



**SOCIETATEA DE INVESTIȚII FINANCIARE OLTENIA S.A.**

**REPORT OF THE BOARD OF DIRECTORS  
on 30.06.2018**

**SEMESTRIAL REPORT  
according to the A.S.F. Regulation no. 5/2018**

**Report date:** 30.06.2018

**Issuer's name:** Societatea de Investiții Financiare OLTENIA S.A.

**Headquarters:** Dolj County, Craiova, Tufănele Street, no. 1, postal code 200767

**Phone/Fax:** 0251-419.335 / 0251-419.340

**SRC/FIC:** RO 4175676

**Trade Register No.:** J16/1210/30.04.1993

**A.S.F. Register No.:** PJR07<sup>1</sup>AFIAA/160004/15.02.2018

**ISIN:** ROSIFEACNOR4

**LEI code:** 254900VTOOM8GL8TVH59

**Subscribed and paid-in share capital:** 58.016.571 lei

**The regulated market on which the issued securities are traded:**  
Bucharest Stock Exchange - Premium category (market symbol SIF5)

**The main characteristics of the securities issued by the issuer:** ordinary, indivisible, nominative, of equal value, issued in a dematerialized form and granting equal rights to their holders.

## **I. 1. IMPORTANT EVENTS**

**In the first six months of 2018, the main events of SIF Oltenia's activity were:**

- **AUTHORIZATION OF S.I.F. OLTENIA S.A. as A.F.I.A.**

On February 15<sup>th</sup>, 2018, S.I.F. Oltenia S.A. received Authorization no. 45 / 15.02.2018 from A.S.F., through which the company was authorized as Alternative Investment Fund Manager (A.F.I.A.). At the same time, the company also received the following documents:

- Opinion no. 48 / 15.02.2018 approving the amendments to the Statute and the Contract of S.I.F. Oltenia S.A. as approved by the EGMS Decision no. 1 / 28.04.2016, by EGMS Decision no. 3 / 25.08.2016 and by Decision no. 3 / 05.09.2017, which became the Constitutive Act after receiving the opinion;

- Authorization no. 46 / 15.02.2018 authorizing Mrs. Budin Daniela in the key function of risk management within S.I.F. Oltenia S.A.;

- Authorization no. 47 / 15.02.2018 authorizing Mrs. Bălan Viorica as key compliance officer within S.I.F. Oltenia S.A.;

- Decision no. 237 / 15.02.2018 withdrawing from Mrs. Bălan Viorica the authorization of the representative of the Internal Control Department of S.I.F. Oltenia S.A.

## • **ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

On March 22<sup>nd</sup>, 2018, the Board of Directors of S.I.F. Oltenia S.A. convened, for April 25<sup>th</sup>, 2018, (April 26<sup>th</sup>, 2018 if at the first convocation the quorum required for the performance of the EGMS works under the law was not met) the **Extraordinary General Meeting of the Shareholders**, with the following agenda:

1. Election of the meeting secretariat consisting of 3 members, namely Mrs. Bălțățeanu Nadia Florentina - Internal Auditor, Mr. Nedelcu Ion Eugen and Mr. Păuna Ioan with the identification data available at the company's headquarters, Mr. Păuna Ioan being elected as the secretary of the meeting who will prepare the minutes of the meeting. The proposed persons are the shareholders of S.I.F. Oltenia S.A.

2. Election of the committee for counting the votes expressed in the EGMS consisting of three members, Mr. Vigaru Ion, Mr. Patrichi Ion and Mrs. Țalea Mihaela, with identification data available at the company's headquarters. The proposed persons are the shareholders of S.I.F. Oltenia S.A.

3. Approval of a program of redemption by the company of its own actions, based on the decision no. 3 of the Ordinary General Meeting of Shareholders from 06.09.2017, in accordance with the applicable legal provisions, under the following conditions:

(i) *program size* – **maximum 32,704,308 shares** with a nominal value of 0.10 lei/share, representing **maximum 5.637 %** of the share capital;

(ii) *the acquisition price of the shares (according to the OGMS decision no. 3 of 06.09.2017)* – the minimum price will be **1.50 lei/share** and the maximum price will be **2.50 lei/share**;

(iii) *duration of the program* – **period of maximum 12 months** from the date of publication of the decision of the EGMS in the Official Gazette of Romania, Part IV;

(iv) the payment of the redeemed shares and the amount of the corresponding fund - of the available reserves, the maximum amount for redemption being 49,056,462.55 lei, according to decision no. 3 of the OGMS of 06.09.2017;

(v) destination of the program – reduction of the share capital.

4) Approval of the Superior Leadership Mandate of S.I.F. OLTENIA S.A. for the fulfillment of the redemption program.

5) Approval of **15.05.2018 as the date of registration (ex-date 14.05.2018)**, in accordance with the applicable legal provisions, for the determination of the shareholders affected by the effects of the decisions adopted.

The proceedings of the meeting took place on 25.04.2018, the shareholders voting with 99.941% votes "for" the mandate of the Superior Leadership of S.I.F. Oltenia S.A. to carry out the program of redemption of their own shares.

The Board of Directors of S.I.F. Oltenia S.A. convened on March 22<sup>nd</sup>, 2018, for April 25<sup>th</sup>, 2018, (April 26<sup>th</sup>, 2018, if the quorum was not met at the first convocation, necessary for the performance of the works of the OGMS, under the law) the **Ordinary General Meeting of Shareholders**, with the following agenda:

1. Election of the meeting secretariat consisting of 3 members, namely Mrs. Bălățeanu Nadia Florentina - Internal Auditor, Mr. Nedelcu Ion Eugen and Mr. Păuna Ioan with the identification data available at the company's headquarters, Mr. Păuna Ioan being elected as the secretary of the meeting who will prepare the minutes of the meeting. The proposed persons are the shareholders of S.I.F. Oltenia S.A.

2. Election of the committee for counting the votes expressed in the OGMS consisting of three members, Mr. Vigaru Ion, Mr. Patrichi Ion and Mrs. Țalea Mihaela, with identification data available at the company's headquarters. The proposed persons are the shareholders of S.I.F. Oltenia S.A.

3. Presentation and approval of S.I.F. Oltenia S.A. Annual and Consolidated Financial Statements for the year 2017, prepared and presented in accordance with International Financial Reporting Standards (IFRS) based on the Board of Directors' Reports and Financial Auditor's Reports.

4. Approving the distribution of the net profit in the amount of 74,303.963.75 lei, for the following destinations:

a). Dividends: 40,611,600 lei (54.66% of the net profit), which provides a gross dividend per share of 0.07 lei.

b). Other reserves (own financing sources): 33,692,363.75 (45.34% of the net profit).

The proposed dividend ensures a shareholders remuneration of 3.70% calculated at the average price of the shares in 2017 (1.8900 lei / share) and 3.21% calculated at the closing price for 2017 (2.1800 lei /share).

5. Approval of **24.10.2018** as the **DATE OF PAYMENT** of dividends in accordance with the provisions of article 129 (3) (2) of CNVM Regulation no. 1/2006, with subsequent amendments and completions. The distribution of dividends to shareholders will be made in accordance with the legal provisions, with the costs of the payment being borne by the shareholders out of the net dividend.

6. Approval of the administrators' discharge for the work of the financial year 2017.

7. Presentation and approval of the Revenue and Expenditure Budget for 2018 and the Strategy for 2018.

8. Approval, in the financial year 2018, of the accounting for "incomes" of dividends not claimed for more than three years from the date of their eligibility, for which the right of action is extinguished by prescription, respectively the dividends related to the financial year 2014, existing in the balance as unpaid at the end of 16.09.2018.

9. Appointment of **JPA Audit & Consultanță SRL** as SIF Oltenia SA's External Financial Auditor for a period of 3 years to audit the Individual and Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) for the financial years 2019, 2020, 2021 and empowering the Board of Directors to conclude the contract for financial audit services and to establish the conditions for the exercise of the audit activity, in compliance with all the legal provisions applicable to this activity.

