

SOCIETATEA DE INVESTIȚII FINANCIARE MUNTENIA S.A.

HALF YEAR REPORT

30 June 2019



Report prepared according to Law no. 24/2017, F.S.A. Regulations no. 5/2018 and 15/2004,
BSE Code and FSA Rule no. 39/2015

GENERAL INFORMATION

Company Name	Societatea de Investiții Financiare Muntenia S.A.
Headquarters	16, Splaiul Unirii. Bucharest, district 4, cod 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
Number of shares issued	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, main segment, premium category, SIF4 symbol
Main object of activity	<ul style="list-style-type: none"> - making financial investments, in order to maximize the value of its own shares, according to the regulations in force; - managing the investment portfolio and exercising all the rights associated with the instruments in which it invests; - risk management CAEN 6499- Other financial service activities
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	16, Splaiul Unirii. Bucharest, district 4, cod 040035, Romania 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 of 1997 and approved by the 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.
 Address: 16 Splaiul Unirii, Sector 4, Bucharest, Romania
 Tel: 021-387.32.10 Fax: 021-387.32.09

TABLE OF CONTENTS

1	GENERAL INFORMATION	4
2	THE ECONOMIC ENVIRONMENT IN THE FIRST HALF OF THE YEAR 2019, WITH INFLUENCE ON THE ACTIVITY OF SIF MUNTENIA	5
3	ACTIVITY ANALYSIS	8
3.1	SHARES SUB-PORTFOLIO	12
3.2	OTHER SUB-PORTFOLIOS	20
4	RISK MANAGEMENT.....	21
5	SHARES ISSUED BY SIF MUNTENIA	23
6	FINANCIAL ACCOUNTING STATEMENT	26
7	THE EXECUTION OF THE REVENUE AND EXPENDITURE BUDGET	31
8	SUBSEQUENT EVENTS.....	32

1 GENERAL INFORMATION

SIF Muntenia S.A. (the "Company") is a Romanian legal entity, constituted as a joint stock company with fully private capital. The operation of the company is regulated by the provisions of the ordinary Romanian laws and those of special character, applicable in the field of financial investment companies, as well as the provisions of its articles of incorporation.

SIF Muntenia is a collective investment body operating in Romania in accordance with the provisions of the Companies Law no. 31/1990, Law no. 297/2004 regarding the capital market, Law no. 74/2015 regarding the managers of alternative investment funds and Law no. 24/2017 regarding issuers of financial instruments and market operations. The Company is registered in the FSA Register of Financial Instruments and Investments in the Alternative/Closed Investment Companies section.

During the first semester of 2019 there were no reorganizations, mergers or divisions of the activity of SIF Muntenia S.A.

SIF Muntenia uses, in a professional way, financial instruments with significant effects on the valuation of assets, liabilities, financial position and profit or loss. The acquisitions and disposals of assets carried out by the Company, in the first half of 2019, refer to the transactions of sale and purchase of financial securities. Details on these transactions are presented below in this Report.

During the period ended June 30, 2019, the Company continues to meet the conditions to be an investment entity, as there have been no changes to the classification criteria as an investment entity.

In applying the investment policy of SIF Muntenia S.A., its administrator, S.A.I. Muntenia Invest S.A. does not perform securities financing transactions (SFTs) nor does it use total return swap instruments, as defined by the U.E Regulation. 2365/2015.

S.A.I. Muntenia Invest S.A., as administrator of SIF Muntenia, does not intend to offer other investment related activities, either directly or through a subsidiary, which would represent a separate economic activity or a separate source of income for the investment entity SIF Muntenia.

2 THE ECONOMIC ENVIRONMENT IN THE FIRST HALF OF THE YEAR 2019, WITH INFLUENCE ON THE ACTIVITY OF SIF MUNTENIA

INTERNAL ECONOMIC FRAMEWORK

The evolutions registered by the Romanian financial system in 2018 indicate the situation in the last part of the expansion phase of the financial cycle, which requires an increased monitoring of the activity of SIF Muntenia regarding systemic risks, under the existence of early warning elements regarding the evolution of the risk of bad reimbursement of credits contracted by the non-governmental sector, according to the data issued by the National Bank of Romania.

The latest systemic risk assessments for financial stability¹ in Romania do not indicate the presence of serious risks. However, overall, systemic risks increased in intensity compared to the evaluation at the end of 2018.

The risk regarding the tension of the macroeconomic balances continued to manifest, in the context of the deterioration of the current account balance and of the uncertainties regarding the conduct of the fiscal policy. *Demand surplus* reveals rising inflationary pressures, with effects on the external balance as well. The current account deficit increased, registering the highest value at European level, and its financing was realized only partially from non-debt flows. Although with a diminished contribution, *consumption* remained the main engine of economic growth. In contrast, investment activity has narrowed, while net exports have continued to erode *real GDP dynamics*. These elements determined the reclassification of the risk regarding the tension of the internal macroeconomic balances from the category of moderate systemic risks to that of high risks, with growth prospects in the next period.

In line with the slowdown of the growth rate of the economy, the potential GDP trajectory is projected at slightly decelerating values for the current and next year, due to the deterioration of the labor force contributions and the total productivity of the factors. According to the European Commission's Spring Forecast², from a regional perspective, the potential GDP growth in Romania is below the estimated rate for Poland and Hungary, but above that of the Czech Republic or Bulgaria. At the same time, the values remain above the EU average.

Analyzing the recent evolution of the dynamics of consumer prices, it was shown that the annual rate of inflation remained constant in May, at 4.10%, significantly above the target range proposed by the National Bank of Romania³. Thus, during the first two months of the second quarter, it continued to go in the opposite direction to the forecasts, slightly increasing compared to the 4.03% level, reached in March 2019. Based on the evolution of the economy up to date, it has been decided to maintain the monetary interest rate policy at the level of 2.50%, while maintaining strict control over *the liquidity of the money market* (according to data presented by the NBR, the annual CPI inflation rate will reach 4.2% at the end of 2019 and 3.3% at the end of 2020).

The demographic problem is a concern for Romania. The resident population maintained the downward trend (-0.6% in 2018, compared to 2017), amid the deepening of the negative natural increase and the amplification of the phenomenon of emigration, especially in the category of young people up to 35 years old. The high intensity of emigration among young people, together with the aging phenomenon of the population, can significantly influence future economic and social developments in Romania.

The profitability of the banking sector has strengthened its upward trajectory, against the backdrop of the favorable macroeconomic framework and the continued significant reduction in net spending with impairment adjustments. The ability of the Romanian banking sector to sustain the long-term profitability recently registered in the existing structure is limited. The challenges are also associated with fiscal measures for taxing assets, starting in 2019.

The new legislative provisions of GEO no. 19/2019 are likely to make the investment behavior of private sector agents unpredictable and, at the same time, to complicate, through certain punctual regulations, the monetary transmission, with implications on the general framework of monetary policy. Possible consequences could be, on the one hand, the decrease in the medium and long term of the potential GDP dynamics, by a contraction in the volume of investments carried out in the economy, and on the other hand, in the achievement of a less balanced dosage of the economic policies in Romania, necessary to mitigate the cyclical fluctuations of the economic activity.

¹ Report on financial stability, year IV (XIV), no.7 (17), June 2019, NBR

² European economic forecast, Spring 2019, European Commission

³ Monetary policy meeting of the BoD of National Bank of Romania, 4 July 2019

EXTERNAL ECONOMIC FRAMEWORK

The main risks to financial stability at international level, with negative implications on a sustainable economic growth in the medium term, are:

- debt sustainability in the public and private sectors,
- financial imbalances in China and potential contagion effects,
- volatile capital flows in emerging markets and
- possible price corrections in the residential real estate sector.

Internationally, economic and financial developments are characterized by a high degree of uncertainty, as vulnerabilities continue to accumulate, especially with regard to the indebtedness of the private and public sectors, and economic activity has become more temperate. There are prerequisites for these vulnerabilities to increase in the coming period in the context in which the tendency of normalization of financial conditions started by the main central banks globally over the past year has faded, amid the slowdown of economic growth.

The developments in the USA are of interest to Romania, as long as there is a connection between the economic cycles of the two states, and the dynamics on the US financial market are already manifesting on the Romanian one, including from the perspective of the yields of the state securities.

These elements highlight once again the need to maintain internal economic balances within adequate limits, but also to reduce the uncertainty associated with the implemented policies, in order to avoid deteriorating investor confidence in future economic developments.

In the euro area, the European Central Bank identifies as main risks for the following period:

- reassessment of the risk premium on international financial markets,
- challenges regarding debt sustainability,
- the risk regarding the banking intermediation capacity and
- increased risk taking in the non-banking financial sector.

The process of exit from the EU of Great Britain continues to be characterized by uncertainty, both in terms of when it will take place and how it will take place. In April this year, the European Council decided to grant the United Kingdom a flexible extension of the EU exit deadline, until 31st October 2019. The possibility of a Brexit without agreement remains a significant risk for trade relations between the EU and the UK, although both sides have taken steps to counter a potential adverse impact. The direct effects on Romania are not expected to be significant, from the perspective of the reduced commercial connections and the low presence in the local banking sector of the British credit institutions.

The deterioration of investor confidence in emerging economies, including from the perspective of uncertainties regarding the economic developments in the EU and the US, remains as one of the high systemic risks to the financial stability in Romania.

According to the above, there is the potential of experiencing indirect effects in Romania, due to the diminution of the prospects of economic growth in the Member States, respectively by the increase of the risk premiums, due to the propagation of the lack of confidence among the investors in the international markets.

CAPITAL MARKET

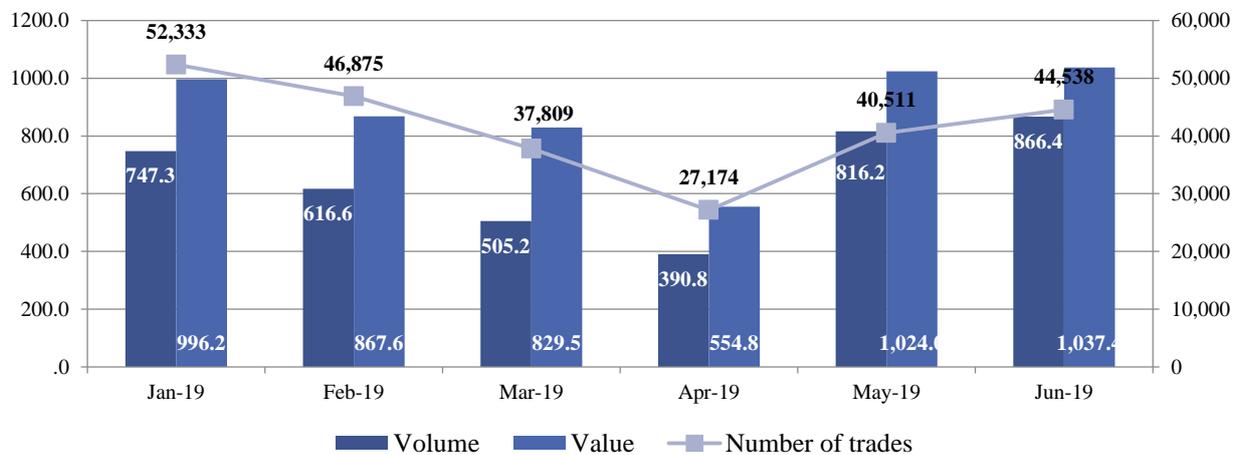
In the first semester of the current year, the capital market returned to the positive territory, the indices of the Bucharest Stock Exchange registering significant increases, mainly due to the additional clarifications regarding the new announced taxes and the Second Pillar of Pensions.

The Bucharest Stock Exchange reached historical highs for the BET - Total Return (BET-TR) index, after it exceeded the value of 14,000 points at the end of June 2019⁴. From the beginning of the year, the growth was almost 30%. BET-TR is the index that also includes the dividends offered by the companies from BET, the main index of the local capital market, which includes the 16 most traded companies, except for the SIFs. It has grown by almost 20% in the first six months. It is the second fastest growth rate in the main indices of the capital markets in the European Union. Moreover, all the indexes from the BSE had double-digit increases after the first 6 months.

After the first semester, the market value of the Romanian companies was 20.8 billion euros compared with 18.1 billion euros at the end of last year (15% increase). The market capitalization of all listed companies on the regulated market of the BSE exceeded 34.8 billion euros in the last trading session of June 2019, compared with 30.6 billion euros at the end of 2018, up 14%.

The graph below shows the evolution of the market (shares), on the main segment, in the first semester of 2019.

Chart no. 2.1. Evolution of shares trades in H1 2019 (in mill. - volume / value)



Source: Bucharest Stock Exchange

⁴ Monthly Report, June 2019, Bucharest Stock Exchange

3 ACTIVITY ANALYSIS

The strategic priorities for 2019 are:

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

The main milestones, from the financial point of view, of the evolutions of SIF Muntenia's asset/share, between June 2018 and June 2019, are presented below.

in lei	H1 2019	2018	H1 2018
Total certified asset	1,513,122,985	1,348,139,755	1,541,555,097
Net Asset Value (NAV)	1,435,495,600	1,257,619,659	1,428,147,579
Net asset value per share (NAV per SHARE)	1.7787	1.5583	1.7696

Table no. 3.1. Evolution of the certified asset

The asset certified by the Depository, respectively BRD-Groupe-Societe Generale, is calculated according to the valuation rules⁵, approved by S.A.I. Muntenia Invest, based on the applicable legal regulations. SIF Muntenia reported a total asset value (TA) increasing by 12.2% at the end of the first half of 2019 compared to 2018 and a decrease of 1.8% compared to the same period of the previous year. NAV and NAV per SHARE registered an increase of 14.1% at the end of June 2019 compared to the end of 2018 (an increase of 0.5% compared to the similar period of 2018).

in lei	H1 2019	2018	H1 2018
Closing price end of period	0.630	0.598	0.766
Market capitalization (mill. lei)	508.43	482.61	618.19
Net asset discount	64.6%	61.6%	56.7%

Table no. 3.2. Evolution of SIF4 share

The closing price of SIF Muntenia shares increased by 5.4% in the first semester of 2019 compared to the end of 2018 and registered a decrease of 17.8% compared to the same period of the previous year. The liquidity of transactions with SIF4 shares remained low - the total trading value of SIF Muntenia shares in the first half of 2019 was 9.7 million lei, traded shares representing 1.96% of the number of shares issued (REGS market).

in lei	H1 2019	2018	H1 2018
Total asset	1,521,865,607	1,345,677,683	1,353,871,986
Total liabilities	77,627,386	90,524,072	113,407,518
Equity	1,444,238,221	1,255,153,611	1,240,464,468
Gross Profit	63,736,199	27,149,402	39,218,025

Table no. 3.3. Financial result

The total asset calculated according to the accounting regulations registered an increase of 13.1% compared to the one registered at the end of 2018, while the total liabilities decreased by 14.2% (mainly due to the dividends to be paid). Shareholders' equity registered on 30.06.2019 vs. 31.12.2018 an increase with 15.1%, details being found in the Notes to the Interim Financial Statements on 30.06.2019.

⁵ <http://www.sifmuntenia.ro/en/investments/net-asset-value/rules-applied-nav-calculation/>

ASSET ALLOCATION

The allocation of SIF Muntenia's assets was closer to a **strategic allocation**, which follows a long-term target portfolio structure - within certain limits, which are defined annually by the administration programs and approved by the shareholders.

The financial instruments in which the company invested belonged to the investments allowed by the legislation in force, incident to the Romanian capital market. The portfolio of SIF Muntenia was within the applicable legal limits and the indicative limits, defined by SIF Muntenia's diversified balanced target portfolio, approved by the SIF Muntenia Administration Program for 2019.

Chart no. 3.1. Target portfolio, for 2019, according to the Management Program

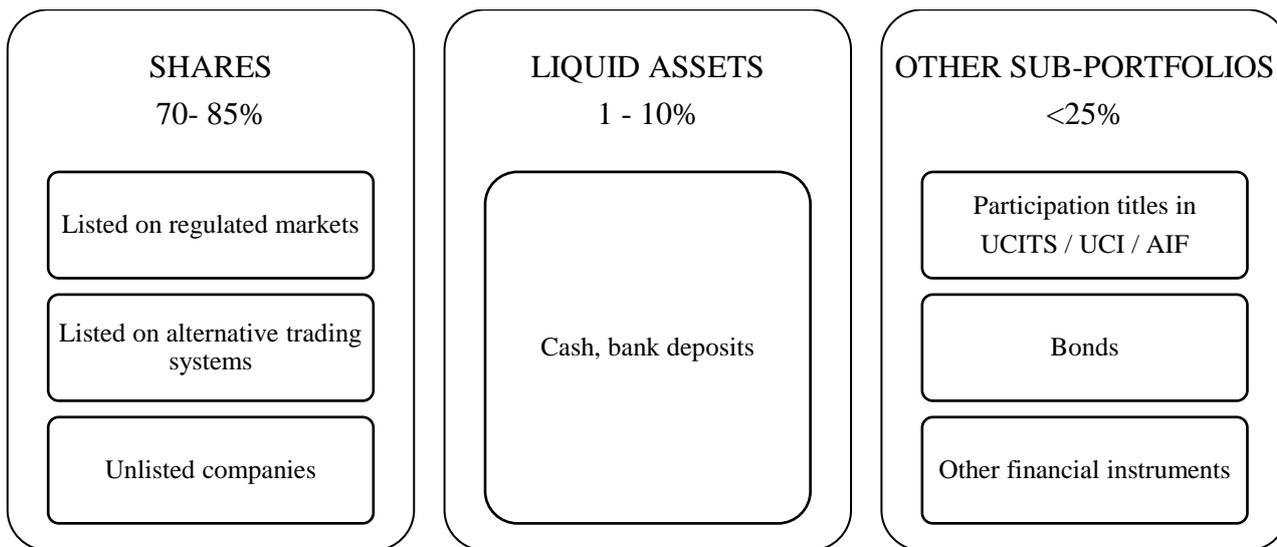
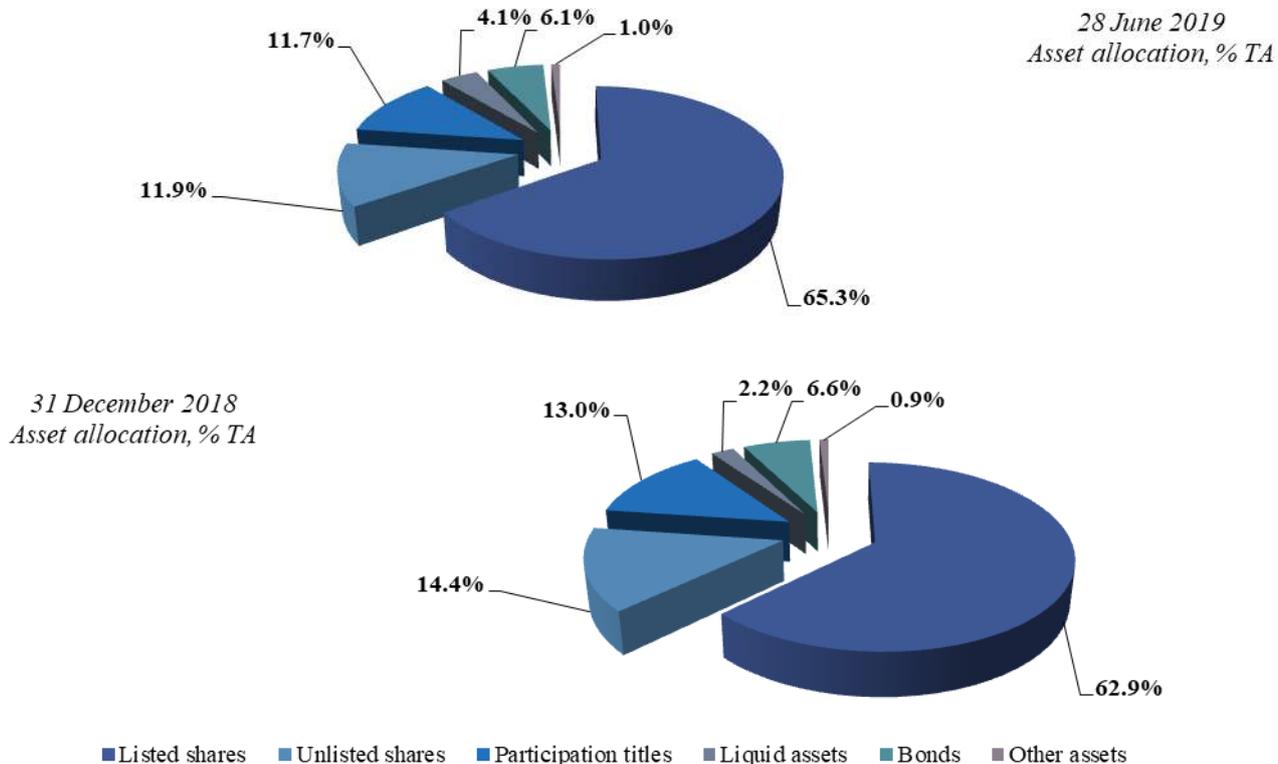


Chart no. 3.2. Assets allocation in SIF Muntenia portfolio, 28 June 2019 compared to 31 December 2018.



The main sub-portfolios⁶ that form SIF Muntenia's portfolio are presented below, in value and as a percentage of the total asset.

in LEI / %	H1 2019		2018		H1 2018	
Listed shares	987,772,209	65.3%	847,312,992	62.9%	1,056,681,943	68.5%
Unlisted shares	180,516,095	11.9%	193,558,597	14.4%	181,522,321	11.8%
Listed bonds	84,355,733	5.6%	82,557,980	6.1%	83,205,662	5.4%
Unlisted bonds	7,798,862	0.5%	6,693,865	0.5%	1,194,046	0.1%
Cash available	1,453,721	0.1%	733,446	0.1%	975,272	0.1%
Bank deposits	60,279,825	4.0%	29,369,735	2.2%	23,649,810	1.5%
Participation titles	176,430,189	11.7%	175,856,515	13.0%	172,797,697	11.2%
Other assets	14,516,351	1.0%	12,056,625	0.8%	21,528,346	1.4%
TOTAL ASSET	1,513,122,985	100%	1,348,139,755	100%	1,541,555,097	100%

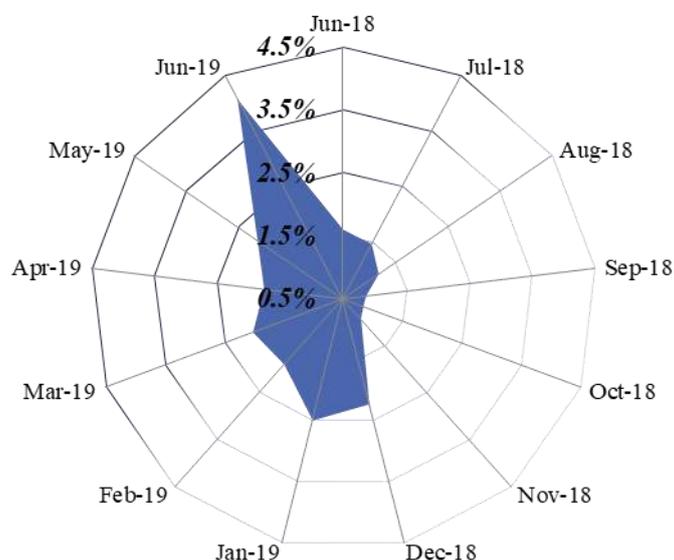
Table no. 3.4. SIF Muntenia portfolio (value/percentage comparison)

The main evolution that was manifested in the structure of the portfolio in the first half of 2019 was the continuation of the investment process, especially in the shares sub-portfolio (the purchase of listed shares amounted to 21.46 million lei, and the sales of shares to 6.33 million lei). In addition, dividends were received in the amount of 41.97 million lei from the companies in the portfolio.

Participation titles in UCITS / UCI / AIF sub-portfolio has undergone modifications, participation titles amounting to 11.86 million lei being repurchased.

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

Chart no. 3.3. The liquidity degree of the portfolio



⁶ Detailed statement of SIF Muntenia investments on 28 June 2019, prepared in accordance with Annex 17 of Regulation no. 15/2004, is annexed to this report

Geographic exposures in which investments are concentrated

In the first half of 2019, SIF Muntenia investments were made only in financial instruments issued and traded in Romania. On 30 June 2019, the exposure on financial instruments whose issuers do not have fiscal residence in Romania was 7.62% of the net assets⁷ calculated according to the FSA provisions (30.06.2018: 5.54%).

TOTAL ASSET AND NET ASSET

The monthly values of the net assets were published, for the information of the shareholders, on the website www.sifmuntenia.ro and reported according to the legal provisions to the FSA - The Financial Instruments and Services Sector and the Bucharest Stock Exchange (B.S.E.), no later than 15 calendar days from the end of the reporting month.

The values of total assets, net assets and liabilities for the period 1 January 2019 – 30 June 2019 were calculated in accordance with Regulation no. 9/2014 issued by the FSA, using accounting elements related to accounting reports in accordance with FSA Norme 39/2015.

