

Investments with a view



**SOCIETATEA DE INVESTITII FINANCIARE MUNTENIA S.A.**

# **ADMINISTRATOR'S HALF YEAR REPORT**

**01.01.2016 - 30.06.2016**



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

## GENERAL INFORMATION

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

Contact Romania, Bucharest, 16 Splaiul Unirii, 040035

Tel: +4021-3873210; +4021- 3873208

Fax: +4021-3873265; +4021-3873209



[www.sifmuntenia.ro](http://www.sifmuntenia.ro)

e-mail: relatii@sifmuntenia.ro; sai@munteniainvest.ro

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



Authorised by NSC Decision no. D6924/17.07.1997

Reauthorised by NSC Decision no. 110/13.01.2004

Registered in the NSC Registry under no. PJR05SAIR/400006

Address: 16 Splaiul Unirii, Sector 4, 040035 Bucharest, Romania

Tel: 021-387.32.10 Fax: 021-387.32.09



## TABLE OF CONTENTS

<b>1</b>	<b>ANALYSIS OF THE ACTIVITY .....</b>	<b>1</b>
1.1	ENVIRONMENT .....	1
1.2	SIF MUNTENIA PORTOFOLIO .....	3
1.3	TOTAL ASSETS AND NET ASSETS .....	5
1.4	SUMMARY OF THE FINANCIAL POSITION .....	7
<b>2</b>	<b>SHARES SUB-PORTFOLIO .....</b>	<b>8</b>
2.1	ALLOCATION ON SECTORS OF ACTIVITY .....	9
2.2	COMPANIES WITH A QUOTA HIGHER THAN 1% OF SIF MUNTENIA'S TOTAL ASSETS .....	9
<b>3</b>	<b>SIF MUNTENIA SHARES, SHAREHOLDERS RELATIONS .....</b>	<b>12</b>
3.1	TRADING OF SHARES ISSUED BY SIF MUNTENIA .....	12
3.2	SHAREHOLDING STRUCTURE .....	13
3.3	DIVIDENDS .....	13
3.4	VOTING RIGHT .....	14
3.5	SHAREHOLDERS GENERAL MEETINGS .....	14
3.6	SHAREHOLDERS RELATIONS .....	14
<b>4</b>	<b>CORPORATE GOVERNANCE .....</b>	<b>17</b>
4.1	COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE .....	17
4.2	ASSESSMENT OF THE ASPECTS RELATED TO THE ISSUER'S CORE ACTIVITY IMPACT ON THE ENVIRONMENT .....	17
<b>5</b>	<b>FINANCIAL STATEMENTS .....</b>	<b>18</b>
5.1	INDIVIDUAL STATEMENT OF FINANCIAL POSITION .....	18
5.2	INDIVIDUAL STATEMENT OF PROFIT AND LOSS AND OTHER ITEMS OF COMPREHENSIVE INCOME .....	20
5.3	BUDGET OF REVENUES AND EXPENSES EXECUTION .....	21

# 1 ANALYSIS OF THE ACTIVITY

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

SIF Muntenia was established as a joint stock company in November 1996 by restructuring and transformation of Muntenia IV Private Ownership Fund, pursuant to Law no. 133/1996 for the transformation of Private Ownership Funds into financial investments companies.

SIF Muntenia is a closed-end financial investments company, non UCITS, with a diversified investment policy, which was established and operates according to its Establishment deed.

Its main assets are financial instruments, so qualified according to NSC/FSA regulations.

According to its declaration of mission, SIF Muntenia was structured as “**diversified balanced fund**”.

**The general objective of the administration is maintaining SIF Muntenia as a diversified balanced fund, aiming to combine a balanced increase of the assets with moderate revenues, at a medium risk level.**

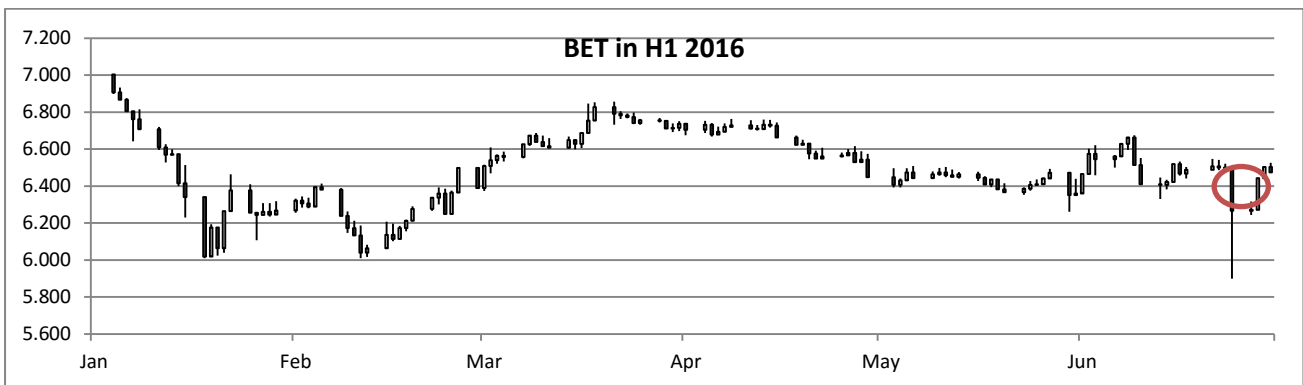
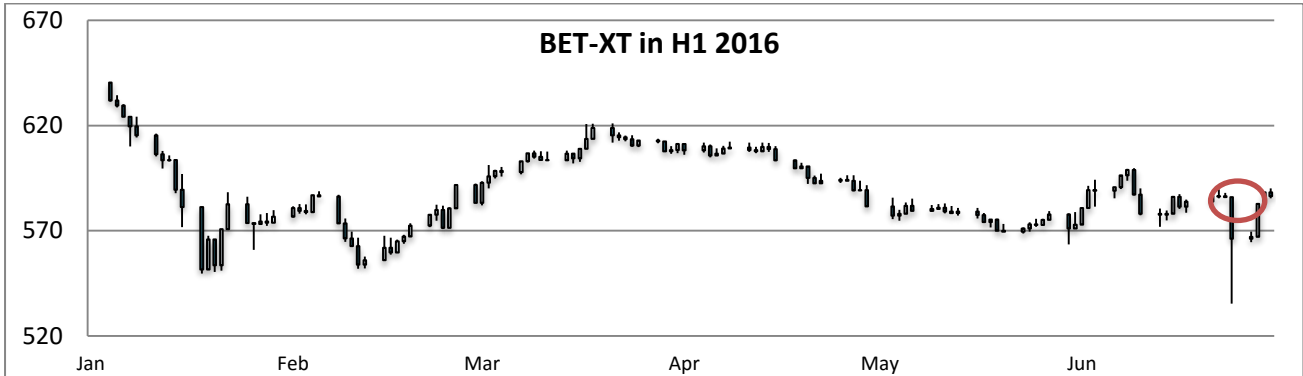
Acquisitions and sales of assets performed by SIF Muntenia during first half year 2016 refer to sale and purchase transactions of financial instruments. Details regarding these transactions are presented herein below in this Report.

## 1.1 ENVIRONMENT

- Annual GDP growth has intensified, reaching in the first quarter of 2016 the level of 4.3%, unadjusted (4.1% on seasonally adjusted data) compared with 3.8% in the previous quarter, acceleration of economic growth taking place almost exclusively due to domestic demand.
- Maintain annual inflation in negative area (after inflation was minus -3.46% in May 2016 / May 2015, June marked an "increase" up to minus 0.7% in June). In the euro area, the annual inflation rate in the euro zone has returned to positive level in June 2016 following the measures of quantitative easing (QE) conducted by the European Central Bank. The consumer price index for the euro area reached 0.1% in June, after registering minus 0.1% in May and minus 0.2% in April.
- The external environment is characterized by persistent low levels of inflation, and heightened uncertainties regarding global economic growth, those related to the status of Great Britain in relation to the European Union and those relating to monetary policies of major central banks in the world in terms of increasing volatility in global financial markets.
- Increased volatility of international financial markets in the context of the UK referendum was reflected on the local market, the RON exchange rate movements recorded lower rates than the exchange rates of other currencies in the region. International reserves remain at an appropriate level, and Romania's external position is sustainable. These, together with the existence of a stable macroeconomic framework, provides good resistance of the Romanian economy to adverse external shocks.
- European and Romanian banking system. The average solvency of the European banking system (CET 1 ratio - Fully Loaded) was 12.9% in March 2016, down slightly from 13% in December 2015 but more than a point higher than in March 2015 when it was 11.7 %. In Romania, the indicator CET 1 ratio was 18.2% Fully Loaded in March (the 11th of the 29 countries), profitability (ROE) is at a double level as compared to the European average, while the second performance indicator, on assets (Return on assets - ROA) is almost five times higher than the average European one: 1.59% compared to only 0.36%. High profitability of the Romanian banking system is due to the increase of lending, and the process of bad loans recognition through write-off and selling them to collectors, initiated two years ago, upon the NBR recommendations. There are, however, a number of large European banks that could be affected by BREXIT, and which, moreover, might have unsatisfactory results to stress tests to be carried out by the ECB (eg Deutsche Bank, the banking system in Italy). Although, as we have shown above, the Romanian banking system in general (and banks where SIF Muntenia has more significant holdings in particular) is satisfactory, it is possible that in case of domino type events to occur fluctuations in the market prices for listed banks in Romania or

to appear unpleasant effects on the profitability of banks in Romania. SIF Muntenia's Administrator monitors evolutions in the banking system.

