



investments with a view

SOCIETATEA DE INVESTITII FINANCIARE MUNTENIA S.A.

**ADMINISTRATOR'S
HALF YEAR REPORT**

01.01.2017 - 30.06.2017



**Report prepared by Societatea de Administrare a Investițiilor Muntenia
Invest S.A in accordance with Law no. 297/2004,
NSC Regulation No. 1/2006 and FSA Rule no. 39/2015**

GENERAL INFORMATION

Company Name	Societatea de Investiții Financiare Muntenia S.A.
Headquarters	16, Splaiul Unirii, Bucharest, sector 4
Sole Registration Code	3168735
Trade Registry Registration Number	J40/27499/1992
Subscribed and paid share capital	80,703,652 lei
Outstanding shares	807,036,515
Characteristics of the shares	Common, nominative, indivisible, dematerialized
Face value	0.1 lei
Regulated Market on which the securities issued are traded	Bucharest Stock Exchange, Premium Tier, SIF4 symbol
Main object of activity	Openly attracting financial resources from natural/legal persons with a purpose to investing them according to the legislation in force related to the capital market and to the NSC Regulations. CAEN Code 6499 - Other financial service activities, except insurance and pension funding n.e.c
Shareholding structure	100% private
Free capitalization	100%
Depository and custodian services	BRD Groupe Societe Generale
Shares and shareholders registry	Depozitarul Central S.A.
Financial auditor	KPMG Audit S.R.L.
Contact	Romania, Bucharest, 16 Splaiul Unirii, 040035 Tel: +4021-3873210; +4021- 3873253 Fax: +4021-3873265; +4021-3873209 www.sifmuntenia.ro e-mail: relatii@sifmuntenia.ro ; sai@munteniainvest.ro

Pursuant to the Establishment Deed of SIF MUNTENIA SA, as approved by the General Shareholders Meeting as of 1997 and approved by NSC by Decision no. 1039/02.05.2006, the administration of SIF MUNTENIA was assigned to Societatea de Administrare a Investițiilor MUNTENIA INVEST SA (SAI Muntenia Invest)



Authorised by NSC Decision no. D6924/17.07.1997
Reauthorised by NSC Decision no. 110/13.01.2004
Registered in the NSC Registry under no. PJR05SAIR/400006
Address: 16 Splaiul Unirii, Sector 4, 040035 Bucharest, Romania
Tel: 021-387.32.10 Fax: 021-387.32.09



TABLE OF CONTENTS

1	GENERAL INFORMATION.....	1
1.1	ELEMENTS WHICH HAVE INFLUENCED THE ACTIVITY OF SIF MUNTENIA.....	1
2	ACTIVITY ANALYSIS	3
2.1	ASSET ALLOCATION	3
2.2	TOTAL ASSETS AND NET ASSETS	5
2.3	SUMMARY OF THE FINANCIAL POSITION	7
3	SHARES SUB-PORTFOLIO	8
3.1	SUB-PORTFOLIO EVOLUTION	8
3.2	COMPANIES ACCOUNTING FOR MORE THAN 1% OF SIF MUNTENIA'S TOTAL ASSETS	10
3.3	ALLOCATION BY SECTORS OF ACTIVITY	11
4	OTHER SUB-PORTFOLIOS	14
5	SIF MUNTENIA SHARES, SHAREHOLDERS RELATIONS.....	15
5.1	SHARES ISSUED BY SIF MUNTENIA	15
5.2	SHAREHOLDING STRUCTURE OF SIF MUNTENIA	16
5.3	GENERAL MEETINGS SIF MUNTENIA SHAREHOLDERS.....	16
5.4	DIVIDENDS	17
6	ACCOUNTING FINANCIAL STATEMENT	18
6.1	INDIVIDUAL STATEMENT OF FINANCIAL POSITION	18
6.2	INDIVIDUAL STATEMENT OF PROFIT AND LOSS AND OTHER ITEMS OF COMPREHENSIVE RESULT	20
6.3	BUDGET OF REVENUES AND EXPENSES EXECUTION	21
7	SUBSEQUENT EVENTS	22

1 GENERAL INFORMATION

SIF Muntenia is a legal Romanian person, established as a joint stock company with full privately-owned capital. The operation of the company is regulated both by ordinary and special Romanian legislation, applicable to financial investment companies, and by its articles of incorporation.

SIF Muntenia was established as a joint stock company in November 1996 by restructuring and transformation of Muntenia IV Private Ownership Fund, pursuant to Law 133/1996 for the transformation of Private Ownership Funds into financial investment companies.

SIF Muntenia S.A. is an undertakings for collective investment operating in Romania in accordance with the provisions of Law no. 31/1990 and Law no. 297/2004 regarding the capital market and Law no. 74/2015 on Alternative Investment Fund Managers, G.E.O. no. 32/2012 on undertakings for collective investment in transferable securities and investment management companies, as well as for amending and completing the Law no. 297/2004 on the capital market, FSA Regulation no. 9/2014 regarding the authorization and functioning of investment management companies, of UCITS and of the depository of UCITS, FSA Regulation no. 10/2015 on the management of alternative investment funds, NSC Regulation no. 1/2006 on issuers and transactions with securities.

During the first half of 2017 there were no significant reorganizations of SIF Muntenia's activity. There were no changes to the articles of incorporation.

SIF Muntenia is registered in the FSA Register of Financial Instruments and Investments in the Alternative or Closed Investment Companies Section (UCI that are set up by an establishment deed and issue a limited number of shares and are traded on a market) with the register number PJR09SIIR/400005.

The main fields of activity of SIF Muntenia are:

- administration and management of its own securities portfolio;
- investments in securities in accordance with the regulations in force;
- mobilizing available financial resources from individuals and legal entities and placing them in securities.

SIF Muntenia does not have subsidiaries or branches, but it prepares consolidated financial statements under IFRS, where the controlled companies are consolidated as subsidiaries.

SIF Muntenia professionally uses financial instruments with significant effects on the valuation of its assets, liabilities, financial position and profit or loss.

Acquisitions and disposals of assets carried out by SIF Muntenia during the first half of 2017 refer to sale and purchase transactions of financial instruments. Details of these transactions are presented below in this Report.

1.1 ELEMENTS WHICH HAVE INFLUENCED THE ACTIVITY OF SIF MUNTEANIA

MACROECONOMIC ENVIRONMENT

Internationally, uncertainties and risks related to economic growth in the euro area and globally remain relevant, especially in the context of the negotiations for Brexit and the US administration economic policies, but also to the decisions of the main central banks (ECB, FED).

These factors may lead to volatility in the investment appetite for financial assets issued by emerging economies, among which Romania is included.

The economic growth in Romania in Q1 2017, expressed as **gross domestic product** growth, was 1.7% quarter-on-quarter and 5.7% year on year; the highest economic growth in the EU for this period. (At an annual rate, the euro area economy rose by 1.9% in the first three months of 2017, and the European Union as a whole recorded a 2.1% increase).

Economic growth is supported by positive developments in all sectors of activity: industry, construction and services. Industrial production was the main source of GDP growth on the supply side, with annual growth reaching the peak of the last 12 quarters. Domestic demand remained the main driver of economic growth in Romania. The low level of

interest rates supported lending, especially for the population.

The gross fixed capital formation (investments in the national economy) was mainly supported by residential construction and, to a lesser extent, by the acquisition of equipment.

Contribution of net exports to GDP growth returned to marginally negative, as the growth in the last three years of the dynamics of exports of goods and services, in the context of the revival of external demand, was outstripped by the acceleration of imports. The current account deficit has increased its downward trend over the same period last year.

The implementation of the consolidated general budget ended in the first semester of this year with a deficit of 6.3 billion lei, respectively 0.77% of GDP, compared to the deficit of 3.9 billion lei, respectively 0.51% of GDP, registered in the same period of 2016.

Nationally, a number of contradictory political statements about changes in some tax items introduce uncertainty in the substantiation of the investment / disinvestment process and in the activity of the companies where SIF Muntenia has participations.

FINANCIAL MARKET

The annual **CPI inflation rate** returned to positive territory in May 2017 (0.1%) and registered an upward trend, mainly due to the dissipation of the favorable statistical base effect.

In June, the political risk led the **exchange rate** - the leu / euro pair - at a peak in the last five years, the leu / euro exchange rate making a leap close to 4.6 lei/euro in the second half of June 2017.

Details of the banking financial market are presented in the Shares Sub-Portfolio/Sector Allocation section.

CAPITAL MARKET

In H1 2017, the evolution of the Bucharest Stock Exchange was good. The main index of the Bucharest Stock Exchange, BET, kept a 10.8% gain at the end of the first half, even after the June devaluation (a month marked by dividends granting and a series of political uncertainties). The average daily trading value increased by more than 30% to almost 9.7 million euros.

