



# Board of Directors' Report Q3 2016

**Performanță  
Transparență  
Calitate**

**Performance  
Transparency  
Quality**

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*Dear Shareholders,*

we hereby present you the results achieved by SIF Moldova at the end of Q3 2016 and the objectives of the following period, in agreement with the “**2014-2018 Investment Policies Statement**” and “**2016 Activity Report**”, approved in the General Meetings of Shareholders.

### Portfolio Structure

The Quoted Shares Portfolio is holding the main weight of 69,1% in the total value of the assets under management, while the weight of the unquoted shares has remained at 13,3% which represents relatively the same level as in the corresponding period of 2015, based on the reorientation of the investment policy under the given market status and in agreement with the resolutions of the General Meetings, when the shareholders have been informed of the implementation status of *2014-2018 Multiannual Strategy* and approved the “**2016 Activity Report**”.

The financials (44%) and energy sector (15,4%) have remained the main sectors in the listed **portfolio's** structure. At the same time, we have continued the process of reducing the holding number in the portfolio, noting the exit of three issuers from the historical portfolio and the increase of issuer exposure, so as to directly determine positive influences on the portfolio performance.

### Financial Performance

The net profit recorded in Q 3 2016 is of 131 mil lei (138% reported to BVC 2016 provisions). The net earnings from assets sale is 58 mil lei, and investments in shares have been of 124 mil lei (50% reported to the 2016 target). The total value of the managed assets has been of 1.675 mil lei, an increase by 10% in comparison to Q3 2015.

### Investment process

SIF Moldova considers that the exposure in real economy through private equity type investments in efficient fields where Romania performs, represent the answer to the need to generate higher yields for shareholders in the context of the continuous decrease of yields on monetary or capital markets and the increase of volatility on these markets. In this context, the development of the “Majority Holdings” portfolio has been the main objective, in agreement with “*2014 – 2018 Investment Policy Statement*” and “*2016 Activity Program*”. The value increase of this portfolio is determined by the implementation of projects in various activity sectors, business development through specialized companies. The research and investment process focus on fields with proven increase potential such as the agricultural, hotel and real-estate sectors. The operational framework of these companies is drafted through gradual capital increases.

As investment projects develop we are considering the drawing of additional financial resources from the financial and capital market, from other specialized investors in that particular field/sector. The selected investments insure long-term value generation (**3-10 years**) as foreseen in the “**Investment Strategy**” (document in agreement with AFIA/FIA requirements) through higher yields of the main indexes of the capital market. Our own analysis and evaluations of running projects allow us to believe that the final impact of these investments on SIF Moldova performance will fall within the forecasted and approved terms by the shareholders.

We are convinced that the coherent undertaking of the defining values – *transparency, quality, performance* - significantly determines the management performance for the final benefit of the shareholders.

*Yours sincerely,*

*Costel Ceocea*

*President and CEO of SIF Moldova*

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#### NOTE1:

*The structure of the report complies with the provisions of CNVM/ASF Regulation no. 1/2006 regarding issuers and securities operations. For the comparability of information, SIF Moldova maintains the same structure of the periodical reports on the trimestral/ quarterly level. Additionally, the structure of the report abides by the provision of ASF Regulation no 39/2015 regarding the approval of Accounting Regulation according to the International Financial Reporting Standards, applicable to certified entities, regulated and supervised by ASF.*

*NOTE 2: Calculated net assets with assets and liabilities accounting evaluated as per ASF Regulation no. 39/28.12.2015 for the approval of Accounting Regulations pursuant to IFRS.*

# 1 Activity Analysis

## 1.1. Description of the Primary Activity

### INVESTMENT COMPANY TYPE

*SIF Moldova is an AOPC, positioned mainly on the Romanian market, as closed fund with predominant share investments with average risk degree and temporary liquidity investments in fixed – rate instruments*

*The process of certifying SIF Moldova as internally managed AIF/AIFM is running*

Legal Framework - SIF Moldova SA is a closed-end financial investments company setup according to the provisions of Law no. 133/1996 regarding the transformation of Private Property Funds in Financial Investment Companies, entered under the **“Other Unterakings for Collective Investments (AOPC) with a diversified investment policy”** category, certified by the National Committee for Transferable Securities / Finacial Supervision Authority with Certificate no. 258/14.12.2005

Purpose – value generation for the shareholders.

The main object of activity of the company is financial investments. The object of activity consists in:

- a) administration and management of financial instruments, derived financial instruments and other instruments qualified as such by the regulations of competent authorities;
- b) b) administration and management of equities/bonds and other rights derived from them in companies that are closed or not traded;
- c) other auxiliary and connected activities of collective management

*Note: The activity object has been completed with the “risk management” activity as well as with “other auxiliary and connected activities for collective management”, in agreement with the provisions of art. 5 Law no. 74/2015 regarding the managers of alternative investment funds, and ASF Regulation no. 10/2015/ The completion of the activity object has been approved by EGMS of 25.04.2016 and the Articles of Incorporation is pending ASF authorization.*

## 1.2. General Information

<i>Subscribed and paid-up capital:</i>	103.817.917,6 lei
<i>No. of issued shares:</i>	1.038.179.176
<i>Nominal value:</i>	0,1 lei/share
<i>Shareholding structure:</i>	100% private
<i>Free float:</i>	100%

*Regulated market on which securities are traded:*  
Bucharest Stock Exchange  
*Premium Category*

*International identifiers:*  
Bucharest Stock Exchange: SIF2  
ISIN: ROSIFBACNORO  
Bloomberg: BBGID BG000BMN5F5  
Reuters: SIF2.BX

### 1.3. Assessment of Activity; Objectives; Performance

#### 1.3.1. Assets under management

Assets value evolution (approach in compliance with ASF<sup>1</sup> regulations)

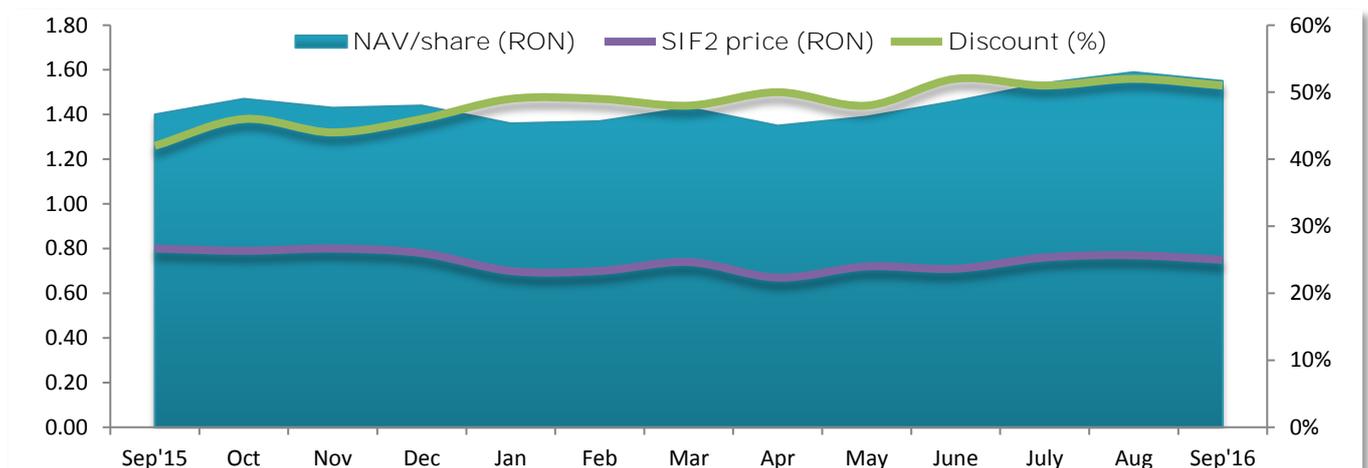
Indicator (mil lei)	2013	2014	T3 2015 (RAS)	2015 (IFRS)	T3 2016 (IFRS)
Total assets (mil lei)	1.339	1.403	1.527	1.545	1.675
Net Assets (mil lei)	1.275	1.343	1.453	1.434	1.593
VUAN (lei)	2,45	2,59	1,40	1,39	1,55**
Market Price (lei)	1,47	1,59	0,80	0,78	0,75*
Discount (%) Market price / VUAN	40	39	42	44	51

+ 10 %  
compared  
to Q3  
2015

Note: \* The change of NAV per share and SIF2 market price determined by the registration of the share capital increase with multiplier factor 2

\*\* The number of shares used in the NAV calculation (1.030.666.452) was obtained by subtracting from the total shares number, the shares purchased within the buy-back programme (according to applicable regulations).

Evolution of NAV per share / SIF2 price / Discount (Q3 2015 – Q3 2016)



Comparative situation of main indicators of the Financial Investment Companies as of Sept 30, 2016

Sept 30, 2016	Banat Crisana	Moldova	Transilvania	Muntenia	Oltenia
Nat asset value per share (NAV/share)	3,6973	1,5525	0,4141	1,3839	2,6445
% in 2016	11,05%	7,45%	-21,21%	3,22%	-5,71%
Closing price at the end of the month	1,6600	0,7580	0,2795	0,6300	1,5500
% in 2016	-1,66%	-3,56%	2,19%	-15,32%	-8,28%
% Premium / discount (-)	-55,10%	-51,18%	-32,50%	-54,48%	-41,39%
Capitalization	859.880.000	777.977.110	610.508.123	508.433.004	899.256.857
Net asset value	1.915.194.699	1.593.465.444	904.440.587	1.116.883.726	1.534.253.601
% in 2016	3,88%	7,16%	-21,21%	3,22%	-5,71%

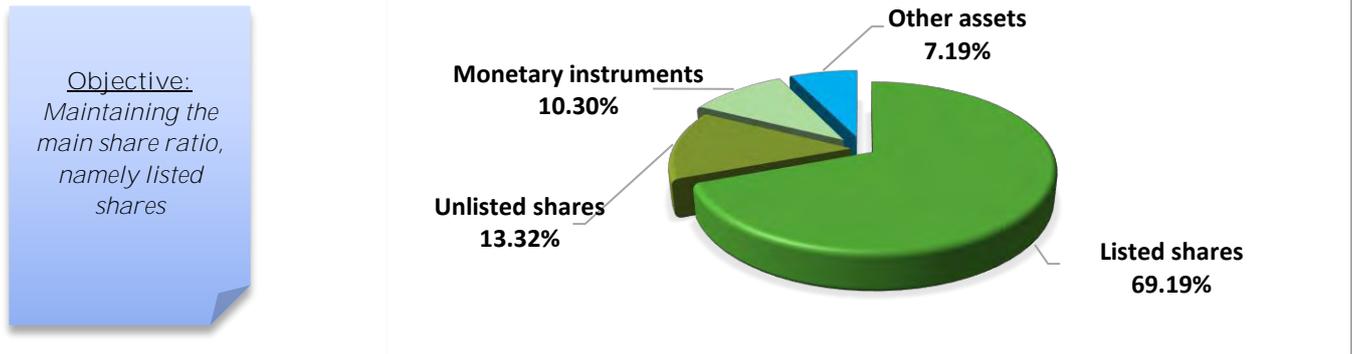
Source: [www.aaf.ro](http://www.aaf.ro)

<sup>1</sup> In Annex 1 to the report, the following are presented: (1) status of net assets on 30.09.2016 (Annex 16) as well as (2) detailed status of SIF Moldova assets on 30.09.2016 (Annex no 17) – drafted according to the provisions of ASF Reg. no. 9/2014 and Reg. ASF no. 10/2015 and ASF norm no. 39/28.12.2015 (IFRS)

## Evolution of Assets Structure

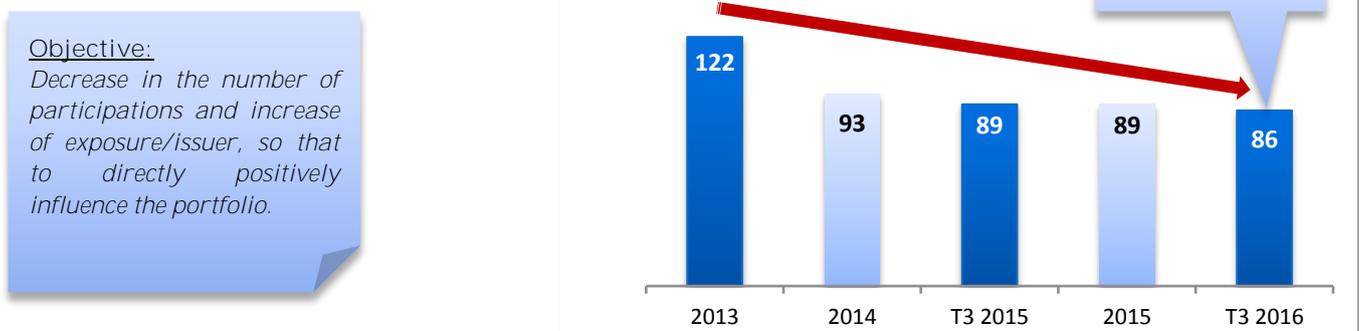
Assets Structure (% of total assets value)	2013	2014	T3 2015	2015	T3 2016	T3 2016 - T3 2015
Shares of which:	91,03	86,23	91,87	88,73	82,51	-9,36
- listed	86,46	81,98	79,00	73,68	69,19	-9,81
- unlisted	4,57	4,25	12,87	15,05	13,32	-0,45
AOPC + OPCVM Participation titles (fund units)	3,34	5,26	3,99	3,61	5,44	+1,45
Monetary instruments (deposits, cash)	2,99	5,94	2,65	5,93	10,30	+7,65
Bonds(municipal, corporate)	0,96	0,79	0,71	0,64	0,58	-0,13
Other assets	1,68	1,78	0,78	1,09	1,17	+0,39

## Portfolio structure on assets types Q3 2016 (% of total assets value)



## 1.3.2. Share portfolio

## Evolution of the number of participants



## Evolution of sectorial exposure

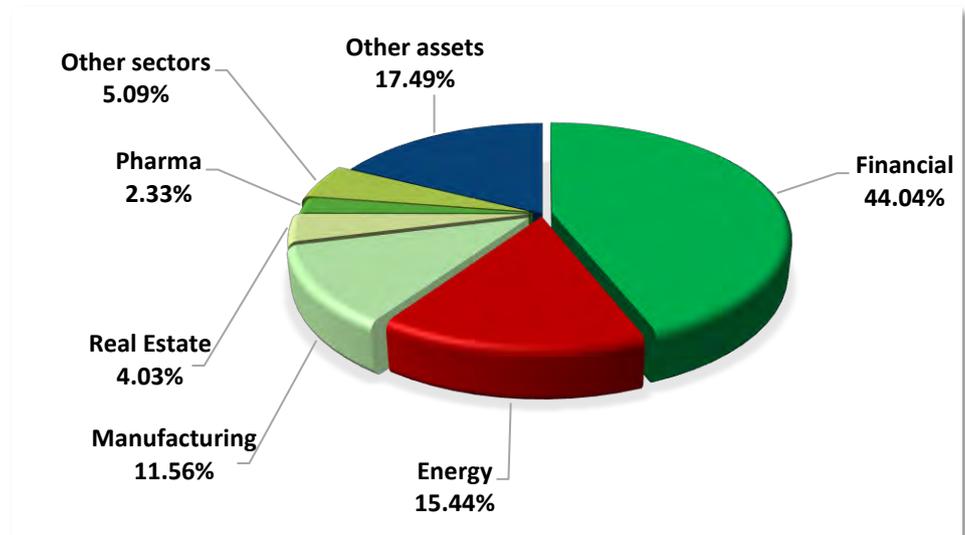
Secotrial Exposure (% din val. totala active)	2013	2014	Q3 2015	2015	Q3 2016	Q3 2016 – Q3 2015
Financial	44,48	40,15	46,68	46,73	44,04	-2,64
Energy	28,23	27,55	21,05	16,79	15,44	-5,61
Processing industry	8,97	10,06	10,90	11,36	11,56	+0,66
Real estate					4,03	*
Pharmaceutical	3,61	2,87	2,66	2,61	2,33	-0,33
Trade	3,61	3,49	2,45	3,12	2,21	-0,24
Hotel					1,26	*
Agriculture	0,63	0,30	0,29	0,29	0,95	+0,66
Other sectors	1,50	1,82	7,85	7,80	0,67	*

\* In comparison to Q3 2015 we proceeded with a sectorial reclassification, making the distinction between the “real estate” and “hotel” sectors which has significantly reduced the “other sectors” exposure.

Sectorial exposure - 30.09.2016 (% of total assets value)

Objective:

Maintaining the financial and energetic sector with important portfolio ratio



Top companies/holdings in the portfolio – Sept 30 2016

Issuer	% holding in the issuer's share capital	ratio > 1 % in of total assets value
BANCA TRANSILVANIA	7,17	36,90
SNTGN TRANSGAZ	2,27	4,89
AEROSTAR	14,93	4,20
REAL ESTATE ASSET	99,99	4,03
SNGN ROMGAZ	0,68	3,68
OMV PETROM	0,38	3,13
SIF OLTENIA	4,95	2,66
TESATORIILE REUNITE	99,99	2,36
BIOFARM	13,62	2,18
TRANSELECTRICA	1,39	1,78
SIF TRANSILVANIA	4,45	1,62
SIF MUNTENIA	4,97	1,51
OPPORTUNITY CAPITAL	99,99	1,26
RULMENTI Vs	6,00	1,12
MECANICA CEAHLAU	60,81	1,06
TOTAL		72,38

### 1.3.3. Operations

Q3 2016

- Net earnings from assets sale: 58 mil lei
- Investment in securities: 124 mil lei

“Key” elements of the 2016 Activity Programs approved by the shareholders in GMS on 25.04.2016:

- ✓ the solid/continuous investment policy is the basis of the long-term increase of managed assets, **a fundamental elements for the consolidation of investors' trust.**
- ✓ Predictable dividend policy, which remunerates invested capital at a level higher than the yields **offered by monetary investments, is meant to satisfy the shareholders' short-term interests.** At the same time, the low yields on the monetary market favour investments, an essential element in the development of an economic growth trend

Main operations run in the first 9 months of 2016 in order to reach the mentioned objectives:

- ✓ Sale/purchase operations targeting the shares of Banca Transilvania. The trading operations were implemented based on the internal decisional mechanism for the abidance of the prudential limitations in the legal provisions, as well as a major holding objective, for the purpose of gaining

from the liquidity of the title and the increase opportunity and dividend. Thus, at September 30, 2016, TLV weight in total assets was of 36,9% (compared with 39,33% at Dec 31, 2015) with CORE portfolio (to which TLV belongs) representing 65% (down from 69% in 31.12.2015).

- ✓ Other operations: Romgaz, Electrica, SIF-uri, Aerostar, Catalyst Romania SCA SICAR
- ✓ Holdings in the SELL portfolio have also been sold (Sanex, SSIF Broker, Turism Lotus Felix, Agralmixt)
- ✓ the operations run between 01.01.2016 - 30.09.2016, have caused the diminishing of *Fondu Proprietatea issuer exposure* to 0,59%:30.09.2016 (down from 3,2% in Dec 31, 2015) in total assets of SIF Moldova.
- ✓ Trading operations with SIF titles, more important as value than on SIF3, mainly based on the yield of the 10,6% dividend (for a price of 0,249 lei) and Electrica due to long-term potential growth.
- ✓ Capital assignments made over the first 9 months of 2016, have been oriented towards the following investment objectives – private equity-type approach:
  - the substantiation of "Baba Novac Residence" residential project including 6 blocks of flats, located on the land belonging to Tesatoriile Reunite Bucuresti  
For this residential project SIF Moldova has subscribed in January 2016 the amount of 4.950.000 lei, fully paid-up by 30.09.2016. This capital has financed the preliminary operations of the investment project, namely the feasibility and market study, contracting of works, obtaining of approvals for demolition and for the technical execution project.
  - The financing of the upgrading program Hotel Sport Cluj SA. The amount paid through Opportunity Capital SA was of 4.005.000 lei.

#### 1.4. Policy for the management of holdings/ companies in the portfolio

The activity of the companies in the portfolio is permanently monitored, the main objectives targeted being:

- **Evaluation of the companies' real potential;**
- Estimate of the investment need for the development of the activity;
- Improvement of economic-financial results;
- Promotion of an efficient management;
- Setting the methods to capitalize the participations held;
- Implementation of proper corporate governance rules.

SIF Moldova **has defined three portfolios:** "CORE", "SELL", "MAJORITY HOLDINGS" (Details page 18)

##### 1.4.1. "CORE" Portfolio

On September 30, 2016, the CORE portfolio which includes, besides TLV other issuers such as: TGN, SNG, TEL, SIFs, SNP, FP, ARS, BIO, EI, COTE) had a worth of 1.091,9 mil lei, representing 131,9% of SIF2 market value. Holdings in the CORE portfolio, listed on BVB in the Premium category, on 30.09.2016 had a market value of 1.020,7 million lei, way over the capitalization value of SIF2, of 786,9 million lei.

The financial sector represents 44,04% of the total assets (compared to 46,73% at 31.12.2015).

