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Independent Auditors' Report (free translation¹)

To the shareholders of
Societatea de Investitii Financiare Muntenia S.A.

Opinion

- 1 We have audited the accompanying separate financial statements of Societatea de Investitii Financiare Muntenia S.A. ("the Company"), which comprise the separate statement of financial position as at 31 December 2016, and the separate statements of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
- 2 In our opinion, the accompanying separate financial statements as at and for the year ended 31 December 2016 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2016 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Norm of the Financial Supervisory Authority no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

Basis for Opinion

- 3 We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the *separate* financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version and refers to the Romanian version of the financial statements.



Key Audit Matters

4 Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial instruments	
See Note 5 <i>Use of judgements and estimates</i> to the separate financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>As described in Note 3 (e) <i>Significant accounting policies, Financial assets and liabilities</i> to the separate financial statements, financial assets at fair value through profit or loss and available for sale financial assets are recorded at fair value in the separate statement of financial position.</p> <p>As described in note 15 <i>Financial assets</i>, as at 31 December 2016, the Company's financial assets portfolio comprises the following: Financial assets at fair value through profit or loss: RON 79,279,822 and Available for sale financial assets: RON 954,163,015. Valuation of these instruments often involves the exercise of judgement and the use of assumptions and estimates. The risk is that these valuations may be misstated.</p> <p>Of the financial instruments that are held at fair value, RON 577,006,033, 61% of fair value measurements were categorized as Level 1 in the fair value hierarchy at 31 December 2016. The remaining 39% of RON 375,493,263 were classified as Level 3 valuations, because the valuations techniques use inputs which are unobservable.</p> <p>Valuation risk on Level 1 instruments is low. However, judgment is involved in determining whether certain markets are liquid enough to conclude that Level 1 categorization is appropriate.</p>	<p>Our audit procedures in this area included, among others:</p> <p>We assessed and tested the design and operating effectiveness of the key controls related to the process of valuation of financial instruments.</p> <p>Furthermore, we involved our own valuation specialists to assist us in:</p> <ul style="list-style-type: none"> - Evaluating professional competence and qualifications of external valuation experts used by the Company; - Evaluating the appropriateness of the valuation techniques used to measure fair value against the relevant accounting standards; and - Challenging assumptions made by the management of S.A.I. Muntenia Invest S.A. by comparing them to our knowledge about the general economic environment, the regulatory environment of the industry, and the Company's specific circumstances, and by testing historical accuracy of the Company's forecast process. <p>We obtained confirmation letters from external counterparties on the holdings of the Company and the underlying fair values of unit funds and we verified the Company's estimates in respect of the fair value corrections applied considering the analysis</p>





<p>For the Level 3 financial instruments - shares, unit funds and structured products that do not have a quoted market price in an active market, the Company uses valuation techniques. For the valuation of shares the Company used external valuers. However, some or all significant data input into the valuation models may not be observable in the market and are derived from market prices or estimated based on assumptions (interest rates, net assets values, external audit reports, budgeted cash-flows and/or earnings of investees). Valuation models requiring unobservable inputs require a greater analysis and estimation by the management of S.A.I. Muntenia Invest S.A. (the administrator of the Company) to determine fair value, aspect which could lead to valuation variances and material differences.</p> <p>Other matters related to the valuation of financial instruments that require management judgement are identifying impairment, assessing whether a decline in fair value is significant and prolonged and valuation of financial assets for which a fair value cannot be reliably determined.</p>	<p>of the assets backing the unit funds, as described in Note 15 <i>Financial assets</i>.</p> <p>For a sample of Financial assets available for sale we verified whether the Company has accurately identified the impairment indicators and whether it appropriately reflected these aspects in the valuation of the respective assets.</p> <p>We assessed the appropriateness of the categorization within the fair value hierarchy taking into consideration liquidity of markets which included the review of the Company's analysis of trade volumes and frequency.</p> <p>We considered whether the financial statement disclosures appropriately reflect the Company's exposure to financial instruments valuation risk, particularly in relation to Level 3 instruments.</p>
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Other Matters – Scope of the Audit

- 5 In accordance with the requirements of the Norm of the Financial Supervisory Authority no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector, the Company has the legal obligation to prepare and to have audited the consolidated financial statements for the financial year ended 31 December 2016.

Other information – Administrator's Report

- 6 The Other information comprises the Administrator's Report. The Administrators of S.A.I. Muntenia Invest S.A. are responsible for the preparation and presentation of the Administrator's Report in accordance with the Norm of the Financial Supervisory Authority no. 39/2015 articles 8 - 13 of the accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector and for such internal control as Administrators determine is necessary to enable the



preparation and presentation of Administrator's Report that is free from material misstatement, whether due to fraud or error.

The Administrator's Report presented from page 1 to 47 is not part of the separate financial statements.

Our opinion on the separate financial statements does not cover the Administrator's Report.

In connection with our audit of the separate financial statements as at and for the year ended 31 December 2016, our responsibility is to read the Administrator's Report and, in doing so, consider whether there are material inconsistencies between the Administrator's Report and the separate financial statements, whether the Administrator's Report includes, in all material respects, the information required by the Norm of the Financial Supervisory Authority no. 39/2015 articles 8 - 13 of the accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector and whether, based on our knowledge and understanding of the entity obtained during our audit of the separate financial statements, the information included in the Administrator's Report is materially misstated. We are required to report in respect of these matters. Based on the work performed we report that:

- a) In the Administrator's Report we have not identified information which is not in accordance, in all material respects, with the information presented in the accompanying separate financial statements;
- b) The Administrator's Report identified above includes, in all material respects, the information required by the Norm of the Financial Supervisory Authority no. 39/2015 articles 8 - 13 of the accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

In addition, based on our knowledge and understanding of the entity and its environment acquired during our audit of the separate financial statements as at and for the year ended 31 December 2016, we have not identified information included in the Administrator's Report that is materially misstated.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

- 7 The Management of S.A.I. Muntenia Invest S.A. (the administrator of the Company) is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Norm of the Financial Supervisory Authority no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.



- 8 In preparing the separate financial statements, the management of S.A.I. Muntenia Invest S.A. is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- 9 Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Separate Financial Statements

- 10 Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.
- 11 As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of S.A.I. Muntenia Invest S.A.
 - Conclude on the appropriateness of the management of S.A.I. Muntenia Invest S.A. use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the



underlying transactions and events in a manner that achieves fair presentation.

- 12 We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 13 We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- 14 From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

- 15 This independent auditors' report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

The engagement partner on the audit resulting in this independent auditors' report is Grecu Tudor Alexandru.

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

Greco Tudor-Alexandru

Refer to the original signed
Romanian version

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

KPMG AUDIT S.R.L.

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Romanian version

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Auditors of Romania under no 9/2001

Bucharest, 13 March 2017