10. Approval of **03.10.2018** as the **registration date (ex-date 02.10.2018)**, in accordance with the applicable legal provisions, for the establishing the shareholders affected by the effects of the decisions adopted.

The proceedings of the meeting were held on 25.04.2018, the shareholders voting with **75.844%** votes "for" the distribution of the net profit for the financial year 2017 in the amount of **74,303,963.75 lei**, for the following destinations:

**a) Dividends: 40,611,600 lei (54.66% of the net profit), which provides a gross dividend per share of 0.07 lei.**

**b) Other reserves (own financing sources): 33,692,363.75 lei (45.34% of the net profit).**

The proposed dividend ensures a share remuneration of **3.70%** calculated at the average price of the shares in 2017 (1.8900 lei / share) and **3.21%** calculated at the closing price for 2017 (2.1800 lei /share).

**THE DATE OF PAYMENT** of dividends for the financial year 2017 was approved on **24.10.2018**. The distribution of dividends to shareholders will be made in accordance with legal provisions, with the costs of the payment being borne by the shareholders out of the net dividend.

It was also approved with 99.350% votes "for" the performance, in the financial year 2018, of the accounting for "incomes" of unqualified dividends for more than three years from the date of their eligibility, for which the right to action is extinguished by prescription, respectively the dividends related to

the financial year 2014, as they will be recorded in the SIF Oltenia S.A. records as unpaid at the end of September 16<sup>th</sup> 2018.

With 100% votes "for" the appointment of JPA Audit & Consultanță SRL as External Financial Auditor of S.I.F. Oltenia S.A. for a period of 3 years, to audit the individual and consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) for the financial years 2019, 2020, 2021, and empowering the Board of Directors to conclude the financial audit service contract and setting the conditions for carrying out the audit activity, in compliance with all the legal provisions applicable to this activity.

- **CHANGING THE INTERNAL AUDITOR**

Starting with 01.05.2018, Mrs. Bălățeanu Nadia Florentina's employment contract - internal auditor has ceased due to old-age retirement. From 01.05.2018, Ms. Cimpoeru Ana was appointed as internal auditor, being notified by ASF according to the legal provisions in force.

- **BCR TRANSACTION**

At its meeting from 25.06.2018, the Board of Directors approved **the sale of the entire stake of 1,023,534,303 B.C.R. shares** owned by the company, to ERSTE GROUP BANK. The value of the share package to be the object of the sale-purchase contract is 140 million EUR. The transaction assesses BCR at a multiple of its equity (price / book value) of 1.35 for the first quarter of 2018, in line with the market assessments for the listed Romanian banks.

In order to complete the transaction, the stages to be carried out are:

1. to immediately initiate negotiations on details of the sale-purchase contract with the objective of signing the contract within 30 days of the start of the negotiations; the implementation of the sale-purchase contract will be subject to the suspensive conditions mentioned below.

2. obtaining corporate and regulatory approvals:

- **The Extraordinary General Meeting of Shareholders in the case of S.I.F. Oltenia S.A.**

- The Supervisory Board and the European Central Bank in the case of ERSTE GROUP BANK.

The sale of the investment in BCR will take place through a single sale-purchase transaction, exclusively in cash. The execution of the transaction is planned for the second half of 2018.

## I. 2. THE MAIN RISKS

SIF Oltenia is facing with both **specific risks arising from its current operation** and **indirect risks** arising as a result of the activity of the companies in the portfolio.

Given that the company has taken on an **average risk appetite**, it has always pursued the coverage of all average-level specific risks.

The main risks of the company are monitored, evaluated and disposed, within SIF Oltenia SA, being the key risk management function. Risks are prioritized and exposure mitigation measures are set in accordance with risk tolerance limits, as established by existing procedures and approved by the Board of Directors.

Risk management is achieved by integrating into daily activities and by planning and developing the company's activity according to the risk appetite set.

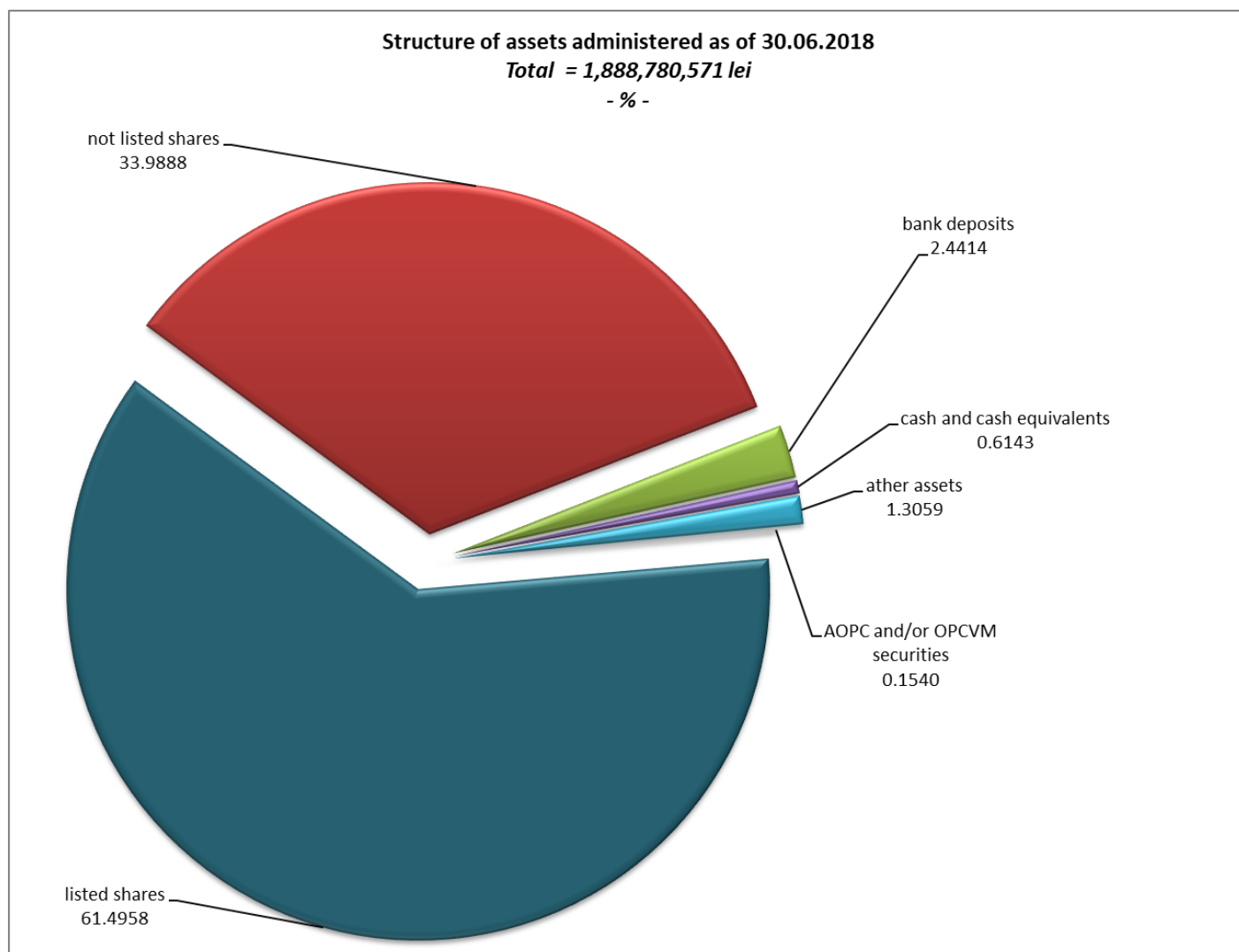
**For the next six months of the financial year, the analyzes carried out do not indicate any risks and uncertainties that would affect the proper conduct of the company's activity.**