The evolution of Banca Transilvania share has confirmed the forecasts/expectations of SIF Moldova, the issuer significantly contributing to the performance of the Portfolio. The operations run between 1.01.2016 - 30.09.2016, have determined an *exposure on TLV* of 36,90% (down from 39,32% in Dec 31, 2015) in total SIF Moldova assets, in agreement with the 2016 Activity Program.

The holding of TLV titles has contributed to the increase of net assets, both through the collection of dividends and through the shares received for free (increase of net assets by

11.1% in comparison to 31.12.2015). For the purpose of abiding by legal and prudential limits, SIF Moldova has implemented an internal mechanism for the management of exposure undergoing title quotation fluctuation.

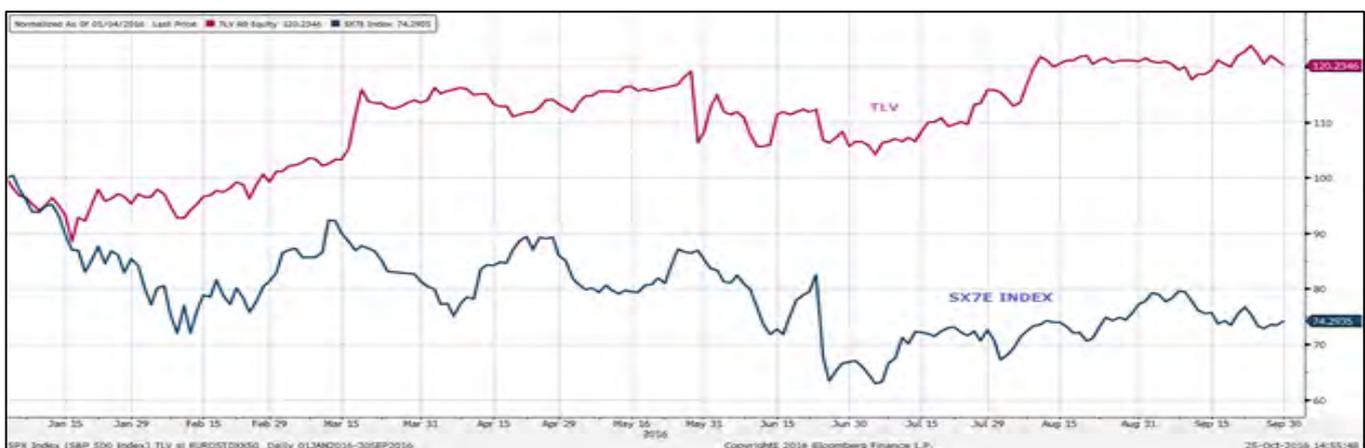
The continuation of the strategy for TLV issuer is grounded on the bank's solidity and profitability, as well as on the comparative evaluation of banks listed in CEE. TLV share is traded at 1,5 x accounting value, P/E=10 (price 2,3 lei) under a ROE of 15% vs. average indicators of CEE listed banks: P/BV = 1,1, P/E=16 and ROE = 9,4% (the net profit and equity capital forecasted by Banca Transilvania in 2016 Budget have been taking into account). Also, the bank has estimated a potential effect of the "Datio in Solutum" law of 240 mil lei, of which in Q1 of 2016 the bank has already provided the amount of 174 million lei. The bank management will notify the dividend policy by the end of the year (including free shares +cash).

There are respected the legal and prudential limits regarding the holding per issuer (40%), per Group (50%) and in the share capital of the bank (10%). SIF Moldova has implemented an internal mechanism to manage the exposure regarding the fluctuations of TLV.

"Average return of the period (%)" Report for TLV and BETPlus index between 01.01.2016 - 30.09.2016



Comparative evolution of TLV – EURO STXX 50 BANKS between 01.01.2016 – 30.09.2016



(Source: Bloomberg)

From the graphs presented we notice that in the first 9 months of 2016, TVL price has over performed in comparison to BVB indexes and that of the banks in the euro area.

#### ➤ SIFs

The strategy regarding the SIFs is to maintain the short-medium term exposure, given the real increase potation of the price supported by the high VUAN/price discount, the ability to offer high dividend/share yields and in the context that there is the possibility of the legal framework to be modified, namely the completion of SIFs compliance to the requirements stipulated by Law 74/2015 on alternative investment fund managers. In the first nine months of 2016, for SIF3 has been made the most important investment

of 13,2 million lei also due for the dividend yield:  $Dy=10,6\%$ . The holdings at SIFs represent 5,89% of total assets on September 30, 2016.

It is respected the legal threshold regarding the holding in the share capital of each SIF (5%).

#### ➤ Energy Sector

The weight of the energy-utilities sector in total assets on 30.09.2016 has dropped to 15,44% (from 16,79% in Dec 31, 2015). The weight decrease has been due to the marking of high yield of the holdings in Fondul Proprietatea-the operations profit being over 16 mil.lei. (FP has been conventionally entered in the energy sector, due to the holdings held).

Placing an important amount in SNG shares is justified by the solid profitability of the company and the high dividend yield: 11%. In July, Romgaz has announced the discovery of reserves worth 150-170 mil.boe in the Caragele complex from Muntenia North-East. This is the most important discovery in Romania over the last 30 years.

The purchase of Electrica titles has been based on the profitability increase perspectives of the company and high fundamental and market indicators. According to INS, electric energy consumption in the first 7 months in Romania has been 9,2% higher than the corresponding period of 2015.

The continuation of acquisition shares issued by Aerostar SA is justified by the regional leader position in aircraft manufacture, the maintenance of civil airplanes, for solutions supplied in the field of air and terrestrial defence systems, **as well as the company's financial stability**, increase perspectives and predictable dividend policy.

#### 1.4.2. "Majority Holdings" Portfolio. SIF Moldova Group.

On 30.09.2016 investments have targeted the companies in SIF Moldova SA Group (*ASF Resolution 352/02.03.2015, ASF certification no. 27/18.11.2015*).

No.	Subsidiary name	% SIF Moldova holding 30.09.2016	Company type (closed / traded)
1	Mecanica Ceahlau SA	60,814	BVB - REGS (MECF)
2	Regal Galati SA	93,021	BVB – ATS (REGL)
3	Tesatoriile Reunite SA	99,999	unlisted
4	Casa SA	99,026	unlisted
5	Asset Invest SA	99,997	unlisted
6	Agribusiness Capital SA	99,999	unlisted pending voluntary liquidation
7	Real Estate Asset SA	99,999	unlisted
8	Opportunity Capital SA	99,999	unlisted pending voluntary liquidation
9	Agrointens SA	99,999	unlisted
10	Agroland Capital SA	indirect holding through Agribusiness Capital SA holding 99,992% of share capital.	unlisted
11	Hotel Sport Cluj SA	indirect holding through Opportunity Capital SA holding 99,999% of share capital.	unlisted

According to the *2014-2018 Investment Policies Statement* (materials approved by GMS 2014 and 2015) **SIF Moldova has an investment strategy for the development of the "Majority Holdings" portfolio**, characterized by:

- project implementation in various activity sectors and business development through specialized companies (companies setup by SIF within the group) and/or on companies from SIF Moldova Historic Portfolio
- investment represent a **"private equity" type** approach that involves the development of some already existent majority holdings( real estate, agricultural machines), as well as new investments through specialized entities (hotel field, agricultural); investment decisions have an average and long term maturity/impact on expected profits

As investment projects are implemented and developed, we estimate the need of drawing available financing resources from the banking system and/or capital market. This type of investments can be a viable alternative to the low yields that the monetary market offers. The reality we live in, after the financial crisis, reality characterized by interests at historic minimum levels, management risk for a **monetary mass abruptly increased through FED and ECB's liquidity injections**, sudden and non-sustainable inflation of some assets classes (bonds, shares on certain markets), impose a rethinking of investment basics.

In this context, SIF Moldova considers that exposure on direct investments in real economy through private equity type investment in the efficient sectors of Romania, included in **Romania's National Development Strategy**, represent the answer to generating higher yields for shareholders in the context of the continuous decrease of yields on monetary and share markets, or the increase of volatility on these markets.

➤ Real Estate Asset S.A. (REA) –VERANDA MALL

Premises: The investment project consists in the building and operation of Veranda Mall in Bucharest in Obor - Colentina area, through Veranda Obor SA company. The investment falls into the proximity malls category being located in a highly populated area, with commercial traffic. According to CBRE study - Romania Special Report-How active is the Romanian Retail Market 2015, Romania is ranked 22 of 67 markets attractive for future retailer extension.

SIF Moldova investment:

In order to implement the investment, SIF Moldova has subscribed to the increase of the share capital of REA, the amount of 65,5 million lei of which it has paid up to 31.12.2015, the amount of 65 million lei. From this amount REA has purchased 31,42% of Professional Imo Partners SA (PPLI), former Prodplast Imobiliare and 18,12% of NORD SA (NORD). Through these purchases, REA has become a shareholder of PPLI and NORD closing an **Agreement regarding the protection of the minority holder's right**. Subsequently, REA has participated at the subscription to the share capital increases operated by PPLI and NORD in order to ensure the resources necessary for financing the project.

The holding in Veranda Mall project, through Real Estate Asset, is of about 36,7%.

Project features: GLE (built area) around 67.000 sqm; GLA (lettable area) approx. 30.000 sqm and 1.210 total parking spaces.

Timeline: According to the initial estimate, the opening of the mall should be in November 2016.

Current status: Event subsequent to the reporting date.

On 27.10.2016 Veranda Mall investment project has been successfully inaugurated, the number of visitors in the first days of opening was almost double than initially estimated, namely around 150.000 visitors. Occupancy of spaces is about 97%, according to the estimates from the date of inauguration of the mall. Given the great interest of the tenants of the mall, we are confident in achieving the performance indicators estimated initially in the financial project.

Exit possibilities: The return of the investment has been estimated to be made through dividends and the sale of the mall at the latest by 2021, at an estimated yield of 15-20%.

Following the **decision of SIF Moldova's Board of Directors regarding Group restructuring, the company Real Estate Asset will enter into voluntary liquidation procedure after the opening of Veranda Mall**, considering that it fulfilled the purpose for which it was founded. The holdings of Real Estate Asset SA in PPLI and NORD will enter into **SIF Moldova's portfolio**.

➤ Tesatoriile Reunite SA Bucuresti – Residential real-estate project **“Baba Novac Residence”**

Premises: In the reporting period, the company has ended the grounding of the opportunity to develop a residential project **“Baba Novac Residence”** (apartment blocks), located in Bucharest on the land belonging to the company, in an area with development/ demand increase potential.

The price evolution of residential buildings has confirmed the opportunity of the project. According to Eurostat press release of Oct 12, 2016, in Romania, the prices of residential buildings has increased by 6,8% in Q2 2016 in comparison to Q2 2015, while in the euro area prices have risen with only 2.9% in the same period.

**According to the market study conducted by Colliers Valuation & Advisory, the “Baba Novac Residence”** project represents a unique opportunity in the residential sector of Bucharest, enjoying competitive advantages in terms of location in a neighborhood highly rated, with good access to public transportation, near to large shopping centers and very close to IOR Titan Park. In addition, the project proposes a compartmentalization that responds well to the current requirements of the residential market and the proportion of green spaces lags far above the average for the new residential complexes.

**SIF Moldova’s investment:** In order to implement the investment project, SIF Moldova has subscribed to the capital increase of Tesatoriile Reunite SA the amount of 9,1 million lei of which it has paid the amount of 6,7 million lei and it shall pay the 2,4 million lei difference in the following 6 months.

**Timeline:** Based on the market study and the result of financial forecasts for the construction, SIF Moldova has approved in Tesatoriile Reunite EGMS of Oct 26, 2016 the Baba Novac Residence investment project, the starting of the works and capital increase needed to finance the project. Project financing will be provided from own sources and bank credits. The investment project proposed by Tesatoriile Reunite is around 15 million euro.

**Project features:** 6 blocks with 363 apartments, 436 parking spaces of which 298 places underground and 138 places above ground.

It is estimated that the beginning of the construction works to start in spring 2017.

The project was structured to be realized in three phases of construction, each stage comprising two buildings with a total of 121 apartments. It is estimated that the first phase of the project to be completed in the summer of 2018, thus being ensured the funding for the next phases of the project.

**Exit possibilities:** Investment recovery will be made through the sale of the built apartments at an estimated IRR yield >15%.

**Current status:** on-going demolition of the existent buildings (estimated ending: November 2016); obtaining building permit pending; start of building works (estimated on March 2017).

➤ Agointens SA – Blueberry farm

Premises: The project was based on the development of business in the agro business field and has aimed the purchase of two blueberry culture farms with a cultivated area of 18 ha by the company Agointens.

The investment in blueberry intensive culture was based on the average and long-time increase potential of this type of plantation and aimed the development of the business by expanding the cultivated area.

**SIF Moldova investment:** In order to implement the investment, SIF Moldova has subscribed to the share capital increase of Agointens SA, through Agribusiness Capital, the amount of 11,3 million lei of which the amount of 10,4 million lei was intended for the acquisition of the blueberry farms. Following the voluntary liquidation of Agribusiness Capital, the shares of Agointens will pass into SIF Moldova’s patrimony.

**Additional investment:** In July 2016 SIF Moldova **has approved Agointens’ implementation of the investment program “Extension of BLUEBERRY Farm investment: Purchase of new land and setup of blueberry plantations”.**

The value of the investment project suggested by Agointens SA is of maximum 4,74 million euro. The cultivated area will be increased from around 18 ha to about 67 ha.

Investment structure:

- ✓ purchase of land;
- ✓ setup of plantation, purchase of tools and equipment, work capital, etc.

Timeline: The Company is in its second exploitation year and in process of identifying new areas suitable for blueberry cultures, for the development of the company through the increase of the cultivated area.

Exit possibilities: It has been estimated that the return of the investment will be made through dividends, capital repayments in the period 2023 - 2026 and the sale of the investment in about 10 years. Financial estimates indicate an IRR > 20%.

Current stage: In August 2016 a land was purchased of 5 ha in Vistea **locality, Braşov** county, adjacent to the existent farm. Financial indicators regarding the turnover and profit have been confirmed by the evolution of the blueberry plantation in the first two years. On the reporting date, the company is in advanced stages of the development program through the identification of new lands suitable for blueberry culture.

➤ *Agribusiness Capital SA – company under voluntary liquidation*

**The company's objective is the selection of projects from the agricultural field that would lead to the achievement of profitability indicators and capital appreciation.** The main activity of Agribusiness Capital was conducted by Agointens company through the acquisition of two blueberry farms. The purchase of a blueberry farm by Agointens company, aimed to obtain income through a specialized, professional management and later sale for higher prices. The advantages of this type of crops are based on its long exploitation period (40 to 50 years), its raising external request, as well as the high production yield.

Following the decision of the Board of SIF Moldova on restructuring the Group, Agribusiness Capital will enter into voluntary liquidation. As a result of the voluntary liquidation, Agointens shares will pass into SIF Moldova patrimony. It is estimated that cancellation will be done by the end of December 2016.

➤ *Agroland SA*

The company has been setup for the purpose of capitalizing the investment opportunities from the agribusiness – real estate area, in order to generate added value for the shareholders. The company has not carried out any activity in the reporting period Q3 2016; some of the investment projects will be carried through this company.

➤ *Hotel Sport Cluj SA*

Premises: The project has been based on the development, through diversification of the business portfolio in the hotel field, through the purchase of a hotel located in an area with important development potential.

In a report published by Eurostat on 26.01.2016 Romania is shown to have had the largest increase of tourist night accommodation of 15.9% in the EU (average increase in the EU has been of 3,2%). In comparison, Bulgaria has recorded a decrease of 1.1%. Romania has ranked first for the increase of night accommodation for non-residents (18,3%) and for residents (15,3%).

SIF Moldova investment: Through Opportunity Capital SA in December 2015 Hotel Sport in Cluj has been purchased. The amount invested by SIF has been of 19,3 million lei (purchase plus upgrading expenses and expenses connected to the transaction). Following the voluntary liquidation of Opportunity Capital SA, the shares of Hotel Sport Cluj SA will pass into SIF Moldova's **patrimony**.

Additional investment: The market analysis carried out by the management of HSC indicate the opportunity of placing on 4\*+ class sector (in comparison to the 2\* the hotel is currently classified and

the 3\*+ class taken into consideration in the initial financial projections). For this purpose, the project will include, besides the upgrading works, the construction of a new building. This new concept will modify the technical and financial indicators of the initial project.

Timeline: The project is structured in stages (pre-development, concept definition, design, authorization, development, execution, follow-up, endowment, reception, opening).

Exit possibilities: Investment return has been estimated to be achieved through the sale of the investment in about 10 years. Financial projections estimates an IRR > 15%.

Current stage: From 15.08.2016 the company has closed its activity, has started the procedure for the valuation of the fixed assets and has taken the necessary measures to preserve the hotel until the start of the modernization works.

The company is in the period of obtaining the building permit. Given the disputes between local institutions on the general Urban Plan (for the land owned by Hotel Sport), the company management believes that it is possible to be delayed the obtaining of the construction permit.

#### Opportunity Capital S.A. – *company under voluntary liquidation*

The objective of the company has been the selection of projects for the diversification of SIF portfolio. Research has mainly been focused on Romanian hotel market, namely location in mounting resorts with important tourist traffic or located in large financial and business centres. SIF Moldova has subscribed to the increase of Opportunity Capital SA capital for the purpose of financing an investment in the hotel sector, run through Hotel Sport Cluj SA company. Following the decision of the Board of Directors of SIF Moldova, regarding the restructure of the Group and through EGMS decision of 22.04.2016, the volunteer liquidation of the company has been approved. As a result of the liquidation, SIF Moldova will take over the shares held by Opportunity Capital SA in Hotel Sport Cluj SA. It is estimated that the cancellation of the company will be made in December 2016.

#### ➤ Asset Invest SA

The company has the following main action directions:

- ✓ the management of the companies in its own portfolio with the main objection of liquidating these holdings – on 30.09.2016 it managed a portfolio of 50 companies;
- ✓ **The company's share portfolio on 30.09.2016 comprised a number of 50 companies (46 being contribution/divested by SIF; 4 direct holdings), of which 12 functional, 3 in legal reorganization, 3 under insolvency, 4 under administrative liquidation and 28 in judicial liquidation.**
- ✓ **GMS/BD representation in the companies in its own portfolio, or in SIF Moldova's portfolio.**
- ✓ Monitoring the information and events of the companies in SIF Moldova's portfolio, based on service agreement entered with SIF Moldova;

The company continues the liquidation of the shares portfolio from own patrimony and **from "sell"** category of SIF Moldova and the optimization of the monitoring process regarding the information and events related to SIF Moldova portfolio companies.

In accordance with the purpose of establishing the company Asset Invest SA it has been signed a contract of mandate in order to accelerate the negotiation/sell of the non-performing/sell portfolio of SIF Moldova, within the limits and conditions set by SIF Moldova

#### ➤ CASA SA

On 30.09.2016, the company manages its own real estate assets and that of SIF Moldova.

Its own real estate portfolio includes a number of 11 properties located in various municipalities (Suceava, Botosani, Piatra Neamt, Bacau, Iasi, Galati, Braila, Tulcea), with a floor area of about 2.900 square meters of which are leased around 1.340 sqm. Additionally, the company also manages real estate assets belonging to SIF Moldova.

Through the current report of September 9, 2016 SIF Moldova has disclosed all the legal documents signed with CASA S.A. in the period August 13, 2014 – September 8, 2016.

➤ Regal SA

The company operates its own commercial spaces and has included in its program the sale of spaces that have no rental or development potential.

The real estate portfolio comprises a total of 13 properties located in Galați, with a surface area of about 6.250 sqm (without terraces and access ways), of which are leased about 3.340 sqm.

During the reporting period, the company has not succeeded to sell any space through its sale program.

The possibility to capitalize some lands belonging to the company for possible real estate developments is currently analysed.

➤ Mecanica Ceahlau SA

The increase of the marketing activity through (i) participation to fairs and exhibitions (Arad, Iasi, Oradea), with own manufactured products and STEYR and PROJET products, that the company imports and distributes, and (ii) through the organisation of some demonstrations and tests of the equipment in Galati, Neamt, Dolj and Bihor counties.

The overall evolution of the company in Q3 2016 continues to be positive, both in terms of turnover (+28,2% compared with Q3 2015), and operating profit (+15,8%). Although it has been recorded a slight decrease compared with Q3 2015 (-1,2%), the net profit achieved in Q3 2016 reached the target of 2016 Budget (2,5 million lei). Total assets (60,4 million) and equity have increased slightly in the first 9 months of 2016 compared with 2015 (3,6% namely 2,4%).

Through the announcement of Nov 8, 2016 SIF Moldova has informed the investors on the purchase of a package of 5.968.400 million shares of Mecanica Ceahlau (MECF), representing 2,49% of the share capital. Following the transaction SIF Moldova will hold 63,3% of the share capital. The decision to invest additionally in MECF shares was taken as a result of the implementation of SIF Moldova investment strategy and investment program for 2016 in order to consolidate the holdings in the companies related to the field of agriculture - production and trade of agricultural machinery, a sector with growth potential.