- The capital market in Romania. BREXIT effect. The charts below present the evolution of the two major stock indexes, Bet XT and BET in the first half of 2016, their evolution during the Great Britain referendum being highlighted.



Post event, the stock indexes were in the same quotation areas than before finding the result of the UK referendum which was in favor of the country's exit from the European Union. Both NBR and the stock market diagnosis is that the impact was rather minor for the Romanian capital market (reduced presence of retail investors in a market dominated by investors with a medium and long term investment horizon has made emotional component to be lower).

The structural problems of the capital market in Romania still remain unsolved, both low trading volumes and lack of listings of major companies being maintained. Overall, following the severe trading price drops in the first quarter of 2016, however, a series of comebacks were registered during the second quarter.

Overall, it is significant to note that for BET XT, the closing value as of 30 June 2016 is 92.8% as compared to the one registered as of 4 January 2016, while for the BET, the same index 93.74%.

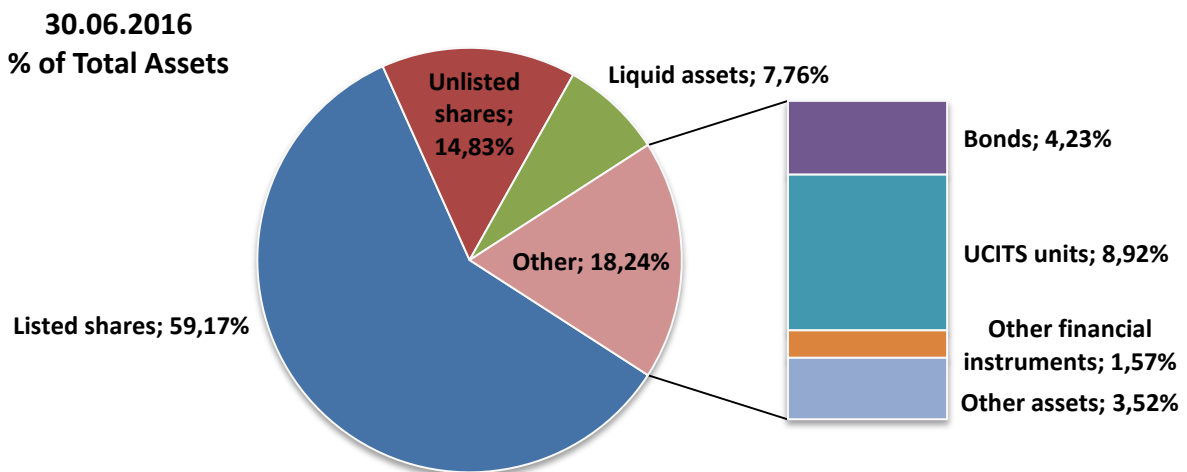
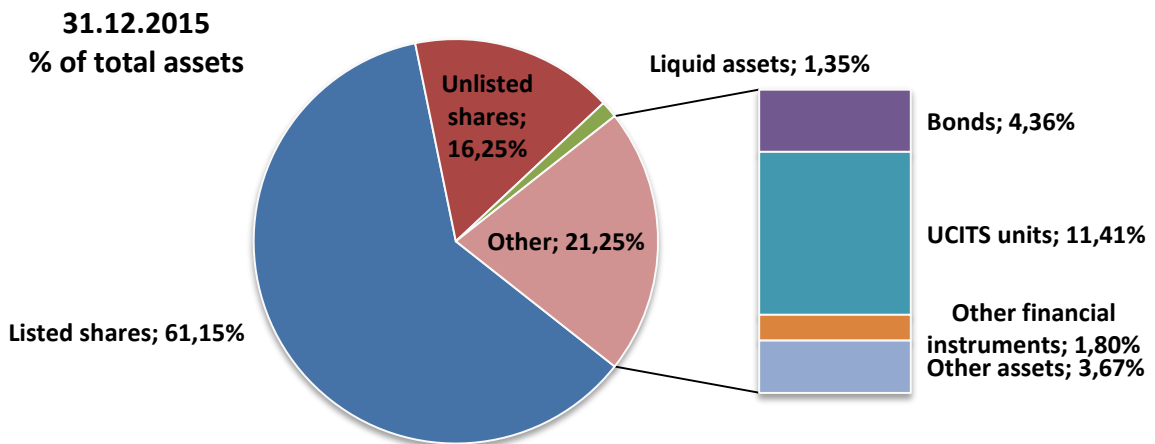
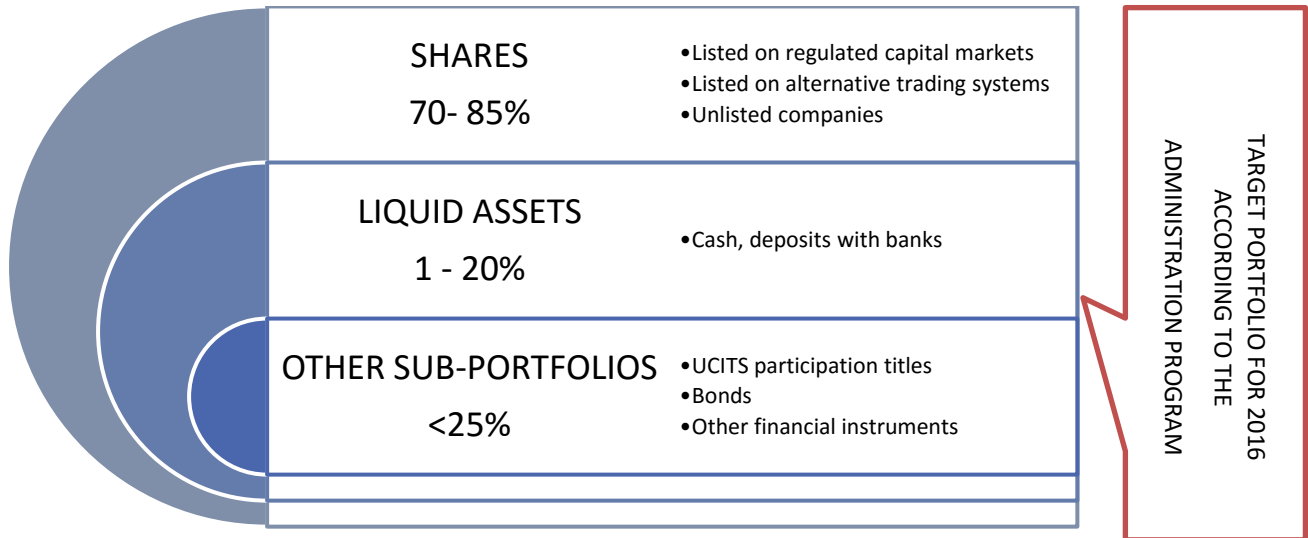
The market capitalization of all companies listed on the Bucharest Stock Exchange was 120.2<sup>1</sup> billion lei (26.5 billion euros<sup>2</sup>) in June 2016. Out of this amount, the market capitalization of Romanian companies was 67.8 billion lei (14, 9 billion euros). Liquidity ratio was 7.18% for the regulated market overall, respectively 12.36% for Romanian companies.

