

SOCIETATEA DE INVESTIȚII FINANCIARE MUNTENIA S.A.

ADMINISTRATOR'S HALF YEAR REPORT

01 January 2018 – 30 June 2018



Report prepared according to Law no. 297/2004, Law no. 24/2017, Financial Supervisory Authority Regulations no. 5/2018 and 15/2004, Bucharest Stock Exchange Code and Financial Supervisory Authority Rule no. 39/2015

GENERAL INFORMATION

Company Name	Societatea de Investiții Financiare Muntenia S.A.
Headquarters	16, Splaiul Unirii, Bucharest, sector 4, code 040035, ROMANIA
Sole Registration Code	3168735
Trade Registry Registration Number	J40/27499/1992
LEI Code	2549007DHG4WLBMAAO98
F.S.A. Registry Number	PJR09SIIR/400005
Subscribed and paid up 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, sector 4, 16, Splaiul Unirii, postal code 040035 Tel: +4021-3873210; +4021- 3873208 Fax: +4021-3873265; +4021-3873209 www.sifmuntenia.ro e-mail: relatii@sifmuntenia.ro; sai@munteniainvest.ro



Pursuant to the Articles of Incorporation 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.



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/400006/21.12.2017 following the registration as AIFM PJR07 1AFIAI/400005.
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1 GENERAL INFORMATION

SIF Muntenia is a Romanian legal person, constituted as a private equity company. The functioning of the company is governed by the provisions of ordinary and special Romanian laws, incidents in the field of financial investment companies, as well as by the provisions of its Articles of Incorporation.

SIF Muntenia was incorporated as a joint stock company in November 1996, through the reorganization and transformation of the Muntenia IV Private Property Fund, pursuant to Law no. 133/1996 for the transformation of the Private Property Funds into financial investment companies.

SIF Muntenia S.A. is a collective investment institution operating in Romania in accordance with the provisions of Law no. 31/1990, Law no. 297/2004 on the capital market, Law no. 74/2015 on alternative investment fund managers and Law no. 24/2017 on issuers of financial instruments and market operations.

SIF Muntenia is registered in the FSA Register of Financial Instruments and Investments in the Alternative or Closed Investment Companies section.

During the first half of 2018 there were no reorganizations, mergers or divisions of SIF Muntenia's activity.

The main areas of activity of SIF Muntenia, as stipulated in the Articles of Incorporation, are:

- a) making financial investments, in order to maximize the value of their own shares, according to the regulations in force;
- b) management of the investment portfolio and the exercise of all the rights related to the instruments in which it invests;
- c) risk management;
- d) other auxiliary and related activities in accordance with the regulations in force.

SIF Muntenia professionally uses financial instruments with significant effects on the valuation of assets, liabilities, financial position and profit or loss. Acquisitions and disposals of assets carried out by SIF Muntenia during the first half of 2018 relate to sale and purchase transactions with financial instruments. Details of these transactions are presented below in this Report.

1.1 ELEMENTS WHICH HAVE INFLUENCED SIF MUNTENIA'S ACTIVITY DURING THE FIRST MONTHS OF THE EXERCISE

The first semester of 2018 was the first complete period in which S.A.I. Muntenia Invest managed SIF Muntenia in accordance with the regulations of the AIFM. (S.A. Muntenia Invest was registered with the FSA as an alternative investment fund manager - AIFM - for SIF Muntenia, in December 2017). AIFM legislation establishes operational requirements for risk and liquidity management, organizational requirements, including asset valuation in the AIF portfolio, depository requirements, requirements for the delegation of AIFM functions, transparency requirements. Details are presented below in the relevant chapters.

Starting 1 January 2018, the Company has implemented the provisions of the IFRS 9 Accounting Standard, in accordance with the FSA Rule no. 39/2015 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the FSA, with subsequent amendments and completions. Details are presented in chapter FINANCIAL ACCOUNTING STATEMENT.

According to the amendments to IFRS 10, SIF Muntenia fulfills the specific criteria to be an investment entity. Below, we reiterate the main criteria that S.A.I. Muntenia Invest S.A. is constantly pursuing, approved in the Administration Program for 2018:

- Valuation of almost all SIF Muntenia's investments on a **fair value** basis;
- **Exit strategies** for SIF Muntenia's investments;

- Commitment to act on behalf and for SIF Muntenia for **exclusively** investing funds in order to increase the equity value and / or investment income. The commitment approved is presented in detail in the chapter of SIF MUNTENIA SHAREHOLDERS.

SIF Muntenia and S.A.I. Muntenia Invest S.A do not intend to provide investment-related activities, either directly or through a subsidiary, designated to represent a separate substantial economic activity or a separate, important source of income for SIF Muntenia as an investment entity.

Another important event in SIF Muntenia's activity, which took place in the first half of 2018, was **the approval of the modification of the company's Articles of Incorporation**, an event that took place in the SGEA dated 26 April 2018. This amendment was proposed for reflecting changes in activity and the main elements which were the basis of the proposal are related to updating the Articles of Incorporation for reflecting the following:

- SIF Muntenia- is an externally administered alternative investment fund (AIF),
- Update the object of activity, introduction of the risk management activity, requirement of the AIF legislation,
- Updating the provisions related to shareholders' rights in accordance with current legislation (right to dividends, voting rights, method of organization of General Shareholders' Meetings),
- Updating the attributions of the General Shareholders' Meetings,
- Changing the number of members and attributions of the Shareholders' Representatives Council,
- Updating the provisions related to the issuance, redemption and cancellation of SIF Muntenia shares,
- Other elements (existence of a financial audit contract, calculation of net assets, replacement of some denominations with others – N.S.C. / A.S.F, registry company / central depository).

Among the legislative changes that came into force in the first half of 2018, with impact on issuers of financial instruments, we can underline the F.S.A. Regulation no. 5/2018 on Issuers of Financial Instruments and Market Operations and the F.S.A. Regulation no. 2/2018 for amending and completing some legislation. Further on, we will summarize the main elements with effect on the activity of SIF Muntenia, generated by these regulations.

Through the F.S.A. Regulation no. 5/2018 new reporting requirements were introduced for the periodic (quarterly, semester, yearly) issuers' reports. In particular, a series of amendments to the requirements have been introduced for the form of presentation of the half-yearly report (Annex 14), which are reflected in this report. Among these we can mention:

- A description of the main risks and uncertainties for the next six months of the year is presented in addition to the chapter dedicated to the events of 2018,
- A presentation of transactions with related parties, in the chapter SHARES SUBPORTFOLIO - CONTROLLED / SUBSIDIARY COMPANIES,
- Clearly mentioning the information required by Annex 14 of the F.S.A. Regulation no. 5/2018, which need not be presented because it does not correspond to the area of activity, to the legal form of the issuer or to the type of securities, accompanied by the mention "not applicable". A number of such items were presented in the chapter FINANCIAL ACCOUNTING STATEMENT. In addition, we mention that there are no content elements of the half-yearly report for which the issuer has no data and the obtaining thereof would be impossible, as mentioned in art. 119 paragraph 3 of the F.S.A. Regulation no. 5/2018.

F.S.A. Regulation no. 2/2018 amends the F.S.A. Regulation no. 9/2014. Valuation rules of portfolio assets of entities managed by S.A.I. Muntenia Invest will be updated with the applicable provisions. This update will not lead to significant changes in the valuation rules for SIF Muntenia and there will be no noticeable effects in the second half of 2018 on the value of the total asset and net assets due to these changes.

1.2 EVENTS IN 2018, MAIN RISKS AND UNCERTAINTIES FOR THE NEXT SIX MONTHS

INTERNATIONAL ECONOMIC FRAMEWORK

Worldwide, synchronized economic growth continued in both developed and emerging economies.

The pace of economic growth seems to slow down, according to the International Monetary Fund, which cited US tax changes as a primary factor of influence in its decision to anticipate a slower global increase in 2018-2019.

Another globally noted risk is the **declining support for globalization**¹, with impact on global trade and economic growth prospects. After three decades of deregulation and liberalization, the emerging risk is about the adoption of protectionist policies (US China trade war), a phenomenon that identifies itself as a departure from globalization, as is currently perceived.

US China economic warfare will have a direct negative impact on Romania's economy (Romania - US direct trade relations are low; our country does not export large quantities of steel or aluminum products to the US). However, the possibility of a contagion risk arising from the normal interdependence of market economies (global or local shocks may be transmitted to other countries due to financial links) accentuated by globalization can not be eliminated.

European economy has grown at the fastest pace in the last decade. The prospect of a worsening trade war and the outbreak of a new financial crisis can make of 2018 and 2019 years of economic slowdown. According to the European Commission's 2018 forecast, growth over the next two years will slightly slowdown, but will remain robust.

Another source of uncertainty is the process of leaving the European Union of the UK and the need to establish new trade agreements. A first encouraging outcome of the **Brexit** negotiations was the achievement of a transitional period until December 2020, when EU laws will be enforced.

Between 2014 and 2016, oil prices fell by 70%, the largest decline in recent history. Despite the increase in recent years, the price of oil is still lower by about 30% compared to the average of 2011-2014, even after the fairly high price increase recorded in the first half of 2018.

Future worries about global economic growth address inflationary pressures amid **oil price rises** as a result of the expansion of the production cut-off agreement between major oil producing countries and Middle East tensions, as well as a possible overheating of the economy.

If the price of crude oil will come closer to 100 USD, and if production does not grow, this could potentially threaten the US economy and perhaps the global one. Besides, in the World Bank reports, the rise in barrel price is seen at 90 USD in the early part of next year, with the possibility of reaching a 100 USD/barrel by the end of 2019 or early 2020.

LOCAL ECONOMIC FRAMEWORK

According to the Financial Stability Report no. XV of the National Bank of Romania, from the perspective of a series of macroeconomic and financial indicators, the following elements are highlighted:

- Economic growth in Romania has remained at one of the highest levels in the European Union (+6.9 percent in 2017), a trend that also manifested itself in the first half of 2018.
- The share of government debt in GDP is maintained at low levels (35 percent of GDP in 2017, down 2.4 percentage points from the end of 2016 and 2.3 percentage points respectively, compared to the end of 2017), the evolution being corroborated with a low refinancing risk in the context of extending the maturity of public debt instruments.
- The existence of an important level of currency reserves, including currency reserve of the Ministry of Public Finance.

From the beginning of 2018, financial stability has maintained its solidity, but the vulnerabilities to which Romania is exposed continued to manifest themselves, with effects on the growth of the economy and the strain on macroeconomic balances.

¹ www.bnr.ro/files/d/Pubs_ro/RSF/RSF2018_1.pdf

It is expected that the economy will continue to rise above its potential in 2018. GDP will increase by about 5.1% in 2018. Continued consumption growth is expected to increase the current account deficit to 4.3% in 2018.

Analyzing recent inflation developments in the monetary policy meeting of the National Bank of Romania's Board of Directors on 4 July 2018, it was noted that the annual inflation rate continued to rise above the upper limit of the fixed target range in the first two months of quarter II, rising to 5.22 percent in April from 4.95 percent in March and 5.41 percent in May. It was noted that the rise, slightly more alert than predicted, was driven by supply-side factors, with significant increases over expectations in fuel prices - driven by increased oil prices and the leu / dollar exchange rate - and by the price of tobacco products. The National Bank of Romania expects a gradual decrease in inflation to 3.5% at the end of 2018, due to the slowdown in private consumption dynamics, as no further fiscal growth of household real estate is foreseen.

Private consumption continued to be the main determinant of GDP growth, but with a significant reduction due to the broad decline in its annual dynamics, with possible explanations the rise in population confidence and the severe loss of population's pace of real available income. The contribution of gross fixed capital formation remained positive, but has been steadily decreasing, mainly as a result of the large decline in residential construction. In contrast, the contribution of net exports to GDP growth improved in the context of a more marked deceleration in the growth rate of imports in relation to that recorded by export dynamics.

As regards monetary conditions, N.B.R. assessed that they have mitigated their accentuation in the second quarter, mainly as a result of strengthening, since mid-April, the control exercised by the central bank on liquidity in the banking system and a further 0.25 percentage point increase in the rate monetary policy interest rate in May. Reference was made to the significant increases in the relevant interbank money market quotes from the previous quarter, as they stepped up and significantly strengthened above the monetary policy rate as well as relative stability that continued to characterize the leu / euro exchange rate, including in the context of the markedly increased differential of local market interest rates with those prevailing at European and regional level. The relative acceleration in April and May of the upward revision of interest rates on new fixed-term deposits was also highlighted, including in comparison with the one observed in the case of interest rates on new loans, implying a narrowing of the gap between them – evolution expected to continue in the near future, amid the take-up of recent increases in interbank money market quotes.

Analyzing the potential future behavior of the inflationary pressures of fundamental factors, N.B.R. noted that the new assessments reconfirm the prospect of continued economic growth deceleration in Q2 and Q3, at a slightly more pronounced rate than projected in May, as forecasts of quarterly GDP growth in relation to Q1, but below indicated by the most recent medium-term forecast.

Recent up-to-date reversed revisions of forecasts on short-term economic growth in the euro area and the US and the risks to global economic expansion stemming from the possible escalation of trade protectionism and geopolitical tensions have also been reported. They highlighted developments in the international financial market, marked in recent years by the drop in global risk appetite, with major effects on emerging economies, especially those with high and visible vulnerabilities, including at regional level. Implicitly, the monetary policy conduct of the major central banks was punctuated, with increased relevance being attributed to the approach of the ECB and that of central banks in the region.