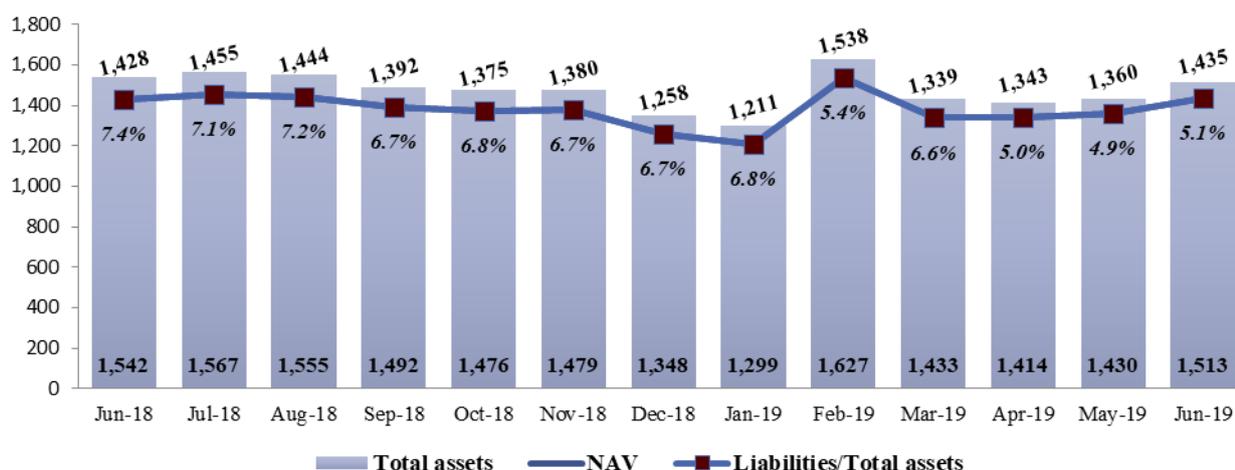
SIF Muntenia' total asset, net asset and liabilities (lei and equivalent in euros at the ECB exchange rate) and the changes in value and percentage in the first half of 2019 and in the last year (in million lei), are presented below.

in lei	H1 2019	2018	H1 2018
Total certified asset	1,513,122,985	1,348,139,755	1,541,555,097
Total liabilities	77,627,386	90,520,096	113,407,518
Net asset	1,435,495,600	1,257,619,659	1,428,147,579
Net Asset Value per Share	1.7787	1.5583	1.7696
<i>ECB exchange rate</i>	<i>4.7343</i>	<i>4.6635</i>	<i>4.6631</i>
Total certified asset in euro	319,608,598	289,083,254	330,585,897
Net asset in euro	303,211,795	269,672,919	306,265,699

Table no. 3.5. Total asset and net asset (value comparison)

The graph below shows the evolution of the total asset and the net asset during the period June 2018 - June 2019, elements that evolve positively, after the December 2018 episode.

Chart no. 3.4. Total asset evolution, NAV and total liabilities / total asset (%) between June 2018 - June 2019 (million lei)



⁷ According to art. 3 para. (3) lett. (d) and article 24 Of Directive 2011/61/EU.

3.1 SHARES SUB-PORTFOLIO

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

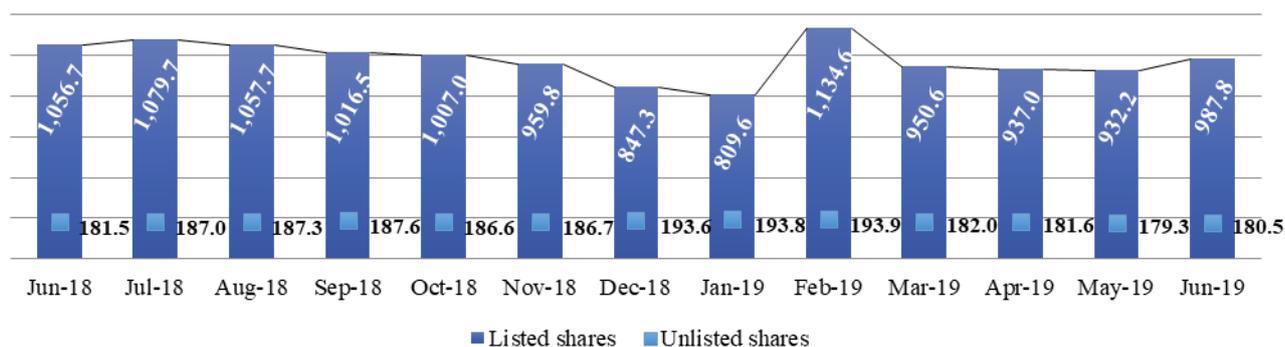
The administration of this sub-portfolio has pursued the objectives presented in the Administration Program approved for 2019.

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

in lei	H1 2019	2018	H1 2018
Listed shares, of which:	987,772,209	847,312,992	1,056,681,943
- listed on the BSE	744,861,081	647,312,412	686,627,925
- listed on ATS	95,106,533	105,950,884	218,186,303
Unlisted shares	180,516,095	193,558,597	181,522,321
TOTAL	1,168,288,304	1,040,871,589	1,238,204,264

Table no. 3.6. Evolution of shares sub-portfolio value on its main components

Chart no. 3.5. Evolution of listed and unlisted shares⁸ (monthly series)



TRANSACTIONS AND OTHER EVENTS IN THE SHARES SUB- PORTFOLIO

In the first half of 2019, the following operations were recorded regarding the sub-portfolio shares:

- shares listed on organized markets were purchased for 21.46 million lei (mainly, BRD - Groupe Societe Generale S.A., Banca Transilvania S.A.);
- listed shares were sold for 6.33 million lei (mainly, S.N. Nuclearelectrica S.A. and Banca Transilvania S.A.);
- the stakes held in Minerva S.A. (5.84 million lei), Galeriile Victoria S.A. Bucharest (0.63 million lei) and Chimopar S.A. Bucharest (1.65 mil. Lei) were sold in full;
- the companies Foraj Sonde București Internațional S.A. and Transchim S.A. Bucharest were de-registered.

⁸According to art. 192¹ of Regulation no. 2/2018 for the modification and completion of some normative acts, the evaluation of the unlisted shares in which SIF Muntenia holds over 33% of the share capital is made, exclusively, according to the Evaluation Standards, based on an evaluation report

Dividends

In the first half of 2019, dividends were received in the amount of 41.97 million lei.

The gross income from dividends in the first half of 2019 was 46.42 million lei.

According to the Valuation Rules used to evaluate the financial securities in SIF Muntenia's portfolio, the dividends are recorded in the assets of the entities managed on the first day when the investors who buy the shares no longer benefit from the dividend or on the first day when the investors who buy the shares can no longer participate in capital increase.

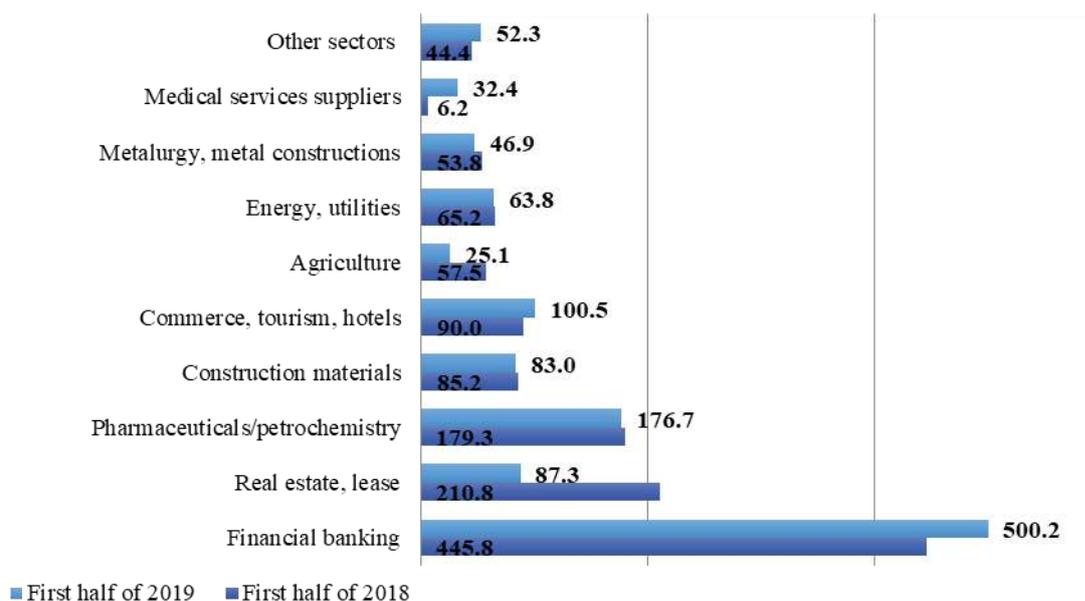
In accordance with these valuation rules, the dividend income for a series of investments at which the ex-dividend date is after 30 June 2019, will be recognized during the second half of 2018.

The payment of dividends, in compliance with the legal provisions, is and will be made by the Depozitarul Central, and the payment agent designated by SIF Muntenia S.A. is Banca Comercială Română S.A. In the first half of 2019, dividends (including the related dividend tax) were paid to the shareholders of SIF Muntenia in the amount of lei 1.11 million, dividends for the years 2015, 2016 and 2017.

STRUCTURE BY ACTIVITY SECTORS

The shares in companies with activity in the financial-banking sector continued to hold the largest share in the total assets of SIF Muntenia.

Chart no. 3.6. *The main sectors of activity in which SIF Muntenia has participations in shares (Jun.2019 compared to Jun.2018, asset values, million Lei)*



The decrease in value of the *Real estate sector, lease* is mainly due to the exit from the companies Metav S.A. and Minerva S.A.

TOP 10 PARTICIPATIONS FROM SIF MUNTENIA PORTFOLIO

The first 10 participations, with a total value of 831,78 million lei, represent a weight of 54.97% in the total asset of SIF Muntenia, on 30 June 2019.

	I	II	III	IV	V
1.	Banca Transilvania S.A.	Financial - banking	303.13	20.03	2.63
2.	Biofarm S.A.	Pharmaceuticals	172.32	11.39	50.98
3.	BRD – Groupe Societe Generale	Financial - banking	72.57	4.80	0.82
4.	SIF Banat-Crişana	Other monetary intermediation activities	57.16	3.78	4.98
5.	CI-CO S.A.	Real estate, lease	44.39	2.93	97.34
6.	FIROS S.A.	Construction materials industry	43.69	2.89	99.69
7.	S.N.G.N. Romgaz-S.A. Mediaş	Energy - utilities	39.56	2.61	0.32
8.	SIF Oltenia	Other monetary intermediation activities	36.02	2.38	3.00
9.	Muntenia Medical Competences S.A.	Medical services	32.42	2.14	99.76
10.	Romaero S.A. Bucureşti	Manufacture of aircraft and spacecraft	30.52	2.02	23.24
	TOTAL		831.78	54.97	

Table no. 3.7. *Top 10 participations in shares as at 30.06.2019*

Legend

I- Name

II- Field of activity

III- Participation value, in lei million, calculated according to the F.S.A. regulations

IV- % in the total asset of SIF4

V- % of the share capital of the company owned by SIF4

1. Banca Transilvania (individual statements)

in lei (mill. lei)	2018	2017	2016
Operating income	1,801	1,378	999
Total assets	74,119	59,302	51,770
Net profit of the period	1,219	1,186	1,228

Table no. 3.8 *Banca Transilvania S.A. financial results (value comparison)*

The net profit of Banca Transilvania S.A. at the end of 2018 reached 1,219 million lei, up 2.78% compared to the same period last year. Amid the background of operating revenues increasing by 34.35% and higher operating expenses by 38.16%, the operating profit from 2018 reached 1,801 million lei, increasing by 30.81% from that obtained in the similar period of the previous year (1,378 million lei).

The total value of Banca Transilvania's assets increased by 24.99% in 2018 compared to the value of the assets at the end of 2017, thus reaching 74,119 million lei. The Bank's total liabilities amounted to 66,708 million lei as of 31 December 2018, with 27.47% above the level at the end of the previous year.

The non-performing exposures rate is 4.97% at 31 December 2018. The Bank's solvency, without the profit of 2018, is 18.59.

Emergency Ordinance no. 19/2019 was published in the Monitorul Oficial no. 245 of 29 March 2019, the date on which the emergency ordinance entered into force. The way of applying and calculating the tax has been significantly changed compared to the original provision. Banca Transilvania has estimated a tax on assets of 136 million lei for the financial year 2019.

SIF Muntenia S.A. received from Banca Transilvania a net dividend of 20.6 million lei in the first half of 2019 (2018: 14.46 million lei).

2. Biofarm S.A. București

in lei (mill. lei)	2018	2017	2016
Sales income	184.24	170.23	152.12
Total asstes	285.46	262.38	239.26
Net profit of the period	38.42	36.02	29.48

Table no. 3.9 *Biofarm S.A. financial results* (value comparison)

The turnover of the company from the sale of finished products and goods, in value of 184.24 million lei, increased compared to the one realized in 2017 by 8.23% and is composed mainly of revenues from sales of finished products on the domestic market. The operating result shows an increase of approx. 1.54% compared to the budget for 2018 and is 9.26% higher than the one recorded in 2017.

The net profit realized in 2018 is influenced by the increase of the tax on profit by 31.55% compared to the year 2017; thus, the profit realized by the company in the year 2018, in the amount of 38.42 million lei, registers an increase of approx. 6.65% compared to 2017.

According to the investment plan for 2019, approved in the OGMS of 23.04.2019, Biofarm intends to finalize the investments started in 2018 in Gura Badicului factory, both for the works related to the building, but also for equipment and installations. Thus, for the year 2019 the company has provided in the investment program a total amount of 36,991,243 lei, of which the amount of 27,222,754 lei is taken from the BRE approved for 2018.

The gross dividend approved in the OGMS of 23.04.2019 is 0.01 lei / share. SIF Muntenia will receive from Biofarm, according to the number of shares on 30.06.2019, dividends amounting to 5.02 million lei in the second half of 2019 (2018: 9.545 million lei).

3. BRD – Groupe Societe Generale

in lei (mill. lei)	2018	2017	2016
Net operating profit	1,581	1,254	1,324
Total assets	54,089	53,491	50,658
Net profit of the period	1,546	1,380	728

Table no. 3.10 *BRD – Groupe Societe Generale financial results* (value comparison)

In 2018, the net profit of the Bank increased by 12% compared to 2017, reaching 1,546 million lei, due to the continuous commercial development, the improvement of the operational performance and the net cost of the positive risk.

The Bank's total assets increased by 1.12% in 2018, reaching 54,089 million lei. The Bank's equity increased by 4.25% in December 2018 compared to the same period of last year, mainly due to the growth of other elements of the global result. The bank's total liabilities increased by 0.64% in 2018 compared to their value at the end of 2017. The net operating profit increased by 26.07%, reaching RON 1,581.28 million in 2018 compared to the same period of last year.

The cost / income indicator was further improved, reaching 47.8% (-5.1%), compared with 52.9% in 2017. The coverage rate for non-performing loans remained at an adequate level, at 74.2 % at the end of December 2018, unchanged compared to the end of 2017. The solvency rate was 19.6% at the end of December 2018.

Emergency Ordinance no. 19/2019 was published in the Monitorul Oficial no. 245 of 29 March 2019, the date on which the emergency ordinance entered into force. The way of applying and calculating the tax has been significantly changed compared to the original provision. BRD has estimated a tax on financial assets for fiscal year 2019 of 79 million lei (67 million lei, net of the income tax).

SIF Muntenia S.A. received from BRD Groupe Societe Generale a net dividend of 8.543 million lei as of 31 May 2019, the date of payment (2018: 5.651 million lei).

4. SIF Banat Crişana

in lei (mill. lei)	2018	2017	2016
Income	114.88	84.93	107.16
Total assets	2,452,94	2,488,15	2,110,19
Net profit of the period	77.19	69.55	81.36

Table no. 3.11 *SIF Banat-Crişana S.A. financial result* (value comparison)

The total revenues registered as of 31.12.2018 are up 29.2% compared to the similar period of 2017, while the value of the net profit realized on 31.12.2018 is increasing by 11% compared to the value recorded at the end of 2017 .

The value of the total assets held on 31.12.2018 was 2,452.94 million lei, decreasing by 1.41% compared to the end of 2017.

The share capital of the company was reduced, according to the decision of the General Shareholders' Meeting of 26 April 2018, from 52,000,000 lei to 51,746,072.4 lei, by canceling a number of 2,539,276 own shares acquired by the company in the redemption programs carried out.

5. CI-CO S.A. Bucureşti

in lei (mill. lei)	2018	2017	2016
Operating income	10.52	10.62	9.90
Operating profit	2.28	2.49	10.25
Net profit of the period	1.85	2.14	10.38

Table no. 3.12 *CI-CO S.A. Bucureşti financial results* (value comparison)

In the financial year of 2018, the company registered a turnover of 10.22 million lei, increasing by 5% compared to 2017 and by 2% compared to the approved revenue and expenditure budget for 2018.

The revenues from the rent of the spaces in the amount of 7.60 million lei represent about 74% of the turnover and increased by 7% compared to the previous year (2017: 7.12 million lei), as a result of the renegotiation of the contracts with the tenants.

The result of the activity of CI-CO S.A. in 2018 was a net profit of 1.85 million lei, 14% lower than the profit of 2017, being mainly influenced by the increase of the expenses with the depreciation of the tangible assets, the recording of some expenses related to the financial investments and a tax on profit increased by 0.11 million lei from the budget.

On 04.06.2019, SIF Muntenia received the amount of 1.68 million lei as net dividend from the profit of 2018 (2017: 2.09 million lei).

6. Firos S.A. Bucureşti

in lei (mill. lei)	2018	2017	2016
Operating income	66.12	54.33	44.67
Operating profit	3.43	3.18	1.99
Total assets	64.28	64.85	54.02
Net profit of the period	3.22	2.74	1.64

Table no. 3.13 *Firos S.A. Bucureşti financial results* (value comparison)

In 2018, the turnover increased by 21.06% compared to the one of 2017, an increase due, in large part, to the increase in revenues from the trading activity with various construction materials, complementary to the products made by the company.

The net profit realized at the end of 2018 is 17.54% higher than the one achieved in 2017 and 58.73% higher than the budgeted profit for 2018.

SIF Muntenia will receive from Firos a net dividend of 1.4 million lei on 25.10.2019, the date of payment (2018: 1.4 million lei).

7. SNGN Romgaz S.A. Mediaș (consolidated statements)

in lei (mill. lei)	2018	2017
Turnover	5.004,20	4.585,19
Total assets	9,134.90	10,918.59
Net profit of the period	1.366,17	1.803,63

Table no. 3.14 SNGN Romgaz S.A. Mediaș financial results (value comparison)

In 2018, natural gas production was 3.4% higher than in the previous year, respectively 5,333 million cubic meters. According to the annual report of the company, Romgaz had a market share of 50.67% of deliveries in gas consumption from domestic production and a share of 45.98% of deliveries in total Romanian consumption.

Revenues from natural gas production and delivery increased by 20.27%, an increase that offset the decrease in revenues from the sale of electricity (-28.75%) and the decrease in revenues from storage services (-37.28%), amid the reduction with 26% of the storage tariffs approved by ANRE, starting with 1 April 2018. The most important increases in expenses were recorded by the cost of goods sold (301.05%, due to the increase in the cost of gas) and amortization and depreciation (28.18% , against the background of the depreciation adjustments of the exploited gas fields and for the assets related to the current power station at Iernut).

Thus, the net consolidated profit registered was of 1.37 billion lei, compared to the net profit registered in 2017, of 1.8 billion lei.

The value of the investments made was 1,188.50 million lei (of which 569 million lei in the new Iernut power station), compared to 781.8 million lei in the previous year.

On 24.06.2019, SIF Muntenia received net dividends amounting to 4.87 million lei. (2018: 7.49 million lei).

8. SIF Oltenia

in lei (mill. lei)	2018	2017	2016
Income	117.60	103.09	142.11
Total assets	1,982.61	1,816.44	1,632.41
Net profit of the period	96.26	74.30	101.27

Table no. 3.15 SIF Oltenia financial results (value comparison)

The total revenues registered on 31.12.2018 are increasing by about 14% compared to those registered in 2017. The value of the net profit realized on 31.12.2018 is increasing by 29.6% compared to its value at the end of 2017.

The value of the total assets held as of 31.12.2018 was 1,982.61 million lei, increasing by 9.14% compared to the end of 2017.

In the first semester of 2019, SIF Muntenia received net dividends in the amount of 2.48 million lei. (2018: 1.16 million lei).

9. Muntenia Medical Competences S.A.

in lei (mill. lei)	2018	2017	2016
Operating income	18.12	16.14	13.82
Total assets	27.20	26.13	25.01
Net profit of the period	0.79	0.79	(12.69)

Table no. 3.16 Muntenia Medical Competences S.A. financial results (value comparison)

Compared to 2017, the turnover registered by the company increased by 12.25%, mainly due to the increase of the revenues from the specialized ambulatory services (20.3%), laboratory (+ 21.5%), imaging (20,4%) and continuous hospitalization (30.9%), while incomes from day hospitalization and those from medical recovery decreased.

The highest share in the expenses registered by the company is the expenses with the personnel, which marked an increase of 17.32% compared to the year 2017, against the background of the increase of the salaries in the state medical system. Thus, the net profit obtained by the company in 2018 was 787,421 lei, similar to the one registered in the previous year, of 787,142 lei.

10. Romaero S.A. București

in lei (mill. lei)	2018	2017	2016
Operating income	112.96	60.83	55.22
Operating result	(26.14)	(40.38)	(50.98)
Total assets	888.31	786.42	804.82
Net result of the period	(35.31)	(39.39)	(60.28)

Table no. 3.17 *Romaero S.A. București financial results* (value comparison)

The operating loss recorded in 2018 is 35.28% lower than the one recorded in 2017, but is higher by approx. 1% than the value provided in the BRE for 2018 (25,876 million lei). If we adjust the operating loss with the depreciation expenses, the value adjustments on the current assets and the expenses with the fiscal accessories, including the provisions related to the fiscal accessories, we obtain a positive value of the EBITDA indicator, of approx. 9.2 million lei, compared with the negative values of this indicator from previous years.

The gross loss recorded on 31.12.2018 is about 36% higher than the value foreseen in the BRE for 2018 (25.9 million lei), this being mainly caused by the financial loss of 9.17 million lei.

The Board of Directors of Romaero S.A. convened the EGMS for 08/09.07.2019 having on the agenda the approval to start the procedure for offsetting certain payment obligations to the general consolidated budget, by passing to the private property of the state the real estate properties (land and related constructions), located in Romaero SA patrimony.

CONTROLLED COMPANIES / SUBSIDIARIES

Considering the definitions presented in Law no. 24/2017, regarding the issuers of financial instruments and market operations, regarding the notions of "group", "parent company" and "subsidiaries", we inform that the company holds, on 30.06.2019, shares representing 50% and over 50% of the share capital of some issuers, to a number of 14 companies, all of which are operational.

During the first semester of 2019, the administrator of SIF Muntenia S.A. undertook the necessary diligence on the conditions necessary to be fulfilled in order for SIF Muntenia to maintain its status as an investment entity. As a conclusion of this process, SIF Muntenia fulfills these conditions and, consequently, it is not necessary to draw up consolidated financial statements.

Subsidiaries are analytically monitored, constantly aiming to increase their fair value by taking immediate measures, especially in the case of non-compliance with the indicators from the revenue and expenditure budgets approved by the SGM. Their growth is constantly being pursued, both in terms of the result and of the position in the market in which they operate, so that the fair value does not have negative influences on the annual result recorded by SIF Muntenia.

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

At 30.06.2019 the net asset value of these companies, according to the provisions of the FSA, was 430.29 million lei (30.06.2018: 499.13 million lei), and the percentage of the total assets of SIF Muntenia was 28.44% (30.06.2018: 32.28%).

Of the 14 branches:s

- Two subsidiaries are listed on the Bucharest Stock Exchange: Biofarm S.A. (BIO), Casa Bucovina Club de Munte S.A. (BCM);
- Five subsidiaries do not have shares listed on an organized 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), Germina Agribusiness S.A. (SEOM), Semrom Oltenia S.A. (SEOL), Unisem S.A. (UNISEM)

	I	II	III	IV	V
1. Biofarm S.A. București		172.32	11.39	Manufacture of pharmaceutical preparations	50.98
2. CI-CO S.A. București		44.39	2.93	Renting and operating of own or leased real estate	97.34
3. Firos S.A. București		43.69	2.89	Production of mortars	99.69
4. Muntenia Medical Competences S.A.		32.42	2.14	Specialized healthcare activities	99.76
5. Avicola S.A. București*		25.10	1.66	Poultry	99.40
6. Unisem S.A. București		21.20	1.40	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	76.91
7. Bucur S.A. București		17.55	1.16	Other retail sale in non-specialised stores	67.98
8. Semrom Oltenia S.A. Craiova		14.68	0.97	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	88.49
9. Voluthema Property Developer S.A.		14.38	0.95	Renting and operating of own or leased real estate	69.11
10. Gecsatherm S.A.		11.93	0.79	Manufacture of fiber glass	50.00
11. Germina Agribusiness S.A.**		10.54	0.70	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	90.68
12. Fondul roman de garantare a creditelor pentru întreprinzătorii privați - IFN S.A.		9.45	0.62	Other lending activities	53.60
13. Casa de Bucovina-Club de Munte S.A.		8.09	0.53	Hotels and similar accommodation	67.17
14. Mindo S.A. Dorohoi		4.56	0.30	Production of mortars	98.02
TOTAL		430.29	28.44		

Table no. 3.18. List of subsidiaries and their net certified asset value as at 30.06.2019

* Avicola S.A. Bucharest is in the process of delisting from the BSE market - the ATS segment, according to the decisions of the EGMS of 3 April 2019

** Semrom Muntenia S.A. has changed its name to Germina Agribusiness S.A., according to the decision of the EGMS of Semrom Muntenia no. 51 / 24.4.2019.

