(24,197,902)
Total	11,910,506	7,682,571

Various debtors and trade receivables classified according to maturity:

- current (various debtors and dividends to be received)	4,634,706	406,771
- outstanding, adjustments of gross values (various debtors and dividends to be received)	29,521,827	31,473,702
- adjustments for various debtors (Consol S.A., Banca Română de Scont S.A., Autoritatea Administrării Activelor Statului, Muntenia Medical Competences S.A., Transchim S.A., Siderca S.A., Timpuri Noi S.A., Galgros S.A., Cristiro S.A., Vulturul Comarnic S.A.,) and outstanding dividends to be received	(22,246,027)	(24,197,902)
Total	11,910,506	7,682,571
Total exposure	36,199,581	35,674,281

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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 September 2018, and for the financial exercise ended 31 December 2017 is as follows:

30 September 2018

<i>In LEI</i>	Book value	Below 3 months	Between 3 and 12 months	More than 1 year	Without default maturity
Financial assets					
Cash and cash equivalents	5,906,071	5,904,507	-	-	1,564
Deposits at banks	8,255,769	8,243,795	-	-	11,974
Financial assets at fair value through profit or loss	700,882,066	-	-	94,122,756	606,759,310
Financial assets at fair value through other items of comprehensive income	628,936,711	-	-	-	628,936,711
Financial assets measured at amortized cost	10,128,799	-	165,099	9,963,700	-
Other assets	15,270,683	15,270,683	-	-	-
Total financial assets	1,369,380,099	29,418,985	165,099	104,086,456	1,235,709,559
Financial liabilities					
Dividends to be paid	68,391,044	68,391,044	-	-	-
Other liabilities	2,112,998	2,112,998	-	-	-
Total financial liabilities	70,504,042	70,504,042	-	-	-
Surplus liquidity	1,298,876,057	(41,085,057)	165,099	104,086,456	1,235,709,559

Considering statistical data related to previous years on shareholders' request of dividends during the year following the distribution, the Company's Management considers that their quota is insignificant from the undistributed dividends registered as at 30 September 2018.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

4. Significant risks administration (continued)

(c) Liquidity risk (continued)

31 December 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	6,574,391	6,569,615	-	-	4,776
Deposits at banks	15,558,404	15,547,743	-	-	10,661
Financial assets at fair value through profit or loss	98,683,282	-	98,683,282	-	-
Financial assets available for sale	1,164,697,391	-	-	-	1,164,697,391
Loans and receivables	5,863,691	42,331	9,543	5,821,360	-
Other assets	7,682,571	7,682,571	-	-	-
Total financial assets	1,299,059,730	29,842,260	98,692,825	5,821,360	1,164,712,828
Financial liabilities					
Dividends to be paid	54,323,451	54,323,451	-	-	-
Other liabilities	10,770,267	10,770,267	-	-	-
Total financial liabilities	65,093,718	65,093,718	-	-	-
Surplus liquidity	1,233,966,012	(35,251,458)	98,692,825	5,821,360	1,164,712,828

Considering statistical data related to previous years on shareholders' request of dividends during the year following the distribution, the Company's Management considers that their quota is insignificant from the undistributed dividends registered as at 30 December 2017.

(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 possible that the Company may be subject to tax audits on the extent of issuing new tax regulations.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

4. Significant risks administration (continued)

(f) 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.

(g) 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 discusses 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 S.A.I. Muntenia Invest S.A.

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

Key sources of uncertainty of estimation

Impairment of assets measured at amortized cost / 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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

5. Significant accounting estimates and judgments (continued)

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

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 evaluation. 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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

30 September 2018

<i>In LEI</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	226,448,452	-	474,433,614	700,882,066
Financial assets at fair value through other items of comprehensive income	615,233,994	-	13,702,717	628,936,711
	841,682,446	-	488,136,331	1,329,818,777

31 December 2017

<i>In LEI</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	-	98,683,282	98,683,282
Financial assets available for sale at fair value	680,298,340	-	404,672,354	1,084,970,694
	680,298,340	-	503,355,636	1,183,653,976

For the period ended 30 September 2018, 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 92,930,319 lei (as of 31 December 2017: 98,683,282 lei), closed fund units amounting to 139,707,772 lei and shares held in eleven companies whose fair value amounting to 241,795,523 lei was determined by an independent valuator using valuation models according to ANEVAR Valuation Standards.

The Company presented in the period ended 30 September 2018 financial assets at fair value through other items of the comprehensive result on level 3 of the fair value hierarchy, the shares held at a company whose fair value of 13,702,717 RON was determined by an independent valuer using valuation models in accordance with the ANEVAR Valuation Standards.

For the period ended 31 December 2017, the Company has classified financial assets available for sale at fair value in Level 3 of the fair value hierarchy, shares in eleven companies whose fair value of 2532,442,873 lei was determined by an independent valuator using valuation models according to the ANEVAR Valuation Standards and closed fund units amounting to 152,229,482 lei.

Following the application of IFRS 10 on the exceptions from consolidation, the shares held in subsidiaries presented in Level 3 of the fair value hierarchy were reclassified on 1 January 2018 from financial assets available for sale to fair value through profit or loss in accordance with IFRS 9.

Following the adoption of IFRS 9, the fund units presented in level 3 of the fair value hierarchy were reclassified on 1 January 2018 from category of financial assets available for sale to financial assets at fair value through profit or loss.

