

Statement of responsibility for the preparation of the interim financial statements

In accordance with Article 10, paragraph (1) of the Accounting Law no. 82/1991, republished, as subsequently amended and supplemented, the responsibility for organizing and conducting the accounting is the responsibility of the administrator, the authorizing officer or other person who has the obligation to manage the respective unit.

As administrator of SIF MUNTENIA S.A., according to the provisions of the FSA Regulation no.5/2018 regarding issuers of financial instruments and market operations, article 223, letter B, paragraph (1), letter c), I assume the responsibility for the preparation of the interim financial statements and confirm that:

a) the accounting policies used in the preparation of the interim financial statements as at 30 June 2021 are in accordance with the Financial Supervisory Authority Norm no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, as subsequently amended and supplemented;

b) the interim financial statements as of 30 June 2021 provide a true view of the financial position, financial performance and other information regarding the activity carried out by SIF Muntenia S.A.;

c) the half year report of SAI MUNTENIA INVEST S.A. regarding the administration of SIF Muntenia S.A. correctly and completely presents the information about SIF Muntenia S.A.

SAI MUNTENIA INVEST S.A.
Administrator of
SIF MUNTENIA S.A.

General Director
Nicușor Marian BUICĂ

SIF Muntenia S.A.

**Interim Financial Statements
as at 30 June 2021**

Prepared in accordance with the Norm 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
Investment and Financial Instruments Sector

UNAUDITED

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Statement of profit or loss and other comprehensive income

for the financial period ended 30 June 2021

<i>In LEI</i>	<i>Note</i>	30 June 2021	30 June 2020
Income			
Dividend income	6	25,969,970	15,757,323
Interest income	7	603,837	943,334
Gain on investment			
Net gain from foreign exchange differences		371,682	158,540
Net gain / (Net loss) from financial assets at fair value through profit or loss	8	159,413,049	(22,986,013)
Expenses			
Net income from reversal of adjustments for impairment of assets	9	-	795,288
Administrative expenses			
Management fees	23	(13,638,681)	(8,700,000)
Expenses with remuneration of the Board of Shareholders Representatives and with staff salaries	23	(223,759)	(243,360)
Other operational expenses	10	(1,898,949)	(2,234,902)
Profit / (Loss) before tax		170,597,149	(16,509,790)
Profit tax	11	(6,922,958)	(139,866)
Net profit / (Net loss) for the period		163,674,191	(16,649,656)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax		126,115,002	(103,248,501)
Reserve related to financial assets at fair value through other comprehensive income, transferred to retained earnings		(9,421,094)	1,086,857
Other comprehensive income		116,693,908	(102,161,644)
Total comprehensive income for the period		280,368,099	(118,811,300)
Earnings per share			
Basic	20	0.2086	(0.0208)
Diluted	20	0.2086	(0.0208)

Statement of profit or loss and other comprehensive income

for the financial period ended 30 June 2021

The financial statements were approved and authorised to be issued by the Board of Directors on 9 August 2021 and were signed on its behalf by SAI Muntenia Invest S.A., administrator of SIF Muntenia S.A., by:

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

PREPARED BY,
SAI MUNTENIA INVEST S.A.
Irina MIHALCEA
Chief Accountant

Notes on pages 8 to 51 are part of the interim financial statements.

Statement of financial position

as at 30 June 2021

<i>In LEI</i>	<i>Note</i>	30 June 2021	31 December 2020
Assets			
Cash and current accounts	12	48,776,493	29,428,118
Deposits at banks	13	41,517,772	35,567,325
Financial assets at fair value through profit or loss	14 a)	910,041,710	760,465,458
Financial assets at fair value through other comprehensive income	14 b)	915,408,042	782,464,281
Financial assets measured at amortised cost	14 c)	5,940,512	5,884,909
Other assets	15	8,912,744	4,715,215
Total assets		1,930,597,273	1,618,525,306
Liabilities			
Dividends to be paid	16	13,311,166	27,672,577
Deferred income tax liabilities	17	52,472,361	27,665,485
Other liabilities	18	3,145,900	5,646,112
Total liabilities		68,929,427	60,984,174
Equity			
Share capital	19 a)	78,464,520	78,464,520
Hyperinflation effect- IAS 29	19 a)	781,006,539	781,006,539
Retained earnings		689,218,876	501,786,070
Reserves from revaluation of financial assets at fair value through other comprehensive income	19 b)	312,977,911	196,284,003
Total equity		1,861,667,846	1,557,541,132
Total liabilities and equity		1,930,597,273	1,618,525,306

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Statement of changes in equity

for the financial period ended as at 30 June 2021

<i>In LEI</i>	Share capital	Own shares	Reserves from revaluation of financial assets at fair value through other comprehensive income	Retained earnings	Total
Balance as at 31 December 2020	859,471,059	-	196,284,003	501,786,070	1,557,541,132
Comprehensive income					
<i>Profit for the financial period</i>	-	-	-	163,674,191	163,674,191
<i>Other comprehensive income</i>					-
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax	-	-	126,115,002	-	126,115,002
Reserve relating to financial assets at fair value through other comprehensive income transferred to retained earnings	-	-	(9,421,094)	9,421,094	-
Total comprehensive income of the period	-	-	116,693,908	173,095,285	289,789,193
Transactions with the shareholders, recognised directly in equity					
Prescribed dividends	-	-	-	14,337,521	14,337,521
Share capital decrease	-	-	-	-	-
Own shares redeemed	-	-	-	-	-
Total transactions with the shareholders, recognised directly in equity	-	-	-	14,337,521	14,337,521
Balance as at 30 June 2021	859,471,059	-	312,977,911	689,218,876	1,861,667,846

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Statement of changes in equity (continued)

for the financial period ended as at 30 June 2021

<i>In LEI</i>	Share capital	Own shares	Reserves from revaluation of financial assets at fair value through other comprehensive income	Retained earnings	Total
Balance as at 31 December 2019	883,997,669	(16,345,504)	203,333,446	503,040,623	1,574,026,234
Comprehensive income					
<i>Loss for the financial period</i>	-	-	-	(16,649,656)	(16,649,656)
<i>Other comprehensive income</i>					
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax	-	-	(103,248,501)	-	(103,248,501)
Reserve relating to financial assets at fair value through other comprehensive income transferred to retained earnings	-	-	1,086,857	(1,086,857)	-
Total comprehensive income for the period	-	-	(102,161,644)	(17,736,513)	(119,898,157)
Transactions with the shareholders, recognised directly in equity					
Prescribed dividends	-	-	-	15,750,568	15,750,568
Share capital decrease	-	-	-	-	-
Own shares redeemed	-	-	-	-	-
Total transactions with the shareholders, recognised directly in equity	-	-	-	15,750,568	15,750,568
Balance as at 30 June 2020	883,997,669	(16,345,504)	101,171,802	501,054,678	1,469,878,645

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Statement of cash flow

for the financial period ended as at 30 June 2021

<i>In LEI</i>	<i>Note</i>	30 June 2021	30 June 2020
Operating activities			
Profit / (Loss) before tax		170,597,149	(16,509,790)
<i>Adjustments:</i>			
Net income from the reversal of adjustments for the impairment of assets	9	-	(795,288)
(Net gain) / Net loss from financial assets at fair value through profit or loss	8	(159,413,049)	22,986,013
Dividend income	6	(25,969,970)	(15,757,323)
Interest income	7	(603,837)	(943,334)
Net gain from foreign exchange differences		(371,682)	(158,540)
Interest expense related to the lease contract liability	10	1,588	14,657
Other adjustments		2,390,781	1,490,815
Changes in assets and liabilities related to operating activities			
Changes in financial assets at fair value through profit or loss		9,836,797	(8,130,003)
Changes in financial assets at fair value through other comprehensive income		11,371,215	(2,494,349)
Changes of other assets		1,781,766	1,115,847
Changes of other debts		(4,884,020)	(11,193,073)
Net investments from deposits with maturity over 3 months and less than one year	13	(5,974,000)	16,341,500
Dividends received		19,664,153	12,501,278
Interest received		634,099	901,255
Profit tax paid		-	(851,341)
Net cash resulted from / (used in) operating activities		19,060,990	(1,481,676)
Investment activities			
Payments for purchases of tangible and intangible assets		(209)	(179)
Net cash used in investment activities		(209)	(179)
Financing activities			
Dividends paid, including dividend tax paid		(22,936)	(62,609)
Payments related to the lease contract liability, including interest	15ii)	(5,118)	(56,352)
Net cash used in financing activities		(28,054)	(118,961)
Net increase / (Net decrease) in cash and cash equivalents		19,032,727	(1,600,816)
Effect of exchange rate changes on cash and cash equivalents		315,648	(12,255)
Cash and cash equivalents as at 1 January		29,428,118	25,250,070
Cash and cash equivalents as at 30 June		48,776,493	23,636,999

Statement of cash flow (continued)

for the financial period ended as at 30 June 2021

At 30 June cash and cash equivalents comprise

<i>In LEI</i>	<i>Note</i>	30 June 2021	30 June 2020
Cash in the petty cash	12	1,133	1,089
Current accounts in banks	12	48,775,360	10,305,910
Bank deposits with less than three months initial maturity	13	-	13,330,000
Cash and cash equivalents		48,776,493	23,636,999

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Notes to the financial statements

for the financial period ended as at 30 June 2021

1. Reporting entity

SIF Muntenia S.A. (the "Company") is an undertaking for collective investments trust established in 1996 through the reorganization and transformation of the Private Property Fund IV Muntenia, pursuant to Law no. 133/1996 for the transformation of the Private Property Funds into financial investment companies, which operates in Romania in accordance with the Company Law no. 31/1990 and Law no. 297/2004 on the capital market and Law no. 24/2017 on issuers of financial instruments and market operations. The Company is headquartered in 46-48, Serghei Vasilievici Rahmaninov St., ground floor, room 2, Sector 2, Bucharest, România.