Legend

I - Name

II - Value of participation, in lei million, calculated according to the F.S.A. regulations

III - % in TA of SIF

IV - Domain of activity

V - % of the share capital of the company owned by SIF4

TRANSACTIONS WITH AFFILIATED PARTIES

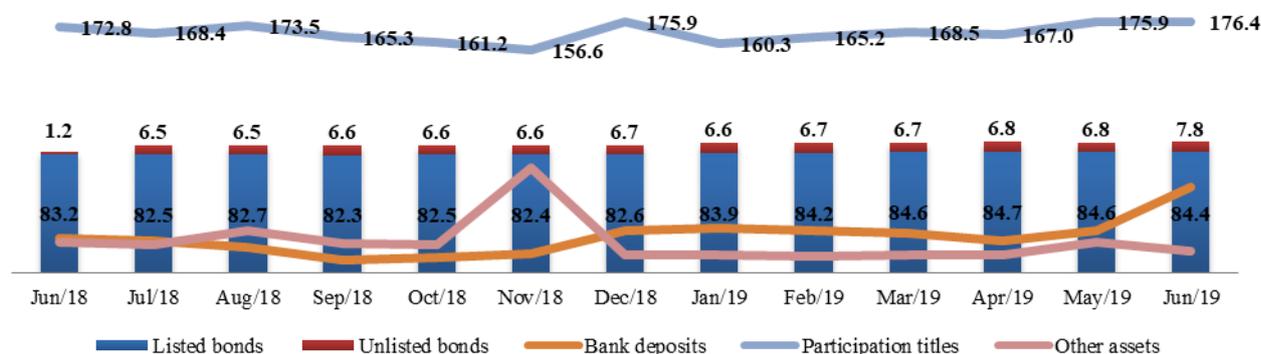
As of 1 January 2019, in accordance with IFRS 16 “Leasing contracts”, as a tenant, based on the lease for the space destined for the registered office, concluded with Voluthema Property Developer S.A, the Company has recognized an asset related to the right to use the underlying asset and a lease debt arising from this contract. The total cash outflows related to the contract amounted to 70,652 lei (details in Note 15 to the Interim Financial Statements on 30.06.2019).

The conditions of these commercial transactions were the normal ones for the activity of Voluthema Property Developer, and from a value point of view the effect on the financial position, both of SIF Muntenia and its subsidiary, was negligible, under the limit of 50,000 euros defined by the incident legislation for the mandatory reporting.

There were no changes in the transactions between related parties, described in the last annual report that could have a substantial effect on the financial position or results of the issuer in the first 6 months of the current financial year.

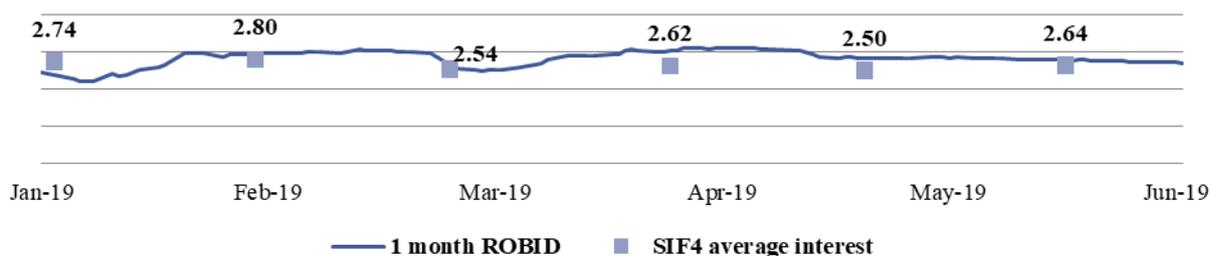
3.2 OTHER SUB-PORTFOLIOS

Chart no. 3.7. Evolution of SIF Muntenia's other sub-portfolio value during the last year (mill. lei)



BANK DEPOSITS

Chart no. 3.8. 1 month ROBID (maximum 3.10%, minimum 2.21%) compared to the monthly average interest for SIF Muntenia deposits



During the first half of the year, the average interest rate on deposits made by SIF Muntenia had the same tendency as ROBID 1M. At the end of the first semester, SIF Muntenia holds, at present value, 60.28 million lei in bank deposits, representing 3.98% of the total certified assets. The credit institutions where these deposits are made up are part of well-capitalized Groups, both at national and European level.

BONDS

In the second quarter of 2019, a number of 10,000 unlisted bonds, with a nominal value of 100 lei, issued by Capital Leasing IFN S.A., were purchased through a private bond placement. Main activity area of Capital Leasing IFN S.A. is financial leasing, CAEN CODE 6491. The bond issue is guaranteed, the maturity is 36 months from the date of subscription, and the interest is fixed, respectively 8.9%/year in lei. According to the issue prospectus, within a maximum of 12 months from the date of issue, the newly issued bonds will be the subject of an application for admission to trading within the alternative trading system, administered by the Bucharest Stock Exchange.

During the analyzed period, the coupon was issued at the bond issue of Transylvania Bank in the amount of 35,632 lei (7,618 eur), the coupon of the bond issue issued by Medinfarm S.A. Ploiești, in the amount of 183,573 lei and the coupon of the bond issue issued by Impact Developer & Contractor S.A., amounting to 135,713 (28,671 eur).

PARTICIPATION TITLES

In the first semester of the current year, the sub-portfolio of participation titles has undergone modifications, the participation titles being repurchased at Omnitrend FII, for which 11.86 million lei were collected.

4 RISK MANAGEMENT

Risk management is the totality of the activities aimed at identifying, quantifying, monitoring and controlling risks, so as to ensure that the principles of the general risk policy are respected. The risk management system of SIF Muntenia includes a set of analyzes, charts for diversifying the exposures of the financial instruments in the portfolio, together with the identification and evaluation of the financial risks, as well as proposals to mitigate the effects of the risks related to the investment and general activity of SIF Muntenia S.A.

The administrator has developed the risk profile of SIF Muntenia according to the requirements provided by the EU Regulation no. 231/2013 regarding the risk management system. This risk profile is developed in a detailed system of limits/key risk indicators.

In this regard, during the first semester of 2019, the following categories of potential or existing risks to which SIF Muntenia S.A is exposed were analyzed and evaluated:

- market risk (position risk, currency risk, long-term interest rate risk; concentration risk is analyzed here as well);
- credit risk (related to the financial quality of the issuers and the credit risk of the counterparty);
- liquidity risk;
- operational risk.

At the level of SIF Muntenia, the financial and operational risks were evaluated, monitored and treated in order to reduce their impact according to the classification presented above. When establishing this risk classification structure, the magnitude of the impact of the respective risk was considered in the event that it would materialize on the value of the assets held.

(a) Market risk

Market risk is the risk of recording losses arising from fluctuations in the market value of positions in the portfolio of financial instruments, fluctuations that can be attributed to changes in market variables: stock prices, exchange rates, interest rates or commodity prices, which might change the value of the financial instruments held.

For the measurement and evaluation of market risks, tradable portfolio VaR is calculated. It has a value of 3.35% and falls within the limits of low risk, according to the Risk Profile.

The currency risk calculated at the end of the first semester of 2019 is 6.02%. It is slightly above the average risk degree (4.01-6%), assumed by the risk profile. We mention that in the SIF Muntenia portfolio there are exposures in other currencies (USD and GBP), but at very small dimensions.

The calculated parameters related to the concentration risk are within the risk degree assumed by the Fund's Risk Profile.

As regards the long-term interest rate risk (due to exposure to adverse interest rate fluctuations), on 30 June 2019, in the fund's portfolio, there was a single issue of variable rate bonds, that of Banca Transilvania (0.08% of the total certified asset), having a insignificant impact on the risks that may influence the company's revenues. 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 to protect against interest rate fluctuations.

(b) Credit risk

The indicators that determine the value of the exposures to the securities issued by the listed and unlisted companies in the portfolio, which present a high level of risk, are calculated by comparison to the value of SIF Muntenia's equity. Thus, the exposure rate for high-risk bankruptcy listed issuers is 1.48%, and the exposure rate for high-risk bankruptcy unlisted issuers is 1.21%. These indicators fall into very low risk, although the risk profile is set to a medium risk degree.

Counterparty risk - the possibility of insolvency of the institutions providing services (such as asset custody) or situations in which transactions with shares / bonds issued by issuers unlisted on a regulated market or on an alternative system are considered. The results of the analyzes fit SIF Muntenia in the low risk area. The absence of a portfolio of derivatives or pending transactions (not settled) places SIF Muntenia SA in the same area of very low risk.

(c) Liquidity risk

The main indicator for calculating liquidity is: "Liquid assets / Liabilities (30 days)", which currently has a value of 37.02 and expresses that SIF Muntenia can meet its current obligations from its liquid assets. This indicator is at a very low risk level according to the Risk Profile of SIF Muntenia, which means that the value of cash or cash equivalent represents at least five times the value of the debts over 30 days.

Another liquidity indicator sought is the grouping of assets in the liquidity bands specified in ESMA Guide 869/2014 (118, 119), respectively the percentage of the fund's portfolio that can be liquidated in each of the specified liquidity periods. The calculations for the entire SIF Muntenia portfolio show that it is in the medium risk degree, with an optimal level of assets that can be converted into cash within the time horizon analyzed in relation to the proposed level.

(d) Operational risk

Operational risks take into account the losses caused either by the use of inadequate processes, internal systems or human resources, which cannot fulfill their function properly, or by external events and actions. For SIF Muntenia, the value of the potential aggregate loss due to the materialization of the operational risks is non-existent, since most of the operational risks that have arisen have affected the activity of the administrator and not the administered fund.

CLASSIFICATION OF THE CATEGORIES OF ASSETS IN THE PORTFOLIO WITHIN THE LEGAL HOLDING LIMITS

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

1. Article 188 of NSC Regulation no. 15/2004 regarding the authorization and functioning of investment management companies, collective investment undertakings and depositors - in relation to the exposure conditions of UCI with a diversified investment policy;
2. Article 9 of the FSA Norm no. 14/2013 - in connection with direct and indirect investments in promissory notes;
3. Limits resulting from the provisions of Law 297/2004 on voting rights in entities supervised by the FSA;
4. Limits provided in art. 3 (2) of Directive 2011/61 / EU (legislation on alternative investment fund managers).

The holding limits for points (1) to (3) of the above list have been respected throughout the first semester of 2019. We continue to detail the risk analysis according to the requirements provided by the legislation regarding the managers of alternative investment funds.

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

The total assets managed at the end of the first semester of 2019 of the AIF entities (SIF Muntenia) were 1,513,122,985.79 lei. Their value in Euro is 319,608,598.06 (at the ECB's rate of RON 4.7343 from the last working day of June 2019), below the threshold of 500 million euros, for which it would be necessary to request authorization in accordance with the relevant procedures of Directive 2011/61 / EU.

LEVERAGE

S.A.I. Muntenia Invest S.A.'s policy is not to use the leverage effect in the administration process for SIF Muntenia, respectively, it does not use any method of increasing the AIF exposure provided in Annex no. 1 of Regulation 231/2013 of the European Commission. From the analysis of SIF Muntenia portfolio, it appears that there is no derivative financial instrument or that any method is used to increase the exposure, according to the Annex mentioned above.

Regarding *Systemic and contagion risk*, it is part of the objectives of the National Bank of Romania to impose additional capital requirements on systemically important institutions and consists in increasing their capacity to absorb losses, with positive effects on reducing the systemic risk generated by the size of the institutions, respectively the probability of manifesting some financial difficulties and diminishing the severity of their potential impact.

Regarding the rating ratings, it should be noted that at the end of January 2019, Fitch Ratings affirmed the IDR (Long-term Issuer Default Rating) rating for Transilvania Bank's long-term financing at 'BB +', with a stable outlook, as well as the rating level of viability of the bank to 'bb +'. It is worth noting that during the last year the bank has improved these levels (from BB to BB + and from bb to bb +).

Regarding the exposure of SIF Muntenia in Banca Transilvania, we appreciate that the bank's performance, the complex evaluations of the NBR, as well as the rating agencies' ratings lead to a permanent monitoring of the systemic risk generated by this exposure

5 SHARES ISSUED BY SIF MUNTENIA

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 Lei / share.

MAIN CHARACTERISTICS OF SIF MUNTENIA SHARES

All shares are ordinary. There have been no changes in the number of shares issued in the first half of 2019.

Since its establishment, SIF Muntenia has not acquired and has not owned at any time its own shares, mentioning that in the Shareholders' Meeting of 22 April 2019, the shareholders have approved a program to redeem its own shares (details in the *GENERAL MEETING OF SHAREHOLDERS* section).

SIF Muntenia has not issued bonds and / or other debt securities, having no obligations of this nature. The entire activity is financed only through own funds.

The shares issued by SIF Muntenia are listed on the Bucharest Stock Exchange, the main segment, in the premium category, in accordance with the provisions of the BSE Decision no. 200/1999 and is traded on this market starting with 01.11.1999.

The record of the shares and shareholders of SIF Muntenia is kept by Depozitarul Central S.A. Bucharest, company authorized by the FSA.

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

Main market Bucharest Stock Exchange, main segment, premium category

Included in indexes BET-BK | BET-FI | BET-XT | BET-XT-TR

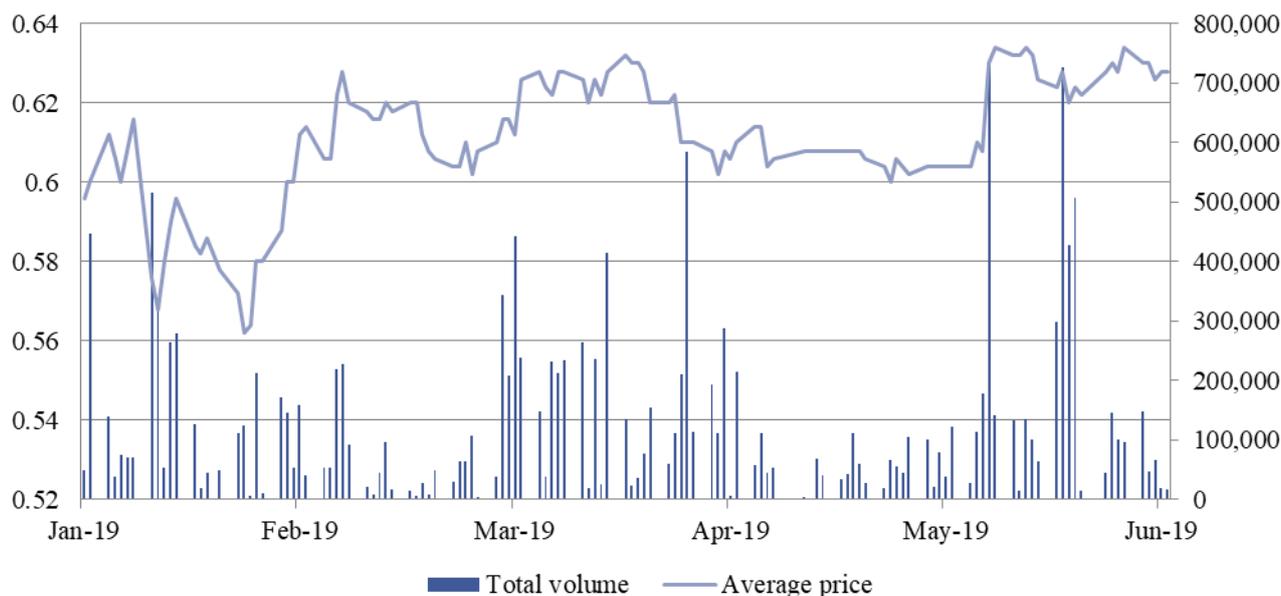
	H1 2019	2018	H1 2018
Closing price REGS lei	0.630	0.598	0.766
NAV per SHARE lei	1.7787	1.5583	1.7696
Net asset discount (%)	64.6	61.6	56.7
Market capitalization (mill. lei)	508.43	482.61	618.19

Table no. 5.1. *SIF Muntenia share performance*

	REGS	DEAL	TOTAL
Number of trades	4,756	1	4,757
Number of traded shares (mill. lei)	15.84	36.90	52.74
Total trading value (mill. lei)	9.70	21.77	31.47
% total number of shares	1.96	2.70	4.66

Table no. 5.2. *Trades with SIF Muntenia shares in H1 2019*

Chart no. 5.1. Average trading price and trading volume on REGS in H1 2019



SIF MUNTENIA SHAREHOLDERS

The table below shows the synthetic structure of SIF Muntenia shareholder, as of 30 June 2019.

30/06/2018			
	Number of shareholders	Shares held	% held in total shares
Residend individuals	5,944,816	496,989,871	61.58%
Non residend individuals	1,949	2,396,613	0.30%
Resident entities	165	223,304,914	27.67%
Non residend entities	21	84,345,117	10.45%
TOTAL	5,946,951	807,036,515	100%

Table no. 5.3. Shareholding structure as at 30.06.2019

Source: Depozitarul Central S.A.

The sections on investor relations on SIF Muntenia's website include up-to-date information on *corporate governance* and provide access to the documents governing the governance of the company. Governance information is reported periodically through the corporate governance statement within the annual report and permanently updated through current reports and the website. In this section, the forecasting policy and the dividend distribution policy and other rights for shareholders are presented.

The sections on the *rules* on the S.A.I. Muntenia Invest S.A.'s website include up-to-date information on the remuneration policy and practices, rules and procedures regarding the policy of issuing orders and rules for valuing assets within managed portfolios.

The obligations of transparency, reporting and information to shareholders and institutions of the capital market were observed and ensured through press releases distributed in financial profile newspapers with national coverage, by publishing periodic and continuous reports of the information provided electronically, both on www.sifmuntenia.ro website, as well as on the electronic system of the capital market on which the shares of SIF Muntenia are listed, through the official storage mechanism of the FSA, by informing the FSA and by carrying out an activity of written and electronic correspondence with the shareholders through the specialized compartment of S.A.I. Muntenia Invest S.A.

GENERAL MEETINGS OF SHAREHOLDERS

The main attributions of the general meetings of the shareholders are presented in the Articles of Incorporation of SIF Muntenia, updated following the decision of the SGEM as of 22 April 2019, annexed to this report and which can also be consulted on the SIF Muntenia website, www.sifmuntenia.ro.

S.A.I. Muntenia Invest S.A., the administrator of SIF Muntenia, published the convening notice for the Shareholders General Ordinary and Extraordinary Meetings on 22/23 April 2019, made available and published according to the legal regulations the materials submitted for approval, drew up the participation and voting procedures, made available to shareholders the special proxy and voting forms by correspondence and provided 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 SGM (Bursa, Monitorul Oficial, company website).

On 15 March 2019, the convening of the SGEM was published, for the approval of the modification of the Articles of Incorporation of the company, according to the Annex that can be found on the company's website (<http://www.sifmuntenia.ro>), at the section dedicated to this general meeting of shareholders. The convening notice was completed, at the request of teh FSA and published in the new form on 01.04.2019.

On 14 March 2019, the convening of the SGOM on the balance sheet for the year 2018 and the proposals for distributing the profit obtained in 2018.

On 22 April 2019, the Extraordinary and Ordinary General Meeting of the Shareholders of SIF Muntenia were held. The current report of 23 April 2019 is available for consultation on the company's website, www.sifmuntenia.ro, in the dedicated section.

Within the SGOM of 22 April 2019, held at the first convocation, with the direct participation, by representative or by correspondence of the shareholders holding 248,493,908 shares, representing 30.7909% of the total number of 807,036,515 voting rights, were approved :

- The financial statements for the financial year 2018,
- Allocation of the entire net profit for the financial year 2018, in the amount of 22,799,383 lei to "Other reserves", in order to start a Redemption Program,
- The administration program and the Income and expenditure budget for 2019,
- Carrying out the accounting records corresponding to prescribing the right to request the payment of unclaimed dividends for three years from the date of their eligibility, in the amount of 22,463,568.69 lei and the transfer to reserves of this amount,
- Remuneration of the Shareholders' Representatives Council members for the financial year 2019,
- Date of 05.09.2019 as the date of registration and of the date of 04.09.2019 as date ex date, in accordance with the provisions of art. 86, s. 1 of Law no. 24/2017, respectively the provisions of the FSA Regulation no. 5/2018.

In the EGMS on 22 April 2019, held at the first convocation, with the direct participation, by representative or by correspondence of the shareholders holding 247,472,866 shares, representing 30.6644% of the total number of 807,036,515 voting rights, the following were approved:

- Carrying out a Program for the redemption of its shares by SIF Muntenia SA, under the conditions specified in the paragraph below.
- Modification of the Articles of Incorporation of the company.

From its own sources of financing as provided by law, the Company will carry out a repurchase program of a number of 37,036,515 shares, representing 4.59% of the share capital, in order to reduce the share capital by canceling the repurchased shares. The share redemption program will be carried out in accordance with the applicable legal provisions, with the following main characteristics:

- The minimum price per share: 0,1 lei.
- The maximum price per share: 1.56 lei
- Duration of the program: maximum 18 months from the date of publication of the decision in Part IV of the Monitorul Oficial al Romaniei.
- The payment of redeemed shares will be made from the sources provided by law.

The Board of Directors of S.A.I. Muntenia Invest S.A. will take the necessary steps to implement and carry out the repurchase program of SIF Muntenia's own shares, within the deadline and in compliance with the conditions approved

by the Extraordinary General Meeting of Shareholders. The company will properly inform the investors about the implementation of the repurchase programs of its own shares, in compliance with the applicable legal framework.

6 FINANCIAL ACCOUNTING STATEMENT

SIF Muntenia prepared the interim financial statements on 30.06.2019 in accordance with the FSA Rule no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investment Sector, as subsequently amended and supplemented.

The interim financial statements as of 30.06.2019 are not audited.

Below we will present a summary of the interim financial statement of SIF Muntenia S.A. on 30 June 2019. For details, you can consult the Notes to the Interim Financial Statements on 30 June 2019, annexed to this report.

STATEMENT OF FINANCIAL POSITION

(in LEI)	30 June 2019	31 December 2018
Assets		
Cash and current accounts	1,795,535	1,079,966
Deposits at banks	60,300,568	29,381,709
Financial assets at fair value through profit or loss	724,959,243	710,614,051
Financial assets at fair value through other elements of comprehensive result	710,066,047	585,329,963
Financial assets measured at amortized cost	11,332,475	10,171,781
Other assets	13,411,739	9,100,213
Total assets	1,521,865,607	1,345,677,683
Liabilities		
Dividends to be paid	43,805,394	66,635,384
Deferred income tax liabilities	31,213,348	19,427,363
Other liabilities	2,608,644	4,461,325
Total liabilities	77,627,386	90,524,072
Equity		
Share capital	80,703,652	80,703,652
Hyperinflation effect- IAS 29	803,294,017	803,294,017
Retained Result	435,545,133	355,279,975
Reserves from revaluation of financial assets at fair value through other elements of comprehensive result	124,695,419	15,875,967
Total equity	1,444,238,221	1,255,153,611
Total liabilities and equity	1,521,865,607	1,345,677,683

Table no. 6.1. *Statement of financial position*

The value of the assets as of 30 June 2019 is increasing by 176.19 million lei, respectively 13.09%, compared to the value at 31 December 2018.

The main elements of the asset evolved as compared to the end of 2018, as follows:

- *Cash and cash equivalents* (including deposits placed at banks) increased as against 31.12.2018 by 31.63 million lei, due to the mix of exposures that forms the Company's portfolio, (% TA 06.2019 - 4.08%, 12.2018 - 2.26%);
- *The financial assets at fair value through profit or loss* are above the level recorded on 31 December 2018, due to the market evolution of the investments registered in this asset class. As a mention, we should restate that some bonds, fund units and subsidiaries form this category of assets. At the end of the first semester of 2019, the equity package held at Biofarm S.A Bucharest, at fair value, represented 11.32% of total accounting assets (31.12.2018: 12.13%);
- *The financial assets at fair value through other elements of the comprehensive result* are increasing by 124.74 million lei, respectively 21.31%, an increase due to the investments made by the company in the first half of 2019. On 30.06.2019 the package held at Banca Transilvania SA represented 19.92% of the total accounting assets of SIF Muntenia (31.12.2018: 18.33%).

Equity holds the majority share in the structure of liabilities. It registered a significant increase compared to the beginning of the year, mainly due to the positive differences of fair value of the elements registered in *the Reserves category from the revaluation of the financial assets to fair value through other elements of the comprehensive result* as of 30 June 2019.

Net assets difference according to accounting regulations / net assets certified by the Depositary

Considering that the accounting records are in accordance with the FSA Rule no. 39/2015 and the monthly calculation of the net asset is based on rules established in accordance with the FSA Regulation no. 9/2014, as of 30.06.2019, there are differences between the value of the net asset according to the accounting records and the net asset certified by the Depositary.

A centralizer of the differences between the net asset according to the accounting records and the certified net asset (million lei) is presented below.