The BET-TR index, which includes dividends from companies included in the BET index, recorded an increase of 16.85% at the end of the first semester. (Even if a series of additional dividends to state-owned companies have not materialized - see the Government's request that 90% of the profits of state-owned companies be distributed as dividends -).

The BET-FI index, which shows the evolution of the five investment companies plus Fondul Proprietatea, appreciated by 8% in the first half of 2017 and the share price of SIF4 increased by 15.36% (*closing values 30.06.2017 / closing values 03.01.2017, SIF4 price on REGS*).

The stock market capitalization of the Romanian companies listed on the BSE reached 19.25 billion euros at the end of June, while the stock market capitalization of all the companies listed on the BSE exceeded 37 billion euros.

The merger by absorption of the SIBEX Exchange by BSE was approved in the SGEM of SIBEX (January 2017) and BSE (April 2017). *Details of the effect of this project on SIF Muntenia's portfolio are presented in the Shares Sub-Portfolio chapter.*

A worrying short-term evolution occurred at the end of the first half of 2017, linked to the contradictory statements regarding the second pillar of pensions, which in the short term led to a sharp devaluation of quoted shares on the BSE and devaluation of the leu against the euro.

LEGISLATIVE FRAMEWORK

In the Official Gazette no. 213/29 March 2017 two important laws were published that will have an influence on SIF Muntenia's activity in the future, namely:

- Law no. 24/2017 on issuers of financial instruments and market operations.
- Law no. 29/2017 amending and supplementing GEO no. 32/2012 on undertakings for collective investment in transferable securities and investment management companies, as well as for amending and completing Law no. 297/2004.

The FSA Regulation no. 2/2017 was approved, on the transfer or withdrawal from trading of issuers' securities in the event of the closure of an alternative trading system.

2 ACTIVITY ANALYSIS

The strategic objectives for 2017 are presented in the Management Program, which was approved by the shareholders of SIF Muntenia in the SGOM on 27 April 2017.

The overall objective of administration is to maintain SIF Muntenia a balanced diversified fund, combining a balanced growth of the assets and income at a satisfactory medium risk.

Main strategic objectives for 2017 as presented in the program are:

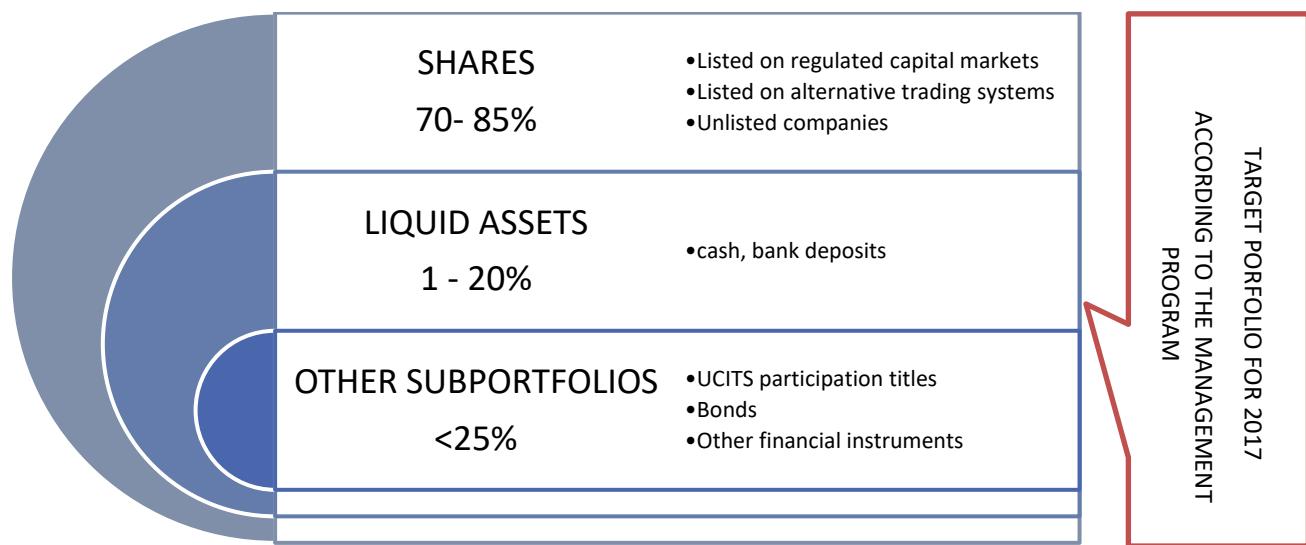
- Continue the portfolio restructuring and its efficient administration so as to ensure a long-term sustainable growth.
- Continue the investment process with a focus on investments in Romania and listed shares.

The main coordinates of SIF Muntenia's investment strategy (from the point of view of alternate investment fund legislation) as defined in Article 3 (3) (c) of Directive 2011/61 / EU on fund managers of alternative investments, were presented in the Strategic Management Program for 2017, subject to approval by the shareholders in the SGOM on 27 April 2017.

2.1 ASSET ALLOCATION

The portfolio of SIF Muntenia has remained within the applicable legal limits and within the limits defined by the target portfolio, that of SIF Muntenia's diversified balanced fund.

Allocation of assets on the sub-portfolios was within the limits of the Investment Program for 2017 which was approved by SIF Muntenia shareholders in the SGM on 27 April 2017 as follows:



The total assets and net assets calculated according to the FSA provisions increased both against the values at the end of 2016 and against the values as of 30.06.2016 (details on the Total asset and net asset chapter).

The main evolution in the structure of the portfolio in H1 2017 was the percentage and value growth of the sub-portfolio of quoted shares, both due to the increase of the stock prices on the BSE and due to the increase in the investments in quoted shares (details in the Shares Sub-Portfolio) – purchases of quoted shares amounted to 21.83 mn lei and the sale of shares to 5.75 mn lei.

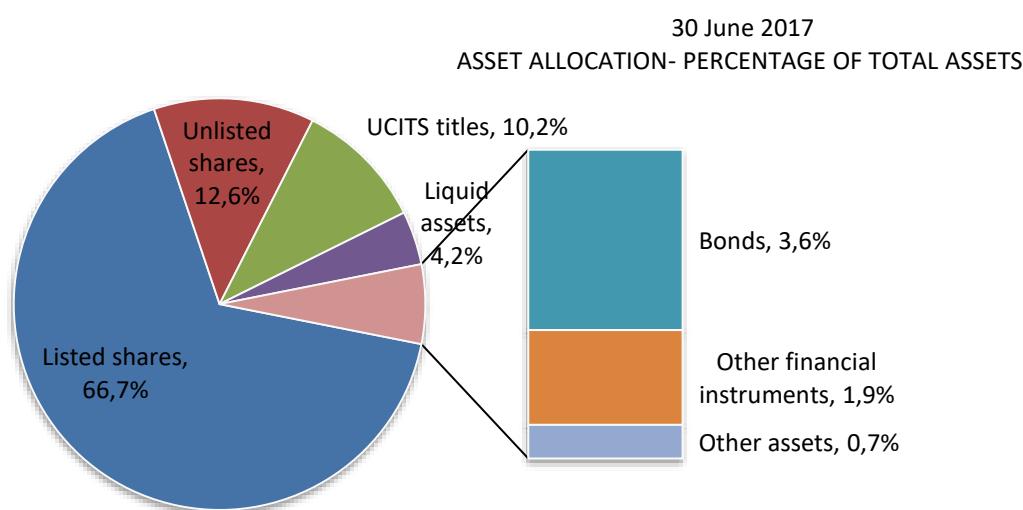
The UCITS participation titles sub-portfolio was also restructured, by the redemption of participation titles of 8.6 million lei and the purchase of UCITS units of 27 million lei.