The main field of activity of the Company, according to the Articles of Incorporation in force is:

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

The company operates under a management contract concluded with Societatea de Administrare a Investițiilor Muntenia Invest S.A., authorized as an alternative investment fund manager (AIFM) with 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 SIF4, starting with 1 November 1999.

Depozitarul Central S.A. keeps evidence of shares and shareholders, according to law. BRD – Groupe Société Générale S.A. – company authorised by the Financial Supervisory Authority provides depositary services for the Company's assets.

The interim financial statements for the period ended 30 June 2021 have not been subject to financial audit or review.

2. Basis of preparation

(a) Declaration of compliance

The interim financial statements have been prepared in accordance with FSA Norm no. 39/28 December 2015 approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority, Sector of Investment and Financial Instruments as further modified and supplemented ("FSA Norm no. 39/2015"). Pursuant to the FSA Norm no. 39/2015, the International Financial Reporting Standards are those adopted according to the procedure laid down under Regulation (EC) No. 1606/2002 ("IFRS adopted by the European Union").

These financial statements have been prepared based on business continuity principle, which assumes that the Company will continue its activity, without any significant reduction, in the foreseeable future.

From the analyzes performed regarding the implications of the Covid-19 pandemic in the Company's activity, SAI Muntenia Invest S.A., the Company's Administrator, considers that the continuity of its activity will not be affected. (see Note 5)

Notes to the financial statements

for the financial period ended as at 30 June 2021

2. Basis of preparation (continued)

(a) Declaration of compliance (continued))

Starting 1 January 2018, the Company met the classification criteria for an investment entity in accordance with IFRS 10 "Consolidated Financial Statements."

Applying this exemption to 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".

In the financial period ended 30 June 2021, the Company continues to be an investment entity, as there were no changes in meeting the classification criteria as an investment entity.

(b) Presentation of financial statements

Interim financial statements are presented in accordance with IAS 1 "Presentation of financial statements", IAS 34 „Interim financial statements” and IFRS 12 "Presentation of interests in other entities". The Company has adopted a presentation based on liquidity in the 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 income, considering that these methods of presentation provide information that is reliable and more relevant than those that would have been presented under other methods permitted by IAS 1.

(c) Basis of valuation

The Interim financial statements are prepared using the fair value convention for financial assets and liabilities at fair value through profit or loss and for the financial assets at fair value through other comprehensive income.

Other financial assets and liabilities and non-financial assets and liabilities are presented at amortised cost, revalued amount 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 IAS 21 "Effects of exchange rate variation", is the Romanian leu (lei). The interim financial statements are prepared and presented in lei, rounded to the nearest lei, which the Company's management has chosen as presentation currency.

(e) Use of estimates and judgments

Preparation of the 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 accounting policies, as well as the reported values 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.

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

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

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies

Significant accounting policies set out below have been applied consistently to all periods presented in these interim 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 consider potential voting rights that are exercisable or convertible at that time.

If the Company holds investments classified in the category of financial assets at fair value through other comprehensive income and acquires control through an acquisition in stages, the Company restates the participation from the category of financial assets at fair value through other comprehensive income to the category of financial assets at fair value through profit or loss. Changes in fair value previously recognized in other comprehensive income are derecognized on the same basis as if the shareholding had been divested, respectively in the retained earnings. The List of subsidiaries and associates on 30 June 2021 and 31 December 2020 are presented in Note 23.

Associated entities are those companies in which the Company may exercise a significant influence, but not control over financial and operating policies. As of 30 June 2021 and 31 December 2020, the Company did not identify any investments in associates.

(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 date of preparation of the statement of financial position are converted into the functional currency at the exchange rate of that day.

Gains or losses resulting from the settlement thereof and the conversion using the exchange rate at the end of the financial period of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Conversion 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, denominated in foreign currency and classified at fair value through other comprehensive income, are included in a distinctive reserve account.

The exchange rates of major foreign currencies were:

Currency	30 June 2021	31 December 2020	Variation
Euro (EUR)	1: LEU 4.9267	1: LEU 4.8694	+ 1.18%
American Dollar (USD)	1: LEU 4.1425	1: LEU 3.9660	+ 4.45%

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

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

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies (continued)

(d) Cash and cash equivalents

Cash and cash equivalents comprise: cash, current accounts and deposits with banks (including blocked deposits and interest received 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, under IFRS 9 "Financial Instruments", in the following categories:

Financial assets measured at amortised cost

A financial asset is measured at *amortised cost* if it meets both of the following conditions and it 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.

Financial assets at fair value through other comprehensive income

A financial asset is measured at *fair value through other comprehensive income* only if it meets both of the following conditions and it 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 cash 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.

More over, 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 amortised cost or at fair value through other comprehensive income, 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 amortised cost or fair value through other comprehensive income is measured at fair value through profit or loss, if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Recognition

Financial assets and financial liabilities are recognized on the date the Company becomes a contractual party under the terms of the respective instrument. Financial assets and liabilities are measured at the time of initial recognition at fair value.

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(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 the achievement of the asset and settlement of the liabilities is intended simultaneously.

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 amortised cost

The amortised cost of a financial asset or liability is the amount at which the 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

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between participants on the main market at the valuation date, or if no principal market, on the most advantageous market the company has access to at 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 quoted prices for that instrument are available quickly and regularly.

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 inputs and minimizes the use of unobservable inputs.

The value resulting from using a valuation model is adjusted based on a number of factors, as the valuation techniques do not reliably reflect all the factors considered by market participants when concluding a transaction. The adjustments are recorded in such a way as to reflect the risk models, differences between the sale and purchase quotations, liquidity risks, as well as other factors.

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 observes that there is no active market for the Fund's holdings, it relies on public information regarding the fund's holdings (financial statements, audit reports, portfolio structure, etc.), obtaining a NAV per SHARE corrected with the adjustments deemed necessary to the net asset value following the analysis of the aforementioned public information.

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(v) *Identifying and evaluating impairment*

Financial assets measured at amortised cost

The expected credit loss is the difference between all contractual treasury flows that are owed to the Company and all cash flows that the Company expects to receive, discounted at the original effective interest rate.

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.

The Company assesses whether the credit risk for a financial asset has increased significantly since its 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 credit loss over the lifetime 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 credit loss that was included in the cash flows estimated at the initial recognition.

(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 expire.

(vii) *Gains and losses on disposal*

Gains or losses on the disposal of a financial asset or financial liability measured at fair value through profit or loss are recognized in the current profit or loss.

In the derecognition of equity instruments designated as financial assets at fair value through other comprehensive income, gains or losses representing favorable or unfavorable valuation differences, identified in revaluation reserves, are recognized in other comprehensive income (retained earnings representing the surplus realized - IFRS 9).

Upon derecognition of financial assets, the retained earnings as of the date of transition to IFRS 9 is transferred to a retained earnings representing the surplus realized.

A gain or loss on a financial asset that is measured at amortised cost is recognized in current profit or loss when the asset is derecognised.

(f) Other financial assets or liabilities

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

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies (continued)

(g) Tangible assets

(i) Recognition and valuation

Tangible assets recognized as an asset are initially measured 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 under the 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, plant and machinery;
- Vehicles;
- Furniture and other tangible assets.

The Company does not own land and buildings.

Tangible assets are recognized at cost, less accumulated depreciation and adjustment for impairment.

Expences on maintenance and repairs of tangible assets is recorded in the statement of profit or loss when incurred, while significant improvements to tangible assets, which increase the value or duration of their lifetime, or which significantly 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, estimated useful life durations and residual values are reviewed by the Company's management on each reporting date.

(iii) Sale / scrapping of tangible assets

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

(h) Lease

(i) Recognition

In accordance with IFRS 16 "Leases", a contract is, or contains a lease if it transmits the right to control the use of an asset identified for a period of time in exchange for a consideration.