<sup>1</sup> Source of data- BSE, Regulated market report, June 2016

<sup>2</sup> Erste Bank represents about one third of total market capitalization

1.2 SIF MUNTENIA PORTOFOLIO

Asset allocation on sub-portfolios was within the limits of the Investment program for 2016 which was approved by the shareholders of SIF Muntenia during the SGM dated 28 April 2016 as follows:



The main sub-portfolios comprised by SIF Muntenia's portfolio are as follows

in LEI	30-06-15	31-12-15	30-06-16
Listed shares	767,359,800	740,021,288	737,536,519
Unlisted shares	174,957,608	196,625,760	184,812,706
Listed bonds	50,997,900	51,579,300	51,539,400
Unlisted bonds	1,148,434	1,161,506	1,159,672
Other financial instruments	10,780,000	21,840,000	19,600,000
Cash	466,846	4,269,773	5,758,037
Deposits with banks	48,859,264	12,121,846	90,977,890
UCITS participation titles	144,158,204	138,131,581	111,196,006
Other assets	58,109,134	44,384,726	43,863,606
<b>TOTAL ASSETS</b>	<b>1,256,837,189</b>	<b>1,210,135,780</b>	<b>1,246,443,836</b>

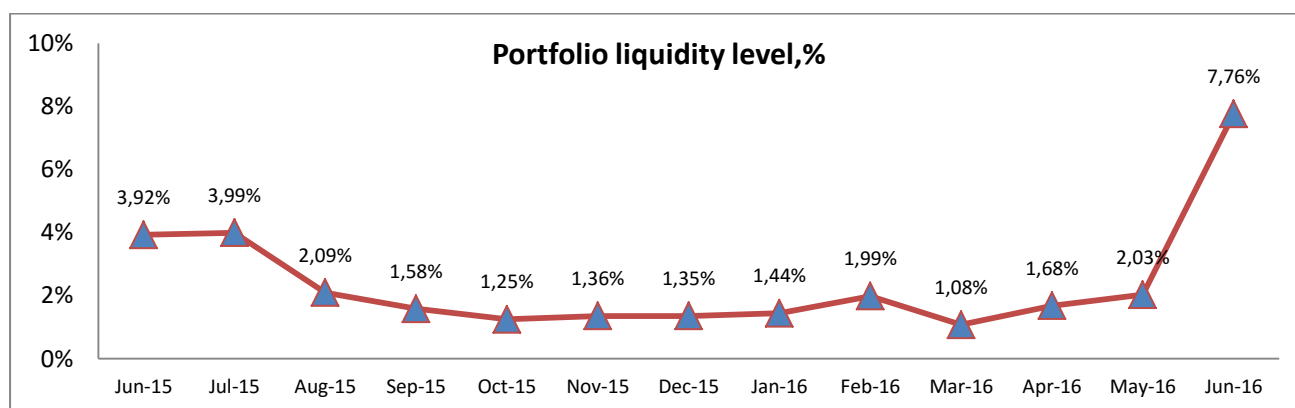
In the first half of 2016 dividends amounting to 43.75 million lei were received and the **net** income from dividends amounted to 58.44<sup>3</sup> mn lei.

While quoted shares prices were almost continuously decreasing and expectations that this trend would continue, purchases of shares were reduced. Thus, in the first half of 2016 shares amounting to 38.5 mn were sold and shares amounting to 4 million lei were bought.

The process of reducing the exposure on the of SIF Muntenia's portfolio on investment funds with portfolios that were considered as having a low yield in the current market context continued, the share of the UCITS titles sub-portfolio changing from 11.4% of total assets recalculated as of 31.12.2015 to 8.9% of total assets at 30.06.2016.

Overall, the net gain on sale of assets in H1 2016 was 20.3 million.

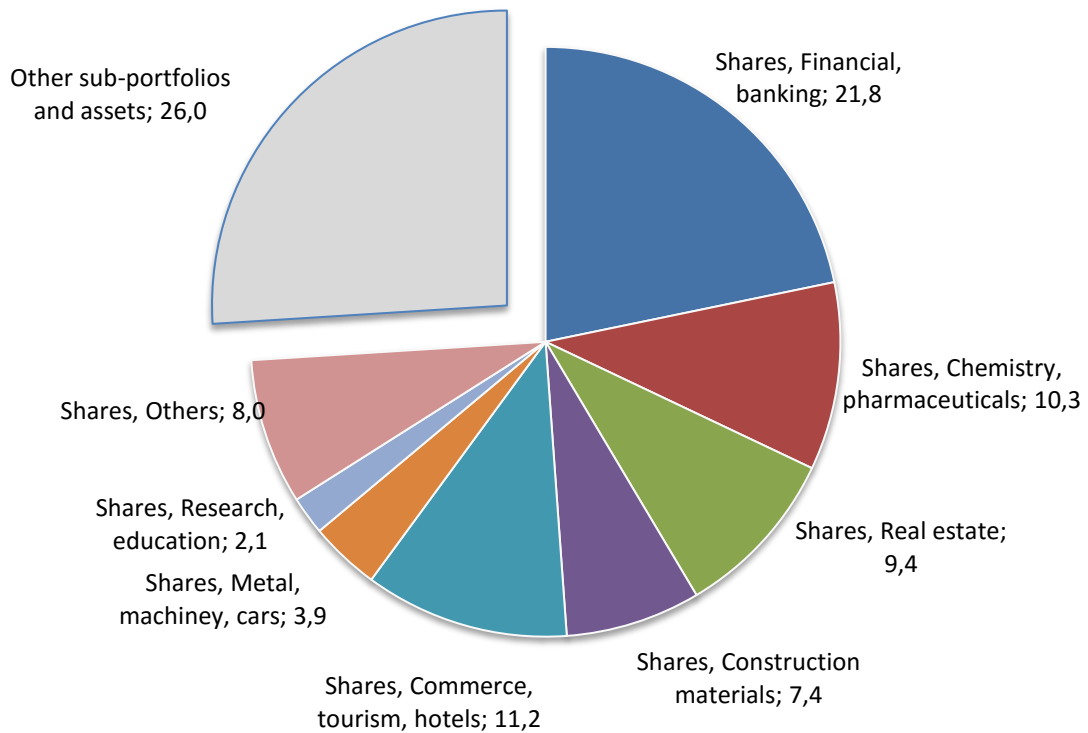
The liquidity of the portfolio, defined as the ratio of cash plus bank deposits and total assets was within the limits required by a prudent management of liquidity risk. Also, by increasing the liquidity portfolio sources are secured for dividend payments to SIF Muntenia's shareholders.



Lower interest rates in Romania down to a "historic low" yielded a greatly reduced average interest for SIF Muntenia's deposits. For example, on 30.06.2016 the average interest rate for SIF Muntenia's deposits 1.58% (as a comparison, one month ROVID as of 30 June 2016 was 0.26% and one month ROBOR was 0.65% p.a.).

<sup>3</sup> Dividend income is recognized in profit or loss on the date on which the right to receive the income is established.

SIF Muntenia portfolio exposure by sector of activity, percentage of total assets calculated according to NSC/FSA regulations on 30.06.2016



Shares in companies active in the banking sector still held the largest share in SIF Muntenia's total assets of, although its share in total assets decreased as compared to the beginning of 2016 (details in Chapter Shares sub-portfolio).

### 1.3 TOTAL ASSETS AND NET ASSETS

The net asset value (NAV) was calculated in accordance with Regulation no. 9/2014 issued by FSA and is then certified by the depository company for SIF Muntenia's assets, Banca Română pentru Dezvoltare (BRD) - GSG.

Monthly Net Asset Values were published for shareholders' information on [www.sifmuntenia.ro](http://www.sifmuntenia.ro) website and reported in accordance with applicable law to ASF - Financial Instruments and Services Sector and the Bucharest Stock Exchange (BSE), no later than 15 calendar days since the reporting month.

The Total asset values, net assets and liabilities related to 31.12.2015 **recalculated** values are presented and used in this report, including accounting items related to the **final** financial statements for that period (IFRS/Rule 39<sup>4</sup> audited financial statements). The recalculated values were certified by the SIF Muntenia's Depository.

The Total asset values, net assets and liabilities related to the period between 1 January 2016- 30 June 2016 were calculated in accordance with Regulation no. 9/2014 issued by the FSA, using accounting items related to the financial statements in accordance with IFRS.

Total assets increased by 3% (36.3 mn lei) in the first half of 2016 and net assets grew by 7.61% (80.4 mn lei).