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

Notes to interim individual financial statements

for the financial period ended 30 September 2018

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

Assumptions used in the valuation model	Value of the indicator used in the valuation
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%	-	10,027,373
Decrease of EBITDA with 3%	-	(10,136,376)
Increase of WACC with 0,5%	-	(11,711,000)
Decrease of WACC with 0,5%	-	13,431,316
Increase of perpetuity of revenues and expenses with 0,5%	-	10,033,598
Decrease of perpetuity of revenues and expenses with 0,5%	-	(8,664,072)

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 12,787,276 lei as of 31 December 2017, 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 19,541,600 lei as of 30 September 2018 (31 December 2017: 8,289,396 lei), a 10% adverse change having an equal net impact and of opposite sign.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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

<i>In LEI</i>	Financial assets at fair value through profit or loss	Financial assets available for sale at fair value / Financial assets measured at fair value through other items of comprehensive income
1 January 2017	64,226,991	311,266,272
	34,200,471	(4,626,448)
Gains or losses for the period included in profit or loss	-	72,069,062
Period gains or losses included in other comprehensive income		
Acquisitions, participations to share capital	29,205,276	36,999,896
Sales	(28,949,456)	(11,036,428)
31 December 2017	98,683,282	404,672,354
Restatement according to the adoption of IFRS 9	152,229,481	(152,229,481)
Restatement according to IFRS 10	252,442,873	(252,442,873)
Transfers to level 3	-	13,702,717
	(22,658,651)	-
Gains or losses for the period included in profit or loss		
Acquisitions, participations to share capital	25,000,000	-
sales	(31,263,371)	-
30 September 2018	474,433,614	13,702,717

On 30 September 2018, the participation held at ICPE S.A. was transferred from level 1 to level 3 of the fair value hierarchy, at the fair value of 13,702,717 RON.

At 31 December 2017, there were no transfers between the levels of the fair value hierarchy.

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.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

6. Dividend income

Dividend income is recorded on a gross basis. Tax rates on dividends for the period ended at 30 September 2018 was of 5% and zero (period ended at 30 September 2017: 5% and zero). Details on the main counterparts of dividend income is presented below:

In LEI	30 September 2018	30 September 2017
Voluthema Property Developer S.A.	5,790,747	-
BRD GSG S.A.	5,948,757	2,489,512
Banca Transilvania S.A.	15,216,374	5,162,053
Transilvania Leasing&Credit IFN S.A.	127,498	127,498
Biofarm S.A.	9,545,202	8,540,444
SN Nuclearelectrica S.A.	289,278	106,069
Ci-Co S.A.	2,088,019	-
Casa de Bucovina Club de Munte S.A.	447,601	380,461
ICPE S.A.	385,492	349,363
Bursa de valori Bucureşti S.A.	592,340	304,999
Firos S.A.	1,412,230	844,673
Conpet S.A.	286,251	424,442
SNTGN Transgaz S.A.	943,904	625,455
SNGN Romgaz S.A.	5,603,769	3,339,337
Şantierul Naval Orşova S.A.	240,736	300,920
Sticloval S.A.	-	423,375
Compania de Librării Bucureşti S.A.	311,002	348,080
Gecsatherm S.A.	430,292	458,159
Gecsat S.A.	686,511	514,993
OMV Petrom S.A.	614,345	105,000
Unisem S.A.	-	406,700
Others	799,562	1,017,499
Total	51,759,913	26,269,033

7. Interest income

In LEI	30 September 2018	30 September 2017
Income from interest on deposits and current bank accounts	313,438	482,217
Interest income on financial assets measured at amortized cost / loans and receivable	289,342	51,556
Total	602,780	533,773

Notes to interim individual financial statements

for the financial period ended 30 September 2018

8. Net profit from the sale of assets

In LEI	30 September 2018	30 September 2017
	-	5,913,736
Net gain on disposal of financial assets available for sale (i)	-	1,289,979
Net loss on sale of financial assets at fair value through profit or loss (ii)	-	1,289,979
Total	7,203,715	

(i) As at 30 September 2017, the book value of financial assets available for sale measured at cost at the moment of sale was of 23,906,902 lei and the sales gain amounted to 961,500 lei.

As at 30 September 2017 the book value of financial assets available for sale measured at cost at the moment of sale was of 23,302,736 lei, while the net gain amounted to 4,952,236 lei.

(ii) As at 30 September 2017, the book value of financial assets measured at fair value at the moment of sale was of 29,890,887 lei, while the sales gain was of 1,289,979 lei.

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

In LEI	30 September 2018	30 September 2017
Net gain on revaluation of financial assets at fair value through profit or loss / financial assets held for trading - shares	27,115,821	3,956,277
Net loss/gain on revaluation of financial assets at fair value through profit or loss / financial assets held for trading - structured products	(4,695,612)	24,969,021
Net loss on revaluation of financial assets at fair value through profit or loss - fund units	(20,171,697)	-
Net gain on revaluation of financial assets at fair value through profit or loss - bonds	184,641	-
Total	2,433,153	28,925,298

Notes to interim individual financial statements

for the financial period ended 30 September 2018

10. Reversal/ (losses) of impairment losses

<i>In LEI</i>	30 September 2018	30 September 2017
Impairment losses on financial assets available for sale (Note 15b)	-	(336,052)
Reversal of impairment losses on loans and receivables (Note 15c)	-	1,425,842
Reversal of losses / (Losses) from impairment of other assets (Note 17)	1,951,875	(4,824,992)
Total	<u>1,951,875</u>	<u>(3,735,202)</u>

11. Other operating expenses

<i>În LEI</i>	30 September 2018	30 September 2017
Expenditure on external benefits	578,998	629,463
Expenditure on commissions	1,111,745	1,004,366
Custody fees	218,700	183,856
Trading costs	98,108	149,417
Protocol, advertising and advertising expenses	104,096	95,026
Other operating expenses	<u>65,026</u>	<u>192,569</u>
Total	<u>2,176,673</u>	<u>2,254,697</u>

Other operating expenses include expenditure with transportation, telecommunications, other taxes and fees, etc.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

12. Income tax

<i>In LEI</i>	30 September 2018	30 September 2017
Current income tax		
Current income tax 16%)	3,618,875	3,390,515
Dividend tax (5%)	1,521,548	679,415
	5,140,423	4,069,930
Deferred income tax		
Adjustments for impairment of other assets	312,300	(358,824)
	312,300	(358,824)
Total	5,452,723	3,711,106

Reconciliation of profit before taxation with the income tax:

<i>In LEI</i>	30 September 2018	30 September 2017
Income before tax	41,311,141	42,883,390
Tax under statutory tax rate of 16% (2017: 16%)	6,609,783	6,861,342
Effect on income tax of:		
Dividends tax rates	1,521,548	679,415
Items similar to income resulting from the adoption of IFRS 9	9,260,377	-
Items similar to expenditures following the adoption of IFRS 9	(155,545)	-
Non-deductible expenses	3,267,465	1,769,154
No-taxable income	(15,363,205)	(4,646,391)
Recording and reversal of temporary differences	312,300	(358,824)
Carried forward fiscal loss	-	(593,590)
Income tax	5,452,723	3,711,106