The main sub-portfolios that comprise SIF Muntenia's portfolio are presented below, as a value and as a percentage of total assets.

in LEI	30-06-16	31-12-16	30-06-17
Listed shares	737,536,519	824,298,718	897,724,285
Unlisted shares	184,812,706	177,076,756	170,963,780
Listed bonds	51,539,400	46,765,179	49,009,270
Unlisted bonds	1,159,672	1,164,294	1,166,968
Other financial instruments	19,600,000	21,812,000	26,852,000
Cash and current accounts	5,758,037	4,486,444	13,096,313
Bank deposits	90,977,890	76,618,412	29,666,230
UCITS participation titles	111,196,006	117,187,359	147,466,141
Other assets	43,863,606	8,285,621	10,195,946
TOTAL ASSETS	1,246,443,836	1,277,694,783	1,346,140,933

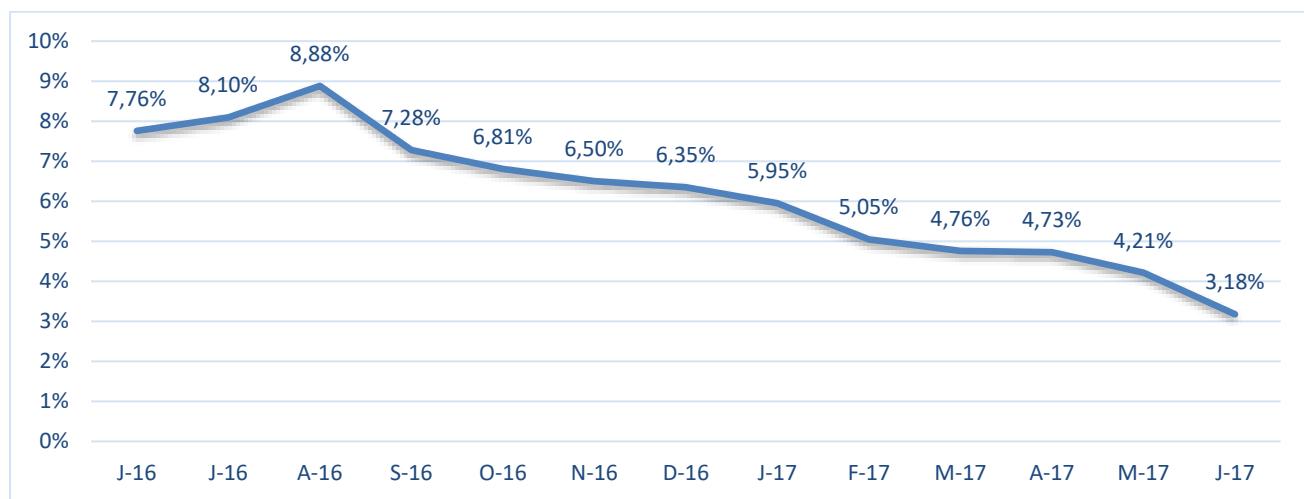
% total assets	30-06-16	31-12-16	30-06-17
Listed shares	59.2%	64.5%	66.7%
Unlisted shares	14.8%	13.9%	12.7%
Listed bonds	4.1%	3.7%	3.6%
Unlisted bonds	0.1%	0.1%	0.1%
Other financial instruments	1.6%	1.7%	2.0%
Cash and current accounts	0.5%	0.4%	1.0%
Bank deposits	7.3%	6.0%	2.2%
UCITS participation titles	8.9%	9.2%	11.0%
Other assets	3.5%	0.6%	0.8%

The detailed statement of investments of SIF Muntenia as at 30 June 30 2017, prepared in accordance with Annex 17 of Regulation no. 15/2004, is attached to this report.



The liquidity level of the portfolio, defined as the ratio of liquidity plus bank deposits and total assets, was within the limits required by a prudent liquidity risk management.

Against the further decline in interest rates on deposits, the liquidity of the portfolio was maintained at low levels.



2.2 TOTAL ASSETS AND NET ASSETS

Net Asset Value (**NAV**) was calculated in accordance with Regulation no. 9/2014 issued by the FSA, being certified by SIF Muntenia assets' depository, Banca Română pentru Dezvoltare (BRD) – GSG.

Monthly net asset values were published for the shareholders' acknowledgement on the website www.sifmuntenia.ro and reported under legal provisions to the FSA - Financial Instruments and Services Sector and to the Bucharest Stock Exchange (BSE), no later than 15 calendar days as of the end of the reporting month.

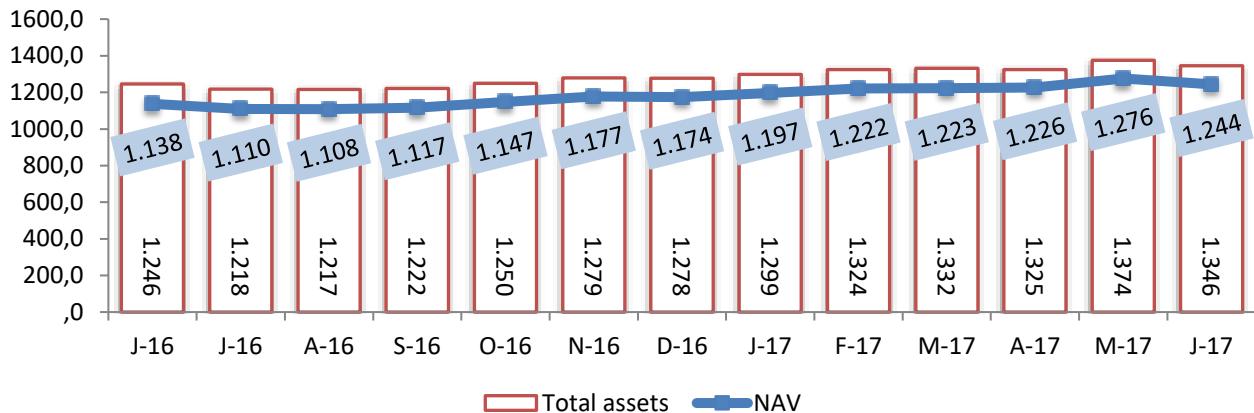
For the Total Assets, Net Assets and Liabilities as at 31.12.2016, the **recalculated** values that comprise the accounting elements of the **final** financial statements for that period (audited financial statements under IFRS / Standard 39) are presented and used in this report. The recalculated values have been certified by the SIF Muntenia's Depository.

The Total Assets, net assets and liabilities for the period 1 January 2017-30 June 2017 were calculated in accordance with Regulation no. 9/2014 issued by the FSA, using accounting elements related to financial reporting in accordance with Rule 39.

SIF Muntenia's total assets, net assets and liabilities (lei and euro equivalent at the end of the period) and the changes in value and percentage in H1 2017 and in the last year (in lei) are presented below.

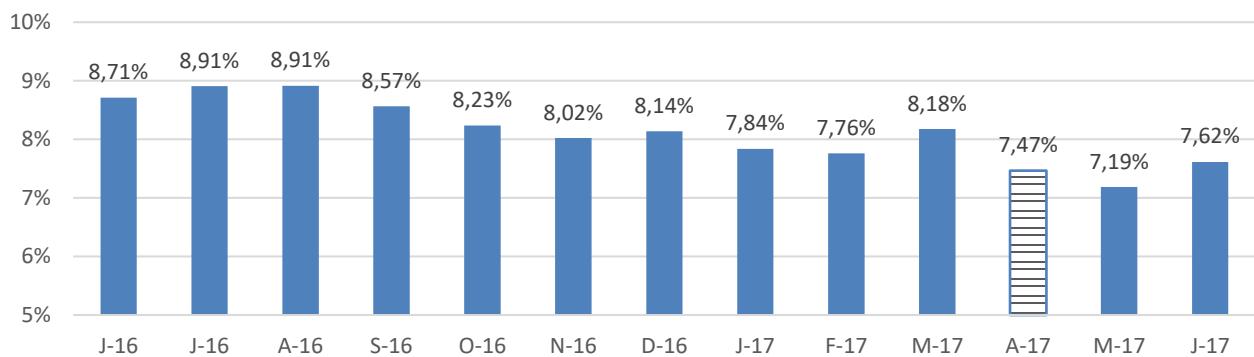
	30-06-16	31-12-16	30-06-17
TOTAL ASSETS, lei	1,246,443,836	1,277,694,783	1,346,140,933
TOTAL LIABILITIES, lei	108,614,687	103,985,710	102,516,864
NET ASSETS, lei	1,137,829,150	1,173,709,073	1,243,624,069
Net asset value per unit	1.4099	1.4543	1.5410
<i>Euro exchange rate</i>	4.5210	4.5411	4.5539
TOTAL ASSETS expressed in euro	275,700,915	281,362,398	295,601,777
NET ASSETS expressed in euro	251,676,432	258,463,604	273,089,894

In lei	Change in value H1 2017	Change in % H1 2017	Change in value 1 year	Change in % 1 ayear
TOTAL ASSETS	68,446,149	5.36%	99,697,096	8.00%
TOTAL LIABILITIES	-1,468,846	-1.41%	-6,097,823	-5.61%
NET ASSETS	69,914,996	5.96%	105,794,919	9.30%



Liabilities continued their yearly downward trend.