Under these circumstances, the Board of Directors of N.B.R. unanimously decided to keep the monetary policy rate at 2.50 percent, the interest rate on the deposit facility at 1.50 percent and the interest rate on the credit facility (Lombard) at 3.50 percent.

Capital market

The Romanian capital market did not react excessively to the external events of this period, the volatility being at a relatively moderate level. The risk of contagion is still possible. A crisis in a country may, for example, lead a number of international investors to withdraw their investments from many markets (especially from border or emerging markets) without taking into account the differences in economic fundamentals. As stock market capitalization and especially the average trading values on BSE. have remained at low levels, the emergence of other extreme phenomena can lead to volatility and sharp falls in prices.

The first half of the year brought two listings (a technical one - Elvila and Purcari Wineries IPO), two bond issues (one municipal and another corporate) and a good evolution on the blue chips (yield of 11%, adjusted for dividends) on the BSE. The total value of all financial instruments traded at the BSE after the first half of the year exceeded 1.5 billion euros, up 12 percent as compared to the same period last year, and the market capitalization of the Romanian companies exceeded 20 billion euros. The daily average trading volume of the shares segment of the main market increased by 3.3% reaching close to 10 million EUR.

In the context of discussions about the abolition of the Private Pension Pillar II in Romania or its transformation into an optional one, a decline in the main indices of BSE can be expected, which leads to the "shake up" of investors' confidence in the Romanian capital market.

A new element is introduced by the introduction of Law no. 163/2018, which amends art. 19 para. (3) of the Accounting Law no. 82/1991, amends and supplements the Companies Law no. 31/1990, regulating the possibility of opting for the optional quarterly distribution of dividends.

The further decrease of the quotation prices will result both in the reduction of the total asset and net asset value and in the recording of losses in the profit and loss account of SIF Muntenia due to the revaluation at fair value through the profit and loss account of an important part of the financial instruments held. Even with a prudent diversification of portfolio holdings, the general market risk component can not be countered. This is the most important source of risk and variability in the value of the SIF Muntenia portfolio. (Details in the RISK MANAGEMENT chapter).

2 ACTIVITY ANALYSIS

The strategic objectives for 2018 were presented in the Administration Program, which was approved by the shareholders of SIF Muntenia in the SGOA dated 27 April 2018.

The general administration objective is to maintain SIF Muntenia as a diversified balanced fund, combining a balanced growth of the assets with satisfactory incomes at an average risk level.

Main strategic objectives for 2018 as presented in the Program are:

- Continue the portfolio restructuring process and its efficient management so as to ensure sustainable long-term growth.
- Continue the investment process, focusing on investments in Romania and listed shares.

Starting in 2018, S.A.I. Muntenia Invest managed SIF Muntenia in accordance with the regulations of the AIF. Below we will present in detail the activity of SIF Muntenia, in terms of the legal requirements regarding the AIF.

The main coordinates of the investment strategy of SIF Muntenia (in terms of the classification within the alternative investment funds legal framework) as defined in Article 3 (3) (c) of Directive 2011/61 / EU on managers of alternative investments funds, were presented in the Strategic Administration Program for 2018, which was approved by the shareholders in the SGOM on 27 April 2018.

Investment techniques that could be used on behalf of the AIF. The manager uses both strategic allocation and tactical allocation assets. *Strategic Asset Allocation* is a long-term allocation, the value of assets being determined by fundamental elements and general market conditions. The strategic allocation takes into account the general investment restrictions in the legislation. *Tactical Asset Allocation* is a short to medium term asset allocation that consists of systematically or punctually adjusting the portfolio to benefit from "short-term" opportunities and a high-performing asset selection in the subportfolios (stock picking).

The process by which the AIF can change its investment strategy or investment policy (or both). The investment strategy, in its main components, is subject to approval every year by SIF Muntenia shareholders, at the proposal of S.A.I. Muntenia Invest S.A. If the Manager considers internal or external events that indicate that an additional review is required (eg significant changes in the economic environment or the regulatory environment), it will communicate to the shareholders and to the FSA according to the legal provisions and, if necessary, will submit to the shareholders the substantial changes of the investment policy for approval.

The process by which the AIF can review its risk management systems. The risk management policy review is prepared by the person assigned with the risk management function and approved by the Board of Directors of S.A.I. Muntenia Invest. Any significant change in the risk management policy will be notified to the Financial Supervisory Authority within a maximum of 7 business days.

Procedure and conditions for the issue and sale of units or shares. SIF Muntenia shares are traded at the BSE and are freely transferable, the shareholders of SIF Muntenia are natural and legal persons holding shares of the share capital. Fundraising for capital increase through issuance of new shares can only be carried out through public offering of SIF Muntenia shares on its stock exchange market - Bucharest Stock Exchange. SIF Muntenia's Articles of Incorporation² at art. 8 stipulates that "the Extraordinary General Assembly delegated to the Administrator, S.A.I. MUNTENIA INVEST S.A., the exercise of its attributions for: a) increase of the share capital; "

A description of all taxes and charges and maximum costs borne directly or indirectly by investors. Administration expenses, third party expenses, portfolio management expenses, operating expenses of the Shareholders Representatives Council (SRC). Details on the structure and value of these expenditures in the first half of 2018 are presented in the chapter EXECUTION OF THE REVENUE AND EXPENSES BUDGET.

² Version in force, dated 17 May 2018

Description of liquidity risk management. The closed-end structure of the Fund determines low liquidity requirements, reducing the impact of the potentially low liquidity of the portfolio. The AIFM's risk function performs regular assessments of liquidity to ensure that the Fund is able to meet its payment obligations. The shares of SIF Muntenia do not have the option of redemption, and the shareholders are not entitled to request the Fund to buy their shares. Therefore, the liquidity management policy ensures that the investment portfolio is sufficiently liquid to achieve the following main obligations: - to cover operational expenses, investment requirements and dividends / other types of distributions to shareholders. No assets of the Fund are subject to special measures due to their illiquid nature.

Brief description of how fair treatment for investors is ensured. The AIFM treats fairly all the investors of the company. The principles for fair treatment of investors include, but are not limited to:

- Act in the interest of the Company and Shareholders;
- Ensuring that the investment decisions taken on behalf of SIF Muntenia are executed in accordance with the investment policy, objectives and risk profile;
- Ensuring that accurate and transparent pricing models and valuation systems are used for the company portfolio;
- Preventing the imposition of undue costs on SIF Muntenia and its shareholders;
- Take all reasonable measures to avoid conflicts of interest and when they can not be avoided, identify, manage, monitor and, where applicable, disclose these conflicts of interest to prevent them from affecting the interests of the shareholders;
- Recognize and properly handle complaints and petitions.

Delegations. S.A.I. MUNTENIA INVEST S.A., manager of SIF Muntenia Invest S.A, has delegated the accounting activity to 3B EXPERT AUDIT SRL (NSC Approval no. 8/31.01.2006) for SIF MUNTENIA S.A., according to the contract no. 432/02.04.2015 signed between 3B EXPERT AUDIT SRL and S.A.I. MUNTENIA INVEST S.A.

The main instruments that SIF Muntenia trades are within the limits allowed by the applicable law at the current date, namely:

- transferable securities and money market instruments registered or traded on a regulated market defined in accordance with the applicable law, in Romania or in a Member State;
- transferable securities and money market instruments admitted to the official listing of a non-member stock exchange or traded on another regulated market in a non-member country that operates on a regular basis and is recognized and open to the public;
- newly issued securities provided that:
 - the issue includes a firm commitment to require admission to trading on a stock exchange or another regulated market that operates regularly and is recognized and open to the public,
 - that admission be granted within a maximum period of two years from the issue;
- securities of undertakings for collective investment in transferable securities (UCITS) and / or other undertakings for collective investment (UCI);
- deposits with credit institutions which are repayable on demand or offer the right of withdrawal with a maturity not exceeding 12 months provided that the registered office of the credit institution is located in Romania or in a Member State or, if outside the European Union, be subject to prudential rules assessed by the FSA as being equivalent to those issued by the European Union;
- money market instruments other than those traded on a regulated market that are liquid and have a value that can be precisely determined at any time.

The Manager of SIF Muntenia:

- **does not invest** in derivative financial instruments (traded on regulated markets, on organized trading systems (OTF) or over the counter (OTC)).
- does not use leverage, collateral or asset re-use techniques. SIF Muntenia does not carry out financial operations (SFT) or use full return swap instruments as defined by EU Regulation 2365/2015.

The industrial, geographic or other sectors of the market, or the specific asset classes on which the investment strategy focuses:

- ✓ Emphasis will be placed on investments in financial instruments issued in Romania or with exposure to Romania;
- ✓ The specific classes of assets are those allowed by applicable Romanian legislation, except for derivative instruments;
- ✓ In the current context, investments in shares listed on organized capital markets or alternative trading systems have had and will have the largest share in the portfolio in 2018 as well.

Markets on which it is actively trading. The markets that SIF Muntenia invests in (trading venues in which the AIF is trading) are the Bucharest Stock Exchange (most of the transactions) and well-established stock exchanges from the European Union.

Diversification of SIF Muntenia portfolio. Current Asset Allocation / Classes of Financial Instruments, Certified Asset Values calculated according to the FSA of the main sub-portfolios in the first half of 2018 are presented in this report.

Other relevant elements

SIF Muntenia complies with transparency and communication standards of companies listed on the Bucharest Stock Exchange regarding the regular and continuous reporting, observes the privileged information regime, the insider trading regulations.

The transactions concluded by the Company with the parties in special relations took place in the normal course of business.

2.1 ASSET ALLOCATION

SIF Muntenia's Asset Allocation was closer to a **strategic asset allocation** that pursues a long-term target portfolio structure - within certain limits, which are defined annually through management programs and approved by shareholders.

The financial instruments invested fall into the investments allowed by the legislation. The portfolio of SIF Muntenia has been within the applicable legal limits and within the indicative limits defined by the diversified balanced fund target portfolio of SIF Muntenia approved by SIF Muntenia's Management Program for 2018.

Chart no. 1. The target portfolio for 2018, according to the Management Program

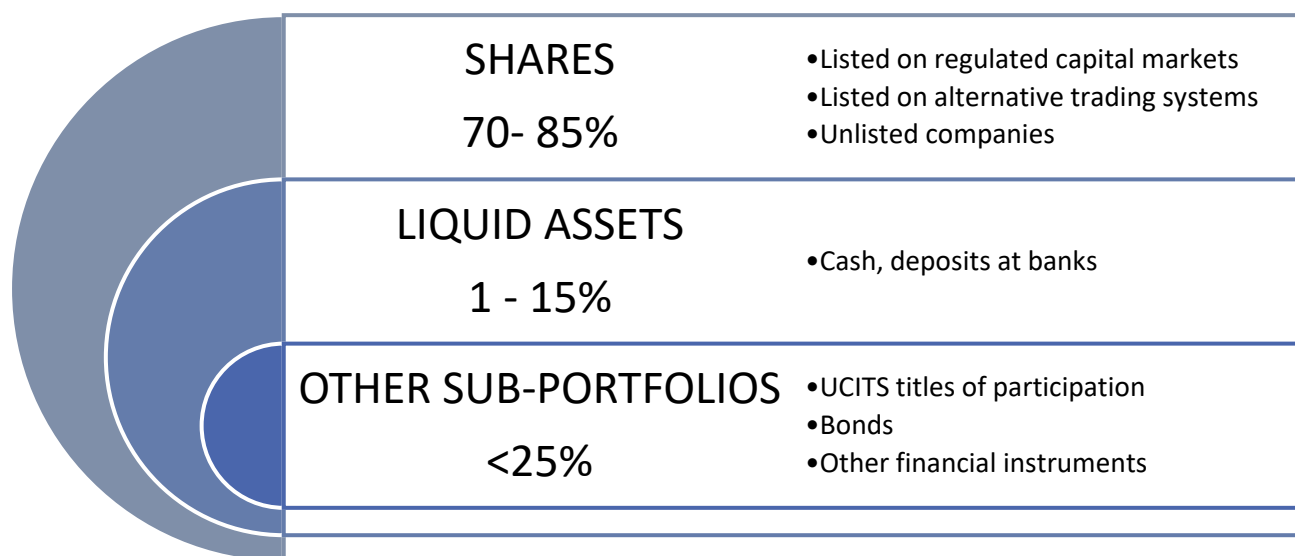
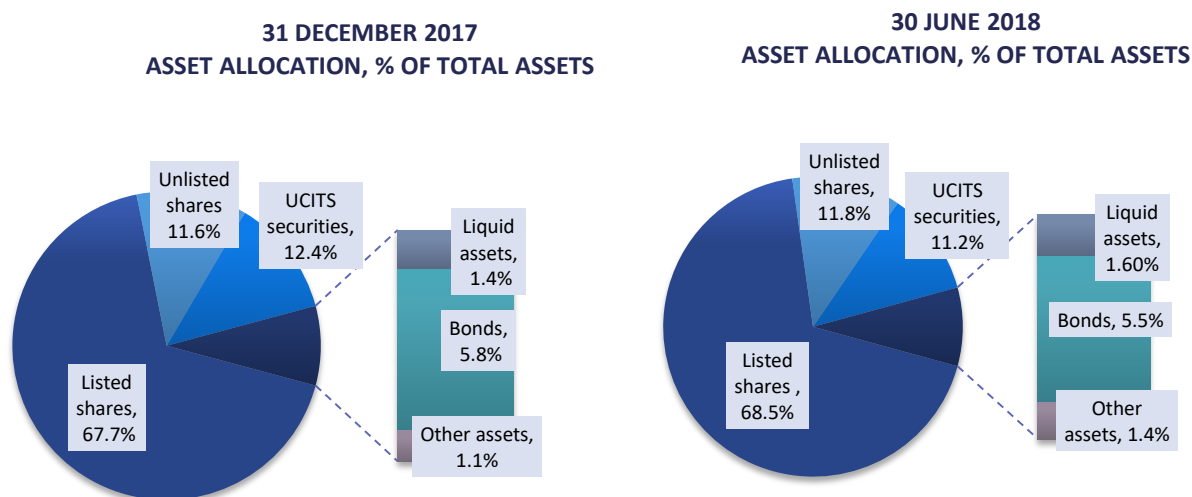


Chart no. 2 Asset Allocation of SIF Muntenia portfolio, 30 June 2018 versus 31 December 2017



In the chapters "ASSET ALLOCATION", "TOTAL ASSETS AND NET ASSETS", "SHARES SUBPORTFOLIO" and "OTHER SUBPORTFOLIOS", the values of the participations used are those according to NSC/FSA, "Net asset values" according to FSA Regulation no. 9/2014, which were presented to investors by the Valuation Rules³, unless otherwise stated. These net asset values calculated according to NSC/FSA may have different values from the values of the total asset and the net asset recorded in the financial statements.