Notes to interim individual financial statements

for the financial period ended 30 September 2018

13. Cash and current accounts

<i>In LEI</i>	30 September 2018	31 December 2017
Cash in the petty cash	1,564	4,776
Current accounts at banks	5,904,507	6,569,615
Total	5,906,071	6,574,391

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

14. Deposits with banks

<i>In LEI</i>	30 September 2018	31 December 2017
Bank deposits with an initial maturity less than 3 months (i)	8,240,890	12,500,000
Bank deposits with an initial maturity more than 3 months and less than 1 year (i)	-	3,010,000
Receivables attached	2,905	37,743
Blocked deposits	11,974	10,661
Total deposits with banks	8,255,769	15,558,404

(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

<i>In LEI</i>	30 September 2018	31 December 2017
Structured products (i)	92,930,319	98,683,282
Shares (ii)	441,473,177	-
Fund units (iii)	165,286,133	-
Bonds (iv)	1,192,437	-
Total	700,882,066	98,683,282

Notes to interim individual financial statements

for the financial period ended 30 September 2018

15. Financial assets (continued)

a) Financial assets at fair value through profit or loss (continued)

(i) During 2017, the Company invested in bonds issued by OPUS Chartered Issuance SA with a one-year maturity and an acquisition cost of 29,205,275 lei, equivalent to 6,389,253 euro for a number of 501 units. The acquisition of this type of securities is part of the investment policy of SIF Muntenia S.A. through diversification of the investment portfolio. These securities follow the price evolution of a basket of shares of SIF Banat Crișana S.A. (52%) and SIF Moldova S.A. (48%), their holder being entitled to receive dividends, but their holding not granting also the investor the right to vote for the SIF1 and SIF2 stakes. OPUS Chartered Issuance S.A. is a public limited liability company registered in the Grand Duchy of Luxembourg as an unregulated securitization company, the transaction dealership being represented by Morgan Stanley International Plc.

In September 2018, the maturity of this title issued by OPUS Chartered Issuance SA was extended for a period of two years.

On 30 September 2018, the Company evaluated these securities using a valuation model that takes into account the Bloomberg closing price of 145,140 euro / certificate (31 December 2017: 163,810 euro / certificate).

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 in the investment policy is part of SIF Muntenia S.A.'s diversification of the investment portfolio. The titles follow the evolution 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.

In September 2018, the maturity of this title issued by OPUS Chartered Issuance SA was extended for a period of two years.

On 30 September 2018, the Company evaluated these securities using a valuation model that takes into account the Bloomberg closing quotation of EUR 114,1588 / certificate (31 December 2017: EUR 117,170 / certificate) as well as an adjustment factor that mainly concerns the liquidity risk in the underlying asset market and its effect on the price of the securities issued by the issuer. The aforementioned adjustment factor determined the decrease in the fair value of these securities by 2,270,568 lei, recorded on the basis of the profit or loss in 2016 and not reversed in the period ended at 30 september 2018.

(ii) As of 1 January 2018, the Company adopted IFRS 9 and applied IFRS 10 on the exception to consolidation (Note 27 and Note 28). Applying this exception implies that an investment entity must measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9 (Note 2 a). On 30 September 2018, the fair value of the subsidiaries is RON 440,823,527.

The shares held at Purcari Wineries Public Company Limited that were acquired during the period ended as at 30 September 2018 were also classified in this category. The fair value of this holding is 649,650 lei as at 30 September 2018.

The fair value measurements were made 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 prepared by independent valuers.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

15. Financial assets (continued)

a) Financial assets at fair value through profit or loss (continued)

(iii) Starting 1 January 2018, fund units classified as available for sale in accordance with IAS 39 were reclassified to IFRS 9 at fair value through profit or loss (Note 27). On 30 September 2018, the Company owns fund units valued at fair value, of which: open-end investment funds (Star Next, Star Focus, Prosper Invest, Active Dinamic) worth 20,766,101 lei and closed-end investment funds/alternative investment funds (BET- FI Index Invest, Multicapital Invest, Active Plus, Omnitrend, Star Value, Optim Invest and Certinvest Actiuni) worth 144,520,032 lei.

Under the regulations issued by the Financial Supervisory Authority, fund units are valued at the unit value of the net asset, calculated by the fund manager using closing quotation for the financial instruments held by the funds. If the Company notes that there is no active market for a Fund's holdings, it uses public information about the fund's holdings (financial statements, audit reports, portfolio structure, etc.), obtaining a corrected NAV per SHARE corrected with the adjustments deemed necessary at the net asset value following the analysis of the aforementioned public information.

(iv) This category included the bonds held with Banca Transilvania, bonds containing contractual clauses regarding the option of conversion into shares and the analysis of contractual terms shows that cash flows do not exclusively represent payments of principal and interest on the principal due, which are related to a basic lending agreement (Note 27).

On 30 September 2018, the fair value of the bonds is 1,192,437 lei.

b) Financial assets at fair value through other items of comprehensive income / Financial assets available for sale

In LEI	30 September 2018	31 December 2017
Shares valued at fair value (i)	628,936,711	905,239,333
Shares valued at cost (ii)	-	79,726,697
Fund units valued at fair value (iii)	-	179,731,361
Total	628,936,711	1,164,697,391

(i) As of 1 January 2018, the Company has adopted IFRS 9 and applied IFRS 10 on the Exceptions from Consolidation (Note 27 and Note 28), thus subsidiaries have been reclassified to financial assets at fair value through profit or loss.

The fair value was determined at the closing price on the last trading day of the reporting period or by evaluations carried out by independent valuers. On 30 September 2018, the shares category measured at fair value includes mainly the value of the shares held in BRD - Groupe Societe Generale S.A., Banca Transilvania, SIF Banat-Crișana S.A., SIF Oltenia S.A., SNGN Romgaz S.A. (31 December 2017: BRD - Groupe Societe Generale S.A., Banca Transilvania, Biofarm S.A., SIF Banat-Crișana S.A., SIF Oltenia S.A.).