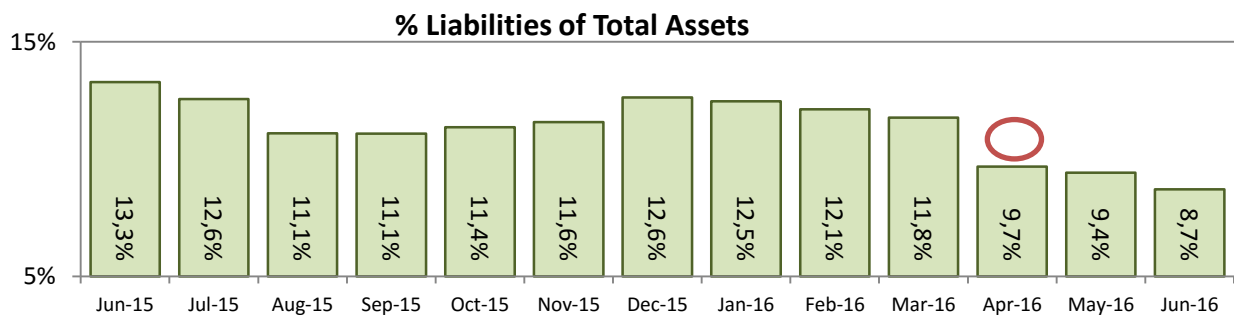
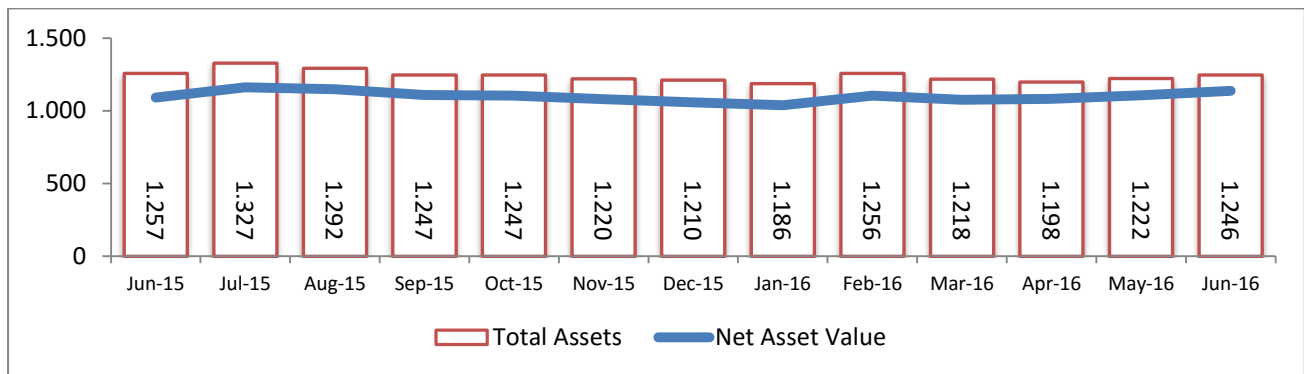
<sup>4</sup> FSA Rule no. 39/2015 approving the Accounting Regulations in accordance with International Financial Reporting Standards (Rule 39), applicable to entities authorized, regulated and supervised by the FSA in the financial and investment instruments sector.



SIF Muntenia Total assets, net assets and liabilities (lei)

	H1 2015	2015	H1 2016
<b>TOTAL ASSETS</b>	1,256,837,189	1,210,135,780	1,246,443,836
<b>TOTAL LIABILITIES</b>	166,823,707	152,744,209	108,614,687
<b>NET ASSETS</b>	<b>1,090,013,483</b>	<b>1,057,391,571</b>	<b>1,137,829,150</b>
<b>VUAN</b>	1.3506	1.3102	1.4099
<b>Euro FX rate</b>	4.4735	4.5245	4.5210
<b>TOTAL ASSETS in euro</b>	280,951,646	267,462,876	275,700,915
<b>NET ASSETS in euro</b>	243,660,106	233,703,519	251,676,432

Evolution of total assets and net assets calculated according to FSA regulations during the last year (mn lei)



Net dividends distributed to shareholders amounted to 0.6 mn.

- At the end of April 2016, the **liabilities** decreased with 27.3 mn lei (19.05%) as compared to the previous month, due to the registration of:
- A decrease of 63.41 million lei according to the decision no. 5 of the SGOA of SIF Muntenia dated 28 April 2016 for prescribing uncollected dividends and amounts from reserves within three years as of their chargeability.
  - An increase of 36.32 million lei according to the decision no. 2 of the SGM, which decided to distribute dividends from the profit of 2015, and as a result, there was a liability towards the shareholders of SIF Muntenia related dividends that will be paid

Overall, the dividend to be paid to shareholders of SIF Muntenia decreased from 129.7 million lei at the beginning of 2016 down to 102 million lei.

#### 1.4 SUMMARY OF THE FINANCIAL POSITION

ASSET EVOLUTION lei	H1 2015	2015 recalculated	H1 2016
<b>CERTIFIED TOTAL ASSETS</b>	1,256,837,189	1,210,135,780	1,246,443,836
<b>NAV</b>	1,090,013,483	1,057,391,571	1,137,829,150
<b>NAV per SHARE (lei/share)</b>	1.3506	1.3102	1.4099
<b>DIVIDENDS-lei</b>	2013	2014	2015
<b>GROSS DIVIDEND PER SHARE</b>		0.0715	0.045
<b>SHARES lei</b>	H1 2015	2015	H1 2016
<b>CLOSING PRICE AT THE END OF PERIOD</b>	0.84	0.744	0.59
<b>MARKET CAPITALIZATION</b>	673,068,454	600,435,167	476,151,544
<b>NET ASSETS DISCOUNT</b>	34.3%	43.2%	58.2%
<b>ACCOUNTING ASSETS AND LIABILITIES-lei</b>	H1 2015 restated	2015	H1 2016
<b>TOTAL ACCOUNTING ASSETS</b>	1,011,095,819	1,076,625,459	1,035,111,162
<b>EQUITY</b>	839,438,975	923,881,250	926,496,475
<b>TOTAL LIABILITIES</b>	171,656,844	152,744,209	108,614,687
<b>REVENUES AND EXPENSES-lei</b>	H1 2015 restated	2015	H1 2016
<b>TOTAL REVENUES</b>	98,859,158	219,742,905	91,566,324
<b>TOTAL EXPENSES</b>	55,571,417	144,099,567	30,921,678
<b>GROSS PROFIT</b>	43,287,741	75,643,338	62,648,809
<b>NET PROFIT</b>	40,568,623	63,855,737	59,900,974
<b>PERFORMANCE INDEXES</b>	H1 2015	2015	H1 2016
<b>ROE = net profit /equity</b>	4.83%	6.91%	6.47%
<b>Net assets gross yield = gross profit/NAV end of period</b>	3.97%	7.15%	5.51%
<b>Net assets net yield = net profit /NAV end of period</b>	3.72%	6.04%	5.26%
<b>ROA = net profit /Total accounting assets</b>	4.01%	5.93%	5.79%

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

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

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

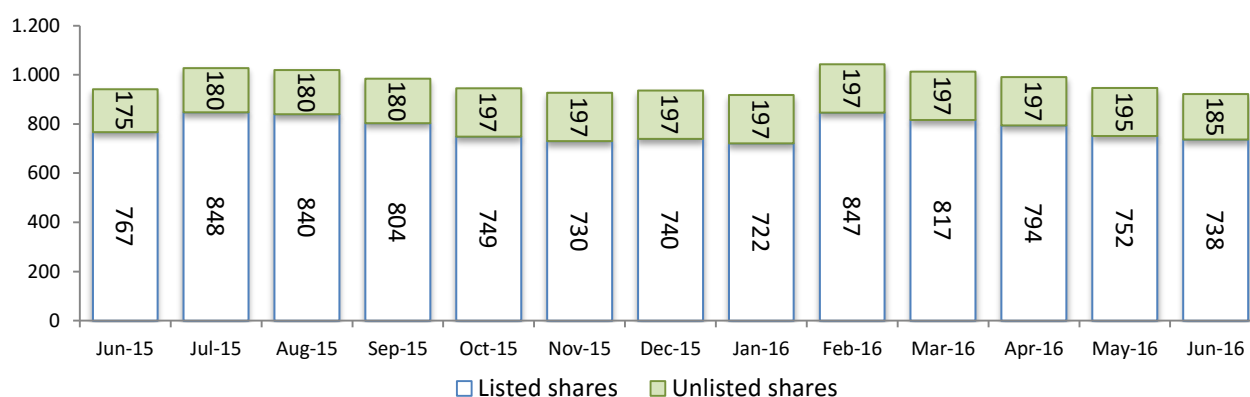
**TOTAL ACCOUNTING ASSETS** = total intangible assets, current assets as per the balance sheet

**H1 2015 restated** = financial accounting data as reported on 30 June 2015 and restated according to FSA Rule no.39/2015 for comparison with 30 June 2016.

## 2 SHARES SUB-PORTFOLIO

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

The administration of this sub-portfolio aimed to achieve the objectives set in the Strategic management program approved.