³ Rules for asset valuation in the portfolios of managed entities <http://www.munteniainvest.ro/index.php?opt=reguli>

The main sub-portfolios that make up the SIF Muntenia portfolio are presented below, as values and percentage of the total assets.

<i>In LEI</i>	<i>29-06-2018</i>	<i>2017</i>	<i>30-06-17</i>
Listed shares	1,056,681,943	992,239,037	897,724,285
Unlisted shares	181,522,321	170,101,775	170,963,780
Listed bonds	83,205,662	83,745,681	49,009,270
Unlisted bonds	1,194,046	1,194,062	1,166,968
Other financial instruments		0	26,852,000
Cash available	975,272	5,498,622	13,096,313
Bank deposits	23,649,810	15,546,412	29,666,230
Participation titles to UCITS	172,797,697	181,191,076	147,466,141
Other assets	21,528,346	16,053,242	10,195,946
TOTAL ASSETS	1,541,555,097	1,465,569,907	1,346,140,933

Table no. 1 SIF Muntenia Portofolio (value comparison)

<i>% of total assets</i>	<i>29-06-2018</i>	<i>2017</i>	<i>30-06-17</i>
Listed shares	68,5%	67,7%	66,7%
Unlisted shares	11,8%	11,6%	12,7%
Listed bonds	5,4%	5,7%	3,6%
Unlisted bonds	0,1%	0,1%	0,1%
Other financial instruments	0,0%	0%	2,0%
Cash available	0,1%	0,4%	1,0%
Bank deposits	1,5%	1,1%	2,2%
Participation titles to UCITS	11,2%	12,4%	11,0%
Other assets	1,4%	1,1%	0,8%

Table no. 2 SIF Muntenia Portofolio (percentage comparison)

The detailed statement of investments of SIF Muntenia on 29 June 2018, prepared in accordance with Annex 17 of Regulation no. 15/2004, is attached to this report.

The total asset and net asset calculated according to the provisions of the FSA have increased both against the values at the end of 2017 and against the values as of 30.06.2017 (details in the chapter TOTAL ASSETS AND NET ASSETS).

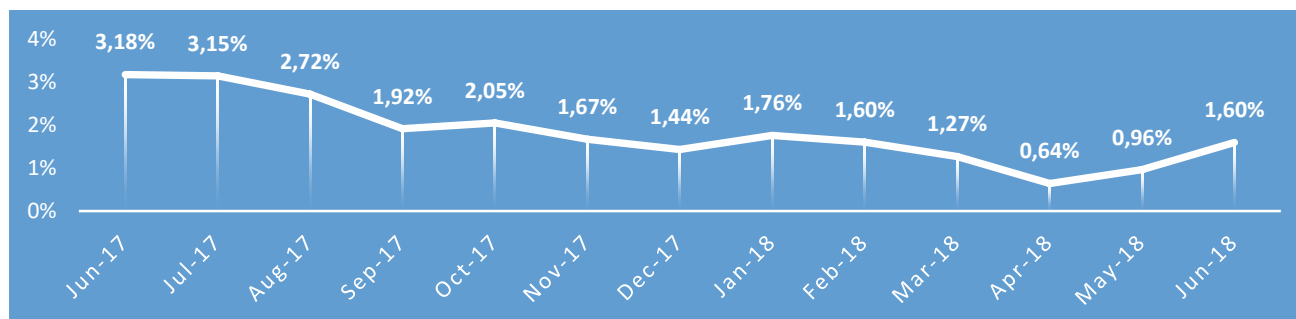
The main evolution in the structure of the portfolio in the first half of 2018 was the continuation of the investment process, especially in the sub-portfolio of shares (purchase of shares in the amount of 18.02 million lei and sale of shares of 3.2 million lei). Furthermore, dividends were received in the amount of 30.83 million lei, and the amount of 11.84 million lei was collected from the decrease of participations at unlisted companies.

The Sub-portfolio of titles of participation in UCITS/UCI has undergone changes, and participation titles in UCITS were redeemed amounting to RON 19.27 mn, while titles of RON 22 mn were purchased.

THE PORTFOLIO LIQUIDITY INDEX, 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 backdrop of further decline in interest rates on deposits, the liquidity of the portfolio was maintained at low levels.

Chart no. 3 *Portfolio Liquidity Index*



GEOGRAPHICAL AND SECTORAL AREAS IN WHICH INVESTMENTS ARE CONCENTRATED

Most of SIF Muntenia's investments were made in financial instruments issued and traded in Romania. On 30 June 2018, the exposure on financial instruments traded on other regulated markets than those in Romania was 5.09% of the total assets calculated according to the provisions of the FSA (30.06.2017: 5.64%, 31.12.2017 5.40%). Details of the sectoral areas in which SIF Muntenia's investments are concentrated are presented in the SHARES SUBPORTFOLIO / ALLOCATION BY SECTORS OF ACTIVITY section.

2.2 TOTAL ASSETS AND NET ASSETS

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

For the Total Assets, Net Asset Value and Related Debts as at 31.12.2017, the **restated** amounts, including the accounting items of the **final** financial statements for that period, are presented and used in this report (IFRS Financial Statements / Standard 39 / 2015 audited). The restated values were certified by SIF Muntenia's Depository and published at the BSE on 30 March 2018.

The Total Assets, Net Assets and Liabilities for the period 1 January 2018 to 30 June 2018 were calculated in accordance with Regulation 9/2014 issued by the FSA, using accounting elements related to financial reporting in accordance with Norm 39/2015.

The total assets, net assets and liabilities of SIF Muntenia (lei and equivalent in euro at the ECB rate) and the value and percentage changes in the first half of the year 2018 and in the last year (in lei) are presented below.

In LEI	29-06-18	29-12-17	30-06-17
TOTAL CERTIFIED ASSETS	1,541,555,097	1,465,569,907	1,346,140,933
TOTAL LIABILITIES,	113,407,518	94,643,957	102,516,864
NET ASSETS	1,428,147,579	1,370,925,950	1,243,624,069
Net Asset Value per Share	1.7696	1.6987	1.5410
ECB EUR exchange rate	4.6631	4.6585	4.5523
TOTAL CERTIFIED ASSETS expressed in euro	330,585,897	314,601,247	295,705,672
NET ASSETS expressed in euro	306,265,698	294,284,845	273,185,877

Table no. 3 Total assets and Net assets (valu ecomparison)

In lei	Value variation H1 2018	% Variation H1 2018	Value variation 1 year	%Variation 1 year
TOTAL ASSETS	75,985,190	5.18%	195,414,164	14.52%
TOTAL LIABILITIES	18,763,561	19.83%	10,890,654	10.62%
NET ASSETS	57,221,629	4.17%	184,523,510	14.84%

Tabel nr. 4 Variation of total assets and net asset value

S.A.I Muntenia Invest S.A. was **registered** as an AIFM for SIF Muntenia, according to art. (2) para. b) of Law 74/2015, SIF Muntenia having a portfolio of managed assets that does not exceed, in total, the threshold of 500,000,000 Euros for non-leveraged AIF. As mentioned in the annual individual report for 2017, the euro / leu exchange rate of the European Central Bank (ECB) was used to calculate the euro equivalent of managed assets.

Chart no. 4 Total assets and NAV evolution during 06.2017 – 06.2018

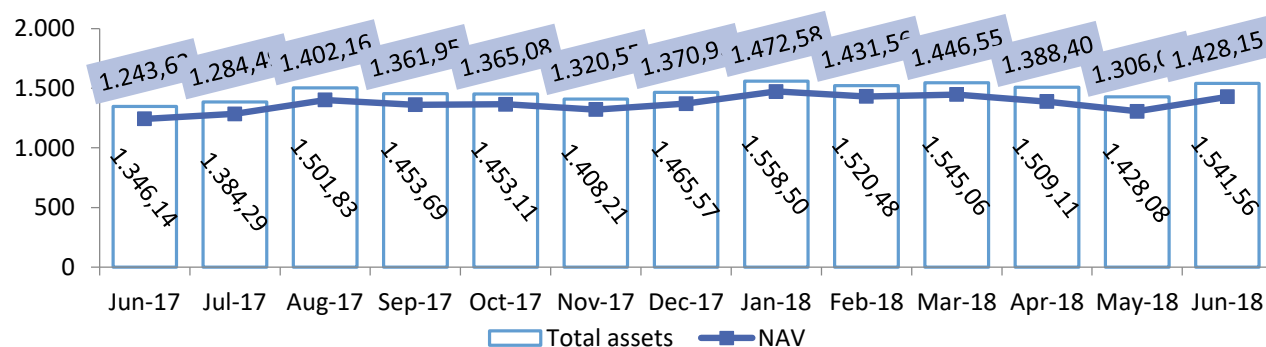
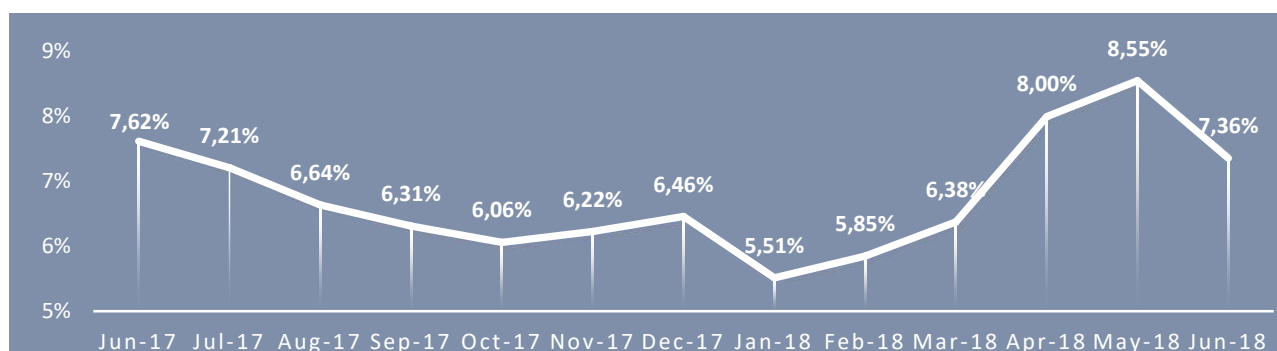


Chart no. 5 Liabilities evolution during June 2017-June 2018



The main causes that led to an increase by 18.7 mil. lei of liabilities at the end of the first half of 2018 compared to the end of 2017 are:

- The payment of the amount of 4.19 mil lei to the share capital increase of CI-CO S.A Bucharest, which was constituted as liability in 2017,
- Decrease of deferred tax by 2.86 million lei, the current tax by 1.36 million lei and the dividend tax by 0.74 million lei,
- Recording as a liability the amount of 27.5 million lei representing dividends to be distributed under the SGOA decision no. 2 from 27 April 2018, which decided to distribute dividends from the profit achieved in 2017.

In the first half of 2018, dividends (including related dividend tax) were paid to shareholders of SIF Muntenia amounting to 1.42 million lei.