Explanation	Amount
Net asset according to accounting records	1,444,24
Net asset certified according to the FSA regulations	1,435.50
Differences, of which:	8.74
Fair value difference for the shares portfolio	0.36
Difference of valuation, adjustment for impairment of bonds	9.13
Adjustment difference for depreciation of debtors from withdrawals from unlisted companies	(2.53)
Difference due dividends from closed companies, investment funds	1.78

Table no. 6.2. *Differences in net certified asset / net asset according to accounting records*

STATEMENT OF LOSS OR PROFIT AND OTHER ITEMS OF THE COMPREHENSIVE RESULT

In LEI	30.06.2019	30.06.2018
Income		
Dividend income	46,416,022	34,378,069
Interest income	733,540	297,460
Other operational income	530,441	375,413
Gain on investment		
Net gain from foreign exchange differences	150,655	2,000
Net gain from revaluation of financial assets at fair value through profit or loss	26,222,891	13,326,698
Expenses		
Net income from the reversal of adjustments for the impairment of assets	146,159	1,608,302
Administrative expenses		
Management fees	(8,700,000)	(8,700,000)
Expenses with remuneration of the Shareholders Representatives Council and with staff salaries	(250,031)	(642,005)
Other operational expenses	(1,491,493)	(1,427,912)
Interest rate expenses related to the lease contract liability	(21,985)	-
Profit before tax	63,736,199	39,218,025
Profit tax	(2,536,347)	(5,123,369)
Net profit for the period	61,199,852	34,094,656
Other elements of comprehensive result		
Elements that may not be restated to profit or loss		
Revaluation at fair value of financial assets at fair value through other elements of comprehensive result, net of deferred tax	105,421,189	22,414,765
Reserve related to financial assets at fair value through other elements of comprehensive result, transferred to retained earnings	3,398,263	7,064,688
Other elements of comprehensive result	108,819,452	29,479,453
Total comprehensive result for the period	170,019,304	63,574,109

Table no. 6.3. *Statement of profit or loss and other comprehensive income*

The evolution of significant elements that make up the statement of profit or loss and other elements of the overall result is as follows:

- The *income from dividends* increased significantly compared to 30.06.2018, with 12.04 million lei, respectively 35.02%, the main source being the investments in companies in the financial-banking field;

- The *Interest income* category recorded an increase of 0.44 million lei, determined by the increase in interest on bank deposits and current accounts and the interest on the bonds recorded at amortized cost;

- *Investment gains* are structured as follows:

o *The net gain from exchange rate differences* increased by RON 0.15 million compared to the same period of the previous year and is largely related to the corporate bonds denominated in EUR from SIF Muntenia portfolio;

o *The net gain from the revaluation of financial assets at fair value* (mark to market) *through profit or loss* is almost 100% higher than the value recorded in the similar period of 2018.

The combined effect of the elements presented above is the increase of the net positive result on 30.06.2019 with 27.11 million lei compared to the similar period of 2018.

STATEMENT OF CASH FLOWS

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

In LEI	30.06.2019	30.06.2018
Operating activities		
Profit before tax	63,736,199	39,218,025
<i>Adjustments:</i>		
Net income from the reversal of adjustments for the impairment of assets	(146,159)	(1,608,302)
Net gain from the revaluation of financial assets at fair value through profit or loss	(26,222,891)	(13,326,698)
Dividend income	(46,416,022)	(34,378,069)
Interest income	(733,540)	(297,460)
Net gain from foreign exchange differences	(150,655)	(2,000)
Interest expenses related to the lease contract liability	21,985	-
Other adjustments	94,686	36,852
Changes in assets and liabilities related to the operating activity		
Changes in financial assets at fair value through profit or loss	11,842,067	8,214,047
Changes in financial assets at fair value through other items of comprehensive result	(6,975,229)	(11,123,860)
Changes in financial assets measured at amortized cost	(999,999)	133,784
Changes in other assets	(1,253,376)	(4,777,312)
Changes in other liabilities	(2,711,943)	(164,560)
Net placements in deposits with maturity over three months	(14,592,500)	(8,990,000)
Dividends received	41,970,172	30,831,329
Interest received	700,229	330,620
Tax on profit paid	-	(8,438,961)
Net cash resulting from/(used in) operating activities	18,163,024	(4,342,566)
Investment activities		
Payments for the purchase of tangible and intangible assets	(177)	(116)

In LEI	30.06.2019	30.06.2018
Net cash used in investment activities	(177)	(116)
Financing activities		
Dividends paid, including tax on dividends paid	(1,111,437)	(1,425,842)
Leasing payments, including interest	(70,652)	-
Net cash used in financing activities	(1,182,089)	(1,425,842)
Net increase/(decrease) in cash and cash equivalents	16,980,758	(5,768,524)
The effect of exchange rate changes on cash and cash equivalents	(1,495)	(1,235)
Cash and cash equivalents as of 1 January	20,401,928	19,074,391
Cash and cash equivalents as of 30 June	37,381,191	13,304,632

Table no. 6.4. *Cash flow statement*

In the first semester of 2019, the operating activity generated cash as a result of dividend receipts from portfolio companies and from the sale of shares (details in the relevant chapters).

Careful monitoring of the portfolio of SIF Muntenia and the decisions taken in the investment activity resulted in a net variation of cash flows, on 30 June 2019, amounting to 16.98 million lei.

ECONOMIC-FINANCIAL INDICATORS

Indicator denomination	Method of calculation	H1 2019	2018	H1 2018
Current liquidity	Current assets / Current liabilities	2.11	1.39	1.20
Turnover of fixed assets	Turnover / fixed assets	0.0760	0.1693	0.0962
Debt ratio	Borrowed capital / Equity x 100 Borrowed capital / Used capital x 100	Not the case		
Turnover of liabilities - clients	Average customer balance / Turnover x 180	Not the case		
Net profit / Net assets (calculated according to FSA regulations) (%)	-	4.26	1.81	2.39
ROA (%)	Net profit / Total accounting assets	4.02	1.69	2.52
ROE (%)	Net profit / equity	4.24	1.82	2.75

Table no. 6.5. *Financial – economic indexes*

Legend

Current assets = current assets plus expenses in advance

Current debts = debts under one year

Turnover = related to SIF Muntenia's field of activity, revenues from current activity = total revenues

ROA (Return on assets) is one of the main profitability indicators of a company and it measures the efficiency of the utilization of the assets, from the point of view of the obtained profit and shows how many units bring, in the form of profit, a unit invested in assets.

ROE (Return on equity) is one of the most important indicators that measure the performance of a company. The indicator is calculated as a ratio between the net profit obtained by the company and its equity, practically expressing the manner and efficiency with which the shareholders invested their money.

7 THE EXECUTION OF THE REVENUE AND EXPENDITURE BUDGET

The revenue and expenditure budget for the financial year 2019 was approved in SG from 22 April 2019, by Decision no. 4.

In LEI	REB 2019	Achieved H1 2019	%
1. Total income	53,100,000	47,680,003	89.8
1.1. Investment income	53,000,000	47,149,562	89.0
1.1.1 Divided gross income	52,000,000	46,416,022	89.3
1.1.2 Interest income	1,000,000	733,540	73.4
1.2 Other income	100,000	530,441	530.4
2. Total expenses	22,200,000	10,549,117	47.5
2.1 Management expenses	17,400,000	8,700,000	50.0
2.2 Third party expenses	2,500,000	1,154,678	46.2
2.3 Portfolio management expenses	1,500,000	275,010	18.3
2.4 SRC expenses	700,000	333,649	47.7
2.5 Other expenses	100,000	85,780	85.8
3. Net profit from the valuation of financial assets at fair value through profit or loss		26,605,313	
4. Gross Profit	30,900,000	63,736,199	206.3
5. Profit tax (current and deferred), including dividend income tax		2,536,347	
6. Net Profit		61,199,852	

Table no. 7. Achievement of REB.

Total income realized on 30.06.2019 is realized in proportion of 89.8% of the total budget for the year 2019. These are mainly composed of income from dividends, in the amount of 46.42 million lei and interest income, in value of 0.73 million lei.

The Total expenditure category has a share of 47.5% of the total budgeted expenditures for the current year and is mainly composed of the following subcategories of expenses:

- the expenses with the management represent the monthly fee of the administrator according to the administration contract in force,
- expenses with services provided by third parties include expenses with service providers (BRD - depository, custodian, Central Depository, FSA fees and taxes, company financial auditor, internal auditor, expenses for investor relations, expenses with mandatory advertising, payments to the trade register)
- the portfolio management expenses include the fees of the transactions with the intermediaries, expenses with the banking services, the notarial expenses, with debt recovery services, the court expenses, with the evaluation services performed by external evaluators, etc.

The gross profit, in the amount of 63.74 million lei, exceeds the budgeted values for the year 2019 by 106.3%, mainly as a result of the evolution of the fair value of the assets that are evaluated by profit or loss.

8 SUBSEQUENT EVENTS

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

ANNEXES

- The interim financial statements as of 30 June 2019 prepared in accordance with the provisions of the FSA Rule no. 39/28 December 2015, as subsequently amended and supplemented, not audited, which include:
 - Statement of financial position,
 - Statement of profit or loss and other elements of the comprehensive result,
 - Statement of changes in equity,
 - Statement of cash flows,
 - Notes to the interim financial statements.
- Statement on the responsibility for drawing up the interim financial statements on 30.06.2019
- The detailed situation of SIF Muntenia investments on 28 June, 2019, prepared in accordance with annex no.17 of the Regulation no. 15/2004.
- Updated Articles of Incorporation

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

General Director,
Marian Nicușor BUICĂ

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

Chief Accountant,
Irina MIHALCEA



SOCIETATE DE INVESTIȚII FINANCIARE
ADMINISTRATĂ DE S.A.I. MUNTENIA INVEST SA

BUCUREȘTI, SPLAIUL UNIRII
NR. 16, SECTOR 4, 040035
TELEFON: +40 213 873 210
+40 372 074 110
FAX: +40 371 236 365
E-MAIL: sai@munteniainvest.ro
WWW.SIFMUNTENIA.RO

Statement of responsibility

for the preparation of the interim financial statements

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

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

a) the accounting policies used in the preparation of the interim financial statements as at June 30 2019 are in accordance with the Financial Supervisory Authority Rule no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, as subsequently amended and supplemented.

b) the interim financial statements as of June 30, 2019 provide a true view of the financial position, financial performance and other information regarding the activity carried out by SIF Muntenia S.A.

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

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

General Director
Nicușor Marian BUICĂ

SIF Muntenia S.A.

**Interim Financial Statements
as at 30 June 2019**

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

UNAUDITED

Table of Contents

Interim financial statements

Statement of profit and loss and other comprehensive income	1 – 2
Statement of financial position	3
Statement of changes in equity	4 – 5
Statement of cash flows	6 – 7
Notes to interim financial statements	8 – 56

Statement of profit and loss and other items of comprehensive income

for the financial period ended 30 June 2019

<i>In LEI</i>	<i>Note</i>	30 June 2019	30 June 2018
Income			
Dividend income	6	46,416,022	34,378,069
Interest income	7	733,540	297,460
Other operational income		530,441	375,413
Gain on investment			
Net gain from foreign exchange differences		150,655	2,000
Net gain from revaluation of financial assets at fair value through profit and loss	8	26,222,891	13,326,698
Expenses			
Net income from the reversal of adjustments for the impairment of assets	9	146,159	1,608,302
Administrative expenses			
Management fees	23	(8,700,000)	(8,700,000)
Expenses with remuneration of the Board of the Shareholders Representatives and with staff salaries	23	(250,031)	(642,005)
Other operational expenses	10	(1,491,493)	(1,427,912)
Interest rate expenses related to the lease contract liability	15 ii)	(21,985)	-
Profit before tax		63,736,199	39,218,025
Profit tax	11	(2,536,347)	(5,123,369)
Net profit for the period		61,199,852	34,094,656
Other elements of comprehensive income			
Elements that may not be restated to profit or loss			
Revaluation at fair value of financial assets at fair value through other elements of comprehensive income, net of deferred tax		105,421,189	22,414,765
Reserve related to financial assets at fair value through other elements of comprehensive income, transferred to retained earnings		3,398,263	7,064,688
Other elements of comprehensive income		108,819,452	29,479,453
Total comprehensive income for the period		170,019,304	63,574,109
Earnings per share			
Basic	20	0.076	0.042
Diluted	20	0.076	0.042

Statement of profit and loss and other items of comprehensive income

for the financial period ended 30 June 2019

The financial statements were approved and authorised to be issued by the Board of Directors on 8 August 2019 and were signed on its behalf by SAI Muntenia Invest S.A., administrator of SIF Muntenia S.A., by:

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

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

Notes on pages 8 to 56 are part of the interim financial statements.

Statement of financial position

as at 30 June 2019

<i>In LEI</i>	<i>Note</i>	30 June 2019	31 December 2018
Assets			
Cash and current accounts	12	1,795,535	1,079,966
Deposits with banks	13	60,300,568	29,381,709
Financial assets at fair value through profit or loss	14a	724,959,243	710,614,051
Financial assets at fair value through other items of comprehensive income	14b	710,066,047	585,329,963
Financial assets measured at amortized cost	14c	11,332,475	10,171,781
Other assets	15	13,411,739	9,100,213
Total assets		<u>1,521,865,607</u>	<u>1,345,677,683</u>
Liabilities			
Dividends to be paid	16	43,805,394	66,635,384
Deferred income tax liabilities	17	31,213,348	19,427,363
Other liabilities	18	2,608,644	4,461,325
Total liabilities		<u>77,627,386</u>	<u>90,524,072</u>
Equity			
Share capital	19a	80,703,652	80,703,652
Hyperinflation effect- IAS 29	19a	803,294,017	803,294,017
Reported result		435,545,133	355,279,975
Reserves from revaluation of financial assets at fair value through other items of comprehensive income	19b	124,695,419	15,875,967
Total equity		<u>1,444,238,221</u>	<u>1,255,153,611</u>
Total liabilities and equity		<u>1,521,865,607</u>	<u>1,345,677,683</u>

The financial statements were approved and authorised to be issued by the Board of Directors on 8 August 2019 and were signed on its behalf by SAI Muntenia Invest S.A., administrator of SIF Muntenia S.A., by:

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

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

Notes on pages 8 to 56 are part of the interim financial statements.

Statement of changes in equity (continued)

for the financial period ended 30 June 2019

In LEI

	Share capital	Reserves from revaluation of financial assets at fair value through other items of comprehensive income	Retained earnings	Total
Balance as at 31 December 2018	883,997,669	15,875,967	355,279,975	1,255,153,611
Comprehensive result				
<i>Profit for the period</i>	-	-	61,199,852	61,199,852
<i>Other items of comprehensive income</i>				-
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax	-	105,421,189	-	105,421,189
Reserve relating to financial assets at fair value through other items of comprehensive income transferred to retained earnings	-	3,398,263	(3,398,263)	-
Total comprehensive result of the period	-	108,819,452	57,801,589	166,621,041
Transactions with the shareholders, recognised directly in equity				
Prescribed dividends	-	-	22,463,569	22,463,569
Dividends to be paid	-	-	-	-
Total transactions with the shareholders, recognised directly in equity	-	-	22,463,569	22,463,569
Balance as at 30 June 2019	883,997,669	124,695,419	435,545,133	1,444,238,221

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

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

Notes on pages 8 to 56 are part of the interim financial statements.

Statement of changes in equity (continued)

for the financial period ended 30 June 2019

In LEI

	Share capital	Reserves from revaluation of financial assets at fair value through other items of comprehensive income	(Accumulated Loss) / Retained earnings	Total
Balance ast at 31 December 2017	883,997,669	371,561,473	(50,931,247)	1,204,627,895
Comprehensive result				
<i>Profit of the period</i>	-	-	34,094,656	34,094,656
<i>Other items of the comprehensive result</i>				
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax	-	22,414,765	-	22,414,765
Reserve relating to financial assets at fair value through other items of comprehensive income transferred to retained earnings	-	7,064,688	(7,064,688)	-
Transfer of reserve for financial assets available for sale in retained earnings as a result of the adoption of IFRS 9, net of deferred tax	-	(362,417,197)	369,748,516	7,331,319
Total comprehensive result of the period	-	(332,937,744)	396,778,484	63,840,740
Transactions with the shareholders, recognised directly in equity				
Prescribed dividends	-	-	-	-
Dividends to be paid	-	-	(28,004,167)	(28,004,167)
Total transactions with the shareholders, recognised directly in equity	-	-	(28,004,167)	(28,004,167)
Balance as at 30 June 2018	883,997,669	38,623,729	317,843,070	1,240,464,468

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

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

Notes on pages 8 to 56 are part of the interim financial statements.

Statement of cash flow

for the financial period ended 30 June 2019

<i>In LEI</i>	<i>Note</i>	30 June 2019	30 June 2018
Operating activities			
Profit before tax		63,736,199	39,218,025
<i>Adjustments:</i>			
Net income from the reversal of adjustments for the impairment of assets	9	(146,159)	(1,608,302)
Net gain on revaluation of financial assets at fair value through profit or loss	8	(26,222,891)	(13,326,698)
Dividend income	6	(46,416,022)	(34,378,069)
Interest income	7	(733,540)	(297,460)
Net gain from foreign exchange differences		(150,655)	(2,000)
Interest expense related to the lease contract liability	10	21,985	-
Other adjustments		94,686	36,852
Changes in assets and liabilities related to operating activities			
Changes in financial assets at fair value through profit or loss		11,842,067	8,214,047
Changes in financial assets at fair value through other items of comprehensive income		(6,975,229)	(11,123,860)
Changes in financial assets measured at amortized cost		(999,999)	133,784
Changes of other assets		(1,253,376)	(4,777,312)
Changes of other debts		(2,711,943)	(164,560)
Net placements in deposits with maturity over three months	13	(14,592,500)	(8,990,000)
Dividends received		41,970,172	30,831,329
Interest received		700,229	330,620
Paid profit tax		-	(8,438,961)
Net cash resulting from / (used in) operating activities		18,163,024	(4,342,566)
Investment activities			
Payments for purchases of tangible and intangible assets		(177)	(116)
Net cash used in investment activities		(177)	(116)
Financing activities			
Dividends paid, including dividends tax paid		(1,111,437)	(1,425,842)
Leasing payments, including interest	15ii)	(70,652)	-
Net cash used in financing activities		(1,182,089)	(1,425,842)
Net increase / (decrease) in cash and cash equivalents		16,980,758	(5,768,524)
Effect of exchange rate changes on cash and cash equivalents		(1,495)	(1,235)
Cash and cash equivalents on 1st January		20,401,928	19,074,391
Cash and cash equivalent as at 30 June		37,381,191	13,304,632

Notes on pages 8 to 56 are part of the interim financial statements.

Statement of cash flow (continued)

for the financial period ended 30 June 2019

At 30 June, cash and cash equivalents comprise

<i>In LEI</i>	<i>Note</i>	30 June 2019	30 June 2018
Cash in the petty cash	13	2,384	2,846
Current accounts in banks	13	1,793,151	1,691,587
Bank deposits with less than three months initial maturity	14	35,585,656	11,610,199
Cash and cash equivalents		37,381,191	13,304,632

At 1 January cash and cash equivalents comprise

<i>In LEI</i>	1 January 2019	1 January 2018
Cash in the petty cash	575	4,776
Current accounts in banks	1,079,391	6,569,615
Bank deposits with less than three months initial maturity	19,321,962	12,500,000
Cash and cash equivalents	20,401,928	19,074,391

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

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

Notes on pages 8 to 56 are part of the interim financial statements.

Notes to financial statements

for the financial period ended 30 June 2019

1. Reporting entity

SIF Muntenia S.A. (the "Company") is an undertaking for collective investments trust established in 1996 through the reorganization and transformation of the Private Property Fund IV Muntenia, pursuant to Law no. 133/1996 for the transformation of the Private Property Funds into financial investment companies, which operates in Romania in accordance with Law 31/1990 and Law 297/2004 on the capital market and Law 24/2017 on issuers of financial instruments and market operations. The Company is headquartered in 16, Splaiul Unirii, Sector 4, Bucharest, România.

The main field of activity of the Company, according to the Articles of Incorporation dated 26 April 2018, updated according to the Shareholders General Extraordinary Meeting Resolution number 1 as of 26 April 2018 is:

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

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

The Company's shares are listed on the Bucharest Stock Exchange, Premium Category, symbol SIF4, starting with 1 November 1999.

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

The interim financial statements for the period ended 30 June 2019 have not been audited or reviewed.

2. Basis of preparation

(a) Declaration of compliance

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

These financial statements have been prepared on a going concern basis which assumes that the Company will continue to operate in the foreseeable future.

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

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

In the period ended 30 June 2019, the Company continues to be an investment entity as there were no changes in meeting the classification criteria as an investment entity.

Notes to financial statements

for the financial period ended 30 June 2019

2. Basis of preparation (continued)

(b) Presentation of financial statements

Interim financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements", IAS 34 "Interim Financial Reporting", and IFRS 12 "Presentation of Interests in Other Entities". The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of income and expenditure according to their nature in the statement of profit or loss and other comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than those that would have been presented under other methods permitted by IAS 1.

(c) Basis of valuation

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

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

The methods used for measuring the fair value are presented in Note 3(e)(iv) and Note 5.

(d) Functional and presentation currency

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

(e) Use of estimates and judgments

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

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

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

3. Significant accounting policies

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

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

(a) Subsidiaries and associated entities

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

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

List of subsidiaries and associates on 30 June 2019 and 31 December 2018 are presented in Note 23. In these interim financial statements, the Company classifies participations in subsidiaries as financial assets at fair value through profit or loss (as of 1 January 2018, following the adoption of IFRS 9 and the application of IFRS 10 on the exception to consolidation).

(b) Transactions in foreign currency

Transactions denominated in foreign currencies are recorded in lei at the official exchange rate at the settlement date of transactions. Monetary assets and liabilities denominated in foreign currencies at the financial position statement date are translated into the functional currency at the exchange rate of the day.

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

Translation differences on non-monetary items such as holdings at fair value through profit or loss are presented as gains or losses from fair value. Foreign exchange differences related to non-monetary financial assets, denominated in foreign currency and classified at fair value through other items of comprehensive income, are included in a distinctive reserve account.

The exchange rates of major foreign currencies were:

Currency	30 June 2019	31 December 2018	Variation
Euro (EUR)	1: LEU 4.7351	1: LEU 4.6639	+ 1.53%
US Dollar (USD)	1: LEU 4.1587	1: LEU 4.0736	+ 2.09%

(c) Accounting of the hyperinflation effect

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

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

(d) Cash and cash equivalents

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

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

(d) Cash and cash equivalents (continued)

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

((e) Financial assets and liabilities

(i) Classification

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

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

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

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

The Company classifies financial instruments held in the following categories:

Financial assets measured at amortized cost

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

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

The Standard takes over the provisions of IAS 39 on the recognition and derecognition of financial instruments.

Financial assets at fair value through other items of comprehensive income

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

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

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

Financial assets at fair value through profit or loss

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

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(ii) Recognition

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

(iii) Compensations

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

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

(iv) Valuation

Valuation at amortized cost

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

Valuation at fair value

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

The Company measures the fair value of a financial instrument using quoted prices in an active market for that instrument. A financial instrument has an active market if for that instrument there are available and regularly quoted prices.

The market price used to determine fair value is the closing market price on the last trading day before the valuation date.

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

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

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

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

(v) Identifying and evaluating impairment

Financial assets measured at amortized cost

IFRS 9 replaces the pattern of incurred loss in IAS 39 with the expected loss pattern.

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

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

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

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

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

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

(vi) Derecognition

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

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

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

(vii) Gains and losses on disposal

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

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

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

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

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

(f) Other financial assets or liabilities

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

(g) Tangible assets

(i) Recognition and valuation

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

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

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

The Company does not owe land and buildings.

Tangible assets are stated at cost, less accumulated depreciation and the adjustments for impairment.

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

(ii) Depreciation

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

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

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

(iii) Sale / scrapping of tangible assets

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

(h) Assets representing rights to use underlying assets under a leasing contract

(i) Recognition

As of 1 January 2019, in accordance with IFRS 16 "Leases", a contract is, or contains a lease if it transmits the right to control the use of an asset identified for a period of time in exchange for a consideration.

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

(h) Assets representing rights to use underlying assets under a leasing contract (continued)

(i) Recognition (continued)

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

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

Exceptions to IFRS 16 may be:

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

The Company found the non-fulfillment of the criteria for the application of the exceptions, so, on 1 January 2019, restated the lease contract as a lessee under IFRS 16.

(ii) Valuation

The Company, as a lessee, initially evaluates at cost the asset related to the right of use. The cost of the asset related to the right of use consists of the amount of the initial valuation of the liability arising from the lease, the lease payments made starting with 1 January 2019 (the date of entry into force of IFRS 16), or the date of commencement or before this date, the initial direct costs borne by the lessee, an estimate of the costs to be borne by the lessee less any lease stimulus received.

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

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

The liability arising from the lease is subsequently assessed by increasing the carrying amount to reflect the debt-related interest, the reduction in the carrying amount to reflect the lease payments and the revaluation of the carrying amount as a result of the contract changes (example of the changes: duration of the contract, lease payments, options to buy the asset, interest rate, termination of the contract).

(iii) Depreciation

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

(iv) Derecognition

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

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

(i) Impairment of assets other than financial

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

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the asset or cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash independently of other assets and other groups of assets. Impairment losses are recognized in the statement of profit or loss and other comprehensive income.

The recoverable amount of an asset or cash-generating unit is the maximum of its value in use and its fair value less costs to sell the asset or unit. To determine value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the asset.

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

(j) Share capital

Ordinary shares are recognized in equity.

(k) Provisions for risks and expenses

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

(l) Interest income and interest expenses

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

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

(m) Dividend income

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

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

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

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

(n) Employees benefits

(i) Short term benefits

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

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

(ii) Defined contribution plans

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

Starting with 2018, the Company retains, declares and pays, on behalf of its employees, the contribution to social security and the contribution to health insurance according to the provisions of the Fiscal Code modified by GEO no.79 / 2017.

The Company is not engaged in any independent pension scheme and consequently, has no other obligations in this regard. The Company is not engaged in any other post retirement benefit system. The Company has no obligation to provide further services to current or former employees.

(iii) Long term employees benefits

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

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

(o) Tax on profit

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

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

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

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

Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities arising from transactions that are not business combinations and that affects neither the accounting profit nor fiscal profit, and differences arising on investments in subsidiaries, provided that they are not resumed in the near future. Deferred tax is calculated using tax rates expected to be applicable to temporary differences upon their resumption, based on the legislation in force on the reporting date or issued on the reporting date and which will enter into force thereafter.

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

(o) Tax on profit (continued)

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

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

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

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

For the period ended as at 30 June 2019 and at 30 June 2018, the income tax rate was 16%. The tax rate related to taxable dividend income for the period ended as at 30 June 2019 and at 30 June 2018 was of 5%.