Notes to interim individual financial statements

for the financial period ended 30 September 2018

15. Financial assets (continued)

b) Financial assets at fair value through other items of comprehensive income / Financial assets available for sale (continued)

(ii) As at 31 December 2017, the value of the shares valued at the cost of 79,726,697 lei is determined by their cost or the transfer value in the category of shares measured at fair value amounting to 242,329,748 lei diminished with depreciation adjustments amounting to 162,603,053 lei. Depreciation adjustments for the 2017 financial exercise were constituted, amounting to 954,946 lei.

At the date of transition to IFRS 9, these shares were reclassified to financial assets at fair value through other items of comprehensive income (Note 27).

(iii) On 31 December 2017, the Company owns fund units valued at fair value, of which: in open-end investment funds (Certinvest Prudent, Certinvest Dinamic, Star Next, Star Focus, Prosper Invest, Active Dynamic) amounting to 22,258,176 lei and in closed-end investment funds (Certinvest Properties RO, BET-FI Index Invest, Multicapital Invest, Active Plus, Omnitrend, Star Value și Optim Invest) amounting to 157,900,739 lei.

Based on the regulations issued by the FSA, the fund units are measured at the nominal value of the net asset, calculated by the fund manager using closing prices of the financial instruments held by the fund. If the company notices that there is not an active market for the holdings of a fund, the measurement 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 31 December 2017 provisions for impairment amounting to 427,554 lei are recognized mainly for FII Certinvest Properties.

At the date of transition to IFRS 9, these fund units were reclassified to financial assets at fair value through profit or loss (Note 27).

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for the financial period ended 30 September 2018

15. Financial assets (continued)

b) Financial assets at fair value through other items of comprehensive income / Financial assets available for sale (continued)

The movement of financial assets at fair value through other items of comprehensive income in the period ended at 30 September 2018 is presented in the following table:

In LEI	Shares valued at fair value	Shares valued at cost	Fund units	Total
31 December 2017	905,239,333	79,726,697	179,731,361	1,164,697,391
Reclassification following the adoption of IFRS 9 (Note 27)	79,726,697	(79,726,697)	(179,731,361)	(179,731,361)
Reclassification due to IFRS 10 (Note 27)	(425,431,656)	-	-	(425,431,656)
Net change during the period (i)	12,580,591	-	-	12,580,591
Changes in fair value	56,821,746	-	-	56,821,746
30 September 2018	628,936,711	-	-	628,936,711

The movement of financial assets available for sale in the period ended at 30 September 2017 is presented in the following table::

In LEI	Shares valued at fair value	Shares valued 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)	15,160,682	(915,064)	16,074,647	30,320,264
Impairment losses (Note 10)	-	(336,052)	-	(336,052)
Changes in fair value	76,447,483	-	30,077,355	106,524,838
30 September 2017	855,237,397	79,692,425	155,742,244	1,090,672,065

Notes to interim individual financial statements

for the financial period ended 30 September 2018

15. Financial assets (continued)

b) Financial assets at fair value through other items of comprehensive income / Financial assets available for sale (continued)

(i) Inputs of shares in the period ended at 30 september 2018 represent: purchases of shares on a regulated market: SNGN Romgaz S.A., BRD Group Societe Generale S.A., Macofil S.A., Banca Transilvania S.A. and OMV Petrom S.A., participation in share capital increases of companies existing in the portfolio: Bursa de Valori Bucureşti S.A., ICPE S.A ..

Outputs of shares in the period ended at 30 september 2018 represent: sales of shares in the portfolio from the following issuers: Conpet SA, Alumil Rom Industry SA, Primcom SA, OMV Petrom S.A., Complex Cabana Ciucaş S.A. and Cotroceni Park S.A., shares from de-registered companies: Urbis Armături Sanitare SA, Sibex-Sibiu Stock Exchange SA, Metaplast SA, Tehnopam SA, Suinprod SA Sticla S.A. and Mercur Trading S.A., withdrawals from companies: Depozitarul Sibex SA, Pavcom SA, share capital decreases: Gecsat S.A.

Inputs of shares in the period ended at 30 september 2017 represent: participation in share capital increases of companies existing in the portfolio: Vrancart S.A., Banca Transilvania S.A. și Teraplast S.A. purchases of shares on a regulated market: Vrancart S.A., BRD Group Societe Generale S.A., SIF Oltenia S.A., OMV Petrom S.A. and Banca Transilvania S.A..

Outputs of shares in the period ended at 30 september 2017 represent: sales of shares in the portfolio from the following issuers: Cemacon S.A., Complex Savoy S.A. Mamaia and Rombeton S.A., shares from de-registered companies: Navol S.A. Olteniţa.

Inputs of fund units in the period ended at 30 september 2017 are subscriptions such as FII Optim Invest.

Outputs of fund units in the period ended at 30 september 2017 are redemptions such as FII Certinvest Properties RO, FDI Certinvest Dinamic, FDI Napoca, FDI Tehnoglobinvest, FDI Transilvania, FII STK Emergent, FDI STK Europe, FII BT Invest 1, FII Omnihedge.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

15. Financial assets (continued)

c) *Financial assets measured at amortized cost/Loans and Receivables*

In LEI	30 September 2018	31 December 2017
Corporate bonds - other currencies	4,740,108	5,863,691
Corporate bonds - LEI	5,388,691	-
TOTAL	<u>10,128,799</u>	<u>5,863,691</u>
of which with maturity in more than a year:		
Corporate bonds - other currencies	4,663,700	5,821,360
Corporate bonds - LEI	5,300,000	-

Following the adoption of IFRS 9 on 1 January 2018, the bonds issued by Banca Transilvania were reclassified to financial assets at fair value through profit or loss and the bonds issued by Impact Developer & Contractor were reclassified at amortized cost (Note 27).

During Q3 2018 unlisted bonds were acquired, issued by Medimfarm S.A. Amounting to 5,300,000 lei.