As a lessee, based on the lease agreement for the registered office space, the Company has recognized an asset related to the right of use of the underlying asset and a lease liability arising from this contract.

As a lessor, the financial statements remain unaffected by the introduction of the new standard.

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies (continued)

(h) Lease (continued)

(i) Recognition (continued)

In accordance with IFRS 16 "Leases", a contract is, or contains a lease if it transmits the right to control the use of an asset identified for a period of time in exchange for a consideration.

As a lessee, based on the lease agreement for the registered office space, the Company has recognized an asset related to the right of use of the underlying asset and a lease liability arising from this contract.

As a lessor, the financial statements remain unaffected by the introduction of the new standard.

Exceptions to IFRS 16 may be:

- lease contracts with a lease period of 12 months or less and which do not include acquisition options, and
- leases where the underlying asset has a low value.

(ii) Valuation

The Company, as a lessee, initially evaluates at cost the asset related to the right of use. The cost of the asset related to the right of use consists of the amount of the initial valuation of the liability arising from the lease, the initial direct costs borne by the lessee, an estimate of the costs to be borne by the lessee less any lease stimulus received.

The Company, as a lessee, also assesses the liability arising from the lease contract at the present value of the lease payments that are not disbursed at that date. Updating is done using the default interest rate in the lease contract if that rate can be determined immediately. If this rate can not be determined immediately, the marginal lending rate of the lessee shall be used.

The carrying amount of the asset measured on the cost model is the cost of the initial valuation less any accumulated depreciation and any accumulated impairment losses and it is adjusted for any revaluation of the liability arising from the lease.

(iii) Depreciation

The underlying asset is depreciated using the straight-line method. If the ownership right is not transferred or there is no purchase option on the underlying asset until the end of the asset life, the asset is depreciated from the commencement date of the contract until the first date between the end of the useful life and the end of the term of the contract, also including the options of extension or termination of the contract.

(iv) Lease debt

At the date of initial recognition of the lease debt, the present value of the lease payments includes fixed payments minus any lease incentives to be received and variable lease payments that depend on an index or rate, initially measured on the basis of the index or rate from the starting date of the contract (eg consumer price indices).

The present value of the lease payments that are not paid on the date of recognition is determined throughout the duration of a lease taking as well into account the periods covered by options for extension of the contract if the Company has reasonable certainty that it will exercise that option and by the periods covered by the contract termination options if the Company has reasonable certainty that it will not exercise that option.

Utility costs are not a component of the debt arising from the lease, being recognized in profit or loss as invoices are issued.

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies (continued)

(h) Lease (continued)

(iv) Lease debt (continued)

The debt arising from the lease is subsequently measured by increasing the carrying amount to reflect the interest associated with the debt, reducing the carrying amount to reflect the lease payments made, and reassessing the carrying amount as a result of the changes in the contract (example of changes: duration of the contract, changes of lease payments, asset purchase options, interest rate, termination of the contract).

(v) Derecognition

The asset related to the right of use is derecognised on the termination date and is reflected by decreasing the carrying amount of the asset related to the right of use and the recognition in profit or loss of gains/losses associated with the modification of the leasing contract.

(i) Impairment of assets other than financial assets

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.

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds the 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 the statement of 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 unit. 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 loss recognized in prior periods is assessed at each reporting date to determine whether it has decreased or no longer exists. The impairment loss is resumed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is resumed only if the asset's carrying amount does not exceed the carrying amount that would have been calculated, net of depreciation and impairment, if the impairment loss had not been recognized.

(j) Share capital

Ordinary shares are recognized in share capital.

(k) Provisions for risks and expenses

Provisions are recognized in the statement of financial position when an obligation arises for the Company in connection with a past event and it is likely that in the future it will be necessary to consume economic resources to extinguish this obligation and a reasonable estimate of the obligation can be made. To determine the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the liability.

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies (continued)

(l) 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 lifetime of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the asset or financial liability.

The amount of interest on the liability arising from the lease is determined using a discount rate that may be the interest rate in the contract or the marginal lending rate of the lessee and it is recognized in profit or loss.

(m) Dividend income

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

If dividends are 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 the 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.

(n) 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 comprise salaries and bonuses. Short-term employee benefits are recognized as an expense when services are rendered. The Company recognizes a provision for the amounts expected to be paid as premiums in short-term cash if 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

All employees of the Company are insured and have the legal obligation to contribute (through social contributions) to the Romanian State Pension Scheme (a defined contribution plan of the State).

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 benefits 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 upon retirement.

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies (continued)

(o) Income tax

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

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

Current tax is the expected tax payable on the income realized in the current period, based on tax rates applied at the date of the financial position statement and on all 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 used for 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 fiscal profit, and 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 be applicable to temporary differences upon their resumption, based on the legislation in force on the reporting date or issued on the reporting date and which will enter into force thereafter.

Deferred tax assets and liabilities are offset only if there is a legal right to offset current liabilities and assets with tax and whether they are related to the tax collected by the same fiscal authority for the same entity subject to taxation or for different fiscal authorities that want to settle current tax receivables and liabilities using a net basis, or related assets and liabilities will be realized simultaneously.

Deferred tax receivable is recognized only to the extent that it is probable that future profits are likely to be realized and be used to cover the tax loss. The receivable is reviewed at the end of each financial period and it is reduced to the extent that the related tax benefit is unlikely to be realized.

The fiscal result is determined on the basis of items of income and expense in the Statement of profit or loss, plus items similar to income, and less items similar to expenses as shown in retained earnings, as a result of the adoption of IFRS 9.

For the financial periods ended as at 30 June 2021 and at 30 June 2020, the income tax rate was 16%. The tax rate related to taxable dividend income for the financial periods ended as at 30 June 2021 and 30 June 2020 was of 5%.

(p) Earnings per share

The Company presents basic and diluted earnings per share 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 the financial statements

for the financial period ended as at 30 June 2021

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 end of the financial exercise are those events favorable and unfavorable, that occur between the end of the financial exercise 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 reporting period (adjusting events) are reflected in the financial statements.

Events after the end of 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 effective

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

i) Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and the associate or joint venture (effective date: European Commission has decided to postpone endorsement for an indefinite period)

The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on the extent to which the assets sold or contributed constitute a business, so that a gain or loss is recognized entirely when a transaction between an investor and the associate or joint venture involves the transfer of an asset or assets that constitute a business (whether it is incorporated in a subsidiary or not), while a gain or loss is partially recognized when a transaction between an investor and an associate or joint venture involves assets that do not constitute a business, even if those assets are incorporated in a subsidiary.

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

ii) Amendments to IAS 1 Presentation of financial statements: Classification of debts into current and long-term debt (effective date: annual periods beginning on or after 1 January 2023)

The amendments clarify that a classification of current or long-term debt is based solely on the company's right to defer settlement at the end of the reporting period. Thus, the company's right to defer settlement for at least twelve months after the reporting date must have an economic ground. The classification is not affected by the intentions or expectations of the Management regarding the extent and when the entity will exercise its right.

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

Notes to the financial statements

for the financial period ended as at 30 June 2021

3. Significant accounting policies (continued)

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

iii) Amendments to IAS 16 Property, plant and equipment: Receipts before expected use (effective date: annual periods beginning on or after 1 January 2022)

The amendments prohibit the deduction from the cost of an item of property, plant and equipment of all income from the sale of products obtained from that asset up to the time of bringing it to the location and condition necessary for that asset to function as intended. Instead, the company recognizes the proceeds from the sale of these products, including the cost of production of these products, in profit or loss.

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

iv) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (Effective Date: Annual Periods Beginning 1 January 2022)

The amendments clarify that the costs of performing a contract include all costs that relate directly to that contract. Costs that directly relate to a contract include either marginal costs for the performance of that contract (eg direct labor, materials) or an allocation of other costs that directly relate to the performance of the contracts (eg allocation of depreciation costs for an item of property, plant and equipment used to perform the contract).

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

v) Amendments to IFRS 9 Financial Instruments (effective date: annual periods beginning on or after 1 January 2022)

The amendments clarify that when assessing an exchange of financial debt between a debtor and a creditor that takes place under substantially different terms, the fees to be included together with the present value of cash flows under the new terms include only fees paid or received between the debtor and the creditor, including commissions paid or received on behalf of the other.

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

4. Significant risks management

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 the Company is exposed to are:

- market risk (price risk, interest rate risk and currency risk);
- credit risk;
- liquidity 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.

Notes to the financial statements

for the financial period ended as at 30 June 2021

4. Significant risks management (continued)

(a) Market risk

Market risk is defined as the risk of recording a loss or not achieving the expected profit, as a result of price fluctuations, interest rates and foreign exchange rates.

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 of financial assets at fair value through other comprehensive income.

Of the total shares with an active market held by the Company, on 30 June 2021, 49% (31 December 2020: 52%) 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 overall trend of prices of the most liquid seventeen shares traded on the Bucharest Stock Exchange.