\*\*\*

Following the restructuring, optimization, simplification plan, decided with the consultant Deloitte, the Board of SIF Moldova has approved in March 2016 the restructuring of the architecture of SIF Group by eliminating the level N-1, composed of investment management companies, the subsidiaries remaining with specific activity of investment operators. In this regard it was decided the voluntary liquidation of the companies Agribusiness Capital SA and Opportunity Capital SA in the first phase, following that Real Estate Asset SA to voluntarily liquidate after the commissioning of the project implemented (Veranda Mall).

After the reporting period, the SIF Moldova Group restructuring process will continue for the purpose of increasing the efficiency of the activity, through new approaches that would lead to the improvement of the financial performance of the managed projects portfolio.

\*\*\*

We would further like to mention that all companies in SIF Moldova Group have entered the consolidation area, corresponding to IFRS financial statements 2015. The 2015 consolidated management report was approved by GMS of August 29, 2016.

\*\*\*

There are respected the legal limits of ownership regarding the companies from SIF Moldova Group (40% of the total assets).

**Presentation of “Majority Holdings” portfolio evolution in 2014 - Q3 2016 period. Chapter 1.5. Implementation of 2014-2018 multiannual strategy**

### 1.4.3. "SELL" Portfolio

For carrying out of the investment objective, in compliance with the Investment Policies Statement for 2013-2017, SIF Moldova will continue to reduce the weight of SELL Portfolio in the total assets under management, portfolio which is selected on the basis of liquidity, performance and low growth potential.

Thus, on 30.09.2016, the SELL portfolio was reduced to 7.04% of the total assets, compared to 8% at 31.12.2015, the implemented strategy being restructuring through sale.

As the positions in this portfolio are sold, the liquidities fuels SIF Moldova's investment needs.

In the first 9 months of 2016:

- ✓ It was signed the sell-buy contract of the stake held by SIF Moldova to Sanex S.A. and it was cashed the value of the package of 6,35 million lei, with a profit of the deal of 1,47 million lei;
- ✓ participations in SSIF Broker and Turism Lotus Felix were sold;
- ✓ the sale and purchase agreement for shares held by SIF Moldova in Agralmixt S.A. has been concluded and it was cashed the amount for the package of shares that was sold;
- ✓ it was concluded the withdrawal of SIF Moldova from the company Indor SA Dorohoi following the collection of the last trench in July (according to the Mediation Agreement entered with the debtor).

Through Asset Invest SA, according to Mandate Contract no. 7542/17.12.2015, there were conducted negotiations to sell the stakes of shares held by SIF Moldova for a total of 12 companies by analyzing the exit possibilities: splitting on the structure of some assets, selling SIF Moldova stake to the majority shareholder, selling the stake together with the majority shareholder, etc.

There were drafted substantiation notes in order to initiate actions in court to defend the interests of SIF Moldova for a total of 10 companies having as object: contestation of the general meetings resolutions, namely the decisions of the Board, the withdrawal from portfolio companies under Law 151/2014, etc.

There were notified public institutions such as the Financial Supervisory Authority and ANEVAR on the deficiencies in the procedures for the withdrawal from the portfolio companies under Law 151/2014.

### 1.4.4. Framing in the investment limits approved in the 2016 Activity Program

SIF Moldova has analysed and implemented investments (some are in the project stage) *that are according to the directions and principles presented in the 2016 Activity Program, approved by the shareholders (OGMS of 25.04.2016).*

Specification (lei)	2016 Activity Program	Achieved on 30.09.2016
Investment program of which:	247.000.000	124.597.096
"Majority holdings" Portfolio		4.950.000
"Core", Portfolio, of which:		84.647.096
- on the long term		63.864.091
- on the short term		20.783.005
Fund units		35.000.000

Status of investments made between 01.01.2016 – 30.09.2016 (detailed per portfolios):

#### 1. Majority Holdings Portfolio

Tesatoriile Reunite SA	
SIF2 investments of which:	4,95 million lei
investment project	Baba Novac Residence – preliminary works (apartment complex)
- cash contribution SIF2	4,95 million lei
Project status	in implementation stage, the building permit is to be received and the works to be started .

## 2. Core Portfolio—long-term:

	Aerostar	Banca Transilvania	Romgaz	Catalyst SA
Object	holding consolidation through share purchase	holding consolidation through share purchase	holding consolidation through share purchase	holding consolidation through cash contribution to the capital
Invested amount	0,6 million lei	22,04 million lei	40,91 mil lei	0,3 million lei

## 3. Core Portfolio – short-term:

	SIF Transilvania	SIF Banat-Crisana	Electrica
Object	for trading	for trading	for trading
Invested amount	13,19 million lei	1,67 million lei	5,91 million lei

## 4. Fund units – long-term:

	BT Obligatiuni	OTP Obligatiuni	OTP ComodisRO
Object	for opportunity capitalizing	for opportunity capitalizing	for benefiting from opportunities
Invested amount	15 million lei	10 million lei	10 million lei

## 1.5. Achievement of multiannual strategy (2014-2018)

Status of multiannual strategy implementation – *2014-2018 Investment Policy Statement, approved by OGMS resolution no. 8/15.04.2014.*

*Objectives of 2014-2018 multiannual strategy 2014 - 2018*

2014 – 2018 multiannual strategy has been based on the mixed assignment of resources on the capital market, at the same time with the implementation of some “private equity” type investment projects. The “key” elements of the multiannual investment strategy presented and approved by the shareholders of the General Meeting on 2014-2016 is based on the assignment of resources to ensure the sustainable development of SIF Moldova’s activities and shareholders’ satisfaction, both on the short and on the long term.

The solid /sustained investment policy is based on the long-term increase of the managed assets value, a fundamental element for the consolidation of investors’ trust.

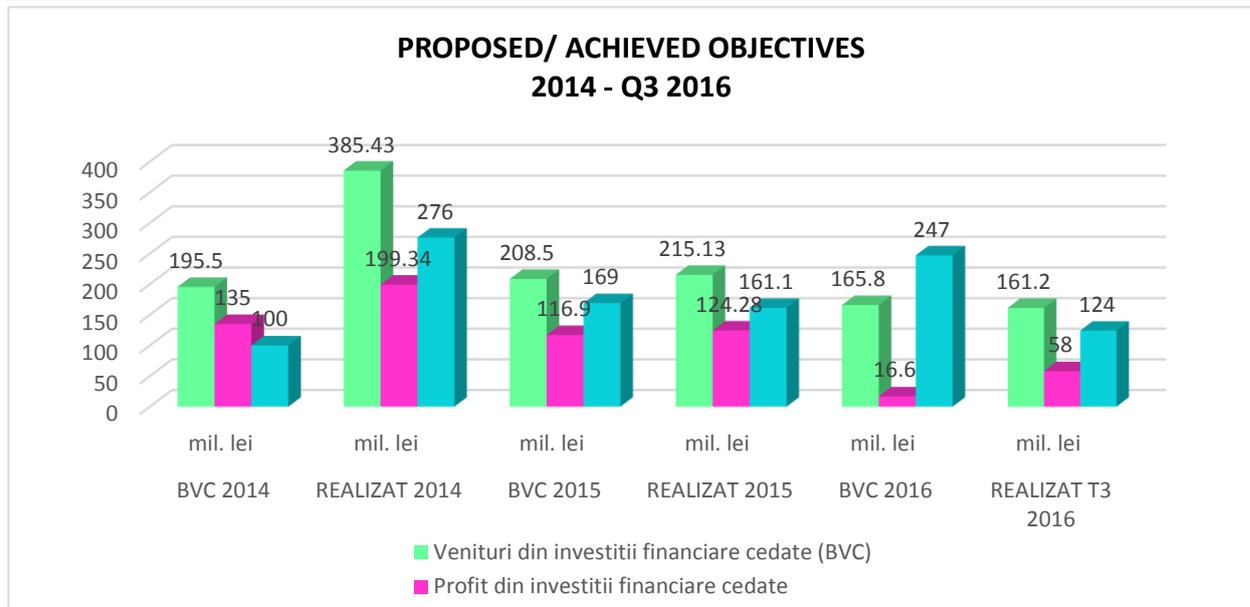
The predictable dividend policy that remunerates the invested capital at higher yield levels offered by monetary investments is meant to satisfy the short-term interests of the investors. At the same time, the low yields on the monetary market favours investments, an essential element in the development of an economic development trend.

*Implementation of the 2014-2017 multiannual strategy*

Between 2014-30.09.2016, SIF2 share (including assigned shares) has offered the shareholders a yield of 21%.

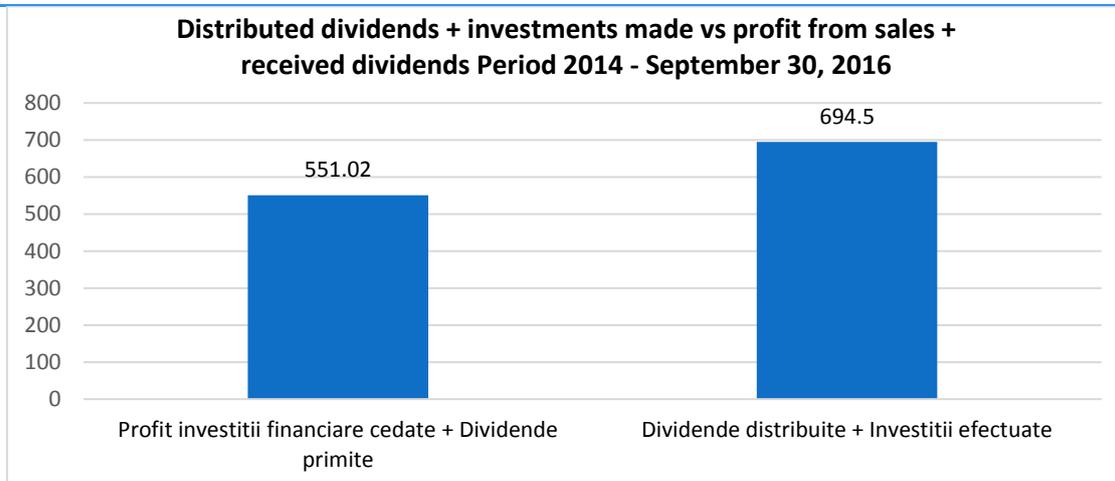
*Achievement of the objectives proposed by the 2014, 2015 and 2016 Activity Programs:*

	Financial investment earnings (Budget)		Financial investment profit		Investment program	
	Budget	Achieved	BVC	Achieved	BVC	Achieved
2014	195.5	385.43	135	199.34	100	276
2015	208.5	215.13	116.9	124.28	169	161.1
30.09.2016	165.8	161.2	16.6	58	247	124



In the present mandate, the Board of Directors has managed to increase the company's value, at the same time with the distribution of dividends to the shareholders. Thus, between 2014 – 30.09.2016, the total value of distributed dividends, together with investments made was 694,5 million lei, exceeding the total value of dividends received along with the ceded investments profit, of 551 million lei.

Million lei	Profit from sales	Dividends received	Distributed dividends	Investments
2014	199.34	28.7	34.2	276
2015	124.28	27.7	52.5	161.1
September 30, 2016	58	113	46.7	124
<b>TOTAL</b>	<b>381.62</b>	<b>169.4</b>	<b>133.4</b>	<b>561.1</b>



According to the multiannual strategy and the annual investment program (2014, 2015) SIF has registered itself as *group* (ASF Resolution no. 352/02.03.2015; we have submitted the documentation for its constituency update; at present SIF is the mother-company of the SIF Moldova group, comprised of 11 branches, of which 3 are indirect SIF holdings, being setup by the branches where SIF is a majority shareholder.

SIF Moldova has analysed and implemented investments that are *in agreement with the directions and principles presented in the 2015 Activity Report, approved by the* (OGMS of 02.04.2015).

In year 2014 we started the reconfiguration of the assets portfolio with the objective of increasing the average and long-term potential, in agreement with the specifications of each portfolio and the evolution of the macro-economic environment:

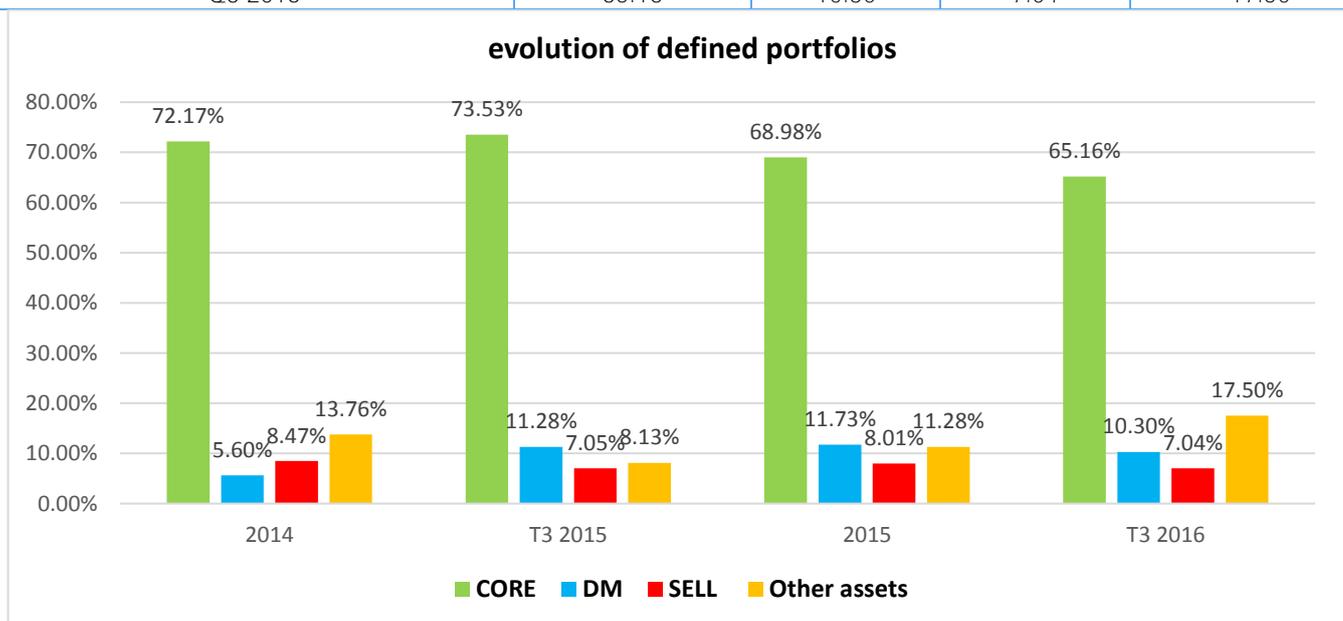
- **“CORE” portfolio** – offers increase potential based on the evolution of the capital market and liquidity of SIF Moldova assets, representing the pillar generating resources for new investments.

- **“Majority Holding” portfolio** – with a “private equity”-type approach that involves the development of some existent majority holdings (real estate, agriculture, hotel fields) and new investments through specialized entities in the sectors that cumulatively meets the factors we consider to be sustainable increase generators (*population consumption*), as exemplified in in the **consumption indicators forecast and the increase of “disposable” income, development/ rethinking of agriculture**, especially value-added niche agriculture, in which Romania has and can consolidate a competitive advantage.
- **“SELL” portfolio** – continuation of the restructure/ sell of the “historic” share portfolio.

Ratio modifications, for both “CORE” and “Majority Holdings” portfolio, were made based on the reassignment of the liquidity generated by the assets portfolio and evolutions recorded by BVB listed titles. This process exactly describes the above-mentioned strategy, namely the assignment of assets from low yield generating classes (cash or historic investments – that are minority, difficult to monitor, many of the companies being in various stages of the insolvency process/ reorganisation/ bankruptcy) in the “CORE” Classes (which provide dividend stability, predictability, transparency and liquidity), and “Majority Holdings” (which ensures higher yield under controlled and assumed risk).

Evolution of assets structure between 2014-Sept.2016, from the point of view of defined portfolios (% of total assets value)

Evolution of defined portfolios	CORE	DM	SELL	Other assets
2014	72.17	5.60	8.47	13.76
Q3 2015	73.53	11.28	7.05	8.13
2015	68.98	11.73	8.01	11.28
Q3 2016	65.16	10.30	7.04	17.50



### Evolution of assets structure and investment policy

The process to improve the management structure has been a constant concern of the Board of Directors regarding the implementation and abidance by the Corporate Governance Code of SIF Moldova. This includes details regarding the management structure and specific responsibilities, focused on approaches such as the qualitative selection of assets portfolios and their specialized management. Investment activity has been carried out abiding by the prudential and legal exposure limits, and in agreement with macro-economic trends.

CORE Portfolio –details Q3 2016 under chapter 1.4.1.

The weight of CORE in total assets has decreased from 72,17% in 2014 to 65,16% on 30.09.2016. Core Portfolio (defined based on the liquidity and performance of assets on the average and long term) insures the remuneration of invested capital through dividends and capitalization of the capital market increase potential.

Strategic exposure on the two key sectors, energy and financial, with the possible adjustments/issuer, total or partial, are possible depending on the results of some techniques to improve performance and the yield/risk analysis.

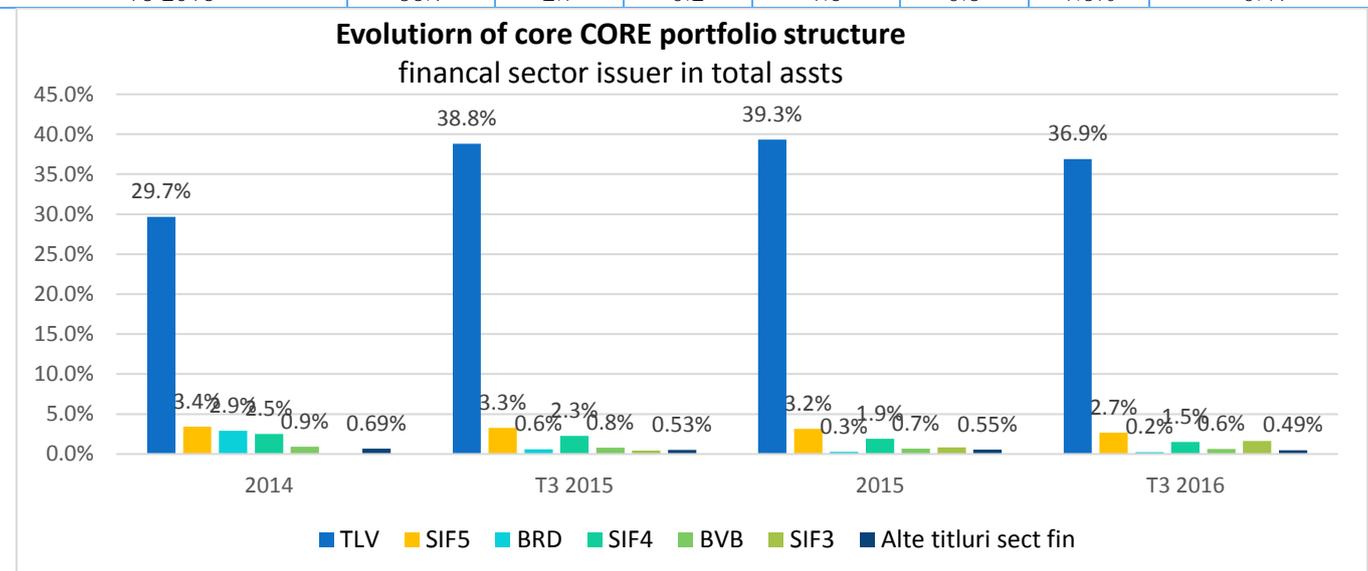
CORE portfolio represents the main generator of income and sorces for new investments and uses the following principles for assets assignment:

- a) On the long run, the value of assets is set by fundamental elements and conditions generated by the market, abiding by general investment restrictions of AFIA law, based on:
  - General performance objectives of the portfolio
  - Increase potential
  - Investment time frame
- b) On the short term, share assignment, means making systematic or punctual adjustments of the **portfolio in order to benefit from “short term” opportunities abiding by the following:**
  - Restrictions/ targets imposed by strategic assignment
  - the principle according to which, on average term, the capital market reflects a combination between investors' **expectation and the fundamental value of assets / liabilities.**
  - short term venture opportunities
  - limitations determined by investment opportunities and liquidities available or needed for certain operations (ex. dividend distributions for shareholders.).

The weight of the financial-bank sector in total assets has increased from 40,15%% to 2014 to 44,04% to 30.09.2016.

The evolution of assets structure between 2014- September 2016 from the point of view of activity sectors – exposure on financial sector (*% of total assets value*).

