

SOCIETATEA DE INVESTITII FINANCIARE MUNTENIA S.A.



ADMINISTRATOR'S REPORT FOR THE 2015 FINANCIAL EXERCISE



Report prepared by Societatea de Administrare a Investițiilor
Muntenia Invest S.A. pursuant to the provisions of Law no.
297/2004, NSC Regulation no. 1/2006, FSA Rule no. 39/2015

CUPRINS

1	ANALYSIS OF THE ACTIVITY.....	2
2	SHARES SUBPORTOFOLIO	9
3	OTHER SUBPORTFOLIOS	16
4	RISK MANAGEMENT	18
5	LITIGATIONS - PORTOFOLIO.....	23
6	SIF MUNTENIA SHARES.....	24
7	CORPORATE GOVERNANCE	26
8	FINANCIAL ACCOUNTING SITUATION.....	36
9	PROPOSAL FOR PROFIT APPROPRIATION.....	45
10	INFORMATION ON OTHER IMPORTANT EVENTS OCCURRED AFTER THE TERMINATION OF THE FINANCIAL EXERCISE	45
11	PROSPECTS FOR 2016	46

Company Name	Societatea de Investiții Financiare Muntenia S.A.
Headquarters	16, Splaiul Unirii, Bucharest, sector 4
Sole Registration Code	3168735
Trade Registry Registration Number	J40/27499/1992
Subscribed and paid share capital	80,703,652 lei
Outstanding shares	807,036,515
Characteristics of the shares	Common, nominative, indivisible, dematerialized
Face value	0.1 lei
Regulated Market on which the securities issued are traded	Bucharest Stock Exchange, Premium Tier, SIF4 symbol
Main object of activity	Openly attracting financial resources from natural/legal persons with a purpose to investing them according to the legislation in force related to the capital market and to the NSC Regulations. CAEN Code 6499 - Other financial service activities, except insurance and pension funding n.e.c
Shareholding structure	100% private
Free float	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 e-mail: relatii@sifmuntenia.ro; sai@munteniainvest.ro



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 2015 refer to sale and buy transactions of financial instruments. Details regarding these transactions are presented herein below in this Report.

1.1 CONTEXT

Domestically, from the macroeconomic point of view, 2015 was characterized by:

- Continue lowering the annual inflation rate in the negative zone, as a consequence of:
 - extension of the reduced VAT rate of 9% on all food, soft drinks and public food services, as well as the decrease in fuel prices, since June 2015.
 - falling of volatile prices - fuel and food (fall in commodity prices is a sign of weak global demand, of distorted economic growth registered so far, fueled by cheap money and focusing on these raw materials, on China, on the boom of emerging economies)
- GDP grew by 3.7% in the first nine months of 2015. Romania had in the last quarter of the last year the second economic growth in the EU, by 3.8%, according to Eurostat's flash estimate. The euro area economy grew by 0.3% in the fourth quarter, keeping the same moderate pace as in the previous quarter, which would equate to an increase of 1.5% for 2015, according to provisional figures.
- Capital Market in Romania failed to develop at the envisaged pace, in order to promote from the status of Frontier Market to the Emerging Market one. The average daily transactions on the Bucharest Stock Exchange resumed its decline and there were no new large issuers in terms of capitalization or activity volume/ turnover (BET index recorded an annual negative yield, minus 1.11%, while the value of transactions on the primary segment was over 32% lower than in 2014). The best yields in 2015 were recorded by bank financial securities, (Banca Transilvania, BRD), and shares, especially those of companies active in the energy sector, were affected by the volatility on foreign markets and the oil price.
- The activity of the banking system in Romania, unlike the situation in the EU banking system, was characterized by financial stability, by further reducing interest rates.

Other factors that influenced the activity of SIF Muntenia in 2015 were more of legislative nature. A series of regulations issued in 2015 or 2014 were of a significant influence on the activity. Among these we can underline:

- **Law no. 10/2015 - law approving Ordinance no. 32/2012, which amends Capital Market Law no. 297/2004** (please see Corporate Governance / Voting Rights Chapter)
- **FSA Rule no. 39/2015** (*named hereinafter in tables R39, and in text Rule 39*) approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the FSA of the Financial and investments Sector. Provisions of the Rule enter into force starting with the annual financial statements for the 2015 financial year (please see Financial Accounting situation Chapter).
- **Law no. 151/2014** on the legal status of the shares traded on RASDAQ market or unlisted securities market (please see Shares subportfolio Chapter)

- **Law no. 74/2015** on alternative investment fund managers and **FSA Regulation no. 10/2015** regarding the administration of alternative investment funds, which implements the provisions of Law no. 74/2015 (please see Achievement of strategic objectives and Prospects for 2016 Chapter).

On 8 June 2011, the European Parliament and Council adopted Directive 2011/61/EU on Alternative Investment Fund Managers and amending Directives 2003/41 / EC and 2009/65 / EC and Regulations (EC) No. 1060/2009 and (EU) no. 1095/2010 ("AIFMD" or the "Directive".

Although the Directive refers to alternative investment funds ("AIF"), in fact, its scope potentially covers all EU funds, other than funds governed by the UCITS Directive.

The Directive requires formal organizational requirements and operating conditions for the governing structures of alternative investment fund managers ("AIFM"), for people in management and supervisory positions. Among these obligations, the requirement to establish, implement and maintain adequate internal control mechanisms is to be found, with permanent obligations in four specific sectors (ie, portfolio management, risk management, internal control and internal audit).

*Additionally, the Directive imposes AIFM new reporting requirements (both to regulators and investors) and information, both in their respect and in respect of each AIF managed by them. The Directive was implemented in Romania by Law no. 74/2015 and **fund managers must comply with its provisions by the end of May 2016.***

1.2 ACHIEVEMENT OF STRATEGIC OBJECTIVES

Priority strategic objectives for 2015, as part of the Administration Programme for 2015 were approved by shareholders within the Shareholders General Ordinary Meeting of (SGOA) of SIF Muntenia dated 30 April 2015.

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

The operations performed in 2015 were in line with the guidelines set by the Administration Programme and the Budget of revenues and expenses as approved by the shareholders. The investment policy complied with prudential rules and regulations in force applicable to non UCITS with a diversified investment policy.

Additionally, the portfolio macrostructure was within the guidelines established by the Administration Programme for 2015.

The most important operations, both in terms of value and in terms of portfolio structure impact, were the actions undertaken within the shares portfolio.

Thus, a moderate investment strengthening in shares of Banca Transilvania can be underlined in 2015, combined with reduced exposure on Banca Română pentru Dezvoltare and repurchase shares of a number of companies on the energy sector listed on the BSE, which led to a total investment in shares listed on BSE of 22.6 million lei and continuation of managing the operations for exiting from the companies previously listed on RASDAQ that had chosen to be delisted.

More over, payments were made amounting to 10.3 million lei for share capital increases in companies from the portfolio. Divestments in the shares portfolio had a higher value than investments in 2015, from a total of 58.5 million lei, most of it, respectively 54.9 mn, were obtained following the sale of listed shares. *Details can be found in the Shares Subportfolio Chapter.*

It could be also mentioned the restructuring of the UCITS units Subportfolio, with purchases of fund units of 20.3 million lei and redemptions of fund units OF 19.25 million lei.

- **Continue to align the activity of SIF Muntenia with European legislation**

The FSA Rule no. 10/2015 regarding the administration of alternative investment funds, which implements the provisions of Law no. 74/2015 on alternative investment fund managers was published in the Official Gazette on 28 July 2015.

On 22 July 2015 the FSA submitted to public consultation a consultation document referring to FSA's strategy for reviewing the applicable law to the operation of NON UCITS. The purpose of this consultation was to obtain the opinions of whom may be interested on the correlation of national legislation with the principles and the structuring method of the EU legislation on the AIF, which will result in a new law on alternative investment funds. Problems with its enforceability for SIF Muntenia - clarifying the status of AIF for retail investors, such as SIF Muntenia, which has a large number of shareholders who do not qualify under any circumstances in the category of qualified investors, and consideration of the existing legal framework applicable to NON- UCITS on the types of investments permitted and investment limits, so as to enable an as easy as possible assignment of NON-UCITS types in new categories of AIF to be proposed within the future law of alternative investment funds. SAI Muntenia Invest analyzed and is currently analyzing the requirements for SIF Muntenia in order to comply with the legislation applicable to AIF / AIFM.

1.3 PORTFOLIO MACROSTRUCTURE

ASSETS ALLOCATION

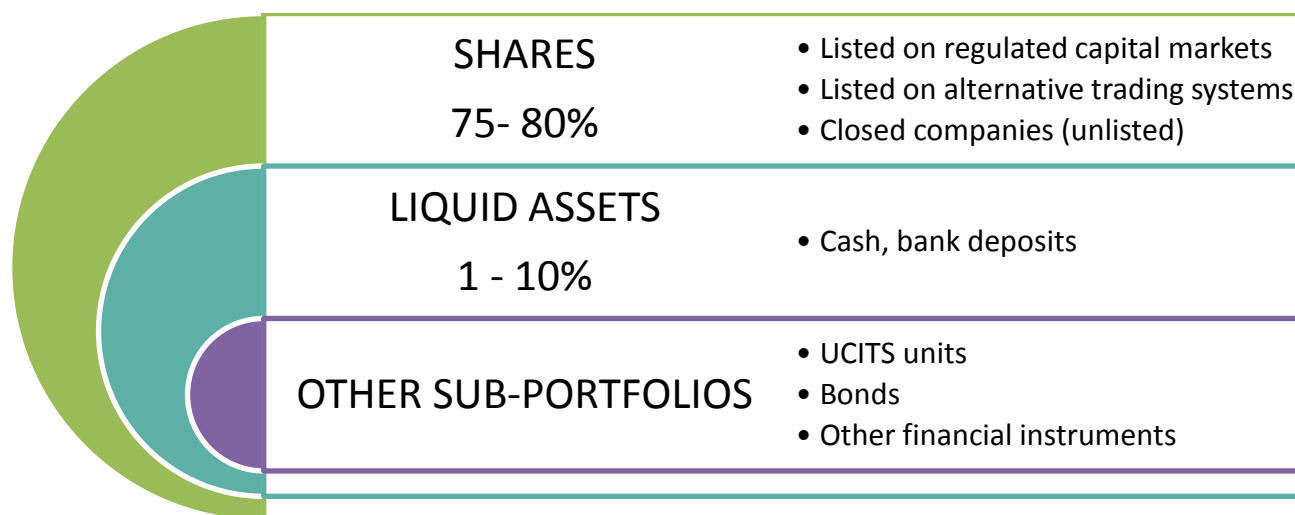
Within allocation of asset permitted for investment, we aimed to achieve a balance between a relatively stable allocation on large classes of portfolio and the overall efficiency of the portfolio. Portfolio structure, on its large classes, is appropriate under current circumstances, until the legislative and regulatory change (conversion to alternative investment fund – AIF).

2015 Administration Programme on asset allocation and rebalancing

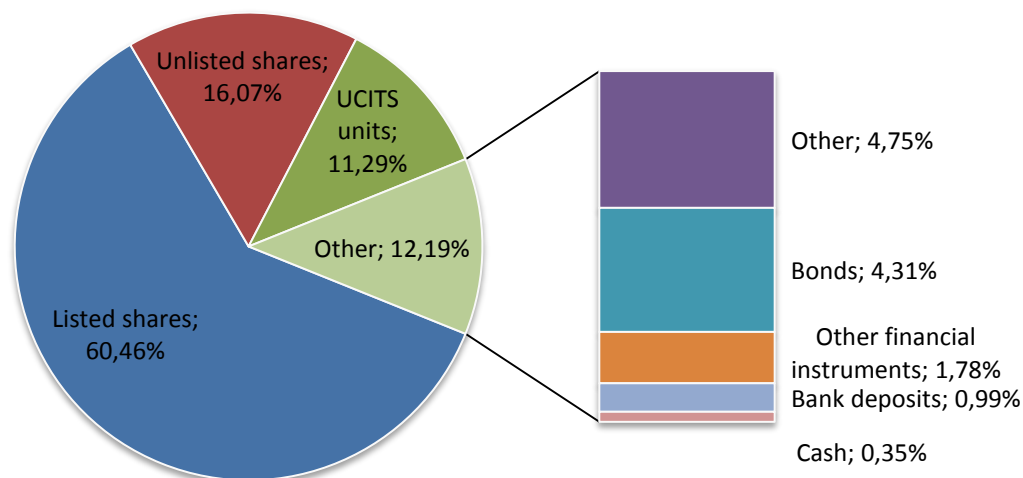
"Portfolio structure, as percentage on its large classes, is appropriate under current circumstances. On a short and medium term (1-3 years) it remains a priority to reduce holdings in unlisted shares / increase of the quota of listed securities sub-portfolio"

SIF Muntenia's envisaged asset allocation was closer to a **strategic allocation** ("strategic asset allocation"), which aims at a long - term target portfolio structure - within certain limits, which are established annually by management programs approved and endorsed by shareholders.

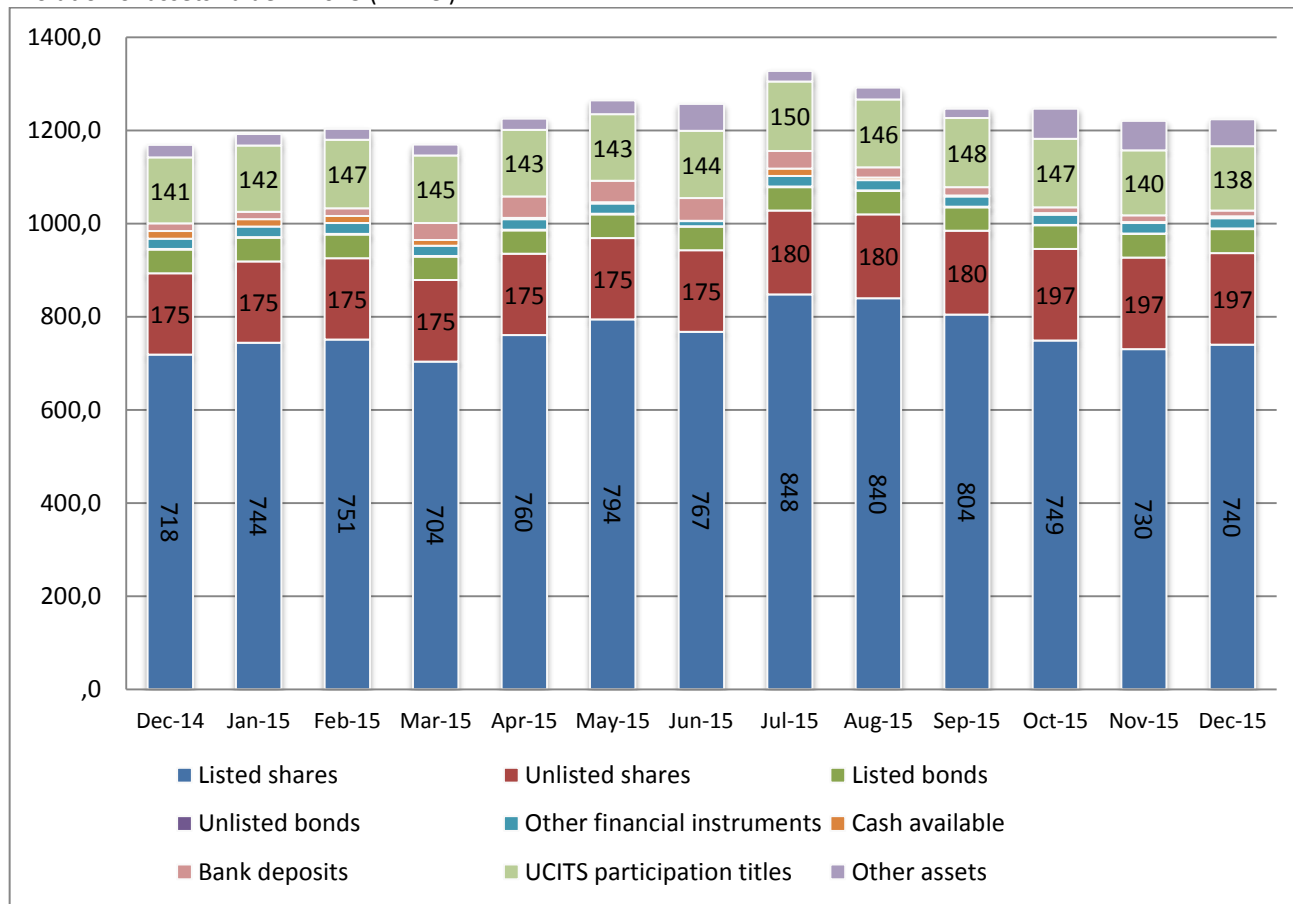
Strategic target portfolio of SIF Muntenia which was targeted in 2014 și 2015 is shown bellow.



Asset allocation as of 31.12.2015



Evolution of assets value in 2015 (mill lei)



Details of each sub-portfolio management in 2015 are described below in the report..