Liabilities/ Total assets (%)



In April 2017, the following operations related to liabilities were carried out:

- A decrease of 42.06 million lei based on the decision no. 4 of the SGOM of SIF Muntenia of 27 April 2017, prescribing dividends and amounts of reserves that have not been claimed within three years from the date of their exigibility.
- An increase of 32.28 mn lei based on the decision no. 2 of the same SGM, which decided to distribute dividends from the profit of 2016, and as a result, the debt to the shareholders of SIF Muntenia with the dividends to be paid was established.

In H1 2017, dividends and dividend tax were paid to the shareholders of SIF Muntenia amounting to 1,476,006 lei.

2.3 SUMMARY OF THE FINANCIAL POSITION

ASSET EVOLUTION lei	H1 2016	2016 recalculat	H1 2017
TOTAL CERTIFIED ASSET	1,246,443,836	1,277,694,783	1,346,140,933
NAV	1,137,829,150	1,173,709,073	1,243,624,069
NAV per SHARE (lei/share)	1.4099	1.4543	1.5410
 DIVIDENDS-lei	2014	2015	2016
GROSS DIVIDEND PER SHARE	0.0715	0.0450	0.0400
 SHARES lei	S1 2016	2016	S1 2017
CLOSING PRICE END OF PERIOD	0,590	0,656	0,796
MARKET CAPITALIZATION	476,151,544	529,415,954	642,401,066
NET ASSET DISCOUNT	58.2%	54.9%	48.3%
 ACCOUNTING ASSETS AND LIABILITIES -lei	H1 2016	2016	H1 2017
TOTAL ACCOUNTING ASSETS	1,035,111,162	1,128,432,308	1,212,760,206
EQUITY	926,496,475	1,024,446,598	1,110,243,342
TOTAL LIABILITIES	108,614,687	103,985,710	102,516,864
 INCOME AND EXPENSES-lei	S1 2016	2016	S1 2017
TOTAL INCOME	91,566,324	121,071,320	34,327,527
TOTAL EXPENSES	30,921,678	67,799,540	20,216,607
GROSS PROFIT	62,648,809	55,282,504	14,355,714
NET PROFIT	59,900,974	50,386,184	13,126,063
 PERFORMANCE INDEXES	H1 2016	2016	H1 2017
Net Profit /FSA Net assets	5.26%	4.29%	1.06%
ROE= Net profit/ equity	6.47%	4.92%	1.18%
ROA= Net profit / Total accounting assets	5.79%	4.47%	1.08%

TOTAL CERTIFIED ASSETS = total asset value calculated according to NSC / FSA regulations and certified by the depository. The amount is calculated on the last business day of the reporting period.

NAV = net asset value calculated according to NSC / FSA regulations and certified by the depository = Total certified assets - liabilities

NAV per SHARE = unit value of net assets calculated according to NSC / FSA regulations and certified by the depository = NAV / number of shares.

TOTAL ACCOUNTING ASSETS = total assets, current assets in the balance sheet

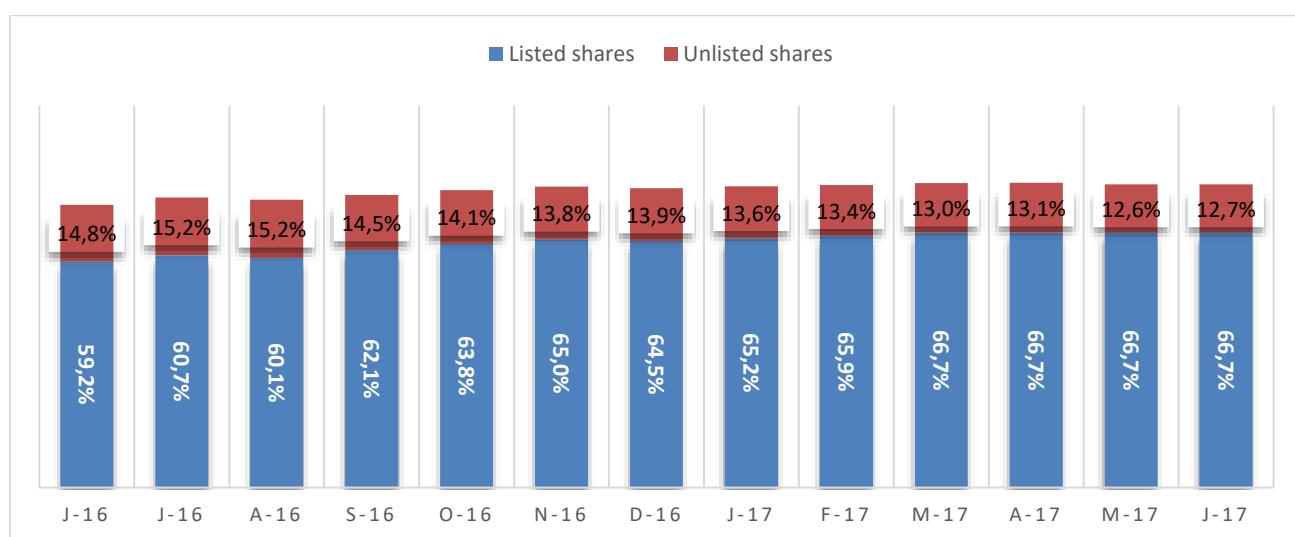
3 SHARES SUB-PORTFOLIO

Participations in shares, especially those listed on organized markets and alternative trading systems, remained the most important, both in value and in SIF Muntenia's portfolio income.

The administration of this sub-portfolio aimed at achieving the objectives set out in the Strategic Management Program approved for 2017.

3.1 SUB-PORTFOLIO EVOLUTION

The contribution of the shares sub-portfolio to the total assets increased over the past year, with an increase in listed shares and a decrease in net asset value contributions and net asset value, as shown in the chart below.



EVOLUTION OF NET ASSETS VALUE DURING THE LAST YEAR FOR THE SHARES SUB-PORTFOLIO

In LEI	30-06-16	31-12-16	30-06-17
Listed shares	737,536,519	824,298,718	897,724,285
- listed on BSE,	406,236,076	508,533,869	583,204,268
- listed on SIBEX *	711,441	0	0
- listed on the ATS (SIBEX+AERO) *	132,768,915	167,186,015	158,935,639
- listed on BSE and never traded	10,670,051	10,670,051	10,253,244
- listed and not traded during the last 30 days	185,559,774	137,908,782	145,331,134
- listed on foreign market/EU member state	1,590,262	0	0
Unlisted shares	184,812,706	177,076,756	170,963,780
- closed	184,812,706	177,076,756	170,963,780
Total	922,349,225	1,001,375,474	1,068,688,065

* BSE-SIBEX merger is ongoing as at 30.06.2017. Companies that have been listed on SIBEX or SIBEX ATS will have to comply with the FSA Regulation no. 2/2017 on the transfer or withdrawal from trading of issuers' securities in the event of the closure of an alternative trading system, which establishes the legal framework applicable to the transfer or withdrawal from trading of the securities of issuers in the event of the closure of an alternative trading system, as a result of a merger of the system operator with another system operator or as a result of a statutory decision by the system operator.

Bucharest Stock Exchange (BSE) and SIBEX operate as market and system operators, managing regulated markets and alternative trading systems (ATS) based on NSC / FSA decisions. Starting with 2010, each of the

merging companies is listed on its own regulated market. The merger of the two entities is motivated by direct and indirect economic benefits, from which we can enumerate the more efficient allocation of the resources of the central market infrastructure, potential synergies that would increase the profitability of the BSE, create conditions for the existence of a single central depository focusing the services for all market players.

SIF Muntenia is a shareholder in all entities that are directly or indirectly affected by this merger, holding shares in their share capital before starting the merger as indicated in brackets - Bucharest Stock Exchange (4.32%), SIBEX Sibiu Stock Exchange (4.95%), Central Depository (4%) Sibex Depository (5.44%).

SIF Muntenia expressed its consent for the merger, and will remain a shareholder of the BSE after the merger and the Central Depository. At SIBEX Depository, SIF Muntenia voted for the proposal of the SGM for the share capital reduction of Sibex Depository with 18.5 million lei, to 4.45 million lei, and the return of the money to the shareholders.

Issuers listed on the ATS market organized by SIBEX in the portfolio of SIF Muntenia: ICERP SA Ploiești (SIF Muntenia: 46.11%) and ARO Palace SA Brașov (SIF Muntenia: 10.37%) held the SGM for approval of the transfer on ATS BSE and are running the transfer process on the ATS BSE.

Transactions and other events in the shares sub-portfolio

Shares were acquired in listed companies on the BSE, with liquidity of transactions and interesting dividend yields, respectively, at BRD -GSG, Transelectrica, Conpet SA Ploiești, Romgaz SA Mediaș, Societatea Energetica Electrica S.A., SNTGN Transgaz S.A., Vrancart S.A. Adjud for a total amount of 21.83 mn lei.