2.3 SUMMARY OF THE FINANCIAL POSITION

In lei	H1 2018	2017	H1 2017
TOTAL ASSETS CERTIFIED BY THE DEPOSITORY	1,541,555,097	1,465,569,907	1,346,140,933
NAV	1,428,147,579	1,370,925,950	1,243,624,069
NAV per SHARE (lei/share)	1,7696	1,6987	1,5410
SHARE PRICE END OF PERIOD	0.766	0.980	0.796
MARKET CAPITALIZATION	618,189,970	790,90	642,401,066
NET ASSET DISCOUNT	56.7%	42.3%	48.3%
TOTAL ACCOUNTING ASSETS	1,353,871,986	1,299,271,852	1,212,760,206
EQUITY	1,240,464,468	1,204,627,895	1,110,243,342
TOTAL LIABILITIES	113,407,518	94,643,957	102,516,864
GROSS PROFIT	39,218,025	56,998,848	14,355,714
NET PROFIT	34,094,656	51,005,327	13,126,063
Net Profit /FSA net assets	2.39%	3.72%	1.06%
ROE= Net Profit / equity	2.75%	4.23%	1.18%
ROA= Net Profit / Total accounting assets	2.52%	3.93%	1.08%

Table no. 5 Key Performance Indicators (expressed in lei)

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 n calculated according to NSC / FSA regulations and certified by the depository = NAV / number of shares.

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

3 SHARES SUBPORTFOLIO

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

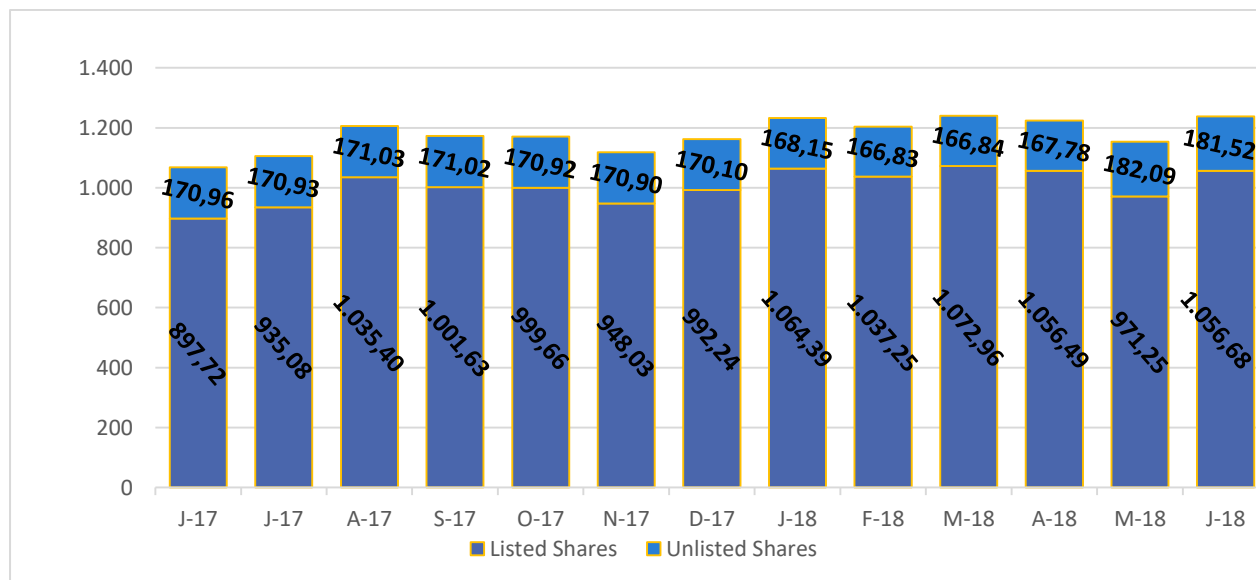
The management of this sub-portfolio aimed at achieving the objectives set out in the Strategic Management Program approved for 2018.

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

In lei	H1 2018	2017	H1 2017
Listed shares	1,056,681,943	992,239,037	897,724,285
- listed on BSE,	686,627,925	617,297,189	583,204,268
- listed on ATS	218,186,303	246,037,216	158,935,639
- listed and never traded		0	10,253,244
- listed and not traded during the last 30 days	151,867,714	128,904,632	145,331,134
Unlisted shares – closed companies	181,522,321	170,101,775	170,963,780
Total	1,238,204,264	1,162,340,812	1,068,688,065

Table no. 6 Net asset evolution Shares sub-portfolio (expressed in lei)

Chart no. 6 Evolution of listed shares and unlisted shares (monthly series)



Transactions and other events in the shares sub-portfolio

In the first half of the current year, the Company maintained its trading activity mainly on the acquisition of shares in BSE listed companies with transaction liquidity and dividend yields above the market average. Thus, shares listed on organized markets of RON 18.02 million were purchased (the main transactions were on TLV, SNP, SNG issuers).

The merger between BSE and Sibex Sibiu Stock Exchange was completed (19,867 shares were received in BSE, related to the share SIF Muntenia had held at SIBEX). The withdrawal of SIF Muntenia from Depozitarul SIBEX S.A. was also completed.

Proceeds from the sale of listed shares amounted to 3.23 mn (the stake held in Alumil Rom Industry S.A. was fully sold, partly the one held in Conpet S.A. and partly in Primcom S.A., following the participation in the public offering conducted by the issuer).

The SGEO of Voluthema Property Developer Company S.A. dated 26.10.2017 decided that SIF Muntenia and Avicola Bucuresti to withdraw part of the contribution to equity, reducing the company's share capital by 17 million lei changing accordingly the articles of incorporation. The share capital is reduced by restitution to shareholders of a share of contributions and a reduction in the number of shares. In the first quarter of 2018, after the end of this decrease in the share capital, 11.7 million lei were collected.

In April of this year, the company participated in the share capital increase by cash contribution of ICPE S.A. Bucuresti. (0.63 mn lei, representing 251,422 shares).

Sticla S.A. Turda, Suinprod S.A. Let, Tehnopam S.A București, Metaplast S.A Buzău, Urbis Armături Sanitare S.A București were de-registered.

A residual package of 0.513% of the share capital of COMPLEX CABANA CIUCAȘ S.A. CHEIA was sold.

Dividends

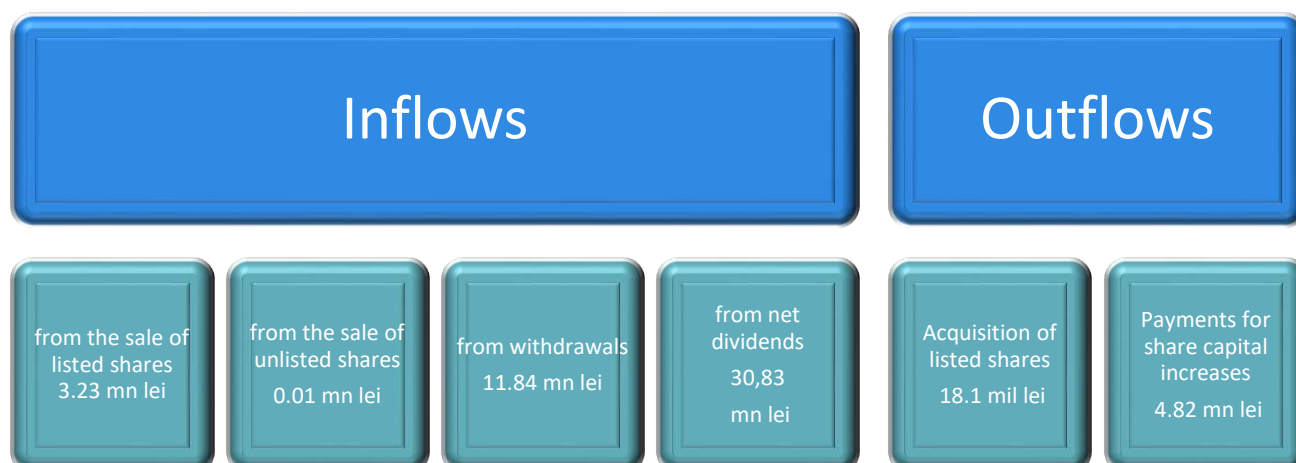
In the first half of 2018, dividends were received in the amount of 30.83 million lei. In addition, the Other assets sub-portfolio includes dividends to be collected (with the date of ex dividend before 30.06.2018) from listed issuers amounting to RON 1.42 mn.

Gross income (which, according to the IFRS rules also includes dividend tax) from dividends in the first half of 2018 amounted to RON 34.38 mn.

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

In accordance with these valuation rules, dividend income for a series of participations to which the ex-dividend date is after 30.06.2018 will be recognized in the course of the second half of 2018.

Chart no. 7 Cash-flow details (30 June 2018)



3.1 TOP 10 COMPANIES IN SIF MUNTENIA PORTFOLIO

On 30.06.2018, the first 10 participations, with a total value in the net assets of 888.84 mn lei, represent a share of 57.66% in the total assets of SIF Muntenia.

Denomination	Field of activity	NAV in mn lei	Percentage in total assets of SIF
BANCA TRANSILVANIA	Other monetary intermediation activities	259.91	16.86
BIOFARM S.A. BUCUREȘTI	Manufacture of pharmaceutical preparations	174.83	11.34
CI-CO S.A. BUCUREȘTI	Renting and sub-renting of own or leased real estate	100.09	6.49
SIF BANAT-CRIȘANA	Other financial intermediation	65.14	4.23
AVICOLA S.A. BUCUREȘTI	Poultry	57.50	3.73
METAV S.A. BUCUREȘTI	Real estate management	52.75	3.42
BRD - GROUPE SOCIETE GENERALE	Other monetary intermediation activities	47.59	3.09
FIROS S.A BUCUREȘTI	Building materials	47.43	3.08
S.N.G.N. ROMGAZ-S.A. Mediaș	Extraction of natural gas	41.94	2.72
ROMAERO S.A. BUCUREȘTI	Manufacture of aircraft and spacecraft	41.66	2.70
TOTAL		888.84	57.66

Table no. 7 Top 10 participations in shares as at 30.06.2018

1. Banca Transilvania

In lei (thousand lei)	2016	2017	Q1 2018
Operating income	2,804,707	2,675,464	735,765
Total equity and liabilities	51,769,601	59,302,075	59,575,483
Net profit of the period	1,228,440	1,185,979	366,003

Table no. 8 Financial results of Banca Transilvania S.A. (value comparison)

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

According to Banca Transilvania officials, Banca Transilvania Group closed the first quarter of 2018 with assets of 60.1 billion lei, of which 59.6 billion lei are related to the bank, net loans accounting for 50.98% of the Group's assets. The growth rate of operating income was 18.2%, and operational efficiency remained at a comfortable level of 47%. The Loans / Deposits ratio is 65% at the end of the first quarter of 2018, and the EBA non-performing exposures ratio is 6.35% on 31 March 2018.

The coverage ratio of total non-performing exposures under EBA is 71% and the bank's solvency, taking into account the profit for the first quarter of 2018, is 19.23%; without profit, it is 18.15%.

Subsequent event

The increase of the share capital approved by the Extraordinary General Meeting decision dated 25.04.2018, amounting to 471,041,660 lei through the issuance of 471,041,660 new shares with a nominal value of 1 leu / share. Following the increase, the share capital of the bank will amount to 4,812,481,064 lei, divided into 4,812,481,064 shares, each having a nominal value of 1 leu. On 6 August 2018 the payment date for the free shares to be issued as a result of the share capital increase was approved. SIF Muntenia will receive 11,750,075 shares.

2. Biofarm S.A.

In lei (thousand lei)	2016	2017	Q1 2018
Operating income	35,039	42,487	14,095
Total equity and liabilities	239,261	262,381	268,776
Net profit of the period	29,478	36,028	11,886

Table no. 9 *Financial results of Biofarm S.A.* (value comparison)

Biofarm S.A. București is one of the first Romanian producers of medicines and food supplements, having a portfolio of over 200 products. Biofarm maintained its position among the top 10 Romanian producers in terms of sales in commercial units, achieving a market share reported by Cegedim Romania of 3.6% of the total units sold to patients by the Romanian pharmaceutical market.

In the REB for 2018 approved by the SGOA as of 19.04.2018, compared to the values achieved in 2017, the increase in sales revenues by 6.8%, the increase in operating income by 7.9%, the increase in operating expenses by 8.1% were predicted. This leads to an increase in the expected operating profit by 7.6%. The net profit estimated in 2018 (38,529,308 lei) has an increase of 6.94% compared to the net profit realized in 2017 (36,027,723 lei). The 2018 investment plan includes construction works and fixed assets purchases in a total amount of 39,323,702 lei and a strategic investment amounting to 14,000,000 lei, which strictly depends on the identification of opportunities for the acquisition of a pharmaceutical company that will lead to the increase of the quota and the development of the Biofarm product portfolio.

SIF Muntenia will receive from Biofarm, as of shares held on 30.06.2018, a net dividend higher than in 2017- 9.54 mn lei on 04.09.2018 (date of payment). (2017: RON 8,54 mn).

3. CI-CO S.A.

In lei (thousand lei)	2015	2016	2017
Operating income	1,521	10,524	2,493
Total equity and liabilities	54,173	58,824	53,235
Net profit of the period	1,496	10,378	2,145

Table no. 10 *Financial results of CI-CO S.A.* (value comparison)

In the REB for 2018, approved in the SGOA from 24.04.2018, the turnover amounted to 10,010,000 lei (2017: 9,743,388 lei), higher by 2.17% compared to the previous year, total revenues of 10,370,000 lei (2017: 10,848,871 lei) lower than in 2017 because financial incomes (interest) were predicted on the assumption that the liquidity will be used to fulfill the investment program and / or the dividend payment. The total investment value for 2018 is 8,902,900 lei, from own funds, out of which 5,402,900 lei for the continuation of the works at the Obor Central Hall.