(p) Earnings per share

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

(q) Dividends to be distributed

Dividends are treated as an appropriation of profit in the period in which they were declared and approved by the General Meeting of Shareholders. Dividends not collected for three years, after expiry of prescription period are recorded directly in equity being treated as contributions from shareholders according to the decision of the General Shareholders Meeting.

(r) Subsequent events

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

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

Events after the end of the reporting period that require no adjustments are shown in the notes, when considered significant.

(s) Affiliates

Different entities or persons are considered to be in special relationship with the Company also if one of the parties, either through ownership or through contractual rights, family relationships or other similar situations, can directly or indirectly control the other party or may influence it significantly in making financial or operational decisions.

Transactions between affiliated parties represent a transfer of resources or liabilities between affiliated parties whether or not they involve a price.

Notes to financial statements

for the financial period ended 30 June 2019

3. Significant accounting policies (continued)

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

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

IFRS 17 Insurance Contracts (effective date: annual periods beginning on or after 1 January 2021)

IFRS 17 replaces IFRS 4, which was introduced as an interim standard in 2004. IFRS 4 granted companies the exemption from accounting for insurance contracts using national accounting standards resulting in different approaches. IFRS 17 requires that all insurance contracts be accounted for consistently, to the benefit of both investors and insurance companies. Insurance liabilities will be accounted for using the current value instead of the historical cost.

The Company does not consider that this Standard will have a material impact on the financial statements because it does not operate in the insurance sector.

4. Significant risks management

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

- market risk (price risk, currency risk and interest rate risk);
- credit risk;
- liquidity risk;
- risk related to taxation;
- operational risk.

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

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

(a) Market risk

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

The company is exposed to the following market risk categories:

(i) Price risk

The Company is exposed to risks associated with variation in the price of financial assets at fair value through profit or loss and of financial assets at fair value through other items of comprehensive income.

Of the total shares with an active market held by the Company, on 30 June 2019, 58% (30 December 2018: 50%) were investments in companies that were part of the BET index of the Bucharest Stock Exchange, index weighted by market capitalization and designed to reflect the overall trend of prices of the most liquid sixteen shares traded on the Bucharest Stock Exchange.

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

Notes to financial statements

for the financial period ended 30 June 2019

4. Significant risks management (continued)

(a) Market risk

(i) Price risk

A positive variation of 10% in the price of financial assets at fair value through profit or loss would lead to an increase in profit after tax at 30 June 2019 with 68,220,519 lei (31 December 2018: 66,842,195 lei), a negative variation 10 % having an equal net impact and of opposite sign.

A positive variation of 10% in the price of financial assets at fair value through other items of comprehensive income would lead to an increase in equity, net of profit tax at 30 June 2019 with 62,054,890 lei, a negative variation 10% having an equal net impact and of opposite sign.

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

<i>In LEI</i>	30 June 2019	%	31 December 2018	%
Financial, banking and insurance	498,864,542	43%	417,021,602	40%
Real estate, rentals and other services	75,979,595	7%	86,852,178	8%
Wholesale, retail, tourism and restaurants	111,845,610	10%	95,307,972	9%
Building materials industry	80,902,735	7%	68,733,152	7%
Agriculture, livestock, fishing	25,097,680	2%	25,097,680	2%
Metallic construction and metal products	39,183,163	3%	55,019,204	5%
Pharmaceutical and medical industry	207,381,940	18%	195,695,049	19%
Chemical and petrochemical industry	-	0%	11,512,234	1%
Energy industry	63,823,162	5%	46,704,803	5%
Mining industry	31,278,302	3%	-	0%
Others	34,280,356	3%	30,888,789	3%
TOTAL	1,168,637,085	100%	1,032,832,663	100%

As can be noticed from the above table, on 30 June 2019 the Company had mainly shares in companies active in financial, banking and insurance sector, accounting for 43% of the total portfolio, increasing from 40% as registered as at 31 December 2018. On the other hand, 18% of the equity portfolio at 30 June 2019, decreasing from 19% as registered as at 31 December 2018 represents holdings in companies in the pharmaceutical and medical industry.

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

There are also exposed to price risk the bonds held by the Company at OPUS Chartered Issuances S.A. and Banca Transilvania S.A., classified within the category of financial assets at fair value through profit or loss, amounting to 89,958,016 lei (31 December 2018: 87,254,836 lei), see note 14.

(ii) Interest rate risk

The company faces interest rate risk exposure due to exposure to unfavorable interest rate fluctuations. The change in market interest rates directly affects income and expenses related to financial assets and liabilities bearing floating interest rates and the market value of the interest-bearing instruments (for example, the bonds).

Notes to financial statements

for the financial period ended 30 June 2019

4. Significant risks management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 30 June 2019 and 31 December 2018, most of the Company's assets and liabilities are not interest bearing. As a result, the Company is not directly affected significantly by the risk of interest rate fluctuations. Cash and cash equivalents are generally invested in short-term interest rates. However, lowering the yield on the market can affect the evaluation value of assets held by the Company.

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

The Company does not use derivative financial instruments to protect itself against interest rate fluctuations. The impact on net profit of the Company of a change of $\pm 1.00\%$ interest rate related to variable interest-bearing assets and liabilities denominated in other currencies in conjunction with a change of $\pm 5.00\%$ interest rate related to variable interest-bearing assets and liabilities denominated in lei is of $\pm 9,916$ lei (31 December 2018: $\pm 9,767$ lei).

(iii) Currency risk

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

Financial assets and liabilities denominated in LEI and foreign currencies as of 30 June 2019 and 31 December 2018 are presented in the following tables.

Notes to financial statements

for the financial period ended 30 June 2019

4. Significant risks management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

30 June 2019

<i>In LEI</i>	Book value	LEI	USD	EUR
Financial assets				
Cash and cash equivalents	1,795,535	1,793,422	810	1,303
Deposits with banks	60,300,568	60,300,568	-	-
Financial assets at fair value through profit and loss	724,959,243	635,001,227	-	89,958,016
Financial assets at fair value through other items of comprehensive income	710,066,047	710,066,047	-	-
Financial assets measured at amortized cost	11,332,475	1,005,121	-	10,327,354
Other liabilities	12,751,720	12,751,720	-	-
TOTAL	1,521,205,588	1,420,918,105	810	100,286,673
Financial liabilities				
Dividends payment	43,805,394	43,805,394	-	-
Other liabilities	2,608,644	2,029,739	-	578,905
TOTAL	46,414,038	45,835,133	-	578,905

Notes to financial statements

for the financial period ended 30 June 2019

4. Significant risks management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

31 December 2018

<i>In LEI</i>	Book value	LEI	USD	EUR
Financial assets				
Cash and cash equivalents	1,079,966	1,071,309	703	7,954
Deposits with banks	29,381,709	29,381,709	-	-
Financial assets at fair value through profit and loss	710,614,051	623,359,215	-	87,254,836
Financial assets at fair value through other items of comprehensive income	585,329,963	585,329,963	-	-
Financial assets measured at amortized cost	10,171,781	-	-	10,171,781
Other assets	8,956,361	8,956,361	-	-
TOTAL	<u>1,345,533,831</u>	<u>1,248,098,557</u>	<u>703</u>	<u>97,434,571</u>
Financial liabilities				
Dividends payment	66,635,384	66,635,384	-	-
Other liabilities	4,461,325	4,461,325	-	-
TOTAL	<u>71,096,709</u>	<u>71,096,709</u>	<u>-</u>	<u>-</u>

The net impact on Company's profit of a change of $\pm 5\%$ of the RON/ EUR currency rate together with a modification of $\pm 5\%$ of the RON/ USD currency rate as of 30 June 2019, all other variables remaining constant, is of $\pm 4, 212,074$ lei (31 December 2018: $\pm 4,092,282$ lei).

(b) Credit risk

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

The Company's maximum exposure to credit risk amounts to 80,792,887 Lei as at 30 June 2019 and to 43,128,359 lei as at 31 December 2018 and may be analyzed as follows:

Notes to financial statements

for the financial period ended 30 June 2019

4. Significant risks management (continued)

(b) Credit risk (continued)

<i>In LEI</i>	30 June 2019	31 December 2018
<i>Exposures of current accounts and deposits with banks (Note 12 and Note 13)</i>		
Banca Transilvania S.A.	7,473,147	3,424
Libra Internet Bank S.A.	85,736	7,213,518
Banca Comercială Română S.A.	384	526
BRD - Groupe Societe Generale S.A.	1,655,668	8,333,421
Credit Europe Bank S.A.	27,140,521	6,521,727
Marfin Bank S.A.	198	5,973
Banca Comercială Feroviară S.A.	2,942	5,201
Banca Comercială Intesa Sanpaolo Bank	25,383,074	8,022,723
Other commercial banks	352,049	354,587
Total	62,093,719	30,461,100

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

Impact Developer&Contractor S.A. Bonds	4,735,100	4,663,900
Medimfarm S.A. Bonds	5,396,996	5,315,843
Capital Leasing IFN S.A. Bonds	1,000,000	-
Other bonds and related interest	200,379	192,038
Total	11,332,475	10,171,781

Financial assets measured at amortized cost classified according to maturity:

- current (Medimfarm S.A., Impact Developer&Contractor S.A., Capital Leasing IFN S.A. Bonds and related interest)	11,332,475	10,171,781
Total	11,332,475	10,171,781

Notes to financial statements

for the financial period ended 30 June 2019

4. Significant risks management (continued)

(b) Credit risk (continued)

<i>In LEI</i>	30 June 2019	31 December 2018
<i>Various Debtors and Commercial Receivables (Note 15)</i>		
Consol S.A.	2,051,503	2,056,149
Banca Română de Scont S.A.	1,283,228	1,283,228
Autoritatea Administrării Activelor Statului	1,153,625	1,153,625
Timpuri Noi S.A.	2,529,526	2,529,526
Transchim S.A.	-	2,250,243
Siderca S.A.	410,334	410,334
Dividends to be received	3,201,491	811,658
Other various debtors	5,382,768	3,018,111
Impairment of trade receivables and various debtors	(8,645,782)	(11,017,397)
Total	<u>7,366,693</u>	<u>2,495,478</u>

Various debtors and trade receivables classified according to maturity:

- current (various debtors and dividends to be received)	7,366,693	2,495,478
- outstanding, adjustments of gross values (various debtors and dividends to be received)	8,645,782	11,017,397
- adjustments for various debtors (Consol S.A., Banca Română de Scont S.A., Autoritatea Administrării Activelor Statului, Siderca S.A., Timpuri Noi S.A.) and outstanding dividends to be received	(8,645,782)	(11,017,397)
Total	<u>7,366,693</u>	<u>2,495,478</u>
Total exposure	<u>80,792,887</u>	<u>43,128,359</u>

Notes to financial statements

for the financial period ended 30 June 2019

4. Significant risks management (continued)

(c) Liquidity risk

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

The structure of assets and liabilities was analyzed based on the period remaining as of the financial position statement date to contractual maturity date, both for the period ended as at 30 June 2019, and for the financial exercise ended 31 December 2018 is as follows:

30 June 2019

<i>În LEI</i>	Book value	Below 3 months	Between 3 and 12 months	More than 1 year	Without default maturity
Financial assets					
Cash and cash equivalents	1,795,535	1,793,151	-	-	2,384
Deposits with banks	60,300,568	60,288,594	-	-	11,974
Financial assets at fair value through profit or loss	724,959,243	1,373,175	1,137,330	87,447,511	635,001,227
Financial assets at fair value through other items of comprehensive income	710,066,047	-	-	-	710,066,047
Financial assets measured at amortized cost	11,332,475	186,307	14,072	11,132,096	-
Other assets	12,751,720	12,751,720	-	-	-
Total financial assets	1,521,205,588	76,392,947	1,151,402	98,579,607	1,345,081,632
Financial liabilities					
Dividends payment	43,805,394	43,805,394	-	-	-
Other liabilities	2,608,644	2,054,376	77,976	476,292	-
Total financial liabilities	46,414,038	45,859,770	77,976	476,292	-
Liquidity surplus	1,474,791,550	30,533,177	1,073,426	98,103,315	1,345,081,632

Notes to financial statements

for the financial period ended 30 June 2019

4. Significant risks management (continued)

(c) Liquidity risk (continued)

31 December 2018

<i>In LEI</i>	Book value	Below 3 months	Between 3 and 12 months	More than 1 year	Without default maturity
Financial assets					
Cash and cash equivalents	1,079,966	1,079,391	-	-	575
Deposits with banks	29,381,709	29,369,735	-	-	11,974
Financial assets at fair value through profit or loss	710,614,051	38,881	548,342	86,667,613	623,359,215
Financial assets at fair value through other items of comprehensive income	585,329,963	-	-	-	585,329,963
Financial assets measured at amortized cost	10,171,781	9,552	182,486	9,979,743	-
Other assets	8,956,361	8,956,361	-	-	-
Total financial assets	1,345,533,831	39,453,920	730,828	96,647,356	1,208,701,727
Financial liabilities					
Dividends payment	66,635,384	66,635,384	-	-	-
Other liabilities	4,461,325	4,461,325	-	-	-
Total financial liabilities	71,096,709	71,096,709	-	-	-
Liquidity surplus / (deficit)	1,274,437,122	(31,642,789)	730,828	96,647,356	1,208,701,727

Taking into consideration the statistical data relating to the previous years regarding shareholders' demand for dividends in the year following the distribution, the Management of the Company considers that their share is insignificant from the undistributed dividends on 31 December 2018.

(d) Taxation risk

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

In terms of profit tax, there is a risk of different interpretation by the tax authorities of the fiscal rules applied according to IFRS accounting regulations.

Romanian Government has a number of agencies authorized to conduct audits (controls) of companies operating in Romania. These controls are similar to tax audits in other countries, and may extend not only to tax matters, but also to other legal and regulatory issues of interest to these agencies. It is possible that the Company may be subject to tax audits on the extent of issuing new tax regulations.

Notes to financial statements

for the financial period ended 30 June 2019

4. Significant risks administration (continued)

(f) Operational risk

Operational risk is the risk of incurring losses or not reaching the estimated profits due to internal factors such as inappropriate conduct of internal activities, the existence of inadequate personnel or systems or due to external factors such as economic conditions, changes in capital market, technological progress. Operational risk is inherent in all activities of the Company.

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

(g) Capital adequacy

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

5. Significant accounting estimates and judgments

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

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

Key sources of uncertainty of estimation

Impairment of assets measured at amortized cost

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

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

Determining the fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques in accounting policy described in Note 3 (e) (v). For financial instruments rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates of the degree of liquidity, the degree of concentration, uncertainty of market factors, assumptions of price and other risks affecting the respective financial instrument.

Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices, prices quoted on inactive markets) or indirectly (ie derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes items that are not based on observable data and for which unobservable input parameters can have a significant effect on the assessment of the instrument. This category includes instruments that are valued based on quoted prices for similar instruments but which are subject to adjustments based largely on unobservable data or estimates to reflect the difference between the two instruments

Notes to financial statements

for the financial period ended 30 June 2019

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or the prices quoted by brokers. For all other financial instruments, the Company determines fair value by using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Assumptions and variables used in valuation techniques include risk-free interest rates and reference rates, margins for credit risk and other premiums used in estimating discount rates, yields on bonds and equity, exchange rates, indices price of capital, volatilities and correlations predicted. The purpose of valuation techniques is to determine the fair value of financial instruments which reflect the price at the reporting date, the price that would be determined under objective conditions by market participants.

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

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

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

30 June 2019

<i>In LEI</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	224,843,543	-	500,115,700	724,959,243
Financial assets at fair value through other items of comprehensive income	582,035,658	85,550,057	42,480,332	710,066,047
	806,879,201	85,550,057	542,596,032	1,435,025,290

31 Decembet 2018

<i>În LEI</i>	Nivel 1	Nivel 2	Nivel 3	Total
Financial assets at fair value through profit or loss	212,145,472	-	498,468,579	710,614,051
Financial assets available for sale at fair value	493,298,015	53,199,450	38,832,498	585,329,963
	705,443,487	53,199,450	537,301,077	1,295,944,014

Notes to financial statements

for the financial period ended 30 June 2019

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

For the period ended as at 30 June 2019, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy, instruments held in bonds amounting to 89,958,016 Lei, closed-end fund units in the amount of 150,368,839 lei and shares held in eleven companies whose fair value of 259,788,845 Lei was determined using evaluation models in accordance with the ANEVAR Valuation Standards.

For the period ended 30 June 2019, the Company presented financial assets at fair value through other comprehensive income on level 3 of the fair value hierarchy, shares held in several companies whose fair value of 42,480,332 Lei was determined using models of assessment according to the ANEVAR Assessment Standards and professional reasoning, using different evaluation models, taking into account the credibility, quantity and quality of the available information.

For the financial period ended as at 31 December 2018, the Company presented financial assets at fair value through profit or loss on fair value hierarchy level 3, instruments held in bonds amounting to 86,206,075 Lei, closed-end fund units amounting to 152,473,659 Lei and shares held in eleven companies whose fair value amounting to 259,788,845 Lei was determined using valuation models according to ANEVAR Valuation Standards..

For the financial period ended as at 31 December 2018, the Company presented financial assets at fair value through other items of the comprehensive income on level 3 of the fair value hierarchy, the shares held at several companies whose fair value of 38,832,498 Lei was determined using valuation models in accordance with the ANEVAR Valuation Standards and professional judgment by using different evaluation models, taking into account the credibility, quantity and quality of available information.

The principal assumptions used in the valuation model for financial assets at fair value - shares as at 31 December 2018, together with related amounts are presented in the following table:

Assumptions used in the valuation model	Value of the indicator used in the valuation as at 31 December 2018
The annual change in EBITDA	0% - 6%
Perpetual variation of revenues and expenses	2.00%
Weighted average cost of capital (WACC)	8,2% - 12,8%

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

Notes to financial statements

for the financial period ended 30 June 2019

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

Changing variable at the valuation as at 31 December 2018	Impact on the profit and loss account	Impact on other elements of comprehensive result
Increase of EBITDA with 3%	8,916,881	175,230
Decrease of EBITDA with 3%	(8,015,666)	(140,127)
Increase of WACC with 0,5%	(9,618,161)	(70,101)
Decrease of WACC with 0,5%	10,857,744	70,111
Increase of perpetuity of revenues and expenses with 0,5%	6,380,338	-
Decrease of perpetuity of revenues and expenses with 0,5%	(5,628,733)	-

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

Under the evaluation model for financial assets at fair value through profit or loss - fund units and bonds, a positive change of fair value of 10% leads to a increase in profit after tax of 20,187,456 Lei at 30 June 2019 (31 December 2018: 20,049,098 Lei), a negative change of 10% having an equal net impact and of opposite sign.

Notes to financial statements

for the financial period ended 30 June 2019

5. Significant accounting estimates and judgments (continued)

Fair value hierarchy (continued)

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

<i>In LEI</i>	Financial assets at fair value through profit or loss	Financial assets measured at fair value through other items of comprehensive income
31 December 2017	98,683,282	404,672,354
Restatement according to the adoption of IFRS 9	152,229,481	(152,229,481)
Restatement according to IFRS 10	252,442,873	(252,442,873)
Transfers to level 3	-	37,991,410
Gains or losses for the period included in profit or loss	(32,951,091)	
Gains or losses for the period included in other items of comprehensive income	-	841,088
Acquisitions, participations to share capital	69,052,850	-
Sales	(40,988,817)	-
31 December 2018	498,468,579	38,832,498
Transfers to level 3	1,013,129	-
Transfers from level 3	-	(160,178)
Gains or losses for the period included in profit or loss	12,489,376	-
Gains or losses for the period included in other items of comprehensive income	-	5,461,558
Sales	(11,855,384)	(1,653,546)
30 June 2019	500,115,700	42,480,332

Classification of financial assets and liabilities

The Company's accounting policies provide the basis so that the assets and liabilities to be classified, initially, in various accounting categories. For the classification of assets and liabilities at fair value through profit or loss, the Company has determined to have met one or more criteria as presented in note 3 (e) (i). Details of the classification of financial assets and liabilities of the Company are presented in Note 21.

Notes to financial statements

for the financial period ended 30 June 2019

6. Dividend income

Dividend income is recorded on a gross basis. Tax rates on dividends for the financial period ended as at 30 June 2019 was of 5% and zero (financial period ended as at 30 June 2018: 5% and zero). Details on the main counterparts of dividend income is presented below:

<i>In LEI</i>	30 June 2019	30 June 2018
Banca Transilvania S.A.	21,686,672	15,216,374
BRD GSG S.A.	8,993,229	5,948,757
Voluthema Property Developer S.A.	-	5,790,747
SNGN Romgaz S.A.	5,123,116	-
SIF Oltenia S.A.	2,610,000	-
CI-CO S.A.	1,681,847	2,088,019
Firos S.A.	1,407,788	-
FIA Certinvest Actiuni	1,086,384	-
OMV Petrom S.A.	929,265	614,345
Alro S.A.	452,984	-
SNTGN Transgaz S.A.	450,528	943,904
Casa de Bucovina Club de Munte S.A.	-	447,601
Gecsatherm S.A.	-	430,292
Bursa de Valori București S.A.	395,525	592,340
Gecsat S.A.	330,501	686,511
ICPE S.A.	-	385,492
Conpet S.A.	265,825	286,251
Others	1,002,357	947,435
Total	46,416,022	34,378,069

7. Interest income

<i>In LEI</i>	30 June 2019	30 June 2018
Income from interest on deposits and current bank accounts	405,913	164,406
Interest income on financial assets measured at amortized cost	327,627	133,054
Total	733,540	297,460

Notes to financial statements

for the financial period ended 30 June 2019

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

<i>In LEI</i>	30 June 2019	30 June 2018
Net gain on revaluation of financial assets at fair value through profit or loss - shares	11,055,021	26,930,019
Net gain / (Net loss) on revaluation of financial assets at fair value through profit or loss - bonds	2,738,813	(3,943,188)
Net gain / (Net loss) on revaluation of financial assets at fair value through profit or loss - fund units	12,429,057	(9,660,133)
Total	26,222,891	13,326,698

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

<i>In LEI</i>	30 June 2019	30 June 2018
Reversed losses from impairment of other assets (Note 15)	2,371,615	1,608,302
Expenses with the receivables write-off	(2,225,456)	-
Total	146,159	1,608,302

(i) During the financial period ended 30 June 2019, the Company derecognized the receivable held at Transchim S.A. amounting to 2,139,847 lei, as a result of the closing of the bankruptcy procedure.

10. Other operating expenses

<i>In LEI</i>	30 June 2019	30 June 2018
Expenditure on external benefits	374,269	356,897
Expenditure on commissions	711,300	726,450
Custody fees	135,969	142,909
Trading costs	85,224	74,570
Protocol, advertising and advertising expenses	80,156	82,916
Expenses with depreciation of the asset representing rights to use the underlying assets (Note 15 (ii))	57,114	-
Other operating expenses (i)	47,461	44,170
Total	1,491,493	1,427,912

Notes to financial statements

for the financial period ended 30 June 2019

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

11. Income tax

<i>In LEI</i>	30 June 2019	30 June 2018
Current income tax		
Current income tax 16%	1,022,472	3,668,989
Dividend tax (5%)	2,067,556	1,215,678
	3,090,028	4,884,667
Deferred income tax		
Adjustments for impairment of other assets	(553,681)	238,702
	(553,681)	238,702
Total	2,536,347	5,123,369

Reconciliation of profit before taxation with the income tax expense:

<i>In LEI</i>	30 June 2019	30 June 2018
Profit before tax	63,736,199	39,218,025
Tax under statutory tax rate of 16% (2018: 16%)	10,197,792	6,274,884
Effect on income tax of:		
Dividends tax rates	2,067,556	1,215,678
Items similar to income resulting from the adoption of IFRS 9	-	7,437,025
Items similar to expenditures following the adoption of IFRS 9	(474,666)	(430,754)
Non-deductible expenses	2,831,125	1,557,179
Non-taxable income	(11,283,321)	(11,169,346)
Amounts representing sponsorship within legal limits	(248,458)	-
Recording and reversal of temporary differences	(553,681)	238,702
Income tax	2,536,347	5,123,369

Notes to financial statements

for the financial period ended 30 June 2019

12. Cash and current accounts

<i>In LEI</i>	30 June 2019	31 December 2018
Cash in the petty cash	2,384	575
Current accounts at banks	1,793,151	1,079,391
Total	1,795,535	1,079,966

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

13. Deposits with banks

<i>In LEI</i>	30 June 2019	31 December 2018
Bank deposits with an initial maturity less than 3 months (i)	35,585,656	19,321,962
Bank deposits with an initial maturity more than 3 months and less than 1 year (i)	24,592,500	10,000,000
Receivables attached	110,438	47,773
Blocked deposits	11,974	11,974
Total deposits with banks	60,300,568	29,381,709

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

14. Financial assets

a) Financial assets at fair value through profit or loss

<i>In LEI</i>	30 June 2019	31 December 2018
Bonds (i)	89,958,016	87,254,836
Shares (ii)	458,571,038	447,502,700
Fund units (iii) (Note 24)	176,430,189	175,856,515
Total	724,959,243	710,614,051

Notes to financial statements

for the financial period ended 30 June 2019

14. Financial assets (continued)

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

(i) During 2017, the Company invested in bonds issued by OPUS Chartered Issuances SA with a one-year maturity, an acquisition cost of 29,205,275 lei, equivalent to 6,389,253 EUR for a number of 501 units and a fix annual interest amounting to 200.00 EUR per bond. The acquisition of this type of securities is part of the investment policy of SIF Muntenia S.A. to diversify the investment portfolio.

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

As at 30 June 2019, the Company evaluated these securities using a valuation model that takes into account the Bloomberg closing price of 13,618.84 EUR/certificate (31 December 2018: 12,522.18 EUR/certificate).