SIF Muntenia participated in the share capital increase with cash contribution made by increasing the number of shares of the issuer Vrancart SA Adjud -0.31 million lei.

There were sold listed and unlisted shares of Cemacon S.A Zalău (the entire stake owned by SIF), CNTEE Transelectrica SA, Complex Savoy SA Mamaia (the entire stake owned by SIF), for which the amount of 5.75 mn lei was collected.

Insolvency proceedings was declared under Law 85/2014 for Gerom SA Buzau. Carmexip SA Băicoi entered the reorganization procedure according to Law no. 85/2006.

Bankruptcy proceedings were initiated at Isorast Technology SA, Urbis Armaturi Sanitare SA Bucuresti and Navol S.A. Oltenița was deregistered.

Dividends received during the reporting period

In the H1 2017, dividends were received in the amount of 5.16 mn lei. In the Other assets sub-portfolio there are also included dividends to be collected on 30.06.2017 from the companies in which SIF Muntenia holds shares in the amount of 1.45 mn lei.

Pursuant to the Valuation Rules used for the valuation of financial securities in SIF Muntenia's portfolio, the dividends are recorded in the assets of the managed entities on the first day when the investors who buy the shares no longer receive a dividend or the first day when the investors who buy the shares can no longer participate in share capital increases.

In accordance with these valuation rules, dividend income for a series of participations to which the date of ex dividend is after 30.06.2017 will be recognized during H2 2017. (Details in Note 6 to the financial statements)

Net dividend income (excluding dividend tax) in H1 2017 amounted to 8.42 mn lei. **Revenues from dividends** (which, according to IFRS, are recorded at **gross value**) of the financial statements amounted to 8.66 mn lei, compared to 60.45 mn lei from gross revenues from dividends in the financial statements in H1 2016. (of which half were from the exceptionally high dividend received from TLV last year; this year the dividend to be received from TLV will be about 5 million lei.)

3.2 COMPANIES ACCOUNTING FOR MORE THAN 1% OF SIF MUNTENIA'S TOTAL ASSETS

On 30.06.2016, the number of participations in shares exceeding 1% of SIF Muntenia's total assets was 15, with a value of 678.12 million lei, and a share in the total assets of 54.41%.

At the end of 2016, the number of participations in shares that exceeded 1% of the total assets of SIF Muntenia was 15 and the quota in their total assets increased to 59.91%.

On 30 June 2017, for a total of 15 participations with a value in the net assets of 837.76 mn lei, the quota in the total assets represented by them was of 62.234%.

2017 Activity Program

"Continue to reduce the atomisation of the portfolio (more significant holdings of about 10% of the total assets each) but with the possibility of exceeding this limit in case of emerging investment opportunities"

Top participations in shares as at 30.06.2017

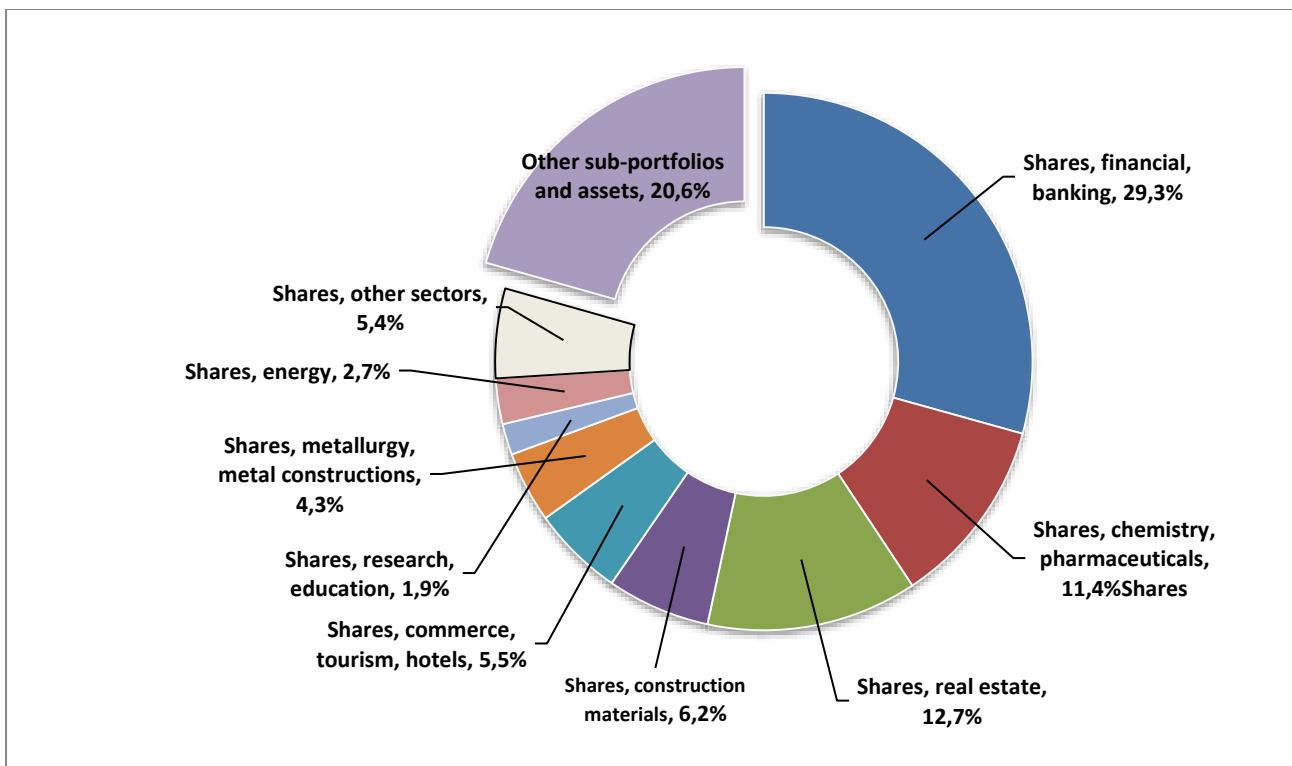
Denomination	NAV in mn lei	Percentage of total assets of SIF	Percentage held by SIF in the issuer's share capital
BANCA TRANSILVANIA	225.38	16.743	2.302
BIOFARM SA BUCURESTI	148.70	11.047	50.984
CI-CO SA BUCURESTI	55.19	4.100	97.342
AVICOLA SA BUCURESTI	54.35	4.037	99.397
SIF BANAT-CRISANA	49.95	3.711	4.691
BRD - GROUPE SOCIETE GENERALE	45.97	3.415	0.489
METAV SA BUCURESTI	42.50	3.157	27.777
FIROS S.A BUCURESTI	40.30	2.994	99.685
ROMAERO SA BUCURESTI	37.14	2.759	25.851
SIF OLTEANIA	30.83	2.290	2.999
VOLUTHEMA PROPERTY DEVELOPER SA	28.10	2.088	69.111
S.N.G.N. ROMGAZ-S.A. Medias	24.37	1.810	0.206
UNIREA SHOPPING CENTER SA BUCURESTI	24.18	1.797	10.003
BUCUR SA BUCURESTI	15.85	1.177	67.978
FONDUL ROMAN DE GARANTARE A CREDITELOR PENTRU INTreprinzatorii PRIVATI - IFN S.A.	14.93	1.109	53.597
TOTAL	837.76	62.234	

The companies with the largest share in the total assets - Banca Transilvania and Biofarm are presented below under the heading Allocation by business sectors.

3.3 ALLOCATION BY SECTORS OF ACTIVITY

2017 SIF Muntenia Administration Program:

"Increase in shareholdings in issuers operating in the performing economic sectors at this time. Among the sectors of activity currently having a potential in the business cycle, we can mention the banking, energy and utilities sector, the pharmaceutical industry."



FINANCIAL BANKING SECTOR

- Banking companies confirmed their high performance expectations in 2017. Banks supervised by the NBR are well capitalized. The risk of international contagion, the NPL rate has decreased.
- The monetary policy rate of the NBR was in the first half of 2017 at historical minima.
- Modification of banks' "top" by assets in 2016 - Banca Transilvania has surpassed the Banca Română pentru Dezvoltare, moving second to BCR in Romania's banking system.
- Return on equity of Romanian banks, expressed by ROE index was 15.6% in March 2017, the largest of all European countries¹.

The first three largest banks (BCR, TLV and BRD) together earned a net profit of 792 million lei in Q1 2017, 64% of the cumulative profit of the Romanian banking system.

The 2016 NBR annual report officially confirmed Banca Transilvania's arrival in the second place of the banking market in 2016 with a market share of 13.15%, rising from 12.6% in 2015, and BRD ended 2016 with assets of 50.66 billion lei and a market share of 12.87%.