SIF Muntenia received from Ci-CO a net dividend of RON 2.09 mn on 06.06.2018 (date of payment) (2017: 9.55 million lei).

4. SIF Banat- Crişana

In lei (thousand lei)	2016	2017	Q1 2018
Operating income	110,916	171,846	8,922
Total equity and liabilities	2,109,720	2,486,964	2,709,176
Net profit of the period	81,362	69,553	7,265

Table no. 11 *Financial results of SIF Banat Crişana* (value comparison)

The value of the total assets held on 31 March 2018 amounted to 2,709.2 million lei, up 8.9% compared to the value of the assets existing at the end of 2017. The net profit realized on 31 March 2018, amounting to 75.3 million lei, is increasing compared to the first quarter of 2017.

In the first half of 2018, SIF Banat Crişana continued to pursue its investment strategy based on company development without portfolio sales and net asset growth.

On 29.06.2018 the net asset discount was 45.48% at an average share price of 2.51 lei.

5. Avicola S.A. Bucureşti

In lei (thousand lei)	2015	2016	2017
Operating income	335	290	415
Total equity and liabilities	60,039	65,898	68,455
Net profit of the period	377	165	107

Tabel nr. 12 *Financial results of Avicola S.A. Bucureşti* (value comparison)

According to the Revenues and Expenditure Budget approved by the shareholders of the company within the SGOA from 25 April 2018, the company plans to achieve total revenues of 42.26 mn lei, total expenses of 41.65 mn lei and gross profit of 618.511 lei (versus 106.535 lei in 2017). Also, within the same SGOA, the investment plan for 2018 was approved in the amount of EUR 2,371,000, mainly for the composting plant (EUR 1.75 mil.), machinery, automation, hall rehabilitation, acquisition of three vans, heating and air conditioning for hatchery.

6. Metav S.A. Bucureşti

In lei (thousand lei)	2015	2016	2017
Operating income	2,252	3,217	9,229
Total equity and liabilities	176,620	174,382	194,101
Net profit of the period	1,280	2,368	7,603

Table no. 12 *Financial results of Metav S.A.* (value comparison)

In the REB for 2018 approved in the SGOA as of 27.04.2018, expressed in euros, a turnover of 4,526,973 euros is estimated, 5.6% lower than the one achieved in 2017, as a result of the reduction of the revenues from the provision of services and execution of works. An estimated net profit of EUR 0.82 million is expected to be almost 50% lower than

the profit realized in 2017 (an extra profit of EUR 0.8 million was obtained in 2017 from the expropriation of some land on Fabrica de Glucoza St.). The investments for the year 2018 amount to a total of EUR 1.55 mil., and the largest share in these are the execution of the works and obtaining of the fire security authorizations (864.000 euro).

7. BRD – Groupe Societe Generale

In lei (thousand lei)	2016	2017	Q1 2018
Operating income	2,634,172	2,641,499	680,473
Total equity and liabilities	50,657,583	53,490,923	54,515,479
Net profit of the period	728,281	1,380,384	392,361

Table no. 13 *Financial results of BRD Groupe Societe Generale* (value comparison)

BRD's financial performance continued to improve, according to the financial results of the first quarter of this year. The total assets of the bank reached 54.51 billion lei, up 2.34% compared to those managed at the end of 2017. Net loans to customers increased by 0.87% in Q1-18 compared to the value at the end of 2017. The Bank's equity increased by 5.58% in Q1 2018 from its value at the end of the previous year.

Net operating profit increased by 34.5%, reaching 316.9 million lei in Q1-18 compared to Q1-17. As for the gross profit of the bank, it increased by 27.82% compared to Q1-17, reaching 466.78 million lei, and the net profit of the bank amounted to 392.36 million lei, at the end of the first quarter, recording a 27.83% increase over Q1-17.

BRD officials appreciate that the first quarter of 2018 was dynamic due to the continuous increase in loans, deposits and volume of transactions, which, together with favorable market interest rates, triggered increases in the first quarter.

SIF Muntenia received from BRD Groupe Societe Generale a net dividend of RON 5.65 mn as of 30.05.2018 (date of payment) (2017: 2.37 million lei)

8. Firos S.A.

In lei (thousand lei)	2015	2016	2017
Operating income	1,892	1,994	3,185
Total equity and liabilities	51,561	54,004	64,847
Net profit of the period	1,314	1,636	2,736

Tabel nr. 15 *Financial results of Firos S.A.* (value comparison)

In the REB for 2018 approved in the SGOA of 23.04.2018, starting from the achievements of 2017, the quantities of mortars and adhesives, expanded cellular polystyrene to be produced and the sale of different categories of building materials, were expected, resulting in a net profit of 2,025 .906 lei, down 25.95% compared to the net profit realized on 31.12.2017 (2,735,803 lei). Budgeting below the level achieved in 2017 was based on the fact that in early 2018, in January, there was a technical overhaul of the machines, and the months of February-March had low sales due to unfavorable weather conditions. Investments for 2018 are minimal and are related to maintenance of operating areas and current production.

SIF Muntenia will receive from Firos a net dividend of 1.4 million lei on 23.10.2018 (date of payment) (2017: 0.85 million lei).

9. SNGN Romgaz S.A.

In lei (thousand lei)	2016	2017	Q1 2018
Operating income	3,411,868	4,585,189	1,482,337
Total equity and liabilities	10,977,498	10,851,952	11,129,287
Net profit of the period	1,024,579	1,854,748	501,196

Tabel nr. 16 *Financial results of SNGN Romgaz S.A. (value comparison)*

At the Ordinary General Meeting of Shareholders dated 26 April 2018, the distribution of a gross dividend of 4.99 lei / share was approved.

In the first quarter of 2018, the company maintained a high level of net profit margins (33.81%), EBIT (39.56%), and EBITDA (50.67%). Revenues from gas sales in the first quarter of 2018 increased by 12.7% compared to the first quarter of 2017, an increase that offset the decrease in storage revenues by 19.60% and electricity revenues down by 70.49 %. The value of the investments made was 419.1 mil lei, compared to 91 mil lei in the same period of the previous year. Starting 1 April 2018, it was decided to separate the storage activity to SNGN ROMGAZ - S.A. - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiesti - S.R.L.

SIF Muntenia will receive from S.N.G.N. Romgaz S.A., corresponding to the number of shares on 30 June 2018, a net dividend higher than in 2017, respectively RON 5.32 mn on 27.07.2018 (date of payment). (2017: RON 5.01 million).

10. Romaero S.A.

In lei (thousand lei)	2015	2016	2017
Operating income	(21,170)	(50,975)	(40,384)
Total equity and liabilities	838,335	772,776	763,135
Net profit of the period	(34,105)	(60,280)	(39,388)

Tabel nr. 17 *Financial results of Romaero S.A. (value comparison)*

For the year 2018 the company has budgeted the realization of operating revenues in the amount of 107.4 mil lei, increasing by 72% compared to the previous year, amid a higher absorption of funds both from contracts / direct orders placed by entities subordinated to the Ministry of National Defense and in the industrial and compensatory co-operation programs, following the purchase of military equipment by the Romanian State. The company aims at achieving and maintaining a 75% -80% capacity utilization rate during the 2018-2020 period, with a capacity increase in aircraft maintenance and repair as well as in the manufacturing aerostructures and components thereof. During the SGEA from 31.05.2018 the shareholders of the company decided to increase the share capital of the company by the amount of up to 1.84 mil. lei, by cash contribution and by converting into shares of the claim related to the investment financed in 2017 from the state budget through the budget of the Ministry of Economy.

3.2 CONTROLLED COMPANIES/SUBSIDIARIES

Between 31.12.2017 - 30.06.2018, SIF Muntenia held a control position at 14 companies where it was holding shares. Until 31.12.2017, SIF Muntenia has prepared consolidated financial statements of the Group.

Starting 1 January 2018, in the process of alignment with the requirements for the investment entity, SIF Muntenia S.A:

- invests in subsidiaries in order to increase the value of the equity and / or the income from these investments and **does not** intend to obtain other benefits resulting from the entity's investments.
- measure subsidiaries at fair value through profit or loss. As a result, the impact of these valuations is directly reflected in the profit distributable to shareholders.

- discloses gain or loss resulting from derecognition of subsidiaries' assets and liabilities (see Note 28 in the Financial Statements).

Subsidiaries are monitored analytically following the increase of their fair value by taking immediate measures, especially in the case of non-fulfillment of the indicators in the income and expenditure budgets approved by the SGA. Their growth is constantly followed, both in terms of the result and the position on the market in which it operates, so that the fair value does not have any negative influences in the annual result registered by SIF Muntenia.

On 30 June 2018, the net asset value of these companies, according to the provisions of the FSA, amounted to 499.12 million lei (30.06.2017: 409.43 million lei) and the share of SIF Muntenia's total assets was 32.38% (30.06.2017: 30.41%).

All controlled companies are based in Romania. For them, SIF Muntenia's holding in the share capital of the company is not different from the percentage of the votes held.

Of the 14 subsidiaries:

- Two subsidiaries are listed on the Bucharest Stock Exchange: Biofarm S.A. (BIO), Casa de Bucovina Club de Munte S.A. (BCM);
- Five subsidiaries do not have shares listed on a capital market or an alternative trading system (Firos S.A., Fondul Român de Garantare a Creditelor pentru Întreprinzătorii Privati - IFN S.A., Gecsatherm S.A., Muntenia Medical Competences S.A., Voluthema Property Developer S.A.);
- Seven subsidiaries are listed on AERO, the alternative trading system of the BSE: Avicola București S.A. (AVBW), Bucur S.A. (BUCV), CI-CO S.A. (CICO), Mindo S.A. (MINO), Semrom Muntenia S.A. (SEOM), Semrom Oltenia S.A. (SEOL), Unisem S.A. (UNISEM)

	Denomination	NAV mn lei	Percentage in the total assets of SIF	Fair value mn lei	CAEN denomination	Percentage of SIF
1	AVICOLA S.A. BUCUREȘTI	57.50	3.73	33.60	Poultry	99.40
2	BIOFARM S.A. BUCUREȘTI	174.83	11.34	174.83	Manufacture of pharmaceutical preparations	50.98
3	BUCUR S.A. BUCUREȘTI	16.19	1.05	16.19	Non-specialized wholesale of food, beverages and tobacco	67.98
4	CASA DE BUCOVINA- CLUB DE MUNTE S.A.	7.83	0.51	7.83	Hotels and other similar accommodation	66.87
5	CI-CO S.A. BUCUREȘTI	100.09	6.49	45.56	Renting and sub-renting of own or leased real estate	97.34
6	FIROS S.A. BUCUREȘTI	47.43	3.08	40.37	Manufacture of mortar	99.69
7	FONDUL ROMÂN DE GARANTARE A CREDITELOR PENTRU ÎNTEPRINZĂTORII PRIVAȚI - IFN S.A.	14.93	0.97	11.18	Other lending activities	53.60
8	GECSATHERM S.A.	10.79	0.70	14.90	Manufacture of glass fibers	50.00
9	MINDO S.A. DOROHAI	4.22	0.24	9.40	Manufacture of mortar	98.02
10	MUNTENIA MEDICAL COMPETENCES S.A.	6.21	0.41	18.40	Specialized nursing activities	98.94
11	SEMROM MUNTENIA S.A. BUCUREȘTI	8.94	0.58	24.74	Wholesale of grain, seeds, feed and unprocessed tobacco	90.68
12	SEMROM OLTENIA S.A. CRAIOVA	15.50	1.06	10.42	Cultivation of cereals (excluding rice), leguminous plants and oleaginous plants	88.49
13	UNISEM S.A. BUCUREȘTI	7.89	0.51	14.82	Wholesale of grain, seeds, feed and unprocessed	76.91

					tobacco	
14	VOLUTHEMA PROPERTY DEVELOPER S.A.	26.77	1.74	18.41	Real estate development (promotion)	69.11
	TOTAL	499.13	32.38	440.65		

Table no. 18 *The list of subsidiaries and their fair value at 30.06.2018*

TRANSACTIONS WITH AFFILIATES

SIF Muntenia subsidiaries have affiliated parties status in accordance with International Financial Reporting Standards (IFRS), adopted in accordance with the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

In accordance with Commission Regulation (EU) No 2016/2067 of 22 November 2016 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 9 (IFRS 9), SIF Muntenia's business model is to manage the financial assets for obtaining cash flows from the collection of contractual cash flows, from the sale of financial assets or both and it does not have any other benefits resulting from the entity's investments.

During the first half of 2018, SIF Muntenia had transactions with one subsidiary, Voluthema Property Developer S.A. The total rent paid by SIF Muntenia for the Voluthema Property Developer property, which SIF Muntenia uses, including utilities, amounted to 64,661 lei. The terms of these commercial transactions were normal for Voluthema Property Developer's activity, and in terms of value the effect on the financial position of both SIF Muntenia and its subsidiary was negligible, below the EUR 50,000 limit defined by the incidental reporting law.

There were no changes in the related party transactions described in the last annual report which could have a material effect on the financial position or the results of the issuer during the first six months of the current financial year.

There were no other affiliates for SIF Muntenia in the first half of 2018.