In Chapter 2, "Shares subportfolio" and Chapter 3, "Other sub-portfolios" values that are used are in accordance with NSC/FSA regulations, "net asset value" according to FSA Regulation no. 9/2014, which are presented to investors by Valuation Rules, where not otherwise stated.

Evolution in 2015 of SIF Muntenia portfolio's value according to NSC/FSA

LEI	31-12-14	31-12-15	Change in value	Change in percentage
Listed shares	718,288,576	740,021,288	21,732,713	3.03%
Unlisted shares	174,713,806	196,625,760	21,911,954	12.54%
Listed bonds	51,095,940	51,579,300	483,360	0.95%
Unlisted bonds	1,151,973	1,161,506	9,534	0.83%
Other financial instruments	22,260,000	21,840,000	-420,000	-1.89%
Cash available	16,634,073	4,269,773	-12,364,300	-74.33%
Bank deposits	16,226,985	12,121,846	-4,105,140	-25.30%
UCITS units	141,426,593	138,131,581	-3,295,011	-2.33%
Other assets	26,714,868	58,171,782	31,456,914	117.75%
TOTAL ASSETS	1,168,512,813	1,223,922,837	55,410,024	4.74%

1.4 TOTAL ASSETS AND NET ASSETS VALUE

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

Monthly net asset values have been published for the information of shareholders on www.sifmuntenia.ro website and reported, as required by law, to ASF - Instruments and Financial Services Sector and to the Bucharest Stock Exchange (BSE), no later than 15 calendar days after the end of the reporting month.

Situation of SIF Muntenia assets and liabilities as of 31.12.2015 is enclosed to this report.

Recalculated values are used in this Report for the total assets value, net assets value and liabilities of the year 2012 and 2013, which include the accounting elements of final financial statements for the respective periods, (audited financial statements). The recalculated values have been certified by the depository of SIF Muntenia.

Total assets and net assets for the first 11 months of 2015 that were made available to shareholders for information purposes were calculated using accounting items according to Romanian Accounting Standards (RAS)

Financial Supervisory Authority's Rule no. 39/2015 was published in the Official Gazette no. 982 as of 31 December 2015 for approving the Accounting Regulations in accordance with International Financial Reporting Standards (IFRS) applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority from the Financial instruments and investments Sector.

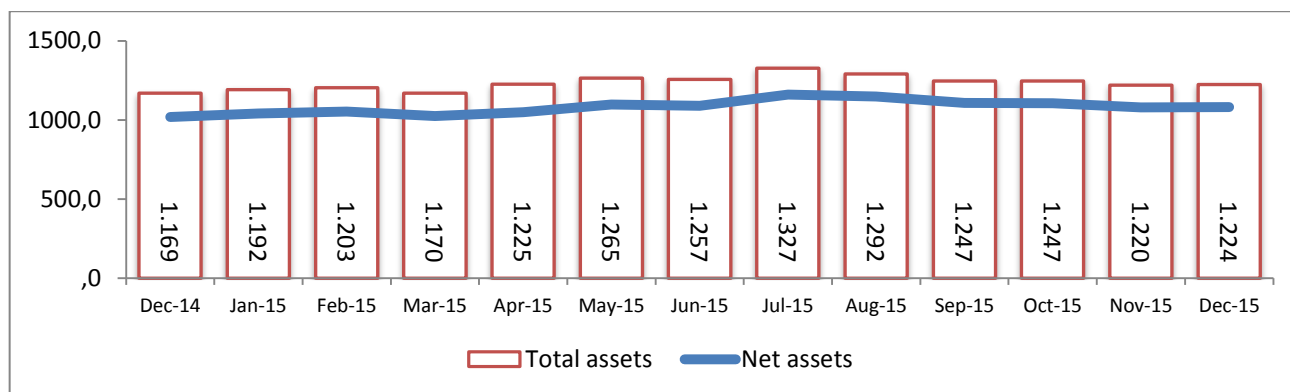
Under these circumstances, information on SIF Muntenia's assets and liabilities status as of 31.12.2015 that was made available to shareholders on 15 January 2016 used accounting elements from the provisional balance as of 31.12.2015, which have been prepared in compliance with RAS. These values were certified by the depository, following to be recalculated after the completion of the 2015 audit of financial statements which have been prepared in accordance with Rule 39.

Total Assets (TA), Net Assets (NAV) and NAV per Share during the last 3 years

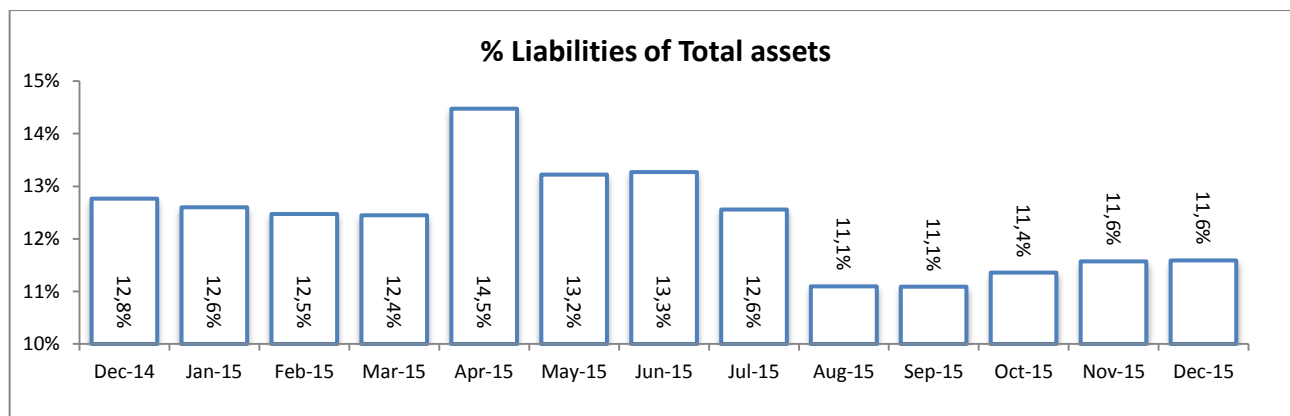
LEI	2013	2014	2015
TOTAL ASSETS	1,234,923,275	1,168,512,813	1,223,922,837
TOTAL LIABILITIES	173,878,964	149,136,593	141,853,228
NET ASSETS	1,061,044,311	1,019,376,220	1,082,069,609
NAV per SHARE (lei/share)	1.3147	1.2631	1.3408

Total Assets (TA), Net Assets (NAV) and NAV per Share during the last 3 years (EUR equivalent)

EURO	2013	2014	2015
TOTAL ASSETS	275,363,631	260,706,547	270,510,076
NET assets	236,592,038	227,432,726	239,157,832
FX rate EUR/RON	4.4847	4.4821	4.5245

TOTAL ASSETS AND NET ASSETS IN 2015 (mill lei)

Liabilities, which consist mostly of undistributed net dividends had an almost continuous downward trend during the year, both in value and as a share of total assets.



At the end of 2015, liabilities were lower by 7.3 million lei than the end of 2014. The most important effect on the amount of debt it has the declaration of dividends liabilities for SIF Muntenia's shareholders as well as the payment of net dividend and dividend tax for them.

1.5 SUMMARY OF THE FINANCIAL POSITION

EVOLUTION OF ASSETS lei	2013	2014	2015
CERTIFIED TOTAL ASSETS	1,234,923,275	1,168,512,813	1,223,922,837
NAV	1,061,044,311	1,019,376,220	1,082,069,609
NAV per SHARE (lei/ share)	1,3147	1,2631	1,3408
DIVIDENDS-lei	2013	2014	2015
GROSS DIVIDEND PER SHARE	0	0,0715	0.045*
SHARES lei	2013	2014	2015
CLOSING PRICE AT THE END OF PERIOD	0.882	0.881	0.744
MARKET CAPITALIZATION	711,806,206	710,999,170	600,435,167
NET ASSET DISCOUNT	32.9%	30.3%	44.5%
ACCOUNTING ASSETS AND LIABILITIES -lei	2013 RAS	2014 RAS	2015 R39
TOTAL ACCOUNTING ASSETS	883,153,195	908,768,870	1,076,625,459
EQUITY	697,681,793	750,561,440	923,881,250
TOTAL LIABILITIES	173,626,859	149,136,593	152,744,209
REVENUES AND EXPENSES-lei	2013 RAS	2014 RAS	2015 R39
TOTAL REVENUES	232,125,030	391,389,173	219,742,905
TOTAL EXPENSES	81,054,877	209,713,812	144,099,567
GROSS PROFIT	151,070,153	181,675,361	75,643,338
NET PROFIT	131,099,046	154,439,011	63,855,737
PERFORMANCE RATIOS	2013 RAS	2014 RAS	2015 R39
ROE = Net Profit/equity	18.79%	20.58%	6.91%
Gross profit net asset = Gross profit/NAV end of period	14.24%	17.82%	6.99%
Net profit net asset= Net profit/NAV end of period	12.36%	15.15%	5.90%
ROA = Net Profit/Total accounting assets	14.84%	16.99%	5.93%

* Administrator's proposals for establishing the dividend, which will be submitted for the shareholders approval. Details can be found in the PROFIT DISTRIBUTION chapter

CERTIFIED TOTAL ASSETS = Total assets value calculated according to NSC/FSA regulations and certified by the depository. The value is calculated on the last business day of the reference period.

NAV= net assets value, calculated according to NSC/FSA regulations, certified by the depository = Total assets -Liabilities
NAV PER SHARE= net assets value per share, calculated according to NSC/FSA regulations and certified by the depository = NAV/number of shares.

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

Please note that IN the Total certified asset takes into account the **fair value** of the participations according to FSA regulations, while the participations were registered in the accounting assets according to Rule 39.

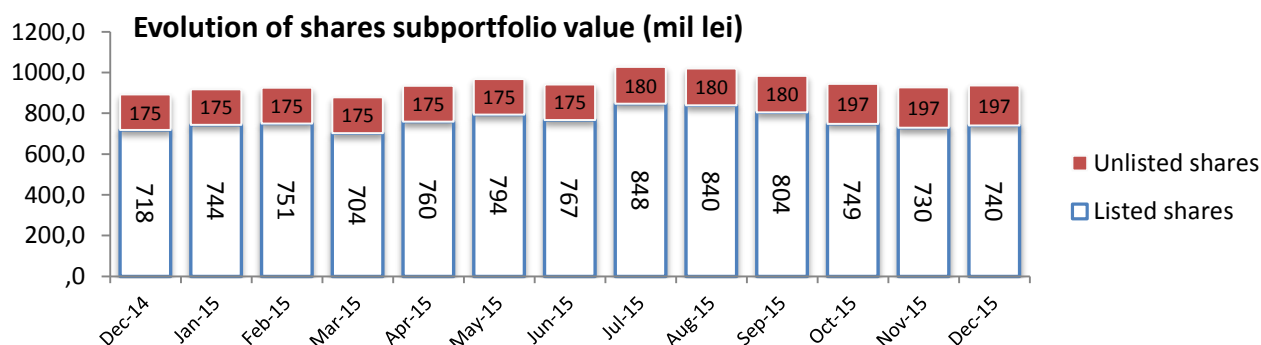
2 SHARES SUBPORTFOLIO

Shares Subportfolio is the most important one both from its value point of view and from the point of view of the revenues obtained by SIF Muntenia.

The management of this subportfolio aimed at achieving the objectives presented within the Strategic Administration Programme approved for 2015.

2.1 EVOLUTION OF SHARES SUBPORTFOLIO VALUE ACCORDING TO NSC/FSA REGULATIONS

LEI	31-12-14	31-03-15	30-06-15	30-09-15	31-12-15
Listed shares	718,288,576	703,670,779	767,359,800	804,324,288	740,021,288
Unlisted shares	174,713,806	174,968,898	174,957,608	180,245,830	196,625,760
Total	893,002,381	878,639,677	942,317,408	984,570,118	936,647,049



Value evolution of main components of Shares subportfolio.

	31-12-14	30-06-15	31-12-15
Listed shares	718,288,576	767,359,800	740,021,288
- Listed on BSE	456,610,486	459,234,776	510,681,193
- listed on foreign markets/EU member state	6,086,692	4,008,647	3,822,671
- listed on RASDAQ	113,693,511	52,502,781	
- listed on SIBEX	0	0	0
- listed on ATS (ATS.SIBEX+AERO.BVB)	6,374,920	36,418,362	149,600,001
- listed on BSE and never traded	11,972,431	11,742,903	11,735,421
- listed and not traded during the last 30 days	123,550,536	203,452,330	64,182,002
Unlisted shares	174,713,806	174,957,608	196,625,760
- unlisted but traded on BSE	106,474	62,105	
- unlisted	174,607,332	174,895,503	196,625,760
Total	893,002,381	942,317,408	936,647,049

Positions that had the greatest reductions were "listed on RASDAQ" and "unlisted but traded BSE".

After clarifying the legal status of companies that used to be listed on this market, for enforcing Law No. 151/2014, at the end of 2015 this portfolio position **no longer exists**. Accordingly, the position listed on ATS increased by registering in this sub-portfolio the holdings that have opted for a listing on an alternative trading system.

The increase registered for the position of the Shares listed on BSE was of 11.8% in 2015 and it is due to the selection (which started in 2014 and continued in 2015) of certain participations in performant shares, not due to the general assessment of the capital market (BET dropped with 1.15 in 2015). Total investments in shares listed on the BSE amounted to 22.6 mn (details in Chapter Sectorial group).

Operations for exiting the companies that used to be listed on RASDAQ and opted for de-listing continued (see chapter Application of Law no. 151/2014).

In addition, payments amounting to 10.3 million lei were made for share capital increases of portfolio companies. Divestments of portfolio shares were higher in value than the investment in 2015, from a total amount of 58.5 million lei, most of it, respectively 54.9 mn, were obtained through the sale of listed shares.

In the financial statements for 2015 prepared under Rule 39, dividends are recorded at their **gross** value (including tax on dividends, which is recognized as an expense with income tax) and amount to 18,125,060 lei, of which 17,183,578 lei were received until 31.12.2015.

2.2 CONTROLLED COMPANIES

Denomination	Value in NAV mill lei	Field of activity	% share capital owned by SIF Muntenia
FIROS SABUCURESTI	38.84	Construction materials	99.685
AVICOLA SA BUCURESTI	23.94	Poultry farming	99.397
MINDO SA DOROHAI	12.33	Construction materials	98.018
CI-CO SA BUCURESTI	4.11	Real estate	92.158
SEMROM MUNTENIA SA BUCURESTI	8.94	Retail of cereals. seeds	90.681
SEMROM OLTENIA SA CRAIOVA	3.36	Retail of cereals. seeds	88.492
UNISEM SA BUCURESTI	6.65	Retail of cereals. seeds	76.909
VOLUTHEMA PROPERTY DEVELOPER SA BUCURESTI	32.30	Real estate	69.111
BUCUR SA BUCURESTI	8.49	Retail	67.978
CASA DE BUCOVINA-CLUB DE MUNTE SA	8.84	Hotels	66.870
FONDUL ROMAN DE GARANTARE A CREDITELOR SA	14.59	Other credit activities	53.597
BIOFARM SA BUCURESTI	141.67	Manufacture of pharmaceutical preparations	50.984
GECSATHERM SA TÂRNĂVENI	10.10	Manufacture of glass fiber	50.000

As of 31.12.2015, SIF Muntenia had a controlling position in 13 companies. As of 31.12.2015, the total amount of SIF Muntenia's participations in companies where it had a controlling position amounted to 314.16 million lei, representing 25.67% of the total assets (or 33.54% of the shares sub-portfolio). Compared to the situation as of a year ago, the main difference is the inclusion in this list of the participation in Biofarm SA Bucuresti, where SIF Muntenia reached to hold a controlling stake during 2015. Details on the participation in Biofarm may be found in the Top holdings in the shares portfolio Chapter.

SIF Muntenia performs consolidated financial statements under IFRS. All companies in which SIF Muntenia holds a position of control are located in Romania.

As of 31.12.2015, SIF Muntenia held 98.94% of the share capital of MUNTENIA MEDICAL COMPETENCES SA PITEȘTI activating in specialized healthcare field, company under insolvency process.

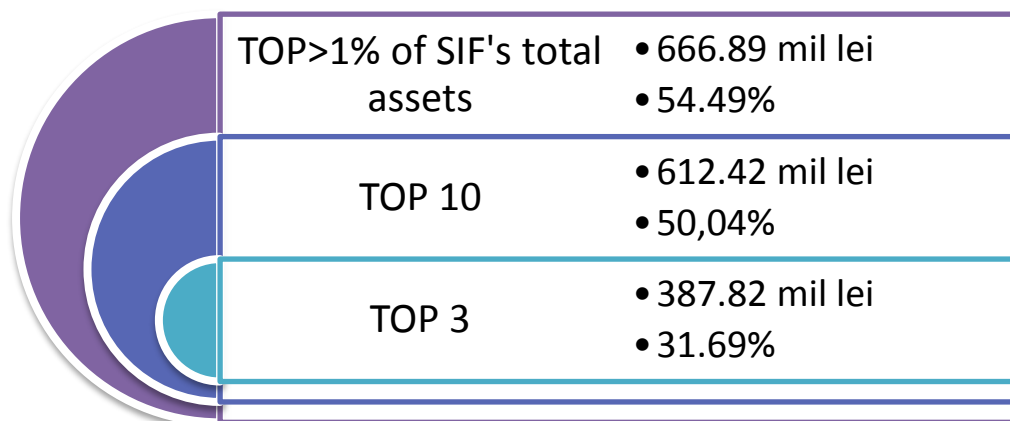
According to the Court decision dated 21.05.2014 issued in case No.290 /1259/2014 before the Arges Special Court of Law, the court ordered the initiation of the insolvency procedure of the debtor Muntenia Medical Competences. SIF Muntenia filled a statement of claim for the amount of EUR 3,620,235.62 (equivalent of 16,053,210.80 lei respectively), representing the bond principal, unpaid interest and penalties. The debt is guaranteed.