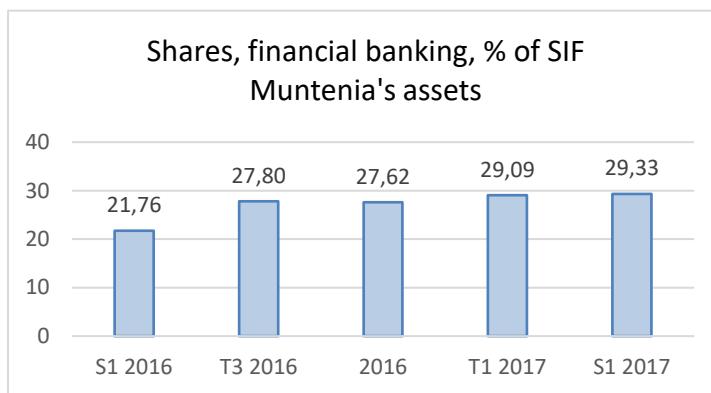
¹European Banking Authority, Risk Dashboard - data as of Q1 2017

<http://www.eba.europa.eu/documents/10180/1898284/EBA+Risk+Dashboard+-+Q1+2017.pdf/27d9b548-f445-4762-bda9-571e433ae623>

Bank rankings by assets, 2016 and 2015

		Assets 2016 mn lei (individually)	Market share 2016 %	Assets 2015 mn lei (individually)	Market share 2015 %
1	BCR	64.068	16,28%	59.640	15,80%
2	TLV	51.776	13,15%	47.382	12,60%
3	BRD	50.657	12,87%	49.192	13,00%

SIF Muntenia's exposure on financial sector companies remained the most important in the portfolio. In the last year, a significant shareholding of Banca Transilvania has been maintained due to its high yield and the bank's growth potential, which can be reflected in the market value of the share.



In H1 2017 the share held in BRD increased by buying shares in the market, the share of SIF Muntenia in BRD share capital increased from 0,4412% to 0,4893%. (BRD recorded a superior performance in Q1 2017, with a solid net profit, with a good commercial activity on retail and large corporate clients, a strict discipline of costs and continuous improvement of the risk profile).

BANCA TRANSILVANIA S.A. CLUJ	30.06.2016	31.12.2016	30.06.2017
% SIF Muntenia's total assets	11.19 *	15.669	16.743
% held by SIF Muntenia in the company's share capital	2.216	2.3022	2.302

* On 30.06.2016, the free shares related to the share capital increase through the issuance of new shares by Banca Transilvania in the amount of 16,887,120 were not included in the shares sub-portfolio but in "Other assets" because their allocation operation had not yet been completed. The inclusion in the shares sub-portfolio of these assets led to an increase in the value of the shares sub-portfolio in companies operating in the banking financial sector and its share in the total asset.

Banca Transilvania (TLV) is a systemic bank in Romania, whose activity is supervised by the National Bank of Romania. Banca Transilvania is one of the three largest banks in Romania, according to assets.

In 2016, TLV continued its growth, with total individual assets reaching 51.8 billion lei, above the total assets of BRD, which means that it reached a slightly higher market share than BRD by asset level, respectively 13.15%.

The Bank's business is organized on three main business lines: Corporate, SME and Retail, respectively 3 sectoral approaches - agriculture, healthcare and European funds. The bank has over 7,000 employees, a network of approximately 550 offices in Romania and Italy.

In Q1 2017, Transilvania Bank's net profit is 246 million lei, and Banca Transilvania's Financial Group's 267 million lei. Banca Transilvania Group closed the first quarter of 2017 with assets of 52.1 billion lei, of which 51.9 billion lei are related to the bank. The bank's solvency, taking into account the profit for the first quarter of 2017, was 19.3%; without the profit, this is 18.52%.

Subsequent event. Banca Transilvania is running a new share capital increase with free shares, related to the share capital increase approved by the Extraordinary General Assembly Decision as of 26.04.2017 which will be finalized in the second part of 2017.

SIF Muntenia will receive from TLV a gross dividend of RON 5 mn on 10.08.2017 (date of payment)..

CHEMISTRY, PHARMACEUTICALS

The main issue of generic drug production is raising the clawback tax (this is a turnover tax for drug manufacturers). In the first quarter of 2017, the clawback tax reached almost 20%, APMGR generic drug manufacturers estimating that in the second quarter it will be around 25%, and by the end of the year it may even exceed 30%.

SIF Muntenia's main exposure on this sector is its participation in Biofarm SA Bucuresti, where SIF Muntenia is a major shareholder.

BIOFARM S.A. BUCURESTI	30.06.2016	31.12.2016	30.06.2017
% SIF Muntenia's total assets	9.59	10.616	11.047
% held by SIF Muntenia in the company's share capital	50.98%	50.98%	50.98%

Biofarm SA Bucuresti is one of the first Romanian producers of medicines and food supplements, having a portfolio of over 200 products. During 2016, Biofarm has maintained its position among the top 10 Romanian producers in terms of sales in stores, achieving a market share as reported by Cegedim Romania of 3.6% of total units sold to patients on the Romanian pharmaceutical market.

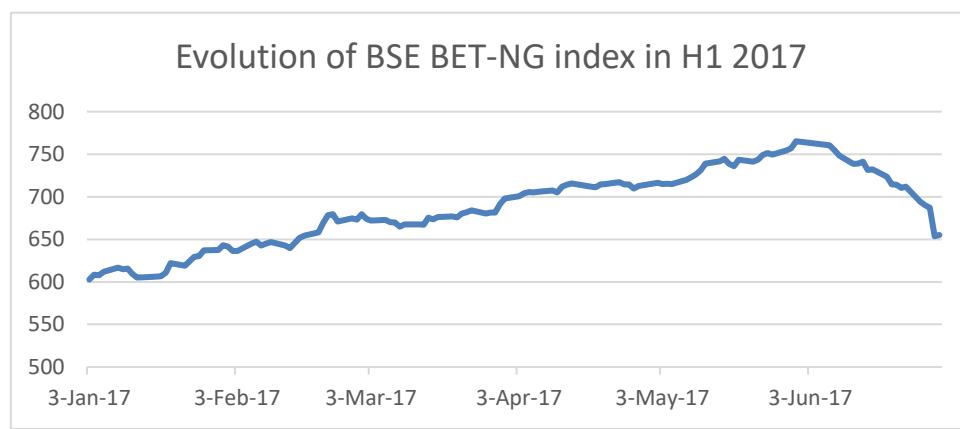
The production of the company was carried out in 2016 on the production processes certified GMP (good management practice), respectively: the flow of solid forms (tablets and coated tablets), capsules, soft flow, the flow of liquid (solutions and syrups), food supplements flow - chewable tablets. In 2016 food supplements (SN) had a 34% share of the company's portfolio, 51% off-label medicines (OTC), and RXs had a 15% share.

Biofarm continued its investment program in 2016, mainly destined to the factory that the company has under construction in Gara Cățelu area in Bucharest. Purchases of tangible assets in 2016 amounted to 20 million lei.

In Q1 2017, Biofarm continued its upward trend, with the net profit increasing by more than 40% compared to Q1 2016, for a corresponding increase in sales revenue of 8.1%.

SIF Muntenia will receive from Biofarm a higher gross dividend than in 2016, of 8.5 million lei on 01.09.2017 (payment date).

PRODUCTION, TRANSPORTATION AND TRADE OF ENERGY



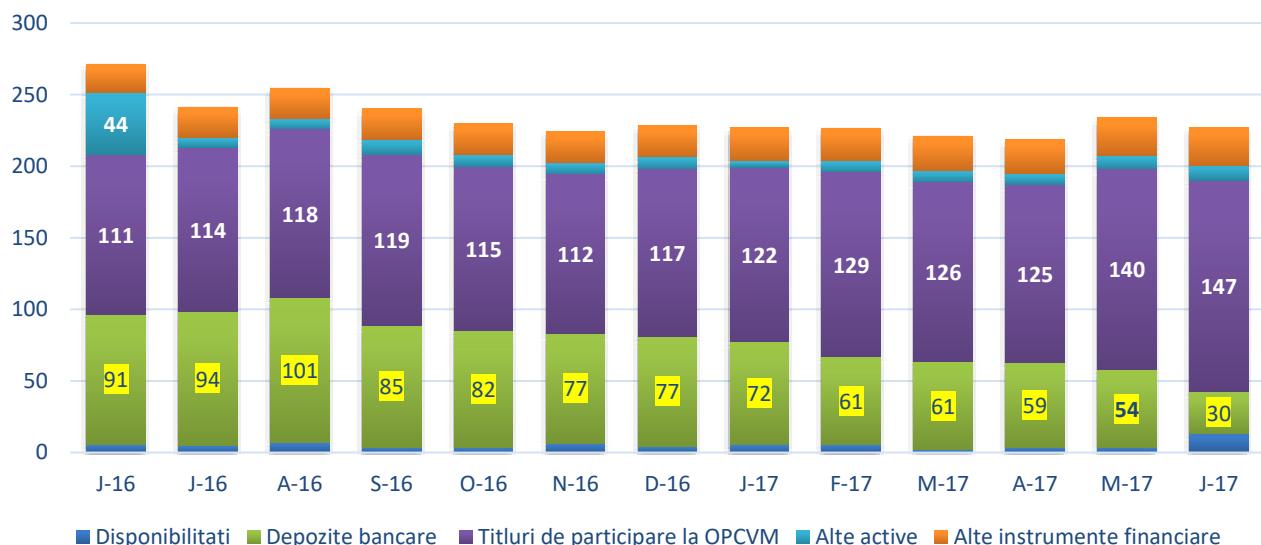
The BET -NG index, a sectoral index that reflects the evolution of listed companies on the regulated BSE market, which have as main field of activity energy and related utilities, had an upward trend in the first half of 2017.