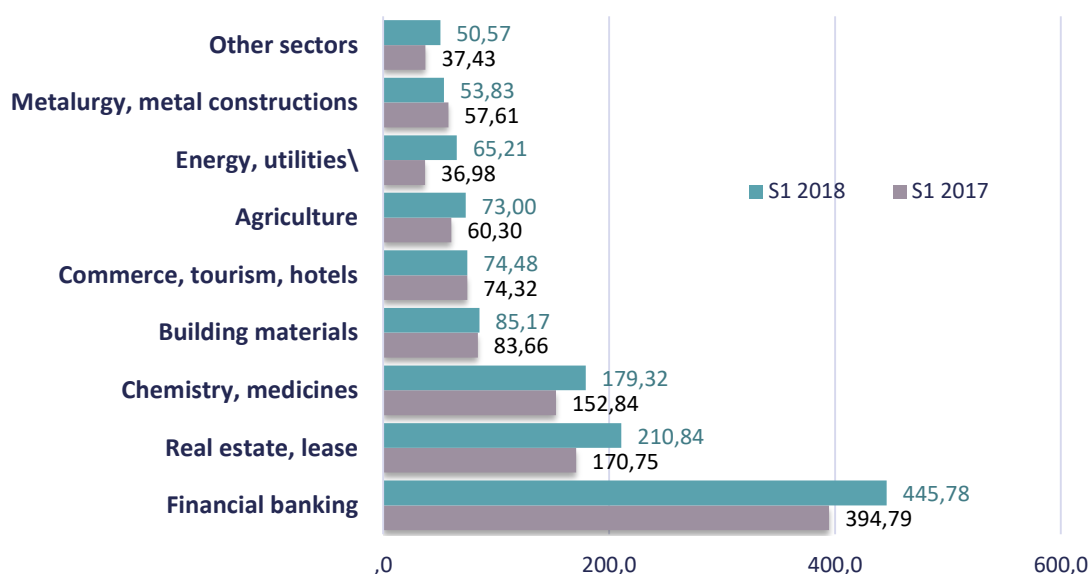
3.3 SECTORAL ALLOCATION

SIF Muntenia 2018 Administration Program:

“Increase in shareholdings in issuers operating in the performing economic sectors at this time. Among the sectors of activity with current economic potential in the economic cycle, we can mention the banking, energy and utilities sector, the pharmaceutical industry”

THE MAIN SECTORS OF ACTIVITY IN WHICH SIF MUNTENIA HAS PARTICIPATION IN SHARES (H1 2018 compared to H1 2017, asset values, million lei)

Chart no. 8 Sectors of activity



FINANCIAL BANKING SECTOR

		Assets 2017 (individually)	bn lei	Market 2017 %	share	Assets 2016 bn lei (individually)	Market 2016 %	share
1	BCR		67.73		15.83	64.068		16.28%
2	TLV		59.3		13.87	51.776		13.15%
3	BRD		53.49		13.5	50.657		12.87%

Table no. 19 Top banks, according to assets, 2017 and 2016

According to data issued by the National Bank of Romania, the implementation of the new IFRS 9 accounting standard, starting January 2018, shows an increase in banks' proactivity in recognizing potential losses from lending. Similar to European concerns, continuing the resolution of non-performing loans is a priority for the Romanian banking sector. The micro-prudential measures initiated in recent years have been complemented by the implementation of macro-prudential measures aimed at improving asset quality indicators. The profitability of the banking sector, although registers a high level, is transient in the context in which, over the years, the level of the cost of risk has prompted losses. In addition, only some of the big banks have created value for their shareholders through a positive margin between ROE and the marginal cost of equity. At the same time, it is noted that there is a polarization of the profit based on the size of credit institutions in the context of continuing to reduce net expenditures with depreciation adjustments in a favorable domestic macroeconomic framework, to prolong the low level of financing costs and to maintain the robust credit rhythm in national currency.

The banking business model continues to orientate primarily towards the segment of the population, through high interest margins, lending to non-financial corporations with a low growth rate, and sovereign exposure remaining significant. Dependence on sources of funding from parent banks is currently low, amid substitution from domestic saving sources.

CHEMISTRY, PHARMACEUTICALS

The pharmaceutical market has been influenced in recent years by frequent legislative changes and measures with a strong impact on the whole industry, such as the progressive increase of the clawback tax, the indifference between original and generic medicines, changes to the lists of compensated medicines or the settlement with the Health Insurance House and Pharmacies.

PRIMER, the Romanian Drug Manufacturers' Association, which brings together 16 drug factories in the country, points out that the clawback tax introduced in 2009 and applied exclusively to drug manufacturers increased by 20% in the first quarter of 2018 compared to the same period of the year 2017 and nearly 55% over the first quarter of 2016, reaching 24.13%, the third percentage since the tax was introduced. The forecasts show that the clawback tax will reach 30% in the fourth quarter, and under these circumstances all medicines costing less than 25 lei will no longer be manufactured in the country, according to a PRIMER statement.

PRODUCTION, TRANSPORT AND TRADE OF ENERGY

According to a press release⁴ in June of this year, in order to improve the regulatory framework for securing natural gas trading under conditions of competition, transparent and non-discriminatory access of buyers to the quantities of natural gas offered on the competitive market, the Regulatory Committee of the Authority The National Energy Regulatory Commission approved new General Rules on the centralized natural gas market.

By introducing the new rules, A.N.R.E. aims to create the premises for the development of a centralized market for traded standard products designed to ensure supply and demand-based price references leading to fair competition for gas operators in favor of consumers.

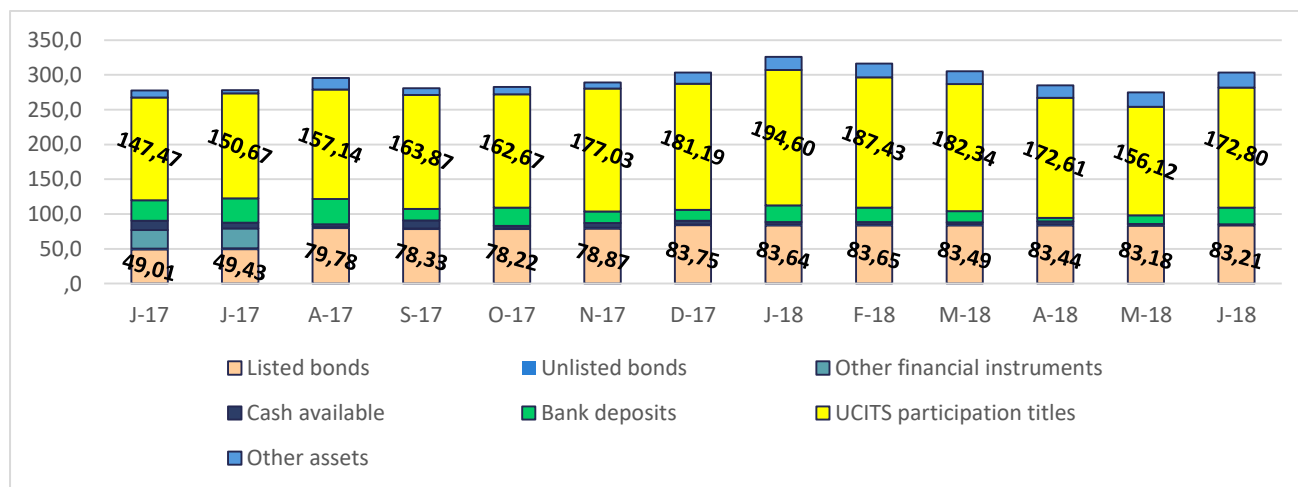
Companies listed in this sector have provided high return dividends. Despite the internal and external uncertainties that have been reflected in the capital market in general and in the quotation prices for energy companies in particular, the average daily trading value has remained at a high level for companies in the sector. In fact, most of the transactions on the BSE carried out by SIF Muntenia in the first half of 2018 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 next period. SAI Muntenia Invest pursues this process and will take the necessary measures to increase the quality of SIF Muntenia's shareholdings in this sector.

⁴ <http://www.anre.ro/ro/presa/comunicate/comunicat-06-06-2018-aprobare-reguli-piata-gaze-naturale>

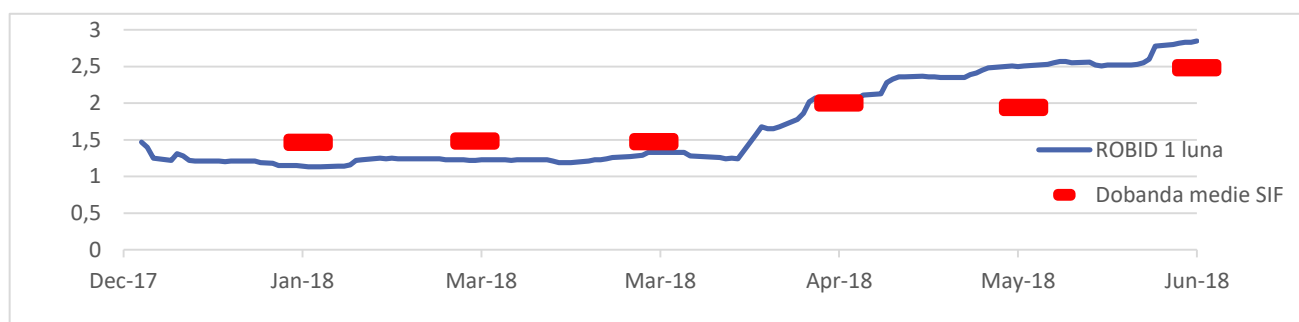
4 OTHER SUB-PORFOLIOS

Chart no. 9 The evolution of other SIF Muntenia subportfolios in the last year (mn lei)



BANK DEPOSITS

Chart no. 10 ROBID per month (maximum 2,85% minimum 1,13%) compared to the average monthly interest on SIF Muntenia deposits la depozitele SIF Muntenia



Banking interest rates were still quite low. During the first semester, the average interest rate on the deposits constituted by SIF Muntenia was for most of the year higher than ROBID one month. At the end of the first semester, SIF Muntenia owns at present value 23.65 million lei in bank deposits, representing 1.53% of the total assets. The credit institutions where these deposits are formed form part of well-capitalized Groups at both national and European level.

BONDS

Interest receipts on bonds amounted to RON 0.17 mn. Other changes in the bond sub-portfolio did not take place in the first part of 2018.

PARTICIPATION TITLES

Participation titles to UCITS contributes to reducing the overall portfolio risk through diversification and provides access to financial and investment market segments that could not be accessed directly for regulatory or cost reasons.

In the first semester of this year, the sub-portfolio of titles at UCITS/UCI has undergone changes, and titles were redeemed at UCITS amounting to RON 19.27 mn, and titles purchased of RON 22 mn.

OTHER FINANCIAL INSTRUMENTS

Since 31 August 2017, SIF Muntenia no longer owns such financial instruments.

5 RISK MANAGEMENT

Risk management means all activities that aim at identifying, quantifying, monitoring and controlling risks so as to ensure compliance with the principles of general risk policy. SIF Muntenia's risk management system includes a set of analyzes, diversification diagrams of exposures of the financial instruments in the portfolio together with the identification and evaluation of financial risks as well as proposals to mitigate the effects of the risks related to SIF Muntenia SA's investment and general activity.

S.A.I. Muntenia Invest S.A. has established and maintained its risk management function on an ongoing basis, operationally and independently of the management of portfolios of managed entities.

As a result of **registering** S.A.I. Muntenia Invest S.A. as an alternative investment fund manager (AIFM), the new procedures governing the risk management activity for SIF Muntenia were implemented in the first half of 2018 in order to properly identify, evaluate, administer and monitor all relevant risks, according to the provisions of art. 30-37 of the European Union Regulation no. 231/2013 and the applicable Romanian legislation.

The manager assessed the risk profile of SIF Muntenia according to the requirements of EU Regulation no. 231/2013 on the risk management system. This risk profile is assessed in a detailed system of key risk-limits / indicators.

In this respect, during the first half of 2018, the following categories of potential or existing risks to which SIF Muntenia S.A. is exposed have been analyzed and evaluated:

- a. market risk (position risk, foreign exchange risk, long-term interest rate risk, concentration risk);
- b. credit risk (related to issuer financial standing and counterparty credit risk);
- c. liquidity risk;
- d. operational risk.

At SIF Muntenia level, the financial and operational risks were assessed, monitored and treated in order to reduce their impact according to the classification presented above. When establishing this risk classification structure, the size of the impact of that risk was taken into account when it materialized on the value of the assets held.

(a) Market risk

Market risk is the risk of losses arising from fluctuations in the market value of financial instrument positions, fluctuations that may be attributable to changes in market variables: stock prices, foreign exchange rates, interest rates, or commodity prices that could modify the value of the financial instruments held.

Marketable VaR portfolio is calculated for measuring and assessing market risks. VaR has a value of 3.48% and falls within the low risk limits, according to the Risk Profile.

The calculated currency risk is 5.48% and falls within the limits of the average risk assumed for this parameter.

The calculated parameters for concentration risk fall within the degree of risk assumed by the Fund's Risk Profile.

Concerning the long-term interest rate risk (due to exposure to unfavorable fluctuations in interest rates), on 30 June 2018 there was only one bond issue with floating interest rate, that of Transilvania Bank (0.077% of total assets), with an insignificant impact on the risks that may affect the company's income. SIF Muntenia's bank deposits are interest-bearing assets, which are generally invested at short-term interest rates and are not exposed to a major risk of change. The Company does not use derivative financial instruments, in order to protect itself against interest rate fluctuations.