During the year 2017, the matured and uncollected bonds were transferred, including impairment adjustments in Other assets - Various Debtors (Note 17), bonds issued by Muntenia Medical Competences S.A., Siderca S.A., Transchim S.A.,

In LEI	30 September 2018	31 December 2017
At 1 January	<u>-</u>	<u>(12,863,830)</u>
Resumption adjustment for impairment	-	1,425,842
Transfer to Various Debtors (Note 17)	-	11,437,988
At 30 September / 31 December	<u>-</u>	<u>-</u>

Notes to interim individual financial statements

for the financial period ended 30 September 2018

16. Tangible assets

In LEI	Plant and machinery	Other fixtures, tools and furniture	Total
<i>Cost</i>			
as of 1st January 2018	389,750	9,996	399,746
Acquisitions	5,699	-	5,699
Sales	-	-	-
As of 30 September 2018	395,449	9,996	405,445
<i>Accumulated depreciation and impairment losses</i>			
as of 1st January 2018	231,616	2,399	234,015
Depreciation expenses	47,598	2,363	49,961
Sales	-	-	-
As of 30 September 2018	279,214	4,762	283,976
<i>Net book value</i>			
as of 1st January 2018	158,134	7,597	165,731
As of 30 September 2018	116,235	5,234	121,469
In LEI	Plant and machinery	Other fixtures, tools and furniture	Total
<i>Cost</i>			
as of 1st January 2017	397,847	3,597	401,444
Acquisitions	-	-	-
Sales	(8,098)	-	(8,098)
As of 30 September 2017	389,749	3,597	393,346
<i>Accumulated depreciation and impairment losses</i>			
as of 1st January 2017	176,460	1,379	177,839
Depreciation expenses	47,441	764	48,205
Sales	(8,098)	-	(8,098)
As of 30 September 2017	215,803	2,143	217,946
<i>Net book value</i>			
as of 1st January 2017	221,387	2,218	223,605
As of 30 September 2017	173,946	1,454	175,400

As of 30 September 2018 and 30 September 2017 the Company had no tangible assets pledged or in custody to third parties.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

17. Other assets

In LEI	30 September 2018	31 December 2017
Various debtors	31,661,792	30,804,512
Dividends to be received	2,494,741	1,075,961
Current income tax receivables (i)	3,360,177	-
Other assets	63,197	46,391
Minus adjustments for depreciation various debtors	(21,490,296)	(23,442,820)
Minus adjustments for depreciation dividends receivables	(755,731)	(755,082)
Total	15,333,880	7,728,962
<i>Of which, with credit risk (Note 4 b)):</i>	15,270,683	7,682,571

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

In LEI	30 September 2018	31 December 2017
as of 1st January	(24,197,902)	(7,926,053)
Establishment of Adjustment for impairment (Note 10)	1,951,875	(4,833,861)
Transfer from Loans and receivables (Note 15 c)	-	(11,437,988)
As of 30 September / 31 December	(22,246,027)	(24,197,902)

(i) On September 30, 2018, current tax expense amounted to RON 3,618,875 (Note 12), and the income tax paid for the period ended at 30 September 2018 was RON 6,979,052, resulting in a current income tax receivable on 30 September 2018 of RON 3,360,177.

18. Dividend payment

In LEI	30 September 2018	31 December 2017
Dividend payment for 2014 profit	22,463,569	22,651,175
Dividend payment for 2015 profit	16,245,378	16,467,894
Dividend payment for 2016 profit	14,840,245	15,204,382
Dividend payment for 2017 profit	14,841,852	-
Total dividend payment	68,391,044	54,323,451

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).

Notes to interim individual financial statements

for the financial period ended 30 September 2018

19. Liabilities related to deferred income tax

Liabilities with deferred tax as of 30 September 2018 are generated by items detailed within the table below:

<i>In LEI</i>	Assets	Liabilities	Net
Financial assets at fair value through other items of comprehensive income	206,785,877	-	206,785,877
Impairment adjustments and other provisions	-	22,246,027	(22,246,027)
Total	206,785,877	22,246,027	184,539,850
Net temporary differences - 16% quota			184,539,850
Deferred income tax liabilities			29,526,376

Liabilities related to deferred income tax as at 31 December 2017 are generated by items detailed in the table below:

<i>In LEI</i>	Assets	Liabilities	Net
Financial assets available for sale	208,886,890	-	208,886,890
Impairment adjustments and other provisions	-	24,197,902	(24,197,902)
Total	208,886,890	24,197,902	184,688,988
Net temporary differences - 16% quota			184,688,988
Deferred income tax liabilities			29,550,239

The balance of the deferred tax directly recognized through decrease of equity amounts to 25,867,903 lei as at 30 September 2018 (31 December 2017: 37,040,415 lei), being entirely generated by financial assets at fair value through other items of comprehensive result / financial assets available for sale.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

20. Other liabilities

<i>In LEI</i>	30 September 2018	31 December 2017
Suppliers - invoices to be received	1,595,656	3,473,319
Current income tax liabilities	-	1,459,909
Taxes and fees	213,782	882,979
Domestic suppliers	29,756	490,231
Other liabilities (i)	273,804	4,463,829
Total	2,112,998	10,770,267

(i) In Other liabilities as of 30 December 2017, the amount 4,190,550 lei is registered, representing the payments to be done related to share capital increases of the affiliate 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, payment made during the period ended 30 September 2018.

21. Equity and reserves

(a) Share capital

The shareholding structure of the Company is the following:

31 December 2017	Shareholders number	Number of shares	Amount (RON)	(%)
Individuals	5,954,783	484,362,855	48,436,286	60.02
Legal persons	191	322,673,660	32,267,366	39.98
Total	5,954,974	807,036,515	80,703,652	100

All shares are ordinary shares, they were subscribed and paid in full by 31 December 2017. 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 September 2018 there were no changes in the number of issued shares.

Presentation of shareholding structure as of 30 September 2018 is not relevant.

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

<i>In LEI</i>	30 September 2018	31 December 2017
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

Notes to interim individual financial statements

for the financial period ended 30 September 2018

21. Equity and reserves (continued)

(b) Reserves from revaluation of financial assets at fair value through other items of comprehensive result/ financial assets available for sale

This reserve includes cumulative net changes in the fair values of financial assets at fair value through other items of comprehensive result / 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 at fair value through other items of comprehensive result / 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) Retained earnings representing surplus from revaluation reserves - IFRS 9

When derecognizing equity instruments designated as financial assets at fair value through other comprehensive income, the gains / losses on these instruments are reclassified to retained earnings from revaluation reserves.

Amounts recognized in reserves from the revaluation of financial assets at fair value through other comprehensive income shall not be reclassified to profit or loss on derecognition of those instruments.