## II. ECONOMIC AND FINANCIAL INFORMATION

### 1. Economic and financial situation:

On 30.06.2018, **company assets** - calculated in accordance with the provisions of the C.N.V.M. Regulation no. 15 / 2004 and A.S.F. no. 9/2014 - registered a market value of **1,888,780,571 lei**, increasing by **3.52%** compared to the value recorded on 31.12.2017. Compared to the value recorded on 30.06.2017, the assets at the reporting date show an increase of **7.56% (1,756,019,108 lei)**.

|                              | <b>30.06.2018</b>    |  |
|------------------------------|----------------------|--|
|                              | <b>Total value</b>   | <b>Weight in the total asset of S.I.F.</b> |
| <b>TOTAL ASSETS</b>          | <b>1,888,780,571</b> | <b>100.00</b>                              |
| listed shares                | 1,161,519,941        | 61.4958                                    |
| not listed shares            | 641,972,935          | 33.9888                                    |
| AOPC and/or OPCVM securities | 2,908,430            | 0.1540                                     |
| bank deposits                | 46,111,948           | 2.4414                                     |
| cash and cash equivalent     | 11,602,536           | 0.6143                                     |
| other assets                 | 24,664,781           | 1.3059                                     |



The financial assets as shares have a market value of **1,803,492,876 lei**, respectively **95.48%** of the total assets managed. In the portfolio of S.I.F. Oltenia S.A., on 30.06.2018, there are shares in the share capital of **50 issuers** compared to 51 issuers on 30.06.2017.

The nominal value of financial assets as shares – **543,041,860 lei** – is higher than the value recorded on 30.06.2017 (**533,442,832 lei**) recording an increase of **1.80%** and a decrease of **0.66%** compared to 31.12.2017 (**546,666,935 lei**). Compared to 31.12.2017, the market value has risen from **1,803,438,685 lei** to **1,803,492.876 lei**.

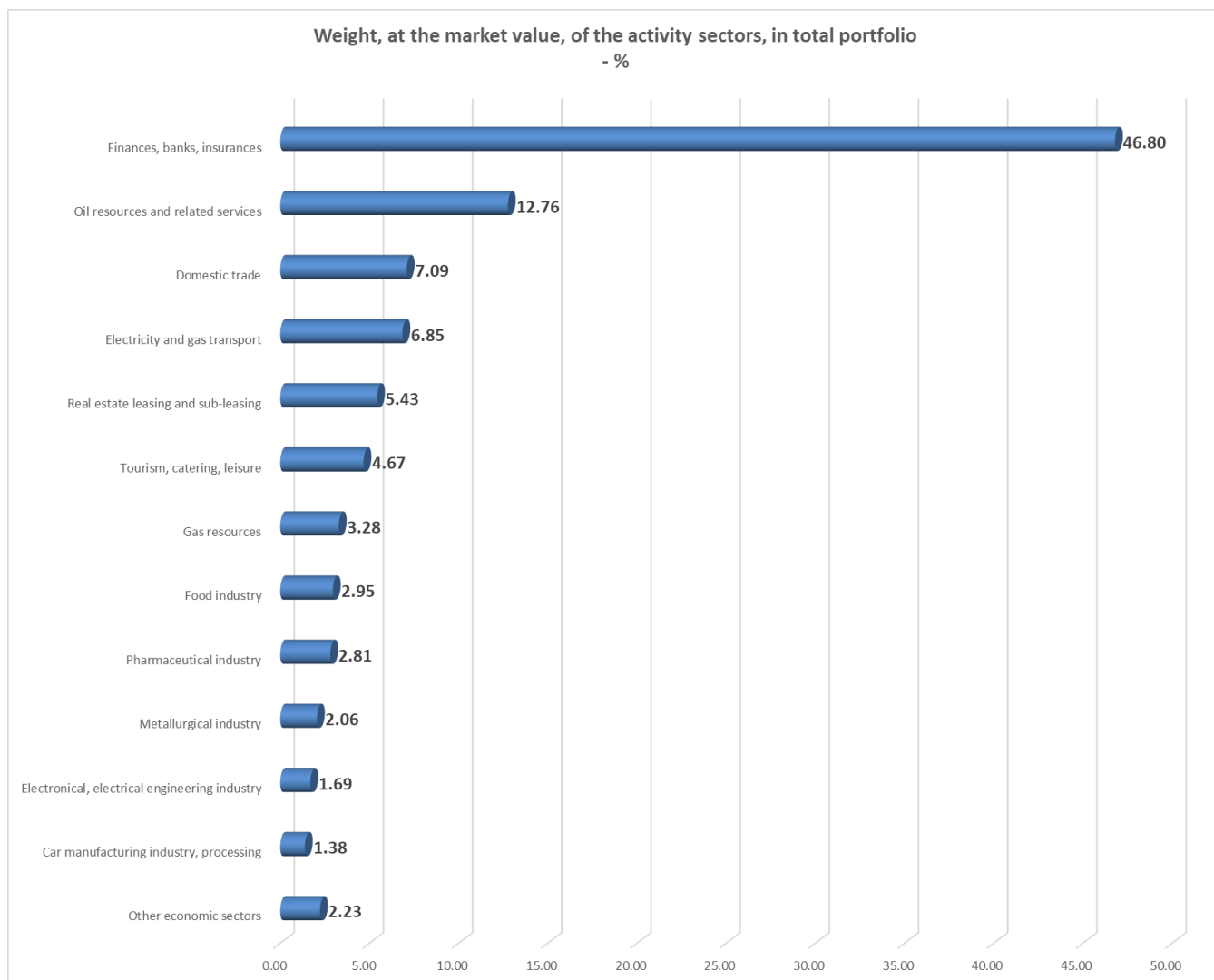
The market value of the shares is higher **by 232.11%** compared to the nominal value.

In the first half of 2018, the amounts placed in bank deposits and in current accounts amounting to **57,714,484 lei** are **15.13 times higher** compared to 31.12.2017 (**3,813,215 lei**), due mainly to the receipt of a part of the dividends due for the financial year 2017.

**The main sectors of activity** represented in the portfolio, on 30.06.2018, are:



The structure of the share portfolio, according to the market on which it is traded, is as follows:



- lei -

| Item no.     | Structure of the portfolio                        | 30.06.2018 |               |                                  |               |                                 |               |
|--------------|---|------------|---------------|----------------------------------|---------------|---------------------------------|---------------|
|              |   | Issuers    |               | Total nominal value of the stake |               | Total market value of the stake |               |
|              |   | No. sc.    | %             | - lei -                          | %             | - lei -                         | %             |
| 1            | Companies listed B.V.B.                           | 17         | 34.00         | 247,260,572                      | 45.53         | 899,847,355                     | 49.89         |
| 2            | Companies listed AeRO (B.V.B.)                    | 10         | 20.00         | 87,588,597                       | 16.13         | 236,061,256                     | 13.09         |
| 3            | Listed and non-traded companies                   | 4          | 8.00          | 7,231,361                        | 1.33          | 25,611,330                      | 1.42          |
| 4            | Closed companies                                  | 14         | 28.00         | 199,799,858                      | 36.79         | 641,972,935                     | 35.60         |
| 5            | Companies in reorganization, judicial liquidation | 5          | 10.00         | 1,161,472                        | 0.21          | 0                               | 0             |
| <b>TOTAL</b> |   | <b>50</b>  | <b>100.00</b> | <b>543,041,860</b>               | <b>100.00</b> | <b>1,803,492,876</b>            | <b>100.00</b> |