Evolution of the financial sector	TLV	SIF5	BRD	SIF4	BVB	SIF3	Other titles of the financial sector
2014	29.7	3.4	2.9	2.5	0.9	0.0%	0.69
T3 2015	38.8	3.3	0.6	2.3	0.8	0.4%	0.53
2015	39.3	3.2	0.3	1.9	0.7	0.8%	0.55
T3 2016	36.9	2.7	0.2	1.5	0.6	1.6%	0.49



In agreement with the 2014-2018 Investment Policy Statement, which foresees “the continuation of investment strategies in the financial-banking sector with local market orientation”, we have maintained a significant holding on Banca Transilvania. Later evolution of Banca Transilvania (TLV) has confirmed the estimations/expectations of SIF Moldova the issuer significantly contributing to the performance of the portfolio. For the purpose of abiding legal and prudential limits, SIF Moldova has implemented an internal mechanisms to manage the exposure subjected to the fluctuations of title quota.

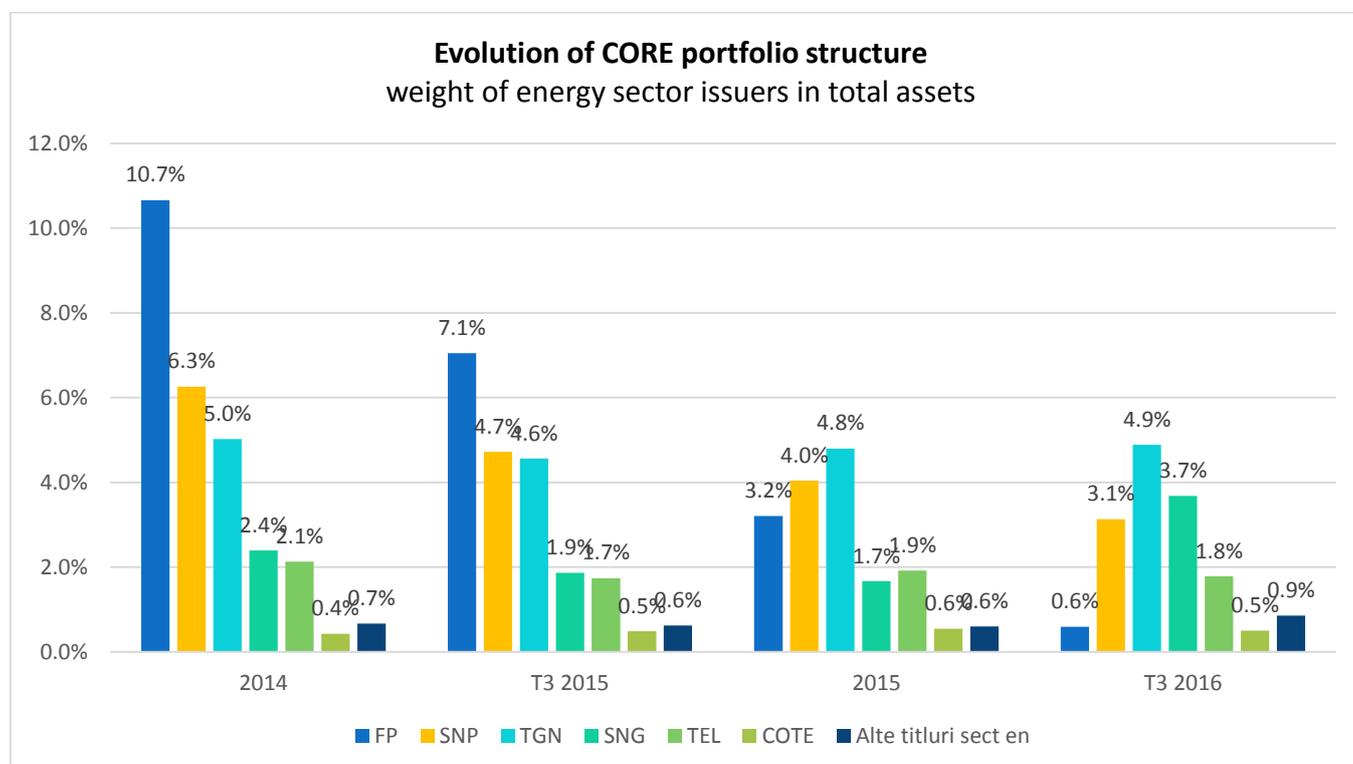
The evolution of Banca Transilvania in the coming years will be insured through the increase of the net credit balance by 40% after Volksbank takeover. Increase of credit balance will feed the incomes from **commissions and interests in the coming years, the bank's main sources of income.**

At the same time, in agreement with 2014-2018 investment policy Statement, we have increased the holdings in SIFs in stages given the real price increase potential supported by the high VUAN/price discount, the ability to offer higher dividend/share yield and given the fact that the legislative framework could change.

The weight of the utilities-energy sector in total activities has decreased from 27,55% in 2014 to 15,44% on 30.09.2016.

Evolution of assets structure between 2014-Sept.2016, from the point of view of defined portfolio structure (% of total assets value).

Evolution of energy field	FP	SNP	TGN	SNG	TEL	COTE	Other en sectors
2014	10.7	6.3	5.0	2.4	2.1	0.4	0.7
T3 2015	7.1	4.7	4.6	1.9	1.7	0.5	0.6
2015	3.2	4.0	4.8	1.7	1.9	0.6	0.6
T3 2016	0.6	3.1	4.9	3.7	1.8	0.5	0.9



SIF Moldova has maintained important holding in the issuers from the energy field, given the constant and consistent dividend flux. We have increased the holdings in sector issuers, under the conditions of some high fundamental indicators. The energy sector is an anchor of SIF Moldova's financial strategy,

since the issuers in the sector are financially solid companies, that have the ability to supply important cash amounts over the coming years.

In agreement with 2014-2018 Strategy we have analysed the share sale/listing programs of the companies in the energy field, run by the Romanian state or Fondul Proprietatea, for the purpose of capitalizing investment opportunities.

Majority Holdings Portfolio-details Q3 in chapter. 1.4.2.

The weight of the Majority Holdings Portfolio in total assets has increased from 5,60% in 2014 to 10,30% on 30.09.2016.

SIF Moldova has targeted, through its Strategy for 2014-2018, **investments with a “private equity” type** approach, in sectors with increase potential on which investors (especially the international ones) cannot be exposed easily, selected to generate a NAV yield increase on the long run.

According to the *2014-2018 Investment Policies Statement* and *2014,2015 and 2016 Activity Program* (materials approved by GMS 2014,2015, and 2016) SIF Moldova has an investment strategy to develop its **“Majority Holdings” Portfolio, characterized by “private equity” type investments.**

Investment projects selection criteria

- ✓ a sustainable IRR through operation and /or valuation, improved by accessing bank credits;
- ✓ a competent management to develop the purchased company;
- ✓ the risks associated to the project and the activity sector;

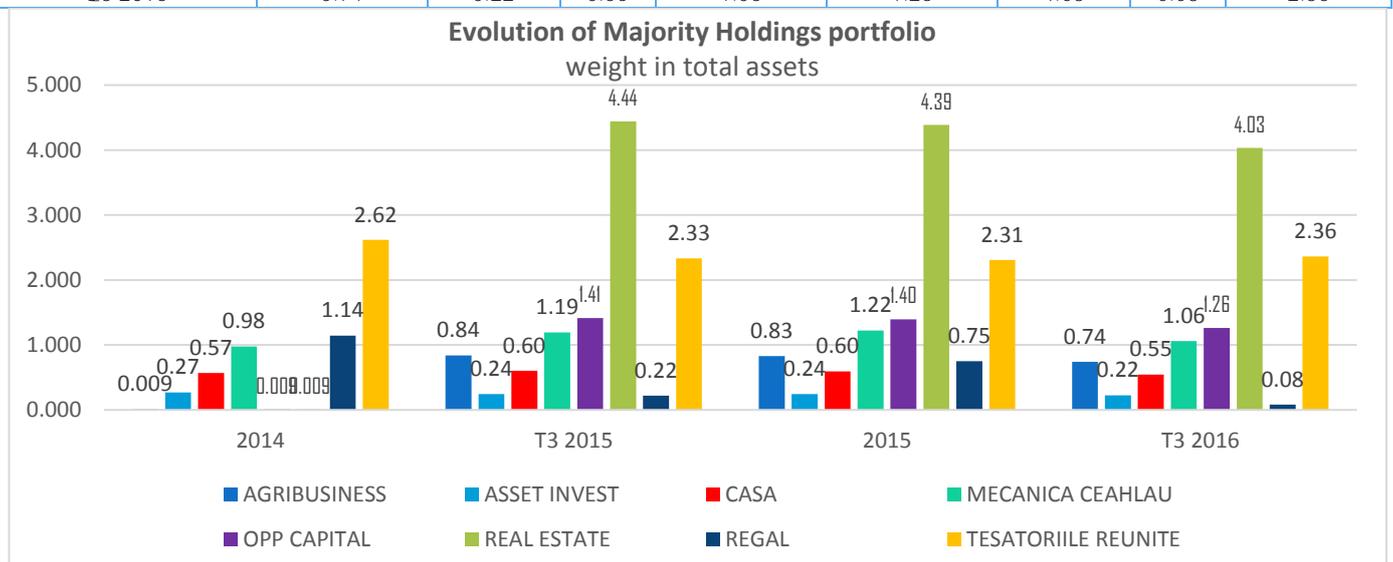
Investments are based on the use of some methods generally used by the private equity sector.

1. Cash multipliers

2. Internal profitability rate (IRR), takes into consideration the value of money in time, and represents the value of the updating rate needed for cash entries to equal updated outputs. *The condition for the acceptance of an investment* is that the internal profitability rate be higher to the investment financing cost for the investment intended (WACC). In year 2015 and 2016 we have invested in projects with IRR higher than the strategy target of 15%. These profitability rate represents a substantial premium in comparison to the capital cost and capital market yield, over the last 3 to 5 years.

The evolution of assets between 2014 – Sept 2016, from the point of view of the Majority Holdings Portfolio (*% of total assets value*).

Majority Holdings structure evolution	Agribusiness	Asset Invest	CASA	Mecanica Ceahlau	Opportunity Capital	Real Estate	Regal	Tesatoriile Reunite
2014	0.009	0.27	0.57	0.98	0.009	0.009	1.14	2.62
Q3 2015	0.84	0.24	0.60	1.19	1.41	4.44	0.22	2.33
2015	0.83	0.24	0.60	1.22	1.40	4.39	0.75	2.31
Q3 2016	0.74	0.22	0.55	1.06	1.26	4.03	0.08	2.36



## Private equity type investments made by the SIF Moldova Group

Company	Sector	Investment date	Invested amount (mil. lei)	Planned exit
Agointens (through Agribusiness Capital SA)	Agriculture – blue-berry farm	2015	11,3	max.10 years
Veranda Obor SA (through Real Estate Asset)	Real estate – trading centre	2015	65,0	max. 5 years
Hotel Sport Cluj (through Opportunity Capital)	Tourism – hotel	2015	19,3	max.10 years
Tesatoriile Reunite	Real estate - residential	2016	9,0 *	max.6 years
Total			104,6	

\* of which 5 million contributions made

SELL portfolio – details Q3 in chapter 1.4.3.

The weight of SELL portfolio in total assets has decreased from 8,47% in 2014 to 7,04% at Sept 30, 2016.

For carrying out of the investment objective, in compliance with the Investment Policies Statement for 2013-2017, SIF Moldova will continue to reduce the weight of SELL Portfolio in the total assets under management, portfolio which is selected on the basis of liquidity, performance and low growth potential.

As the positions in this portfolio are sold, the liquidities fuels SIF Moldova's investment needs.

Through Asset Invest SA, according to Mandate Contract no. 7542/17.12.2015, there were conducted negotiations to sell the stakes of shares held by SIF Moldova by analyzing the exit possibilities: splitting on the structure of some assets, selling SIF Moldova stake to the majority shareholder, selling the stake together with the majority shareholder, etc.

There were contested in court the resolutions of the general meetings, namely the decisions of the Board of Directors, the withdrawal from the portfolio companies under Law 151/2014, etc. In order to protect the interests of SIF Moldova shareholders there were notified the public institutions such as the Financial Supervisory Authority and ANEVAR on the deficiencies in the procedures for the withdrawal from the portfolio companies under Law 151/2014.

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Through the method of assigning responsibilities within the Board of Directors and on the level of executive management, we have tried to capitalize on the complementary expertise of the managers / directors in fields such as capital market, bank sector, business, conformity, etc.

On the level of the executive management, we he set up, in 2015 the Management Committee with well-defined responsibilities in the operational field: PDG- general coordination of the activity and director of the support/compliance departments, VPDGA- coordination of the Investment Management Department – **“CORE”, “SELL” portfolios and the Transactions activity, Manager of the BD – coordination of “Majority Holdings” portfolio.**

The departments: CORE Portfolio, Majority Holdings Portfolio, SELL Portfolio and Transactions Office represent the structure that is responsible for the analysis and specific grounding of investment opportunities and placing assets according to the investment strategies approved by the managers.

We would further like to add that the principles of dualist management have been assimilated in the unitary management structure through the control of executive management, including, through the activity of the Consultative Committees of the Board of Directors, on assigned fields, namely: investment policies and strategies – Investment Policies and Strategies Committee; policies targeting the optimization of organisational structures, human resources, wages – the Appointing Committee, policies regarding financial reporting, internal/external audit and risk management – The Audit Committee.

The monitoring of investments bordering legal and prudential limits and the method operational risks are managed – Investments made in branches and the way resolutions are adopted, have been the object of some internal certifications/verifications/ controls made by the compliance department (Internal Control, Internal Audit, Risk Management Department), both in real time, during the investment process, and as background action, and we have ascertained that all applicable legal and internal regulations have been abided. The conclusions of the reports: TLV share holdings were targeted – regarding the abidance by the legal holding limit of 10%, the limit can be increased up to 40% of total SIF assets, and shares with Financial Investment Funds, regarding the abidance by the 5% of share capital holding limit.

The analysis of the fulfilment of compliance obligations for investments made by SIF Moldova in branches – the approved decisions to invest in branches, have been implemented under the limits and conditions approved by competent decision bodies (Board of Directors, GMS, specialized companies); through the instruments implemented by SIF Moldova we are periodically monitoring the obligations imposed through the articles of incorporation, management contracts, GMS mandates, reports set on SIF Moldova group level.

Independent evaluations –In order to insure the increase of the management quality for the managed assets applying some risk management policies, we have contracted evaluations activities, on fields such as:

1. Internal audit and risk management (Deloitte Audit Report - 2014, 2015) - the recommendation made by the assessor, have been implemented.
2. Evaluation of IT risks (Deloitte Audit Report - 2015)-the recommendations made by the auditor are implemented/under implementation.

#### *Institutional certifications*

1. Quality management system (ISO 9001 –URS / annual certification)
2. IT Safety Management System (ISO 270001 –URS / annual certification)

## 1.6. Risk Management

In its activity, SIF Moldova is exposed to various types of risks associated to the securities portfolio (shares, bonds), especially the portfolio of financial instruments traded on the capital market, those being the most important types of risks the company faces.

The main risks SIF Moldova company is subjected to are:

1. Market risk with its subcategories: position/price risk, currency risk, interest rate risk
2. Liquidity risk with its subcategories: cash-flow risk, assets liquidity risk
3. Issuer risk with its subcategory: concentration risk
4. Operational risk with its subcategories: risk corresponding to information technology (IT), risk corresponding to professional responsibility, compliance risk, model risk, risks associated to externalized activities;
5. Other risks with its subcategories: counterparty risk, reputational risk, strategic risk, regulation risk, risk of conflict of interest

SIF Moldova sets and permanently maintains the risk management function that is carried out independently.

The decisional mechanism is formalized and includes the decision substantiation stage, the selection and context updating. Investment limits are permanently set in accordance with prudential holding limits and in close connection of the achievement stage of the objectives pre-set in investment policies.

The decisional process is set forth in procedures and answers to the optimum time management of opportunities requirement. In substantiating investment decisions an important role is played by the

identification and evaluation of potential risks, constantly rebalancing the portfolio according to yield/risk criteria.

The evaluation of the probability and impact of the market risk on investment objectives is made through an IT Risk Management Application, which provides measurements of the market risk exposure of the financial instruments portfolio and allows the comparison of the company's own portfolio to a reference one.

According to the Significant Risk Management Strategy in SIF Moldova (revised), classes 1-2 have been classified as low risk, classes 3-4 as average-low risk, class 5 as average risk, class 6 average-high risk and class 7 as high risk.

Market risk exposure quantified through ISRR: 13,08%.

The Synthetic Risk and Rate of Return Indicator (ISRR) calculated based on the annualized volatility of monthly BVS from the previous 3 years of existence, determines the inclusion of SIF Moldova in the average risk profile (risk class 5). This indicator is a value growth and decrease **measurements priory registered by SIF Moldova's net assets per share, on a scale from 1 to 7.** The risk indicator presents certain limitations, the prior historical data being no real guarantee of future results. The inclusion on risk classes was made based on the table of annualized volatility intervals specified in CNVM/ASF no.5/2012 regarding the form, content and presentation method of the document regarding key information for UCITS investors.

### 1.6.1

#### Prudential Limits System:

##### 1. CNVM Regulation no. 15/2004, art.188

a) Securities and instruments of the monetary market not admitted for trading - allowed limit: 20% of total assets (closed shares, closed bonds, deposit certificates)

Asset type	Market value per asset category according to ASF Regulation no. 9/2014 (lei)	Weight of total SIF Moldova assets (%)
Shares held with closed-type issuers.	223.155.180	13,31
Closed bonds.	7.268.281	0,43
<b>TOTAL</b>	<b>230.423.461</b>	<b>13,75</b>

b) Securities (shares and bonds) and monetary market instruments (government securities) registered or traded at Stock Exchange Value (on issuer level) – *allowed limit: 10% of total assets, the limit can be increased up to a maximum of 40% provided that the total value of holdings over 10% per issuer does not exceed 80% of total assets.* We mention that there is only one holding in this category – the exposure on TLV issuer (36,90%), that fall into the maximum holding limit stipulated by the CNVM/ASF Regulation no. 15/2004, Article 188, paragraph b) and that it is closely watched by daily monitoring mechanisms.

c) Financial instruments issued by entities belonging to the same group - allowed limit: 50% of total assets.

Group name	Market value per asset category as per FSA regulation no. 9/2014 (lei)	Weight in total SIF Moldova assets (%)
BANCA TRANSILVANIA, of which:	798.331.020	47,64
• shares	618.287.747	36,90
• deposits	150.149.929	8,96
• unit funds	22.625.063	1,36
• bonds	7.268.281	0,43
GLOBINVEST, din care:	27.592.321	1,65
• unit funds	27.592.321	1,65
OTP, of which:	19.998.273	1,19
• unit funds	19.998.273	1,19
ATLAS ASSET MANAGEMENT, of which:	13.821.040	0,82
• unit funds	13.821.040	0,82
BRD-GSG, of which:	8.657.013	0,52
• shares	3.831.311	0,23
• deposits	4.825.702	0,29
STAR ASSET, of which:	3.316.141	0,20
• unit funds	3.316.141	0,20
STK FINANCIAL, of which:	1.976.138	0,12
• unit funds	1.976.138	0,12

d) Financial instruments issued by entities belonging to the group that includes SAI (SIF Moldova) - allowed limit: 40% of total assets.

Group name	Market value per asset category according to FSA no. 9/2014 (lei)	Weight in total SIF Moldova assets (%)
SIF MOLDOVA Group :		
AGRIBUSINESS CAPITAL shares	12.435.509	0,74
ASSET INVEST shares	3.726.650	0,22
CASA shares	9.143.259	0,55
MECANICA CEAHLAU shares	17.726.656	1,06
OPPORTUNITY CAPITAL shares	21.106.531	1,26
REAL ESTATE ASSET shares	67.583.952	4,03
REGAL shares	1.339.510	0,08
TESATORIILE REUNITE shares	39.556.058	2,36
TOTAL SIF MOLDOVA GROUP	172.618.125	10,30

e) Exposure to counterparty risk with derivative financial instruments traded outside regulated markets – not applicable.

f) Current accounts and cash value – allowed limit: 10% of total assets. In the net assets on 30.09.2016, the current accounts and cash value is 3.582.549 lei, representing 0,21% of total assets.

g) bank deposits started and held at the same bank - allowed limit: 30% of total assets

Bank name	Deposit value (ASF regulation no. 9/2014) (lei)	weight in total SIF Moldova assets (%)
Banca Transilvania	150.149.929	8,96
BRD - GSG	4.825.702	0,29
EXIMBANK	14.000.576	0,84
Total deposits	168.976.206	10,08

h) Global exposure to derivative financial instruments - should not exceed the total value of net assets – not applicable.

i) Holdings in NON-UCITS – allowed limit: 50% of total assets.

NON-UCITS Name	asset category market value (ASF regulation no.9/2014) (lei)	weight in total SIF Moldova assets (%)
Fondul Privat Comercial	19.240.771	1,15
FII HERMES	8.907.240	0,53
BT Invest 1	5.687.063	0,34
FII Multicapital Invest	2.058.257	0,12
FII BET-FI Index Invest	1.771.401	0,11
STK Emergent	936.798	0,06
TOTAL AOPC (fund units)	38.601.529	2,30

## 2. ASF norm no. 14/08.11.2013, art. 9, lit. a)

Exposure obtained through direct and indirect investments in monetary market instruments of the promissory note type – allowed limit: 20% of total assets.