The Board of Directors of SAI Muntenia Invest S.A. fulfills its role of monitoring the market risk management framework as well as by 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 June 2021 with 85,939,772 lei (31 December 2020: 71,791,552 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 comprehensive income would lead to an increase in equity, net of profit tax at 30 June 2021 with 79,950,387 lei (31 December 2020: 68,541,973 lei), a negative variation 10% having an equal net impact and of opposite sign.

Notes to the financial statements

for the financial period ended as at 30 June 2021

4. Significant risks management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

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

<i>In LEI</i>	30 June 2021	%	31 December 2020	%
Financial, banking and insurance	659,018,714	44%	543,979,811	43%
Real estate, rentals and other services	101,073,474	7%	97,762,081	8%
Wholesale, retail, tourism and restaurants	108,519,861	7%	97,871,753	8%
Building materials industry	76,740,123	5%	84,751,083	7%
Agriculture, livestock, fishing	18,544,055	1%	18,544,055	1%
Metallic construction and metal products	87,594,748	6%	84,366,066	6%
Pharmaceutical and medical industry	346,891,328	23%	250,133,249	20%
Energy industry	65,036,601	4%	53,250,687	4%
Mining industry	3,365,636	0%	2,922,464	0%
Others	42,140,252	3%	43,972,369	3%
TOTAL	1,508,924,792	100%	1,277,553,618	100%

As can be noticed from the above table, on 30 June 2021 the Company held shares mainly in companies active in the financial-banking sector, accounting for 44% of the total portfolio, increasing from 43% as registered as at 31 December 2020. On the other hand, 23% of the shares portfolio at 30 June 2021, increasing from 20% as registered as at 31 December 2020 represents holdings in companies in the pharmaceutical and medical industry.

Fund units owned by the Company are exposed to price risk, having different degrees of investment risk (bank deposits, bonds, other fixed income instruments, shares, etc.).

The bonds held by the Company at OPUS Chartered Issuances S.A. are also exposed to price risk, classified within the category of financial assets at fair value through profit or loss, and amount to 93,757,781 lei (31 December 2020: 83,968,674 lei, see note 14).

(ii) Interest rate risk

The Company faces interest rate risk exposure due to exposure to unfavorable interest rate fluctuations. The change in 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 instruments (for example, the bonds).

As at 30 June 2021 and 31 December 2020, most of the Company's assets and liabilities are not interest bearing. As a result, the Company is not directly significantly affected by the risk of interest rate fluctuations. Cash and cash equivalents are generally invested at short-term interest rates. However, market yield lowering can affect the valuation value of assets held by the Company.

The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

Notes to the financial statements

for the financial period ended as at 30 June 2021

4. Significant risks management (continued)

(a) Market risk (continued)

(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 LEI and foreign currencies as of 30 June 2021 and 31 December 2020 are presented in the following tables.

30 June 2021

<i>In LEI</i>	Book value	LEI	USD	EUR
Financial assets				
Cash and cash equivalents	48,776,493	21,388,959	1,470	27,386,064
Deposits with banks	41,517,772	41,517,772	-	-
Financial assets at fair value through profit or loss	910,041,710	816,283,929	-	93,757,781
Financial assets at fair value through other comprehensive income	915,408,042	915,408,042	-	-
Financial assets measured at amortised cost	5,940,512	1,006,827	-	4,933,685
Other liabilities	8,869,394	8,869,394	-	-
TOTAL	1,930,553,923	1,804,474,923	1,470	126,077,530
Financial liabilities				
Dividends payment	13,311,166	13,311,166	-	-
Other liabilities	3,145,900	3,110,362	-	35,538
TOTAL	16,457,066	16,421,528	-	35,538

Notes to the financial statements

for the financial period ended as at 30 June 2021

4. Significant risks management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

31 December 2020

<i>In LEI</i>	Book value	LEI	USD	EUR
Financial assets				
Cash and cash equivalents	29,428,118	2,499,470	1,018	26,927,630
Deposits with banks	35,567,325	35,567,325	-	-
Financial assets at fair value through profit or loss	760,465,458	676,496,784	-	83,968,674
Financial assets at fair value through other comprehensive income	782,464,281	782,464,281	-	-
Financial assets measured at amortised cost	5,884,909	1,007,071	-	4,877,838
Other assets	4,634,417	4,634,417	-	-
TOTAL	<u>1,618,444,508</u>	<u>1,502,669,348</u>	<u>1,018</u>	<u>115,774,142</u>
Financial liabilities				
Dividends payment	27,672,577	27,672,577	-	-
Other liabilities	5,646,112	5,605,693	-	40,419
TOTAL	<u>33,318,689</u>	<u>33,278,270</u>	<u>-</u>	<u>40,419</u>

The net impact on Company's profit of a change of $\pm 5\%$ of the LEI / EUR currency rate together with a modification of $\pm 5\%$ of the LEI / USD currency rate as of 30 June 2021, all other variables remaining constant, is of $\pm 5,293,825$ lei (31 December 2020: $\pm 4,860,859$ lei).

(b) Credit risk

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

Notes to the financial statements

for the financial period ended as at 30 June 2021

4. Significant risks management (continued)

(b) Credit risk (continued)

The Company's maximum exposure to credit risk amounts to 105,103,038 lei as at 30 June 2021 (as at 31 December 2020 amounts to 75,513,314 lei) and may be analyzed as follows:

<i>In LEI</i>	30 June 2021	31 December 2020
<i>Exposures from current accounts and deposits with banks (Note 12 and Note 13)</i>		
Banca Transilvania S.A.	8,025,730	3,709
Libra Internet Bank S.A.	40,178	43,782
Banca Comercială Română S.A.	840	972
BRD - Groupe Société Générale S.A.	27,395,098	27,075,037
Credit Europe Bank S.A.	17,100,203	7,155,591
Vista Bank S.A.	417	212
Banca Comercială Intesa Sanpaolo România S.A.	18,143,258	18,252,125
ProCredit Bank S.A.	19,423,937	12,279,905
Other commercial banks	163,471	182,655
Total	90,293,132	64,993,988

Financial assets measured at amortised cost (Note 14 c))

Impact Developer&Contractor S.A. Bonds	4,926,700	4,869,400
Capital Leasing IFN S.A. Bonds	1,000,000	1,000,000
Other bonds and related interest	13,812	15,509
Total	5,940,512	5,884,909

*) Financial assets measured at amortised cost classified by maturity are current financial assets.

Notes to the financial statements

for the financial period ended as at 30 June 2021

4. Significant risks management (continued)

(b) Credit risk (continued)

<i>In LEI</i>	30 June 2021	31 December 2020
<i>Various Debtors and Commercial Receivables (Note 15)</i>		
Consol S.A.	2,040,960	2,040,960
Banca Română de Scont S.A.	1,283,228	1,283,228
Autoritatea Administrării Activelor Statului	1,143,343	1,143,343
Timpuri Noi S.A.	2,529,526	2,529,526
Siderca S.A	410,334	410,334
Dividends to be received	8,869,353	4,532,591
Other various debtors	450,307	552,092
Impairment of trade receivables and various debtors	(7,857,657)	(7,857,657)
Total	8,869,394	4,634,417
Total exposure	105,103,038	75,513,314

Various debtors and trade receivables classified according to maturity:

- current (various debtors and dividends to be received)	8,869,394	4,634,417
- outstanding, adjustments of gross values (various debtors and dividends to be received)	7,857,657	7,857,657

*) Various outstanding debtors are Consol S.A., Banca Română de Scont S.A., Autoritatea Administrării Activelor Statului, Siderca S.A., Timpuri Noi S.A..

Notes to the financial statements

for the financial period ended as at 30 June 2021

4. Significant risks management (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 financial period ended as at 30 June 2021 and for the financial exercise ended 31 December 2020 is as follows:

30 June 2021

<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	48,776,493	48,775,360	-	-	1,133
Deposits with banks	41,517,772	41,516,772	-	-	1,000
Financial assets at fair value through profit or loss	910,041,710	1,347,452	-	92,410,329	816,283,929
Financial assets at fair value through other comprehensive income	915,408,042	-	-	-	915,408,042
Financial assets measured at amortised cost	5,940,512	-	1,013,812	4,926,700	-
Other assets	8,869,394	727,438	8,141,956	-	-
Total financial assets	1,930,553,923	92,367,022	9,155,768	97,337,029	1,731,694,104
Financial liabilities					
Dividends payment	13,311,166	12,851,619	-	-	459,547
Other liabilities	3,145,900	3,112,244	6,337	27,319	-
Total financial liabilities	16,457,066	15,963,863	6,337	27,319	459,547
Liquidity surplus	1,914,096,857	76,403,159	9,149,431	97,309,710	1,731,234,557

Notes to the financial statements

for the financial period ended as at 30 June 2021

4. Significant risks management (continued)

(c) Liquidity risk (continued)

31 December 2020

<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	29,428,118	29,426,663	-	-	1,455
Deposits with banks	35,567,325	35,566,325	-	-	1,000
Financial assets at fair value through profit or loss	760,465,458	-	532,712	83,435,962	676,496,784
Financial assets at fair value through other comprehensive income	782,464,281	-	-	-	782,464,281
Financial assets measured at amortised cost	5,884,909	-	15,509	5,869,400	-
Other assets	4,634,417	4,634,417	-	-	-
Total financial assets	1,618,444,508	69,627,405	548,221	89,305,362	1,458,963,520
Financial liabilities					
Dividends payment	27,672,577	27,336,998	-	-	335,579
Other liabilities	5,646,112	5,607,789	6,293	32,030	-
Total financial liabilities	33,318,689	32,944,787	6,293	32,030	335,579
Liquidity surplus	1,585,125,819	36,682,618	541,928	89,273,332	1,458,627,941

(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, existing the risk that certain transactions are 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. It is possible that the Company may be subject to tax audits on the extent of issuing new tax regulations.