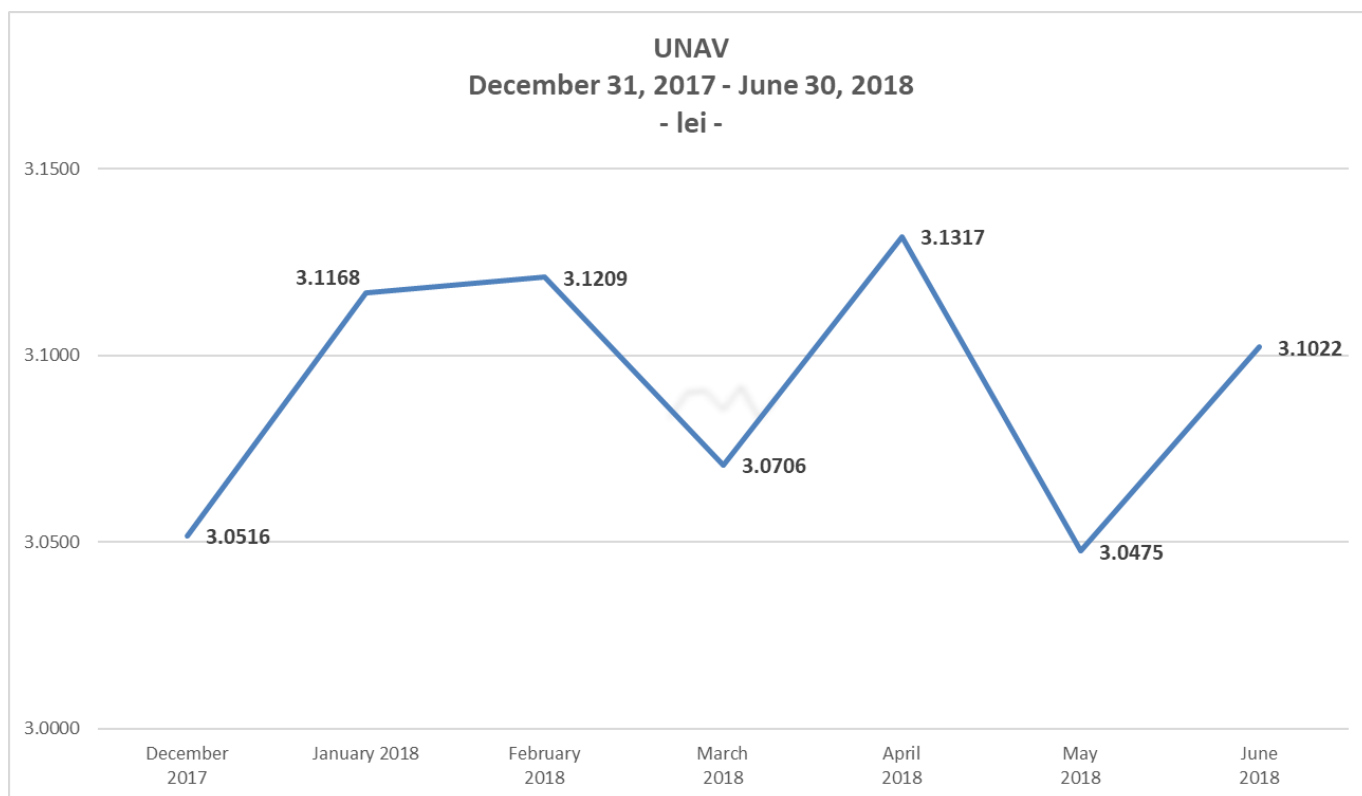
In the closed-end companies, the shares held at the Romanian Commercial Bank S.A. Bucharest amounting to **500,428,304 lei** represent **77.95%** of the total market value of closed-end companies.

The net assets of the company - as of 30.06.2018 - calculated in accordance with the legal provisions (i.e. ASF Regulation no. 9/2014, as amended by ASF Regulation No. 2/2018), is **1,799,763,828 lei**, increasing by **5.96%**, compared to the value recorded on 30.06.2017 (**1,698,590,522 lei**).

The net asset value per unit on 30.06.2018 is **3.1022 lei per share**.

In the first half of 2018, the net asset value experienced the following evolution:

| <b>Date</b> | <b>Net asset value<br/>- lei -</b> | <b>UNAV<br/>- lei -</b> |
|-------------|------------------------------------|-------------------------|
| 31.01.2018  | 1,808,288,762                      | 3.1168                  |
| 28.02.2018  | 1,810,622,911                      | 3.1209                  |
| 31.03.2018  | 1,781,481,690                      | 3.0706                  |
| 30.04.2018  | 1,816,885,513                      | 3.1317                  |
| 31.05.2018  | 1,768,039,424                      | 3.0475                  |
| 30.06.2018  | 1,799,763,828                      | 3.1022                  |



As of June 30<sup>th</sup> 2018, the net unit asset value increased by **5.96%** compared to the value recorded on 31.06.2017 (**2.9278 lei**), and by **1.66%** compared to the value recorded at 31.12.2017 (**3.0516 lei**).

In the case of share-based assets, the most important participations - in terms of asset weight - are represented by:

| Item no. | Issuer  | Market value according to ASF Regulation no. 9/2014 - lei - | Weight in the issuer's share capital (%) | Weight in the total assets of S.I.F. (%) | Weight in the net assets of S.I.F. (%) |
|----------|---|---|--|--|--|
| 1        | BANCA COMERCIALĂ ROMÂNĂ S.A. Bucuresti<br><i>- closed</i>   | 500,428,304   | 6.2973                                   | 26.4948                                  | 27.8052                                |
| 2        | OMV PETROM S.A. Bucuresti<br><i>- Premium</i>               | 230,151,139   | 1.2677                                   | 12.1852                                  | 12.7879                                |
| 3        | BRD – Groupe Societe Generale Bucuresti<br><i>- Premium</i> | 196,032,467   | 2.1440                                   | 10.3788                                  | 10.8921                                |
| 4        | BANCA TRANSILVANIA S.A. Cluj Napoca<br><i>- Premium</i>     | 114,160,550   | 1.0956                                   | 6.0441                                   | 6.3431                                 |
| 5        | MERCUR S.A. Craiova<br><i>- AeRO Standard</i>               | 106,572,540   | 97.8593                                  | 5.6424                                   | 5.9215                                 |
| 6        | S.N.T.G.N. TRANSGAZ S.A. Mediaș<br><i>- Premium</i>         | 63,392,560  | 1.6415                                   | 3.3563                                   | 3.5223                                 |
| 7        | FLAROS S.A. Bucuresti<br><i>- AeRO Standard</i>             | 61,398,121  | 81.0386                                  | 3.2507                                   | 3.4115                                 |
| 8        | C.N.T.E.E. TRANSELECTRICA Bucuresti<br><i>- Premium</i>     | 60,066,547  | 3.6994                                   | 3.1802                                   | 3.3375                                 |
| 9        | S.N.G.N. ROMGAZ S.A. Mediaș<br><i>- Premium</i>             | 59,152,278  | 0.4109                                   | 3.1318                                   | 3.2867                                 |
| 10       | ARGUS S.A. Constanța<br><i>- AeRO Premium</i>               | 50,662,396  | 86.3368                                  | 2.6823                                   | 2.8149                                 |