Companies listed in this sector have granted high return dividends. Despite the internal and external

uncertainties that were reflected in the capital market in general and in the quotation prices for energy companies in particular, the average daily trading value remained high for the companies in the sector. In fact, most of the transactions on the BSE carried out by SIF Muntenia in H1 2017 were sales / purchases of shares in companies in this sector. A number of changes to the regulations applicable to companies in the sector are announced in the period ahead. SAI Muntenia Invest follows this process and will take the necessary measures to increase the quality of SIF Muntenia's holdings in this sector.

4 OTHER SUB-PORTFOLIOS

The evolution of the value of other subportfolios of SIF Muntenia in the last year (mn lei)



■ Disponibilitati ■ Depozite bancare ■ Titluri de participare la OPCVM ■ Alte active ■ Alte instrumente financiare

BANK DEPOSITS

Holding of financial liquidity allows SIF Muntenia to provide sources for investments, dividends and current activity. Amounts have been invested only in bank deposits for short periods (less than one year). The deposits were mainly for one, two or three months and placed in several banks so as to diversify the exposure and maintain the portfolio of SIF Muntenia within the prudential limits provided by NSC / FSA regulations.

Interest income on bank deposits amounted to 0.45 mn lei. The average interest rate on deposits constituted by SIF Muntenia decreased from 1.34% on 31.12.2016 to 0.99% on 30.06.2017.

BONDS

- Receipts from bonds redeemed or received at maturity of 1.35 mn LEI
- Interest receivable on bonds of 0.11 mn LEI
- No other bonds have been purchased

PARTICIPATION TITLES

UCITS participation titles contribute to reducing the overall risk of portfolio by diversification and provide access to financial and investment market segments that could not be accessed directly for regulatory or cost reasons. In H1 2017, the operations performed in this sub-portfolio were:

- Amounts paid for the acquisition of fund units of 27 mn lei to FII Optim Invest. This is a closed investment fund for qualified investors. Through its investment policy, FII Optim Invest aims to invest predominantly in financial instruments admitted to trading on a regulated market in Romania issued by issuers that are part of the financial sector. The objective of the fund is to achieve an annual return comparable to that of the BET-FI index.
- Receipts from redemption of fund units 8.6 million lei (at Certinvest Dynamic, Certinvest Properties RO, FDI Napoca, FT Tehnoglobinvest, FDI Transilvania, STK Emergent, STK Europe

5 SIF MUNTENIA SHARES, SHAREHOLDERS RELATIONS

The subscribed and paid-up share capital is 80,703,651.5 lei, divided into 807,036,515 common shares, with a nominal value of 0.1000 RON/share.

5.1 SHARES ISSUED BY SIF MUNTENIA

MAIN CHARACTERISTICS OF SIF MUNTENIA SHARES

All shares are ordinary. There were no changes in the number of shares issued in the first half of 2016. Since its establishment, SIF Muntenia has not acquired or held any of its own shares.

SIF Muntenia has not issued bonds and/or other debt securities and has no obligations of this kind. Funding of the entire activity is done only through own funds.

The shares issued by SIF Muntenia are registered at the Bucharest Stock Exchange, the main segment, premium category, according to the provisions of BSE decision no. 200/1999 and are traded on this market starting with 01.11.1999.

The records of the shares and shareholders of SIF Muntenia are kept by DEPOZITARUL CENTRAL S.A. București, a company authorized by the FSA.

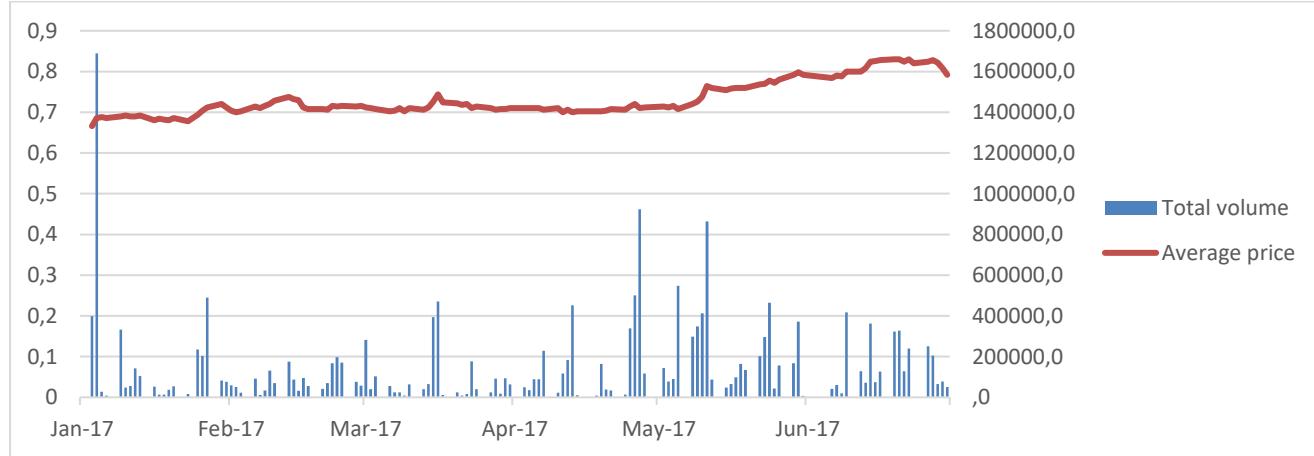
Main market Bucharest Stock Exchange, REGS

Included in the indexes [BET-BK](#) | [BET-FI](#) | [BET-XT](#) | [BET-XT-TR](#)

SHARE PERFORMANCE	30/06/2016	31/12/2016	30/06/2017
Closing price REGS lei	0.59	0.656	0.796
NAV per SHARE lei	1.4099	1.4543	1.5410
Net Asset Discount	58.2%	54.9%	48.3%
Market capitalization mn lei	476.15	529.42	642.40

Trades with SIF Muntenia shares in H1 2017	REGS	DEAL	TOTAL
Number of trades	8,520	6	8,526
Numbers of shares traded	19,386,171	33,974,500	53,360,671
Total value of trades (lei)	14,258,890	29,404,887	43,663,777
% total no of shares	2.40%	4.21%	6.61%
Daily average trading value (lei)	115,926		

Average trading price and volume of trades on REGS in H1 2017



5.2 SHAREHOLDING STRUCTURE OF SIF MUNTENIA

Synthetic shareholding structure of SIF Muntenia, data received from Depozitarul Central

Shareholders	31/12/2016			30/06/2017		
	Number	Shares owned	% owned of total shares	Number	Shares owned	% owned of total shares
Resident individuals	5,959,124	497,023,219	61.59%	5,956,117	488,074,900	60.48%
Non resident individuals	1,858	2,197,633	0.27%	1,866	3,459,001	0.43%
Resident companies	188	280,048,911	34.70%	177	288,851,748	35.79%
Non resident companies	20	27,766,752	3.44%	17	26,650,866	3.30%

5.3 GENERAL MEETINGS SIF MUNTENIA SHAREHOLDERS

The main tasks of the general meetings of shareholders are set out in the articles of incorporation of SIF Muntenia, as updated, which can be found at the company site <http://www.sifmuntenia.ro>, at article 6. It is supplemented with the legal provisions for companies subject to common law, Law 31/1990 and the special provisions for financial companies known as undertakings for collective investment in transferable securities, subject to FSA supervision.