Notes to the financial statements

for the financial period ended as at 30 June 2021

4. Significant risks management (continued)

(e) Operational risk

Operational risk is the risk of incurring losses or not achieving the estimated profits due to internal factors such as inappropriate conduct of internal activities, the existence of inadequate personnel or systems 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.

Policies defined for operational risk management took into consideration each type of event that can generate significant risks and ways of their manifestations, to eliminate or reduce financial or reputational losses.

(f) Capital adequacy

The Management's policy regarding capital adequacy focuses on maintaining a sound capital base in order to support the ongoing development of the Company and the achievement of 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 SAI 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 amortised cost

Assets carried at amortised 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 is 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 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 described in the accounting policy under Note 3(e)(iv). 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 degree of concentration, uncertainty of market factors, assumptions of price and other risks affecting the respective financial instrument.

Fair value hierarchy

The Company uses the following methods hierarchy for fair value measurement:

Level 1: prices quoted (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, prices quoted on inactive markets) or indirectly (ie derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements

for the financial period ended as at 30 June 2021

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

This category includes all instruments where the valuation technique includes items that are not based on observable data and for which unobservable input parameters can have a significant effect on the assessment of the 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 risk-free interest rates 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 that would be determined under objective conditions by market participants.

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 input data 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 higher degree of management analysis and estimation to determine fair value. Analysis and estimate from management affect, in particular, the selection of a suitable evaluation model, the determination of future cash flows of a financial instrument, the determination of the probability of default by the counterparty and of payments in advance and the selection of appropriate discount rates.

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

30 June 2021

<i>In LEI</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	371,077,503	-	538,964,207	910,041,710
Financial assets at fair value through other comprehensive income	849,462,576	11,188,357	54,757,109	915,408,042
	1,220,540,079	11,188,357	593,721,316	1,825,449,752

31 December 2020

<i>In LEI</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	286,985,316	-	473,480,142	760,465,458
Financial assets at fair value through other comprehensive income	689,958,832	27,260,957	65,244,492	782,464,281
	976,944,148	27,260,957	538,724,634	1,542,929,739

Notes to the financial statements

for the financial period ended as at 30 June 2021

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

For the period ended 30 June 2021, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy the instruments held in bonds amounting to 93,757,781 lei, closed-end fund units amounting to 192,097,424 lei and shares held in eleven companies whose fair value of 253,109,002 lei was determined using valuation models in accordance with the ANEVAR Valuation Standards.

For the period ended 30 June 2021, the Company presented financial assets at fair value through other comprehensive income on level 3 of the fair value hierarchy shares held in several companies whose fair value of 54,757,109 lei was determined using internal evaluation, based on evaluation models, approved by the Board of Directors, taking into account the credibility, quantity and quality of the information available.

For the financial year ended 31 December 2020, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy the instruments held in bonds amounting to 83,968,674 lei, closed-end fund units amounting to 155,335,693 lei and shares held in eleven companies whose fair value of 234,175,775 lei was determined using valuation models in accordance with the ANEVAR Valuation Standards.

For the financial year ended 31 December 2020, the Company presented financial assets at fair value through other comprehensive income on level 3 of the fair value hierarchy the shares held in several companies whose fair value of 65,244,492 lei was determined using own assessment methods, based on valuation models, as approved by the Board of Directors, taking into account the credibility, quantity and quality of the information available.

Notes to the financial statements

for the financial period ended as at 30 June 2021

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

The main assumptions used in the valuation model for financial assets at fair value - shares as at 31 December 2020, together with related amounts are presented in the following table:

Assumptions used in the valuation model	Value of the indicator used in the valuation as at 31 December 2020
Annual change of EBITDA	between -5% și 8%
Perpetual variation of revenues and expenses	2.00%
Weighted average cost of capital (WACC)	9,69% - 11,86%

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

Changing variable at the valuation as at 31 December 2020	Impact on profit or loss	Impact on other comprehensive income
Increase of EBITDA margin with 3%	6,390,000	-
Decrease of EBITDA margin with 3%	(6,389,000)	-
Increase of WACC by 0.5%	(8,288,000)	-
Decrease of WACC by 0.5%	9,316,000	-
Increase of perpetuity of revenues and expenses by 0.5%	5,636,000	-
Decrease of perpetuity of revenues and expenses by 0.5%	(5,002,000)	-

Considering the information available for estimating the fair value of certain shares held in companies classified as financial assets at fair value through other comprehensive income the market approach method was used, ie the comparison of the company under assessment with similar companies traded on a market, and the determination its value by using a multiplier (EBITDA or equity) and applying a discount for lack of liquidity.

Under the valuation model for financial assets at fair value through profit or loss - fund units and bonds, a positive change of fair value of 10% leads to a increase in profit after tax of 24,011,837 lei at 30 June 2021 (31 December 2020: 20,101,567 lei), a negative change of 10% having an equal net impact and of opposite sign.

Notes to the financial statements

for the financial period ended as at 30 June 2021

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

Reconciliation of valuations at fair value classified on Level 3 of the fair value hierarchy

<i>In LEI</i>	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
1 January 2020	577,948,289	67,623,934
Transfers to level 3	24,099,389	2,963,001
Transfers from level 3	(33,837,533)	(1,077,073)
Gains or losses for the period included in profit or loss	(99,125,018)	-
Gains or losses for the period included in other comprehensive income	-	(3,034,860)
Acquisitions, participations to share capital	7,254,771	9,812
Sales	(2,859,756)	(1,240,322)
31 December 2020	473,480,142	65,244,492
Transfers to level 3	25,952,661	-
Transfers from level 3	-	(1,650,918)
Gains or losses for the period included in profit or loss	48,711,795	-
Gains or losses for the period included in other comprehensive income	-	2,333,944
Acquisitions, participations to share capital	-	2,257,995
Sales, decreases in share capital	(9,180,391)	(13,428,404)
30 June 2021	538,964,207	54,757,109

Notes to the financial statements

for the financial period ended as at 30 June 2021

5. Significant accounting estimates and judgments (continued)

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 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 21.

Implications of the Covid-19 pandemic

In the context of the Covid-19 pandemic, the Company, through its Administrator, has identified the main risks and uncertainties to which it is exposed.

The events related to the Covid-19 pandemic became significant especially in the first quarter of 2020. The Covid-19 pandemic caused uncertainties in the activity of most of the companies in which the Company holds shares and, as a result, the prices quoted on the active markets were significantly diminished, leading to a decrease in the carrying amount of financial assets during 2020.

Due to the specifics of its activity, the Company holds stakes in companies with fields of activity in various areas of the economy, some areas not being directly affected by this situation. Compared to the fair value of financial assets on 31 December 2020, there was an increase of 20% in the financial period ended 30 June 2021.

The net result for the next period may be adversely affected by the prudent measures taken by the companies in which the Company holds shares, plus losses from decreases in the market value of issuers whose fair value measurement influences the Company's profit or loss.

Except for the elements presented above, the Company's Administrator cannot accurately quantify the economic impact on its financial performance, but the analyzes performed showed that the continuity of the Company's activity will not be affected.