On 11.12.2015, the debtor, by the special administrator, filed at the registry of Arges Specialized Court of Law the reorganization plan.

2.3 TOP PARTICIPATIONS IN THE SHARES SUBPORTOFOLIO

2015 Administration Programme:

“Continuing to reduce the degree of atomization of the portfolio (more significant holdings, each below about 10% of total assets), but with the possibility to exceed this limit in case of investment opportunities”



No. crt.	Denomination	Participation value in NAV mil lei	% in SIF Muntenia's Total Assets	% of the company's share capital held by SIF Muntenia
1	BANCA TRANSILVANIA	200.28	16.364	2.724
2	BIOFARM SA BUCURESTI	141.67	11.575	50.984
3	SIF BANAT-CRISANA	45.86	3.747	4.950
4	FIROS S.A BUCURESTI	38.84	3.173	99.685
5	BRD - GROUPE SOCIETE GENERALE SA	35.02	2.861	0.415
6	METAV SA BUCURESTI	33.78	2.760	27.777
7	VOLUTHEMA PROPERTY DEVELOPER SA	32.30	2.639	69.111
8	ROMAERO SA BUCURESTI	31.33	2.559	25.851
9	SIF OLTENIA	29.41	2.403	2.999
10	AVICOLA SA BUCURESTI	23.94	1.956	99.397
TOP 10		612.42	50.04	
11	FONDUL ROMAN DE GARANTARE A CREDITORILOR PENTRU INTREPRINZATORII PRIVATI - IFN S.A.	14.59	1.192	53.597
12	UNIREA SHOPPING CENTER SA BUCURESTI	14.30	1.168	10.003
13	TURNATORIA CENTRALA -ORION SA CIMPINA	13.25	1.082	22.893
14	MINDO SA DOROHOI	12.33	1.008	98.018
TOTAL TOP >1%		666.89	54.49	

At the beginning of 2015, participations in Biofarm and Banca Transilvania weighted fairly close in total assets, 12.06% and 11.52% respectively. At the end of 2015, the shareholding in Banca Transilvania increased to 16.36% of total assets.

The 14 participations represent 54.49% of SIF Muntenia's total assets or 71.20% of the Shares sub-portfolio.

Details on the largest participations of SIF Muntenia as of 31.12.2015, Biofarm SA Bucuresti and Banca Transilvania SA respectively, are presented below.

BANCA TRANSILVANIA S.A. CLUJ	31.12.2014	30.06.2015	31.12.2015
% of SIF Muntenia's total assets	11.52	11.80	16.364
% held by SIF Muntenia in the company's share capital	2.70	2.671	2.724



Banca Transilvania shares are listed on Bucharest Stock Exchange, main segment, premium tier, TLV ticker.

Banca Transilvania (TLV) is a bank of systemic¹ importance in Romania, whose activity is supervised by the National Bank of Romania.

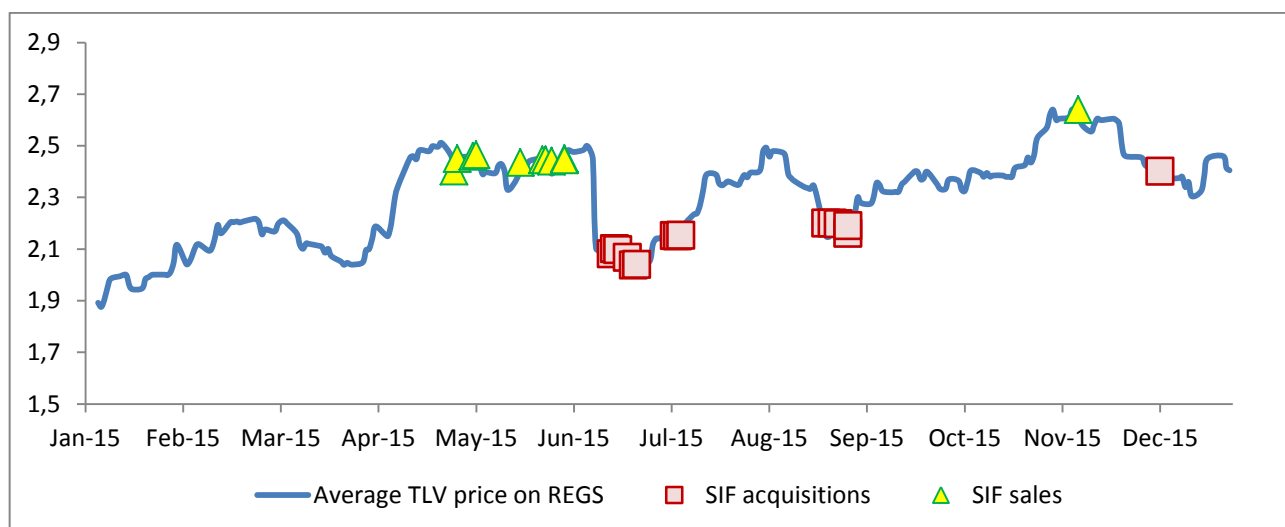
Company's activity in 2015.

The merger by acquisition and integration of activities with Volksbank Romania (VBRO) was successfully finalized as of 31.12.2015. As a result, the number of clients of Banca Transilvania has reached about 2.2 million, of which 10% come from VBRO and the number of bank employees reached 7,300.

In 2015, the Bank recorded a net accounting profit of 2.4 billion lei², up by 456% over the previous year, due to recording the earnings of 1.6 bln. lei following the transaction of takeover Volksbank Romania. What should be underlined is that **the net profit of TLV, excluding the effect of VBRO acquisition**, respectively 767 mn, increased by 75% as compared to the net profit of 434.33 million lei as registered in 2014.

TLV assets rose by 32.6% as compared to the end of 2014, reaching 47.24 billion lei, of which the organic growth accounted for over 10%.

Average trading price of TLV share and SIF Muntenia transactions with TLV shares in 2015



In 2015, both buying and selling transactions with TLV shares were performed on BSE. 4,894,000 TLV shares were bought and 3,629,967 TLV shares were sold.

In addition, other 10,762,354 shares were registered in SIF Muntenia's portfolio when the registration of the share capital increase with free shares was finalized, following the decision of the Banca Transilvania EGM as of 29.04.2015.

¹ Refer to NBR comunique on banks of systematic importance <http://bnr.ro/page.aspx?prid=11076>

² Provisional results for 2015, published on 15 February 2016

BIOFARM S.A. BUCURESTI	31.12.2014	30.06.2015	31.12.2015
% of SIF Muntenia's total assets	12.06	12.03	11.575
% held by SIF Muntenia in the company's share capital	45.89	45.89	50.98



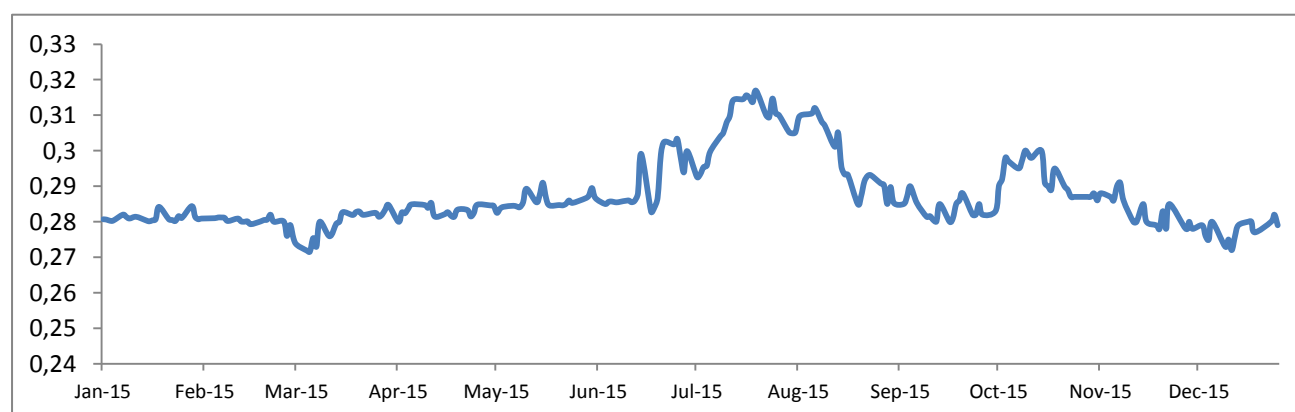
The shares issued by BIOFARM SA București are listed on the Bucharest Stock Exchange, BIO ticker, main segment, premium tier.

Biofarm SA Bucharest is one of the first Romanian producers of medicines and dietary supplements, with a portfolio of over 200 products. The manufacturer exports to 12 countries, deliveries to these markets representing at the end of the last year 4% of turnover.

Company's activity in 2015

For 2015 Biofarm reported³ sales of 149.7 million lei, 16% higher than in 2014 and a profit of 28 million lei, increasing by 5.6% as compared to 2014. The company is building a new medicine factory in the eastern part of Bucharest. The investment in this project is of maximum 13 to 14 million euros.

Average transaction price of BIO shares in 2015 on BSE



Following the capital reduction operated in 2015, the SIF Muntenia's percentage of ownership increased from 45.89% to 50.984%. The capital decrease was achieved through the cancellation of the shares repurchased by the company in 2014.

SIF Muntenia has not carried out transactions with Biofarm shares in 2015.

2.4 APPLYING LAW NO. 151/2014

The main event in terms of impact on the number of participations in shares held by SIF Muntenia, shares sub-portfolio, in 2015, is disestablishing RASDAQ market and "unlisted but traded on BSE" market – the shareholders of the companies listed on these market segments had to decide whether to transfer the company on the main market of the stock exchange, to transfer it to an alternative trading system (ATS) or whether it will become unlisted companies, ensuring the withdrawal of shareholders according to Law no. 151/2014.

Following the implementation of this law, the number of companies listed on the ATS market of BSE and SIBEX market where SIF Muntenia has participations increased in 2015, from 3 to 39, and for other 21 companies the withdrawal procedure was conducted.

The 7 companies where SIF Muntenia is a major shareholder, formerly listed on RASDAQ, were transferred to the ATS.

³ 2015 preliminary results published on 15 February 2016

By withdrawing from the companies, SIF Muntenia achieved by the end of 2015 a total repurchase value of more than the total value recorded in the accounting records for those companies. The total amount receivable recorded in 2015 was of 5,046,248 lei, by 31.12.2015 having received 3,636,046 lei, remaining to be received the amount of 1,410,203 lei registered as receivable.

Termination of RASDAQ market activity and the market of unlisted but traded shares should have taken place, according to law 151/2014, 12 months after the entry into force of this law. The process of withdrawal from the companies was very difficult and burdened by uncertainty and complaints concerning the fairness of evaluations in order to set the withdrawal pricing, so that at the end of 2015 this process was not completed.

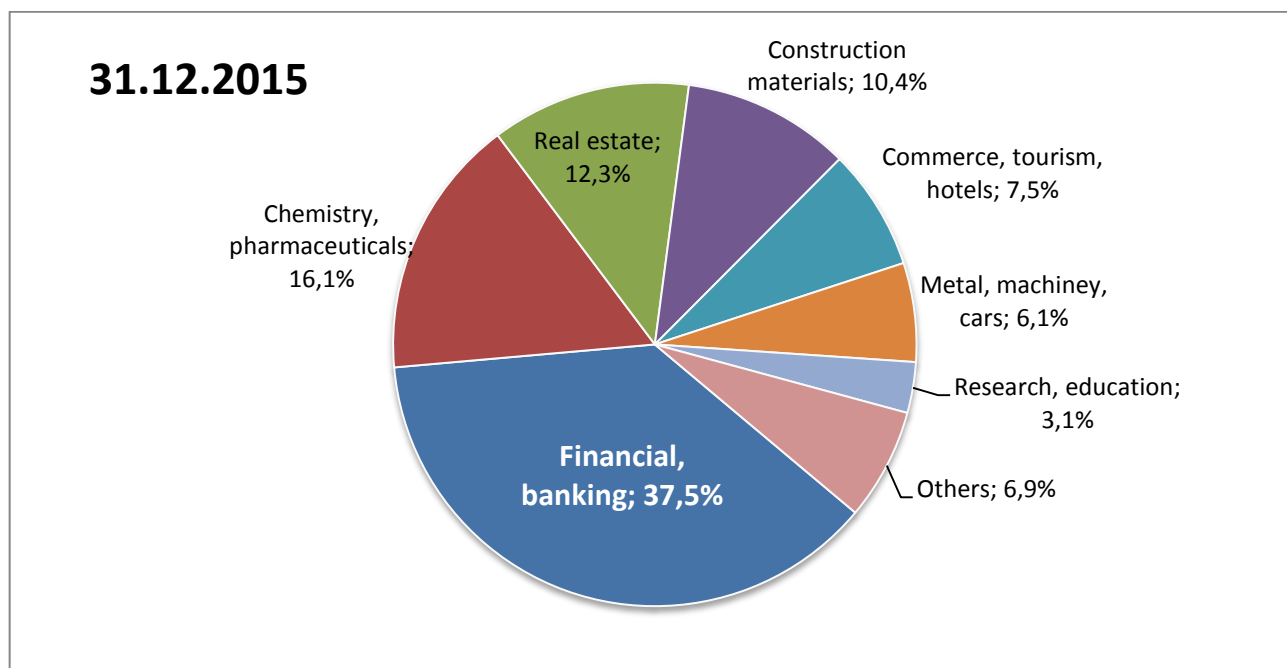
2.5 SECTORIAL GROUPING

Sector	% in shares subportfolio in 2014	Value in NAV 31.12.2014	% in shares subportfolio in 2015	Value in VAN 31.12.2015
Financial, banking and insurance activities	31.1%	277,982,304	37.5%	351,139,578
Chemical, petrochemical and pharmaceuticals industry	16.3%	145,412,160	16.1%	151,196,701
Real estate transactions, lease, other services	11.7%	104,753,832	12.3%	115,617,212
Constructions materials industry	9.6%	85,951,096	10.4%	97,302,379
Commerce, tourism, hotels	7.7%	69,118,963	7.5%	70,187,298
Metal, machinery, cars	5.6%	49,968,609	6.1%	57,224,476
Research, education	3.9%	35,081,304	3.1%	29,399,130
Agriculture, livestock, fishing	6.8%	60,762,223	2.9%	27,304,890
Steel, metallurgy	1.5%	13,519,311	1.4%	13,248,953
Utilities (Electricity, heating, water, gas)	4.2%	37,543,738	1.4%	13,103,627
Extractive industry	0.9%	7,907,484	0.8%	7,047,681
Pulp, paper, cardboard	0.2%	1,856,174	0.3%	2,565,405
Transport, storage and communications	0.1%	1,068,776	0.1%	860,012
Food, beverages and tobacco	0.0%	397,830	0.0%	293,357
Constructions	0.2%	1,471,480	0.0%	156,348
Other services activities	0.0%	207,098	0.0%	0
Other industrial activities	0.0%	0	0.0%	0
Total shares subportfolio	100%	893,002,381	100%	936,647,048

One of the priorities of the multi-annual portfolio restructuring of SIF Muntenia was the restructuring of participations in companies active in the **financial and banking sector**.

In 2015, on the one hand, part of the participation in BRD was sold and, on the other hand, participation to Banca Transilvania's share capital increased during 2015 from 11.52% to 16.364% of SIF Muntenia's total assets.

Thus, the share of participations in companies active in the banking sector increased from 31.1% of Shares Subportfolio's NAV as registered at the end of 2014 to 37.5% at the end of 2015.



As for the **utilities – gas energy** sector, at the beginning of 2015, SIF Muntenia had participations only in Transelectrica (shares which represent 3% of the total assets of SIF Muntenia as of 31.12.2014) and Nuclearelectrica. During the first 6 months of 2015 Transelectrica participation was sold entirely.

In the second part of the year, due to weaker trading price for the power companies, Transelectrica, Transgaz and Romgaz shares have been repurchased.

Thus, at the end of 2015, the share of companies involved in this sector reached 1.4% of shares portfolios. This sector remained in the spotlight of the portfolio manager, but evolutions in 2015 on energy in general and oil prices in particular which led to a fall in stock prices from the companies in this sector have imposed a reduction of its share in the portfolio.