SAI Muntenia Invest, the Administrator of SIF Muntenia, conducted shareholders general meetings, made available and published according to legal provisions, the convening notices for the GSM, materials submitted for approval, released procedures for participation to vote, made available for the shareholders special power of attorney and vote by correspondence forms and ensured all publicity ways according to legal stipulations for each issue on the agenda and the for the decisions taken by the GSM (Bursa, Official Gazette, company's website).

IF Muntenia shareholders have the opportunity to participate in general meetings of shareholders either directly or through proxy representatives or can vote by correspondence (classic post or e-mail).

According to the legislation in force, it is forbidden to acquire shares leading to a holding of more than 5% of the total share capital or of the voting rights according to Law no. 297/2004 regarding the capital market modified by Law no. 11/2012. If a shareholder holds more than 5% of the total share capital, he will not have the right to vote for shares held above the specified share, but is entitled to receive dividends for these shares.

ASF has reported that, following the analysis of SIF4 share holdings at the SGOM as of 27 April 2017 reference date, no elements/data/information have been identified leading to the conclusion that individuals alone or with other people acting in concert exceed the 5% limit of the share capital of SIF Muntenia.

On 14 March 2017, the SGOM convening notice for the approval of the financial statement for 2016 and the proposals for distribution of the profit achieved in 2016 was published.

On 27 April 2017, the ordinary general meeting of the shareholders of SIF Muntenia took place.

The financial statements for the financial year 2016 have been approved. From the net profit for the 2016 financial year the amount of 32.281.461 lei was distributed to dividend (representing a gross dividend of 0.04 lei per share, dividend distribution starting with 28.09.2016, this being considered the *payment date*, the shareholder bearing the distribution expenses) and 18.104.723 lei to other reserves, representing the company's own sources of development.

The Administration Program and the Income and Expenditure Budget for 2017 have been approved, the accounting records corresponding to the prescription of the right to request the payment of unclaimed dividends have been approved for three years from the date of their exigibility in the amount of 42,064,241.95 lei and registering this amount to reserves and approving the remuneration of the Shareholders Representatives Council members for the financial year 2017.

Subsequent event

On 25.07.2017 the SGOM of SIF Muntenia was convened for 30/31 August 2017. The agenda includes the approval of SIF Muntenia's consolidated financial statements for the 2016 financial year and the appointment of the financial auditor and the fixing of the minimum duration of the financial audit contract.

5.4 DIVIDENDS

Year	Gross dividend per share	Record date	Ex dividend date	Payment date
2016	0.040000	12.09.2017	11.09.2017	28.09.2017
2015	0.045000	18.08.2016	17.08.2016	08.09.2016
2014	0.071500	28.08.2015	27.08.2015	31.08.2015

6 ACCOUNTING FINANCIAL STATEMENT

SIF Muntenia prepared financial statements at 06.30.2017 in accordance with the FSA Rule No. 39/2015 approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority of Financial and Investment Instruments Sector.

Financial statements as of 30.06.2016 are not audited or revised.

6.1 INDIVIDUAL STATEMENT OF FINANCIAL POSITION

<i>In LEI</i>	30 June 2017	31 december 2016
Assets		
Cash and current accounts	13,368,185	4,861,588
Deposits with banks	29,676,890	76,631,897
Financial assets at fair value through profit or loss	107,368,595	79,279,822
Financial assets available for sale	1,045,948,179	954,163,015
Loans and receivables	8,261,848	8,259,365
Tangible assets	191,468	223,605
Other assets	7,945,041	5,013,016
Total assets	1,212,760,206	1,128,432,308
Liabilities		
Dividend payment	72,010,761	82,193,835
Deferred tax liabilities	21,235,183	13,387,776
Other liabilities	9,270,920	8,404,099
Total liabilities	102,516,864	103,985,710
Equity		
Share capital	80,703,652	80,703,652
Hyperinflation effect of share capital	803,294,017	803,294,017
Cumulated loss	(88,810,511)	(111,719,355)
Reserves from revaluation of financial assets available for sale	315,056,184	252,168,284
Total equity	1,110,243,342	1,024,446,598
Total liabilities and equity	1,212,760,206	1,128,432,308

EQUITY

Dividends not claimed for a period of three years after the expiry of the prescription term are recorded directly in equity, being assimilated to contributions from shareholders, based on the decision of the General Meeting of Shareholders

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

6.2 INDIVIDUAL STATEMENT OF PROFIT AND LOSS AND OTHER ITEMS OF COMPREHENSIVE RESULT

<i>În LEI</i>	30 June 2017	30 June 2016
Revenues		
Dividend revenues	8,663,766	60,449,894
Interest revenues	415,331	254,930
Other operating revenues	109,623	33,391
Investment profit		
Net profit/(Net loss) from foreign exchange differences	4,614	(54,829)
Net profit from sale of assets	2,738,562	20,328,441
Net profit / (Net loss) from revaluation of financial assets at fair value through profit or loss	13,476,503	(6,876,627)
Expenses		
Loss from depreciation of assets	(261,860)	(984,871)
Administration expenses		
Administration fees	(8,700,000)	(8,700,000)
Expenses with the remuneration of Shareholders Representatives Council members	(654,431)	(629,458)
Other operating expenses	(1,436,394)	(1,172,062)
Profit before tax	14,355,714	62,648,809
Profit tax	(1,229,651)	(2,747,835)
Net profit for the period	13,126,063	59,900,974
Other elements of comprehensive result		
Elements that are or can be transferred to profit or loss		
Revaluation at fair value of financial assets available for sale, net of deferred tax	64,762,409	(71,768,327)
Reserve related to financial assets available for sale transferred to profit or loss	(1,874,509)	(12,608,597)
Other elements of comprehensive result	62,887,900	(84,376,924)
Total comprehensive result for the period	76,013,963	(24,475,950)

Dividend income is recognized in profit or loss at the date when the right to receive such income is determined. Dividend income is recorded at gross value that includes dividend tax, which is recognized as current tax expense. The tax rate on income from taxable dividends for the period ended 30 June 2017 and 30 June 2016 was 5%.

The Company does not record dividend income from the shares received free of charge when distributed proportionally to all shareholders.

6.3 BUDGET OF REVENUES AND EXPENSES EXECUTION

The Budget of Revenues and Expenses for the 2017 financial year was approved by the SGOA dated 28 April 2017, by decision no. 3.

	BRE 2017	January - June achieved
1. TOTAL REVENUES	65,800,000	11,682,487
1.1. Investment revenues	65,700,000	11,572,865
1.1.1 Net dividend revenues	28,000,000	8,418,972
1.1.2 Interest revenues	1,700,000	415,331
1.1.3 Net revenues from tradesi	36,000,000	2,738,562
1.2 Other revenues	100,000	109,622
2. TOTAL EXPENSES	22,800,000	10,790,825
2.1 Administration expenses	17,400,000	8,700,000
2.2 Third party expenses	2,300,000	880,172
2.3 Portfolio management expenses	1,200,000	360,101
2.4 SRC expenses	1,800,000	724,102
2.5 Other expenses	100,000	126,450
3. Net gain from revaluation of assets		13,219,258
4. GROSS PROFIT	43,000,000	14,110,920
5. Current Income tax and Defferred income tax		984,857
6. NET PROFIT		13,126,063

The main contributing factor to the profit is the gain from the valuation of short-term financial investments.

NOTE: In the above-mentioned BRE performance, dividend income is recorded at net value, and in the *Individual Profit or Loss Statement*, these are presented at gross value, which includes the tax on those dividends. In the *Individual Profit or Loss Statement*, the dividend tax is included in the Profit Tax line.

The net profit achieved on 30.06.2017 is 13,126,063 lei.

7 SUBSEQUENT EVENTS

A series of events that occurred after the end of the reporting period were also presented in the body of the report, in the relevant chapters, to ensure continuity in the presentation of ongoing processes.

- On 25.07.2017 SGOM of SIF Muntenia was convened for 30/31 August 2017. The agenda includes the approval of SIF Muntenia's consolidated financial statements for the financial year 2016 and the appointment of the financial auditor and the establishment of the minimum duration of the financial audit contract
- The Ordinary General Meeting of Shareholders of SAI Muntenia Invest SA, held on 31.07.2017, decided the election of Mr. Adrian Simionescu as Administrator for a four-year term, starting with 20.08.2017, following the expiration of the mandate of Mr. Daniel Stoicescu. The appointment of Adrian Simionescu as Administrator of SAI MUNTENIA INVEST SA will be subject to the FSA authorization

SIF MUNTENIA SA by its Administrator

3B EXPERT AUDIT SRL

SAI MUNTENIA INVEST SA

President of the Board of Directors

Administrator

Florica Trandafir

Adriana Anișoara Badiu