6. Dividend income

Dividend income is recorded on a gross basis. Tax rates on dividends for the financial period ended 30 June 2021 was of 5% and zero (financial period ended 30 June 2020: 5% and zero). Details on the main counterparts of dividend income is presented below:

Notes to the financial statements

for the financial period ended as at 30 June 2021

6. Dividend income (continued)

<i>In LEI</i>	30 June 2021	30 June 2020
Unisem S.A.	6,391,871	-
Voluthema Property Developer S.A.	4,002,899	-
Firos S.A.	3,998,118	1,407,788
Biofarm S.A.	-	5,063,791
CI-CO S.A.	3,012,838	3,420,596
SNGN Romgaz S.A.	2,080,991	-
SIF Oltenia S.A. *)	1,740,000	1,740,000
Şantierul Naval Orşova S.A.	1,504,600	-
Casa de Bucovina Club de Munte S.A.	-	1,573,604
OMV Petrom S.A.	914,787	1,002,866
Prefab S.A.	566,550	-
BRD - Groupe Société Générale S.A.	412,060	-
Bursa de Valori Bucureşti S.A.	383,658	295,591
Conpet S.A.	245,491	251,034
SCDFEE Electrica S.A.	226,427	72,606
SNTGN Transgaz S.A.	169,312	321,776
Others	320,368	607,672
Total	25,969,970	15,757,323

*) During the financial period ended 30 June 2020, the Company recognized dividend income in the amount of 1,740,000 lei and an dividend tax expense amounting to 87,000 lei from SIF Oltenia S.A., as a result of the shareholders' decision of the Ordinary General Meeting of Shareholders, convened on 28 April 2020. These incomes were derecognized until the end of the financial year ended 31 December 2020, because the Ordinary General Meeting of Shareholders convened on 12 October 2020 revoked the distribution of net profit for 2019. Subsequently, the Ordinary General Meeting of Shareholders, convened on 24 February 2021 decided to distribute the net profit for 2019 on the same dividend destination, determining in the period ended 30 June 2021 the recognition of dividend income and dividend tax expenses and derecognition the debt for the received dividends in the year 2020, amounting to 1,653,000 lei from SIF Oltenia SA (Note 18).

7. Interest income

<i>In LEI</i>	30 June 2021	30 June 2020
Income from interest on bank deposits and current accounts	419,174	567,757
Income from interest on financial assets measured at amortised cost	184,663	375,577
Total	603,837	943,334

Notes to the financial statements

for the financial period ended as at 30 June 2021

8. Net gain / (Net loss) from financial assets at fair value through profit or loss

<i>In LEI</i>	30 June 2021	30 June 2020
Net gain / (Net loss) on financial assets at fair value through profit or loss - shares	108,264,210	18,973,811
Net gain / (Net loss) on financial assets at fair value through profit or loss - bonds	9,789,107	(16,065,619)
Net gain / (Net loss) on financial assets at fair value through profit or loss - fund units	41,359,732	(25,894,205)
Total	159,413,049	(22,986,013)

9. Net income from reversal of adjustments for the impairment of assets

<i>In LEI</i>	30 June 2021	30 June 2020
Reversed losses from impairment of other assets (Note 15) (i)	-	795,288
Total	-	795,288

(i) During the period ended 30 June 2020, the adjustments for the depreciation of other assets (established in 2014) were resumed as a result of the collection of receivables from the outstanding dividends from Erste Group Bank AG in the amount of 774,463 lei.

10. Other operating expenses

<i>In LEI</i>	30 June 2021	30 June 2020
Expenditure on external benefits	715,824	547,417
Expenditure on commissions	915,957	712,111
Custody fees	177,749	146,574
Trading costs	1,313	6,996
Protocol, advertising and publicity expenses	63,077	56,442
Expenses with depreciation of the asset representing rights to use the underlying assets (Note 15 (ii))	4,394	39,566
Interest rate expenses related to the lease contract liability (Note 15 (ii))	1,588	14,657
Other operating expenses (i)	19,047	711,139
Total	1,898,949	2,234,902

(i) Other operating expenses mainly include expenses with sponsorships granted in the amount of 700,000 lei in the period ended 31 December 2020, as well as telecommunications expenses, other taxes and fees, etc.

Notes to the financial statements

for the financial period ended as at 30 June 2021

11. Income tax

<i>In LEI</i>	30 June 2021	30 June 2020
Current income tax		
Dividend tax (5%)	316,055	203,881
	316,055	203,881
Deferred income tax		
Financial assets at fair value through other comprehensive income	(33,599)	(191,261)
Adjustments for impairment of other assets	-	127,246
Fiscal loss	6,640,502	-
	6,606,903	(64,015)
Total	6,922,958	139,866

Reconciliation of income before taxation with the income tax expense:

<i>In LEI</i>	30 June 2021	30 June 2020
Profit / (Loss) before tax	170,597,149	(16,509,790)
Tax under statutory tax rate of 16% (2020: 16%)	27,295,544	(2,641,566)
Effect on income tax of:		
Dividends tax rates	316,055	203,880
Items similar to income resulting from the adoption of IFRS 9	492,859	-
Items similar to expenses following the adoption of IFRS 9	-	(173,897)
Non-deductible expenses	4,594,601	4,460,040
Non-taxable income	(25,742,502)	(9,775,449)
Amounts representing sponsorship within legal limits	-	-
Registration and reversal of temporary differences	6,606,903	(64,015)
Current fiscal loss	-	8,130,873
Reported fiscal loss	(6,640,502)	-
Income tax	6,922,958	139,866

Notes to the financial statements

for the financial period ended as at 30 June 2021

12. Cash and current accounts

<i>In LEI</i>	30 June 2021	31 December 2020
Cash in the petty cash	1,133	1,455
Current accounts at banks	48,775,360	29,426,663
Total	48,776,493	29,428,118

Current accounts open with banks are permanently available to the Company and are not restricted or encumbered.

13. Deposits with banks

<i>In LEI</i>	30 June 2021	31 December 2020
Bank deposits with an initial maturity over 3 months and less than 1 year (i)	41,398,000	35,424,000
Related receivables	118,772	142,325
Blocked deposits	1,000	1,000
Total	41,517,772	35,567,325

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

14. Financial assets

a) Financial assets at fair value through profit or loss

<i>In LEI</i>	30 June 2021	31 December 2020
Bonds (i)	93,757,781	83,968,674
Shares (ii)	593,516,750	495,089,337
Fund units (iii)	222,767,179	181,407,447
Total	910,041,710	760,465,458

(i) The Company holds 501 bonds issued by OPUS Chartered Issuances SA with a two-year maturity (extended maturity starting with September 2020), an acquisition cost of 29,205,275 lei, equivalent to 6,389,253 euros and a fix annual interest amounting to 200.00 euros per bond.

On 30 June 2021 the Company assessed these securities using a valuation model that takes into account the closing quotation published by Bloomberg of 14,556.86 euros/certificate (31 December 2020: 12,819.00 euros / certificate) as well as an adjustment factor that considers mainly the liquidity risk on the instrument's market. The adjustment factor mentioned above determined the decrease of the fair value of these securities by 1,571,774 lei registered on account of profit or loss in 2020 and not recorded in the period ended 30 June 2021.

Notes to the financial statements

for the financial period ended as at 30 June 2021

14. Financial assets

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

The Company also holds 1,140 bonds issued by OPUS Chartered Issuances SA with a maturity of two years (extended maturity starting with September 2020) with an acquisition cost of 44,621,357 lei, equivalent to 10,000,080 euros and a fix annual interest, amounting to 200.00 euros per bond.

On 30 June 2021 the Company assessed these securities using a valuation model that takes into account the closing quotation published by Bloomberg of 10,843.06 euros/certificate (31 December 2020: 10,193.00 euros / certificate) as well as an adjustment factor that considers mainly the liquidity risk on the instrument market. The adjustment factor mentioned above determined the decrease of the fair value of these securities by 2,847,630 lei, registered on account of profit or loss in 2020 and not recorded in the period ended 30 June 2021.

The acquisition of these types of financial instruments is part of the investment policy of SIF Muntenia S.A. for the diversification of the investment portfolio.

(ii) On 30 June 2021, the fair value of the subsidiaries is 593,516,750 lei (31 December 2020: 494,528,336 lei) see Note 23 (iii). During the period ended 30 June 2021, the Company sold the held shares in the subsidiary of Geecsatherm S.A..

The fair value measurements of shares was made at the closing price on the last trading day of the reporting period or by obtaining some values of the stake from valuation reports prepared by independent valuers.

(iii) As at 30 June 2021, the Company holds fund units valued at fair value, of which: open-end investment funds (Star Next, Star Focus, Prosper Invest, Active Dinamic) amounting to 23,502,756 lei and closed-end investment funds/alternative investment funds (BET-FI Index Invest, Multicapital Invest, Active Plus, Star Value, Optim Invest, Certinvest Actiuni and Romania Strategy Fund) amounting to 199.264.423 lei.

b) Financial assets at fair value through other comprehensive income

<i>In LEI</i>	30 June 2021	31 December 2020
Shares valued at fair value (i)	915,408,042	782,464,281
Total	915,408,042	782,464,281

(i) As at 30 June 2021 and 31 December 2020, the category of shares valued at fair value mainly includes the value of shares held in BRD - Groupe Société Générale S.A., Banca Transilvania S.A., SIF Banat-Crişana S.A., SIF Oltenia S.A., SNGN Romgaz S.A., Romaero S.A..

The fair value was determined at the closing price on the last trading day of the reporting period or by obtaining values of the share package using valuation models.