(d) 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 Incorporation. Legal reserve value at 30 September 2018 is of 16,140,730 lei (31 December 2017: 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 “Retained earnings / Cumulated loss” line.

(e) Dividends

During the period ended 30 September 2018 the Company declared dividends amounting to 28,004,167 lei for the year 2017, respectively 0.0347 lei/ share. During the year 2017, the Company declared dividends amounting to 32,281,461 lei related to 2016, respectively 0.04 lei/ share.

During 2017 the Company prescribed dividends amounting to 42,064,242 lei related to 2012 profit, 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 September 2018	30 September 2017
Net income	35,858,418	39,172,284
Weighted average number of ordinary shares	807,036,515	807,036,515
Basic earnings per share	0.044	0.049

Diluted earnings per share is equal to basic earnings per share as the Company has not registered potential ordinary shares.

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for the financial period ended 30 September 2018

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 September 2018:

<i>In LEI</i>	Fair value through profit or loss	Fair value through other items of comprehensive income	Amortized cost	Total book value	Fair value
Cash and cash equivalents	-	-	5,906,071	5,906,071	5,906,071
Deposits at banks	-	-	8,255,769	8,255,769	8,255,769
Financial assets at fair value through profit or loss	700,882,066	-	-	700,882,066	700,882,066
Financial assets at fair value through other items of comprehensive income	-	628,936,711	-	628,936,711	628,936,711
Financial assets measured at amortized cost	-	-	10,128,799	10,128,799	11,432,501
Other financial assets	-	-	15,270,683	15,270,683	15,270,683
Total financial assets	700,882,066	628,936,711	39,561,322	1,369,380,099	1,370,683,801
Dividends to be paid	-	-	(68,391,044)	(68,391,044)	(68,391,044)
Other financial liabilities	-	-	(2,112,998)	(2,112,998)	(2,112,998)
Total financial liabilities	-	-	(70,504,042)	(70,504,042)	(70,504,042)

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).

Notes to interim individual financial statements

for the financial period ended 30 September 2018

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 2017:

<i>In LEI</i>	Tradable	Available for sale	Amortized cost	Total book value	Fair value
Cash and cash equivalents	-	-	6,574,391	6,574,391	6,574,391
Deposits at banks	-	-	15,558,404	15,558,404	15,558,404
Financial assets at fair value through profit or loss	98,683,282	-	-	98,683,282	98,683,282
Financial assets available for sale	-	1,164,697,391	-	1,164,697,391	1,164,697,391
Loans and receivables	-	-	5,863,691	5,863,691	6,625,744
Other financial assets	-	-	7,682,571	7,682,571	7,682,571
Total financial assets	98,683,282	1,164,697,391	35,679,057	1,299,059,730	1,299,821,783
Dividends to be paid	-	-	(54,323,451)	(54,323,451)	(54,323,451)
Other financial liabilities	-	-	(10,770,267)	(10,770,267)	(10,770,267)
Total financial liabilities	-	-	(65,093,718)	(65,093,718)	(65,093,718)

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).

Notes to interim individual financial statements

for the financial period ended 30 September 2018

24. Commitments and contingent liabilities

(a) *Litigations*

The company is the subject of a number of court proceedings resulting from the normal course of business. The Company's management believes, based on consultations with its lawyers, that these actions will not have a significant adverse effect on the Company's financial results and financial position.

(b) *Contingencies related to the environment*

Environmental regulations are under development in Romania and the Company did not record any obligations at 30 September 2018 and 31 December 2017 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's Management*

The Company operates under an administration contract signed with cu Societatea de Administrare a Investițiilor Muntenia Invest S.A.. The majority shareholder of the Administration Company Societatea de Administrare a Investițiilor Muntenia Invest S.A. is SIF Banat-Crisana, holding 99.98% of the share capital on 30 September 2018. The Board of Directors of SIF Banat Crisana S.A. may change the Board of Directors of S.A.I. Muntenia Invest S.A., the Administrator of the Company.

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

In LEI

<i>Loans and receivables</i>	30 September 2018	31 December 2017
Trade receivables	-	584
Liabilities related to administration fee	(1,450,000)	(2,757,525)
<i>Revenues and expenses</i>	30 September 2018	30 September 2017
Administration fee	(13,050,000)	(13,050,000)
Rental revenues	49,500	49,500

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for the financial period ended 30 September 2018

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

(ii) Key management personnel

30 September 2018

- Members of the Board of Directors of S.A.I. Muntenia Invest S.A.: Florica Trandafir, Adrian Simionescu and Mihăilescu Dorina Teodora.
- Member of the executive management of S.A.I. Muntenia Invest S.A: Nicușor Marian Buică - General Director, Florica Trandafir - Corporate Management Director and Mircea Constantin - Strategy Director.
- Members of the Shareholders Representatives Council.

Transactions with the Company's personnel:

Other transactions	30 September 2018	30 September 2017
Expenses with the remuneration of Shareholders Representatives Council members, of which:		
- gross remunerations paid to the members	723,174	930,462
- social security and social protection expenditure	703,101	758,829
- number of members	20,073	171,633
Expenses with salaries, of which:		
- gross salaries paid or to be paid	43,729	51,305
- social security and social protection expenditure	42,770	41,710
- number of employees	959	9,595

As at 30 September 2018, the Company registers an actual number of 2 employees and 3 members of the Shareholders Representatives Council. The Shareholders Representatives Council Members were appointed during the SGOA of SIF Muntenia dated 25 June 2018.