3 OTHER SUBPORTFOLIOS

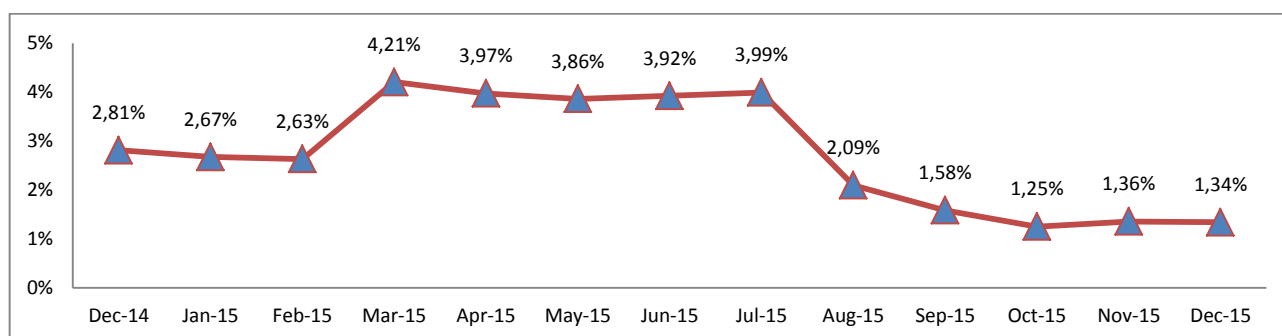
3.1 LIQUIDITIES AND BANK DEPOSITS

Maintaining a financial liquidity enables SIF Muntenia provide sources for the investment policy, dividends and current activity. The bank deposits were mainly formed on one, two or three months and placed at several banks, so that the exposure to be diversified and maintain SIF Muntenia within prudential limits as prescribed by the NSC / FSA regulations.

The general trend was to decrease the amounts invested in bank deposits, due to lower compensation for the amounts invested in this way.

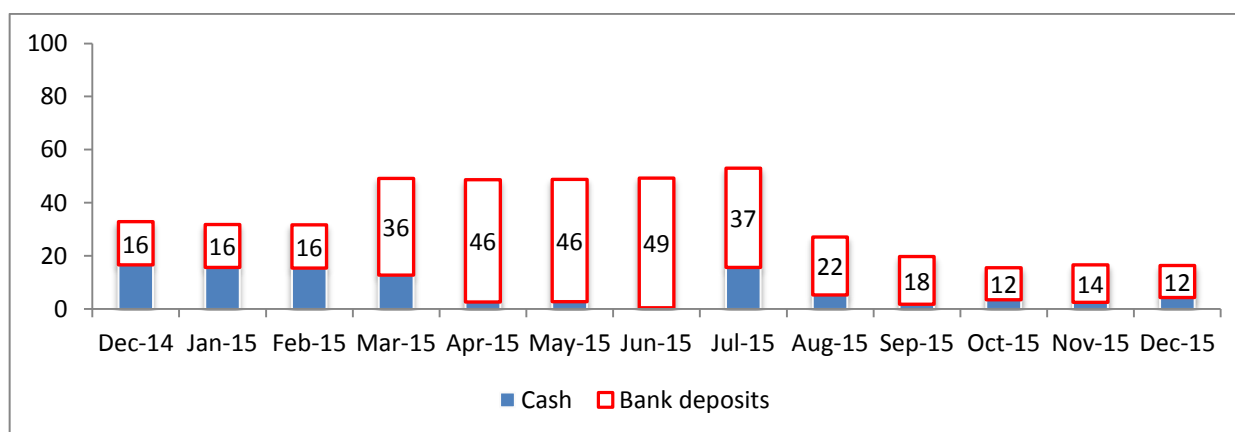
Amid continuous decrease of interest on bank deposits (which in Romania still remained positive in 2015), the portfolio manager had to balance two conflicting requirements - on the one hand, to have amounts as low as possible on bank deposits as their compensation was becoming less and less and, on the other hand, to have the necessary sums to pay dividends to SIF Muntenia's shareholders and for new investment at the right times.

The overall portfolio liquidity (indicator whose evolution is shown in the chart below) defined as the ratio (cash + bank deposits) / total assets registered a downward trend during 2015.



Evolution of Liquidities and bank deposits subportfolio according to NSC/FSA

lei	31-12-14	31-03-15	30-06-15	30-09-15	31-12-15
Cash	16,634,073	12,716,723	466,846	1,726,612	4,269,773
Bank deposits	16,226,985	36,478,980	48,859,264	18,009,307	12,121,846
Total	32,861,059	49,195,702	49,326,110	19,735,919	16,391,619



The average interest rate achieved on SIF Muntenia's deposits in lei during 2015 was mostly above one month ROBOR and ROBID. The downward trend in interest rates on bank deposits, which occurred during 2015 affected SIF Muntenia investments in bank deposits; thus, from an average interest rate per total deposits of 3.56% as of 31.12.2014, an average interest rate of 2.77% was reached.

3.2 UCITS UNITS

UCITS units help reduce the overall risk of the portfolio through diversification and access to financial sectors and investments that could not be accessed directly for regulatory or cost reasons.

In 2015, we can mention a further restructuring of the UCITS sub-portfolio, with the acquisition of fund units amounting to 20.3 million lei and redemptions of fund units amounting to 19.25 million. All operations of purchase, redemption of fund units, marking profits were performed during the first half of 2015.

Evolution of UCITS units subportfolio according to NSC/FSA

lei	31-12-14	31-03-15	30-06-15	30-09-15	31-12-15
Units held as fixed assets	92,789,340	88,730,086	87,146,195	91,375,468	82,600,187
Units held as current assets	48,637,252	55,791,548	57,012,008	56,597,346	55,531,394
TOTAL	141,426,593	144,521,633	144,158,204	147,972,813	138,131,581

3.3 BONDS SUBPORTFOLIO

In 2015, the Romanian capital market was still characterized by a low supply of bonds matching investment objectives pursued for this sub-portfolio. As a result, in 2015 no bonds were acquired or sold.

Evolution of Bonds subportfolio according to NSC/FSA

lei	31-12-14	31-03-15	30-06-15	30-09-15	31-12-15
Listed bonds	51,095,940	50,271,720	50,997,900	50,350,380	51,579,300
- municipal bonds					
- corporate bonds	51,095,940	50,271,720	50,997,900	50,350,380	51,579,300
Unlisted bonds	1,151,973	1,114,251	1,148,434	1,116,108	1,161,506
- municipal bonds					
- corporate bonds	1,151,973	1,114,251	1,148,434	1,116,108	1,161,506
TOTAL	52,247,913	51,385,971	52,146,334	51,466,488	52,740,806

3.4 OTHER FINANCIAL INSTRUMENTS

The structured financial products of warrant type issued by Merrill Lynch International expired in August, ending up with a return of more than 20% p.y. In August 2015 there were also acquired other 28.000.000 financial products of warrant type issued by Merrill Lynch International, of the same type as the expired ones, issued for a one year period.

Evolution of Other financial instruments subportfolio according to NSC/FSA

lei	31-12-14	31-03-15	30-06-15	30-09-15	31-12-15
Structured financial instruments	22,260,000	22,120,000	10,780,000	22,400,000	21,840,000

4 RISK MANAGEMENT

Risk management comprises all activities aimed at identifying, measuring, monitoring and controlling risks so as to ensure compliance with the general principles of risk policy. Effective risk management is considered vital in order to achieve strategic objectives and provide quality benefits to shareholders on an ongoing basis. In this context, significant risk management strategy provides a framework for identifying, assessing, monitoring and controlling these risks, in order to keep them at acceptable levels according to the risk appetite and the ability to cover (absorb) these risks.

Risk policy principles that are included in SAI Muntenia Invest SA's Rules and Internal Procedures are:

- Risk-taking is not a purpose. Risk taking by SAI Muntenia Invest is measured in relation to potential yields. In a risk-oriented policy yields, SAI Muntenia INVEST takes risks only to the extent that expected appropriate return corresponds to that level of risk.
- Aiming at a prudential risk-based management, SAI Muntenia Invest performs operations whose risk profile is acceptable.
- SAI MUNTENIA INVEST ensures the existence of necessary processes and systems to ensure efficiency and effectiveness of operations, adequate control of risks, doing business in a prudent manner, an appropriate degree of internal and external information, and compliance with internal and external regulations
- In order to determine the risks that may affect the activity of SAI Muntenia INVEST, significant activities will be identified as well as the risks associated with these activities and the ratio between risk and profit.
- In accordance with the risk profile of SIF Muntenia, SAI Muntenia Invest identifies a number of applicable risks which can be treated/reduced using a number of techniques, tools and measures that are found in specific procedures.

The strategy and significant risk management policies are implemented at all levels of activity of SAI Muntenia Invest generally through internal rules and procedures and through Significant risk management procedures in particular.

4.1 LIMITABLE/TREATABLE APPLICABLE RISKS

According to the risk profile of SIF Muntenia, the Managing Company identified a series of **applicable risks**, whose level it intends to reduce/limit, using a number of techniques, instruments and measures which are to be found within the specific internal regulations.

Operational risk. Operational risk events are situations which, due to internal or external factors that can be controlled or not by the company, can generate losses. The management company monitors separately the operational risk for SIF Muntenia, classifying them in a Basel II approach. No operational risk events were reported in 2015 in relation to SIF Muntenia.

Market risk is the risk of loss for SIF Muntenia, arising from fluctuation in the market value / **price** of portfolio positions of the managed company, fluctuation attributable to the change in market variables such as interest rates, exchange rates, shares prices and commodity or the creditworthiness of an issuer. The value of financial instruments may fluctuate due to changes on the capital market and determined by factors specific to an issuer, industry, country or region, or the factors that influence the capital market in general, nationally or internationally. Even with a prudent diversification of the securities held in the portfolio, general market risk component can not be fought - **the systematic risk**. This is the most significant source of risk and variability in terms of portfolio value. SAI Muntenia Invest reduces risk through diversification.

Counterparty risk - the risk of loss for SIF Muntenia arising from the possibility that a counterparty to a transaction could not fulfill their obligations before the final settlement of the transaction's cash flow. The management company

does not undertake business with a counterparty without priorly assessing its creditworthiness and without taking into account the counterparty risk properly recorded before and at the time of settlement. Creditworthiness of each counterparty to a transaction is valued following the manager's staff proposals who assess the investment/divestment. The management company has not made transactions with derivatives on SIF Muntenia's account, which would have led to a redefinition of the counterparty risk and other types of treatment thereof.

Liquidity risk

There are two types of liquidity risks applicable to SIF Muntenia's management

- The first concerns the market depth and refer to specific traded financial instruments. In the process of setting limits for various types of risks related to the traded financial instruments, the procedure for the analysis must take into account the size, depth and liquidity of that market, because the product's market liquidity may affect the ability of the company or institution to change profile risk in a smoothly, fast and efficient way at a reasonable price.
- The second concerns financing trading activities and dividends allocation and current expenditure for SIF Muntenia. To limit / avoid this kind of liquidity risk the management company will pursue a prudent policy on cash outflows especially during the payment of dividends to shareholders of SIF Muntenia and will generally provide an adequate level of assets with high liquidity within the portfolio.

4.2 ASSUMED APPLICABLE RISKS

Foreign exchange risk. SIF Muntenia may invest in financial instruments and enter into transactions denominated in foreign currencies. It is therefore exposed to the risk that fluctuations in exchange rates can have an adverse effect on the value of net assets denominated in foreign currency. On 31 December 2015, the principal balance in foreign currency was represented by listed corporate bonds. SIF Muntenia's direct exposure of the portfolio, expressed as the ratio of asset value expressed in lei equivalent and the financial instruments whose value is denominated in currencies other than lei and the total asset value decreased from 5.90% at the end of 2014 (compared to recalculated asset) to 5.51% at the end of 2015 (compared to asset value calculated according to RAS). During the entire period, the main exposure was on euro, exposure on other currencies being negligible.

For a variation of EUR lei exchange rate with

- +/- 5%, variation of total assets (sensitivity) of SIF Muntenia total assets as of 31.12.2015 is of +/- 0.275%.
- +/-20% variation of total assets (stress test) of SIF Muntenia total assets as of 31.12.2015 is of +/-1.10%.

Interest rate risk is defined as the sensitivity of SIF Muntenia financial situation to changes in interest rates. Interest rate risk management aims at maintaining exposures to interest rate risk within the limits authorized by management objectives of the Liquid assets sub-portfolio. Given the preference for liquidity (liquidity preference theory) which is a guideline of managing this sub-portfolio, investments are short-term ones, with short-term interest rates.

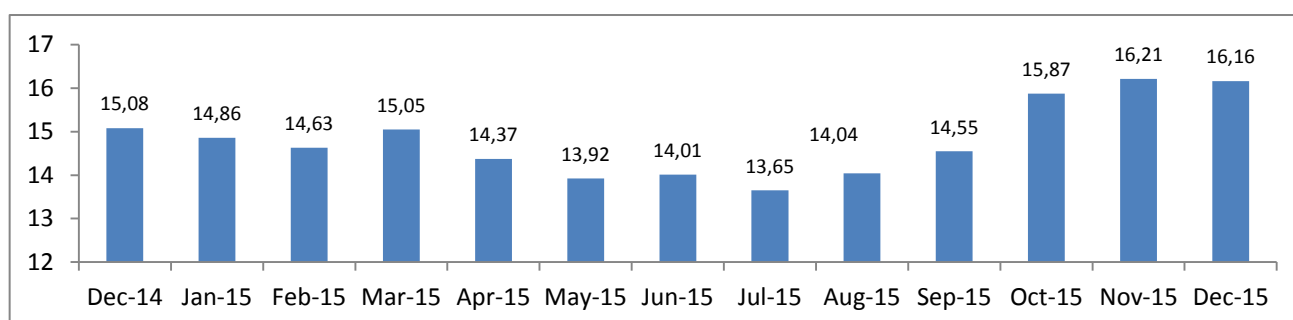
4.3 MAINTAINING THE PORTFOLIO'S ASSETS CATEGORIES WITHIN THE LEGAL HOLDING LIMITS

All below calculated limits referring to **total asset** value of SIF Muntenia use

- For 31.12.2015 the asset certified by the depository, to which the analysis was done in Chapters 1, 2 and 3 of this report.
- For 31.12.2014, recalculated net asset and certified by the depository is used

4.3.1 ART. 188 OF NSC REGULATION NO. 15/2004 ON THE EXPOSURE OF DIVERSIFIED INVESTMENT POLICY NON-UCITS

Securities and money market instruments not admitted to trading	<20% of total assets
--	--------------------------------



SIF Muntenia portfolio was between these limits during 2015.

Securities and money market instruments issued by the same issuer	<10% of total assets
--	--------------------------------

Art. 188 letter b of Regulation No. 15/2004 stipulates

" ... can not hold more than 10% of its assets in securities and/or money market instruments issued by the same issuer, as referred to in art. 101 par. (1) a) and b) of Law no. 297/2004. The 10% limit may be increased to a maximum of 40% provided that the total value of securities and money market instruments held by a NON UCITS in each issuer in which it has holdings exceeding 40% does not exceed in any case 80% of its assets "

At the end of 2014, participation in Biofarm SA represented 12.06% of the total assets of SIF Muntenia and the participation in Banca Transilvania represented 11.52% of total assets. Taking into account the holding of bonds issued by Banca Transilvania, the total exposure was 11.61% of total assets.

At the end of 2015, participation in Biofarm SA represented 11,575% and the participation in Banca Transilvania represented 16,36% . Taking into account the holding of bonds issued by Banca Transilvania, the total exposure was 16,46%.

SIF Muntenia portfolio was between these limits during 2015.

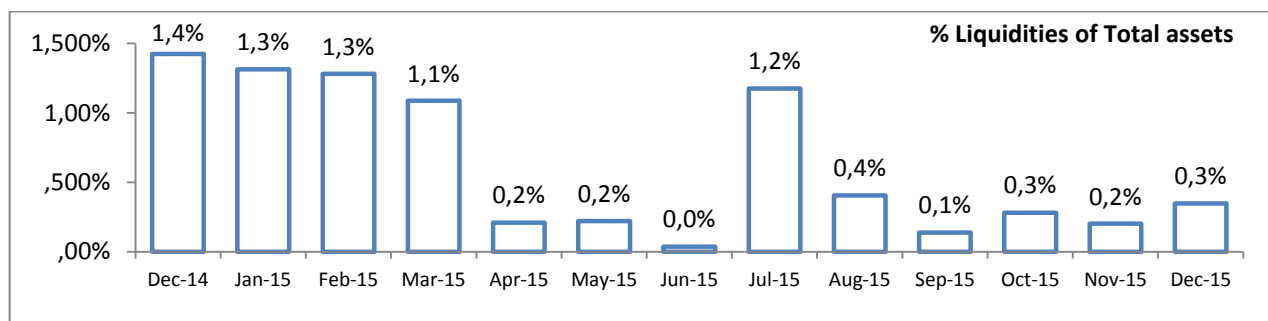
Financial instruments issued by entities of the same group	<50% of total assets
---	--------------------------------

At the end of 2014, exposure on Banca Transilvania group was of 11.61% of total assets.