- *Direct investments* in monetary market instruments similar to promissory notes - *not applicable*.
- *Indirect investments* in monetary market instruments similar to promissory notes(PN) – *not applicable*.

## 3. Law no. 297/28.06.2004-updated, art. 129 line (1)

No shareholder of a market operator will be able to hold, directly or together with the entities it acts with, more than 20% of the total voting rights.

Issuer name	no. of held shares	total no of issuer's shares	Holding percentage in the issuer's share capital (%)
Bursa de Valori Bucuresti	383.709	7.674.198	4,99
Sibex Sibiu Stock Exchange	1.671.217	33.427.926	4,99

#### 4. Law no 297/28.06.2004-updated, art. 150 line (1)

Shareholders of the central depository may not hold more than 5% of the voting rights, with the exception of market operators who may hold up to 75% of the voting rights, with the approval of CNVM/ASF.

Issuer name	no. of shares held	total no. of shares	holding percentage in the issuer's share capital (%)
Depozitarul Central (Regisco)	7.396.029	252.919.526	2,92
Depozitarul Sibex	6.480	229.500	2,82

#### 5. Law no. 297/28.06.2004-updated, art. 286<sup>^1</sup>

Investments in shares held by Financial Investment Companies resulted from the transformation of Private Property Funds – allowed limit: maximum 5% of the share capital of the Financial Investment Companies.

Name	no. of shares held	Total no. of issuer's shares	holding percentage in the issuer's share capital (%)
SIF Muntenia	40.160.859	807.036.515	4,97
SIF Oltenia	28.760.041	580.165.714	4,95
SIF Transilvania	97.371.384	2.184.286.664	4,45
SIF Banat Crisana	997.623	548.849.268	0,18

#### 6. Holding in the share capital of credit institutions – Banca **Transylvania's** Articles of Incorporation, art. 11 point b(b)

**“No shareholder may held 10% or more of the Bank's share capital, unless:**

- (i) it has the approval of GSM and
- (ii) according to all formalities requested by the law.”

issuer name	No. of shares held	Total no. of issuer's shares	Holding percentage in the issuer's share capital (%)
Banca Transilvania	261.432.451	3.646.037.641	7,17

### 1.6.2.

Value classification of holdings and investments made within legal prudential limits and that of 2016 Activity Program.

To sum up, the value classification of holdings and investments made between 01.01.2016 – 30.09.2016 within legal and prudential limits and 2016 Activity Program (approved by OGMS on 25.04.2016), indicate the following evolution:

A. The evolution of the compliance with the prudential assets limits / assets categories (weight in total SIF Moldova assets) between 01.01.2016 – 30.09.2016, is the following:

**Conclusion:** Between 01.01.2016 – 30.09.2016, reported to the total calculated monthly assets, the allowed legal limits have not been exceeded.

Assets type	% of total SIF Moldova assets								
	Jan'16	Feb'16	Mar'16	Apr'16	May'16	Jun'16	Jul'16	Aug'16	Sep'16
<i>1. Art. 188 of CNVM reg. no. 15/2004</i>									
unquoted shares (shares and bonds)	16,44	16,28	15,48	15,23	14,83	14,69	13,96	13,60	13,75
TLV issuer	38,98	38,87	39,04	39,41	35,32*	34,58*	36,23	36,74	36,90
TLV	43,50	45,27	47,45	45,80	42,66*	45,22*	46,84	47,09	47,64
SIF Moldova group	12,34	11,54	11,70	11,76	11,46	11,71	10,95	10,67	10,30
Atlas Asset Management group	0,92	0,89	0,84	0,83	0,79	0,83	0,82	0,85	0,82
BRD – GSG group	0,52	0,63	0,70	0,27	0,72	0,70	0,39	0,49	0,52
Globinvest group	1,73	1,69	1,64	1,60	1,57	1,63	1,63	1,64	1,65
OTP group	-	-	-	-	-	-	-	-	1,19
Star Asset group	0,22	0,21	0,20	0,20	0,19	0,20	0,19	0,20	0,20
STK Financial group	0,11	0,11	0,11	0,12	0,12	0,12	0,12	0,12	0,12
Broker group	0,20	0,19	-	-	-	-	-	-	-
current accounts and cash	0,04	0,04	0,04	0,04	0,03	0,02	0,25	0,15	0,21
total bank deposits	5,67	6,27	8,00	5,53	6,96	10,22	9,93	9,74	10,08
AOPC participation titles	2,54	2,44	2,33	2,31	2,24	2,26	2,27	2,30	2,30
<i>2. Art.9 of ASF norm no.14/08.11.2013</i>									
direct investments in BO	-	-	-	-	-	-	-	-	-
indirect investments in BO	-	-	-	-	-	-	-	-	-

B. The evolution of the compliance with the prudential limits of SIF Moldova **exposures in the issuers' share capital** between 01.01.2016 – 30.09.2016, is the following:

**Conclusion:** Between 01.01.2016 – **30.09.2016, reported to the issuer's share capital, legal limits have not been exceeded.**

Issuer name *	% of issuer share capital								
	Jan'16	Feb'16	Mar'16	Apr'16	May '16	Jun'16	Jul'16	Aug'16	Sep'16
BVB	5,00	5,00	5,00	5,00	5,00	5,00	5,00	5,00	5,00
SIBEX	4,99	4,99	4,99	4,99	4,99	4,99	4,99	4,99	4,99
REGISCO	2,92	2,92	2,92	2,92	2,92	2,92	2,92	2,92	2,92
DEPOZITARUL SIBEX	2,82	2,82	2,82	2,82	2,82	2,82	2,82	2,82	2,82
SIF 1	0,06	0,14	0,13	0,18	0,25	0,26	0,23	0,18	0,18
SIF 4	4,97	4,97	4,97	4,97	4,97	4,97	4,97	4,97	4,97
SIF 5	4,95	4,95	4,95	4,95	4,96	4,95	4,95	4,95	4,95
SIF 3	2,64	2,90	3,01	3,85	4,00	4,00	4,45	4,45	4,45
SSIF Broker	4,99	4,99	-	-	-	-	-	-	-
TLV	8,32	8,05	7,55	7,45	7,17	7,17	7,17	7,17	7,17

\* All holdings under the incidence of restrictions are presented, including those for which no investments were made between 01.01.2016 – 30.09.2016.

C. Compliance with the investment limits approved through the 2016 Activity Program:

SIF Moldova has analysed and implemented investments (some of them in the project phase) *that are according to the directions and principles presented in 2016 Activity Report approved by shareholders (OGMS of 25.04.2016).*

Investments in total amount of 124 million lei made between 01.01.2016-30.09.2016 falls in the total investment budget of 247 million lei approved through the 2016 Activity.

*Details presented under point 1.4.4.*

## 2

## Financial position

The special purpose financial statements have been drafted by the Company according to the recognition, measurement and evaluation criteria according to the International Financial Reporting Standards adopted by the European Union (“IFRS”), with the exception of **IFRS 10** “Consolidated financial statements” and **IAS 27** “Individual Financial Statements” and norm 39/2015 for the approval of the accounting regulations in agreement with the International Financial Reporting standards, applicable to authorized entities regulated and supervised by the Financial Supervision Authority in the Financial Instruments and Investments Sector (ASF).

In Norm 39/2015, the International Financial Reporting Standards, hereinafter referred to as IFRS, represent the standards adopted according to (CE) Regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002, regarding the application in international accounting standards, with its later amendments and additions.

The company has not drafted the interim consolidated financial statements on 30<sup>th</sup> September 2016.

The special purpose interim financial statements include the individual status of the financial position on the 30<sup>th</sup> September 2016, the individual statement of overall result, individual statement of equity **modifications for the 9 months' period concluded on 30<sup>th</sup> September 2016** and explanatory notes.

## 2.1. Global result

- Individual statement of overall result for Q3 2016 in comparison to Q3 2015:

LEI	30 th September 2016	30 <sup>th</sup> September 2015
Income		
Income from dividends	116.162.204	25.698.861
Income from interest	925.785	1.221.748
Other operational income	625.287	587.336
Other income	2.757.059	9.089.836
Income from investments		
Net income from assets sale	87.148.277	51.332.773
Net loss/ net earnings from the re-evaluation of financial assets at fair value through the profit or loss account.	(6.932.775)	2.629.028
Expenses		
Losses from assets depreciation	(44.726.994)	(2.925.825)
Expenses with the creation of provisions for risks and expenses	632.308	-
Other operational expenses	(15.371.325)	(12.614.986)
Other expenses	(8.820)	(8.820)
Profit before taxation	141.211.006	75.009.951
Profit tax	(9.795.948)	(21.010.497)
Net profit of the financial year	131.415.058	53.999.454
Increases/ (decreases) of reserve through the re-evaluation of tangible assets	43.045	90.395
Net modification of the reserve from the re-evaluation at fair value of the financial assets available for sale	72.697.659	96.748.637
Other overall result elements	72.740.704	96.839.032
Total overall result corresponding to the period	204.155.762	150.838.486

## ➤ Individual statement of financial position for Q3 2016 in comparison to 2015:

LEI	30 <sup>th</sup> September 2016	31 <sup>st</sup> December 2015
<b>Assets</b>		
Cash and cash equivalents	3.587.967	613.851
Bank deposits	169.031.434	91.015.193
Financial assets at fair value through the Profit and Loss Account	125.280.626	112.215.485
Financial assets available for sale	1.273.053.094	1.227.266.927
Investments held up to maturity	9.586.040	9.593.199
Real-estate investments	3.264.341	3.264.341
Intangible assets	128.931	293.905
Tangible assets	6.795.288	7.165.148
Other assets	9.532.995	6.269.023
<b>Total assets</b>	<b>1.600.260.716</b>	<b>1.457.697.072</b>
<b>Debts</b>		
Dividends to be paid	30.401.047	42.394.161
Provisions for risks and expenses	2.674.350	3.306.214
Debts with deferred profit tax	49.121.289	57.339.461
Other debts	2.642.044	18.706.256
<b>Total debts</b>	<b>84.838.730</b>	<b>121.746.092</b>
<b>Equity</b>		
Share capital	539.720.148	539.720.149
Reported result	453.900.165	345.057.696
Reserves from the re-evaluation of tangible assets	7.720.349	7.677.304
Reserves from the re-evaluation of financial assets available for sale	523.571.683	450.874.023
Other own capital elements	(9.490.358)	(7.378.192)
<b>Total equity</b>	<b>1.515.421.987</b>	<b>1.335.950.980</b>
<b>Total debts and equity</b>	<b>1.600.260.717</b>	<b>1.457.697.072</b>

## 2.2. Expense management

The monthly average % of management expenses represents 0,07%, of total assets value

In the reprinting period, the monthly average management expenses represents 0.07% of the value of total assets. being lower than the medium commissions paid to management companies by investment funds (0.10% - 0.40%). (sources: public documents of the main investment funds on the internal market. management companies of pension funds, professional organizations – AAF).

<b>TOTAL EXPENSES (A+B+C+D+E+F+G+H)</b>	<b>86.325.878</b>
<b>A. Financial expenses</b>	<b>16.033.758</b>
1. Losses corresponding to financial investments	15.541.930
2. Expenses with transaction commissions	353.026
3. Ex[Expenses with currency rate differences	118.983
4. Expenses with bank services	19.819
5. Other financial expenses	-
<b>B. Losses from the depreciation of assets available for sale</b>	<b>45.034.695</b>
<b>C. Expenses with depreciations and adjustment for current assets value losses</b>	<b>3.733.228</b>
<b>D. Expenses with commissions and fees imposed by applicable regulations</b>	<b>1.496.100</b>
<b>E. Expenses with external services not connected to management</b>	<b>1.730.733</b>
<b>F. Expenses or taxes imposed by fiscal authorities (taxes and assimilated disbursements)</b>	<b>268.880</b>
<b>G. Overhead</b>	<b>10.652.337</b>
1. Expenses with materials	161.556
2. Expenses with electricity and water	142.230
3. Expenses with the staff, of which:	8.249.595
• wages and indemnities	6.984.775
• expenses with insurance and social security	1.244.942
• expenses with professional training	19.878
4. Expenses for external services corresponding to management	2.098.956
<b>H. Expenses compensated by revenue from provisions (not affecting the financial result of the period).</b>	<b>7.376.146</b>
<b>TOTAL ASSETS according to CNVM/ASF regulation no. 15/2004</b>	<b>1.675.629.824</b>

- Financial expenses represent 18.58% of total expenses. These include expenses directly connected to the investment/ disinvestment activity in the reporting period and those generated by the holdings of financial instruments and availabilities of SIF Moldova.
- Losses from the depreciation of assets available for sale represent 52.18% of total expenses. **SIF „Moldova”** has acknowledged in the overall result statement, the depreciation of SNP, BVB , ELMA and Casa de Bucovina titles, amounting to 43,4 million lei, following their fair value decrease under the cost, by over 30%, in agreement with the position of the financial auditor Deloitte.
- Expenses with depreciations and adjustment for current assets value losses, worth 4.32% of total expenses representing the depreciation of tangible and intangible assets and adjustments regarding debt depreciation.
- Expenses with commissions and fees imposed by applicable regulations, represent 1.73% of total expenses. These expenses are imposed by applicable regulations to financial investment companies and are incurred with the purpose of implementing corporate obligations. The value of these expenses cannot be optimized through internal decisions and directly influences performance indicators.
- Expenses with external services not connected to management, represent 2.00% of total expenses and mainly include legal assistance and trial costs, sponsorship expenses, professional counselling, advertising expenses, expenses with GMS organization.
- Fiscal expenses or taxes represent 0.31% of total expenses.
- Management expenses – represent 12.34% of total expenses and include expenses directly connected with the current activity of the company.
  - with the management expenses, the weight is held by *staff expenses (wages, indemnities, social insurance and professional training) amounting to 8.249.595 lei, namely 77.44% of management expenses;*
  - *expenses with external services related to management are of 2.098.956 lei namely 19.70% of the period's management expenses.* Here the following expenses are included: maintenance and repairs, insurance premiums, protocol, travel, post expenses and subscriptions, rent, royalties, concessions, company monitoring, other expenses;
  - *expenses with materials, energy and water amount to 303.786 lei, namely 2,86% of management expenses.*
- Expenses compensated from income from provisions (do not affect the financial result of the period) represent 8.54% of total expenses representing the reversal of the provision regarding the participation of managers and employees to the profit of year 2015.

## 2.3.

## Performance indicators

	2013	2014	2015	T3 2016
Current liquidity indicator = current assets/ current liabilities	0.87	2.97	3.44	8.22
Quick ratio = (current assets- stocks)/current debts	0.87	2.97	3.44	8.22
non-current assets turnover = revenues from current activity / non-current assets	0.22	0.34	0.23	0.17
Total assets turnover = revenues from current activity/ total assets	0.21	0.29	0.20	0.12
Trade receivables turnover =average receivable balance/turnover x no. days corresponding to the reporting period	5	9	11	11
Return on working capital = average receivables balance / turnover x no. of days in the reporting period *100 (%)	8.94	17.84	9.17	7.83
Result per common share (lei/share)	0.152	0.344	0.129*	0.127

\* result per share registered in 2015 is influenced by the doubling of the number of shares following the capital increase (assignment of one free share per held share).

## 2.4. Revenue and Expense budget (BVC) achievement degree

Net profit has been achieved in a proportion of 138% in Q3 2016, in comparison to 2016 BVC forecasts. The profit of the period has been influenced by the registration in the revenue and expense budget of the depreciation of SNP, BVB, ELMA titles *and Casa de Bucovina* total worth of 43,4 total worth 43 million lei, following the decrease of their fair value under the cost, by over 30% (current report of 14.07.2016)

	Forecast 2016	Achieved T3 2016 IFRS	R/P (%)
A. Total revenue	143.068.315	224.373.713	159
B. Financial revenue	134.892.169	215.763.878	160
- revenue from financial investments (dividends)	114.462.462	116.162.204	101
- revenue from receivable (bank interests + bonds)	975.000	925.785	95
- revenue from ceded financial investments	16.607.720	58.646.006	353
- revenue from exchange rate differences	0	15.989	
- revenue from provisions	0	40.805	
- other financial revenues	2.846.987	24.418.457	858
C. Revenue from operations	8.176.146	11.773.007	144
- revenue from rents and associated activities	800.000	600331	75
- revenue from provisions	7.376.146	8.009.154	109
- other revenue from current operations		3.163.172	
D. Total expenses	41.905.858	86.325.879	206
E. Financial expenses	530.000	63.951.253	12066
- transaction commission expenses	500.000	353.026	71
- expenses related to exchange rate differences	0	118.983	
- expenses related to banking services	30.000	19.819	66
- expenses related to provisions	0	47.917.495	
F. Expenses with current activities	41.375.858	22.374.626	54
G. Gross profit	101.162.457	141.211.006	140
H. Profit tax	5.723.123	9.795.948	171
I. Net profit	95.439.334	131.415.058	138

*Note:* The estimate of the indicators foreseen in BVC for year 2016 has been made based on the revenue and loss account drafted according to applicable accounting regulations (RAS) before applying ASF Norm no. 39/2015 (IFRS). In order to insure the comparison of the indicators foreseen in BVC 2016 under the items: *revenue from ceded financial investments* – total amount 165.801.797 lei, these have been presented as net amount, resulting a gain from ceded financial investments of a total amount of lei.

## 3

## SIF 2 Share on BVB (Bucharest Stock Exchange)

No of shares: 1.038.179.176  
 Nominal value: 0,1 lei  
 Share capital: 103.817.917,6 lei  
 Capitalization: 786.939.815 lei  
 (177 mil euro)

Price: 0,76 lei EPS: 0,23 lei, PER: 6,5; DIVY: 5,8%  
 52 m: 0,62 lei; 52 M: 0,89 lei

The market on which SIF 2 shares are traded: Bucharest Stock Exchange, Premium category, since de 01.11.1999.

The register of shares and shareholders is maintained according to legal provisions by SC Depozitarul Central SA.

SIF2 share evolution between 30.09.2015 – 30.09.2016



Yields: SIF 2 share, VUAN SIF 2, BET-FI

Related information in the SIF Moldova Corporate Governance Code Ch.16. Evaluation of company performance and performance of SIF2 share

Rates of return on 30.09.2016 (%)	SIF2 share	BET FI	VUAN SIF2
1 month	-1,94	-1,06	-2,62
3 months	6,76	9,22	5,63
6 months	2,29	3,52	8,12
12 months	- 6,30	-4,72	10,62

Note: The historical price series and NAV taken into consideration for the calculation of the rate of return/risk indicators are adjusted with the corporate events of the issuers.

Risk analysis (1Y, daily series): SIF 2 share / BET-FI

Indicator	SIF2 share	BET-FI
Volatility (%) <sup>*</sup>	21,31	13,84
Beta <sup>**</sup>	1,17	1

<sup>\*</sup> Volatility (12L) = annualized volatility

<sup>\*\*</sup> Beta = price sensitivity to market movement

## 4

Promotion and protection of SIF **Moldova's** Interests

The assistance, advice and legal representation activity of the rights and legitimate interests of SIF Moldova SA stands out during the third quarter of 2016 through the following:

## A. Litigations where SIF Moldova is plaintiff

Total litigations where SIF2 acts as plaintiff:

- ✓ 116 cases of which: 98 cases are pending in various trial stages, and 18 are finalized (65 cases are against AAAS).
- ✓ The value of litigations pending in court: 71.145.674 lei (claims and insolvency procedure).

1. Litigations with object the annulment of some illegal resolutions in companies from the portfolio mainly regarding general aspects concerning the coming into force of Law no. 151/2014 *regarding the clarification of the legal status of companies traded of RASDAQ market*. Most of the solutions pronounced by the courts have been in favour of SIF Moldova, thus supporting the endeavours for the right to withdraw from those companies and collect the value of shares, according to the law. During the reporting period we were a number of 6 litigations **where SIF Moldova's action has been allowed, with the consequence of cancellation the illegal decisions**
2. Between 01.01. – 30.09.2016 we register a total collection value of 217.503,97 lei in various legal and extrajudicial procedures insured by the legal service.
3. On 28.06.2016 there has been received the notification regarding the issue of the Payment Title corresponding to the 3rd trench – Beneficiary: SIF Moldova – for the amount of 2.415.314,35 lei (as per transaction regarding the cession of SIF2-Textila Oltul litigious rights). According to the notification, payment will be made within max. 175 days from the date the title is received in chronological order of ANRP receipt, and within the limits of the budgetary credits opened for this purpose. The transfer of the amount foreseen in the Payment Title will be notified in writing to the Ministry of Public Finance, and SIF Moldova will take the measures necessary for collection.
4. The increase of legal assistance and counselling activity on various projects and/or corporate operations taken into consideration by the company.

## B. Litigations where SIF Moldova acts as defendant

Total litigations where SIF2 acts as defendant:

- ✓ 76 cases of which: 34 cases are pending in various trial stages (of which 14 cases against AAAS); 42 cases finalized
- ✓ The value of litigations pending in courts: 3.621.378 lei in claims cases; 5.403.451 lei – execution challenges against AAAS.