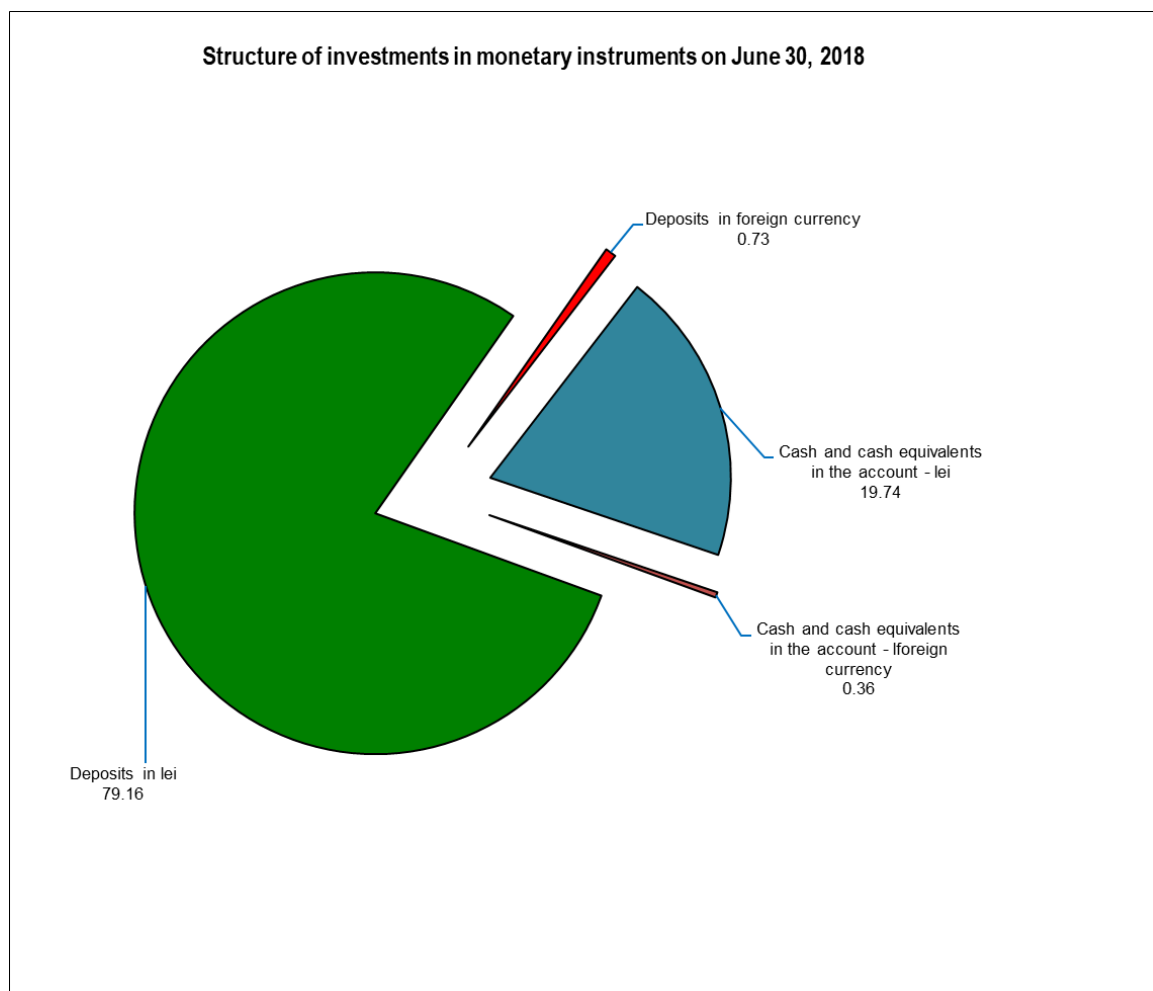
The value of the 10 most important portfolio shares represents **80.12%** of the net assets of the company. Of the 10 shares above, **6** are listed in the **Premium category** of the Bucharest Stock Exchange - these are also among the most liquid securities on the capital market - and represent **40.17%** of the net assets of the company.

S.I.F. OLTENIA S.A. registered, on June 30<sup>th</sup> 2018, deposits and placements on the money market in the total amount of **57,714,484 lei** (amount calculated in accordance with ASF Regulation No. 9/2014), representing **3.06%** of the total assets.

Monetary market available funds and investments have the following structure:

| <b>Type of financial asset</b>                              | <b>Updated value<br/>(calculated according to<br/>ASF Regulation no.<br/>9/2014)<br/>- lei -</b> | <b>Weight in the<br/>total asset of<br/>S.I.F.<br/>(%)</b> | <b>Weight in the<br/>net asset of<br/>S.I.F.<br/>(%)</b> |
|---|--|--|--|
| Deposits in lei*  | 45,688,697   | 2.42   | 2.54   |
| Deposits in foreign currency*                               | 423,251  | 0.02   | 0.02   |
| Cash and cash equivalents in the account - lei              | 11,394,203   | 0.60   | 0.63   |
| Cash and cash equivalents in the account - foreign currency | 208,333  | 0.01   | 0.01   |
| <b>TOTAL</b>  | <b>57,714,484</b>  | <b>3.05</b>  | <b>3.20</b>  |

*\* The bank deposits in lei and in foreign currency comprise - according to ASF Regulation no. 9/2014 - the interest receivables.*



Cash and monetary investments, as of 30.06.2018, have a weight of **3.05%** in the total assets of SIF Oltenia S.A. compared to **0.21%** on 31.12.2017 and **2.27%** on 30.06.2017.

**The analysis of financial statements** - drawn up for 30.06.2018 - highlights the main issues presented below.

The Company's assets, according to the balance sheet, are **1,888,780,571 lei** and represent an increase of **7.99%** compared to the value recorded on 30.06.2017 (1,748,950,822 lei), respectively an increase of **3.98%** compared to the value recorded at the beginning of the year (1,816,444,858 lei).

The share of the financial assets valued at the adjusted value - in the amount of **1,806,401,306 lei** - represents **95.64%** of the total assets of the company.

On 30.06.2018, the company's liability is **1,888,780,571 lei**.

**Liabilities:**

|              |                   |
|--------------|-------------------|
| - debts      | 246,101,336 lei   |
| - own equity | 1,642,679,235 lei |

**The debts of the company**, at the reporting date, amounting to **246,101,336 lei**, in the structure, are as follows:

|                           |                 |
|---------------------------|-----------------|
| - debts with deferred tax | 151,795,693 lei |
| - payment dividends       | 88,073,437 lei  |
| - taxes and fees          | 344,453 lei     |
| - other debts             | 5,887,753 lei   |

The company does not record outstanding payments.

**Main economic and financial results on 30.06.2018**

| Item no. | Indicator             | Achieved<br>30.06.2018<br>- lei - | 30.06.2017<br>- lei - | Annual<br>provisions<br>IEC 2018<br>- lei - | 30.06.2018 /<br>IEC 2018<br>(%) |
|----------|-----------------------|-----------------------------------|-----------------------|---|---------------------------------|
| 1.       | TOTAL INCOMES         | <b>79,735,829</b>                 | 46,686,747            | 130,243,100                                 | <b>61.22</b>                    |
| 2.       | TOTAL EXPENSES        | <b>5,119,406</b>                  | 5,054,379             | 50,927,200                                  | <b>10.05</b>                    |
| 3.       | GROSS RESULT - Profit | <b>74,616,423</b>                 | 41,632,368            | 79,315,900                                  | <b>94.07</b>                    |
| 4.       | TAX ON PROFIT         | <b>4,239,062</b>                  | 2,280,731             | 4,180,580                                   | <b>101.40</b>                   |
| 5.       | NET RESULT - Profit   | <b>70,377,361</b>                 | 39,351,637            | 75,135,320                                  | <b>93.67</b>                    |

S.I.F. OLTENIA S.A. achieved, as of June 30<sup>th</sup> 2018, total revenues amounting to **79,735,829 lei**, representing **170.79%** of the value registered on 30.06.2017 (46,686,747 lei). The main income groups made by the company are:

|  |                                |
|--|--------------------------------|
| - income from dividends<br><i>(dividend income is recorded at gross value)</i>   | 74,843,292 lei                 |
| - income from interests  | 27,476 lei                     |
| - net earnings from the sale of financial assets<br><i>- the incomes from the sale of the assets are in the amount of:</i> | 4,448,637 lei<br>7,724,929 lei |
| - other operating income:  | 404,720 lei                    |

The total expenditures - on 30.06.2018 - are at the level of **5,119,406 lei** and represent **101.29%** of the value recorded on 30.06.2017 (5,054,379 lei).

**The net profit** obtained by the company on 30.06.2018 is **70,377,361 lei** and represents **93.67%** of the net profit established through the Income and Expenses Budget for the whole year 2018.