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

in Lei	30-06-15	31-12-15	30-06-16
<b>Listed shares</b>	<b>767,359,800</b>	<b>740,021,288</b>	<b>737,536,519</b>
- Listed on BSE	459,234,776	510,681,193	406,236,076
- listed on foreign markets/EU member state	4,008,647	3,822,671	1,590,262
- listed on RASDAQ	52,502,781	-	-
- listed on SIBEX	0	0	711,441
- listed on ATS (ATS.SIBEX+AERO.BVB)	36,418,362	149,600,000	132,768,915
- listed on BSE and never traded	11,742,903	11,735,422	10,670,051
- listed and not traded during the last 30 days	203,452,330	64,182,002	185,559,774
-listed, suspended from trading for more than 30 days	0		
<b>Unlisted shares</b>	<b>174,957,608</b>	<b>196,625,760</b>	<b>184,812,706</b>
- unlisted but traded on BSE	62,105	-	-
- closed	174,895,503	196,625,760	184,812,706
<b>Total</b>	<b>942,317,408</b>	<b>936,647,048</b>	<b>922,349,225</b>

After clarifying the legal status of companies that used to be listed on RASDAQ market, for enforcing Law No. 151/2014, at the end of 2015 the positions in the shares sub-portfolio related to "Listed on RASDAQ" and unlisted but traded on BSE" **no longer exists**. Accordingly, the position listed on ATS (alternative trading system) increased by registering in this sub-portfolio the holdings that have opted for a listing on an alternative trading system.

In H1 2016 167,065 Romgaz shares were bought and 15,367,120 Banca Transilvania shares, 100,000 Tranelectrica shares, 76,300 Globalworth, 13,671 STK Emergent and 4,072,135 Teraplast Bistrita shares were sold.

## 2.1 ALLOCATION ON SECTORS OF ACTIVITY

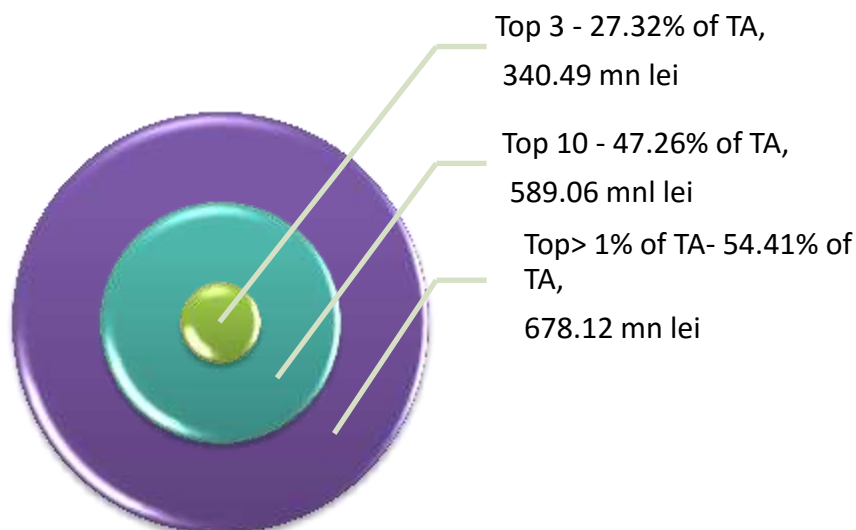
On 06/30/2016, bonus shares related to the capital increase by issuing new shares conducted by Banca Transilvania, a number of 16,887,120, were not included in shares sub-portfolio actions but in "Other assets" because the operation of allocating was not yet finished. Including these assets in the shares sub-portfolio will result in an increase in the sub-portfolio of shares in companies active in retail banking sector.

Increasing the share of the commerce sector, tourism hotels was solely due to asset value growth of its component companies.

Buying and selling operations conducted in the utilities sector (sale of Transelectrica shares and purchase of Romgaz shares) were compensated and led to maintaining the share of this sector to close values.

	31.12.2015	30.06.2016
Financial, banking, insurance	28,69	21,76
Chemical, petrochemical and pharmaceuticals industry	12,35	10,29
Real estate transactions, lease, other services	9,45	9,40
Constructions materials industry	7,95	7,41
Commerce, tourism, hotels	5,74	11,21
Metal, machinery, cars	4,67	3,85
Research, education	2,40	2,10
Agriculture, livestock, fishing	2,23	4,72
Steel, metallurgy	1,08	0,00
Utilities (Electricity, heating, water, gas)	1,07	1,08
Extractive industry	0,58	1,76
Pulp, paper, cardboard	0,21	0,25
Transport, storage and communications	0,07	0,08
Food, beverages and tobacco	0,02	0,01
Constructions	0,01	0,10
Other services activities	0,00	0,00
Other industrial activities	0,00	0,00
% in Total assets	76,53	74,01

## 2.2 COMPANIES WITH A QUOTA HIGHER THAN 1% OF SIF MUNTENIA'S TOTAL ASSETS



Denomination	Net assets value lei	Percentage in SIF Total assets %
BANCA TRANSILVANIA SA	139,472,208	11.19
BIOFARM SA BUCURESTI	119,566,218	9.593
SEMROM MUNTENIA SA BUCURESTI	81,455,354	6.535
AVICOLA SA BUCURESTI	54,185,422	4.347
FIROS S.A BUCURESTI	39,384,313	3.16
SIF BANAT-CRISANA	38,852,771	3.117
VOLUTHEMA PROPERTY DEVELOPER SA	32,241,769	2.587
ROMAERO SA BUCURESTI	29,064,474	2.332
BRD - GROUPE SOCIETE GENERALE SA	28,359,524	2.275
SIF OLTENIA	26,482,800	2.125
METAV SA BUCURESTI	24,738,737	1.985
STICLOVAL SA VALENII DE MUNTE	19,900,755	1.597
UNIREA SHOPPING CENTER SA BUCURESTI	16,381,255	1.314
FONDUL ROMAN DE GARANTARE A CREDITELOR PENTRU INTREPRINZATORII PRIVATI - IFN S.A.	14,861,185	1.192
CI-CO SA BUCURESTI	13,170,300	1.057
<b>TOTAL</b>	<b>678,117,083</b>	<b>54.41</b>

*Companies with the highest quota in total assets - Banca Transilvania and Biofarm- are presented in details as follows*

BANCA TRANSILVANIA S.A. CLUJ	30.06.2015	31.12.2015	30.06.2016
% in SIF Muntenia Total assets	11.80	16.364	11.19
% held by SIF Muntenia in company's share capital	2.671	2.724	2.216



Banca Transilvania (TLV) is a systemic important bank in Romania, whose activity is supervised by the National Bank of Romania.

Banca Transilvania shares are listed on the Bucharest Stock Exchange, the main market premium category, symbol TLV.

Banca Transilvania is one of the three largest banks in Romania, in terms of assets, with a market share of 9.7%. Its activity is organized into three main business lines: Corporate, SME and Retail, respectively 3 sectoral approaches - agriculture, healthcare and European funds. BT has over 7,000 employees, a network of 550 offices and approximately 2.1 million active customers.

The shareholders decided during the SGM held on 27 April the distribution of both dividends and free shares (by incorporation of reserves from the net profit of 2015).

SIF Muntenia received a dividend of 32.68 mn and a total of 16,887,120 free shares (which as presented above, on 30.06.2016 were included in the sub-portfolio Other assets because the allocation operation has not yet been finalized).

In H1 2016, SIF Muntenia sold 15,367,120 shares of Banca Transilvania (TLV) on the main market of the Bucharest Stock Exchange.

<b>BIOFARM S.A. BUCURESTI</b>	<b>30.06.2015</b>	<b>31.12.2015</b>	<b>30.06.2016</b>
% in SIF Muntenia Total assets	12.03	11.575	9.59
% held by SIF Muntenia in company's share capital	45.89	50.98	50.98%



Biofarm SA Bucharest is one of the first Romanian medicines and dietary supplements producers, with a portfolio of over 200 products.

With a tradition of over 90 years in the pharmaceutical industry in Romania, Biofarm is among the top 10 Romanian producers, achieving a 3.80% market share (as reported by Cegedim Romania) of total units sold to patients Romanian pharmaceutical market.

Biofarm is a strong market-oriented society, which, in the course of 2015, managed to develop 15 new formulations of medicines and dietary supplements.

The manufacturer exports to 12 countries, deliveries to these markets representing at the end of last year 4% of turnover. Regarding export activity, were obtained 46 registration certificates for products in Biofarm portfolio including 8 for drugs and 38 for dietary supplements.

Biofarm SA Bucharest shares are listed on the Bucharest Stock Exchange, under symbol BIO, the main segment, premium category.

With 390 employees, Biofarm has achieved in 2016 a turnover of 149 million lei, with a net margin of 18.2%.

Biofarm Bucuresti SA shares are listed on the Bucharest Stock Exchange, symbol BIO, the principal segment premium category.

In H1 2016 SIF Muntenia has not carried out transactions with Biofarm shares.

The dividend related to 2015 profit received by SIF Muntenia amounted to 8.038 mn lei.

### 3 SIF MUNTENIA SHARES, SHAREHOLDERS RELATIONS

The subscribed and fully paid up share capital amounts to RON 80,703,515.5, divided into 807,036,515 common shares, with a face value of 0.1 lei/share.