1. Litigations with object claims and various objects – 32 cases of which 22 cases in various trial stages and 10 cases are finally completed.
2. It is noticed a decrease in the number of cases where our company acts as defendant, following the solving of cases with object execution challenges. Largely, these cases have received solutions in favour of SIF Moldova.
3. There have been obtained favourable solutions in cases where our company acts as defendant with object various claims and/or objects, as well as those regarding the request to grant legal costs on separate trials, pronouncement of a decision to replace an authentic document and others. As a result of SIF Moldova defences there were permanently cancelled claims amounting to 66.880 lei.

Note – details regarding each category/ case in part can be found in the annex.

- C. Regarding the litigations against AAAS Bucharest, we have a total number of 79 files pending on the docket of courts, with object claims and execution challenges, based on some final and /or irrevocable decisions. The enforcement titles have been obtained by our company following the annulment of the enforcement procedures opened by AVAS/AAAS based on promissory notes approved by FPP II Moldova and taken on by the new SIF Moldova entity, at the time the institution was set up, according to the law.

At the end of the 3rd quarter of 2016, we notice a significant tendency of decrease of files against AAAS Bucharest, given the low success rate of the actions that this institution has entered against SIF Moldova as execution challenge. Given the fact these AAAS cases only challenge aspects connected to enforcements, our company, being in possession of enforceable titles that can no longer be attacked, we estimate that the solutions will be in favor of SIF Moldova. Although in most of the cases with objects AAAS enforcement challenge AAAS has requested the suspension of the enforcements, the solutions have been to dismiss the enforcement cancellation requests formulated by AAAS.

Within the enforcement cases against AAAS stress is laid on the follow-up and specialized **assistance of the bailiff in the run of enforcement files, so that SIF's position in the enforcement** challenge files can be efficiently supported. The recovery of the amounts, although slow, is based on enforcement titles, the amounts being updated according to the law until full debt collection. The total amount recovered on 30.09.2016 is 53.316.637,23 lei.

From the status of litigations posted on the website: [www.sifm.ro](http://www.sifm.ro), as well as from the Status on the 3<sup>rd</sup> quarter of 2016, we see a constant concern for the initiation of all measures required to protect the legitimate rights of the company, while at the same time insuring the proper and full information of the shareholders regarding the issue of claims against AAAS. The history of litigations indicates the initiation of legal and extrajudicial actions for the protection of **SIF Moldova's patrimony interests resorting to the invalidation of the judicial execution, recovery of** the illegally executed amounts, damages and court expenses. The total amount collected from our company in the cases mentioned above, from the time of the enforceable titles were obtained up to the present day is worth 23.468.142 lei.

## 5

## Compliance

## 5.1.

## Internal Audit Activity

SIF Moldova sets and maintains permanently and effectively the internal audit function, which runs independently

Internal audit is an independent activity for objective insurance and **counselling destined to add value and improve the company's operations. It** helps the company reach its objectives through a systematic and methodical approach and improves the efficiency of the risk management, control and governance processes.

Internal audit activity is carried out according to the procedures drawn up for activity guidance. The procedures have been updated according to the International Standards for the Professional Practice of Internal Audit, and the recommendations made by Deloitte Audit SRL during the evaluation of the internal audit activity made at the end of 2014.

Internal audit activity is carried out based on the Audit Plan drawn up based on the evaluation of risk documentation, in order to determine internal audit priorities. The Audit plan is in accordance with the **Company's objectives.**

The internal audit activities plan and necessary resources are approved by the Audit Committee and Board of Directors. At the same time, significant amendments occurred later are also submitted for approval. For each internal audit mission, a plan is drawn up to include the objectives of the mission, coverage, calendar and resource assignment. The objectives are set for each mission, in order to identify the risks associated to the reviewed activity. The risks are evaluated and the objectives of the mission reflect the results of this evaluation. In order to fulfil the mission objectives, work programs are drawn up and documented.

Internal audit activity is carried out as follows:

- compliance (regularity) audit – that has the objective of verifying the compliance with the laws, regulations, policies and procedures applicable;
- performance (operational) audit – that has the objective of verifying the quality and adequate nature of systems and procedures, critical analysis of organizational structure, the evaluation of method adequacy, resources and achievement of results in relation to the objectives set;
- corporate governance system audit- has the objective of evaluating the way in which the management position is exercised in order to reach company objectives.
- financial audit – has the objective of verifying the accuracy of the accounting records and financial reports.

Internal audit missions carried out in the reporting period have targeted:

- the completion of the human resource and wage mission, partially run in 2015.
- periodic and current reports
- **litigations that might affect SIF Moldova's patrimony**
- activities run by the internal control department
- strategic and annual planning of the internal audit activity
- verification of the implementation of recommendations made by the internal audit during the missions
- fulfilment of the running requirements **for the "stock option plan" type programs**
- counselling during the drafting and auditing process of financial statements for the 1<sup>st</sup> semester of 2016 and 2015 consolidation financial statements

- activity regarding the social responsibility of the company represented by sponsorship actions
- participation within the work group **to implement the company's activity reorganization process run** in the 1<sup>st</sup> semester of 2016
- participation within the work group drafting the documentation, in order to implement AFIA legislation
- participation in the workgroup comprised of more departments to insure specific information exchange in order to draft the 2014-2015 price transfer file
- participation within the workgroup comprised of more departments to substantiate the accounting policies according to IFRS
- participation within the appointed workforce for the documentation and drafting of informative materials corresponding to the agenda of the ordinary and extraordinary general meeting of SIF Moldova on 25/26.04.2016
- participation within the work committees/ groups appointed by the Board of Directors or managers
- verification of some compliance aspects at the request of the Board of Directors or managers
- making analysis and drafting opinions at the request of managers and directors.

There have been no cases of accepting a level of residual risk assessed as unacceptable for the company.

Internal auditors inform the Audit Committee and Board of Directors about the objectives and purpose of the mission, conclusions, recommendations and applicable action plans. Notifications are made through internal audit reports, at the end of each mission.

## 5.2. Internal Control Activity

The internal control department insures the supervision of **SIF Moldova and its employees'** abidance by current applicable to the capital market and intern procedures.

SIF Moldova sets and maintains the internal control position permanently and operatively, position that is exercised independently.

The internal control activity was carried out mainly through permanent control of a pro-active nature, carried out through the continuous supervision and monitoring of the activities that fall into internal control area of competence, in order to prevent the occurrence of legal and internal non-compliance cases, and increase the efficiency of the internal control function.

The reporting period has been marked by the implementation of / alignment to a series of new **legislative provisions applicable to SIF Moldova's activity.**

Starting with July 3, 2016 the EU regulations regarding market abuse are directly applicable. Up to this date, their incidence in SIF activity regarded the management of some of the operations, in the closed period prior to the notification of financial statements:

- a) interdiction to make personal transactions with SIF2 shares;
- b) SIF making SIF2 transactions (buy-back program) by framing in the derogation provided by Article 5 paragraph (1) of the EU Regulation no. 596/2014 and Article 4 of EU Regulation 2016/1052;
- c) interdiction for SIF to carry out transaction with SIF issuer shares of the issuers where SIF is acting as initiated individual, through an /some individual(s) in SIF management bodies, who is/are members of the management body of that issuer.

Specific activities that have been covered by internal control/approval:

1. Certification of compliance with legal obligations and internal regulations on organizing / conducting the *General Meeting of Shareholders* of August 29, 2016 for the approval of 2015 consolidated financial statements - the first meeting for application the ASF Norm no. 39/2015
2. *Participation in defining the internal implementation of the consolidation of the nominal value of the share SIF 2*, approved by the EGMS of January 13, 2016 and EGMS of April 25, 2016 (update schedule for the operation): workshops with ASF's specialized departments in order to

- finalize the prospectus, addresses to the capital market institutions with responsibilities in technical procedure
3. *Stage:* taking into consideration the rejection of the Prospectus by ASF Decision no. 1992 / Oct 12, 2016, the consolidation operation cannot be continued in the near future, because no longer can fit in the terms approved by the EGMS resolutions of April 25, 2016.
  4. Approval of documents / conducting the *corporate operations approved by the EGMS* of April 25, 2016 on the *buy-back of shares* (in compliance with EGMS of April 25, 2016) - notifications, reports, correspondence with the authority on compliance with the legislation on market abuse, approval of legal acts
  5. Verification of the observance of the law on the management of *privileged information*: updating the list of persons and communication to ASF; application of the mechanism to delay the disclosure of inside information
  6. Approval of monthly net asset calculation and statistic reports (BNR, ASF).
  7. Insurance of the institutional reporting of SIF Moldova and its subsidiaries within the legal deadlines: current reports regarding own activity and current reports of the mother company on behalf of the subsidiaries (not the case)
  8. Notifications to capital market institutions regarding matters of interest for SIF Moldova or for the activity fields and participation to the drafting of some proposals/recommendations/observations to the legislative programs in public consultation procedure.
  9. The internal *compliance* activity included: conformity approvals for investments, drafting monthly analysis along with the Risk Management department (while applying the procedure regarding conflict of interest); supervision of the monitoring mechanism for the legal and prudential investment limits for assets and current reports regarding adopted measures to avoid passive exceeding of holding limits, approval of work procedure revisions, notifications to employees, managers and directors of SIF Moldova and its branches (when needed) regarding new laws **applicable to the company's activity**; compliance approvals for the change of working procedures and job descriptions (in terms of compliance with the internal regulations)

Between May 9 and May 27, 2016 it was carried out the periodical ASF verification for the activity conducted by SIF Moldova between Oct 24, 2013 and May 9, 2016. ASF has submitted the result of the periodical verification (entry no. ASF 11849/17.10.2016, entry no. SIF 5503/17.10.2016). The implementation of the measures requested through Decision no. 1999/13.10.2016 will be submitted to ASF within the set deadline.

In the verification activity carried out during Q3 2016 we have identified no legal non-compliance. Internal non-compliances such as the revision of regulations have been communicated to the departments and the meeting of set measures is being monitored.

## 6

## Corporate Governance

## 6.1.

## Relationship with Investors. Dividend Policy.

Related information in  
[The Corporate Governance  
Code of SIF Moldova](#)

Chapter 3. General  
Meeting of Shareholders  
Chapter 4.

**Shareholders' rights**

*Note – details regarding each reporting category provided in the reporting period are presented in annex 4.*

In the reporting period all transparency, information and reporting obligations have been complied with, through press releases, the publication of mandatory reports and running extensive correspondence with the shareholders. The shareholders / investors were provided with additional information, some of periodical nature (monthly newsletter) drafted in such a way so as to insure daily notification regarding the **company's performance**.

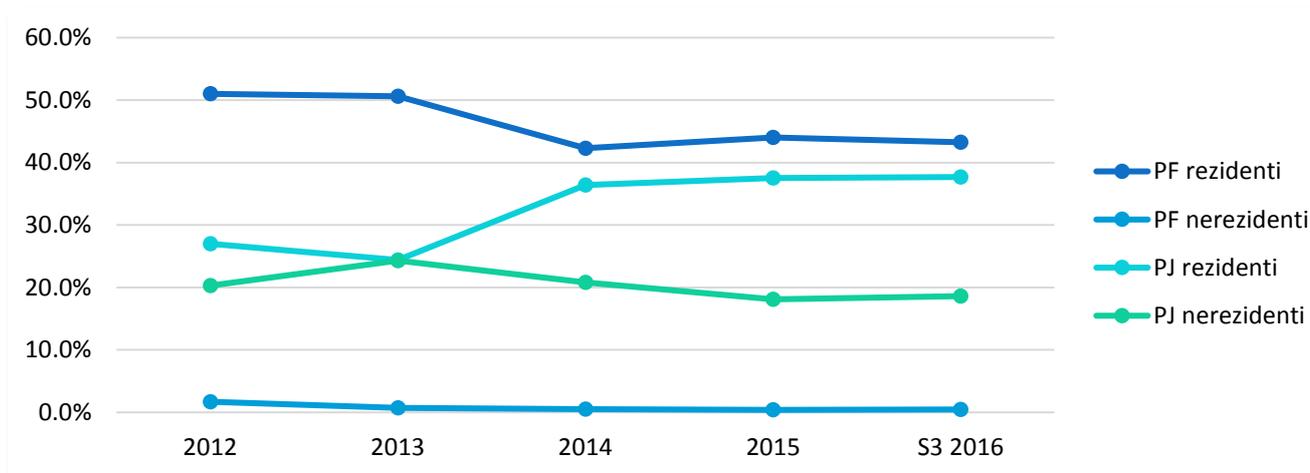
According to the provisions of the "Corporate Governance Code", the relevant periodical and continuous information have been disseminated both in the Romanian and English language. An important part of the relationship with the shareholders is the direct communication component: written communication (letters; e-mails); phone communication.

## Dividend Policy

## Shareholding structure as of 30.09.2016

	Residents		Non-residents		Total
	Shareholders	% share capital	Shareholders	% share capital	% share capital
Natural individuals (PF)	5.768.081	43,2	1.776	0,5	43.7
Companies (PJ)	237	37,7	46	18,6	56.3
<b>TOTAL</b>	<b>5.768.318</b>	<b>80,9</b>	<b>1.822</b>	<b>19,1</b>	<b>100.0</b>

## Evolution of shareholding structure (% of held share capital)



## Dividend Payment:

Dividend Payment on 30.09.2016	Dividend 2013	Dividend 2014	Dividend 2015
	0,066 lei/share	0,1012 lei/share	0,0450 lei/share
Total dividends to be paid (lei)	34.259.913	52.531.866	46.250.883
Total paid up to 30.09.2016 (lei)	27.354.063	41.472.501	33.815.697
% paid on 30.09.2016	79,84	78,95	73,11

The dividend payment method, abiding by incidental legal provisions article 146 line, (5<sup>^</sup>1) of Law 297/2004 and art.106<sup>^</sup>1<sup>5</sup> of ASF regulation no. 1/2006) – foresees the payment of the Central Depository, as follows:

- In case of a shareholder who a securities account opened with an intermediary, participant to the compensation-offset system and central depository register, dividend payment is made through the central depository and participants to the compensation-offset system and register of central depository.
- *In case of a shareholder who does not have a securities account opened with an intermediary, participant to the compensation-offset system and register of central depository register, dividend payment is made by the central depository through Transilvania Bank (payment agent appointed by SIF Moldova).*

Modalitati de plata - tip actionari:	dividend 2015	2015- %
Natural individuals - total, of which:	25.402.488,65	54,92
1. PJ – payment to participants	25.087.690,25	54,24
2. PJ – transfer by request	314.798,40	0,68
Companies- total, of which:	8.413.208,78	18,19
3. PF - payment to participants	6.718.967,93	14,53
4. PF - transfer by request	463.152,22	1,00
5. PF - <b>payment at the payment agent's counter</b>	1.231.088,63	2,66
Total dividend 2015 paid on 30.09.2016 (1+2+3+4+5)	33.815.697,43	73,11

## 6.2. Corporate Events

### 6.2.1. OGMS of Aug 29, 2016

*(Current report of Aug 29, 2016)*

**SIF Moldova SA's Ordinary General Meeting** of Shareholders was held on first summons, on 29.08.2016, at 10 o'clock, at the headquarters of SIF Moldova SA Bacau, str. Pictor Aman nr. 94 C. According to the Convener, the individuals having the shareholder quality on reference day 18.08.2016 were allowed to participate and vote.

A number of 55 shareholders participated in person, or through representatives, or correspondence, holding a number of 301.065.192 voting rights shares, representing 29,271% of the total number of voting rights shares in the share capital of SIF Moldova SA (1.028.553.112 voting rights shares; 9.626.064 shares, representing 0,92% of the share capital are shares without voting right, being shares bought-back by SIF Moldova according to the decision of EGMS no.4/01.04.2015 and no. 4/25.04.2016).

The Meeting of the Ordinary General Meeting was presided by Mr. Costel Ceoceca, President and CEO of SIF Moldova SA.

In the Ordinary General Meeting all items on the agenda have been discussed and approved, with a majority of votes held by the present or represented shareholders, abiding by the **statutory provisions (art. 6 line 18 of SIF Moldova's Articles of Incorporation) and the provisions of Law no. 31/1990** regarding companies, as follows:

#### Resolution no. 1

Approves the election of the secretary of the Ordinary General Meeting of Shareholders comprised of 3 individuals entered in the vote forms, from among the shareholders of the company, as per art. 129, line (2) of Law no. 31/1990 regarding companies: Nicolaescu George Catalin, Puscas Michaela, Sofian Virginia.

## Resolution no. 2

Approves the consolidated financial statements drafter according to the International Financial Reporting Standards (IFRS) for financial year 2015 and Consolidated Report of the Board of Directors, accompanied by the Report of the Financial Auditor.

*Note: The IFRS 2015 consolidated financial statements and Consolidated Report of the Board of Directors, approved within OGMS /29.08.2016, are available on SIF Moldova's website [www.sifm.ro](http://www.sifm.ro).*

## Resolution no. 3

Approves the date of 14.09.2016 as registration date (ex-date: 13.09.2016) of the shareholders affected by the effects of the resolutions adopted in the Ordinary General Meeting of Shareholders.

## Resolution no. 4

Authorises the Board of Directors, and individually, its members, to fulfil the resolutions adopted by the Ordinary General Meeting of Shareholders.

## 6.2.2. Evolution of SIF2 shares buy-back program

*Conclusion of the 1<sup>st</sup> and 2<sup>nd</sup> stage of the share buyback program run according to EGMS decision no. 4/25.04.2016\*.*

## Stage 1 – current report of 26.07.2016:

➤ No. of bought shares:	3.000.000
➤ Average price:	0,7201 lei
➤ Total share value:	2.160.436,08 lei
➤ Percentage of SIF Moldova capital:	0,289%
➤ Program run time:	15.06.2016 – 25.07.2016
➤ Intermediary:	BT Capital Partners

## Stage 2 – current report of 14.10.2016 (event after the reporting period)

➤ Number of bought shares:	2.510.086
➤ Average price:	0,7586 lei
➤ Total share value:	1.904.151 lei
➤ Percentage of SIF Moldova capital:	0,2418 %
➤ Program run time:	12.08.2016 – 13.10.2016
➤ Intermediary:	BT Capital Partners

With the conditions of the present buy-back program, SIF Moldova has fallen into the waver foreseen by art. 5 line (1) EU regulation no.596/2014 and art.4 EU regulation no. 2016/1052.

*\*EGMS decision no 4/25.04.2016 (OG part IV, no. 1861/16.05.2016) regarding the buy-back program a) maximum number of shares to be acquired: 1% of share capital, representing 10.381.791 shares or 415.271 shares of the nominal value consolidation operation to 2.5 lei/share is concluded; b) the buyback program has the purpose the assignment of shares according to the law and the articles of incorporation; c) the minimum purchase price will be that of BVB from the time the transaction is made, and the maximum purchase price of the shares will be 62.5 lei/share, determined by the end of the nominal value consolidation operation at 2,5 lei/share and the possible coming into force of FIA regulations destined to retail investors, foreseeing a share nominal value of at least 5 lei; d) program duration: 18 months from the date the EGMS resolution is published in the Official Gazette, part IV.*

*OGMS resolution no.8/25.04.2016 (OG part IV, no. 1861/16.05.2016) “Approves the running of “stock option plan” programs for the distribution of “SIF2” with gratuitous tile to the managers, directors and employees of SIF Moldova, the source being the shares not used in the buyback program approved through EGMS decision no. 4/01.04.2015 and the shares that are to be bought back through the program presented for EGMS approval on 25/26.04.2016 of maximum 16.000.000 shares, of which for 2016 a maximum number of 10.400.000 shares shall be used.”*

### 6.2.3. SIF2 share nominal value consolidation (events after the reporting period)

Through the current report on 12.10.2016 - SIF Moldova informs its shareholders that through ASF decision no. 1992/12.10.2016 the circular drafted for the consolidation of the nominal value of SIF MOLDOVA issued shares has been declined.

Through the press release on 25.10.2016 – regarding the consolidation operation for SIF2 share nominal value, approved by GMS on 13.01.2016 and 25.04.2016, SIF Moldova has informed the shareholders about the following:

It has constantly acted so as to insure the conditions for the success of the operations, within the limitations set by GMS and according to applicable legal conditions.

Given the dismissal of the Circular through ASF resolution no. 1992/12.10.2016, the consolidation operation can no longer be continued in the near future, as it can no longer abide by the deadlines approved through EGMS decisions on 25.04.2016, namely:

- ✓ 14 - 28.10.2016 – option exercise and contribution payment;
- ✓ **08.11.2016** „payment date” – date when the new characteristics of the financial instruments are **entered in the holders' accounts according to the result of the operation and the payment of the amounts representing Contribution Restitution** is made.

It has been in constant contact with the specialized departments of ASF for the conclusion of the Circular and implementation of the operation, which we will continue to do in order to identify future solutions.