At the end of 2015, exposure on Banca Transilvania group was of 16.46% of total assets.

SIF Muntenia portfolio was between these limits during 2015.

Current account and cash value		<10% of total assets	
la 31.12.2014	16,634,073		1.43%
la 31.12.2015	4,269,773		0.35%



SIF Muntenia portfolio was between these limits during 2015.

Bank deposits made at the same bank	<30% of total assets
-------------------------------------	----------------------

At the end of 2014, the highest exposure on a bank was of 0.69% of SIF Muntenia's Total assets.

At the end of 2015, the total value of SIF Muntenia's bank deposits represented 0.99% of Total assets. The highest exposure on the same bank was of 0.662% of total assets.

SIF Muntenia portfolio was between these limits during 2015.

UCITS units	<50% of total assets
-------------	----------------------

At the end of 2015, total participations to UCITS represented 11.29% of total assets of SIF Muntenia. Taking into account the shares in SIF Banat Crisana and SIF Oltenia, the value of the shares amounts to 17.31% of the SIF Muntenia's total assets.

SIF Muntenia portfolio was between these limits during 2015.

Other limitations not applicable: SIF Muntenia is not exposed to counterparty risk in a transaction with financial instruments traded outside financial markets. SIF Muntenia is not exposed to global risk towards derivatives.

4.3.2 FSA RULE NO. 14/2013, ART. 9

Direct investment in promissory notes – does not exist in SIF Muntenia's portfolio in 2015.

Indirect investments in promissory notes (via exposure to participations held in UCITS) 0.227% of the total assets as of 31.12.2014.

Indirect investments in promissory notes (via exposure to participations held in UCITS) have not been reported as of 31.12.2015.

4.3.3 LAW 297/2004

5% of the total voting rights of a market operator Article 129 paragraph 1	Bursa de Valori București. As of 31.12.2015, holdings of 4.32%. No transactions in 2015. SIBEX Sibiu Stock Exchange. As of 31.12.2015, holdings of 4.95% No transactions in 2015
5% of the total voting rights of the central depository	Depozitarul Central. As of 31.12.2015, holdings of 4% Depozitarul Sibex. As of 31.12.2015, holdings of 5.44% (From 2011, following a share capital increase with cash participation)
5% of the share capital of a financial investment company (art 286 ^1 law 297/2004 updated)	Holdings as of 31.12.2015 SIF Banat Crișana 4.95% SIF Oltenia 3% No transactions or exceedings were registered during the year
Article 18 of Law 297/2004. Any significant shareholder who intends to increase its stake in a brokerage company so that it would reach or exceed 20%, 33% or 50% of the share capital or voting rights, or intending that such SSIF become its subsidiary, shall notify in advance the FSA	SIF Muntenia's holdings increased in 2015 from 18.424% of the issuer SSIF Broker Cluj to 18,47% following the decrease of the share capital procedure approved by the SGEA of SSIF Broker SA dated 29.04.2015.

5 LITIGATIONS - PORTOFOLIO

S.A.I. Muntenia Invest, the administrator of SIF Muntenia, in exercising its powers under the provisions of art. 6 of EGO no. 32/2012 on undertakings for collective investment in securities and investment management companies, as well as according to the management contract signed between SAI Muntenia Invest and SIF Muntenia, defends, exercise and assert the rights of SIF Muntenia. To this end, the activity of legal services is provided by legal advisers and lawyers. As of 31.12.2015, there were 58 pending files. The legal proceedings where SIF Muntenia is involved can be classified into the following categories:

Litigations with professionals in which SIF MUNTENIA SA has the quality of claimant - represent the most important part of the legal department's activity and have as object the annulment of shareholders general assemblies resolutions of several companies within the SIF Muntenia portfolio, by which the majority shareholders have taken illegal decisions whose enforceability harm SIF Muntenia's interests. Such legal proceedings have been started with the following companies: Unirea Shopping Center SA București, Cotroceni Park SA București, Minerva SA București, Pavcom SA Târgoviște, Electroutilaj SA Câmpina, Galgros SA Galați, Vulturul SA Comarnic etc

Another category of disputes assigned to the litigations with professionals, where SIF Muntenia is a claimant is represented by disputes relating to the recognition of SIF Muntenia's right of withdrawal from the company under Law 151/2014, with the consequent collection of the value of shares held, namely: Electroutilaj SA Câmpina, Moldovulcan SA Galați, Cristiro SA Bistrița, Orizont SA București etc.

Civil law suits in which SIF Muntenia is a defendant - usually based on Law no. 10/2001. They concern the claims for properties owned by companies that are or have been in the portfolio of SIF Muntenia. As ancillary, the requirement of considering of absolute nullity certain shares sale purchase agreements (issued by companies owning the properties claimed) signed between SIF Muntenia SA, as seller and ESP (Employees Shareholders Program) associations as buyers.

Civil law suits in which SIF Muntenia is guarantor (in most of the cases together with AVAS – Authority for State Assets Recovery) – Applications in these cases are filed by companies claim fallen due to the admission of the action to recover their immovable assets. Although there were situations in which the court admitted at first case such a request, until now there is no final and irrevocable sentence by which SIF Muntenia is liable to pay damages. We consider that such a situation is unlikely, being against Romanian and community legislation.

Civil law suits in which SIF Muntenia is a third party debtor. SIF Muntenia was sued as third party debtor in the files having as object forced execution of NSC as civil responsible party in the penal file related to **FNI** (National Investment Fund) **compensations**, and respectively validation requests against garnishment of SIF Muntenia as third party. In one of the cases the garnishment validation was admitted, with the consequent formation of a foreclosure case in which SIF Muntenia was executed for the amount of 1,162,608.48 lei. In 2014, the appeal filed by SIF Muntenia has been won, enforcement was declared unfounded. SIF Muntenia filed a return enforcement which was admitted and presently there is one file of forced execution that will be recovered from those who unduly received the respective amounts.

Litigations with CI-CO SA in which SIF Muntenia SA has the quality of defendant or civil responsible person and which are suspended until the resolution of the criminal case on the deed of assignment between SIF Muntenia and FPS back in 1999, file where SIF Muntenia is a responsible civil party. In 2014, following the authorization by the Bucharest Court of convening the General Meeting of Shareholders by the conclusion dated 30.07.2014, SIF Muntenia, shareholder of CI-CO SA, with a share of ownership of 92.1578% of the share capital held the general assembly of shareholders which, at the first call, on the 09.17.2014, elected a new board of directors, managing to get involved in the management of the company after more than 15 years.

6 SIF MUNTENIA SHARES

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 RON 0.1/share.

Main characteristics of SIF Muntenia shares

All shares are ordinary shares, having a nominal value of RON 0.1/share

The number of issued shares was not modified in 2015. Until 31.12.2015, the company did not approve any buy back programme and did not acquire its own shares.

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, 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/FSA, keeps the evidence of the shares and shareholders of SIF Muntenia.

For details on SIF Muntenia's shareholders' rights see chapter Corporate Governance / DESCRIPTION OF THE SHAREHOLDERS RIGHTS AND HOW THEY CAN BE EXERCISED

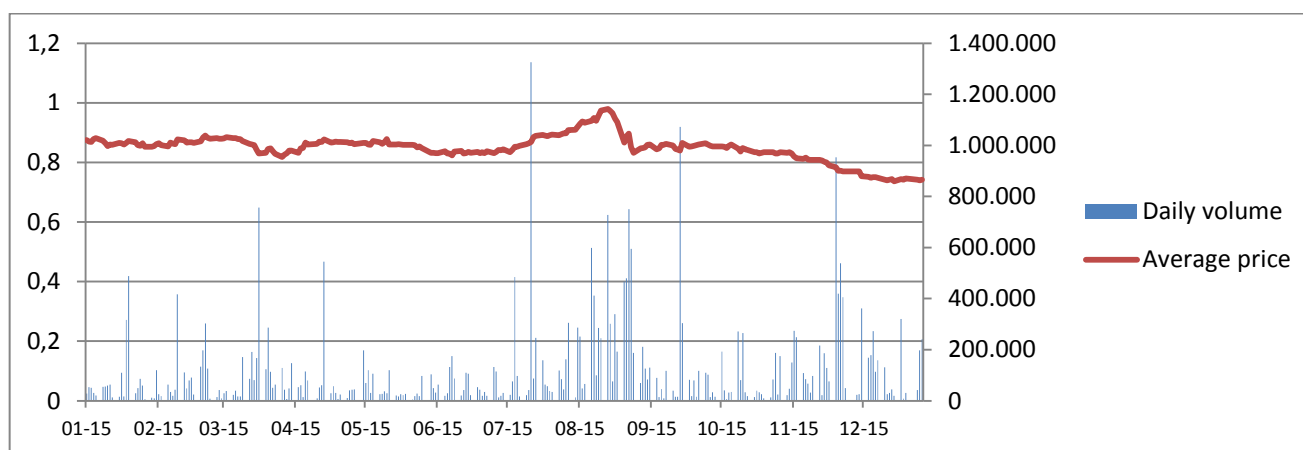
6.1 TRADING OF SHARES ISSUED BY SIF MUNTENIA

SIF Muntenia shares are registered in the FSA Registry under symbol PJR09SIIR/400005, ISIN symbol ROSIFDACNOR6, they are traded on the Bucharest Stock Exchange with the symbol SIF4 and on Bloomberg information system under symbol BBG000BMN7T6.

Trading of shares issued by SIF Muntenia in 2015, summary

	REGS	DEAL	TOTAL
Number of trades	23,481	10	23,491
Number of traded shares	30,944,764	47,389,963	78,334,727
Total value (lei)	26,426,384	39,027,770	65,454,154
% total number of shares	3.83%	5.87%	9.71%

Average price and daily volume on BSE, REGS



Share yield

	2010	2011	2012	2013	2014	2015
Closing price lei	0.644	0.571	0.77	0.882	0.881	0.744
NAV PER SHARE lei	1.7489	1.5335	1.3189	1.3150	1.2590	1.3408
Net Asset Discount %	63.2%	62.8%	41.6%	33%	30.0%	44.5%
Market capitalization in lei	519.73	460.82	621.42	711.81	711.00	600.44

Obs. Net Asset Discountt = 1- Closing price per period/NAV PER SHARE (in percentage)

SIF Muntenia shares are included in the BET-FI, index owned by BSE. BET-FI is the first sector index released by BSE reflecting the evolution of the financial investment companies (SIFs) and other similar institutions (Property Fund)



Source: Bloomberg

7 CORPORATE GOVERNANCE

7.1 COMPLYING WITH THE BSE CORPORATE GOVERNANCE CODE

SIF Muntenia's Administrator believes that compliance with the Corporate Governance Code ensures the accuracy and transparency of the company's decision making process and allows equal access for all shareholders to relevant information as a means to maintain SIF Muntenia's competitiveness in a world increasingly affected by accelerated changes.

SIF Muntenia's Administrator has decided to adhere, **where possible**⁴, to the rules and principles of corporate governance of the BSE Corporate Governance Code starting with the annual report for the financial year 2010, presenting within the annual reports and within the "Comply or Explain" Declaration the compliance with principles of the Code and with its regulations.

On 11th September 2015 the Bucharest Stock Exchange has published a new Corporate Governance Code, which replaces the original code, issued in 2001 and revised in 2008. The new Code has been developed with the support of the European Bank for Reconstruction and Development (EBRD) as part of a new corporate governance framework applicable on 4 January 2016 and aims to promote higher standards of governance and transparency of listed companies.

In terms of the provisions of the new Code to be respected, SIF Muntenia's quality of NON UCITS should be considered (other undertakings for collective investment schemes) and of issuer of securities admitted to trading on a regulated market. In addition, as specified by the FSA within the Consultative Document on FSA's Strategy for the revision of the legal framework incident to the operation of NON UCITS, published in July 2015, the Law on Alternative Investment Funds that will probably appear in 2016 will have as main regulation the manner of establishing and organizing the AIF in Romania, depending on the specific nature of each category/class of such bodies that will be established according to the new law. Currently, the operation of NON UCITS/AIF as collective investment schemes (including in terms of the quality of issuers of securities) is governed by the special legislation of the capital market, by several laws and regulations, being at the same time subject to the general primary legislation represented by Law no. 31/1990 and/or of special acts that aimed setting up such collective investment schemes (such as Law no. 133/2006 and the Law 247/2005 which ordered the establishment of the five SIFs, respectively Property Fund).

Subsequent event

On 15 January 2016, the status of compliance with the new code as of 31.12.2015 was made available to shareholders through a current report published on the BSE website .

Details on compliance with the principles and recommendations of the BSE Corporate Governance Code are included in **the statement of compliance with the corporate governance code**, enclosed, which is part of this report.

FSA Rule No 39/2015, Article 30, paragraph 4 stipulates that "If a consolidated management report is required, in addition to the administrator' report, the two reports may be presented as a single report", information to be included in the annual report, the section of the report containing the corporate governance statement.

SAI Muntenia Invest will present **two** reports of SIF Muntenia's Administrator. We underline that the consolidated annual report that will accompany the consolidated financial statements will be available to shareholders until August 31, 2016.

⁴ The Corporate governance code was conceived for "standard" companies - quoted NON UCITS managed by SAI (asset management companies) as SIF Muntenia or Fondul Proprietatea have certain peculiarities in operation and can not apply certain provisions adlitteram.

7.2 STRUCTURE AND OPERATING METHOD OF THE ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES AND THEIR COMMITTEES

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 politics.

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

SIF Muntenia has not been subject to any merger or division operation since its establishment up to date.

During 2015 SIF Muntenia did not perform any significant reorganization of its activity.

At present, SIF Muntenia has a supervision and control structure which is less used by companies listed on the Bucharest Stock Exchange. Thus, shareholders oversee between general shareholders meetings the company's activity through the Shareholders' Representatives Council.

Mention should be made that for compliance with the provisions of Law no. 74/2015 on alternative investment fund managers, this structure is closest to the spirit and European legislation governing the funds and alternative investment managers. (See Chapter Prospects for 2016 and strategic management programme for 2016).

7.3 SUPERVISION OF SIF MUNTENIA

Shareholders' Representatives Council (SRC) is a body representing SIF Muntenia shareholders' interests in relation with SAI Muntenia Invest SA and the financial auditor.

SRC is made up of 11 members, appointed by SIF MUntenia's SGA for a mandate of 4 years. SRC's responsibilities are presented within the Establishment Deed of SIF Muntenia, art. 7 (<http://www.sifmuntenia.ro/pdf/1534.pdf>)

SRC's mandate started as of June 2014 (SGOA of SIF Muntenia dated 26 June 2014).

7.4 ADMINISTRATION OF SIF MUNTENIA

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

During 01.01.2015 – 31.12.2015, SAI MUNTENIA INVEST undergone the administration activity of SIF MUNTENIA pursuant to the provisions of the administration contract and the SIF Muntenia Administration Programme for the year 2015, as approved by the General Shareholders Meeting as of 30 April 2015.

For transparency considerations towards the shareholders, we further present information on the management of the administration company and about its activities in relation to SIF Muntenia.

7.4.1 MANAGEMENT OF THE ADMINISTRATION COMPANY

In 2015, SAI MUNTENIA INVEST SA's Board of Directors was made up of the following persons::

- January - September 2015

Name and Surname	Position
Gheorghe-Dănuț Porumb	President
Dănuț Florin Buzatu	Vice- President
Florica Trandafir	Member
Mariana Dinu	Member
Sorin Boldi	Member

- September – 31 December 2015

Name and Surname	Quality/ Position	Authorised by	Validity of the mandate (expiration date)
Dănuț Florin Buzatu, Economist	Vice- President of the BoD	NSC Decision no. 1104/04.12.2012	05.10.2016
Florica Trandafir, Economist	Member of the BoD	Decizie CNVM nr. 2872/24.10.2005	05.10.2016
Sorin Florian Boldi, Lawyer	Non executive, independent member of the BoD Member of the Audit Committee	NSC Decision no. A/45/28.06.2013	05.10.2016
Daniel Silviu Stoicescu, Lawyer	Non executive, independent member of the BoD Member of the Audit Committee	NSC Decision no. 244/20.11.2015	19.08.2017

During the 2015 financial year there was no formalized diversity policy applied as far as the administration and management bodies are concerned on issues such as, for example: age, gender or education and professional experience.

In 2015 a number of 61 SAI Muntenia Invest's BoD meetings were held in relation to **SIF Muntenia**.

AUDIT COMMITTEE

The Audit Committee was established in order to assist the Board of Directors of SAI Muntenia Invest in risk management and financial reporting processes.

The Audit Committee had the following members during 2015.

- During 01.01.2015 – 11.09.2015: Ms. Florica Trandafir and Ms. Mariana Dinu
- During 11.09.2015 – 07.10.2015: Ms. Florica Trandafir
- During 07.10.2015 – 23.11.2015: Ms. Florica Trandafir and Mr. Sorin Florian Boldi
- During 11.11.2015 -31.12.2015: Mr. Sorin Florian Boldi and Mr. Daniel-Silviu Stoicescu

On 01.14.2016 Mr. Daniel Silviu Stoicescu was appointed Chairman of the Audit Committee.