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for the financial period ended 30 September 2018

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

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

All subsidiaries of the Company at 30 September 2018 and 31 December 2017 are based in Romania. For them, the ownership percentage of the Company is no different from the percentage of number of votes held. The fair value of holdings in subsidiaries and the percentage owned are presented in the table below:

Denomination of the subsidiary	Fair value as at 30 September 2018	Fair value as at 31 December 2017	Percentage held as at 30 September 2018	Percentage held as at 31 December 2017
Avicola Bucureşti S.A.	33,596,411	33,596,411	99.40%	99.40%
Bucur S.A.	16,869,449	18,058,235	67.98%	67.98%
Casa de Bucovina - Club de Munte S.A.	7,833,019	8,235,861	66.87%	66.87%
CI-CO S.A.	45,556,068	45,556,068	97.34%	97.34%
Firos S.A.	40,372,544	40,372,544	99.69%	99.69%
FRGC IFN S.A.	11,175,994	11,175,994	53.60%	53.60%
Gecsatherm S.A.	14,904,998	14,904,998	50.00%	50.00%
Mindo S.A.	9,399,917	9,399,917	98.02%	98.02%
Muntenia Medical Competences S.A.	18,402,916	18,402,916	98.94%	98.94%
Semrom Muntenia S.A.	24,738,147	24,738,147	90.68%	90.68%
Semrom Oltenia S.A.	10,415,870	10,415,870	88.49%	88.49%
Unisem S.A.	14,819,099	14,819,099	76.91%	76.91%
Voluthema Property Developer S.A.	18,413,559	29,060,909	69.11%	69.11%
Biofarm S.A.	174,325,536	146,694,687	50.98%	50.98%
Total	440,823,527	425,431,656	-	-

(iv) Associates of the Company

As at 30 September 2018 the Company does not hold participations in associated entities.

(v) Transactions and balances with subsidiaries 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

<i>Loans and receivables</i>	30 September 2018	31 December 2017
Trade receivables	10,974	9,661
Trade liabilities	(42)	(41)
<i>Revenues and expenses</i>	30 September 2018	30 September 2017
Acquisition of goods and services	(97,487)	(86,287)

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for the financial period ended 30 September 2018

26. Fund units

Fund units on 30 September 2018 and 31 December 2017 are:

Financial assets at fair value through profit or loss / Financial assets available-for-sale	30 September 2018	31 December 2017
FII Certinvest Properties RO	-	427,554
FII Multicapital Invest	10,111,542	11,715,581
FII BET-FI Index Invest	4,812,260	5,243,704
FII Omnitrend	21,078,375	24,603,382
FDI Certinvest Prudent	-	342,538
FDI Certinvest Dinamic	-	472,556
FDI Star Next	1,225,417	1,228,865
FDI Star Focus	949,001	953,305
FDI Prosper Invest	1,336,947	1,280,959
FII Active Plus	43,008,453	50,253,467
FII Star Value	13,805,084	15,083,452
FDI Active Dinamic	17,254,736	17,979,952
FII Optim Invest	27,191,297	50,573,598
FIA Certinvest Acțiuni	24,513,021	-
Total	165,286,133	180,158,915
Depreciation losses (Note 15.b)	-	(427,554)
Financial assets at fair value through profit or loss (Note 15.a) / Financial assets available-for-sale (Note 15.b)	165,286,133	179,731,361

27. Adoption of IFRS 9 Standard

IFRS 9 has affected the classification and measurement of financial assets held as at 1 January 2018 as follows:

Bonds that are classified as loans and receivables and measured at amortized cost in accordance with IAS 39 will be measured at amortized cost (bonds issued by Impact Developer & Contractor - Note 15c) or at fair value through profit or loss (bonds issued by Banca Transilvania - Note 15 (a) (iv)) in accordance with IFRS 9, depending on the analysis of contractual terms in which cash flows are not only principal payments and interest on the principal due.

Shares that are classified as available for sale in accordance with IAS 39 will be measured in accordance with IFRS 9 at fair value through other comprehensive income according to particular circumstances (apart from holdings in subsidiaries). These securities are mainly held for long-term strategic purposes and will be designated as at fair value through other comprehensive income on 1 January 2018.

Shares held in subsidiaries will be measured at fair value through profit or loss as a result of the application of IFRS 10 on the exception to consolidation for which an investment in a subsidiary is measured at fair value through profit or loss in accordance with IFRS 9 (Note 28).

Fund units that are classified as available for sale in accordance with IAS 39 will be measured in accordance with IFRS 9 at fair value through profit or loss.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

27. Adoption of IFRS 9 Standard (continued)

Structured products that are measured at fair value through profit or loss in accordance with IAS 39 will continue to be measured at fair value through profit or loss also in accordance with IFRS 9.

The impact of these changes following the adoption of IFRS 9 as of 1 January 2018 represents a decrease in the Company's equity of 116,419 lei.

Notes to interim individual financial statements

for the financial period ended 30 September 2018

27. Adoption of IFRS 9 Standard (continued)

Initial classification in accordance with IAS 39 and the new IFRS 9 classification of financial assets and liabilities held by the Company on 1 January 2018:

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Financial assets	Note	Classification acc. to IAS 39	Book value acc. to IAS 39 as at 31 December 2017	Classification acc. to IAS 9	Book value acc. to IAS 9 as at 1 January 2018
Shares (equity instruments)	15b	Financial assets available for sale (AFS)	984,966,030	Financial assets at fair value through other comprehensive income (FIFI)	559,534,374
				Financial assets at fair value through profit or loss (FVTPL) - subsidiaries	425,431,656
Fund units (debt instruments)	15b	Financial assets available for sale (AFS)	179,731,361	Financial assets at fair value through profit or loss (FVTPL)	179,731,361
Structured products (debt instruments)	15a	Financial assets at fair value through profit or loss (FVTPL) - held for trading (HFT)	98,683,282	Financial assets at fair value through profit or loss (FVTPL)	98,683,282
Corporate bonds (debt instruments)	15c	Loans and receivables	5,863,691	Financial assets measured at amortized cost	4,669,243
				Financial assets at fair value through profit or loss (FVTPL)	1,078,031
Commercial liabilities and other liabilities	17	Other financial assets	7,682,571	Other financial assets	7,682,571
Cash and bank deposits	13, 14	Cash and cash equivalent	22,132,795	Cash and cash equivalent	22,132,795
TOTAL FINANCIAL ASSETS			1,299,059,730		1,298,943,313

Notes to interim individual financial statements

for the financial period ended 30 September 2018

27. Adoption of IFRS 9 Standard (continued)

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Financial assets	Note	Classification acc. to IAS 39	Book value acc. to IAS 39 as at 31 December 2017	Classification acc. to IAS 9	Book value acc. to IAS 9 as at 1 January 2018
Dividends to be paid	18	Financial liabilities measured at cost	54,323,451	Financial liabilities measured at amortized cost	54,323,451
Other financial liabilities	20	Financial liabilities measured at cost	10,770,267	Financial liabilities measured at amortized cost	10,770,267
TOTAL FINANCIAL LIABILITIES			65,093,718		65,093,718