Regarding the operation to consolidate the nominal value of SIF 2 share, we make the following remarks:

1. Together with the extraordinary general meeting convenings of January 13, 2016 and April 25, 2016 there were detailed in the content of the documentation all the information necessary to clarify and motivate the fact that the Board proposal is a purely technical operation with potential positive impact on the overall performance of SIF Moldova, including the reducing of the operating costs.
2. The prospectus has been drawn within the limits set by the GMS, considering the arguments of a technical nature, namely the consolidation of the nominal value of a share from 0,1 lei/share to 2,5 lei/share. The shareholders who **don't have** a multiple of 25 shares could have been used the option to have an entire share, by cash contribution or they could have had the possibility to receive the contribution, in the range from 0,1 to 2,40 lei.

SIF has always acted in the sense of ensuring the conditions to achieve the operation, including the request of suspension from trading (article 111 of BSE Code) in the period 11-13 October 2016.

SIF Moldova maintains its opinion that the consolidation operation, through the awarding of new option for cash contribution/ contribution restitution to the share capital to the nominal value, is legal and beneficial for the company and its shareholders.

### 6.3.

Internal regulation – harmonisation with the organisational development directions and applicable law.

We have run the process of revising and re-approving the Internal Regulations:

- approval no.117/27.04.2016 (Chapter 6, „Internal rules and procedures regarding the avoidance of conflict of interest within SIF, including those regarding personal transactions”) (RC of 27.04.2016);
- notification of organisational structure modification, as per AFIA – starting with 01.06.2017 (RC of 01.06.2016);

- at present we are running the process of analysing, on ASF level, the documentation submitted by SIF Moldova for its registration/authorization as Alternate Investment fund (FIA) as per applicable regulations.

Corporate governance code – SIF Moldova complies with all principles stipulated in BVB Corporate Governance Code.

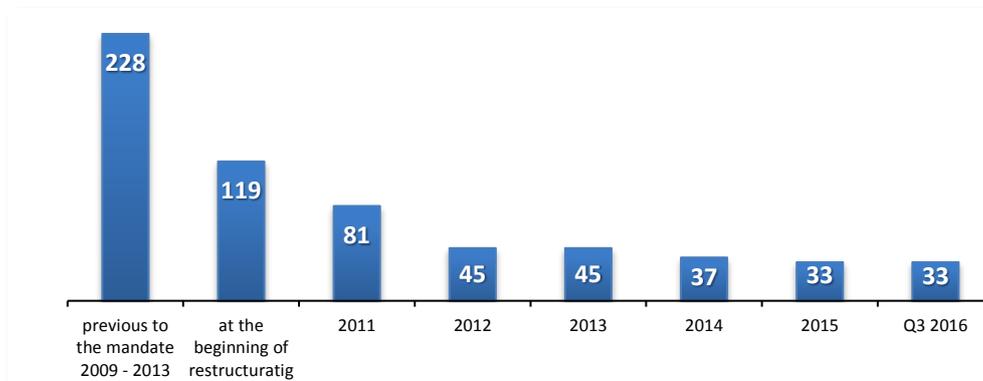
**At present we are running the process of aligning SIF Moldova's Corporate Governance Code with the provisions of ASF regulation no. 2/2016.**

#### 6.4. Human Resource Management

The efficiency process of the organizational structure, in agreement with SIF Moldova objectives and principles of the Code of Corporate Governance is a dynamic process conducted both at *the administration and at the executive level*. In the current work, it is ensured a clear division of responsibilities for surveillance and control against the duties of the executive management.

On the executive level a special attention is given to the human resources in order to ensure continuity of the professional training programs in order to maintain the experience acquired over many years of specialization. The staff training in various fields of activity (accounting, tax, risk management, IFRS, etc.) aims to ensure the increase of the reaction capacity of the organization in the substantiation of investment decisions in conditions of uncertainty. The staff is periodically evaluated both from the performance and specific knowledge point of view.

Following the run of the process to improve the organizational structure of the company, the number of employees has had the following evolution:



#### 6.5. Social Responsibility

According to the Governance Code, SIF Moldova permanently carried out activities regarding the **company's social responsibility, directly supporting, or through specialized foundations/ associations**, the under-privileged categories in the community it carries out its activity or supports scientific, cultural, sporting, medical, educational, environmental actions, local or national interest events. SIF Moldova uses the tax facilities that can be used for sponsoring activities.

The amount allocated for sponsorship in 2014 was of 1.323.583 lei and for 2015 it has been allocated the sum of 837.970 lei. For 2016, the amount allocated by the end of Q3 2016 98.548 lei, with the following division by fields: sport - 13%, culture - 29%, education - 13%, social - 15%, medical - 21%, other - 9%, using as guiding reference the recommendation of the Board of Directors regarding priority fields (education/culture - 40%, medical – 20%, social – 20%, other – 20%).

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*Annexes:*

1. Annex 1 - Net assets status as of September 30, 2016
  - Annex 1.1. S SIF Moldova Assets and Debts Status (ASF Regulation no. 15/2004 - A16)
  - Annex 1.2. Assets Status and details status of SIF Moldova investments (ASF Regulation no. 15/2004 - A17)
2. Annex 2 IFRS Financial statements as of September 30, 2016
3. Annex 3 Litigations status as of September 30, 2016
4. Annex 4 BVB, ASF Reports – 2016
5. Annex 5 2014 – 2018 Investment Policy Statement; Report of the Board on the implementation status of 2014 - 2018 multi-annual strategy and investments made (GMS of January 13, 2016).

\*\*\*

*The Board of Directors Activity Report corresponding to the Q3 2016 has been approved in the BD of November 11, 2016.*

President and CEO  
Costel Ceocea

Chief Accountant  
Cristina Andries

Internal control  
Michaela Puscas

**STATEMENT OF ASSETS AND LIABILITIES OF SIF MOLDOVA**  
**Date of calculation 30/09/2016 - Monthly, balanta IFRS**

		LEI	% total assets
<b>1</b>	<b>NON-CURRENT ASSETS OF WHICH:</b>	<b>294.415.123,19</b>	<b>17,570</b>
1.1	Intangible assets	128.931,00	0,008
1.2	Tangible assets	10.059.628,00	0,600
1.3	Financial assets, of which:	284.226.564,19	16,962
1.3.1	Listed shares, of which:	15.408.971,30	0,920
1.3.1.1	shares listed but never traded	0,00	0,000
1.3.1.2	shares listed but never traded in the last 30 days	15.408.971,30	0,920
1.3.2	Unlisted shares (closed), of witch:	223.082.212,94	13,313
1.3.2.1	Unlisted shares (closed)	222.184.795,40	13,260
1.3.2.2	untraded SICAR shares	897.417,54	0,054
1.3.3	Government securities	0,00	0,000
1.3.4	Certificates of deposit	0,00	0,000
1.3.5	Bank deposits	0,00	0,000
1.3.6	Unlisted bonds, of which:	7.268.280,91	0,434
1.3.6.1	Municipal bonds	0,00	0,000
1.3.6.2	Corporate bonds	7.268.280,91	0,434
1.3.7	Listed but never traded in the last 30 trading days, of which:	2.483.961,71	0,148
1.3.7.1	Municipal bonds	120.871,90	0,007
1.3.7.2	Corporate bonds	2.363.089,81	0,141
1.3.8	Newly issued securities	0,00	0,000
1.3.9	UCITS and non-UCITS equity securities	35.893.330,33	2,142
1.3.9.1	Not-traded fund units (non-UCITS)	35.893.330,33	2,142
1.3.9.2	Not-traded shares (non-UCITS)	0,00	0,000
1.3.9.3	ETF	0,00	0,000
1.3.10	Total other financial assets, of which:	89.807,00	0,005
1.3.10.1	Loans granted to group entities, associated entities and jointly controlled entities	0,00	0,000

		LEI	% total assets
1.3.10.2	Other financial assets (bail + guarantees administrators)	89.807,00	0,005
<b>2</b>	<b>CURRENT ASSETS, OF WHICH:</b>	<b>1.380.875.988,55</b>	<b>82,409</b>
2.1	Inventories	11.301,00	0,001
2.2	Claims, of which:	5.507.644,00	0,329
2.2.1.	Trade bills receivable	0,00	0,000
2.2.2.	Other claims	5.507.644,00	0,329
2.3	Cash availability	3.582.549,37	0,214
2.3.1	amounts in current accounts and in the financial investments services company accounts	3.582.549,37	0,214
2.3.2	amounts under settlement	0,00	0,000
2.3.3	amounts in transit	0,00	0,000
2.4	Short-term financial investments, of which:	1.202.720.103,29	71,777
2.4.1	Listed shares, of which:	1.035.234.756,51	61,782
2.4.1.1	listed on BVB	1.020.659.858,15	60,912
2.4.1.2	listed on foreign markets	2.652.422,85	0,158
2.4.1.3	listed on BVB-BER	0,00	0,000
2.4.1.4	listed on BVB-BER-OTC market	0,00	0,000
2.4.1.5	listed on SIBEX	668.486,80	0,040
2.4.1.6	listed on ATS	10.908.454,89	0,651
2.4.1.7	listed on SIBEX - ATS	345.533,82	0,021
2.4.2	Unlisted shares (unlisted but traded on BVB)	0,00	0,000
2.4.3	Traded bonds, of which:	0,00	0,000
2.4.3.1	Municipal bonds	0,00	0,000
2.4.3.2	Corporate bonds	0,00	0,000
2.4.4	UCITS and non-UCITS equity securities	163.917.552,45	9,782
2.4.4.1	Traded fund units (non-UCITS)	2.708.199,16	0,162
2.4.4.2	Non-traded fund units (UCITS)	52.498.848,66	3,133
2.4.4.3	Traded shares (non-UCITS)	108.710.504,63	6,488
2.4.4.4	ETF	0,00	0,000
2.4.5	Dividends or other receivables, of which:	3.567.794,33	0,213
2.4.5.1	Preference/allocation rights	0,00	0,000
2.4.5.2	dividends due from listed issuers	3.567.794,33	0,213
2.4.5.3	bonus shares	0,00	0,000
2.4.5.4	shares distributed with cash contribution	0,00	0,000
2.4.5.5	amounts due from capital decreases	0,00	0,000

		LEI	% total assets
2.5	Newly issued securities	0,00	0,000
2.6	Government securities	0,00	0,000
2.7	Bank deposits	168.976.206,45	10,084
2.8	Certificates of deposit	0,00	0,000
2.9	Other assets	78.184,44	0,005
2.9.1	Amounts to be cashed as a result of withdrawal from companies	72.967,44	0,004
2.9.2	Other current assets	5.217,00	0,000
<b>3</b>	<b>DERIVATIVES</b>	<b>0,00</b>	<b>0,000</b>
<b>4</b>	<b>ACCRUED EXPENSES</b>	<b>338.712,00</b>	<b>0,020</b>
<b>5</b>	<b>TOTAL ASSETS</b>	<b>1.675.629.823,74</b>	<b>100,000</b>
<b>6</b>	<b>TOTAL LIABILITIES, of which:</b>	<b>82.157.031,00</b>	
6.1	Loans from bond issue	0,00	
6.2	Amounts due to credit institutions	0,00	
6.3	Advance payments received from clients	0,00	
6.4	Trade creditors	665.132,00	
6.5	Trade bills payable	0,00	
6.6	Amounts due to group entities	536.053,00	
6.7	Amounts due to associated entities and jointly controlled entities	0,00	
6.8	Other liabilities, of which:	80.955.846,00	
6.8.1	Dividends due to the shareholders	30.401.047,00	
6.8.2	Amounts subscribed and not paid to the share capital increases of the issuers	0,00	
6.8.3	Other debts	50.554.799,00	
6.9	Debts from financial leasing operations	0,00	
6.10	Debts resulting from derivative operations	0,00	
<b>7</b>	<b>PROVISIONS FOR LIABILITIES AND EXPENSES</b>	<b>2.674.350,00</b>	
<b>8</b>	<b>DEFERRED INCOME, of which:</b>	<b>7.349,00</b>	
8.1	Subventions for investments	0,00	
8.2	Deferred Income	7.349,00	
8.3	Deferred income related to the assets received by transfer from clients	0,00	
<b>9</b>	<b>EQUITY CAPITAL, of which:</b>	<b>1.515.421.987,00</b>	
9.1	Share capital	103.817.918,00	
9.2	Premiums related to capital	0,00	
9.3	Revaluation differences	8.465.908,00	

		LEI	% total assets
9.4	Reserves	551.604.256,00	
9.5	Reported result	204.587.149,00	
9.6	Result of the year	131.415.058,00	
9.7	Profit distribution	0,00	
9.8	Own shares	9.490.358,00	
9.9	Reported result due to the adoption of IAS 29 for the first time	433.706.298,00	
9.10	Share capital adjustments	435.902.231,00	
9.11	Other equity elements	522.826.123,00	
<b>10</b>	<b>TOTAL LIABILITIES</b>	<b>1.600.260.717,00</b>	
<b>11</b>	<b>NET ASSETS</b>	<b>1.593.465.443,74</b>	
<b>12</b>	<b>NUMBER OF ISSUED SHARES</b>	<b>1.026.355.026</b>	
<b>13</b>	<b>NET ASSET VALUE PER SHARE</b>	<b>1,5525</b>	
<b>14</b>	<b>NUMBER OF COMPANIES IN THE PORTFOLIO, of which:</b>	<b>86</b>	
14.1	Companies admitted to trading on a regulated market	24	
14.2	Companies admitted to trading on an alternative trading system	21	
14.3	Not admitted companies to trading (closed companies)	41	
15	Companies for which no financial information was collected	1	

For the unlisted companies on which occurred share capital increases, the assessment through the book value/share method was carried out by using the equity in the financial statements which reflect the share capital increase.  
SIF Moldova is in correspondence with the capital market institutions involved in this approach.

**Prepared  
SIF MOLDOVA**

President and CEO,  
Costel CEOCEA

Chief Accountant  
Carmen Cristina ANDRIES

Back Office  
Gabriela PETER

Internal Control  
Michaela PUSCAS

**Depositary Certification  
BRD - Groupe Societe Generale**

Securities Department  
Manager, Claudia IONESCU

Certified, Ionela RADUCU

**The assets of SIF Moldova in compliance with ASF Regulation no 9/2014 - Annex 17**  
**Date: 30/09/2016 - Monthly**

Item	Currency	The beginning of the reporting period (31/12/2015)				The end of the reporting period (30/09/2016)				Differences
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	
A. Grand total assets	RON	107,743	100,000	0,00	1.545.351.468,56	105,156	100,000	0,00	1.675.629.823,74	130.278.355,18
I. Total assets	RON	107,127	99,428	0,00	1.536.512.672,40	104,445	99,324	0,00	1.664.296.520,92	127.783.848,52
	CAD	0,047	0,043	224.973,27	671.725,19	0,172	0,164	906.955,27	2.743.539,69	2.071.814,50
	CZK	0,000	0,000	15,96	2,67					-2,67
	EUR	0,568	0,528	1.802.072,99	8.153.479,25	0,538	0,512	1.926.085,13	8.575.508,85	422.029,60
	GBP	0,000	0,000	61,45	377,71					-377,71
	PLN	0,000	0,000	0,98	1,04					-1,04
	USD	0,001	0,001	3.184,97	13.210,30	0,001	0,001	3.579,50	14.254,28	1.043,98
1. Securities and money market instruments, of which:	RON	69,644	64,638	0,00	998.888.933,76	65,924	62,691	0,00	1.050.475.266,67	51.586.332,91
	CAD	0,041	0,038	194.852,00	581.789,10	0,166	0,158	876.834,00	2.652.422,85	2.070.633,75
1.1. securities and money market instruments admitted or traded on a Romanian regulated market, of which:	RON	69,644	64,638	0,00	998.888.933,76	65,924	62,691	0,00	1.050.475.266,67	51.586.332,91
1.1.1. shares and similar securities (mentioning each category)	RON	69,478	64,485	0,00	996.520.501,97	65,768	62,543	0,00	1.047.991.304,96	51.470.802,99
1.1.1.a. admitted on BVB	RON	67,126	62,301	0,00	962.776.975,47	64,053	60,912	0,00	1.020.659.858,15	57.882.882,68
1.1.1.b. admitted on BVB-BER	RON			0,00				0,00		0,00
1.1.1.c. admitted on BVB-BER-OTC market	RON			0,00				0,00		0,00
1.1.1.d. preference/allocation rights	RON			0,00				0,00		0,00
1.1.1.d.1. not traded	RON			0,00				0,00		0,00
1.1.1.d.2. traded	RON			0,00				0,00		0,00
1.1.1.e. unlisted but traded through BVB system	RON			0,00				0,00		0,00
1.1.1.f. admitted but never traded	RON			0,00				0,00		0,00

Item	Currency	The beginning of the reporting period (31/12/2015)				The end of the reporting period (30/09/2016)				Differences
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	
1.1.1.g. admitted but not traded in the last 30 days	RON	1,761	1,635	0,00	25.259.753,99	0,967	0,920	0,00	15.408.971,30	-9.850.782,69
1.1.1.h. listed on BVB - in litigation	RON			0,00				0,00		0,00
1.1.1.i. admitted on SIBEX	RON			0,00		0,042	0,040	0,00	668.486,80	668.486,80
1.1.1.j. admitted on ATS	RON	0,570	0,529	0,00	8.176.105,41	0,685	0,651	0,00	10.908.454,89	2.732.349,48
1.1.1.l. admitted on SIBEX - ATS	RON	0,021	0,020	0,00	307.667,10	0,022	0,021	0,00	345.533,82	37.866,72
1.1.2. bonds (by categories of issuers)	RON	0,165	0,153	0,00	2.368.431,79	0,156	0,148	0,00	2.483.961,71	115.529,92
1.1.2.a. municipal bonds	RON	0,009	0,008	0,00	129.812,63	0,008	0,007	0,00	120.871,90	-8.940,73
1.1.2.b. localities bonds	RON			0,00				0,00		0,00
1.1.2.c. corporate bonds	RON	0,156	0,145	0,00	2.238.619,16	0,148	0,141	0,00	2.363.089,81	124.470,65
1.1.2.d. government bonds	RON			0,00				0,00		0,00
1.1.3. other receivables (by issuer type and issuer category)	RON			0,00				0,00		0,00
1.1.4. other securities	RON			0,00				0,00		0,00
1.1.5. money market instruments (by categories);	RON			0,00				0,00		0,00
1.1.5.a. government securities	RON			0,00				0,00		0,00
1.2. securities and money market instruments admitted or traded on a regulated market, within a member state	RON			0,00				0,00		0,00
1.3. securities and money market instruments admitted in the official quotation of a stock market, within a non-member state, or negotiated on another regulated market within a non-member state	RON			0,00				0,00		0,00
	CAD	0,041	0,038	194.852,00	581.789,10	0,166	0,158	876.834,00	2.652.422,85	2.070.633,75
2. newly issued securities	RON			0,00				0,00		0,00
3. other securities and money market instruments, mentioned in art. 187, paragraph a), of which:	RON	16,169	15,007	0,00	231.903.212,07	13,943	13,260	0,00	222.184.795,40	-9.718.416,67
	EUR	0,558	0,518	1.768.839,56	8.003.114,60	0,512	0,487	1.834.040,48	8.165.698,45	162.583,85
3.1. securities (by categories and types of issuers)	RON	16,169	15,007	0,00	231.903.212,07	13,943	13,260	0,00	222.184.795,40	-9.718.416,67
	EUR	0,558	0,518	1.768.839,56	8.003.114,60	0,512	0,487	1.834.040,48	8.165.698,45	162.583,85
3.1.1. Shares	RON	16,169	15,007	0,00	231.903.212,07	13,943	13,260	0,00	222.184.795,40	-9.718.416,67
	EUR	0,035	0,032	109.585,66	495.820,33	0,056	0,054	201.562,68	897.417,54	401.597,21
3.1.2. Bonds	RON			0,00				0,00		0,00