The audit committee met 5 times in 2015 in relation to the administration of SIF Muntenia.

The Audit Committee has the following responsibilities:

- a. analyzes reports prepared by the financial and internal auditors of SAI MUNTENIA INVEST or of the entities managed by SAI MUNTENIA INVEST;
- b. conducting investigations to identify the causes that led to the irregularities highlighted within the reports prepared by the financial and internal auditors of SAI MUNTENIA INVEST or of the entities managed by SAI MUNTENIA INVEST.
- c. prepares and submits to the BoD of SAI Muntenia INVEST analysis and recommendations on measures to be taken to improve the financial reporting process of SAI Muntenia INVEST or of entities managed by SAI Muntenia INVEST;
- d. monitors the relations of SAI Muntenia INVEST with its financial auditor and independent auditors of the managed entities;
- e. monitors the activity and access to resources for the internal auditors of SAI Muntenia Invest and managed entities;
- f. verifies the compliance with rules relating to compliance with business ethics;
- g. participates to the selection of the financial auditors of SAI Muntenia Invest and of the entities managed by SAI Muntenia INVEST;
- h. regularly examines the effectiveness of the financial reporting, internal control and risk management system adopted by SAI Muntenia INVEST;
- i. ensure that the analyzes and reports prepared by the internal auditors of SAI Muntenia INVEST or of the entities managed by SAI Muntenia INVEST comply with the audit plan approved by the Board of Directors of SAI Muntenia INVEST

The Audit Committee examines and draws, independently of the effective management, periodic reports to the Board of Directors on the relevance of accounting methods and procedures for the collection of information. The Audit Committee shall assess the quality of the financial audit, in particular with regard to measuring, monitoring and controlling risks and propose, if appropriate, the measures that should be taken.

CHANGES IN THE MANAGEMENT OF SAI MUNTENIA INVEST IN 2015

The SGEA of SAI Muntenia Invest SA, held on 10.09.2015, decided to revoke Mr. Gheorghe Dănuț Porumb from the position of Member and President of the Board of Directors, to revoke Ms. Mariana Dinu from the position of Member of the Board of Directors and to appoint Mr. Daniel-Silviu on the position of Member of the Board of Directors, appointment that was authorized by FSA through Authorisation no. 244/20.11.2015.

Mr. Gheorghe Dănuț Porumb was revoked from the position of Director ensuring the executive management of SAI Muntenia Invest SA's activity as of 11.09.2015, according to capital market regulations

The executive management of SAI Muntenia Invest SA starting with 11.09.2015 was ensured by Mr. Gabriel Filimon, general manager (authorized by NSC Decision no. 536/21.02.2006), and by Mr. Florin Dănuț Buzatu, Vice-President of the BoD (authorized by the FSA Authorisation no. A/54/09.07.2013) and director.

Starting with 24.11.2015, by both parties contest, Mr. Gabriel Filimon's general manager mandate ceased. On the meeting held 24.11.2015, the BoD of SAI Muntenia Invest SA approved the appointment of Ms. Gabriela Grigore in the position of general manager.



Subsequent event

FSA authorised, by the Authorisation no. 6/14.01.2016, the modification of SAI Muntenia Invest SA's management structure by appointing Ms. Gabriela Grigore as general manager.

The SGA of SAI Muntenia Invest held on 02.02.2016, decided to revoke Mr. Florin Dănuț Buzatu from the position of Member and VicePresident of the Board of Directors and to appoint Ms. Florica Trandafir on the position of Vicepresident of the BoD of SAI Muntenia Invest.

Information on the management structure of SAI Muntenia Invest SA, namely the composition of the board, the audit committee and the effective management and their CVs are available both on SIF Muntenia's website www.sifmuntenia.ro and on the administrator, SAI Muntenia Invest's website www.munteniainvest.ro.

The professional CVs of the management bodies of SAI Muntenia Invest are presented enclosed to this report.

EFFECTIVE MANAGEMENT OF THE ADMINISTRATION COMPANY AS OF 31.12.2015

Dănuț Florin Buzatu	Director	FSA Authorisation no. A/54/09.07.2013
Florica Trandafir	Director	FSA Authorisation no. 245/20.11.2015

Conflicts of interest

SAI Muntenia Invest SA does not hold participations that enter in a conflict of interest with SIF Muntenia. Members of the Board of SAI Muntenia INVEST (M.I.) can take office only after obtaining the approval from the FSA.

The documentation submitted to FSA by each member of the Board in order to obtain the approval includes declarations of potential conflicts of interest.

Thus, the Members of the Board, the General Director, auditors and employees of M.I. may not be significant shareholders, may not hold a position or may not be employees of other investment management companies or self-managed investment companies. Also, board members of M.I. can not be members of the Management Board / Board of Supervisors or managers / members of the directorate of another investment management company, investment companies, of a credit institution which acts as depositary for one of the collective investment bodies under management by M.I., must not be members of the board of directors / supervisory board of a brokerage company from whom S.A.I. has contracted financial intermediation services and should not be employed or have any contractual relationship with another S.A.I. or an investment firm;

Internal rules and procedures of SAI Muntenia Invest SA include regulations to avoid conflicts of interest in the management SIF Muntenia.

SAI Muntenia Invest is required to prevent conflicts of interest defined by the Capital Market Law, and if they appear during the development of the management activities, will ensure equal treatment to all managed entities, based on rules designed to prevent conflicts of interest.

SAI Muntenia Invest employees are forbidden to carry out, at the same time with the activity performed for the M.I., activities of any nature that may enter into conflicts of interest with M.I. or make use of the position held within M.I.

7.4.2 DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Operation of internal control and risk management systems is described in the internal rules and procedures of SAI Muntenia Invest, which are notified to the ASF at each change.

Internal control

Considering the obligation of SAI Muntenia Invest to establish, implement and maintain adequate policies and procedures to identify any risk of failure of SAI Muntenia INVEST to comply with its obligations under the provisions of the Capital Market Law and regulations, and risks associated and to adopt appropriate measures and procedures to minimize those risks, taking into account the nature, size and complexity of its business and the nature and range of services and activities, SAI Muntenia INVEST establishes and maintains a permanent and operational internal control position which runs independently and has the following responsibilities:

i. regularly monitor and evaluate the effectiveness and proper way of implementing the measures and procedures set by the SAI Muntenia INVEST as well as measures ordered to resolve any cases of default of SAI Muntenia INVEST;

ii. to advise and assist the relevant responsible persons for carrying out services and activities to meet the requirements imposed to SAI Muntenia INVEST according to the Capital Market Law and regulations.

Internal control department reports to the Board of Directors and ensures the compliance of SAI Muntenia Invest and its employees with laws, regulations, instructions and procedures of the capital market and the rules and internal procedures of SAI Muntenia INVEST.

The representative of the internal control department is subject to FSA authorization and is registered in the public register of the FSA.

Internal audit

Within the management company, persons will be appointed and maintained for ensuring the position of internal auditor both for the company's own activity and for the managed entities (such as SIF Muntenia). The internal audit function is separate and independent from other functions and activities that can be outsourced on a contractual basis. For SIF Muntenia, the internal audit function is outsourced, being exercised by the company Audit Consult Group SRL.

The internal auditor has the following responsibilities:

- a) establishing, implementing and maintaining an audit plan to assess and examine the effectiveness and adequacy of systems, internal controls and administrator's procedures;
- b) verifying the compliance with work rules and procedures approved by the Board of Directors of SAI Muntenia INVEST.
- c) preparation, according to contractual terms, written reports on the themes specified in the internal audit plan, submitted to the Board of Directors of MI
- d) issue recommendations based on the result of activities carried out in accordance with paragraph a);
- e) verify the compliance with the recommendations provided in paragraph c);

Audit Committee (which is established in the Board of Directors of MI) monitors and evaluates the way in which the internal auditor complies with contractual stipulations. The Audit Committee shall inform the Board of any deficiencies noted in performing the internal audit contract.

The internal audit activity for SIF Muntenia 2015 was conducted in compliance with the internal audit plan established in accordance with the objectives and peculiarities of the company's activity as approved by the Board of Directors.

Risk management.

Risk Management Department is hierarchically subordinated to the General Director and has the following duties and responsibilities:

- a. identify and assess significant risks related to SAI Muntenia Invest and to each entity managed by SAI MUNTENIA INVEST (such as SIF Muntenia);
- b. monitor significant risks related to SAI Muntenia Invest and to each entity managed by SAI Muntenia INVEST;
- c. measure significant risks influence on the risk profile agreed for each portfolio of the managed entity;
- d. develops and implements risk management policies and procedures (identification, assessment, monitoring and control) for all entities managed by SAI Muntenia INVEST;

Detalii despre gestionarea riscurilor aferente SIF Muntenia de către SAI Muntenia Invest sunt prezentate în prezentul raport în capitolul Managementul riscului.

7.4.3 OTHER POSITIONS OUTSOURCED BY SAI MUNTENIA INVEST SA

SAI MUNTENIA INVEST SA outsources the accounting activity to 3B EXPERT AUDIT SRL (NSC approval no. 8/31.01.2006) for SIF MUNTENIA SA, according to contract no. 393/31.07.2013 for the period 01.01.2015 – 01.04.2015 and starting with 02.04.2015 according to contract no. 432/02.04.2015 signed between 3B EXPERT AUDIT SRL and SAI MUNTENIA INVEST SA.

7.5 REMUNERATION POLICY

The remuneration policy of SAI Muntenia Invest SA for the services rendered as manager of SIF Muntenia is presented in art. 13 of the Constitutive Act of SIF Muntenia.

“SIF Muntenia SA will pay a monthly management fee representing a share of the managed asset within the limits approved by the general meeting of shareholders. Depending on how SAI Muntenia Invest SA meets the performance criteria and goals set by the annual general meeting of shareholders, SIF Muntenia SA will pay the corresponding performance fee to SAI Muntenia Invest SA. The management contract establishes the rules for calculating and paying the fees.”

The administration fee of SAI Muntenia Invest related to 2015 financial year amounted to 17,400,000 lei, which represented 1.6% of the average net assets and 1.4% of the total assets of SIF Muntenia in 2015.

7.6 GENERAL SHAREHOLDERS MEETINGS OF SIF MUNTENIA

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 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 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).

General Shareholders Meetings in 2015

On 24 March 2015, SAI Muntenia Invest SA called a GSOM of SIF Muntenia, for 29 April 2015 (first call) and 30 April 2015 (second call).

The GSOM was legally held at the second call, on 30 April 2015.

SIF Muntenia annual financial statements for 2014 were approved, the net profit distribution was approved and the dividend per share was established and its distribution period, the Strategic Administration Programme was approved and the Revenues and Expenses Budget for 2015.

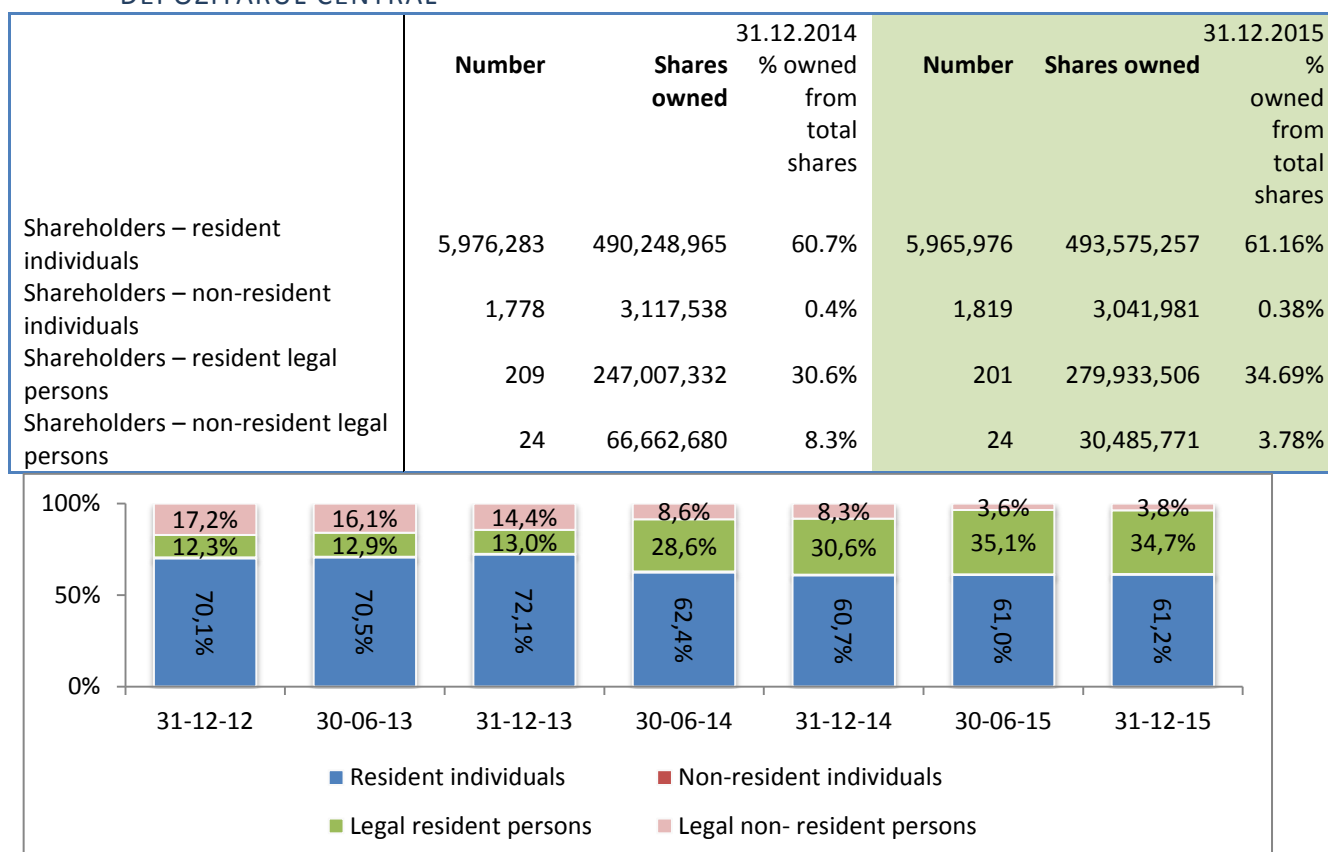
At the same time, it was also approved the accounting registrations corresponding to the prescription of the right to receive dividends and to require the payment of dividends older than 3 years.

Referring to the Shareholders Representative Committee (SRC), elections were organized for two free positions and Mr. Adrian Stăvaru was appointed as member of the SRC and the SRC remuneration for 2015 was established.

The prolongation of the mandate as financial auditor for KPMG Audit SRL was approved for another 3 years (2015 – 30 April 2018)

7.7 DESCRIPTION OF SHAREHOLDERS RIGHTS AND THE WAY IN WHICH THEY CAN EXERCISE THEM

7.7.1 SYNTHETIC SHAREHOLDING STRUCTURE OF SIF MUNTENIA, DATA RECEIVED FROM DEPOZITARUL CENTRAL



7.7.2 RIGHT TO INFORMATION. SHAREHOLDERS AND CAPITAL MARKET INSTITUTIONS 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 chapter 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, specialized, financial newspapers by publishing periodic and continuous reports regarding the information made available by electronic means both on its own website 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.

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 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.

7.7.3 RIGHT TO DIVIDENDS

All shareholders registered in the consolidated registry **as of the record date** of a GSM approving the annual financial statements have the right to dividends.

Dividends value is established by the shareholders general meeting following the proposal of the Board of Directors of SAI Muntenia Invest. Dividend payment is performed according to legal provisions in force and to the shareholders general meetings decisions. The tax on dividends is kept and paid by SIF Muntenia, the shareholders receiving the net dividend minus distribution expenses.

DESCRIPTION OF THE COMPANY'S POLICY ON DIVIDENDS

SIF Muntenia paid dividends every year since its listing on the Bucharest Stock Exchange (1999), except 2013.

SIF Muntenia does not have a multiannual policy of dividends, their distribution and value being established on a yearly bases, during the shareholders general meeting.

In 2015, by the Administration Programme for 2015, the guiding line was the following:

"By the dividend policy of SIF Muntenia, the administrator aims to ensure a balance between the remuneration of the shareholders through dividends and the potential need for financing new acquisitions of new financial instruments, for increasing the value and quality of assets."

DIVIDENDS DECLARED DURING THE LAST YEARS

LEI	2011	2012	2013	2014
Gross dividend/share	0.0810	0.134	0	0.0715
Amounts from reserves per share	0.122		0	0
Gross amounts to be distributed, total	163,828,413	108,142,893	0	57,703,111

FOR THE PROPOSAL OF DIVIDENDS FROM THE RESULT OBTAINED DURING 2015, PLEASE REFER TO CHAPTER PROPOSAL FOR PROFIT ALLOCATION

DISTRIBUTION AND PAYMENT OF DIVIDENDS

Distribution and payment of dividends were conducted according to the Ordinary General Meeting of Shareholders decisions. The procedures regarding the distribution of dividends in accordance with legal provisions were made available to shareholders by the administrator of SIF Muntenia.