Notes to interim individual financial statements

for the financial period ended 30 September 2018

27. Adoption of IFRS 9 Standard (continued)

Reconciliation of financial assets and liabilities held by the Company at the date of transition with the amounts at 31 December 2017:

Financial assets	Book value according to IAS 39 as at 31 December	Restatement	Valuation	Book value according to IAS 39 as at 1 January 2018	Effect on carried forward result as at 1 January 2018	lei
FINANCIAL ASSETS						
<i>Amortized cost</i>						
Cash and cash equivalent	22,132,795	-	-	22,132,795	-	
Loans and receivables	5,863,691	(5,863,691)	-	-	-	
Other financial assets	7,682,571	-	-	7,682,571	-	
Financial assets measured at amortized cost - Debt instruments	-	4,669,243	-	4,669,243	-	
TOTAL Amortized Cost	35,679,057	(1,194,448)	-	34,484,609	-	

Notes to interim individual financial statements

for the financial period ended 30 September 2018

27. Adoption of IFRS 9 Standard (continued)

Financial assets	Book value according to IAS 39 as at 31 December	Restatement	Valuation	Book value according to IAS 39 as at 1 January 2018	Effect on carried forward result as at 1 January 2018	lei
Financial assets available for sale (AFS)						
Opening balance	1,164,697,391	-	-	-	-	-
To financial assets at fair value through other comprehensive income (FIVI) - Shares	-	(559,534,374)	-	-	-	-
To financial assets at fair value through profit or loss (FVTPL) - Shares	-	(425,431,656)	-	-	-	-
To financial Assets at Fair Value through Profit or Loss (FVTPL) - Fund Units	-	(179,731,361)	-	-	-	-
<i>Total changes in financial assets available for sale (AFS) T</i>	<i>-</i>	<i>(1,164,697,391)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Closing balance	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income (FIFI) - Equity instruments						
Opening balance	-	-	-	-	-	-
From Financial Assets Available for Sale (AFS) - Shares	-	559,534,374	-	559,534,374	-	-
Sold de inchidere	-	-	-	559,534,374	-	-
TOTAL Financial assets at fair value through other comprehensive income (FIVI)	-	559,534,374	-	559,534,374	-	-

Notes to interim individual financial statements

for the financial period ended 30 September 2018

27. Adoption of IFRS 9 Standard (continued)

Financial assets	Book value according to IAS 39 as at 31 December	Restatement	Valuation	Book value according to IAS 39 as at 1 January 2018	Effect on carried forward result as at 1 January 2018	lei
Financial assets at fair value through profit or loss (FVTPL)						
Opening balance	98,683,282	-	-	-	-	-
From Financial Assets Available for Sale (AFS) -Shares	-	425,431,656	-	425,431,656	-	-
From Financial Assets Available for Sale (AFS) - Fund Units	-	179,731,361	-	179,731,361	-	-
From Loans and Receivables	-	1,194,448	(116,417)	1,078,031	(116,417)	
<i>Total changes in financial assets at fair value through profit or loss (FVTPL)</i>	-	606,357,465	(116,417)	606,241,048	(116,417)	
Opening balance	-	-	-	704,924,330	-	-
TOTAL Financial assets at fair value through profit or loss (FVTPL)	98,683,282	606,357,465	(116,417)	704,924,330	(116,417)	

Notes to interim individual financial statements

for the financial period ended 30 September 2018

27. Adoption of IFRS 9 Standard (continued)

Financial liabilities	Book value according to IAS 39 as at 31 December	Restatement	Valuation	Book value according to IAS 39 as at 1 January 2018	Effect on carried forward result as at 1 January 2018	lei
FINANCIAL LIABILITIES						
Amortized cost						
Dividends to be paid	54,323,451	-	-	54,323,451	-	
Other financial liabilities	10,770,267	-	-	10,770,267	-	
TOTAL Amortized Cost	65,093,718	-	-	65,093,718	-	

Notes to interim individual financial statements

for the financial period ended 30 September 2018

28. Applying IFRS 10 on the exception to consolidation

The Company has reviewed the applicability of IFRS 10 regarding the measurement criteria as an investment entity based on the following:

- Communicating Business Objectives to Investors: The Company communicates to shareholders by periodical reports the overall management objective, that of being a diversified balanced fund that combines a balanced asset growth with satisfactory returns, on a medium risk basis.
- Exit strategies for investment held (disinvestment): The Company does not plan to keep its investments indefinitely but to keep them for a limited period. The Management Program for 2018 describes strategies for disinvestment by investment category;
- The Company's activities with its subsidiaries: The Company analyzed the transactions between the Company and its subsidiaries and the transactions between its subsidiaries. According to the analysis, the Company does not obtain benefits from transactions with its subsidiaries representing a significant source of income for the Company, and the transactions between subsidiaries are not a substantial part of the economic activity of any of the subsidiaries;
- Assessing the Company's investments on a fair value basis: The Company measures most of the investment at fair value and has taken the necessary measures to determine fair value through alternative valuation techniques in the case of investments in which no control or significant influence is held.

Following the analysis, the Company met the requirements to be an investment entity from 1 January 2018.

As an investment entity, the Company ceases to consolidate its subsidiaries as of 1 January 2018 and discloses information on the gain or loss arising from the derecognition of subsidiaries' assets and liabilities in the Statement of consolidated financial position at 31 December 2017 and recognition of investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9.

The effect of loss of control over subsidiaries is shown below:

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Value of assets and liabilities of subsidiaries in the consolidated financial statements at 31 December 2017	566,153,122
Fair value of the subsidiaries whose consolidation ceases on 1 January 2018 (Note 25 (iii))	425,431,656
Loss due to loss of control	(140,721,466)

Notes to interim individual financial statements

for the financial period ended 30 September 2018

29. Subsequent events

Until the date of preparation of these financial statements, no significant subsequent events occurred.

ADMINISTRATOR,
S.A.I. MUNTENIA INVEST S.A.
Nicușor Marian BUICĂ
General Director

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Adriana – Anișoara BADIU, Administrator