The companies in the S.I.F. Oltenia S.A. portfolio who paid, until 30.06.2018, the dividends due for the financial year 2017, are:

- lei -

|   |                   |
|---|-------------------|
| BRD-GROUPE SOCIETE GENERALE S.A.<br>Bucharest | 23,113,140        |
| ROMANIAN COMMERCIAL BANK                      | 13,647,473        |
| OMV PETROM S.A. Bucharest                     | 13,643,906        |
| BANCA TRANSILVANIA S.A.                       | 6,349,280         |
| BT ASSET MANAGEMENT SA                        | 1,899,971         |
| UNIVERS S.A. Rm.Vâlcea                        | 1,010,533         |
| MERCUR S.A. Craiova                           | 978,336           |
| FLAROS S.A. Bucharest                         | 810,386           |
| BURSA DE VALORI BUCUREȘTI S.A. Bucharest      | 614,659           |
| TURISM S.A. Pucioasa                          | 101,060           |
| PROVITAS S.A. Bucharest                       | 91,361            |
| S.E. ELECTRICA S.A. Bucharest                 | 85,058            |
| RELEE S.A. Mediaș                             | 13,074            |
| <b>TOTAL</b>                                  | <b>62,358,238</b> |

The amounts received by the company from dividends, until 30.06.2018, have the net value of **62,358,238 lei**.

**Simplified Individual Interim Statement of Cash Flows  
as of June 30<sup>th</sup> 2018**

- lei -

| Name of asset   | Reporting period  |                    |
|---|-------------------|--------------------|
|   | 30.06.2018        | 30.06.2017         |
| A   | 1                 | 2                  |
| <b>Treasury flows from operating activities:</b>                          |                   |                    |
| Payments from customers, other payments                                   | 617,390           | 347,059            |
| Payments from sales of financial investments (equity)                     | 5,156,993         | 14,079,338         |
| Payments for the purchase of shares                                       | (3,763,015)       | (23,313,201)       |
| Payments to suppliers and employees, other payments                       | (3,693,543)       | (3,588,921)        |
| Payments to the state budget, social security budget and local budget     | (1,601,071)       | (1,540,564)        |
| Interest received   | 1,479             | 15,608             |
| Dividends received  | 62,358,238        | 31,125,587         |
| Interest paid   | -                 | -                  |
| Profit tax paid   | (4,716,643)       | (4,398,142)        |
| Payments from earthquake insurance  | -                 | -                  |
| <b>Net cash from operating activities</b>                                 | <b>54,359,828</b> | <b>12,726,764</b>  |
| <b>Treasury flows from investment activities:</b>                         |                   |                    |
| Payments for the acquisition of property                                  | (5,742)           | (237,042)          |
| Payments from the sale of property  | -                 | 586,888            |
| <b>Net cash from investment activities</b>                                | <b>(5,742)</b>    | <b>349,846</b>     |
| <b>Treasury flows from financing activities:</b>                          |                   |                    |
| Payments from issuing shares  | -                 | -                  |
| Payments from long-term loans   | -                 | -                  |
| Payment of debts related to financial leasing                             | -                 | -                  |
| Dividends paid  | (52,343)          | (556,946)          |
| Advanced Amounts to the Central Depository for Dividend Payments          | -                 | -                  |
| Tax on dividends paid   | (426,472)         | (607,170)          |
| <b>Net cash from financing activities</b>                                 | <b>(478,815)</b>  | <b>(1,164,116)</b> |
| <b>Net increase in cash and cash equivalents</b>                          | <b>53,875,271</b> | <b>11,912,494</b>  |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> | <b>3,813,119</b>  | <b>27,973,366</b>  |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | <b>57,688,390</b> | <b>39,885,860</b>  |



## 2. Analysis of the company's activity

**2.1.** S.I.F. OLTENIA S.A. registered, as of June 30<sup>th</sup> 2018, total cash reserves of **57,714,484 lei** (including interest receivables), up **44.69%** compared to the same period last year (39,888,660 lei).

These are placed in bank deposits at different maturity dates. This policy aimed at achieving a high liquidity of money market placements, so that there are always the amounts necessary for the smooth running of the company's activity. Under these circumstances, we appreciate that there are no factors that can affect the company's liquidity.

**2.2.** In accordance with the business strategy approved by the Ordinary General Meeting of Shareholders of April 25<sup>th</sup> 2018, S.I.F. OLTENIA S.A. will continue its stock market trading policy so that to continuously ensure a high degree of liquidity.

**2.3.** In the first six months of 2018, the number of holdings within S.I.F. OLTENIA S.A. was reduced from **51** to **50**, S.I.F. OLTENIA S.A. leaving the shareholding of a (1) issuer, DEPOZITARUL SIBEX S.A. Sibiu - a closed-end company. S.I.F. Oltenia S.A. requested the withdrawal from the shareholding of S.C. DEPOZITAR SIBEX S.A., which will change its scope of activity, following EGMS decisions of 24.02.2017, in an activity that will no longer be subject to the authorization of ASF.

Between January 1<sup>st</sup> 2018 and June 30<sup>th</sup> 2018, sales transactions were made, taking into account the opportunities offered by the market. Thus, the value of the sale of the stakes was **5.74 million lei**.

During the same period, total investments were made in shares of **3.76 million lei**.

In the first six months of 2018, the largest investments in the capital market (on the primary and secondary markets) were in securities issued by:

- BRD - GROUPE SOCIETE GENERALE S.A. Bucharest
- S.N.G.N. ROMGAZ S.A. Medias
- ANTIBIOTICE S.A. Iasi

## 2.4. Portfolio risk

### THE CATEGORIZATION OF ASSETS WITHIN THE LIMITS IMPOSED BY THE LEGISLATION

In accordance with Art. 235 (1) of the C.N.V.M. no. 15/2004, S.I.F. OLTENIA S.A. falls under the category O.C.I.O. (Other Collective Investment Organizations) with a **diversified investment policy**.

The holding limits on different categories of assets are regulated by art. 188 of C.N.V.M. no. 15/2004.

In the first half of 2018, the structure of the portfolio was reviewed periodically and included in the legal provisions.

The structure of the portfolio of financial assets, as of 30.06.2018, is as follows:

**a) Securities and money market instruments not admitted to trading - admissible limit: 20% of assets**

| Type of assets                        | Asset value according to ASF Regulation no. 9/2014<br>- lei - | Weight in net asset of SIF<br>- % - | Weight in the total asset of SIF<br>- % - |
|---------------------------------------|---|-------------------------------------|---|
| Shares held in closed-end companies * | 141,544,631   | 7.86                                | 7.49                                      |
| Bank deposits                         | 46,111,948  | 2.56                                | 2.44                                      |
| <b>TOTAL</b>                          | <b>187,656,579</b>  | <b>10.42</b>                        | <b>9.93</b>                               |

*\* The calculation did not take into account - according to art. 275 (2) of the C.N.V.M. no. 15/2004 - the share held at the Romanian Commercial Bank S.A. Bucharest.*

**b) Securities and / or money market instruments issued by the same issuer** - exposure to an issuer: 10% of the assets

**BANCA TRANSILVANIA S.A. Cluj Napoca (market symbol TLV)**

| Type of asset  | Asset value according to ASF Regulation no. 9/2014<br>- lei - | Weight in net asset of SIF<br>- % - | Weight in the total asset of SIF<br>- % - |
|--|---|-------------------------------------|---|
| Shares issued by Banca Transilvania S.A. Cluj Napoca | 114,160,550   | 6.34                                | 6.04                                      |
| Bank deposits  | 2,278,514   | 0.13                                | 0.12                                      |
| <b>TOTAL</b>   | <b>116,439,064</b>  | <b>6.47</b>                         | <b>6.16</b>                               |

The holding held at OMV PETROM S.A. Bucharest, on 30.06.2018, represented **12.19%** of the total assets, i.e. **12.79%** of the net assets, but it fell within the exception provided in art. 188 lit. b) of Regulation no. 15/2004 of C.N.V.M.