During 2016, the Company invested in bonds issued by OPUS Chartered Issuances SA with a maturity of two years, an acquisition cost of 44,621,357 lei, equivalent of 10,000,080 EUR for a total of 1,140 units and a fix annual interest amounting to 200.00 EUR per bond. The purchase of such securities in the investment policy is part the investment policy of SIF Muntenia S.A. to diversify the investment portfolio.

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

As at 30 June 2019, the Company evaluated these securities using a valuation model that takes into account the Bloomberg closing quotation of 10,635.45 EUR/certificate (31 December 2018: 11,041.68 EUR/certificate) as well as an adjustment factor that mainly concerns the liquidity risk in the underlying asset market and its effect on the price of the securities issued by the issuer. The aforementioned adjustment factor determined the decrease in the fair value of these securities by 2,270,568 lei, recorded on the basis of the profit or loss in 2016 and not reversed in the financial period ended as at 30 June 2019.

The bonds held with Banca Transilvania were also classified in this category, bonds containing contractual clauses regarding the option to convert them into shares and, from the analysis of contractual terms, cash flows are not exclusively payments of the principal and the interest on the principal due, which are related to a basic lending agreement (Note 25).

On 30 June 2019, the fair value of the bonds is 1,215,455 lei (31 December 2018: 1,048,761 lei).

(ii) Starting with 1 January 2018, the Company adopted IFRS 9 and applied IFRS 10 on the exception to consolidation (Note 25 and Note 26). Applying this exception implies that an investment entity must measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9 (Note 2 a). On 30 June 2019, the fair value of the subsidiaries is 457,746,440 Lei (31 December 2018: 446,913,400 Lei).

The shares held at Purcari Wineries Public Company Limited that were acquired during the period ended as at 31 December 2018 were also classified in this category. The fair value of this holding is 824,598 lei as at 30 June 2019 (31 December 2018: 589,300 Lei).

Notes to financial statements

for the financial period ended 30 June 2019

The fair value measurements of shares was made by multiplying the number of shares held with the closing price on the last trading day of the reporting period or by obtaining valuation reports prepared by independent valuers.

14. Financial assets (continued)

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

(iii) As at 30 June 2019, the Company owns fund units valued at fair value, of which: open-end investment funds (Star Next, Star Focus, Prosper Invest, Active Dinamic) amounting to 20,635,241 lei and closed-end investment funds/alternative investment funds (BET-FI Index Invest, Multicapital Invest, Active Plus, Star Value, Optim Invest, Certinvest Actiuni and Romania Strategy Fund) amounting to 155,794,948 lei.

b) Financial assets at fair value through other items of comprehensive income

<i>In LEI</i>	30 June 2019	31 December 2018
Shares valued at fair value (i)	710,066,047	585,329,963
Total	710,066,047	585,329,963

(i) The fair value was determined at the closing price on the last trading day of the reporting period or it was determined using valuation models according to ANEVAR Valuation Standards. As at 30 June 2019 and 31 December 2018, the shares category measured at fair value includes mainly the value of the shares held in BRD - Groupe Societe Generale S.A., Banca Transilvania S.A., SIF Banat-Crişana S.A., SIF Oltenia S.A., SNGN Romgaz S.A..

Notes to financial statements

for the financial period ended 30 June 2019

14. Financial assets (continued)

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

The movement of financial assets at fair value through other items of comprehensive income during the financial period ended as at 30 June 2019 is presented in the following table:

<i>In LEI</i>	Shares valued at fair value	Shares valued at cost	Fund units	Total
31 December 2018	585,329,963	-	-	585,329,963
Net change during the period (i)	6,975,228	-	-	6,975,228
Changes in fair value	117,760,856	-	-	117,760,856
30 June 2019	710,066,047	-	-	710,066,047

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

<i>In LEI</i>	Shares valued at fair value	Shares valued at cost	Fund units	Total
31 December 2017	905,239,333	79,726,697	179,731,361	1,164,697,391
Reclassification as at 1 January 2018 following the adoption of IFRS 9 (Note 25)	79,726,697	(79,726,697)	(179,731,361)	(179,731,361)
Reclassification as at 1 January 2018 due to IFRS 10 (Note 25)	(425,431,656)	-	-	(425,431,656)
Net change during the period (i)	11,123,860	-	-	11,123,860
Changes in fair value	26,745,175	-	-	26,745,175
30 June 2018	597,403,409	-	-	597,403,409

Notes to financial statements

for the financial period ended 30 June 2019

14. Financial assets (continued)

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

(i) Inputs of shares during the period ended as at 30 June 2019 represent: purchases of shares on a regulated market: BRD - Groupe Societe Generale S.A. and Banca Transilvania S.A.

Outputs of shares during the period ended as at 30 June 2019 represent: sales of shares in the portfolio from the following issuers: SN Nuclearelectrica S.A., Minerva S.A., Primcom S.A., Alro S.A., Banca Transilvania S.A., OMV Petrom S.A., Galeriile Victoria S.A. and Chimopar S.A., shares in the de-registered companies: Foraj Sonde București Internațional S.A. and Transchim S.A.

Inputs of shares during the period ended as at 30 June 2018 represent: acquisition of shares on a regulated market, such as: SNGN Romgaz S.A., BRD Group Societe Generale S.A., Macofil S.A., Banca Transilvania S.A. and OMV Petrom S.A., participation in the share capital increase of Bursa de Valori Bucuresti S.A. and ICPE S.A..

Outputs of shares during the period ended as at 30 June 2018 represent: sales of shares in the portfolio from the following issuers: Conpet S.A., Alumil Rom Industry S.A., Primcom S.A., Complex Cabana Ciucaș S.A., shares in de-registered companies: Urbis Armături Sanitare S.A., Metaplast S.A., Tehnopam S.A., Sibex Sibiu Stock Exchange S.A., Suinprod S.A., Sticlă S.A. withdrawals from companies: Depozitarul Sibex S.A., Pavcom S.A., decrease of share capital: Gecsat S.A.

c) Financial assets measured at amortized cost

<i>In LEI</i>	30 June 2019	31 December 2018
Corporate bonds - other currencies	10,327,354	10,171,781
Corporate bonds - LEI	1,005,121	-
TOTAL	11,332,475	10,171,781
of which with maturity in more than a year:		
Corporate bonds - other currencies	10,132,096	9,979,743
Corporate bonds - LEI	1,000,000	-

As at 30 June 2019, the Company holds unlisted bonds issued by Medimfarm S.A., Capital Leasing IFN S.A. and listed bonds issued by Impact Developer & Contractor S.A.

As at 31 December 2018, the Company holds unlisted bonds issued by Medimfarm S.A. and listed bonds issued by Impact Developer & Contractor S.A..

Notes to financial statements

for the financial period ended 30 June 2019

15. Other assets

<i>In LEI</i>	30 June 2019	31 December 2018
Various debtors	12,810,985	12,701,217
Dividends to be received	3,201,491	811,658
Current income tax receivables (i)	5,385,027	6,460,883
Assets representing rights to use underlying assets under a lease contract (ii)	561,618	-
Tangible assets	70,739	104,392
Other assets	27,662	39,460
Adjustments for impairment of various debtors	(7,878,482)	(10,261,634)
Adjustments for impairment of dividends receivables	(767,301)	(755,763)
Total	13,411,739	9,100,213
<i>Of which, with credit risk (Note 4 b)):</i>	7,366,693	2,495,478

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

<i>In LEI</i>	
as at 1 January 2019	(11,017,397)
Reversal of Impairment Adjustments (Note 9)	2,371,615
as at 30 June 2019	(8,645,782)

As at 30 June 2019 the current tax expense was 1,022,472 lei (Note 11), and during the period ended 30 June 2019, offsets of fiscal debts amounting to 53,384 lei were made, resulting in a receivable with the current profit tax as at 30 June 2019 of 5,385,027 lei.

As at 31 December 2018 current tax expense was 518,169 Lei (Note 11), and the income tax paid in the financial year ended as at 31 December 2018 amounted to 6,979,052 Lei, resulting in a current tax liability as at 31 December 2018 of 6,460,883 lei.

(ii) As of 1 January 2019, the Company has adopted IFRS 16, for which it has recognized in the statement of financial position assets and liabilities related to the restatement of the lease contract as a lessee.

The company concluded in 2014 a lease contract for the right to use the space in 16, Splaiul Unirii, sector 4, Bucharest, as a tenant. The Company has estimated the initial value of the asset related to the right to use at an amount equal to the current debt at the time of the transaction resulting from this contract of 618,732 RON (equivalent in foreign currency: 132,664 euro)

The accumulated depreciation of this asset up to 30 June 2019 is 57,114 lei (Note 10), resulting in a net book value of 561,618 lei. Under IFRS 16, for this contract, the Company recognized interest expense of 21,986 lei. The total cash outflows related to the contract amounted to 70,652 lei.

Notes to financial statements

for the financial period ended 30 June 2019

16. Dividends to be paid

<i>In LEI</i>	30 June 2019	31 December 2018
Dividend to be paid for 2014 profit	-	22,463,569
Dividend to be paid for 2015 profit	16,114,058	16,187,630
Dividend to be paid for 2016 profit	14,589,731	14,697,869
Dividend to be paid for 2017 profit	13,101,605	13,286,316
Total dividends to be paid	43,805,394	66,635,384

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

17. Liabilities related to deferred income tax

Liabilities with deferred tax as at 30 June 2019 are generated by items detailed in the table below:

<i>In LEI</i>	Assets	Liabilities	Net
Financial assets at fair value through other items of comprehensive income	203,729,209	-	203,729,209
Impairment adjustments and other provisions	-	8,645,782	(8,645,782)
Total	203,729,209	8,645,782	195,083,427
Net temporary differences - 16% quota			195,083,427
Deferred income tax liabilities			31,213,348

Liabilities related to deferred income tax as at 31 December 2018 are generated by items detailed in the table below:

<i>In LEI</i>	Assets	Liabilities	Net
Financial assets at fair value through other items of comprehensive income	132,438,415	-	132,438,415
Impairment adjustments and other provisions	-	11,017,397	(11,017,397)
Total	132,438,415	11,017,397	121,421,018
Net temporary differences - 16% quota			121,421,018
Deferred income tax liabilities			19,427,363

Notes to financial statements

for the financial period ended 30 June 2019

17. Liabilities related to deferred income tax (continued)

The balance of the deferred tax directly recognized through decrease of equity amounts to 26,315,903 lei as at 30 June 2019 (31 December 2018: 13,976,237 lei), being entirely generated by financial assets at fair value through other items of comprehensive income.

18. Other liabilities

<i>In LEI</i>	30 iunie 2019	31 decembrie 2018
Suppliers - invoices to be received	1,751,417	1,976,475
Taxes and fees	17,805	722,582
Domestic suppliers	3,105	1,500,908
Liabilities related to the leasing contract (Note 15 ii))	578,905	-
Other liabilities	257,412	261,360
Total	<u>2,608,644</u>	<u>4,461,325</u>

19. Equity and reserves

(a) Share capital

The shareholding structure of the Company is the following:

31 December 2018	Shareholders number	Number of shares	Amount (LEI)	(%)
Individuals	5,949,001	501,485,470	50,148,547	62.14
Legal persons	192	305,551,045	30,555,105	37.86
Total	<u>5,949,193</u>	<u>807,036,515</u>	<u>80,703,652</u>	<u>100</u>

All shares are ordinary shares, were subscribed and paid in full by 31 December 2018. All shares have equal voting rights and a nominal value of 0.1 lei/share. The number of shares authorized to be issued is equal to the shares issued.

During the period ended as at 30 June 2019 there were no changes in the number of issued shares.

The presentation of the shareholding structure on 30 June 2019 is irrelevant.

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

<i>In LEI</i>	30 June 2019	31 December 2018
Share capital according to the Articles of Association	80,703,652	80,703,652
Hyperinflation effect - IAS 29	803,294,017	803,294,017
Restated share capital	<u>883,997,669</u>	<u>883,997,669</u>

Notes to financial statements

for the financial period ended 30 June 2019

19. Equity and reserves (continued)

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

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

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

(c) Retained earnings representing surplus from revaluation reserves - IFRS 9

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

In the period ended 30 June 2019, as a result of applying accounting policies compliant with IFRS 9 and detailed in note 3 (e) (vii), the Company recognized the net gain on disposal of financial assets in retained earnings. The surplus realized by the Company as a result of the disposal of financial assets at fair value through other elements of the comprehensive income was in the amount of 8,400,022 lei. In addition, as a result of the disposal of financial assets at fair value through profit or loss, the amount of 7,421,023 Lei was transferred from the retained earnings to retained earnings representing realized surplus.

In the financial year ended 31 December 2018, as a result of the application of the accounting policies in accordance with IFRS 9 and detailed in Note 3 e) (vii), the Company recognized in the reported result the net gain from the transfer of the financial assets. The surplus realized by the Company as a result of the transfer of the financial assets at fair value through other elements of the comprehensive income amounted to 58,908,982 lei. In addition, as a result of the transfer of financial assets at fair value through profit or loss, the amount of 13,883,054 lei was transferred from the deferred result to the deferred result representing the surplus realized.

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

(d) Legal reserves

According to legal requirements, the Company creates legal reserves in a quota of 5% of gross profit statutory recorded up to a level of 20% of the share capital according to the Articles of Association. Legal reserve value as at 30 June 2019 is of 16,140,730 lei (31 December 2018: 16,140,730 lei).

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

(e) Dividends

On 22 April 2019, by Resolution no. 3, the General Meeting of Shareholders approved the distribution of the entire profit obtained in 2018 to "Other reserves", in order to start a Redemption Program of a number of 37,036,515 shares. Therefore, during 2019, the Company will not distribute dividends.

During the year 2018, the Company distributed dividends amounting to 28,004,167 lei, respectively 0,0347 lei/share from the profit of 2017.

During the period ended 30 June 2019, the Company prescribed dividends amounting to 22,463,569 lei related to the profit of 2014, according to the Resolution no.5 of the General Meeting of Shareholders on 22 April 2019.

Notes to financial statements

for the financial period ended 30 June 2019

20. Earnings per share

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

<i>In LEI</i>	30 June 2019	30 June 2018
Net profit	61,199,852	34,094,656
Weighted average number of ordinary shares	807,036,515	807,036,515
Basic earnings per share	<u>0.076</u>	<u>0.042</u>

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

Notes to financial statements

for the financial period ended 30 June 2019

21. Financial assets and liabilities

Accounting classifications and fair values

The table below summarizes the carrying amounts and fair values of financial assets and liabilities of the Company as at 30 June 2019:

<i>In LEI</i>	Fair value through profit or loss	Fair value through other items of comprehensive income	Amortized cost	Total book value	Fair value
Cash and cash equivalents	-	-	1,795,535	1,795,535	1,795,535
Deposits with banks	-	-	60,300,568	60,300,568	60,300,568
Financial assets at fair value through profit or loss	724,959,243	-	-	724,959,243	724,959,243
Financial assets at fair value through other items of comprehensive income	-	710,066,047	-	710,066,047	710,066,047
Financial assets measured at amortized cost	-	-	11,332,475	11,332,475	12,439,379
Other financial assets	-	-	12,751,720	12,751,720	12,751,720
Total financial assets	724,959,243	710,066,047	86,180,298	1,521,205,588	1,522,312,492
Dividends to be paid	-	-	(43,805,394)	(43,805,394)	(43,805,394)
Other financial liabilities	-	-	(2,608,644)	(2,608,644)	(2,608,644)
Total financial liabilities	-	-	(46,414,038)	(46,414,038)	(46,414,038)

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

Notes to financial statements

for the financial period ended 30 June 2019

21. Financial assets and liabilities

Accounting classifications and fair values (continued)

The table below summarizes the carrying amounts and fair values of financial assets and liabilities of the Company as at 31 December 2018:

<i>In LEI</i>	Fair value through profit or loss	Fair value through other items of comprehensive	Amortized cost	Total book value	Fair value
Cash and cash equivalents	-	-	1,079,966	1,079,966	1,079,966
Deposits with banks	-	-	29,381,709	29,381,709	29,381,709
Financial assets at fair value through profit or loss	710,614,051	-	-	710,614,051	710,614,051
Financial assets at fair value through other items of comprehensive income	-	585,329,963	-	585,329,963	585,329,963
Financial assets measured at amortized cost	-	-	10,171,781	10,171,781	11,351,123
Other financial assets	-	-	8,956,361	8,956,361	8,956,361
Total financial assets	710,614,051	585,329,963	49,589,817	1,345,533,831	1,346,713,173
Dividends to be paid	-	-	(66,635,384)	(66,635,384)	(66,635,384)
Other financial liabilities	-	-	(4,461,325)	(4,461,325)	(4,461,325)
Total financial liabilities	-	-	(71,096,709)	(71,096,709)	(71,096,709)

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

Notes to financial statements

for the financial period ended 30 June 2019

22. Commitments and contingent liabilities

(a) Litigations

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

(b) Contingencies related to the environment

Environmental regulations are under development in Romania and the Company did not record any obligations at 30 June 2018 and 31 December 2018 for any anticipated costs, including legal fees and consulting studies of site, design, implementation of remedial plans concerning environmental elements. The Company's management does not consider the costs associated with any environmental problems as significant.

(c) Transfer pricing

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

23. Transactions and balances with parties under special relations

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

(i) Company's Management

The Company operates under a management contract signed with cu Societatea de Administrare a Investițiilor Muntenia Invest S.A..The majority shareholder of the Administration Company Societatea de Administrare a Investițiilor Muntenia Invest S.A is SIF Banat-Crisana S.A., holding 99.98% of the share capital on 30 June 2019.

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

In LEI

<i>Loans and receivables</i>	30 June 2019	31 December 2018
Trade receivables	-	207
Liabilities related to the management fee	(1,450,000)	(2,900,000)
<i>Revenues and expenses</i>	30 iunie 2019	30 iunie 2018
Management fee	(8,700,000)	(8,700,000)
Rental revenues	33,000	33,000

Notes to financial statements

for the financial period ended 30 June 2019

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

(ii) Key management personnel

30 June 2019

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

Transactions with the Company's personnel:

<i>Other transactions</i>	30 June 2019	30 June 2018
Expenses with the remuneration of Shareholders Representatives Council members, of which:	220,236	612,854
- gross remunerations paid to the members	215,388	595,407
	4,848	17,447
- social security and social protection expenditure		
- number of members	3	3
Expenses with salaries, of which:	29,795	29,151
- gross salaries paid or to be paid	28,782	28,513
	1,013	638
- social security and social protection expenditure		
- number of employees	2	2

As at 30 June 2019, the Company has an actual number of 2 employees and 3 members of the Shareholders Representatives Council. The Shareholders Representatives Council Members were appointed during the SGOA of SIF Muntenia dated 25 June 2018.

Notes to financial statements

for the financial period ended 30 June 2019

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

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

All subsidiaries of the Company as at 30 June 2019 and 31 December 2018 are based in Romania. For them, the ownership percentage of the Company is no different from the percentage of number of votes held. The fair value of holdings in subsidiaries and the percentage owned are presented in the table below:

Denomination of the subsidiary	Fair value ast at 30 June 2019	Fair value ast at 31 December 2018	Percentage held as at 30 June 2019	Percentage held as at 31 December 2018
Avicola București S.A.	25,097,680	25,097,680	99.40%	99.40%
Bucur S.A.	17,548,755	15,850,489	67.98%	67.98%
Casa de Bucovina - Club de Munte S.A.	8,092,820	8,000,870	67.17%	66.87%
CI-CO S.A.	44,387,862	44,387,862	97.34%	97.34%
Firos S.A.	43,692,108	43,692,108	99.69%	99.69%
FRGC IFN S.A.	9,447,499	9,447,499	53.60%	53.60%
Gecsatherm S.A.	11,934,999	11,934,999	50.00%	50.00%
Mindo S.A.	4,496,105	4,496,105	98.02%	98.02%
Muntenia Medical Competences S.A.	32,421,852	32,421,852	99.76%	99.76%
Germina Agribusiness S.A. (Semrom Muntenia S.A.)	38,059,064	38,059,064	90.68%	90.68%
Semrom Oltenia S.A.	14,680,815	14,680,815	88.49%	88.49%
Unisem S.A.	21,195,789	21,195,789	76.91%	76.91%
Voluthema Property Developer S.A.	14,375,072	14,375,072	69.11%	69.11%
Biofarm S.A.	172,316,020	163,273,196	50.98%	50.98%
Total	457,746,440	446,913,400	-	-

(iv) Associates of the Company

As at 30 June 2019 and 31 December 2018, the Company does not hold participations in associated entities.

(v) Transactions and balances with subsidiaries of the Company

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

Transactions with Company's subsidiaries

<i>Loans and receivables</i>	30 June 2019	31 December 2018
Trade receivables	10,974	10,974
Trade liabilities	(42)	(42)
<i>Revenues and expenses</i>	30 June 2019	30 June 2018
Acquisition of goods and services	(79,099)	(64,661)

Notes to financial statements

for the financial period ended 30 June 2019

24. Fund units

Fund units as at 30 June 2019 and 31 December 2018 are:

Financial assets at fair value through profit or loss	30 June 2019	31 December 2018
FÎI Multicapital Invest	10,830,660	9,840,566
FÎI BET-FI Index Invest	5,426,109	4,720,204
FÎI Omnitrend	-	12,307,175
FDI Star Next	1,269,622	1,144,265
FDI Star Focus	975,254	912,095
FDI Prosper Invest	1,443,287	1,313,577
FÎI Active Plus	43,446,775	40,508,542
FÎI Star Value	14,798,479	13,281,296
FDI Active Dinamic	16,947,078	15,292,715
FÎI Optim Invest	28,813,804	26,598,891
FIA Certinvest Acțiuni	23,596,001	23,159,669
FIA Romania Strategy Fund	28,883,120	26,777,520
Total	176,430,189	175,856,515
Financial assets at fair value through profit or loss (Note 14.a) (iii)	176,430,189	175,856,515

25. Adoption of IFRS 9 Standard

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

A. Bonds that were classified as loans and receivables and measured at amortized cost in accordance with IAS 39 were measured at amortized cost (bonds issued by Impact Developer & Contractor - Note 14 c)) or at fair value through profit or loss (bonds issued by Banca Transilvania - Note 14 (a) (iv)) in accordance with IFRS 9, depending on the analysis of contractual terms in which cash flows are not only principal payments and interest on the principal due.

Bonds that were measured at fair value through profit or loss in accordance with IAS 39 continue to be measured at fair value through profit or loss and in accordance with IFRS 9.

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

Shares held in subsidiaries are measured at fair value through profit or loss as a result of the application of IFRS 10 on the exception to consolidation for which an investment in a subsidiary is measured at fair value through profit or loss in accordance with IFRS 9 (Note 26).

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

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

Deferred tax on fund units calculated up to the date of transition to IFRS 9, amounting to 7,437,026 Lei, was reversed resulting in an increase in equity and was recognized in current income tax during the financial year ended 31 December 2018.

Notes to financial statements

for the financial period ended 30 June 2019

25. Adoption of IFRS 9 Standard (continued)

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

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

Notes to financial statements

for the financial period ended 30 June 2019

25. Adoption of IFRS 9 Standard (continued)

lei

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

Notes to financial statements

for the financial period ended 30 June 2019

26. Applying IFRS 10 on the exception to consolidation

The Company has reviewed the applicability of IFRS 10 provisions regarding the measurement criteria of SIF Muntenia as an investment entity from 1 January 2018.

An investment entity is an entity that:

- Obtains funds from one or more investors in order to provide investment management services to those investors;
- Engages in front of its investors that the purpose of its business is to invest funds only for earnings from capital appreciation, investment income, or both; and
- Quantifies and evaluates the performance of most of its investments based on fair value.

An investment entity also has the following typical features:

- Owns more than one investment;
- Has more than one investor;
- Has investors that are not related parties of the entity.

The analysis of the Company was based on the following aspects:

Communicating business objectives to investors

The Company presents and submits to the investors' approval the program of activities, the strategic administration programs and the income and expenditure budget at the General Meeting of Shareholders.

The Company provide investors with quarterly, half-yearly and annual reports with information on the outcome of the actions undertaken to raise capital and earnings from investments, by analyzing the evolution of the equity portfolio, earnings from investments and dividend income. Thus, through communications to its shareholders, the Company demonstrates that the purpose of its business is to pursue solely the increase in the value of capital and investment income.

Exit strategies (disinvestment) for investment held

An investment entity differentiates itself from other entities by not planning to keep its investments for an indefinite period, but keeping them for a limited period.

The Administration Program for 2019 describes the various disinvestment strategies for the shares and units held by SIF Muntenia and presents a specific time horizon for disinvestment.

The Company pursues the objectives of the exit strategy presented to investors. The exit strategy will be amended and / or completed each year, if appropriate, depending on the economic context in which the Company operates.

Activities carried out by the Company with its subsidiaries

The Company analyzed the transactions between the Company and its subsidiaries and the transactions between subsidiaries. The analysis shows that the Company does not obtain benefits from transactions with its subsidiaries that represent a significant source of income for the Company and are not available to other parties not related to these entities and that transactions between subsidiaries are not a substantial part of the economic activity none of the subsidiaries.

Notes to financial statements

for the financial period ended 30 June 2019

26. Applying IFRS 10 on the exception to consolidation (continued)

In the category of transactions between the Company and its subsidiaries only the operation of space rental from Voluthema Property Developer S.A is included. The space rental operation does not imply for the Company the holding of an exclusive right to lease the space owned by Voluthema Property Developer S.A. and is conducted under conditions that are available to customers who are not affiliated with Voluthema Property Developer S.A. or the SIF Muntenia Group and is not a substantial part of the Company's or subsidiary's economic activity.

During the period ended 30 June 2019, the share of expenses made with Voluthema Property Developer S.A.'s space in the Company's total expenses is 0.19%.

Transactions between subsidiaries take place under the same conditions as for non-affiliated entities or SIF Muntenia Group in order to obtain benefits that improve the value of capital and investment income, these subsidiaries carrying out economic activities in the same sectors of activity.