(b) Credit risk

The indicators determining the value of exposures to securities issued by listed and unlisted companies with a high level of bankruptcy risk are calculated by reference to the value of SIF Muntenia's equity. Thus, the exposure rate for listed high-risk issuers is 2,36% and the exposure to non-listed high-risk issuers is 0.92%. These indicators fall into low risk, respectively very low risk.

Counterparty risk - the possibility of insolvency of institutions providing services (such as asset custody) or situations in which transactions with shares / bonds issued by unlisted issuers on a regulated market or on an alternative trading. The results of the analyzes include SIF Muntenia in the area of low risk level.

(c) Liquidity risk

The main indicator of liquidity calculation is: "Liquid assets / Liabilities (30 days)", which currently has the value of 13.75 and which expresses the fact that SIF Muntenia can fulfill its current liabilities from the liquid assets it owns. This indicator falls to the very low risk level according to the SIF Muntenia Risk Profile, which means that the value of the cash or the cash equivalent represents at least five times the amount of liabilities per 30 days.

Another liquidity indicator pursued is the pooling of assets in the liquidity bands specified in the ESMA Guide 869/2014 (118, 119), ie the percentage of the fund portfolio that can be liquidated in each of the specified liquidity periods. The calculations for the entire portfolio of SIF Muntenia show that it is in the medium risk level, with an optimal level of assets that can be converted into cash over the time horizon analyzed against the proposed level.

(d) Operational risk

Operational risks address losses caused either by the use of inadequate processes, internal systems or human resources that can not properly perform their function, or external events and actions. This risk category also includes legal risk. For SIF Muntenia, the amount of potential aggregate loss due to the materialization of operational risks is non-existent, as most of the operational risks that have occurred have affected the manager's activity and not the fund administered.

Categorization of assets in the portfolio within the legal holding limits

The holding limits for the portfolio of SIF Muntenia are defined by the applicable law, namely:

1. Article 188 of the NSC Regulation no. 15/2004 on the authorization and functioning of investment management companies, collective investment undertakings and depositaries - in relation to the exposure conditions of UCITS with a diversified investment policy;
2. Article 9 of FSA Norm no. 14/2013 - on direct and indirect investment in promissory notes;
3. Limits resulting from the provisions of Law 297/2004 on the voting rights of the entities supervised by the FSA;
4. Limits set out in art. 3 (2) of Directive 2011/61 / EU (Alternative Investment Fund Managers).

The holding limits for points (1) to (3) above were observed throughout the first half of 2018.

We further detail the risk analysis in line with the requirements of the Alternative Investment Fund Managers legislation.

LIMITS REFERRED TO IN ARTICLE 3 (2) OF DIRECTIVE 2011/61 / EU

The total assets managed at the end of the first half of 2018 by AIF-type entities (SIF Muntenia) amounted to 1,541,555,096.65 lei. Their value in euro is 330,585,897.07 (at the ECB's EUR exchange rate of 4.66631 on the last working day of June 2018) below the threshold of EUR 500 million for which authorization would have to be requested in accordance with the relevant procedures in Directive 2011/61 / EU.

LEVERAGE

S.A.I. Muntenia Invest S.A.'s policy is not to use leverage in the management process for SIF Muntenia, respectively does not use any method of increasing the exposure of the AIF mentioned in Annex no. 1 of Regulation 231/2013 of the European Commission. The analysis of SIF Muntenia portfolio shows that there is no derivative financial instrument or any other method that increases the exposure is used, according to the Annex mentioned in the above paragraph.

Regarding **Systemic Risk and Contagious Risk**, it is part of the National Bank of Romania's objectives of imposing additional capital requirements on institutions of systemic importance and consists in increasing their capacity to absorb losses with positive effects on the reduction of systemic risk generated by the size of the institutions, the likelihood of financial difficulties and the severity of their potential impact.

Considering the favorable macroeconomic and financial conditions and the **reduction of contagion risks** on the external channel, N. B.R. has deactivated the 1% systemic shock absorber since 2017. As of January 2016, this system was imposed on the 10 banks classified as systemically important (BCR, BRD, BT, UniCredit, Raiffeisen, ING, Alpha Bank, Garanti Bank, CEC Bank and Bancpost) as well as five other small and medium-sized banks (Marfin Bank, Libra Internet Bank, Banca Romaneasca, Piraeus Bank and OTP Bank Romania).

In SIF Muntenia's portfolio, Banca Transilvania can be considered an exposure that adds **systemic risk**, especially due to the size of the bank. We consider that the exposure of SIF Muntenia to Banca Transilvania does not give rise to an important systemic risk, considering the bank's performance, the favorable complex assessments of NBR and the ratings of the rating agencies.

6 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.

6.1 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 2018.

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 nature. Funding of the whole activity is done only through own funds.

The shares issued by SIF Muntenia are registered at the Bucharest Stock Exchange, the main segment, in the premium category, according to the provisions of the 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.

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 the 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 the shares held above the specified quota, but he is entitled to receive dividends for these shares.

Main market Bucharest Stock Exchange, the main segment, the premium category

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

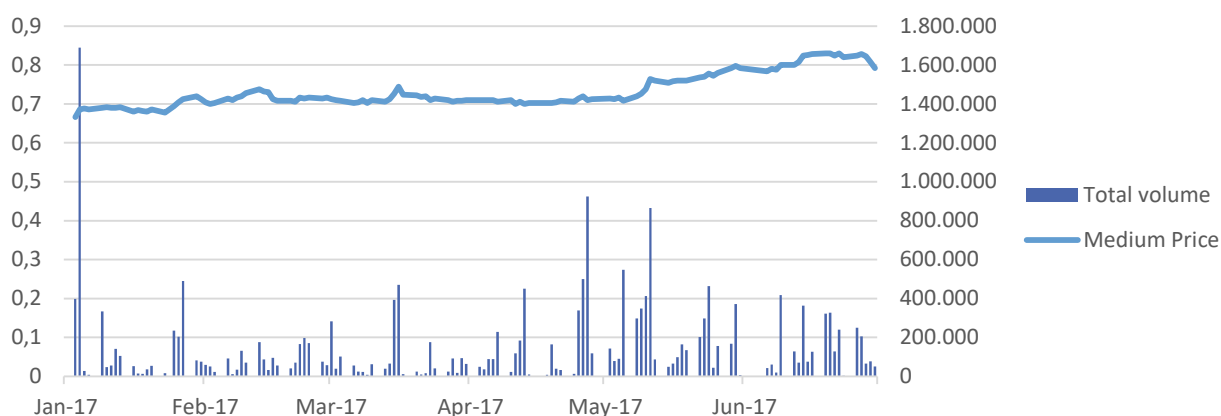
SHARE PERFORMANCE	30/06/2018	31/12/2017	30/06/2017
REGS Closing price lei	0.766	0.980	0.796
NAV per SHARES lei	1.7696	1.6986	1.5410
Net asset discount	56.7%	42.3%	48.3%
Market capitalization mn lei	618.19	790.86	642.40

Table no. 20 SIF Muntenia share performance

Trades with SIF Muntenia shares in H1 2018	REGS	DEAL	TOTAL
Number of trades	8,520	6	8,526
Number of traded shares	19,386,171	33,974,500	53,360,671
Total trading value (lei)	14,258,890	29,404,887	43,663,777
% total no of shares	2.40%	4.21%	6.61%

Table no. 21 Details of SIF 4 trades

Chart no. 11 Average trading price and volume of transactions on REGS in H1 2018



6.2 SIF MUNTENIA SHAREHOLDERS

In the table below, the synthetic structure of SIF Muntenia's shareholding is presented on 30 June 2018. This information is transmitted by Depozitarul Central S.A.

Shareholders	30/06/2018			31/12/2017		
	Number	Shares held	% held in total shares	Number	Shares held	% held in total shares
Resident individuals	5,949,541	481,084,167	59.61%	5,952,892	481,149,820	59.61%
Non-resident individuals	1,907	2,997,124	0.37%	1,891	3,213,035	0.40%
Resident legal persons	167	280,330,458	34.74%	173	279,941,794	34.69%
Non-resident legal persons	20	42,624,766	5.28%	18	42,731,866	5.30%

Table no. 22 Shareholding structure

Investor Relations Sections on SIF Muntenia's website include up-to-date **corporate governance** information and provide access to documents governing the governance of the company. Governance information is reported on a regular basis through the Corporate Governance Declaration in the Annual Report and updated at all times through current reports and the website. In this section, there is also a policy of forecasting and dividend policy and other rights for shareholders.

Rules section on the S.A.I. Muntenia Invest S.A. website include up-to-date information on remuneration policies and practices, rules and procedures for order forwarding policy and asset valuation rules for managed portfolios.

Transparency, reporting and information obligations to shareholders and capital market institutions have been complied with and ensured through press releases distributed in newspapers with a national coverage profile by publishing periodic and ongoing reporting of information provided on an electronic system, as well as on the capital market electronic system, where SIF Muntenia shares are listed through the FSA official storage mechanism, by informing the FSA and by conducting a written and electronic correspondence activity with the shareholders through the specialized department of S.A.I. Muntenia Invest S.A.

6.2.1 CHANGES IN SHAREHOLDERS' RIGHTS

In the amended Articles of Incorporation attached to this report, the following were updated in accordance with current legislation:

- the provisions regarding shareholder rights (right to dividends, voting rights, organization of General Shareholders' Meetings),
- the attributions of the General Shareholders' Meetings,
- Changes in the number of members of the Shareholders Representatives Council and their attributions.

6.3 SIF MUNTENIA GENERAL SHAREHOLDERS MEETINGS

The main attributions of the general shareholders' meetings are presented in the Articles of Incorporation of SIF Muntenia, updated following the decision of the SGEA dated 26 April 2018, attached to this report and can be consulted separately on SIF Muntenia website, www.sifmuntenia.ro. The Articles are complemented by the legal provisions on companies subject to commun law, Law 31/1990 and special provisions in the field of financial investment companies subject to the FSA supervision.

SAI Muntenia Invest SA, the administrator of SIF Muntenia, published the convening for the General Ordinary and Extraordinary Shareholders' Meetings on 26/27 April 2018, made available and published according to the legal regulations, materials subject to approval, drafted the participation and voting procedures, made available to the shareholders the special proxy and correspondence voting forms and ensured all forms of advertising, according to the legal provisions, for the voting results for each item on the agenda and the decisions adopted by the SGA (Bursa, Official Gazette, company's website).

On 7 March 2018, the SGEA convocation was published for the approval of the amendment to the Company's Articles of Incorporation, in accordance with the Annex available on the company's website (<http://www.sifmuntenia.ro>), at the section dedicated to this general meeting of shareholders. The convocation was completed at the request of the FSA and published in the new form on 26.03.2018.

On 16 March 2018 the convocation of the SGOA was published for the 2017 Balance Sheet and the proposals for the profit distribution obtained in 2017.

On 26 April and 27 April 2018, the Extraordinary and Ordinary General Meetings of Shareholders of SIF Muntenia took place.

The following were approved during the SGOA of 27 April 2018:

- Individual and consolidated financial statements for 2017,
- From the net profit for the 2017 financial year, the amount of 28,004,167 lei (representing a gross dividend of 0.0347 lei per share, with the dividend distribution starting with 28.09.2018, which is considered as the date of payment, the shareholders bearing the distribution costs) was distributed for dividends and 23,001,60 lei to other reserves, representing the company's own sources of development,
- The Administration Program and the Revenues and Expenditure Budget for 2018,
- Remuneration of the Shareholders Representatives Council for the 2018 financial year.

The SGEA dated 26 April 2018, the amendment of the Articles of Incorporation of SIF Muntenia S.A. was approved.

On 18 May 2018, S.A.I. Muntenia Invest S.A. published, in accordance with the legal provisions, the convening of the Ordinary Shareholders' Meeting of SIF Muntenia for 25/26 June 2018 for the election of the members of the Shareholders Representatives Council of Societatea de Investiții Financiare Muntenia S.A. for a period of 4 (four) years from the date of their appointment.

The SGOA from 25 June 2018, the following members were appointed to the Shareholders Representatives Council: Gioga Ștefan Dragoș, Chișu Mihai, Ștefan George - Alin. The Council members appointed Mr. Gioga Ștefan Dragoș as President of the Council, during the meeting held on 25.06.2018.

6.4 DIVIDENDS

Year	Gross dividend per share	Registration date	Ex-dividend date	Payment date
2017	0.03470	19.09.2018	18.09.2018	28.09.2018
2016	0.0400	12.09.2017	11.09.2017	28.09.2017
2015	0.0450	18.08.2016	17.08.2016	08.09.2016
2014	0.0715	28.08.2015	27.08.2015	31.08.2015

Table no. 23 *Dividends for the last 4 years*

In the first half of 2018, net dividends of 621,791 lei were paid to SIF Muntenia shareholders.

The payment of dividends, subject to the relevant legal provisions, is and will be performed by the Central Depository and the paying agent appointed by SIF Muntenia S.A is Banca Comercială Română S.A.

6.5 OTHER EVENTS

By Authorization no. 147 / 17.05.2018, THE FINANCIAL SUPERVISORY AUTHORITY authorized the modification of the Articles of Incorporation of SIF Muntenia S.A. in accordance with the Extraordinary General Meeting of Shareholders' Decision dated 26.04.2018.