**c) Financial instruments issued by entities belonging to the same group** - admissible limit: 50% of assets

| Group name                         | Asset value according to ASF Regulation no. 9/2014<br>- lei - | Weight in net asset of SIF<br>- % - | Weight in the total asset of SIF<br>- % - |
|------------------------------------|---|-------------------------------------|---|
| Transilvania bank Group, of which: |   |                                     |   |
| - Transilvania Bank shares         | 114,160,550   | 6.34                                | 6.04                                      |
| - BT ASSET MANAGEMENT SAI shares   | 3,937,521   | 0.22                                | 0.21                                      |
| - BT INDEX securities              | 1,867,486   | 0.10                                | 0.10                                      |
| Bank deposits                      | 2,278,514   | 0.13                                | 0.12                                      |
| <b>TOTAL</b>                       | <b>122,244,071</b>  | <b>6.79</b>                         | <b>6.47</b>                               |

**d) Exposure to counterparty risk in a financial derivative transaction** – not applicable.

**e) The amount of current accounts and cash** - maximum admissible limit: 10% of the asset value.

The value of current accounts and cash accounted for in the net asset, as of 30.06.2018, is **11,602,536 lei** and represents **0.61%** of the asset value.

**f) Bank deposits at the same bank** – admissible limit: 30% of assets.

On 30.06.2018, SIF Oltenia had bank deposits in lei and currency at Transilvania Bank, Raiffeisen Bank and BCR.

#### **Deposits at TRANSILVANIA BANK**

|                                 | <b>30.06.2018</b> |
|---------------------------------|-------------------|
| Deposits in lei                 | 1,855,263         |
| Deposits in currency            | 423,251           |
| <b>Total deposits</b>           | <b>2,278,514</b>  |
| Total asset                     | 1,888,780,571     |
| <b>Share in the total asset</b> | <b>0.1206</b>     |

#### **Deposits at RAIFFEISEN BANK**

|                                 | <b>30.06.2018</b> |
|---------------------------------|-------------------|
| Deposits in lei                 | 43,025,642        |
| Deposits in currency            | -                 |
| <b>Total deposits</b>           | <b>43,025,642</b> |
| Total asset                     | 1,888,780,571     |
| <b>Share in the total asset</b> | <b>2.2780</b>     |

#### **Deposits at the ROMANIAN COMMERCIAL BANK**

|                                 | <b>30.06.2018</b> |
|---------------------------------|-------------------|
| Deposits in lei                 | 807,792           |
| Deposits in currency            | -                 |
| <b>Total deposits</b>           | <b>807,792</b>    |
| Total asset                     | 1,888,780,571     |
| <b>Share in the total asset</b> | <b>0.0428</b>     |

The total holdings in bank deposits is 46,111,948 lei, representing 2.44% of the asset value.

**g) Global exposure to derivative financial instruments** – not applicable.

**h) Securities in AOPC** - admissible limit: 50% of assets.

S.I.F. OLTENIA S.A. holds UCITS / AOPC securities registered in the net asset, on 30.06.2018, amounting to 2,908,430 lei, representing 0.15% of the asset value.

In the situation where we take into account the shares held at S.I.F. MOLDOVA S.A. and S.I.F. TRANSILVANIA S.A., the value of the securities amounts to 11,144,085 lei, or 0.59% of the asset value.

| Issuer                      | Total value       | Weight in the total asset of SIF<br>-%- |
|-----------------------------|-------------------|---|
| <b>30.06.2018</b>           |                   |   |
| <b>Unlisted AOPCs</b>       |                   |   |
| BT INDEX RO                 | 1,867,486         | 0.0989                                  |
| FDI NAPOCA                  | 206,660           | 0.0109                                  |
| FDI TRANSILVANIA            | 369,105           | 0.0195                                  |
| FDI TEHNOGLOBINVEST         | 465,179           | 0.0246                                  |
| <b>Total unlisted AOPCs</b> | <b>2,908,430</b>  | <b>0.1540</b>                           |
| <b>Listed AOPCs</b>         |                   |   |
| SIF Moldova                 | 5,546,420         | 0.2937                                  |
| SIF Transilvania            | 2,689,235         | 0.1424                                  |
| <b>Total listed AOPCs</b>   | <b>8,235,655</b>  | <b>0.4360</b>                           |
| <b>Total AOPCs</b>          | <b>11,144,085</b> | <b>0.5900</b>                           |

### 3. Changes affecting the capital and management of the company

**3.1.** S.I.F. OLTENIA S.A. it was not unable to meet its financial obligations during the reporting period.

**3.2. Changes in the rights of the holders of securities issued by the company** – not applicable.

### 4. Significant transactions – not applicable.

### 5. Disputes involving the company

On 30.06.2018, at the Legal Division of the S.I.F. Oltenia S.A. there were registered **29 cases**, out of which:

- 18 cases - as plaintiff;
- 5 cases – as defendant;
- 3 cases - for insolvency proceedings;
- 2 cases - called under warranty;
- 1 in-house case.

**According to their object, the cases are structured as such:**

- **3 causes** - companies in insolvency proceedings, as such:
  - *in 2 cases*, S.I.F. Oltenia S.A. has the status of chirographic creditor;
  - *in one case*, it has the quality of contribution creditor.
- **8 cases** - annulment of the decision of the General Meeting / cancellation of operations with shares, in which S.I.F. Oltenia S.A. is a plaintiff;
- **18 – other cases.**

**In bankruptcy files**, three cases remained, at the time of the analysis: in 2 of the cases, S.I.F. Oltenia S.A. is a chirographic creditor - ELECTROTOTAL Botoșani and SCCF Bucharest - and a case in which S.I.F. Oltenia S.A. is a contribution creditor - CORINT SA Târgoviște.

As regards the cases in which S.I.F. Oltenia S.A. is a **plaintiff for annulment of GMS decisions**; these concern mainly: amendments to the acts of incorporation, formation of new companies with contributions in kind, acquisitions of shares, share transactions, mergers, decisions taken in breach of

the limits of competence, among the defendant companies being: COREALIS S.A. Craiova, PRODPLAST S.A Bucharest, CONTACTOARE S.A. Buzău, CERREALCOM S.A. Alexandria, BANCA COMERCIALĂ ROMÂNĂ S.A., SINTEROM SA.

In the chapter „**other cases**”, in which **S.I.F. Oltenia S.A. is a plaintiff**, there are registered files with a diversified object: criminal complaints, forced execution, claims-damages, appeals against forced execution by seizure of dividends due, requests for intervention, of which we exemplify:

- forced execution against the debtor A.V.A.S. (currently A.A.A.S.) for the recovery of the amount of 633,567 lei, according to Civil Sentence no. 1581 / 21.10.2010, file no. 19477/3/2010, representing the amount owed by A.V.A.S. to S.C. RETIZOH S.A., respectively 70% of the value of a real estate returned to former owners. The company also executed this amount from S.I.F. Oltenia S.A., using the provisions on joint and several liability. Up to now, the amount of 7,875 lei was collected and S.I.F. Oltenia S.A. distributed the amount of 35,565 lei of the sale price of the shares held by A.A.A.S. at Biofarm S.A. Bucharest (in forced execution by other creditors), unpaid amount until the reporting date. The execution continues. A.A.A.S. has challenged the sale of the shares held at Biofarm, which is admissible at first instance, the decision being appealed. S.I.F. Oltenia S.A. filed an application for leave to intervene in the case. AAAS also disputed the distribution of the price resulting from the sale of BIOFARM shares, which also includes the S.I.F. Oltenia S.A., file suspended until the first appeal of AAAS was resolved.

The last appeal of AAAS made in the course of this enforcement concerns the request for the payment of dividends due to AAAS, third party MERCUR SA Craiova (file 29516/215/2017, Craiova Court, deadline 05.09.2018).