The payment of dividends, complying with the legal provisions in force, is performed by Depozitarul Central, and the payment agent assigned by SIF Muntenia is Banca Comercială Română SA.

For the financial year 2014 dividend payment started on 31 August 2015. The shareholders bore the dividend distribution costs.

Dividends paid in 2015, (related to 2012 – 2014 financial exercises) amounted to 30,295,964, thus 26,342,421 net dividends and 3,953,543 tax on dividends.

DIVIDENDS NOT CLAIMED DURING THE LAST 3 YEARS

For the prescription of dividends, the company's policy is to keep them available to shareholders for a period of three years. Dividends unclaimed after this time are registered to reserves following a decision of the general meeting of shareholders

The SGOA of SIF Muntenia dated 30 April 2015, through decision No. 5, it was approved the accounting registration for prescribing the right to claim payment of dividends not collected within 3 years from the exigibility date, amounting to 25,666,678. 42 lei, and registering the unpaid amount to reserves.

The company's on the distribution of dividends from the last year's net profit shall be available to shareholders by publication according to law.

7.7.4 RIGHT TO VOTE

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). The Administrator of SIF Muntenia organised 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).

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 GSOM, on 30.04.2015, 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.

DESCRIPTION OF ANY MODIFICATION REGARDING THE OWNERS OF SECURITIES ISSUED BY THE COMPANY

On 8 January 2015 appeared Law 10/2015 approving Ordinance no. 32/2012, which amends Capital Market Law no. 297/2004. In application of Law 10/2015, SIF Muntenia amended in its establishment deed the quorums required for the validity of decisions within the extraordinary general meeting of shareholders to the quorums provided by in Law no. 31/1990. (Report published on 04.02.2015). The amendments were endorsed by the FSA by Approval 70/02.26.2015.

The updated establishment deed was made available to shareholders on the company's website and it is enclosed to this present report.

7.8 IMPACT ASSESSMENT ASPECTS OF ACTIVITY OF THE COMPANY ON THE ENVIRONMENT

SIF Muntenia do not perform basic activities that have impact on the environment. The Company has not recorded any obligations at December 31, 2015 and December 31, 2014 for any anticipated costs, including legal and advisory fees, site studies, design and implementation of remediation plans, regarding the environmental elements. The Company's management does not consider the costs associated with any environmental problems as significant.

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

8 FINANCIAL ACCOUNTING SITUATION

The financial statements have been prepared in accordance with the provisions of the FSA Rule No. 39/28 December 2015 approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the FSA, Financial Instruments and Investment Sector, as sole set of financial statements.

In accordance with Regulation no. 1606/2002 of the European Parliament and the EU Council as of 19 July 2002 and the FSA Rule No. 39, the Company will prepare also consolidated financial statements in accordance with International Financial Reporting Standards adopted by the European Union for the financial year ended 31 December 2015. The consolidated financial statements as of 31 December 2015 will be prepared, approved and made public until 31 august 2016, and then they will be available on SIF Muntenia's website.

On 31 December 2015 the trial balance was obtained under the provisions of Rule 39 by reprocessing operations recorded in the trial balance determined under Regulation 4/2011 approved by NSC Order no. 13/2011.

The main reprocessing operation consist of:

- adjustments of elements related to assets, liabilities and equity in accordance with IAS 29 - "Financial reporting in hyperinflationary economies" because the Romanian economy was a hyperinflationary economy until 31.12.2003
- fair value adjustments and impairment losses in accordance with IAS 39 - "Financial Instruments: "Recognition and valuation"
- adjustments of the profit or loss situation and of other elements of comprehensive result in order to record the dividend income at the moment of declaration and at the gross values;
- adjustments for the recognition of assets and liabilities referring to the deferred income tax in accordance with IAS 12 "Income Taxes".

Considering that this is the first year of IFRS reporting according to Rule 39 as sole set of reporting separate financial statements, further in this chapter we present:

- statement of assets, liabilities and equity as well as the profit and loss account for previous years and the current year according to Romanian Accounting Standards (RAS) for comparability.
- statement of assets, liabilities and equity (named in Rule 39 the Individual situation of financial position), the profit and loss (named in Rule 39 the Individual situation of the profit or loss and other elements of comprehensive income) and the individual situation of cash flows for 2015 according to Rule no. 39/2015 as compared to 2014, restated to IFRS
- Budget of Revenues and Expenses (BRE) execution for 2015 based on the results according to RAS, given that the data included in the BRE approved by the SOGM dated 30 April 2015 have been proposed taking into account records and evaluations according to RAS

8.1 SITUATION OF ASSETS, LIABILITIES AND EQUITY ACCORDING TO RAS

Denomination of element	2013 RAS	2014 RAS	2015 RAS
Intangible assets	2,586	588	0
Tangible assets	8,923	350,248	287,877
Financial assets	605,598,004	435,104,614	778,682,857
Non current assets – total	605,609,513	435,455,450	778,970,734
Inventories	2,057	14,573	14,573
Receivables	19,561,732	26,309,977	16,516,126
Short term financial investments	238,145,229	430,330,242	122,460,144
Cash and bank accounts	19,816,083	16,634,063	4,569,606
Financial assets – total	277,525,101	473,288,855	143,560,449
Accruals	18,581	24,565	17,429
Liabilities that must be paid in one year	173,626,859	149,136,593	137,683,311
Current assets, net current liabilities, respectively	103,916,823	324,176,827	5,894,567
Total assets minus current liabilities	709,526,336	759,632,277	784,865,301
Total equity	697,681,793	750,561,441	776,529,440

8.2 PROFIT AND LOSS ACCOUNT ACCORDING TO RAS

Denomination of element	2013 RAS	2014 RAS	2015 RAS
Revenues from current activity	232,125,030	391,389,173	221,890,213
Expenses from current activity	81,054,877	209,713,812	142,258,653
Current result	151,070,153	181,675,361	79,631,560
Total revenues	232,125,030	391,389,173	221,890,213
Total expenses	81,054,877	209,713,812	142,258,653
Gross result – Profit	151,070,153	181,675,361	79,631,560
Expenses with tax on profit	19,971,107	27,236,350	10,060,996
Profit (loss) for the period - Profit	131,099,046	154,439,011	69,570,564

8.3 INDIVIDUAL STATEMENT OF FINANCIAL POSITION UNDER RULE 39

In LEI	2014 R39	2015 R39
Assets		
Cash	16,677,801	4,571,094
Deposits in banks	16,247,647	12,131,507
Financial assets at fair value by profit or loss	448,114,915	144,834,354
Financial assets available for sale	488,594,788	903,618,737
Loans and receivables	12,295,730	8,256,386
Tangible assets	350,248	287,878
Other assets	15,242,474	2,925,503
Total assets	997,523,603	1,076,625,459
Liabilities		
Dividends to be paid	132,623,281	129,728,625
Liabilities with deferred taxes on profit	14,552,441	5,111,037
Other liabilities	16,513,312	17,904,547
Total liabilities	163,689,034	152,744,209
Equity		
Share capital	883,997,669	883,997,669
Cumulative loss	-221,016,018	-189,196,714
Reserves from revaluation of financial assets available for sale	170,852,918	229,080,295
Total equity	833,834,569	923,881,250
Total liabilities and equity	997,523,603	1,076,625,459

Cash and cash equivalents include: actual cash, current accounts and deposits with banks.

Assets or financial liabilities evaluated at the 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 purpose or has been designated in this category by the company's management.

Investments held until maturity

Investments held to maturity are those non-derivative financial assets with fixed or determinable payments and fixed maturity for 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.

Financial assets available for sale

Financial assets available for sale are those financial assets that are not classified as loans and receivables, held to maturity or financial assets at fair value through profit or loss.

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

Dividends are treated as an appropriation of profit in the period in which they were declared and approved by the general meeting of shareholders. The profit available for distribution is recorded in the profit of financial statements prepared in accordance with Rule 39/2015.

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

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

Current tax is the expected tax payable on the profit realized in the current period, determined using tax rates applied at the balance sheet date and any adjustments related to prior periods

Deferred tax is determined using the balance sheet method for temporary differences arising in the tax base for calculating the tax for assets and liabilities and their accounting value in the financial statements used for individual financial reporting.

Deferred tax **is not recognized for the following temporary differences**: the initial recognition of goodwill, the initial recognition of assets and liabilities arising from transactions that are not business combinations and that affects neither the accounting profit nor the fiscal one and differences arising on investments in subsidiaries, provided that they are not resumed in the near future. Deferred tax is calculated using tax rates expected to apply to temporary differences when they are resumed, according to the legislation in force at the reporting date or issued at the reporting date and which will come into force later.

Receivables and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and receivables and whether they are related to the tax collected by the same taxation authority on the same entity subject to taxation or for the authorities.

Reconciliation of share capital under Rule39 with the one according to RAS is presented below

<i>In LEI</i>	31 December 2015	31 December 2014
Share capital according to RAS	80,703,652	80,703,652
Hyperinflation effect - IAS 29	803,294,017	803,294.017
Share capital restated	883,997,669	883,997,669

Hyperinflation effect on the share capital, amounting to 803,294,017 lei, was registered by reducing retained earnings, resulting in an accumulated loss as at 31 December 2015 of 189,196,714 lei (31 December 2014: 221,016,018 lei).

Reserves from revaluation of financial assets available for sale

This reserve includes cumulative net changes in the fair values of financial assets available for sale from the date of their classification in this category and to date they have been derecognized or impaired.

Revaluation reserves of financial assets available for sale are recorded net of related deferred tax.

ASSESSMENT ON EMPLOYEES / PERSONNEL COMPANY

The company had in 2015 3 employees and 9 Representatives Council Members.

ASSETS REPRESENTING AT LEAST 10% OF TOTAL ACCOUNTING ASSETS

As of 31.12.2015, according to Rule39, the stake held in Biofarm SA Bucuresti, at the accounting value represented 13.16% of SIF Muntenia's total accounting assets and the stake held in Banca Transilvania represented 18.60% of SIF Muntenia's total accounting assets calculated in accordance with Rule39.

8.4 INDIVIDUAL STATEMENT OF PROFIT OR LOSS AND OTHER ELEMENTS OF COMPREHENSIVE RESULT ACCORDING TO RULE39

In LEI	2014 IFRS	2015 IFRS
Income		
Dividend income	14,950,699	18,125,060
Interest income	2,567,100	1,088,718
Other operational income	1,789	17,284
Income from investments		
Net income from foreign exchange differences	361,176	309,342
Net gain from transactions	233,539,703	34,891,794
(Net loss) / Income from revaluation of financial assets at the fair value through profit or loss	-27,716,599	48,920,416
Expenses		
Losses from depreciation of assets	-24,562,975	-5,138,597
Administration expenses		
Administration fees	-27,477,536	-17,400,000
Expenses with the remuneration of the SRC members	-1,263,938	-1,421,727
Other operational expenses	-10,285,890	-3,748,952
Profit before tax	160,113,529	75,643,338
Tax on profit	-32,724,580	-11,787,601
Net profit of the period	127,388,949	63,855,737
Other elements of comprehensive result		
Elements that cannot be transferred to profit or loss		
Revaluation to fair value of financial assets available for sale, net of deferred tax	76,945,911	88,267,985
Reserve for financial assets available for sale transferred to profit or loss	-202,950,211	-30,040,608
Other elements of comprehensive result	-126,004,300	58,227,377
Total comprehensive result for the period	1,384,649	122,083,114

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

If dividends received in the form of shares as an alternative to cash, the dividend income is recognized at the level of cash that would have been received in correspondence with increasing participation therein. The Company does not record dividend income from shares received free of charge when they are distributed proportionally to all shareholders. Dividend income increased compared to 2014 amid owned portfolio restructuring.

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

Interest income is recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the expected cash receipts and payments in the future during the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the asset or financial liability. Interest income decreased from last year due to the ongoing reduction in interest rates offered on deposits.

During 2015 the company has discovered an error in the IFRS financial statements concluded for 2014. In 2014, in the statutory financial statements the company has recognized an expense for share capital reduction at some of the entities where it holds participations (Bucur SA, Firos SA, Unisem SA, Voluthema Property Developer SA, Mindo SA, Semrom Oltenia SA, Primcom SA and Cemacon SA). Since the share capital reduction on those entities, by incorporating losses reported, is not a significant and extended loss for SIF Muntenia and has no effect on the fair value of the company's participations, within the IFRS statements this expense should have been reversed, so that the impact on the individual statement of profit or loss and other comprehensive income of transactions for share capital decrease in entities is null.

Individual statement of profit or loss and other elements of comprehensive result

In LEI	31.12.2014
Increased net income from sale of assets	89,890,343
Increased expenses with profit tax	-10,625,933
Increased net profit for the period	79,264,410
Other elements of comprehensive result	
Decreased reserve in fair value of financial assets available for sale, net of deferred tax	-89,890,343
Decrease of total comprehensive income for the period	-10,625,923
Increased result per share	
Basic	0.098
Diluted	0.098

Individual statement of financial position

In LEI	31.12.2014
Increase of liabilities with deferred income tax	10,625,933
Decreased accumulated loss	79,264,410
Decrease of reserve from revaluation of financial assets available for sale	-89,890,343

We mention that this correction has no impact on the profit and loss of 2015

8.5 INDIVIDUAL STATEMENT OF CASH FLOWS ACCORDING TO RULE39

In LEI	2014	2015
Operating activities		
Profit before tax	160,113,529	75,643,338
<i>Adjustments:</i>		
Impairment losses on financial assets available for sale	16,622,906	5,233,214
(Net gain) / Net loss from revaluation of financial assets at fair value through profit or loss	27,716,599	-48,920,416
Dividend income	-14,950,699	-18,125,060
Interest income	-2,567,100	-1,088,718
(Income) / Expenses for provisions for loans and receivables	7,940,069	-94,617
Net income from foreign exchange differences	-361,176	-309,342
Other adjustments	39,604	65,958
Changes in assets and liabilities related to operating activities		
Changes in financial assets at fair value through profit or loss	-339,475,506	-9,798,209
Changes in financial assets available for sale	91,865,173	-202,862
Changes in loans and receivables	2,993,059	4,304,022
Changes in other assets	-14,462,275	12,889,265
Changes in other liabilities	22,382,565	-24,049,933
Dividends received	13,382,196	17,183,578
Interest received	2,619,136	1,078,120
Tax on profit paid	-50,162,124	-
Net cash from operating activities	-76,304,044	13,808,337
Investment activities		
Payments for purchases of tangible assets	-379,519	-
Cash used for investment activities	-379,519	-
Financing activities		
Dividends paid, including tax paid on dividends	-11,149,384	-30,295,964
Investments in deposits with maturity over three months and less than one year	0	-12,033,000
Net cash used for financing activities	-11,149,384	-42,328,964
Net decrease in cash and cash equivalents	-87,832,947	-28,520,627
Effect of exchange rate changes on cash and cash equivalents	934,724	221,896
Cash and cash equivalent as of 1 st January	119,768,048	32,869,825
Cash and cash equivalent as of 31st December	32,869,825	4,571,094

The cash flow statement considered as cash and cash equivalents: cash, current accounts at banks, deposits with an original maturity of less than 90 days (excluding bank deposits, details in chapter 3.1)

8.6 EXECUTION OF REVENUES AND EXPENSES BUDGET

The Revenues and expenses budget for 2015 was approved by the SGOM as of 30 April 2015, through decision no. 4.

It was prepared according to RAS, therefore we present the budget execution under this set of financial statements. Differences between financial statements according to Rule 39 and according to RAS are presented in Chapters 8.3 and 8.4.

	Approved budget for 2015	Achieved in 2015 according to RAS	Achieved/ approved
TOTAL OPERATIONAL INCOME	105,600,000	104,987,717	99.4%
From dividends	13,500,000	17,145,544	127.0%
From operations with securities	90,000,000	83,844,530	93.2%
From investment securities	100,000	2,786,995	2787.0%
From money market	1,000,000	1,016,641	101.7%
Other revenues	1,000,000	194,007	19.4%
TOTAL OPERATIONAL EXPENSES	27,200,000	29,749,072	109.4%
SAI Muntenia Invest Management fee	17,400,000	17,400,000	100.0%
Fees and taxes	2,500,000	1,943,580	77.7%
Completion of legal insolvencies	1,000,000	123,643	12.4%
Suppliers of services	2,000,000	1,729,381	86.5%
Other financial expenses	2,500,000	6,981,017	279.2%
SRC expenses	1,800,000	1,571,451	87.3%
OPERATIONAL RESULT	78,400,000	75,238,645	96.0%
VALUE ADJUSTMENTS FOR LONG TERM INVESTMENTS			
Adjustment income		6,497,427	
Adjustment expenses		2,104,512	
Adjustments influence		4,392,915	
GROSS RESULT	78,400,000	79,631,560	101.6%
Profit tax		10,060,996	
NET RESULT		69,570,564	

Income from transactions (which include income from transactions with shares plus income from the redemption of fund units) are net, representing the sum of the differences between the sale price of the shares and the redemption price of fund units respectively from SIF Muntenia SA's portfolio and their ownership (*acquisition*) value.