Notes to the financial statements

for the financial period ended as at 30 June 2021

14. Financial assets (continued)

b) Financial assets at fair value through other comprehensive income (continued)

The movement of financial assets at fair value through other comprehensive income in the period ended 30 June 2021 is presented in the following table:

<i>In LEI</i>	Shares valued at fair value
31 December 2020	782,464,281
Net change during the period	(11,371,215)
Changes in fair value	144,314,976
30 June 2021	915,408,042

The movement of financial assets at fair value through other comprehensive income in the period ended 30 June 2020 is presented in the following table:

<i>In LEI</i>	Shares valued at fair value
31 December 2019	798,621,743
Net change during the period	2,494,349
Changes in fair value	(121,815,235)
30 June 2020	679,300,857

c) Financial assets measured at amortised cost

<i>In LEI</i>	30 June 2021	31 December 2020
Corporate bonds - other currencies	4,933,685	4,877,838
Corporate bonds - LEI	1,006,827	1,007,071
TOTAL	5,940,512	5,884,909
of which with maturity in more than a year:		
Corporate bonds - other currencies	4,926,700	4,869,400
Corporate bonds - LEI	1,000,000	1,000,000

As at 30 June 2021 and 31 December 2020, the Company holds listed bonds issued by Capital Leasing IFN S.A. and Impact Developer&Contractor S.A..

Notes to the financial statements

for the financial period ended as at 30 June 2021

15. Other assets

<i>In LEI</i>	30 June 2021	31 December 2020
Various debtors	7,857,698	7,959,483
Dividends to be received	8,869,353	4,532,591
Assets representing rights to use underlying assets under a lease contract (i)	32,535	38,739
Tangible assets	317	1,267
Other assets	10,498	40,792
Adjustments for impairment of various debtors	(7,857,657)	(7,857,657)
Total	8,912,744	4,715,215
<i>Of which, with credit risk (Note 4 b)):</i>	8,869,394	4,634,417

The evolution of the adjustments for the depreciation of various debtors and for the dividends receivable is as follows:

<i>In LEI</i>	
as at 1 January 2021	(7,857,657)
Reversal of impairment adjustments (Note 9)	-
as at 30 June 2021	(7,857,657)

(i) During the financial year ended 31 December 2020, the Company concluded a lease agreement for obtaining the right to use the space in 46-48 Serghei Vasilievici Rahmaninov Street, sector 2, Bucharest, as a lessee. The company estimated the initial value of the asset related to the right of use at a value equal to the discounted debt at the time of the transition arising from this contract of 44,698 lei. During the period ended 30 June 2021, the Company revalued the debt arising from the lease as a result of changes in future lease payments, for the remaining term of the lease, recognizing the revaluation amount as an adjustment to the cost of the right to use the asset. The revalued value of the asset related to the right of use is 42,889 lei. The accumulated depreciation related to this asset until 30 June 2021 was in the amount of 10,354 lei, resulting in a net book value of 32,535 lei.

For this contract, the Company recognized during the period ended 30 June 2021 depreciation expenses in the amount of 4,394 lei and interest expenses in the amount of 1,588 lei. The total cash outflows related to the contracts during the period ended 30 June 2021 amounted to 5,118 lei.

Notes to the financial statements

for the financial period ended as at 30 June 2021

16. Dividends to be paid

<i>In LEI</i>	30 June 2021	31 December 2020
Dividends to be paid that are under seizure related to profits for 2011-2015 (i)	459,547	335,579
Dividends to be paid for 2016 profit	-	14,461,489
Dividends to be paid for 2017 profit	12,851,619	12,875,509
Total dividends to be paid	13,311,166	27,672,577

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

(i) Dividends to be paid that are under distraint represent blocked dividends as a result of seizures or insurance seizures.

17. Liabilities related to deferred income tax

Liabilities with deferred tax as at 30 June 2021 are generated by items detailed in the table below:

<i>In LEI</i>	Assets	Liabilities	Net
Financial assets at fair value through other comprehensive income	364,338,864	-	364,338,864
Impairment adjustments and other provisions	-	7,857,656	(7,857,656)
Fiscal loss	-	28,528,950	(28,528,950)
Total	364,338,864	36,386,606	327,952,258
Net temporary differences - 16% quota			327,952,258
Deferred income tax liabilities			52,472,361

Notes to the financial statements

for the financial period ended as at 30 June 2021

17. Liabilities related to deferred income tax (continued)

Liabilities related to deferred income tax as at 31 December 2020 are generated by items detailed in the table below:

<i>In LEI</i>	Assets	Liabilities	Net
Financial assets at fair value through other comprehensive income	250,799,027	-	250,799,027
Impairment adjustments and other provisions	-	7,857,656	(7,857,656)
Fiscal loss	-	70,032,088	(70,032,088)
Total	250,799,027	77,889,744	172,909,283

Net temporary differences - 16% quota 172,909,283

Deferred income tax liabilities **27,665,485**

The balance of deferred income tax recognized directly by decreasing equity at 30 June 2021 is 52,433,952 lei (31 December 2020: 34,233,979 lei), being generated entirely by financial assets at fair value through other comprehensive income, for assets held for a period of less than one year and less than 10% of the issuer's share capital.

The Company has recognized a deferred tax asset for the tax loss recorded in the financial year ended 31 December 2020 because it is probable that future profits will be made to cover the tax loss. On 30 June 2021, the Company recovered 41,503,138 lei from the fiscal loss, recognizing a deferred tax expense of 6,640,502 lei (Note 11).

18. Other liabilities

<i>In LEI</i>	30 June 2021	31 December 2020
Suppliers - invoices to be received (i)	2,792,284	2,520,887
Taxes and fees	15,958	15,950
Domestic suppliers	2,406	22,845
Liabilities related to the lease contract (Note 15 ii))	35,538	40,419
Other liabilities (ii)	299,714	3,046,011
Total	3,145,900	5,646,112

(i) As at 30 June 2021, suppliers – invoices to be received represent, mainly, the debt related to the monthly administration fee amounting to 2,385,118 lei (31 December 2020: 2,018,063 lei).

(ii) During the financial year ended 31 December 2020, the Company recognized a debt for dividends received in the amount of 1,653,000 lei from SIF Oltenia S.A., as a result of the decision of the shareholders of the Ordinary General Meeting of Shareholders, convened on 12 October 2020, revoking the distribution of net profit for 2019, initially approved at the Ordinary General Meeting of Shareholders held on 28 April 2020. During the period ended 30 June 2021, the Company recognized this debt as a result of the shareholders' decisions in the Ordinary General Meeting of Shareholders, held on 24 February 2021 regarding the distribution of the net profit for 2019 on the destination of dividends (Note 6).

Notes to the financial statements

for the financial period ended as at 30 June 2021

19. Equity and reserves

(a) Share capital

The shareholding structure of the Company is the following:

30 June 2021	Number of shareholders	Number of shares	Amount (LEI)	(%)
Individuals	5,940,129	509,219,771	50,921,977	64.90
Legal persons	140	275,425,430	27,542,543	35.10
Total	5,940,269	784,645,201	78,464,520	100

31 December 2020	Number of shareholders	Number of shares	Amount (LEI)	(%)
Individuals	5,941,618	510,485,689	51,048,569	65.06
Legal persons	159	274,159,512	27,415,951	34.94
Total	5,941,777	784,645,201	78,464,520	100

All shares are ordinary shares, they were subscribed and paid in full by 30 June 2021. 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.

Reconciliation of the share capital according to IFRS with the one according to the Articles of Incorporation is presented in the following table:

<i>In LEI</i>	30 June 2021	31 December 2020
Share capital according to the Articles of Incorporation	78,464,520	78,464,520
Hyperinflation effect - IAS 29	781,006,539	781,006,539
Restated share capital	859,471,059	859,471,059

(b) Reserves from revaluation of financial assets at fair value through other comprehensive income

This reserve includes cumulative net changes in the fair values of financial assets at fair value through other comprehensive income from the date of classification in this category and to the date they have been derecognized.

Revaluation reserves of financial assets at fair value through other comprehensive income are recorded net of related deferred tax. The value of deferred tax recognized directly by decrease in equity is presented in Note 17.

Notes to the financial statements

for the financial period ended as at 30 June 2021

19. Equity and reserves (continued)

(c) Retained earnings representing realized surplus - IFRS 9

When derecognizing equity instruments designated as financial assets at fair value through other comprehensive income, (see Note 14 b) (i)), the gains / losses on these instruments are reclassified to retained earnings as surplus realized from revaluation reserves.

During the period ended 30 June 2021, as a result of the application of accounting policies in accordance with IFRS 9 and detailed in Note 3 e) (vii), the Company recognized in the retained earnings the net gain from the disposal of financial assets. The surplus realized by the Company as a result of the transfer of financial assets at fair value through other comprehensive income was in the amount of 12,280,782 lei. In addition, as a result of the sale of financial assets at fair value through profit or loss, the amount of 5,086,398 lei was transferred from retained earnings to retained earnings representing realized surplus.