#### MAIN CHARACTERISTICS OF SIF MUNTENIA SHARES

All shares are ordinary shares. The number of issued shares was not modified in First Half of 2016.

Since its establishment, SIF Muntenia has not purchased and has not held its own shares at any time.

SIF Muntenia did not issue bonds and/or other debt securities, not having such obligations. The entire activity is financed only through own equity.

The shares issued by SIF Muntenia are listed on the Bucharest Stock Exchange, main segment, Premium Category, in accordance with the provisions of the BSE decision no. 200/1999 and are traded on this market since 01.11.1999.

SC DEPOZITARUL CENTRAL S.A. București, company authorised by the NSC, keeps the evidence of the shares and shareholders of SIF Muntenia.

#### 3.1 TRADING OF SHARES ISSUED BY SIF MUNTENIA

Main market

Bucharest Stock Exchange, REGS

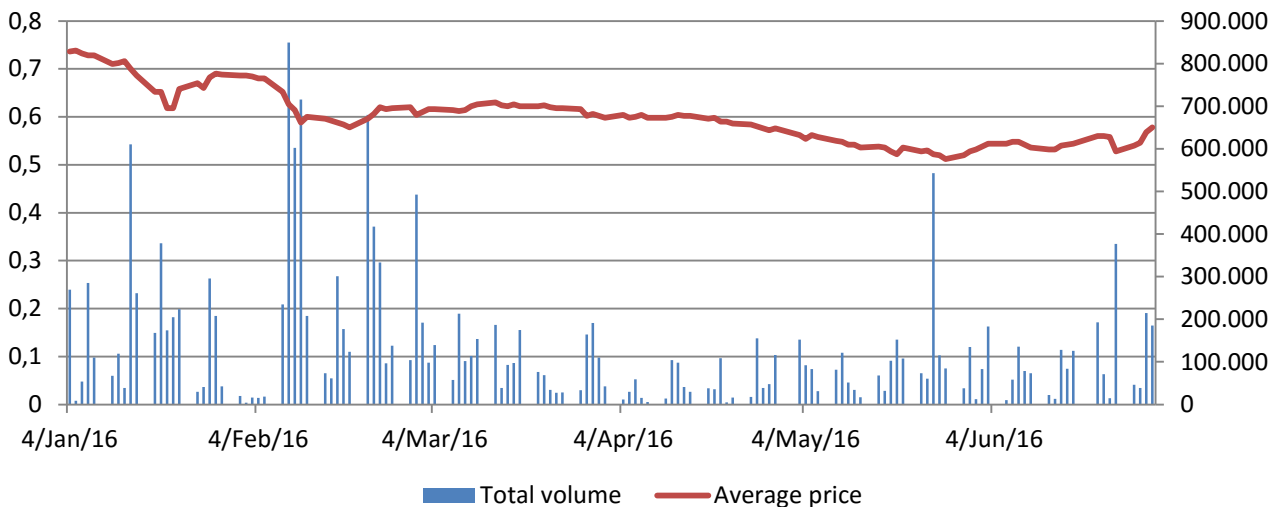
Included in the indeces

[BET-BK](#) | [BET-FI](#) | [BET-XT](#) | [BET-XT-TR](#)

SHARE PERFORMANCE	30-06-15	31-12-15	30-06-16
Closing price REGS lei	0.84	0.744	0.59
NAV per SHARE lei	1.3506	1.3102	1.4099
Net assets discount	37.8%	43.2%	58.2%
Market capitalization mn lei	677.91	600.44	476.15

Transactions with SIF Muntenia shares in H1 2016	REGS	DEAL	TOTAL
Number of trades	12,836	0	12,836
Number of traded shares	17,010,899	0	17,010,899
Total trading volume (lei)	10,325,589	0	10,325,589
% total number of shares	2.11%	0	2.11%

Average trading price and trading volume on REGS in H1 2016



### 3.2 SHAREHOLDING STRUCTURE

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

Shareholders	31.12.2015			30.06.2016		
	Number	Held shares	% held from total shares	Number	Held shares	% held from total shares
Resident individuals	5,965,976	493,575,257	61.16%	5,962,699	496,698,157	61.55%
Non resident individuals	1,819	3,041,981	0.38%	1,831	2,490,433	0.31%
Resident companies	201	279,933,506	34.69%	194	279,739,458	34.66%
Non resident companies	24	30,485,771	3.78%	22	28,108,467	3.48%
<b>TOTAL</b>	<b>5,968,020</b>	<b>807,036,515</b>	<b>100.00%</b>	<b>5,964,746</b>	<b>807,036,515</b>	<b>100.00%</b>

### 3.3 DIVIDENDS

All shareholders registered in the consolidated register as of the **registration date** for the SGM approving the annual financial statements are entitled to dividend.

The amount of dividends is approved by the General Meeting of Shareholders upon the proposal of the Board of Directors of SAI Muntenia Invest SA. Payment of dividends shall be made in accordance with the legal provisions and decisions of the respective general shareholders meetings. Dividend tax is withheld and paid by SIF Muntenia, shareholders receive the net dividend minus distribution expenses.

#### DIVIDEND POLICY

Dividend policy is presented on SIF Muntenia's website, Corporate Governance section.

SIF Muntenia's policy on the annual distribution of dividends or other benefits to shareholders was established in the process of voluntary compliance to the Corporate Governance Code of the Bucharest Stock Exchange applicable from 4 January 2016.

**"In general meetings of shareholders approving the financial statements, strategic programs of administration and budget of income and expenses, there will be presented and subject to shareholder approval proposals for allocating the net profit so as to maintain a balance between the remuneration of shareholders by dividend and financing needs for the purchase of new financial instruments, to ensure increased value and asset quality.**

**After completing numerous significant changes to the current legislative framework (IFRS and Alternative Investment Funds) SIF Muntenia will review the dividend policy and will inform shareholders in this regard".**

#### DIVIDENDS APPROVED DURING THE LAST YEARS

LEI	2013	2014	2015
<b>Gross Dividend /share</b>	0	0.0715	0.045

Distribution and payment of dividends were conducted according to the decisions of the ordinary general meeting of shareholders.

In H1 2016 net dividends were paid in the amount of 617,281 lei.

During the SGOA from 28 April 2016 by Decision no. 2, it was approved the distribution of a gross dividend of 0.045 lei per share and by decision no. 3 the dividend distribution was approved with effect from 08.09.2016 which is considered the payment date, shareholders bearing the costs of distribution.

During the SGOA from 28 April 2016 by Decision no. 5, there was approved to perform the accounting registrations related to prescribing the right to require payment of the dividends which have not been claimed for three years as of their due date, amounting to 63,407,818.10 lei and registration of the unpaid amount to the reserves.



### 3.4 VOTING RIGHT

SIF Muntenia shareholders may participate to the general shareholders meetings directly or by representative, according to special power of attorney or may vote by correspondence (classic or electronic mail).

In accordance with current legislation, the acquisition of shares leading to a stake of more than 5% of the share capital or voting rights is prohibited according to Law. 297/2004 on the capital market as amended by by Law no. 11/2012. If a shareholder will hold shares in a percentage greater than 5% of the share capital, it will not have voting rights for the shares held more than the specified quota, but it is entitled to receive dividends for these shares.

The FSA announced that, after analyzing the holdings of SIF4 shares as of the the date of the SGOM, on 28.04.2016, no elements / data / information was identified leading to the conclusion that individuals alone or together with other persons acting in concert exceed the limit of 5% of the share capital of SIF Muntenia.

### 3.5 SHAREHOLDERS GENERAL MEETINGS

**The main tasks of the general meetings of shareholders** are set out in the Establishment Deed of SIF Muntenia, as updated, which can be found at <http://www.sifmuntenia.ro/pdf/1534.pdf>, Article 6. They are supplemented with the legal provisions for companies subject to common law, Law 31/1990 and the special provisions for financial companies known as undertakings for collective investment in transferable securities, subject to FSA supervision.

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

SIF Muntenia's General Meeting of Shareholders was convened in accordance with the legal provisions for the 27 and 28 April 2016 and was held on 28 April 2016.

It approved the financial statements for 2015, profit distribution, the dividend level was established and the starting date of the distribution was approved. It was approved the Management program for 2016 and the Revenue and expenses Budget for 2016. There was also approved to perform accounting operations related to the prescription of the right to request unclaimed dividends for a period of 3 years after their enforceability, there was established the remuneration of the members of the Shareholders Representatives Council.

The record date was established for 18 August 2016, and the ex-date – 17 August 2016.

### 3.6 SHAREHOLDERS RELATIONS

On the investor relations section of the website, updated information on corporate governance are included and provides access to the documents regulating the company's governance. Information on corporate governance are regularly reported through the corporate governance statement within the annual report and continually updated through the website and current reports.