Transactions between subsidiaries are not a substantial part of the economic activity for any of these subsidiaries.

As of 1 January 2018, together with the change into an investment entity, in order to ensure that its subsidiaries do not engage in activities contrary to the investment entity statute, the Company examines the transactions and the conditions under which they are carried out, so that these transactions do not result in the Company failing to meet the criteria as an investment entity.

Assessing the Company's investments based on fair value

The Company measures most of the investments at fair value and has taken the necessary measures to determine fair value through alternative valuation techniques in the case of investments where there is no control or significant influence.

Starting 1 January 2018, the date of transition to IFRS 9, more than 99% of the Company's net book value is measured at fair value.

Starting 1 January 2018, the Company has reported to key management personnel, at a higher frequency, information about the fair value of its investments.

Taking into account the above, the Company meets the requirements of being an investment entity during the analyzed period.

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

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

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

Notes to financial statements

for the financial period ended 30 June 2019

27. Subsequent events

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

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

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

AOPC reports established by constituent act
The assets situation

Item	Currency	The beginning of the reporting period (31.12.2018)				The end of the reporting period (28.06.2019)				Differences (lei)
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	
I.Total assets										
1. Securities and money market instruments, of which:	RON	67,37	62,85	0,00	847.312.991,99	68,81	65,28	0,00	987.772.208,73	140.459.216,74
1. Securities and money market instruments, of which:	EUR	6,56	6,12	17.701.490,16	82.557.979,97	5,88	5,57	17.814.984,48	84.355.733,02	1.797.753,05
1.1. Securities and money market instruments admitted or traded on a Romanian regulated market, of which:	RON	67,37	62,85	0,00	847.312.991,99	68,81	65,28	0,00	987.772.208,73	140.459.216,74
1.1. Securities and money market instruments admitted or traded on a Romanian regulated market, of which:	EUR	6,56	6,12	17.701.490,16	82.557.979,97	5,88	5,57	17.814.984,48	84.355.733,02	1.797.753,05
- Admitted shares on BVB	RON	44,41	41,43	0,00	558.507.133,71	45,40	43,07	0,00	651.682.129,85	93.174.996,14
- Admitted AOPC on BVB	RON	7,06	6,59	0,00	88.805.279,04	6,49	6,16	0,00	93.178.950,72	4.373.671,68
- Admitted shares on SIBEX	RON			0,00				0,00		0,00
- Admitted shares on RASDAQ	RON			0,00				0,00		0,00
- Admitted shares on ATS	RON	8,42	7,86	0,00	105.950.883,64	6,63	6,29	0,00	95.106.532,64	-10.844.351,00
- Admitted shares on SIBEX-ATS	RON			0,00				0,00		0,00
- Unlisted but traded through BVB system	RON			0,00				0,00		0,00
- Admitted shares but not traded in the last 30 days	RON	7,48	6,98	0,00	94.049.695,60	10,30	9,77	0,00	147.804.595,52	53.754.899,92
- Admitted shares but never traded	RON			0,00				0,00		0,00
- Admitted shares and suspended from trading for more the 30 days	RON			0,00				0,00		0,00
- Admitted municipal bonds	RON			0,00				0,00		0,00
- Admitted corporate bonds	RON			0,00				0,00		0,00
- Admitted corporate bonds	EUR	6,56	6,12	17.701.490,16	82.557.979,97	5,88	5,57	17.814.984,48	84.355.733,02	1.797.753,05
- Admitted municipal bonds but not traded in the last 30 days	RON			0,00				0,00		0,00
- Admitted corporate bonds but not traded in the last 30 days	RON			0,00				0,00		0,00

AOPC reports established by constituent act
The assets situation

Item	Currency	The beginning of the reporting period (31.12.2018)				The end of the reporting period (28.06.2019)				Differences (lei)
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	
I.Total assets										
1.2. Securities and money market instruments admitted or traded on a regulated market, within a member state	RON			0,00				0,00		0,00
1.3. Securities and money market instruments admitted in the official quotation of a stock market, within a non-member state, or negotiated on another regulated market within a non-member state	RON			0,00				0,00		0,00
2. Newly issued securities	RON			0,00				0,00		0,00
3. Other securities and money market instruments, mentioned in art. 187, paragraph a), of which:	RON	15,39	14,36	0,00	193.558.596,60	12,65	12,00	0,00	181.520.728,22	-12.037.868,37
3. Other securities and money market instruments, mentioned in art. 187, paragraph a), of which:	EUR	0,53	0,50	1.435.250,57	6.693.865,14	0,47	0,45	1.434.864,95	6.794.229,04	100.363,89
- Unlisted shares	RON	15,39	14,36	0,00	193.558.596,60	12,58	11,93	0,00	180.516.095,35	-13.042.501,25
- Unlisted municipal bonds	RON			0,00				0,00		0,00
- Unlisted corporate bonds	RON			0,00		0,07	0,07	0,00	1.004.632,88	1.004.632,88
- Unlisted corporate bonds	EUR	0,53	0,50	1.435.250,57	6.693.865,14	0,47	0,45	1.434.864,95	6.794.229,04	100.363,89
4. Bank deposits, of which:	RON	2,34	2,18	0,00	29.369.734,88	4,20	3,98	0,00	60.279.825,48	30.910.090,60
4.1. Bank deposits in Romanian credit institutions;	RON	2,34	2,18	0,00	29.369.734,88	4,20	3,98	0,00	60.279.825,48	30.910.090,60
4.2. Bank deposits in member state credit institutions;	RON			0,00				0,00		0,00
4.3. Bank deposits in non-member state credit institutions;	RON			0,00				0,00		0,00
5. Derivatives traded on a regulated market:	RON			0,00				0,00		0,00
6. Structured products	RON			0,00				0,00		0,00
7. Cash and current accounts	RON	0,06	0,05	0,00	724.788,81	0,10	0,10	0,00	1.451.607,89	726.819,08
7. Cash and current accounts	EUR	0,00	0,00	1.704,30	7.948,68	0,00	0,00	274,17	1.298,22	-6.650,46
7. Cash and current accounts	GBP	0,00	0,00	1,00	5,19	0,00	0,00	1,00	5,27	0,08
7. Cash and current accounts	USD	0,00	0,00	172,69	703,47	0,00	0,00	194,78	810,03	106,56
8. Money market instruments, others than those traded on a regulated market, in accordance with art. 101 (1) letter g) of Law 297/2004.	RON			0,00				0,00		0,00
9. UCITS and non UCITS equity securities	RON	13,98	13,04	0,00	175.856.515,25	12,29	11,66	0,00	176.430.188,66	573.673,41
10. Dividends or other receivables	RON			0,00		0,05	0,04	0,00	655.468,00	655.468,00

AOPC reports established by constituent act
The assets situation

Item	Currency	The beginning of the reporting period (31.12.2018)				The end of the reporting period (28.06.2019)				Differences (lei)
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	
I.Total assets										
11. Other assets (amounts in transit, receivables from distributors, brokerage houses, tangible and intangible assets, claims, etc)	RON	0,96	0,89	0,00	12.056.625,46	0,97	0,92	0,00	13.860.883,22	1.804.257,76

Net asset value per share as of			
Item	Current period (28.06.2019)	Period of the previous year (29.06.2018)	Differences
NET ASSETS	1.435.495.600,05	1.428.147.578,53	7.348.021,52
NUMBER OF ISSUED SHARES	807.036.515,00	807.036.515,00	0,00
NET ASSET VALUE PER SHARE	1,78	1,77	0,01

Detailed statement of investments 28.06.2019

Securities admitted or traded on a Romanian regulated market - a. Shares

Issuer	Symbol	Last trading session	Owned shares	Nominal value	Share value	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
24 IANUARIE SA PLOIESTI	IANY	27/05/2019	71.479	2,5000	6,35	453.891,65	14,64	0,03	0,03
ALRO SA	ALR	28/06/2019	981.721	0,5000	2,15	2.110.700,15	0,14	0,14	0,15
ANTIBIOTICE SA IASI	ATB	28/06/2019	1.772.878	0,1000	0,50	886.439,00	0,26	0,06	0,06
ARO PALACE SA BRASOV	ARO	12/04/2019	41.825.500	0,1000	0,30	12.665.423,98	10,37	0,84	0,88
AVICOLA SA BUCURESTI	AVBW	19/04/2019	7.981.093	2,5000	3,14	25.097.680,00	99,40	1,66	1,75
BANCA TRANSILVANIA	TLV	28/06/2019	126.568.660	1,0000	2,40	303.131.940,70	2,63	20,03	21,12
BIOFARM SA BUCURESTI	BIO	28/06/2019	502.379.066	0,1000	0,34	172.316.019,64	50,98	11,39	12,00
BRD - GROUPE SOCIETE GENERALE	BRD	28/06/2019	5.741.471	1,0000	12,64	72.572.193,44	0,82	4,80	5,06
BUCUR SA BUCURESTI	BUCV	25/06/2019	56.608.888	0,1000	0,31	17.548.755,28	67,98	1,16	1,22
BURSA DE VALORI BUCURESTI	BVB	28/06/2019	351.287	10,0000	22,30	7.833.700,10	4,36	0,52	0,55
CAMEXIP SA BAICOI	CAXY	03/10/2000	33.120	2,5000	4,59	151.971,59	8,34	0,01	0,01
CASA DE BUCOVINA-CLUB DE MUNTE S.A.	BCM	28/06/2019	112.400.276	0,1000	0,07	8.092.819,87	67,17	0,54	0,56
CI-CO SA BUCURESTI	CICO	21/06/2018	2.634.060	2,5000	16,85	44.387.862,00	97,34	2,93	3,09
COCOR SA BUCURESTI	COCR	30/04/2019	30.206	40,0000	332,41	10.040.858,13	10,01	0,66	0,70
COMCEREAL SA BUCURESTI	CMIL	02/04/2015	143.589	2,5000	4,81	690.706,45	11,59	0,05	0,05
COMPANIA ENERGOPETROL SA CAMPINA	ENP	16/04/2019	160.256	2,5000	0,28	44.425,39	7,92	0,00	0,00
COMPLEX COMET SA BUCURESTI	COET	07/02/2019	40.174	2,5000	10,23	411.138,49	3,22	0,03	0,03
COMREP SA PLOIESTI	COTN	21/06/2019	120.605	2,5000	10,00	1.206.050,00	17,18	0,08	0,08
COMTURIST SA BUCURESTI	COUT	05/09/2018	16.081	2,5000	56,67	911.287,97	9,51	0,06	0,06
CONPET SA PLOIESTI	COTE	28/06/2019	35.596	3,3000	79,80	2.840.560,80	0,41	0,19	0,20
DIASFIN SA BUCURESTI	DIAS	12/09/2018	42.314	2,5000	54,02	2.285.853,65	18,60	0,15	0,16
GERMINA AGRIBUSINESS S.A.	SEOM	20/05/2019	12.250.246	2,5000	0,86	10.535.211,56	90,68	0,70	0,73
GEROM SA BUZAU	GROB	21/10/2016	742.591	1,3100	0,00	0,00	3,82	0,00	0,00
HELIOS SA Astileu	HEAL	26/06/2019	106.440	2,5000	5,60	596.064,00	7,36	0,04	0,04

Detailed statement of investments 28.06.2019

Securities admitted or traded on a Romanian regulated market - a. Shares

Issuer	Symbol	Last trading session	Owned shares	Nominal value	Share value	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
ICERP SA PLOIESTI	ICER	29/12/2014	167.395	15,0000	10,19	1.706.413,00	46,11	0,11	0,12
ICMA SA BUCURESTI	ICMA	01/09/2017	84.463	2,5000	1,61	136.266,41	7,66	0,01	0,01
ICSIM SA BUCURESTI	ICSI	12/02/2019	119.093	2,5000	10,15	1.208.857,26	6,08	0,08	0,08
INOX SA Magurele, Ilfov	INOX	27/05/2019	226.102	2,5000	0,53	119.834,06	5,15	0,01	0,01
INSTITUTUL DE CERCETARI IN TRANSPORTURI - INCERTRANS SA BUCURESTI	INCT	21/01/2019	270.392	2,5000	6,41	1.734.108,05	22,76	0,12	0,12
IOR SA BUCURESTI	IORB	28/06/2019	7.327.025	0,1000	0,22	1.611.945,50	3,31	0,11	0,11
MACOFIL SA TIRGU JIU	MACO	27/06/2019	627.909	2,5000	3,70	2.323.263,30	17,38	0,15	0,16
METALURGICA SA BUCURESTI	MECA	11/06/2019	34.127	2,5000	7,70	262.777,90	8,91	0,02	0,02
MINDO SA DOROHOI	MINO	27/06/2019	32.595.770	0,1000	0,14	4.563.407,80	98,02	0,30	0,32
OMV PETROM SA	SNP	28/06/2019	32.417.236	0,1000	0,40	12.804.808,22	0,06	0,85	0,89
PREFAB SA BUCURESTI	PREH	24/06/2019	6.295.000	0,5000	0,88	5.539.600,00	12,97	0,37	0,39
PRIMCOM SA BUCURESTI	PRIB	27/05/2019	213.267	0,1000	8,65	1.844.759,55	14,03	0,12	0,13
PROSPECTIUNI SA BUCURESTI	PRSN	28/06/2019	84.917.900	0,1000	0,07	5.731.958,25	11,83	0,38	0,40
Purcari Wineries Public Company Limited	WINE	28/06/2019	34.647	0,0100	23,80	824.598,60	0,17	0,05	0,06
ROMAERO SA BUCURESTI	RORX	25/06/2019	1.614.693	2,5000	18,90	30.517.697,70	23,24	2,02	2,13
S.N.G.N. ROMGAZ-S.A. Medias	SNG	28/06/2019	1.228.565	1,0000	32,20	39.559.793,00	0,32	2,61	2,76
SANTIERUL NAVAL ORSOVA	SNO	28/06/2019	1.504.600	2,5000	3,22	4.844.812,00	13,17	0,32	0,34
SEMROM OLTENIA SA CRAIOVA	SEOL	28/12/2018	9.879.418	0,1000	1,49	14.680.815,00	88,49	0,97	1,02
SIF BANAT-CRISANA	SIF1	28/06/2019	25.748.176	0,1000	2,22	57.160.950,72	4,98	3,78	3,98
SIF OLTENIA	SIF5	28/06/2019	17.400.000	0,1000	2,07	36.018.000,00	3,00	2,38	2,51
SINTER REF SA AZUGA	SIEP	27/05/1997	790.462	2,5000	8,03	6.345.905,38	19,40	0,42	0,44
SINTOFARM SA BUCURESTI	SINT	24/06/2019	502.180	2,5000	3,50	1.757.630,00	13,01	0,12	0,12
SOCIETATEA ENERGETICA ELECTRICA S.A.	EL	28/06/2019	100.000	10,0000	11,30	1.130.000,00	0,03	0,08	0,08
SOCIETATEA NATIONALA DE TRANSPORT GAZE NATURALE "TRANSGAZ" SA	TGN	28/06/2019	20.800	10,0000	360,00	7.488.000,00	0,18	0,50	0,52
SPIT BUCOVINA S.A. SUCEAVA	SPTU	20/12/2017	510.000	1,0000	2,58	1.318.298,06	8,58	0,09	0,09
SSIF BRK FINANCIAL GROUP S.A.	BRK	28/06/2019	62.399.290	0,1600	0,08	5.054.342,49	18,48	0,33	0,35
STICLOVAL SA VALENII DE MUNTE	STOZ	09/04/2019	884.478	2,5000	3,16	2.790.935,73	34,93	0,18	0,19
TERAPLAST S.A. BISTRITA	TRP	28/06/2019	3.304.867	0,1000	0,29	965.021,16	0,31	0,06	0,07
TRANSILVANIA LEASING SI CREDIT IFN S.A.	TSLA	28/06/2019	127.498.395	0,1000	0,02	2.868.713,89	24,72	0,19	0,20

Detailed statement of investments 28.06.2019

Securities admitted or traded on a Romanian regulated market - a. Shares

Issuer	Symbol	Last trading session	Owned shares	Nominal value	Share value	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
UNIREA SHOPPING CENTER SA BUCURESTI	SCDM	28/06/2019	297.841	2,5000	44,20	13.164.572,20	10,83	0,87	0,92
UNISEM SA BUCURESTI	UNISEM	26/03/2019	60.701.527	0,1000	0,35	21.195.789,00	76,91	1,40	1,48
VRANCART S.A. ADJUD	VNC	28/06/2019	22.480.370	0,1000	0,16	3.686.780,68	2,18	0,24	0,26
TOTAL						987.772.208,75			

Detailed statement of investments 28.06.2019
Securities mentioned in art. 187, paragraph a) - a.SHARES

	Issuer	Owned shares	Date of acquisition in the reporting period	Acquisition price in the reporting period	Share value	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1.	AGROEXPORT SA CONSTANTA CT	203.045			0,0000	0,00	18,53	0,00	0,00
2.	AGROIND UNIREA SA MANASTIREA CL	187.098			0,0000	0,00	18,80	0,00	0,00
3.	AGROSEM SA TIMISOARA TM	834			0,0000	0,00	0,04	0,00	0,00
4.	AGROZOOTEHNICA SA PUCHENII MARI PH	22.176			0,0000	0,00	5,65	0,00	0,00
5.	ALEXANDRA TURISM SA BUCURESTI BU	4.811			0,0117	56,00	1,53	0,00	0,00
6.	ALSTOM TRANSPORT SA BUCURESTI B6	20.775			190,9042	3.966.034,00	2,18	0,26	0,28
7.	ALUNIS SA BUCURESTI IF	2.653			0,0000	0,00	1,96	0,00	0,00
8.	APOLODOR SA BUCURESTI BU	843.382			0,3101	261.494,00	9,85	0,02	0,02
9.	ARCOM SA BUCURESTI BU	80.287			0,0000	0,00	22,56	0,00	0,00
10.	BANCA COMERCIALA ROMANA (BCR) B3	1			0,5301	1,00	0,00	0,00	0,00
11.	BANCA DE EXPORT-IMPORT A ROMANIEI EXIMBANK B1	564.870			8,6163	4.867.067,00	0,42	0,32	0,34
12.	BANCA INTERNATIONALA A RELIGIILOR SA BUC BU	690.743			0,0000	0,00	3,45	0,00	0,00
13.	BANKCOOP SA BUCURESTI BU	74.812			0,0000	0,00	0,16	0,00	0,00
14.	BRAIFOR SA STEFANESTI AG	1.016			27,2443	27.680,00	0,97	0,00	0,00
15.	BUCHAREST FILM STUDIOS SA IF	806.372			0,0000	0,00	2,34	0,00	0,00
16.	BUENO PANDURI SA BUCURESTI IF	107.900			0,0000	0,00	9,94	0,00	0,00
17.	CABLUL ROMANESC SA PLOIESTI PH	116.116			0,0000	0,00	17,22	0,00	0,00
18.	CLEAN INVOLVEMENT SGP SA AG	27.273			0,0000	0,00	41,38	0,00	0,00
19.	COMPAN SA DB	1.430.288			0,0000	0,00	72,71	0,00	0,00
20.	COMPANIA DE LIBRARII SA BUCURESTI BU	113.492			45,8843	5.207.506,00	9,89	0,34	0,36
21.	COMPANIA NATIONALA DE TRANSPORTURI AERIENE ROMANE TAROM SA OTOPENI IF	752.795			0,6910	520.163,00	0,08	0,03	0,04
22.	CON-DEM SA BUCURESTI BU	20.746			0,0000	0,00	0,66	0,00	0,00
23.	CONCORDIA A4 SA BUCURESTI BU	296.185			0,0000	0,00	32,55	0,00	0,00
24.	CONTOR GROUP SA AR	3.839.316			0,0000	0,00	1,98	0,00	0,00
25.	CONTRANSIMEX SA BUCURESTI BU	26.588			0,0000	0,00	10,00	0,00	0,00

Detailed statement of investments 28.06.2019

Securities mentioned in art. 187, paragraph a) - a.SHARES

	Issuer	Owned shares	Date of acquisition in the reporting period	Acquisition price in the reporting period	Share value	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
26.	CORMORAN - PROD IMPEX B3	30.632			0,0000	0,00	24,53	0,00	0,00
27.	DEPOZITARUL CENTRAL SA B2	10.128.748			0,1252	1.268.230,00	4,00	0,08	0,09
28.	ELECTRONUM SA BUCURESTI B3	8			0,0000	0,00	0,44	0,00	0,00
29.	ENERGOCONSTRUCTIA SA BUCURESTI B1	136.045			0,0000	0,00	1,77	0,00	0,00
30.	EUROTEST SA BUCURESTI B3	74.888			18,6501	1.396.670,00	30,00	0,09	0,10
31.	FIROS S.A BUCURESTI BU	2.815.576			15,5180	43.692.108,00	99,69	2,89	3,04
32.	FONDUL ROMAN DE GARANTARE A CREDITELOR PENTRU INTREPRINZATORII PRIVATI - IFN S.A. B2	8.610.644			1,0972	9.447.499,00	53,60	0,62	0,66
33.	GECSAT SA TIRNAVENI MS	41			171.867,6335	7.046.573,00	25,47	0,47	0,49
34.	GECSATHERM SA MS	98.186			121,5550	11.934.999,00	50,00	0,79	0,83
35.	GEOMIN SA BUCURESTI B3	352			5.197,4410	1.829.499,00	4,56	0,12	0,13
36.	HIDROJET SA BREAZA PH	291.387			0,0000	0,00	8,99	0,00	0,00
37.	HORTICOLA SA BUCURESTI BU	51.845			0,0000	0,00	1,22	0,00	0,00
38.	I.C.T.C.M. SA BUCURESTI BU	119.750			54,9935	6.585.468,00	30,00	0,44	0,46
39.	ICPE SA BUCURESTI BU	1.595.127			9,1176	14.543.805,00	35,05	0,96	1,01
40.	ICPPAM SA BALOTESTI BU	243.180			0,0000	0,00	15,46	0,00	0,00
41.	IFMA IMOBILIARE SA BU	101.737			27,7104	2.819.170,00	13,95	0,19	0,20
42.	INDUSTRIALEXPOR SA BUCURESTI B1	80.000			0,0000	0,00	3,20	0,00	0,00
43.	INSTITUTUL NATIONAL DE STICLA SA BUCURES BU	124.654			0,0000	0,00	24,23	0,00	0,00
44.	ISORAST TECHNOLOGY SA B4	778.563			0,0000	0,00	25,00	0,00	0,00
45.	ISPCF SA BUCURESTI BU	307.644			4,1307	1.270.770,00	16,79	0,08	0,09
46.	ITC Institutul pentru Tehnica de Calcul S.A BUCURESTI BU	964.554			3,4332	3.311.495,00	29,86	0,22	0,23
47.	MARC TRUST CONSID SA CALARASI CL	148.009			0,0000	0,00	24,86	0,00	0,00
48.	MASTER SA BUCURESTI BU	1.501.668			3,5534	5.336.058,00	12,77	0,35	0,37
49.	MUNTENIA MEDICAL COMPETENCES SA AG	1.882.496			17,2228	32.421.852,00	99,76	2,14	2,26
50.	MUNTENIA SA FILIPESTII DE PADURE PH	388.840			0,0000	0,00	25,93	0,00	0,00
51.	PAVCOM S.A. TARGOVISTE DB	2.736.691			0,0000	0,00	30,88	0,00	0,00
52.	PISCICOLA SA OLTENITA CL	30.935			0,0000	0,00	30,00	0,00	0,00
53.	PROED SA BUCURESTI BU	134.450			0,0000	0,00	10,63	0,00	0,00
54.	RAFINARIA SA DARMANESTI BC	45.059			0,0000	0,00	1,14	0,00	0,00
55.	RAFINARIA STEAUA ROMANA SA CAMPINA BU	2.357.100			0,0000	0,00	5,70	0,00	0,00

Detailed statement of investments 28.06.2019

Securities mentioned in art. 187, paragraph a) - a.SHARES

	Issuer	Owned shares	Date of acquisition in the reporting period	Acquisition price in the reporting period	Share value	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
56.	RAFO SA ONESTI BC	4.453			0,0000	0,00	0,00	0,00	0,00
57.	RESIAL SA ALBA IULIA AB	128.669			0,0000	0,00	10,14	0,00	0,00
58.	ROM VIAL SA BUCURESTI BU	400			0,0000	0,00	0,76	0,00	0,00
59.	ROMATEST SA VOLUNTARI IF	3.470			1,4215	4.933,00	0,46	0,00	0,00
60.	ROMSIT SA BUCURESTI BU	75.739			0,0000	0,00	10,73	0,00	0,00
61.	ROMSUINTEST SA PERIS BU	6.155.903			0,0000	0,00	40,05	0,00	0,00
62.	RULMENTI SA BIRLAD VS	58.893			9,8319	579.031,00	0,15	0,04	0,04
63.	SALSI SA SINAIA PH	57.876			0,0000	0,00	9,64	0,00	0,00
64.	SANEVIT SA ARAD AR	45.282			0,0000	0,00	0,76	0,00	0,00
65.	SEMINA S.A ALBESTI PH	3.254.150			0,0000	0,00	70,03	0,00	0,00
66.	SEMROM TRANSILVANIA SA CLUJ NAPOCA CJ	1.089			0,0000	0,00	0,03	0,00	0,00
67.	SIDERCA SA CALARASI CL	3.676.136			0,0000	0,00	18,38	0,00	0,00
68.	STIMAS SA SUCEAVA SV	70.356			0,0000	0,00	5,99	0,00	0,00
69.	TEHNOFORESTEXPORT SA BUCURESTI BU	14.739			0,0000	0,00	10,00	0,00	0,00
70.	TUBAL COM SA BUCURESTI BU	37.979			7,4127	281.527,00	16,43	0,02	0,02
71.	TUBAL METALICA SA BUCURESTI BU	37.979			11,4230	433.833,00	16,43	0,03	0,03
72.	TURISM LOTUS FELIX S.A. BH	50.000.000			0,0992	4.960.138,00	3,95	0,33	0,35
73.	TURNATORIA CENTRALA -ORION SA CIMPINA PH	332.300			0,0000	0,00	22,89	0,00	0,00
74.	UPETROLAM SA BUCURESTI B4	38.873			6,6817	259.739,00	1,13	0,02	0,02
75.	VALEA CU PESTI SA AG	230.781			8,0926	1.867.626,00	24,81	0,12	0,13
76.	VOLUTHEMA PROPERTY DEVELOPER SA B4	2.031.841			7,0749	14.375.072,00	69,11	0,95	1,00
77.	VULCAN SA BUCURESTI B4	2.119.143			0,0000	0,00	7,13	0,00	0,00
78.	WORLD TRADE CENTER SA BUCURESTI AB	26.746			0,0000	0,00	2,68	0,00	0,00
79.	ZECASIN SA BUCURESTI BU	15.921			0,0000	0,00	11,62	0,00	0,00
TOTAL						180.516.096,00			