- actions for damages for non-fulfillment of the obligation to carry out the compulsory public offering of shares, in application of the provisions of art. 203 of Law 297/2004 (regarding the shares MOBILA RĂDĂUȚI S.A., LACTA S.A. Giurgiu). The file for S.C. MOBILA S.A. Rădăuți is liable to enforce the claims from the executed securities.

In the file LACTA S.A. Giurgiu, after the favorable decision reached in the first instance, the Bucharest Court of Appeal accepted the defendants' appeals and ordered the payment of the amount of 8,676 lei to GEOCHIS S.A., representing trial costs.

Against the solution, an appeal was filed, a request that was rejected by the court with the obligation of S.I.F. Oltenia S.A. to pay to GEOCHIS SA the amount of 3,785.39 lei - lawyer fee. On 27.06.2018, the amount of 12,461.53 lei was paid by S.I.F. Oltenia S.A. to GEOCHIS SA.

- in the claims filed under art. 210 of Law 297/2004, in contradiction with the majority shareholders of issuers SINTEROM S.A. and CONTACTOARE S.A., were irrevocably settled, the solution of the courts being the obligation of the defendants to pay damages, respectively:

a) in file no. 4395/114/2012, for damages of CONTACTOARE S.A. as a major shareholder of SINTEROM S.A., the Ploiesti Court of Appeal, by Decision no. 641 / 12.10.2016, ordered CONTACTOARE S.A. to pay the amount of 368,804 lei, representing damages and 32,144 lei, trial costs. The amount was recovered by S.I.F. Oltenia S.A. by forced execution.

b) in file no. 5756/279/2012, having as object the indemnification of the company SERVICIILE COMERCIALE ROMÂNNE S.A. Piatra Neamt, as a major shareholder of CONTACTOARE S.A. Buzău, Băcau Court of Appeal, by Decision no. 689 / 12.05.2017, ordered SCR to pay to S.I.F. Oltenia S.A. the sum of 104,627.28 lei and 9,960 lei, trial costs. The amount was recovered by S.I.F. Oltenia S.A. through forced execution.

S.I.F. Oltenia S.A. also promoted a pecuniary claim for CEREALCOM S.A. Alexandria to pay the amount of 1,660,826 lei, representing the equivalent of the stock of shares due after the withdrawal from the company, according to the provisions of art. 134 of Law no. 31/1990 R, as amended and supplemented. The case was settled on December 28<sup>th</sup> 2017 by rejecting the claim of S.I.F. Oltenia S.A.

An appeal was filed and, on 03.07.2018, the Bucharest Court of Appeal admits the appeal of S.I.F. Oltenia S.A. and sends the case back to court, within 30 days of communication.



The case where **S.I.F. Oltenia S.A. is a defendant**, representing shares, having as object money claims arising from the capacity of Director and / or administrators of S.I.F. Oltenia S.A., promoted by Buzatu Florian Teodor, on the reporting date - 30.06.2018 - presents the following situation:

- File no. 6584/63/2014, plaintiff Buzatu Florian Teodor, having as object money claims in amount of 1,758,550 lei and moral damages in amount of 40,000 lei, motivated by the fact that he was revoked from the position of administrator in OGMS S.I.F. Oltenia S.A., is being retried in Dolj Court under no. 6584/63/2014 \*. On April 12<sup>th</sup> 2018, the court dismissed the action of Buzatu Florian Teodor, with appeal within 30 days from its notification (Decision no. 61 / 12.04.2018 has been communicated on 11.07.2018).

Other cases in which S.I.F. Oltenia S.A. has the quality of defendant are the following:

- file no. 57180/300/2015, Sector 2 District Court of Bucharest, having as object the appeal to enforcement, formulated by AAAS to the attachment through the Central Depository – seized third parties, the court partly admits the action on 03.07.2017. The sentence no. 7973/05.07.2017 is un-notified to the parties. The possibility of appealing is being considered.

- file no. 70/332/2017, Mehedinți Court, the plaintiffs Nae Gabriel and Nae Claudiu, having as object, claims, "unjust enrichment". The trial was admitted by the lack of procedural quality of S.I.F. Oltenia S.A. Decision no. 115 / A / 13.02.2018 was communicated on 19.06.2018. With appeal.

- file no. 6876/1/2006, Timișoara Court of Appeal, having as object Law no. 10/2001, in contradiction with Tincu Emilian, Claude Silvia Alice and Hoch Ileana. The case is pending the settlement of file no. 4040/101/2008, Mehedinți Court, in close connection with case no. 6876/1/2006, but S.I.F. Oltenia S.A. is not a procedural party in this case.

**Until 30.06.2018, there were no actions for annulment of the resolutions adopted by the General Meeting of Shareholders of S.I.F. Oltenia S.A.**

## **6. Changes in the management of the company**

During 01.01.2018 - 30.06.2018, **there have been no changes in the management of the company.**

### **Board of Directors**

The Board of Directors of S.I.F. OLTENIA S.A. comprised the following:

1. Tudor Ciurezu – Chairman / General Manager
2. Cristian Buşu – Vice-Chairman / Deputy General Manager
3. Anina Radu – non-executive administrator
4. Radu Hanga – non-executive administrator
5. Ana Barbara Bobircă – non-executive administrator
6. Nicolae Stoian – non-executive administrator
7. Carmen Popa – non-executive administrator

**The Audit Committee**, established by the Board of Directors during the analyzed period, comprised the following:

1. Radu Hanga - Non-Executive Independent Administrator, Chairman
2. Ana Barbara Bobircă - Non-Executive Independent Administrator
3. Nicolae Stoian - Non-Executive Independent Administrator

**The Nomination Committee**, established by the Board of Directors during the analyzed period, comprised the following:

1. Ana Barbara Bobircă - Non-Executive Independent Administrator, Chairman
2. Radu Hanga - Non-Executive Independent Administrator
3. Tudor Ciurezu – Chairman of the Board of Directors

### **Senior Management**

During the analyzed period, the activity of S.I.F. OLTENIA S.A. has been coordinated, as members of the Superior Management, by:

- Tudor Ciurezu - General Manager
- Cristian Buşu – Deputy General Manager

whereas, according to the Articles of Incorporation and Internal Regulations of the company, Mr. Tudor Ciurezu, as Chairman of the Board of Directors, also serves as General Manager, and Mr. Cristian Buşu, as Vice-Chairman of the Board of Directors, also fulfills the function Deputy General Manager.

### **People with key positions**

During the analyzed period, the persons with key positions within S.I.F. OLTENIA S.A. were:

#### **Internal audit**

**The internal auditor** was, until 30.04.2018, Ms. Bălțățeanu Nadia Florentina - employee of the issuer for an indefinite period. Starting with 01.05.2018, following the retirement of Mrs. Bălțățeanu Nadia Florentina for old age, Mrs. Cimpoeru Ana - employee of the issuer for indefinite period was appointed as internal auditor.

#### **Internal control / Compliance**

During the analyzed period, the internal control / compliance activity was carried out by Mrs. Viorica Bălan – representative of the Compliance Department.

#### **Risk Manager**

During the analyzed period, the risk management activity of the company was fulfilled by Mrs. Daniela Budin – representative of the Risk Management Department.

### **External Financial Audit**

The company's **external financial auditor** is JPA AUDIT & CONSULTANȚĂ S.R.L. Bucharest.

As of 30.06.2018, the number of employees of S.I.F. OLTENIA S.A. was **45 persons**, compared to **47 persons** existing as of 31.12.2017 and **49 persons** as of 30.06.2017.

#### ***NOTE***

***The financial statements, as of 30.06.2018, have not been audited.***

Associate Prof.PhD ec. Tudor CIUREZU  
Chairman / General Manager

PhD, MBA Cristian BUȘU  
Vice-Chairman / Deputy General Manager

Ec. Elena SICHIGEA  
Financial Departments Manager