**Reporting obligations of transparency and information** towards shareholders and capital market institutions were complied with and ensured by press releases distributed in national, financial newspapers by publishing periodic and continuous reports regarding the information made available by electronic means both on its own website [www.sifmuntenia.ro](http://www.sifmuntenia.ro) as well as on the electronic system of the capital market where SIF Muntenia shares are listed, by the information of the NSC/FSA through written and electronic correspondence with the shareholders.

Institutional obligations of information and reporting in relation to capital market institutions:

- Periodic Reports to FSA and BSE;
- Reports and/or current communiques to FSA and continuous to BSE;

The Financial reporting calendar was sent to the Bucharest Stock Exchange, FSA and published on [www.sifmuntenia.ro](http://www.sifmuntenia.ro).

Disclosure obligations in relation to shareholders were made by mail, telephone information via a dedicated Shareholders Relations Service, organized by SAI Muntenia Invest. Written and electronic correspondence with shareholders targeted information on the payment of dividends, transfer of shares by inheritance, personal data updates, tax rules for both residents and non-residents, about financial reporting, etc.

The website of SIF Muntenia makes available contact information of the shareholders relations office, and the link [http://www.munteniainvest.ro/doc/P02\\_Procedura%20admin%20petitii\\_sep%202015.pdf](http://www.munteniainvest.ro/doc/P02_Procedura%20admin%20petitii_sep%202015.pdf) can be accessed in order for the SIF Muntenia investors to be informed on the Procedure regarding the registration, administration, settlement and archive of claims, complying with the FSA Regulation no. 9/2015.

On 23 May 2016 SAI Muntenia Invest SA informed investors by current report published according to the law that, by decision of its board of directors, it approved not to use leverage as defined by article 3 point 16 of Law no. 74/2015 on alternative investment fund managers in the investment policy adopted in relation to the administration of SIF Muntenia.

## REPORTING DURING THE FIRST HALF OF 2016

NAV 31.05.2016

15.06.2016 8:02:00

Communique – related to the investment policy

23.05.2016 14:18:00

Current report – changes in the management of SAI MUNTENIA INVEST

19.05.2016 19:03:00

Current report – FSA authorization on the changes related to the management of SAI Muntenia Invest SA

16.05.2016 19:10:00

NAV 29.04.2016

13.05.2016 19:03:00

Communique – availability of the quarterly report as of 31.03.2016

12.05.2016 16:22:00

Current report – Ordinary SGM Decisions as of 28.04.2016 (second convocation)

28.04.2016 12:08:00

Ordinary SGM (second convocation)

28.04.2016 7:56:00

Communique availability of the annual report for 2015

27.04.2016 10:57:00

Current report not meeting the quorum for the Ordinary SGM as of 27.04.2016 (first convocation)

27.04.2016 10:22:00

Ordinary SGM

27.04.2016 7:41:00

NAV 31.12.2015 – recalculated according to IFRS

20.04.2016 18:52:00

NAV 31.03.2016

18.04.2016 8:00:00

Current report – amendment of the depository contract concluded between SAI MUNTENIA INVEST and BRD - GSG

04.04.2016 19:32:00

NAV 31.05.2016

15.06.2016 8:02:00

Communique – related to the investment policy

23.05.2016 14:18:00

Current report - changes in the management of SAI MUNTENIA INVEST

19.05.2016 19:03:00

Report curent - FSA authorization on the changes related to the management of SAI Muntenia Invest SA

16.05.2016 19:10:00

NAV 29.04.2016

13.05.2016 19:03:00

Communique availability of the quarterly report as of 31.03.2016

12.05.2016 16:22:00

Current report - Ordinary SGM Decisions as of 28.04.2016 (second convocation)

28.04.2016 12:08:00

Desfasurare AGA Ordinara (a doua convocare)

28.04.2016 7:56:00

Communique disponibilitate raport anual 2015

27.04.2016 10:57:00

Current report neintrunire cvorum AGA Ordinara din 27.04.2016 (prima convocare)

27.04.2016 10:22:00

Desfasurare AGA Ordinara

27.04.2016 7:41:00

VAN 31.12.2015 - recalculat conform IFRS

20.04.2016 18:52:00

VAN 31.03.2016

18.04.2016 8:00:00

Current report - modificari contract depozitare incheiat intre SAI MUNTENIA INVEST si BRD - GSG

04.04.2016 19:32:00

Amendment of the 2016 financial calendar

18.03.2016 18:39:00

Convocation of Ordinary SGM for 27(28).04.2016, dividend proposal for 2015 *Reference date* : 11.04.2016

18.03.2016 18:36:00

NAV 29.02.2016

15.03.2016 19:02:00

NAV 29.01.2016

15.02.2016 19:13:00

Preliminary financial results for 2015

15.02.2016 19:04:00

Communique availability of preliminary financial results as of 31.12.2015

15.02.2016 11:51:00

Current report – changes in the management of SAI MUNTENIA INVEST

03.02.2016 18:34:00

2016 financial calendar

29.01.2016 11:52:00

Current report – status of compliance with the new Corporate Governance Code of BSE

15.01.2016 19:22:00

NAV 31.12.2015 - supplement

15.01.2016 19:19:00

Current report – authorization of management changes - General Director of SAI Muntenia Invest SA

15.01.2016 19:18:00

NAV 31.12.2015

15.01.2016 9:17:00

## 4 CORPORATE GOVERNANCE

---

### 4.1 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

---

The status of compliance with new Corporate Governance Code of the BSE as of 31 December 2015 was presented first on the 15.01.2016.

On SIF Muntenia's website, at the Corporate Governance Code section there are presented:

- Latest versions of the Establishment Deed of SIF Muntenia (in the first half of 2016 it was not modified)
- Corporate Governance Regulation of SIF Muntenia.
- Policy on dividend distributions to shareholders and other benefits
- Policy related to forecasts

The status of compliance with the Corporate Governance Code requirements has been also presented to the investors as an Annex to the Administrators' Report for the 2015 financial year.

### 4.2 ASSESSMENT OF THE ASPECTS RELATED TO THE ISSUER'S CORE ACTIVITY IMPACT ON THE ENVIRONMENT

---

SIF Muntenia doES not perform core activities that have an impact on the environment.

The Company has not recorded any obligations as of 30 June 2016 for any anticipated costs, including legal and advisory fees, site studies, design and implementation of remediation plans related to the environmental elements. The Company's management does not consider the costs associated with any environmental problems as significant.

There are no existing or planned disputes about violations of legislation on environmental protection.

## 5 FINANCIAL STATEMENTS

SIF Muntenia prepared financial statements at 06.30.2016 in accordance with the FSA Rule No. 39/2015 approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority of Financial and Investment Instruments Sector.

Financial statements as of 30.06.2016 are accompanied by the Review report prepared by the auditor, KPMG Audit SRL. Data registered at 06.30.2015 are compliant to FSA Rule no. 39/2015 but are not audited or reviewed.

### 5.1 INDIVIDUAL STATEMENT OF FINANCIAL POSITION

In LEI	2015	S1 2016
<b>Assets</b>		
Cash	4,571,094	5,980,939
Deposits with bank	12,131,507	90,988,551
Financial assets at fair value through profit or loss	144,834,354	64,781,869
Financial assets available for sale	903,618,737	842,319,536
Loans and receivables	8,256,386	8,254,552
Tangible assets	287,878	255,741
Deferred tax receivables		4,079,981
Other assets	2,925,503	18,449,993
<b>Total assets</b>	<b>1,076,625,459</b>	<b>1,035,111,162</b>
<b>Liabilities</b>		
Dividend to be paid	129,728,625	102,010,298
Deferred tax liabilities	5,111,037	0
Other liabilities	17,904,547	6,604,389
<b>Total liabilities</b>	<b>152,744,209</b>	<b>108,614,687</b>
<b>Equity</b>		
Share capital	80,703,652	80,703,652
Hyperinflation effect - IAS 29	803,294,017	803,294,017
Cumulated loss	-189,196,714	-102,204,565
Reserves from revaluation of financial assets available for sale	229,080,295	144,703,371
<b>Total equity</b>	<b>923,881,250</b>	<b>926,496,475</b>
<b>Total liabilities and equity</b>	<b>1,076,625,459</b>	<b>1,035,111,162</b>

*Financial assets and liabilities at fair value through profit or loss.* This category includes financial assets or financial liabilities held for trading and financial instruments classified at fair value through profit or loss on initial recognition. An asset or financial liability is classified in this category if acquired principally for speculative purposes or has been designated in this category by the management.

*Financial assets available for sale.* Financial assets available for sale financial are assets that are not classified as loans and receivables, held to maturity or financial assets at fair value through profit or loss. These include mainly the value of shares held in portfolio companies registered in the accounting system at historical cost adjusted for impairment losses at 30 June 2016 having the highest percentage of total assets.