During the financial exercise ended 31 December 2020, as a result of applying accounting policies compliant with IFRS 9 and detailed in Note 3 e) (vii), the Company recognized the net gain on disposal of financial assets in retained earnings. The surplus realized by the Company as a result of the disposal of financial assets at fair value through other comprehensive income was in the amount of 1,571,980 lei. In addition, as a result of the disposal of financial assets at fair value through profit or loss, the negative value of 116,417 lei was transferred from retained earnings to retained earnings representing realized surplus.

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 rate of 5% of statutory recorded gross profit up to a level of 20% of the share capital according to the Articles of Incorporation. Legal reserve value as at 30 June 2021 is of 15,692,904 lei (31 December 2020: 15,692,904 lei).

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

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

20. Earnings per share

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

<i>In LEI</i>	30 June 2021	30 June 2020
Net profit / (Net loss)	163,674,191	(16,649,656)
Weighted average number of ordinary shares	784,645,201	800,638,997
Basic earnings per share	0.2086	(0.0208)

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

Notes to the financial statements

for the financial period ended as at 30 June 2021

21. 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 as at 30 June 2021:

<i>In LEI</i>	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total accounting value	Fair value
Cash and cash equivalents	-	-	48,776,493	48,776,493	48,776,493
Deposits with banks	-	-	41,517,772	41,517,772	41,517,772
Financial assets at fair value through profit or loss	910,041,710	-	-	910,041,710	910,041,710
Financial assets at fair value through other comprehensive income	-	915,408,042	-	915,408,042	915,408,042
Financial assets measured at amortised cost	-	-	5,940,512	5,940,512	6,443,148
Other financial assets	-	-	8,869,394	8,869,394	8,869,394
Total financial assets	910,041,710	915,408,042	105,104,171	1,930,553,923	1,931,056,559
Dividends to be paid	-	-	(13,311,166)	(13,311,166)	(13,311,166)
Other financial liabilities	-	-	(3,145,900)	(3,145,900)	(3,145,900)
Total financial liabilities	-	-	(16,457,066)	(16,457,066)	(16,457,066)

In order to estimate the fair value of financial assets and liabilities measured at amortised 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 the financial assets measured at amortised cost, 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 the financial statements

for the financial period ended as at 30 June 2021

21. Financial assets and liabilities (continued)

The table below summarizes the carrying amounts and fair values of financial assets and liabilities of the Company as at 31 December 2020:

<i>In LEI</i>	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total accounting value	Fair value
Cash and cash equivalents	-	-	29,428,118	29,428,118	29,428,118
Deposits with banks	-	-	35,567,325	35,567,325	35,567,325
Financial assets at fair value through profit or loss	760,465,458	-	-	760,465,458	760,465,458
Financial assets at fair value through other comprehensive income	-	782,464,281	-	782,464,281	782,464,281
Financial assets measured at amortised cost	-	-	5,884,909	5,884,909	6,557,460
Other financial assets	-	-	4,634,417	4,634,417	4,634,417
Total financial assets	760,465,458	782,464,281	75,514,769	1,618,444,508	1,619,117,059
Dividends to be paid	-	-	(27,672,577)	(27,672,577)	(27,672,577)
Other financial liabilities	-	-	(5,646,112)	(5,646,112)	(5,646,112)
Total financial liabilities	-	-	(33,318,689)	(33,318,689)	(33,318,689)

In order to estimate the fair value of financial assets and liabilities measured at amortised 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 the financial assets measured at amortised cost, 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 the financial statements

for the financial period ended as at 30 June 2021

22. Commitments and contingent liabilities

(a) Litigations

The Company is subject to a number of court proceedings resulting from the normal course of business. The Company's management believes, based on legal advice, 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 June 2021 and 31 December 2020 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 fiscal result is not distorted by the effect of prices in relations with affiliates. The Company did not exceed the value level of transactions carried out with the related parties, as stipulated by legal requirements in force, for the elaboration of the transfer pricing file.

23. Transactions and balances with related parties

The Company identified during the development of its activity the following related parties:

(i) Company's Management

The Company operates under a management contract signed with 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 S.A., holding 99.98% of the share capital on 30 June 2021.

The transactions carried out between the Company and the Administrator were the following:

In LEI

<i>Loans and receivables</i>	30 June 2021	31 December 2020
Liabilities related to the management fee	(2,385,118)	(2,018,063)
<i>Incomes and expenses</i>	30 June 2021	30 June 2020
Management fees	(13,638,681)	(8,700,000)

(i) During the financial period ended 30 June 2021, the management fees amounting to 13,638,681 lei (period ended 30 June 2020: 8,700,000 lei) include the monthly management fees, according to the management contract concluded between the parties.

Notes to the financial statements

for the financial period ended as at 30 June 2021

23. Transactions and balances with related parties (continued)

(ii) Key management personnel

30 June 2021

- Members of the Board of Directors of S.A.I. Muntenia Invest S.A.: Adrian Simionescu, Sergiu Mihailov and Dorina Teodora Mihăilescu.
- Member of the executive management of S.A.I. Muntenia Invest S.A.: Nicușor Marian Buică - General Director and Sergiu Mihailov - Corporate Management Director.

Transactions with the Company's personnel:

<i>Other transactions</i>	30 June 2021	30 June 2020
Expenses with the remuneration of Shareholders Representatives Council members, of which:	220,236	220,236
- gross remunerations paid to the members	215,388	215,388
- social security and social protection expenses	4,848	4,848
- number of members	3	3
Expenses with salaries, of which:	3,523	23,124
- gross salaries paid or to be paid	3,445	22,167
- social security and social protection expenses	78	957
- number of employees	1	1

As at 30 June 2021, the Company has an actual number of 1 employee and 3 members of the Shareholders Representatives Council. The Shareholders Representatives Council Members were appointed during the SGOM of SIF Muntenia dated 25 June 2018.

Notes to the financial statements

for the financial period ended as at 30 June 2021

23. Transactions and balances with related parties (continued)

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

All subsidiaries of the Company as at 30 June 2021 and 31 December 2020 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 June 2021	Fair value as at 31 December 2020	Percentage held as at 30 June 2021	Percentage held as at 31 December 2020
Avicola București S.A.	18,544,055	18,544,055	99.40%	99.40%
Biofarm S.A.	313,070,495	217,523,006	51.58%	51.58%
Bucur S.A.	24,099,389	24,099,389	67.98%	67.98%
Casa de Bucovina - Club de Munte S.A.	10,340,825	8,992,022	69.25%	69.25%
CI-CO S.A.	45,330,424	45,330,424	97.34%	97.34%
Firos S.A.	37,353,668	37,353,668	99.69%	99.69%
FRGC IFN S.A.	9,660,624	9,660,624	54.59%	54.59%
Gecsatherm S.A.	-	7,019,434	-	50.00%
Germina Agribusiness S.A.	25,952,661	23,275,467	90.68%	90.68%
ICPE S.A.	22,219,006	22,219,006	50.32%	50.32%
Mindo S.A.	3,161,601	3,161,601	98.02%	98.02%
Muntenia Medical Competences S.A.	30,292,301	30,292,301	99.76%	99.76%
Semrom Oltenia S.A.	12,007,541	12,007,541	88.49%	88.49%
Unisem S.A.	16,996,428	10,562,066	76.91%	76.91%
Voluthema Property Developer S.A.	24,487,732	24,487,732	99.97%	99.97%
Total	593,516,750	494,528,336	-	-

(iv) Associates of the Company

As at 30 June 2021 and 31 December 2020, 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 related parties were conducted in the normal course of business. The Company did not receive and did not give guarantees in favor of any related parties.

Incomes and expenses	30 June 2021	30 June 2020
Acquisition of goods and services	-	(52,175)

Notes to the financial statements

for the financial period ended as at 30 June 2021

24. Subsequent events

AMENDMENT OF THE COMPANY'S FINANCIAL COMMUNICATION CALENDAR FOR 2021

Through the communique of 7 July 2021, the Company informed the investors about the change in the date of the Company's Financial Communication Calendar, regarding the presentation of the financial results obtained in the first semester of 2021, respectively the date of 10 August 2021 instead of 31 August 2021.

AUTHORIZATION OF THE COMPANY AS AN ALTERNATIVE INVESTMENT FUND FOR RETAIL INVESTORS

The Financial Supervisory Authority issued Authorization no. 151 / 09.07.2021 authorizing the Company as an Alternative Investment Fund for Retail Investors (AIFRI), having as depositary BRD - Groupe Société Générale S.A. and being managed by SAI Muntenia Invest S.A.. At the same time, according to Authorization no. 151 / 09.07.2021, the Financial Supervisory Authority authorized the amendments in the Articles of Incorporation of the Company in accordance with the SGEM Decision no. 2 / 07.01.2021.

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

PREPARED BY,
SAI MUNTENIA INVEST S.A.
Irina MIHALCEA
Chief Accountant