Detailed statement of investments 28.06.2019
**Securities mentioned in art. 187, paragraph a)
b.UNLISTED CORPORATE AND MUNICIPAL BONDS**

Issuer	No. of Bonds	Date of acquisition	Acquisition price	Bond value	Total value (lei)	Percentage in the total assets of SIF	Percentage in the net assets of SIF
BANCA TRANSILVANIA (EUR)	415.499	22.05.2013	0,6000	0,6165	1.212.996,00	0,08	0,08
MEDIMFARM SA PLOIESTI (EUR)	53.000	16.10.2018	21,5054	22,2395	5.581.233,00	0,37	0,39
CAPITAL LEASING IFN SA (LEI)	10.000	10.06.2019	100,0000	100,4633	1.004.633,00	0,07	0,07
TOTAL					7.798.862,00		

Detailed statement of investments 28.06.2019
Corporative Bonds / Bonds issued or guaranteed by the local public administration authorities - Listed bonds

Issuer	No. of Bonds	Date of acquisition	Maturity date	Acquisition price	Initial value	Daily increase	Accrued interest	Present value	Percentage in the total assets of SIF	Percentage in the net assets of SIF
IMPACT DEVELOPER & CONTRACTOR	200	19/12/2017	19.12.2022	5.000,00	1.000.000,00	157,53	1.575,34	4.742.559,40	0,31	0,33
Opus-Chartered Issuances S.A.	501	25/08/2017	24.09.2020		5.564.886,00	275,33	76.541,67	26.712.724,05	1,77	1,86
Opus-Chartered Issuances S.A.	1.140	06/09/2016	03.09.2020		10.985.209,00	624,66	186.772,60	52.900.449,57	3,50	3,69
TOTAL								84.355.733,02		

Detailed statement of investments 28.06.2019 - Bank deposits									
Bank	Filing date	Maturity date	Initial value	Daily interest	Accrued interest	Present value	Present value Lei	Percentage in the total assets of SIF	Percentage in the net assets of SIF
RON									
BANCA COMERCIALA INTESA SANPAOLO ROMANIA SA (RON)	08.05.2019	08.08.2019	8.099.500,00	641,21	33.342,94	8.132.842,94	8.132.842,94	0,54	0,57
BANCA COMERCIALA INTESA SANPAOLO ROMANIA SA (RON)	23.05.2019	22.08.2019	4.025.000,00	318,65	11.789,90	4.036.789,90	4.036.789,90	0,27	0,28
BANCA COMERCIALA INTESA SANPAOLO ROMANIA SA (RON)	27.05.2019	25.07.2019	4.036.000,00	302,70	9.989,10	4.045.989,10	4.045.989,10	0,27	0,28
BANCA COMERCIALA INTESA SANPAOLO ROMANIA SA (RON)	18.06.2019	22.08.2019	9.156.000,00	686,70	7.553,70	9.163.553,70	9.163.553,70	0,61	0,64
BANCA TRANSILVANIA Sucursala SMB (RON)	19.06.2019	19.09.2019	2.480.000,00	172,22	1.722,22	2.481.722,22	2.481.722,22	0,16	0,17
BANCA TRANSILVANIA Sucursala SMB (RON)	25.06.2019	25.09.2019	4.988.000,00	346,39	1.385,56	4.989.385,56	4.989.385,56	0,33	0,35
BRD - GROUPE SOCIETE GENERALE Sucursala MARI CLIENTI CORPORATIVI (RON)	28.06.2019	01.07.2019	1.653.655,93	75,79	75,79	1.653.731,72	1.653.731,72	0,11	0,12
CREDIT EUROPE BANK (RON)	07.05.2019	08.07.2019	3.030.000,00	236,59	12.539,22	3.042.539,22	3.042.539,22	0,20	0,21
CREDIT EUROPE BANK (RON)	03.06.2019	06.08.2019	6.210.000,00	442,36	11.501,26	6.221.501,26	6.221.501,26	0,41	0,43
CREDIT EUROPE BANK (RON)	05.06.2019	06.08.2019	1.500.000,00	106,85	2.564,38	1.502.564,38	1.502.564,38	0,10	0,10
CREDIT EUROPE BANK (RON)	18.06.2019	22.08.2019	5.000.000,00	356,16	3.917,81	5.003.917,81	5.003.917,81	0,33	0,35
CREDIT EUROPE BANK (RON)	18.06.2019	22.08.2019	5.000.000,00	356,16	3.917,81	5.003.917,81	5.003.917,81	0,33	0,35
CREDIT EUROPE BANK (RON)	25.06.2019	25.09.2019	5.000.000,00	342,47	1.369,86	5.001.369,86	5.001.369,86	0,33	0,35
TOTAL RON						60.279.825,48	60.279.825,48		
							60.279.825,48		

Titluri de participare la OPCVM / AOPC la data 28.06.2019									
Nr. crt.	Denumire fond	Data ultimei sedinte de tranzactionare	Nr. unitati de fond detinute	Valoare unitate de fond (VUAN)	Pret piata	Valoare totala valuta	Valoare totala	% in total titluri de participare ale OPCVM / AOPC	% in activul total al SIF
Titluri de participare denuminate in RON									
1	ACTIVE DINAMIC		2.938.476,904300	5,7673			16.947.077,85	95,11	1,12
2	ACTIVE PLUS		4.096,468400	10.605,9100			43.446.775,17	20,80	2,87
3	CERTINVEST ACTIUNI		108,488970	217.496,7700			23.596.000,56	24,95	1,56
4	FDI PROSPER Invest		100.085,114900	14,4206			1.443.287,41	28,92	0,10
5	FII BET-FI INDEX INVEST		8.297,000000	653,9845			5.426.109,40	59,94	0,36
6	FII MULTICAPITAL INVEST		4.337,000000	2.497,2700			10.830.659,99	25,97	0,72
7	FII OPTIM INVEST		2.843,460000	10.133,3600			28.813.803,83	18,92	1,90
8	ROMANIA STRATEGY FUND CLASS B		56.000,000000	515,7700			28.883.120,00	49,12	1,91
9	STAR FOCUS		152.631,390000	6,3896			975.253,53	16,95	0,06
10	STAR NEXT		190.539,480000	6,6633			1.269.621,72	10,68	0,08
11	STAR VALUE		15.134,000000	977,8300			14.798.479,22	30,47	0,98
Total RON							176.430.188,68		11,66
Total							176.430.188,68		11,66

Evolutia activului net si a VUAN in ultimii 3 ani la data 28.06.2019

	29.12.2017	31.12.2018	28.06.2019
ACTIV NET	1.370.925.949,61	1.257.619.659,09	1.435.495.600,05
VALOAREA UNITARA A ACTIVULUI NET	1,6987	1,5583	1,7787

ARTICLES OF INCORPORATION
of Societatea de Investiții Financiare Muntenia SA

Art. 1 Company name, legal form, headquarters and duration

- (1). The denomination of the company is "Societatea de Investiții Financiare Muntenia S.A." hereinafter referred to as SIF MUNTENIA SA. In all documents issued by SIF MUNTENIA SA, the identification data and the information requested by applicable law will be mentioned.
- (2). The legal form of SIF MUNTENIA SA is that of joint stock company, Romanian legal person, organized as an externally managed Alternative Investment Fund.
- (3). SIF MUNTENIA SA will operate in compliance with the provisions of the capital market legislation, of Law no. 31/1990 on trading companies, republished with the subsequent modifications and completions and of this Articles of Incorporation.
- (4). The company is the successor of the Private Ownership Fund IV Muntenia, reorganized and transformed according to Law no.133/1996, after it would have handed over the management to Societatea de Investitii Financiare Muntenia SA.
- (5). The company will operate under a management agreement to be concluded with Societatea de Administrare a Investițiilor Muntenia Invest S.A.
- (6). SIF Muntenia SA's registered headquarters is in Bucharest, 16, Splaiul Unirii St., sector 4. The headquarters of SIF Muntenia SA may be changed to any other location in Romania by decision of the Shareholders General Extraordinary Meeting. SIF Muntenia may set up subsidiaries, branches, agencies, representative offices, working points, both in the country and abroad, in compliance with legal requirements for authorization and advertising.
- (7). The duration of the company is unlimited.

Art. 2 Company's object of activity

- (1). The main object of activity of SIF MUNTENIA SA is "Other financial service activities, except insurance and pension funding" **NACE CODE – 6499**
- (2). SIF MUNTENIA SA will be able to carry out the following activities:
 - a) making financial investments in order to maximize the value of its own shares in accordance with the regulations in force;
 - b) management of the investment portfolio and the exercise of all rights associated with the instruments in which it invests;
 - c) risk management
 - d) other auxiliary and adjacent activities in accordance with the regulations in force

Art. 3 Share capital and shares

- (1). The subscribed and fully paid share capital amounts to 80,703,651.5 lei and it is divided into 807,036,515 nominal shares, of 0.1 lei each. Each share entitles to one vote at the Shareholders General Meeting.
- (2). The company's shares are nominative, of equal value, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is 0.1 lei. The

shares are indivisible and the company recognizes a single representative to exercise the rights arising from a share.

- (3). Investors entitled to receive dividends or benefit from the resolutions of general shareholders' meetings shall be those registered in the Shareholders' Registry held by Depozitarul Central in accordance with the law on the date established by the General Meeting of Shareholders in accordance with the regulations in force.
- (4). No natural or legal person may acquire, alone or together with persons acting in concert as defined by the legislation in force, shares issued by SIF MUNTENIA SA if, as a result of such an acquisition, the respective natural or legal person will own, alone or together with the persons with whom it acts in concert, more than 5% of the share capital of SIF MUNTENIA SA.
- (5). The voting right is suspended for the shares held by the shareholders in excess of the limit provided under paragraph (4) of this article. Within a maximum of 3 working days as of the date of reaching the 5% threshold, the persons mentioned under paragraph (4) have the obligation to inform the financial investment company, the competent authority and the regulated market on which the respective shares are traded.
- (6). Shareholders in that situation are obliged to sell the shares that exceed the holding limit within a period of three months since exceeding the 5% threshold of the share capital of SIF Muntenia SA.
- (7). Distribution of dividends will be made in compliance with statutory regulations and FSA regulations.

Art. 4 Shareholders

- (1). The company shareholder quality is certified by an account statement issued by the entity keeping the shareholders' records.

Art. 5 Trade, issue, buy back and cancellation of shares

- (1). SIF Muntenia SA shares are negotiable and transferable as provided by law.
- (2). Trading of shares issued by SIF Muntenia SA will only be done on a regulated and supervised market.
- (3). Trading of SIF Muntenia SA shares is subject to the rules applicable to the regulated market on which such shares are traded.
- (4). The Company may issue new shares in compliance with the legal regulations for the increase of the share capital
- (5). When a share becomes the property of more than one person, Depozitarul Central will refuse to register ownership until the appointment of a single representative for the exercise of the rights resulting from the share.
- (6). The Company may buy back its own shares in accordance with the legal provisions for the buy back of shares by a company admitted to trading on a regulated market.
- (7). The company may cancel the shares issued only in the cases provided for by the applicable legislation in the matter.

Art. 6 Shareholders General Meeting

- (1). Shareholders General Meeting is the supreme governing body of SIF Muntenia SA and is entitled to decide on all matters under its competence according

to law and the present Articles of Incorporation.

- (2). Shareholders General Meeting may be ordinary or extraordinary.
- (3). Shareholders General Ordinary Meeting is held at least once a year within the period specified by legal provisions in force.
- (4). In addition to debating other issues included on the agenda, the Ordinary General Meeting of Shareholders must:
 - a) discuss, approve or amend the annual financial statements based on the reports of the Administrator SAI MUNTENIA INVEST SA and of the financial auditor;
 - b) to establish the value of the amount to be distributed as dividends according to legal provisions;
 - c) to appoint and revoke the members of the Shareholders' Representatives Council;
 - d) to appoint and dismiss the financial auditor and to establish the minimum duration of the financial audit contract;
 - e) to determine the remuneration of the members of the Shareholders' Representatives Council;
 - f) to rule on the administration of the company;
 - g) to establish the revenue and expenses budget and the management strategy for the following financial year;
 - h) to decide on pledging, leasing or de-registration of one or several units of SIF MUNTENIA SA
- (5). In order to validate the deliberations of the Ordinary General Meeting of Shareholders of SIF MUNTENIA SA the presence of the shareholders holding at least one fourth of the total voting rights is required and the decisions are taken with the vote „in favor” of the shareholders holding the majority of the votes cast.
- (6). If at the first convocation the Ordinary General Meeting of Shareholders can not be held because the quorum and / or validity conditions set out in the above paragraph are not met, the Meeting that will be held after the second convocation will be able to deliberate on the issues listed on the agenda of the first convocation, whichever is the percentage of the share capital of SIF MUNTENIA SA represented by the shareholders attending the meeting personally / by a representative. In such a case, the Ordinary General Meeting of Shareholders shall adopt valid decisions by a majority of the votes cast.
- (7). Extraordinary General Meeting shall be convened whenever needed and, unless the applicable law provides otherwise, will adopt resolutions on the following matters:
 - a) changing the legal form of SIF Muntenia SA;
 - b) SIF Muntenia SA headquarters' relocation;
 - c) changing SIF Muntenia object of activity;
 - d) establishment or closing of branches, subsidiaries, representative offices, agencies or other such units of SIF Muntenia SA without legal personality
 - e) share capital increase;
 - f) issue of bonds;
 - g) reduction of share capital or increase by issuing new shares, according to legal provisions in force;
 - h) merger with other companies or division of SIF Muntenia SA;
 - i) anticipated dissolution of SIF Muntenia SA;

-
- j) conversion of shares from one class to another;
 - k) conversion of a category of bonds to another category of bonds or shares;
 - l) acquisition by SIF Muntenia SA of its own shares, either directly or through persons acting in their own name but on its behalf;
 - m) any other additions and amendments to the Articles of Incorporation or any other decisions which under this Act and the legal provisions in force, require the approval of the Shareholders General Extraordinary Meeting.

- (8). The Extraordinary General Meeting delegated to its Administrator, SAI MUNTENIA INVEST SA, the exercise of its duties for:
 - a) increase of the share capital;
 - b) establishment or de-registration of branches, representations and other working points
- (9). To validate the proceedings of the Shareholders General Extraordinary Meeting of SIF Muntenia SA, at the first convocation, the presence of shareholders holding at least one fourth of the total number of voting rights is required, while at the following convocations, the presence of shareholders representing at least one fifth of the total number of voting rights is required. Decisions are taken by majority of votes held by shareholders present or represented. The decision to change the main object of activity of the company, reduce or increase the share capital, change of legal form, merger, division or dissolution of the company shall be taken by a majority of at least two thirds of the voting rights held by shareholders present or represented.
- (10). The General Meeting of the Shareholders shall be convened by SAI MUNTENIA INVEST SA, in compliance with the provisions of Law no. 31/1990 republished, with the subsequent additions and additions of the legislation in force and of the FSA regulations
- (11). The general meeting is convened by publishing an announcement in the Official Gazette and in a large circulation newspaper, in accordance with the provisions of the legislation in force.
- (12). General Meetings of Shareholders will be convened by SAI MUNTENIA INVEST SA whenever issues arise that are within the competence of the General Meeting of Shareholders. SAI MUNTENIA INVEST SA is obliged to convene the General Meeting of Shareholders upon the request of the shareholders holding shares representing at least 5% of the share capital of SIF MUNTENIA SA, upon the request of the FSA or in the event of a final and irrevocable court decision requiring the convocation of SIF MUNTENIA SA's General Meeting of Shareholders.
- (13). The right to participate in the Shareholders General Meeting is held by the shareholders registered in the shareholders' register compiled for the reference date as established by SAI Muntenia Invest SA.
- (14). Participation in the General Meeting of the Shareholders will be done directly or through representatives appointed in accordance with the legal provisions in force. The shareholders of SIF MUNTENIA SA may also vote by correspondence according to legal provisions in force and the procedures approved by SAI Muntenia Invest SA.
- (15). Each share gives the right to one vote. Shareholders or those representing a group of shareholders are entitled to vote in accordance with the law.
- (16). Decisions shall be taken by open or secret vote. Secret vote is mandatory when appointing or revoking members of the Shareholders Representative Council, appointing or revoking the Administrator as well as when appointing or dismissing the financial auditor and when making decisions related to the liability of the members of the

administration, management and control bodies of the company.

- (17). SAI Muntenia Invest SA and members of the Board of Directors of SAI Muntenia Invest SA can not vote in respect of shares they hold neither personally nor through representatives, for their discharge of administration or for an issue in which the person or their work is in question.
- (18). A shareholder who, in a certain operation, has an interest contrary to that of the company, will have to abstain from deliberations on the specific operation. A shareholder who contravenes this provision is liable to damages produced to the company, if, without his vote, the required majority would have not been met.
- (19). Decisions of the Shareholders General Meeting, taken under the law and this Articles of Incorporation, are binding for all shareholders, including those who did not attend the meeting or who voted against that decision.
- (20). The General Meeting of Shareholders is chaired by one of the permanent representatives appointed by the Administrator, SAI Muntenia Invest SA, and registered with the Trade Registry as legal representative of SIF MUNTENIA SA.
- (21). General Meeting of Shareholders shall elect from among the present shareholders one to three secretaries, who will check the attendance of shareholders, indicating the share capital represented by each of them and all the formalities required by law and by the Articles of Incorporation for holding the general meeting.
- (22). Expenses incurred in organizing and conducting Shareholders General Meetings shall be borne by SIF Muntenia SA, being considered expenses incurred for of SIF Muntenia SA and its shareholders.

Art. 7 Shareholders Representatives Council

- (1). Shareholders Representative Council is a body representing the interests of SIF MUNTENIA SA's shareholders in relation with SAI MUNTENIA INVEST SA, on the basis of a budget approved by the General Shareholders' Meeting of SIF MUNTENIA SA.
- (2). The General Meeting of Shareholders of SIF MUNTENIA SA will appoint a Shareholders Representative Council consisting of 3 members, for a four-year term, with the possibility to be re-appointed
- (3). Individuals that can apply for a place in the Shareholders Representatives Council of SIF Muntenia SA must fulfill the following conditions:
 - a) are not employees or directors of an investment management company (SAI) or of another financial investment company and not to have any contractual relationship with SIF Muntenia SA or with the investment manager of SIF Muntenia SA;
 - b) not to have been convicted by final court decision for fraudulent management, breach of trust, forgery, fraud, embezzlement, perjury, giving or taking bribes;
 - c) to have graduated from a higher education institution with a degree or diploma exam;
 - d) to have at least five years experience in banking and finance, capital markets, management of a firm or university;
 - e) does not hold, directly or together with his/her husband/wife, relatives up to the third degree or in-laws up to the second degree, more than 5% of the share capital of the depository whith which SIF Muntenia SA has concluded a depository contract;
 - f) not to have been sanctioned by a financial market regulator with a ban on the exercise of professional activities;;

-
- g) not be in any other state of incompatibility as provided by the applicable legal provisions or by this Articles of Incorporation
- (4). SIF MUNTENIA SA's Shareholders Representative Council has the following duties:
- a) represents SIF MUNTENIA SA in relation to SAI MUNTENIA INVEST SA;
 - b) negotiates and concludes the management contract;
 - c) monitors the observance of the contractual clauses and the commitments assumed by SAI MUNTENIA INVEST SA through the management contract and the management program approved by the Shareholders' General Meeting of SIF MUNTENIA SA;
 - d) analyzes the periodical reports drawn up by SAI MUNTENIA INVEST SA regarding the performance of its duties on:
 - the management of SIF MUNTENIA SA;
 - exercising the rights conferred by holding the securities from the portfolio of SIF MUNTENIA SA;
 - defending the rights and interests of SIF MUNTENIA SA before the courts, arbitration courts as well as any bodies with jurisdictional and administrative power;
 - e) calls for measures to be taken to place the activity of SAI MUNTENIA INVEST within the provisions of the management contract, the FSA Regulations, the annual management programs, the income and expenses budgets approved by the Shareholders' General Assembly of SIF MUNTENIA SA and the applicable legislation;
 - f) verifies the conclusion of the contract with the financial auditor in accordance with the decision of the General Meeting of the Shareholders of SIF MUNTENIA SA;
 - g) verifies the preparation of the annual financial statements by SAI MUNTENIA INVEST SA and the profit distribution proposals to be submitted to the approval of the General Shareholders' Meeting of SIF MUNTENIA SA;
 - h) verifies preparation of the annual program related to the management of SIF MUNTENIA SA's portfolio;
 - i) verifies drafting of the draft Income and Expenses Budget of SIF MUNTENIA SA for its presentation to the General Shareholders' Meeting of SIF MUNTENIA SA;
 - j) verifies the preparation of half yearly and quarterly reports by SAI MUNTENIA INVEST SA in accordance with legal provisions and FSA regulations;
 - k) verifies the preparation of materials to be submitted to the General Shareholders' Meeting of SIF MUNTENIA SA;
 - l) verifies the conclusion of the depository contract, respectively the contract with Depozitarul Central.

Art. 8 Financial audit and internal audit of SIF MUNTENIA SA

- (1). Yearly and half yearly financial statements of SIF Muntenia SA will be audited by an auditor who fulfills the requirements imposed by applicable law and FSA regulations.
- (2). The financial audit will be conducted under an audit contract concluded by SAI MUNTENIA INVEST SA.
- (3). The internal audit of SIF Muntenia SA will be performed in compliance with the legal provisions in force .

Art. 9 Loans

- (1). SIF MUNTENIA SA may borrow funds provided that it complies with the legal provisions in force and with the FSA regulations.

Art. 10 Reporting

- (1). SIF Muntenia SA will ensure equal access for all shareholders to information

on its operation in accordance with the FSA regulations.

- (2). SIF Muntenia SA will comply with the reporting requirements established by FSA regulations and by the regulations of the market where the shares are traded.
- (3). SIF Muntenia SA will draw, make available to the public, submit to the FSA and the market operator quarterly, half yearly and annual reports. The reports will be available to investors in accordance with the FSA regulations.

Art. 11 Authorised investments

- (1). SIF Muntenia SA investments will be made in compliance with legal provisions and FSA regulations relating to the financial investment companies.

Art. 12 Portfolio structure

- (1). The portfolio of SIF MUNTENIA SA will be structured in such a way as to comply with the limitations stipulated by the legal provisions and the applicable capital market regulations

Art. 13 SIF MUNTENIA SA Management

- (1). SIF Muntenia SA management is performed by the administrator who has signed a management contract.
- (2). SIF Muntenia SA will pay a monthly management fee representing a share of the asset value managed, within the maximum limit approved by the company's Shareholders General Meeting. Depending on how SAI Muntenia Invest SA meets the performance criteria and goals set annually by the Shareholders General Meeting, SIF Muntenia SA will pay a performance fee to SAI Muntenia Invest SA, accordingly. Establishing the rules for calculating and paying the fees is performed in accordance with the management contract.
- (3). The duration of the management contract concluded between SIF Muntenia and SAI Muntenia Invest SA is 4 years.

Art. 14 SIF MUNTENIA SA net asset value calculation

- (1). SIF MUNTENIA SA's net asset value will be calculated in accordance with the legislation in force

Art. 15 SIF MUNTENIA SA depository contract

- (1). SAI Muntenia Invest SA is obliged to conclude a depository contract with a depository authorized by FSA.
- (2). Activities performed by the depository shall be in accordance with the legal provisions and FSA regulations.
- (3). The change of depository will be made in accordance with law and FSA regulations in force.

Art. 16 Dissolution

- (1). Dissolution of the company will occur in cases stipulated by law. In the event of dissolution, the company will be liquidated.
- (2). The liquidation follows the procedure prescribed by law. After completion, the liquidators will require the de-registration of the company from the Trade Register

Art. 17 Litigation

- (1). Disputes of the company with natural or legal persons are the jurisdiction of the courts of law of Romania. These can be solved by arbitration as well.

Art. 18 Miscellaneous

- (1). This Articles of Incorporation is supplemented by the legal provisions on companies - common law - and by the special legal provisions in the capital market field.
- (2). The terms of this Articles of Incorporation shall be deemed modified by law if any subsequent legislation appear that remove or restrict the limitations expressly provided at present for financial investment companies.

Art. 19 Amendments

- (1). Any amendments brought to this Articles of Incorporation will be subject to the prior approval of the Shareholders General Meeting and the FSA.

Prepared in 4 originals, today, 28.05.2019, according to the FSA Approval no. 53/22.05.2019.

SIF MUNTENIA SA

by its Administrator, SAI MUNTENIA INVEST SA

Nicușor Marian BUICĂ

General Director