*Investments held to maturity.* Investments held to maturity are those non-derivative financial assets with fixed or determinable payments and fixed maturity on which the Company has the positive intention and ability to hold to maturity. Investments held to maturity are measured at amortized cost through the effective interest method less impairment losses.

*Loans and receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company intends to sell immediately or in the near future.

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

The table below summarizes the carrying amounts and fair values of financial assets of the Company on 30 June 2016. The total carrying value equals fair value.

In LEI	Tradable	Available for sale	Amortized cost	Fair value
Cash and cash equivalents	-	-	5,980,939	<b>5,980,939</b>
Deposits with banks	-	-	90,988,551	<b>90,988,551</b>
Financial assets at fair value through profit or loss	64,781,869	-	-	<b>64,781,869</b>
Financial assets available for sale	-	842,319,536	-	<b>842,319,536</b>
Loans and receivables	-	-	8,254,552	
Other financial assets	-	-	18,430,160	<b>18,430,160</b>
<b>Total financial assets</b>	<b>64,781,869</b>	<b>842,319,536</b>	<b>123,654,202</b>	<b>1,030,755,607</b>

#### ASSETS REPRESENTING AT LEAST 10% OF TOTAL ACCOUNTING ASSETS (%)

Biofarm S.A.	11.55%
Banca Transilvania	13.47%

Most of the **liabilities** is represented by the dividend to be distributed to SIF Muntenia shareholders

In LEI	30 June 2016	31 December 2015
Dividends payable in respect of 2011 profit	-	25,322,711
Amounts due to shareholders as decided by SGM dated 7 July 2012	-	38,085,107
Dividends payable in respect of 2012 profit	42,130,988	42,407,107
Dividends payable in respect of 2014 profit	23,562,667	23,913,700
Dividends payable in respect of 2015 profit	36,316,643	-
<b>Total dividend to be paid</b>	<b>102,010,298</b>	<b>129,728,625</b>

The General Meeting of Shareholders approved their conversion to equity (retained earnings) of the dividends not collected within 3 years from the date of the declaration.

**Hyperinflation effect on shareholders' equity** in the amount of 803,294 017 lei was registered by reducing retained earnings, resulting in an accumulated loss as of 30 June 2016 amounting to 102,204,564 lei (30 June 2015: 212,483,828 lei).

## 5.2 INDIVIDUAL STATEMENT OF PROFIT AND LOSS AND OTHER ITEMS OF COMPREHENSIVE INCOME

In LEI	H1 2015	2016 H1 IFRS
<b>Revenues</b>		
Dividend revenues	11,476,133	60,449,894
Interest revenues	663,884	254,930
Other operating revenues	11,766	33,391
Gain from investments		
Net gain from foreign exchange differences	-155,062	-54,829
Net gain from the sale of assets	22,196,912	20,328,441
(Net loss) / Net gain from revaluation of financial assets at fair value through profit or loss	19,370,027	-6,876,627
<b>Expenses</b>		
Loss from depreciation of assets	353,648	-984,871
Management expenses		
Management fees	-8,700,000	-8,700,000
Expenses with the remuneration of Shareholders Representatives		
Council members	-596,854	-629,458
Other operating expenses	-1,332,713	-1,172,062
<b>Profit before tax</b>	<b>43,287,741</b>	<b>62,648,809</b>
Profit tax	-2,719,118	-2,747,835
<b>Net profit of the financial exercise</b>	<b>40,568,623</b>	<b>59,900,974</b>
Other comprehensive income		
Items that are or may be transferred to profit or loss		
Revaluation to fair value of financial assets available for sale, net of deferred tax	5,572,258	-71,768,326
Reserve for financial assets available for sale transferred to profit or loss	-19,125,973	-12,608,597
Other items of comprehensive income	-13,553,715	-84,376,923
<b>Total comprehensive income for the period</b>	<b>27,014,908</b>	<b>-24,475,949</b>
Earnings per share		
Basic	0.0503	0.0742
Diluted	0.0503	0.0742

Dividend income is recorded on a gross basis. Tax rates on dividends on 30 June 2016 were 5% and zero.

The carrying amount of financial assets available for sale evaluated at cost at the time of sale was 36,208,711 lei (30 June 2015: 2,316,746 lei) and the profit from the sale was 13,322,063 lei (30 June 2015: 3,259,699 lei).

The carrying amount of financial assets available for sale at fair value at the time of sale was 49,381,709 lei (June 30, 2015: 58,288,132 lei) and the gain on sale was 7,006,378 lei (June 30, 2015: 18,937,213 lei).

### 5.3 BUDGET OF REVENUES AND EXPENSES EXECUTION

The Budget of Revenues and Expenses for the financial year 2016 was approved by the SGOA dated 28 April 2016, by decision no. 4.

INDICATOR	BRE 2016	Achieved 6 months 2016
<b>1. TOTAL REVENUES</b>	<b>73,500,000</b>	<b>79,062,493</b>
1.1. Investment revenues	73,400,000	79,029,102
1.1.1 Dividend revenues	48,000,000	58,445,731
1.1.2 Interest revenues	400,000	254,930
1.1.3 Transactions net revenues	25,000,000	20,328,441
1.2 Other revenues	100,000	33,391
<b>TOTAL EXPENSES</b>	<b>22,800,000</b>	<b>10,501,520</b>
2.1 Administration expenses	17,400,000	8,700,000
2.2 Third party expenses	2,300,000	804,683
2.3 Portfolio management expenses	1,100,000	290,818
2.4 SRC expenses	1,800,000	705,967
2.5 Other expenses	200,000	52
<b>OPERATING RESULT</b>	<b>50,700,000</b>	<b>68,560,973</b>
3. Gain/ loss from foreign exchange differences	0	-54,829
4.1 Gain/ loss from depreciation of long term financial assets and receivables	0	-984,871
4.2 Gain/ loss from short term valuation of financial assets	0	-6,876,627
<b>5. GROSS PROFIT</b>	<b>50,700,000</b>	<b>60,644,646</b>
6. Current Income tax and Defferred income tax	432,000	743,672
<b>7. NET PROFIT</b>	<b>50,268,000</b>	<b>59,900,974</b>

NOTE: In the BRE execution presented above, the dividend income is recorded on a net basis, and the *Individual statement of profit or loss* they are presented at gross value, which includes also the tax on those dividends. In the *Individual statement of profit or loss* dividend tax is presented as included in the *Income tax* line.

Net profit achieved as of 06.30.2016 amounts to 59,900,974 lei, 19% higher than the budgeted net profit.

SIF MUNTENIA SA by its Administrator

3B EXPERT AUDIT SRL

SAI MUNTENIA INVEST SA

President of the Board of Directors

Administrator

Florica Trandafir

Adriana Anișoara Badiu



**KPMG Audit SRL**

Victoria Business Park

DN1, Soseaua Bucuresti-Ploiesti nr.  
69-71

Sector 1

Tel: +40 (21) 201 22 22

+40 (372) 377 800

Fax: +40 (21) 201 22 11

+40 (372) 377 700

www.kpmg.ro

P.O. Box 18-191

Bucharest 013685

Romania

**Independent Auditors' Report on Review of Interim Separate Financial Statements  
(free translation<sup>1</sup>)**To the shareholders of  
SIF Muntenia S.A.*Introduction*

- 1 We have reviewed the accompanying interim separate financial statements of SIF Muntenia S.A. ("the Company"), which comprise the separate statement of financial position as at 30 June 2016, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information ("interim separate financial statements"). Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with the Financial Supervisory Authority Norm no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments. Our responsibility is to express a conclusion on this interim separate financial statements based on our review.

*Scope of review*

- 2 We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

---

<sup>1</sup> TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version, and refers to the Romanian version of the interim separate financial statements which were subject to our review.



*Conclusion*

- 3 Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the separate financial position of the Company as at 30 June 2016 and its separate financial performance and its separate cash flows for the six-month period then ended in accordance with the Financial Supervisory Authority Norm no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

*Other Matters*

- 4 We draw attention to the fact that we have not audited nor reviewed the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the six-month period ended 30 June 2015, nor related explanatory notes, and accordingly we do not express an opinion or conclusion on them.
- 5 This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report on review of interim separate financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our review work, for this report or for the conclusion we have formed.

**For and on behalf of KPMG Audit S.R.L:**

Greco Tudor-Alexandru

**Refer to the original signed  
Romanian version**

registered with the Chamber of Financial  
Auditors of Romania under no. 2368/22.01.2008

**Refer to the original signed  
Romanian version**

registered with the Chamber of Financial  
Auditors of Romania under no. 9/2001

Bucharest, 5 August 2016