The Board of Directors of S.A.I. Muntenia Invest approved the establishment of the Remuneration Committee starting with 01.06.2018, during meeting held on 30.05.2018, with the following composition: Mrs. Dorina Teodora Mihăilescu and Mr. Adrian Simionescu.

By the Communiqué published on 04.06.2018 investors were informed that, within the investment policy of SIF Muntenia S.A., its manager, S.A.I. Muntenia Invest S.A. does not carry out financial operations (SFT- securities financing transaction) and does not use total return swap instruments as defined by the EU Regulation 2365/2015. The communiqué was prepared following the request of the FSA, in order to inform investors.

7 FINANCIAL ACCOUNTING STATEMENT

SIF Muntenia prepared financial reports on 30.06.2018 according to the FSA Norm no. 39/2015 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervision Authority of the Financial Instruments and Investments Sector.

As of 1 January 2018, the Company applies IFRS 9 Financial Instruments. This Standard provides that if an entity prepares interim financial statements in accordance with IAS 34 Interim Financial Reporting, the entity does not need to apply the provisions of this Standard for interim periods prior to the date of initial application if this is not possible (as defined in IAS 8). In accordance with the transitional provisions of IFRS 9, the Company has decided not to restate prior periods. Under these circumstances, comparisons with relevant elements of the past year are not relevant for a number of elements. The comparisons on 30.06.2017 are presented below, only where they are relevant.

According to art. 119 of the FSA Regulation no. 5/2018, if there is no information equivalent to those to be included in the reports because they do not correspond to the scope of the activity, to the legal form of the issuer or the type of securities, they shall be mentioned with the indication "not applicable". These types of items appear in the financial statements and include: net sales, gross revenues, sale or discontinuation of a segment of activity performed over the past 6 months or to be carried out in the next 6 months, reinvested earnings, total current assets, total current liabilities.

The financial statements as of 30.06.2018 are not audited or revised.

Below we will present a summary of the financial statement of SIF Muntenia on 30 June 2018. For details, please refer to the Individual Interim Financial Statements on 30 June 2018.

7.1 INDIVIDUAL STATEMENT OF FINANCIAL POSITION

The table below presents the financial position at the end of 2017 and early 2018, in order to see the effects of the implementation of IFRS 9 as of 01.01.2018.

<i>(in LEI)</i>	30 June 2018	1 January 2018	31 December 2017
Active			
Cash and current accounts	1,694,433	6,574,391	6,574,391
Deposits with banks	23,663,402	15,558,404	15,558,404
Financial assets at fair value through profit or loss / Financial assets available for sale	709,867,876	704,924,330	98,683,282
Financial assets at fair value through other comprehensive income / Financial assets available for sale	597,403,409	559,534,373	1,164,697,391
Financial assets measured at amortized cost / Loans and receivables	4,669,912	4,669,243	5,863,691
Tangible assets	132,528	165,731	165,731
Other assets	16,440,426	7,728,962	7,728,962
Total assets	1,353,871,986	1,299,155,434	1,299,271,852

<i>(in LEI)</i>	30 June 2018	1 January 2018	31 December 2017
Liabilities			
Dividends to be paid	81,828,809	54,323,451	54,323,451
Liabilities on deferred income tax	26,682,325	29,550,239	29,550,239
Other liabilities	4,896,384	10,770,267	10,770,267
Total datorii	113,407,518	94,643,957	94,643,957
Equity			
Share capital	80,703,652	80,703,652	80,703,652
Hyperinflation effect IAS 29	803,294,017	803,294,017	803,294,017
Reserves from revaluation of financial assets at fair value through other comprehensive income / financial assets available for sale	38,623,729	9,144,275	371,561,474
Carried forward result (profit/ cumulated loss)	305,684,298	311,369,533	(50,931,247)
Retained earnings from surplus from revaluation reserves - IFRS 9	12,158,772	-	-
Total equity	1,240,464,468	1,204,511,477	1,204,627,895
Total liabilities and equity	1,353,871,986	1,299,155,434	1,299,271,852

Table no. 24 *Separate statement of financial position*

Assets representing at least 10% of total assets. On 31 December 2017, the stake held at Biofarm S.A. București, at fair value, represented 11.29%, and the stake held at Banca Transilvania S.A. represented 17.44% of the total assets of SIF Muntenia.

At the end of the first half of 2018, the stake held at Biofarm S.A. București, at fair value, represented 12.91% and the stake held at Banca Transilvania S.A. represented 19.20% of the total assets of SIF Muntenia.

Cash and cash equivalents, comprising available funds from current accounts and bank deposits, increased by 12.72% as of 31.12.2017 and their weight in total book value was 1.87% (December 2017: 1.70 %).

Statement of the company's liabilities. Total liabilities increased by 16.55% compared to 31.12.2017, mainly due to the registration of dividends due to SIF Muntenia shareholders. Details on liabilities evolution were presented in the TOTAL ASSETS AND NET ASSETS chapter.

Changes related to the transition to IFRS 9 are presented in Note 27 to the Interim Financial Statements on 30 June 2018.

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

<i>in LEI</i>	30 June 2018	30 June 2017
Revenues		
Dividend revenues	34,378,069	8,663,766
Interest revenues	297,460	415,331
Other operating revenues	375,413	109,623
Investment income		
Net income from foreign exchange differences	2,000	4,614
Net income from the sale of assets	-	2,738,562
Net income from revaluation of financial assets at fair value through profit or loss	13,326,698	13,476,503
Expenses		
Reversal of asset depreciation loss	1,608,302	(261,860)
Administration expenses		
Administration fees	(8,700,000)	(8,700,000)
Expenses with the remuneration of the Shareholders Representatives Council	(642,005)	(654,431)
Other operating expenses	(1,427,912)	(1,436,394)
Profit before tax	39,218,025	14,355,714
Income tax	(5,123,369)	(1,229,651)
Net profit of the financial period	34,094,656	13,126,063
Other items of comprehensive result		
Items that can not be reclassified to profit or loss		
Fair value revaluation of financial assets at fair value through other items of comprehensive result, net of deferred tax	22,414,765	-
Reserve relating to financial assets at fair value through other items of comprehensive income transferred to retained earnings	7,064,688	-
Items that are or can be reclassified to profit or loss		
Fair value revaluation of financial assets available for sale, net of deferred tax	-	64,762,409
Reserve relating to financial assets available for sale transferred to profit or loss	-	(1,874,509)
Total other items of comprehensive result	29,479,453	62,887,900
Total comprehensive result of the period	63,574,109	76,013,963

Table no. 25 6.2 *Individual statement of profit and loss and other items of comprehensive result*

Dividend income is recognized in profit or loss at the date when the right to receive such income is determined. For details on dividends from portfolio companies, see also SHARES SUBPORTOFOLIO / DIVIDENDS. Due to the way they are recorded and the seasonality of this type of income, a semester comparison of 2018 / semester 2017 is not relevant.

Compared to the preliminary dividend income to be achieved throughout the year 2018 of the Income and Expenditure Budget (40 million lei) it can be seen that the degree of fulfillment of the forecast is about 86%.

Events, transactions, economic changes that significantly affect income from core business

As of 1 January 2018, following the adoption of IFRS 9, the disposal of financial assets at fair value through other comprehensive income results in a gain or loss that is recognized in retained earnings, representing a surplus of revaluation reserves and not in profit or loss. Removal of financial assets at fair value through profit or loss requires valuation at the sale price, the result being included in "Net gains on revaluation of financial assets at fair value through profit or loss".

Items of costs and expense are detailed in the EXECUTION OF THE REVENUE AND EXPENDITURE BUDGET chapter.

Capital expenditures generally include acquisitions of tangible and intangible assets intended to achieve the company's object of activity. Due to the organization system of SIF Muntenia and the fact that it does not own buildings, land, machinery, etc., capital expenditures are negligible. For example, in the first half of 2018 no purchases of tangible assets were made, and the total acquisition of intangible assets amounted to 116 lei (an antivirus license)

7.3 EXECUTION OF REVENUES AND EXPENDITURES BUDGET

The Revenue and Expenditure Budget for the 2018 financial year was approved in the SGOA from 27 April 2018, by decision no. 3.

Please note that in the presented financial statements, the income from the decrease in the share capital of Voluthema Property Developer SA, the gain from the redemption of fund units and the interest of the period for some bonds held were recorded under the position "Net gain from revaluation of financial assets at fair value through profit or loss". In the execution of Revenue and Expenditure Budget they are registered under point 1.1.3. Income from transactions or under point 1.1.2. Interest income, because this is the way in which it was budgeted in the proposal made by the SIF Muntenia manager and approved by the shareholders.

	REB 2018	Achieved H1 2018	A/REB
1. TOTAL REVENUES	62,500,000	38,391,029	61.92%
1.1. Investment revenues	62,400,000	38,359,976	61.96%
1.1.1 Net dividend revenues	40,000,000	34,378,069	85.95%
1.1.2 Interest revenues	2,400,000	1,100,874	45.87%
1.1.3 Net revenues from trades	20,000,000	3,181,033	15.91%
1.2 Other revenues	100,000	42,791	42.79%
2. TOTAL EXPENSESES	22,800,000	10,769,917	47.24%
2.1 Administration expenses	17,400,000	8,700,000	50.00%
2.2 Third party expenses	2,600,000	1,034,945	39.81%
2.3 Portfolio management expenses	1,300,000	318,312	24.49%
2.4 SRC expenses	1,300,000	716,660	55.13%
2.5 Other expenses	200,000	0	0.00%
3. NET GAIN FROM REVALUATION OF ASSETS		11,285,175	
4. GROSS PROFIT	39,700,000	39,218,025	98.79%
5. Profit tax (current and deferred) including dividend tax received		5,123,369	
6. NET PROFIT		34,094,656	61.43%

Table no. 26 *Achievement of the REB*

Gross profit is over 39 million lei representing more than 98% of the one approved by the shareholders through the income and expenditure budget. The net profit realized on 30.06.2018 is 34,094,656 lei.

Administration expenses represent the monthly fee of the administrator under the management contract in force.

Expenses with third party services include expenses with service providers (BRD - depositary, custodian, Central Depository, FSA fees and commissions, KPMG – financial auditor, internal auditor, investor relations expenses, compulsory advertising, Payments to the Trade Registry).

Portfolio management expenses include commissions on transactions with the broker, bank charges, notary fees, debt recovery services, court fees, valuation services performed by external evaluators, etc.

7.4 CASH-FLOW

	30 June 2018	30 June 2017
In LEI		
Net cash resulting from / (used in) operating activities	4,647,434	(36,879,434)
Net cash resulting from investing activities	(116)	887
Net cash (used in) / resulting from financing activities	(10,415,842)	34,671,494
Decrease in cash and cash equivalents	(5,768,524)	(2,207,052)
Effect of exchange rate fluctuation on cash and cash equivalents	(1,235)	(1,351)
Cash and cash equivalents on 1 January	19,074,391	15,576,588
Cash and cash equivalents on June 30	13,304,632	13,368,185

Table no. 27 Cash-flow

In the cash flow statement, cash and cash equivalents were considered: cash, current accounts at banks, deposits with an initial maturity of less than 90 days.

7.5 FINANCIAL INDICATORS

The indicators in the table below have been calculated in accordance with the provisions of the FSA Regulation no. 5/2018, Annex 13, let. A, using a series of accounting reporting elements in the format submitted to A.N.A.F. for that period.

A number of mandatory indicators as presented below, although calculated to comply with the legal provisions, are not relevant to financial investment companies. Therefore, we have mentioned below other indicators relevant for the activity of SIF Muntenia, which were presented and monitored in previous years.

Indicators	Formula	H1 2018	2017	H1 2017
Current liquidity	Current assets/ Current liabilities	1.2028	1.3584	1.6140
Turnover of fixed assets	Turnover/ fixed assets	0.0962	0.0923	0.0328
ROA	Net Profit / Total accounting assets	2.52%	3.93%	1.08%
ROE	Net Profit / equity	2.75%	4.23%	1.18%

Table no. 28 Economic and financial indicators

* Presentation of Debt ratio, Turnover speed, for client debit Indicators - Not applicable

Definitions

Current assets = current assets plus prepayments

Current liabilities = debts under one year

Turnover = related to the field of activity of SIF Muntenia, Revenues from current activity = total revenues

Return on assets (ROA) is one of the main ROIs of a company and measures asset efficiency in terms of profit and shows how many units brings in profit a unit invested in assets.

ROE (Return on Equity) is one of the most important indicators measuring a company's performance. The indicator is calculated as the ratio between the net profit of the company and the equity, expressing in practice the way and the efficiency with which the shareholders have invested their money.

8 SUBSEQUENT EVENTS

There were no events subsequent to the date of the report relevant to SIF Muntenia's activity.

ANNEXES

- The detailed statement of SIF Muntenia's investments on 30 June 2018, prepared in accordance with Annex 17 of Regulation no. 15/2004.
- Updated Articles of Incorporation

SIF Muntenia S.A. by its Administrator
S.A.I. Muntenia INVEST S.A.

General Director,
Marian Nicușor Buică

3B EXPERT AUDIT S.R.L.

Administrator,
Adriana Anișoara Badiu