The position "**SAI Muntenia Invest Management fee**" is the management fee expenses in accordance with the management contract.

Fees and taxes are part of Operating expenses and comprise fees payable by SIF Muntenia to the FSA, BSE, financial investment companies for transactions made on BSE and RASDAQ markets, the amounts paid to the Trade Register Office, stamp duty, bank fees, mailing, etc.

As a result, **the gross result** obtained according to RAS in 2015 amounted to 79,631,560 lei, exceeding by 1.6% the gross result of the Budget according to RAS approved by the SGOA of AGOA SIF Muntenia on 30 April 2015.

Given the requirements of FSA Regulation No. 39/2015 31.12.2015 to prepare only one set of financial statements under IFRS, we present below the differences between the net profit according to RAS and to Rule 39 while the distributable profit is in accordance with Rule 39 financial statements.

Reconciliation between the net profit according to Rule 39 and according to RAS

In LEI	2015
Net profit according to RAS	69,570,564
Inflated cost for participations sold	-2,069,634
Impairment of financial assets available for sale	-3,393,345
Impairment of loans and receivables and uncollected dividends recognition	-10,569,885
Income /Expenses from deferred tax	10,318,037
Net profit according to R39	63,855,737

9 PROPOSAL FOR PROFIT APPROPRIATION

Following the analysis of the activity developed in 2015, of the economic and environmental perspectives and potential directions of development of SIF Muntenia, the administration company proposes and submits to shareholders' approval a gross dividend per share of 0,045 lei.

	31-12-13	31-12-14	31-12-2015
Profit to be allocated, lei	131,099,046	154,439,011	63.855.737
Other reserves, lei	131,099,046	96,735,900	27.539.094
Dividends, lei	0	57,703,111	36.316.643
Gross dividend per share, lei		0.0715	0,045
Dividend allocation quota, %	0.00%	37.36%	56,87%

The administration company's proposal provides to investors a competitive return on investment, on a short term, as well as insuring the resources for a sustainable development of SIF Muntenia's activity.

Gross dividend yield at the closing price of SIF Muntenia share in 2015	6,05%
Gross dividend yield at the annual average trading value of SIF Muntenia share in 2015	5,29%

10 INFORMATION ON OTHER IMPORTANT EVENTS OCCURRED AFTER THE TERMINATION OF THE FINANCIAL EXERCISE

A number of events that appeared after the termination of the financial exercise were presented within the report, in order to assure the flow of presentation for some processes started in 2015.

These events are marked with the symbol

Subsequent
event

11 PROSPECTS FOR 2016

11.1 ECONOMIC ENVIRONMENT

By 2015, the macroeconomic forecasts ("quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period: " - the definition is given by the BSE Corporate Governance Code) were presented by SAI Muntenia Invest in the introductory part of the Strategic Management Programme and substantiation of Revenues and Expenses Budget, approved in the SGM each year and included a range of forecasted values of macroeconomic indicators considered relevant for SIF Muntenia's activity.

Starting with 2016, the BSE Corporate Governance Code, point D.3. stipulates:

"Forecasts, if published, may only be part of annual, semi-annual or quarterly reports."

As a result, foreseen macroeconomic indicators presented in this chapter, for compliance with the BSE Corporate Governance Code will be those that will be used to substantiate the Strategic Management Programme of SIF Muntenia and preparation of the Revenue and Expenses Budget for the year 2016.

Similar to 2015, in 2016 the main problems and uncertainty over the evolution of the companies in which SIF Muntenia has holdings in shares raise from the foreign situation. Of these, those which could impact the business environment in Romania in 2016 might be:

- Internationally, at European Union level, the main uncertainty in 2016 is the possible exit of Great Britain from the European Union (BREXIT).
- The slowdown in development of China's economy, which will affect especially businesses that produce products with low added value, and are susceptible of dumping.
- Continuing the economic war between Ukraine and Russia.
- Transatlantic Trade and Investment Partnership (TTIP) under negotiation between the EU and the US may be another issue that will affect SIF Muntenia's portfolio on a long term.

Domestically, in 2016, the forecasted macroeconomic indicators are satisfactory, with a gross domestic product growth and financial market stability.

Systemic crisis in the European banking market and fragility of world capital market, however, can propagate a shock through contagion effect on the capital market in Romania, which is still fragile and underdeveloped, perhaps in the banking market as well, the more the Romanian economy is becoming increasingly integrated, economic relations and interdependence of euro area countries (especially Germany) are more intense.

Romania's national strategy on climate change 2013-2020, issued for the implementation of the legislative package on climate change developed by the European Union will lead to the need for companies to make additional investments to comply with emission and energy efficiency standards. On a short and medium term, these investments will increase costs and reduce profits especially from companies operating in the utilities, energy and manufacturing fields.

Gross domestic product

Estimated increase of the GDP for 2016 is of 4%.

Romania Country ratings⁵ issued by international rating institutions are all in the investment grade with stable or positive outlook.

S&P		Moody's		Fitch	
BBB-	STABLE	Baa3	POSITIVE	BBB-	STABLE
Investment grade		Investment grade		Investment grade	

⁵ As of this Report's preparation date, 25th February 2016

Inflation rate. Whereas 2015 was the first year with negative inflation, NBR projections show that in the first half of 2016 inflation will remain in the negative zone (fiscal relaxation by reducing VAT from 24% to 20% from 1st January 2016 was not transmitted fully to the final consumer in January) following that afterwards to register a return of inflation into the positive zone. An important source of volatility in the consumer price index is the price is represented by the evolution of crude oil prices on international markets.

Interest rates will remain positive in 2016, although very small compared to previous years. Starting with 2015, 3 months and 6 months Euribor interest rates are negative and decrease steadily internationally. As of 31.12.2015, there were positive only 9 and 12 months Euribor. The NBR monetary policy's interest rate remained unchanged at 1.75% since May 2015. The NBR wants to take more stringent monetary policy measures and intends to keep interest rates positive in Romania (unlike what happens in the EU).

The banking system in Romania recorded a profit of 4.5 billion in 2015, higher than the 4.4 billion lei in 2008, the year with the best results before the crisis. It should be noted here the historically profit obtained by TLV of 2.4 billion lei.

Energy prices and energy⁶ intensity of the economy⁷

Although Romania continues to be among the EU countries with considerably higher than the average energy intensity⁸, during 2002-2013 the range indicator recorded the third largest decrease (-41 per cent, according to Eurostat data); the downward trend that followed of the ratio of energy consumption and gross value added in the economy suggests that the trend will continue in the coming years. It confirms the change in the structure of gross value added in industry, the relative importance of energy-intensive industries decreasing substantially, although in 2015 the trend was a little reversed.

Fiscality

- Reducing the dividend tax starting with 2016 from 16% to 5% for dividends paid to resident natural and legal persons in Romania,
- Reduction of VAT from 24% to 20

11.2 PREDICTABLE DEVELOPMENT OF SIF MUNTENIA

2016 will mark the beginning of SIF Muntenia's active transfer from the classification and regulation as NON-UCITS (other undertaking for collective investments) to AIF (alternative investment fund), according to AIFMD directive.

Following the analysis made by SIF Muntenia's administrator, we can draw the following items which will be applicable for SIF Muntenia after completing the process of adopting AIFMD legislation.

- SIF Muntenia will turn into an AIF established on the basis of its establishment deed, managed by SAI Muntenia Invest as AIFM (alternative investment fund manager)
- SIF will be AIF domiciled in the European Union that use or not leverage (AIF funds raised through additional borrowing against the equity to increase the value of financial instruments in which it invests). **SIF Muntenia's Administrator expresses its intention that, in the future, not to use actively leverage in managing SIF Muntenia.**
- SIF will turn into an AIF whose shares are distributed including to retail investors (by listing on the BSE and free trading of shares, anyone can become a shareholder SIF).

Corporate governance

Depending on the legislation on alternative investment funds in Romania that will appear, it is likely that the **establishment deed** of SIF Muntenia to be changed in 2016.

At the same time, the **corporate governance statement** will be revised as part of the process of aligning with AIFMD legislation.

⁶ Energy intensity is the amount of energy required to produce one unit of GDP). It represents the Gross Domestic Consumption of energy (calculated in tonnes oil equivalent - toe) to GDP

⁷ There were used data from the NBR Report on inflation as of February 2016

⁸ Data available from World Energy Council <http://www.worldenergy.org/data/efficiency-indicators/>

11.3 MAIN STRATEGIC OBJECTIVES AND ACTION GUIDELINES FOR 2016

Main strategic objectives and Action guidelines for 2016 will be presented in details within Portfolio management programme for 2016, ending with the proposal for Revenues and Expenses Budget that will be submitted for approval to the shareholders.

We present only a summary in the annual report.

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

Main strategic objectives for 2016 will be presented in details and submitted to shareholders approval by the Portfolio management programme for 2016. They are:

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

Action guidelines for 2016

1. Considering the low yields of fixed income instruments, SIF Muntenia's investments will be directed towards acquisition of shares. The investment process will be a prudent, based mostly on fundamental analysis of issuers subject to possible investments
2. Create investment sources through the exit of companies that usually do not pay dividends or have exhausted their growth potential.
3. Continuing the diversification of the shares sub-portfolio, capable of providing a predictable level of dividends distributed to SIF Muntenia. Among the sectors with potential performance, we can mention the energy sector, utilities, pharmaceuticals and automotive industries.
4. Particular attention will be paid to the relationship with the companies in which SIF Muntenia has majority ownership. For an improved corporate governance of participations, management contracts will be signed with their board members, stipulating the objectives to be pursued in 2016. At the same time, for achieving these goals, special attention will be focused on promoting in the boards and executive management of individuals with good professional training.

SIF MUNTENIA SA by its Administrator
SAI MUNTENIA INVEST SA

Vice-President of the Board of Directors
Florica Trandafir

3B EXPERT AUDIT SRL

Administrator
Adriana Anișoara Badiu

ANNEX TO SIF MUNTENIA'S REPORT FOR 2015

Name	Age	Qualifications	Professional experience	Position held	Period of holding this position
Dănuț Florin Buzatu	48	Economist, graduate of Finance, Insurance, Banking and Stock Exchange Faculty – Bucharest University of Economic Studies – 1993 Master degree – Bucharest UES “Insurance Financial Products”	Oct 2012- BoD Member of SAI Muntenia Invest 1997-Oct 2012 Expert, Fund Manager, Director of SAI Muntenia Invest 1994-1997: Expert reviewer SIF Muntenia 1993-1994: Transportation Director RTC 1993: Expert reviewer FPP IV Muntenia 1985-1987: Junior chemist IPA Slatina	Vice-President of the Board of Directors	3 years
Florica Trandafir	49	Economist, graduate of Economic Cybernetics, Statistics and Informatics, Bucharest University of Economic Studies – 1989; training: Financial analysis, IRVM, 1997; Evaluation methods for trade companies, ANP, 1997; seminar Business negotiations, Pro Ideas, 2006; Executive Program in Business Administration, Temple University, Japan, 2007 and Boston College, USA, 2008)	Nov 2012- BoD Member of SAI Muntenia Invest Nov 2008- Oct 2012 Vice-President of the BoD of SAI Muntenia Invest 2006-Oct 2008: BoD Member of SAI Muntenia Invest 2004-2006: Director, Counselor, BoD Member of SAI Muntenia Invest 2002-2004: Director Management System SA 1997-2002: Expert reviewer, Management Consultant, Risk capital agent, Deputy Director SAI Muntenia Invest 1994-1997: Expert reviewer FPP IV Muntenia 1992-1994: Economist, Brothers Trading SRL 1990-1991: Economist Mecanoexportimport SA 1989-1990: Economist ICMUG Giurgiu	Member of the Board of Directors	11 years

PROFESSIONAL CVs

BOARD OF DIRECTORS OF SAI MUNTENIA INVEST S.A. AS OF 31.12.2015

ANNEX TO SIF MUNTENIA'S REPORT FOR 2015

Name	Age	Qualifications	Professional experience	Position held	Period of holding this position
Sorin Florian Boldi	41	Doctor in Philosophy, 2012 Bucharest University – Philosophy Faculty (Thesis title: Business responsibility. Ethic and legal dimension. Case study: multinational companies) Lawyer, 1998	May 2013- Member of the Board of Directors of SAI Muntenia Invest Apr 1999 – lawyer, Bucharest Bar Member of Swiss Arbitration Association Rapporteur for Romania and co-author Vienna University for Economics and Business Administration - Institute for Central and Eastern Europe -The Law of Broadcasting Enterprises in Central and Eastern Europe Rapporteur for Romania (2002-2003) International Bar Association London, Commercial Law Section, Committee of Business Law and Antitrust	Member of the Board of Directors	2 years
Daniel Silviu Stoicescu	45	Lawyer, graduate of Bucharest University, Faculty of Law 2009 Economist, graduate of Bucharest University of Economic Studies 1999	Sept 2015 - Member of the Board of Directors of SAI Muntenia Invest 2012- present Lawyer, law firm specialized in criminal law and capital market 2016 – 2012. Capital market specialist, DIICOT 2002 – 2006, Director of Monitoring and investigations Direction, NSC 1999- 2001 trader RASDAQ -S.V.M. CEC Valori Mobiliare S.A. 1997 – 1999 broker, director, SVM Ballmayer Schultz and Partners	Member of the Board of Directors	3 years

**Status of compliance with the provisions of the new BSE Corporate Governance Code
as at December 31, 2015**

Code provisions	Complies	Does not comply or partially complies	Observations
SECTION A - RESPONSIBILITIES			
A.1. All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	X		SIF MUNTENIA is managed by SAI MUNTENIA INVEST, an asset management company which operates under the provision of Law no. 297/2004 and Gov. Ord. no. 32/2012 and according to the provision of FSA Regulation no. 9/2014. The activity of SAI MUNTENIA INVEST is according to the internal regulation which was submitted to the FSA. The activity of SAI MUNTENIA INVEST is supervised by FSA
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	X		SAI MUNTENIA INVEST SA does not have assets entering in conflict of interest with SIF MUNTENIA. The members of the Board of SAI MUNTENIA INVEST SA fulfill their duties only after the FSA approval. The documents submitted to the FSA from each Board member include declarations from which the eventually conflict of interest can arise
A.3. The Board of Directors should have at least five members.	X		The bylaws of AI MUNTENIA INVEST SA include for the structure of the Board a number of five members.
A.4. The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Board of Directors should be	X		

Code provisions	Complies	Does not comply or partially complies	Observations
independent, in the case of Premium Tier Companies. Each member of the Board should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.			
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	X		
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.	X		
A. 7. The company should appoint a Board secretary responsible for supporting the work of the Board.	X		
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes	X		SAI MUNTENIA INVEST operates under the supervision of FSA

Code provisions	Complies	Does not comply or partially complies	Observations
resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.			
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	X		The information will be displayed in the annual report presented to the General Meeting of Shareholders.
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	X		The information will be displayed in the annual report presented to the General Meeting of Shareholders.
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		X	
SECTION B - RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM			
B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.		X	At present, the audit committee is composed of two non-executive independent members.

Code provisions	Complies	Does not comply or partially complies	Observations
B.2. The audit committee should be chaired by an independent non-executive member.		X	Starting with year 2016, the Company complies with the provision of the Code
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		X	The Company intends to make efforts to comply
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		X	The Company intends to make efforts to comply
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		X	The Company intends to make efforts to comply
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	X		
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal	X		

Code provisions	Complies	Does not comply or partially complies	Observations
audit team.			
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by periodical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	X		
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	X		
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.	X		
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	X		
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative	X		

Code provisions	Complies	Does not comply or partially complies	Observations
purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.			
SECTION C - FAIR REWARDS AND MOTIVATION			
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	X		The remuneration policy of SAI MUNTENIA INVEST SA for its services as the asset manager of SIF MUNTENIA is presented at art. 13 from the Bylaws of SIF MUNTENIA
SECTION D - BUILDING VALUE THROUGH INVESTORS' RELATIONS			
D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:		X	The company partially complies to this provision of the Code The Company intends to make efforts to totally comply
D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	X		
D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-	X		

Code provisions	Complies	Does not comply or partially complies	Observations
executive Board positions in companies and not-for-profit institutions;			
D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports);		X	The company partially complies to this provision of the Code The Company intends to make efforts to totally comply
D.1.4. Information related to general meetings of shareholders;	X		
D.1.5. Information on corporate events;	X		
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;		X	The Company intends to make efforts to comply
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports.	X		
D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.	X		
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. The forecast policy should be published on the corporate website.	X		

Code provisions	Complies	Does not comply or partially complies	Observations
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	X		
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	X		
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	X		
D . 7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X		The Company intends to make efforts to comply
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on	X		

Code provisions	Complies	Does not comply or partially complies	Observations
quarter-on-quarter and year-on-year terms.			
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.		X	The Company intends to make efforts to comply
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.		X	The Company does not have yet a policy guiding the supporting of various forms of artistic and cultural expression, sport activities, educational or scientific activities