Item	Currency	The beginning of the reporting period (31/12/2015)				The end of the reporting period (30/09/2016)				Differences
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	
	EUR	0,523	0,486	1.659.253,90	7.507.294,27	0,456	0,434	1.632.477,80	7.268.280,91	-239.013,36
3.1.2.a. corporate bonds	RON			0,00				0,00		0,00
	EUR	0,523	0,486	1.659.253,90	7.507.294,27	0,456	0,434	1.632.477,80	7.268.280,91	-239.013,36
3.1.2.b. municipal bonds	RON			0,00				0,00		0,00
3.1.2.c. localities bonds	RON			0,00				0,00		0,00
3.1.2.d. government bonds	RON			0,00				0,00		0,00
3.2. money market instruments (by categories)	RON			0,00				0,00		0,00
3.2.1. certificates of deposit	RON			0,00				0,00		0,00
4. Bank deposits, of which:	RON	6,342	5,886	0,00	90.961.057,00	10,604	10,084	0,00	168.976.206,45	78.015.149,45
4.1. bank deposits in Romanian credit institutions;	RON	6,342	5,886	0,00	90.961.057,00	10,604	10,084	0,00	168.976.206,45	78.015.149,45
4.2. bank deposits in member state credit institutions;	RON			0,00				0,00		0,00
4.3. bank deposits in non-member state credit institutions;	RON			0,00				0,00		0,00
5. Derivatives traded on a regulated market:	RON			0,00				0,00		0,00
5.1. Derivatives traded on a Romanian regulated market, by categories;	RON			0,00				0,00		0,00
5.1.1. Futures	RON			0,00				0,00		0,00
5.1.2. Options	RON			0,00				0,00		0,00
5.2. Derivatives traded on a member state regulated market, by categories	RON			0,00				0,00		0,00
5.3. Derivatives traded on a non-member state regulated market, by categories	RON			0,00				0,00		0,00
5.4. Derivatives traded outside the regulated markets, by categories	RON			0,00				0,00		0,00
6. Cash and current accounts	RON	0,025	0,023	0,00	351.528,56	0,192	0,183	0,00	3.067.367,85	2.715.839,29
	CAD	0,006	0,006	30.121,27	89.936,09	0,006	0,005	30.121,27	91.116,84	1.180,75
	CZK	0,000	0,000	15,96	2,67	0,000	0,000	0,00	0,00	-2,67
	EUR	0,010	0,010	33.233,43	150.364,65	0,026	0,024	92.044,65	409.810,40	259.445,75
	GBP	0,000	0,000	61,45	377,71	0,000	0,000	0,00	0,00	-377,71
	PLN	0,000	0,000	0,98	1,04	0,000	0,000	0,00	0,00	-1,04
	USD	0,001	0,001	3.184,97	13.210,30	0,001	0,001	3.579,50	14.254,28	1.043,98
7. Money market instruments, others than those traded on a regulated market, in accordance with art. 101 (1) letter g) of Law 297/2004.	RON			0,00				0,00		0,00

Item	Currency	The beginning of the reporting period (31/12/2015)				The end of the reporting period (30/09/2016)				Differences
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	
8. UCITS and non UCITS equity securities, of which:	RON	13,755	12,767	0,00	197.292.535,74	12,539	11,925	0,00	199.810.882,78	2.518.347,04
8.1. UCITS securities	RON	1,104	1,025	0,00	15.840.998,35	3,295	3,133	0,00	52.498.848,66	36.657.850,31
8.1.1. Fund units	RON	1,104	1,025	0,00	15.840.998,35	3,295	3,133	0,00	52.498.848,66	36.657.850,31
8.1.2. ETFs	RON			0,00				0,00		0,00
8.2. non UCITS securities	RON	12,651	11,742	0,00	181.451.537,39	9,245	8,791	0,00	147.312.034,12	-34.139.503,27
8.2.1. Shares / Fund units	RON	12,651	11,742	0,00	181.451.537,39	9,245	8,791	0,00	147.312.034,12	-34.139.503,27
8.2.2. ETFs	RON			0,00				0,00		0,00
9. Other assets (amounts in transit, receivables from distributors, brokerage houses, tangible and intangible assets, claims, etc)	RON	1,193	1,108	0,00	17.115.405,27	1,241	1,181	0,00	19.782.001,77	2.666.596,50

**Prepared**  
**SIF MOLDOVA**

President and CEO,  
Costel CEOCEA

Chief Accountant  
Carmen Cristina ANDRIES

Back Office  
Gabriela PETER

Internal Control  
Michaela PUSCAS

**Depository Certification**  
**BRD - Groupe Societe Generale**

Securities Department  
Manager, Claudia IONESCU

Certified, Ionela RADUCU

## DETAILED STATEMENT OF INVESTMENTS

Securities admitted or traded on a Romanian regulated market  
Date: 30/09/2016 Monthly

No	Issuer	Symbol	Last trading session	Owned shares	Nominal value / share	Market value / share	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8 = 5 * 7	9	10	11
<b>ADMITTED COMPANIES TO ATS</b>										
1	ADMET	ADMY	26.08.2016	125.400	2,5000	2,7400	343.596,00	23,842	0,021	0,022
2	CHIMCOMPLEX	CHOB	26.09.2016	3.394.967	1,2600	0,6500	2.206.728,55	2,626	0,132	0,138
3	COMAT GALATI	COTM	16.09.2016	1.028.875	1,0000	0,5100	524.726,25	9,455	0,031	0,033
4	ELEROM	ELER	31.08.2016	23.357	13,0000	13,9000	324.662,30	8,930	0,019	0,020
5	FAM	FAMZ	22.09.2016	108.237	6,3000	3,3600	363.676,32	23,356	0,022	0,023
6	IASITEX	IASX	28.09.2016	611.269	10,2400	5,5600	3.398.655,64	29,036	0,203	0,213
7	MARTENS	MABE	20.09.2016	72.203	2,5000	2,9000	209.388,70	7,743	0,012	0,013
8	REGAL	REGL	16.09.2016	1.116.258	0,1000	1,2000	1.339.509,60	93,022	0,080	0,084
9	SANTIERUL NAVAL CONSTANTA	SNC	13.09.2016	1.300.836	2,5000	0,9000	1.170.752,40	2,001	0,070	0,073
10	STOFE	STOF	29.09.2016	322.224	2,5000	1,4000	451.113,60	16,226	0,027	0,028
11	TRANSILANA	TRSK	23.09.2016	7.352.083	0,1000	0,0510	374.956,23	15,080	0,022	0,024
12	TRANSTEC	TRCS	16.09.2016	286.699	2,5000	0,7000	200.689,30	41,031	0,012	0,013
<b>TOTAL ADMITTED COMPANIES TO ATS</b>							<b>10.908.454,89</b>		<b>0,651</b>	<b>0,685</b>

No	Issuer	Symbol	Last trading session	Owned shares	Nominal value / share	Market value / share	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8 = 5 * 7	9	10	11
<b>ADMITTED COMPANIES TO BVB</b>										
1	AEROSTAR	ARS	30.09.2016	22.748.564	0,3200	3,0900	70.293.062,76	14,939	4,195	4,411
2	ANTIBIOTICE	ATB	30.09.2016	3.292.409	0,1000	0,5160	1.698.883,04	0,490	0,101	0,107
3	BANCA TRANSILVANIA	TLV	30.09.2016	261.432.451	1,0000	2,3650	618.287.746,62	7,170	36,899	38,801
4	BIOFARM	BIO	30.09.2016	134.207.209	0,1000	0,2720	36.504.360,85	13,620	2,179	2,291
5	BRD	BRD	30.09.2016	348.301	1,0000	11,0000	3.831.311,00	0,050	0,229	0,240
6	BURSA DE VALORI BUCURESTI	BVB	30.09.2016	383.709	10,0000	27,1000	10.398.513,90	5,000	0,621	0,653
7	CASA DE BUCOVINA CLUB DE MUNTE	BCM	29.09.2016	10.304.334	0,1000	0,0716	737.790,31	6,158	0,044	0,046
8	COMPA	CMP	30.09.2016	13.129.100	0,1000	0,9720	12.761.485,20	6,000	0,762	0,801
9	CONPET	COTE	30.09.2016	110.260	3,3000	76,4000	8.423.864,00	1,274	0,503	0,529
10	CONTED	CNTE	30.09.2016	2.495	9,5300	42,0000	104.790,00	1,041	0,006	0,007
11	ELECTRICA SA	EL	30.09.2016	620.772	10,0000	13,7600	8.541.822,72	0,179	0,510	0,536
12	ELECTROMAGNETICA	ELMA	30.09.2016	34.301.800	0,1000	0,1560	5.351.080,80	5,074	0,319	0,336
13	MECANICA CEHLAU	MECF	30.09.2016	145.898.407	0,1000	0,1215	17.726.656,45	60,814	1,058	1,112
14	OMV PETROM	SNP	30.09.2016	215.241.875	0,1000	0,2440	52.519.017,50	0,380	3,134	3,296
15	SNGN ROMGAZ SA	SNG	30.09.2016	2.650.000	1,0000	23,2500	61.612.500,00	0,688	3,677	3,867
16	SNTGN TRANSGAZ	TGN	30.09.2016	267.972	10,0000	306,0000	81.999.432,00	2,276	4,894	5,146
17	TRANSELECTRICA	TEL	30.09.2016	1.019.370	10,0000	29,3000	29.867.541,00	1,391	1,782	1,874
<b>TOTAL ADMITTED COMPANIES TO BVB</b>							<b>1.020.659.858,15</b>		<b>60,912</b>	<b>64,053</b>
<b>ADMITTED BUT NOT TRADED COMPANIES IN THE LAST 30 DAYS</b>										
1	ATLAS GALATI	ATLK	13.01.2014	17.036.782	0,1000	0,2000	3.407.356,40	33,995	0,203	0,214
2	CEPROHART	CPHA	14.07.2016	84.385	2,5000	21,2873	1.796.327,55	30,252	0,107	0,113

No	Issuer	Symbol	Last trading session	Owned shares	Nominal value / share	Market value / share	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8 = 5 * 7	9	10	11
3	CONFECTIA TG.JIU	CNFG	16.10.2015	75.938	2,5000	9,6246	730.869,74	31,609	0,044	0,046
4	LACTATE NATURA	INBO	08.04.2016	147.847	2,5000	2,3201	343.017,20	5,986	0,020	0,022
5	LUCEAFARUL SA BACAU	MEBY	14.09.2015	66.903	2,5000	51,2700	3.430.116,81	24,663	0,205	0,215
6	SPIT BUCOVINA	SPTU	14.10.2015	1.162.275	1,0000	2,5559	2.970.716,01	19,547	0,177	0,186
7	URB RULMENTI	URUL	27.04.2016	1.790.020	2,5000	1,4635	2.619.751,98	15,874	0,156	0,164
8	VITIMAS	VITK	24.05.2016	10.497	2,5000	10,5569	110.815,61	1,477	0,007	0,007
<b>TOTAL ADMITTED BUT NOT TRADED COMPANIES IN THE LAST 30 DAYS</b>							<b>15.408.971,30</b>		<b>0,920</b>	<b>0,967</b>
<b>ADMITTED COMPANIES TO SIBEX</b>										
1	SIBEX SIBIU STOCK EXCHANGE SA	SBX	06.09.2016	1.671.217	1,0000	0,4000	668.486,80	4,999	0,040	0,042
<b>TOTAL ADMITTED COMPANIES TO SIBEX</b>							<b>668.486,80</b>		<b>0,040</b>	<b>0,042</b>
<b>ADMITTED COMPANIES TO SIBEX - ATS</b>										
1	ARMAX GAZ	ARAX	27.09.2016	157.778	10,0000	2,1900	345.533,82	2,569	0,021	0,022
<b>TOTAL ADMITTED COMPANIES TO SIBEX - ATS</b>							<b>345.533,82</b>		<b>0,021</b>	<b>0,022</b>
<b>TOTAL ADMITTED COMPANIES</b>				<b>39</b>			<b>1.047.991.304,96</b>		<b>62,543</b>	<b>65,768</b>

<b>Preemptive rights traded</b>										
No	Issuer	Symbol	Last trading session	No of rights held	Nominal value / share	Market value / share	Total value	Percentage in the total assets of SIF	Percentage in the net assets of SIF	
1	2	3	4	5	6	7	8 = 5 * 7	9	10	

**Preemptive rights which have not been traded**

No	Issuer	No of rights held	Nominal value / share	Theoretical value of the preemptive right	Total theoretical value	Percentage in the total assets of SIF Moldova	Percentage in the net assets of SIF Moldova
1	2	3	4	5	$6 = 3 * 5$	7	8

Virtual shares										
No	Issuer	Symbol	Last trading session	Source	No of shares	Nominal value / share	Market value / share	Total value	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8	$9 = 6 * 8$	10	11

**Prepared  
SIF MOLDOVA**

President and CEO,  
Costel CEOCEA

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Back Office  
Gabriela PETER

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Michaela PUSCAS

**Depository Certification  
BRD - Groupe Societe Generale**

Securities Department  
Manager, Claudia IONESCU

Certified, Ionela RADUCU

## DETAILED STATEMENT OF INVESTMENTS

### Securities admitted or traded on a regulated market in a Non Member State Data: 30/09/2016 Monthly

No	Issuer	ISIN	Last trading session	Owned shares	Nominal value / share	Market value / share	Exchange rate BNR/RON	Total value RON	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8	9 = 5 * 7 * 8	10	11	12
<b>ADMITTED COMPANIES ON INTERNATIONAL MARKET</b>											
<b>Actiuni tranzactionate - denominate in CAD</b>											
1	GABRIEL RESOURCES	CA3619701061	30.09.2016	1.391.800	0,0000	0,6300	3,0250	2.652.422,85	0,362	0,158	0,166
<b>TOTAL CAD</b>								<b>2.652.422,85</b>		<b>0,158</b>	<b>0,166</b>
<b>TOTAL ADMITTED COMPANIES ON INTERNATIONAL MARKET</b>								<b>2.652.422,85</b>		<b>0,158</b>	<b>0,166</b>
<b>TOTAL ADMITTED COMPANIES</b>				<b>1</b>				<b>2.652.422,85</b>		<b>0,158</b>	<b>0,166</b>

<b>Preemptive rights traded</b>									
No	Issuer	Symbol	Last trading session	No of rights held	Nominal value / share	Market value / share	Total value	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8 = 5 * 7	9	10

<b>Preemptive rights which have not been traded</b>							
No	Issuer	No of rights held	Nominal value / share	Theoretical value of the preemptive right	Total theoretical value	Percentage in the total assets of SIF Moldova	Percentage in the net assets of SIF Moldova
1	2	3	4	5	6 = 3 * 5	7	8

Virtual shares										
No	Issuer	Symbol	Last trading session	Source	No of shares	Nominal value / share	Market value / share	Total value	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8	9 = 6 * 8	10	11

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## DETAILED STATEMENT OF INVESTMENTS

### Instruments mentioned in Article 187, point a)

Date: 30/09/2016 Monthly

No.	Issue	No of shares held	Date of acquisition	Average price of acquisition	Nominal value/share	Share value	Total value	Total value (RON)	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8	9	10	11	12
<b>CLOSED COMPANIES</b>											
<b>EUR</b>											
1	CATALYST ROMANIA SCA SICAR AA	221,000	31.12.2012	4.455,8081	1.000,0000	912,0483	201.562,68	897.417,54	2,864	0,054	0,056
<b>TOTAL EUR</b>							<b>201.562,68</b>	<b>897.417,54</b>	<b>2,86</b>	<b>0,054</b>	<b>0,056</b>
<b>RON</b>											
2	AGRALMIXT IS	22.884,000	2001	0,0000	2,5000	47,8316	1.094.577,22	1.094.577,22	20,880	0,065	0,069
3	AGRIBUSINESS CAPITAL S.A. BC	132.106.543,000	06.08.2014	0,1000	0,1000	0,0941	12.435.509,15	12.435.509,15	99,999	0,742	0,780
4	AGRICOLA INTERNATIONAL BC	6.639.150,000	2000	0,1000	0,1000	0,3910	2.595.924,39	2.595.924,39	1,581	0,155	0,163
5	AGROCOMPLEX BIRLAD VS	67.343,000	1993	2,5000	2,5000	0,0000	0,00	0,00	7,188	0,000	0,000
6	AGROGAL SA GALATI GL	302.649,000	1993	2,0400	2,0400	2,1300	644.642,37	644.642,37	6,674	0,038	0,040
7	AGROINDUSTRIALA CORA TL	12.631,000	1993	2,5000	2,5000	1,1396	14.394,25	14.394,25	7,907	0,001	0,001
8	ALIMENCO IS	53.857,000	1994	2,5000	2,5000	29,2300	1.574.240,11	1.574.240,11	28,465	0,094	0,099
9	ALIMENTARA CJ	10.468.044,000	2004	0,1559	0,1000	0,9000	9.421.239,60	9.421.239,60	18,376	0,562	0,591
10	ASSET INVEST BACAU BC	38.330.420,000	24.10.2013	0,1000	0,1000	0,0972	3.726.649,78	3.726.649,78	99,997	0,222	0,234
11	ATLAS BRAILA BR	22.337,000	1993	2,5000	2,5000	23,2997	520.445,99	520.445,99	14,985	0,031	0,033
12	BRIKSTON CONSTRUCTION SOLUTIONS(CERAMICA IS	225,000	2005	0,9626	0,5000	1,0926	245,84	245,84	0,000	0,000	0,000
13	BUCOVINA VEHICLES SA SV	2,000	31.05.2012	20.000,0000	20.000,0000	19.998,7991	39.997,60	39.997,60	0,009	0,002	0,003
14	BUCOVINA-TEX SV	77.820,000	1993	2,5000	2,5000	36,6048	2.848.586,55	2.848.586,55	28,488	0,170	0,179

15	BUMBACARIA ROMANEASCA IF	597.125,000	1993	1,0000	1,0000	0,0000	0,00	0,00	48,686	0,000	0,000
16	CASA ROMANA DE COMPENSATIE SB	852.039,000	2006	1,1990	0,1000	0,0698	59.471,35	59.471,35	7,879	0,004	0,004
17	CASA SA BACAU BC	3.248.682,000	1999	2,5212	2,5000	2,8145	9.143.258,53	9.143.258,53	99,026	0,546	0,574
18	CONFECTII BIRLAD VS	16.655,000	1993	2,5000	2,5000	165,0000	2.748.075,00	2.748.075,00	5,000	0,164	0,172
19	CONTOR GROUP AR	1.918.873,000	2008	0,3249	0,1000	0,0000	0,00	0,00	0,990	0,000	0,000
20	DEPOZITARUL CENTRAL (REGISCO) BU	7.396.029,000	1997	0,1341	0,1000	0,1210	895.282,39	895.282,39	2,924	0,053	0,056
21	DEPOZITARUL SIBEX SA SB	6.480,000	31.03.2009	100,0000	100,0000	96,0059	622.118,09	622.118,09	2,824	0,037	0,039
22	DYONISOS VN	772.824,000	1995	0,1000	0,1000	0,7100	548.705,04	548.705,04	12,410	0,033	0,034
23	EXIMBANK BU	414.740,000	1993	6,0000	6,0000	8,4046	3.485.738,89	3.485.738,89	0,311	0,208	0,219
24	FAVIL VL	730.000,000	1993	1,0000	1,0000	1,0776	786.656,86	786.656,86	19,942	0,047	0,049
25	FORTUS IS	5.153.925,000	1993	2,5000	2,5000	0,3500	1.803.873,75	1.803.873,75	13,565	0,108	0,113
26	GALGROS GL	580.196,000	1993	2,5000	2,5000	4,7453	2.753.190,45	2.753.190,45	13,993	0,164	0,173
27	HUMOREANCA SV	16.896,000	1993	3,5000	3,5000	30,4200	513.976,32	513.976,32	25,385	0,031	0,032
28	HYPERION IS	116.433,000	1993	2,5000	2,5000	6,7200	782.429,76	782.429,76	29,399	0,047	0,049
29	ISTRU BR	218.489,000	1993	2,5000	2,5000	29,1300	6.364.584,57	6.364.584,57	47,255	0,380	0,399
30	OPPORTUNITY CAPITAL S.A. BC	222.336.440,000	06.08.2014	0,1000	0,1000	0,0949	21.106.530,63	21.106.530,63	99,999	1,260	1,325
31	PARTMEN BC	75.748,000	1999	2,5000	2,5000	21,1400	1.601.312,72	1.601.312,72	26,592	0,096	0,100
32	PISCICOLA MURIGHIOL B1	253.026,000	1993	2,5000	2,5000	6,5500	1.657.320,30	1.657.320,30	30,000	0,099	0,104
33	RAFO BC	835.250,000	1993	0,2608	0,2600	0,1928	161.070,26	161.070,26	0,095	0,010	0,010
34	REAL ESTATE ASSET S.A. BC	683.237.050,000	06.08.2014	0,1000	0,1000	0,0989	67.583.952,06	67.583.952,06	100,000	4,033	4,241
35	RULMENTI VS	2.408.645,000	1993	2,5014	2,5000	7,7753	18.727.967,29	18.727.967,29	6,005	1,118	1,175
36	SIMAT MS	95.172,000	1993	2,5000	2,5000	3,9300	374.025,96	374.025,96	37,908	0,022	0,023
37	TESATORIILE REUNITE BU	2.907.075,000	1993	5,9303	2,5000	13,6068	39.556.058,39	39.556.058,39	100,000	2,361	2,482
38	UPSS BT	608.600,000	1993	1,0000	1,0000	1,2962	788.856,13	788.856,13	16,721	0,047	0,050
39	VASCAR VS	297.800,000	1993	2,5000	2,5000	5,7700	1.718.306,00	1.718.306,00	21,450	0,103	0,108
40	VASTEX VS	147.105,000	1993	2,7613	2,5000	23,6945	3.485.581,81	3.485.581,81	13,935	0,208	0,219
41	VINIA IS	11.634,000	1993	2,5000	2,5000	0,0000	0,00	0,00	0,163	0,000	0,000
	<b>TOTAL RON</b>						<b>222.184.795,40</b>	<b>222.184.795,40</b>	<b>1.117,01</b>	<b>13,261</b>	<b>13,942</b>
	<b>TOTAL CLOSED COMPANIES</b>							<b>223.082.212,94</b>		<b>13,315</b>	<b>13,998</b>

(shares held due to the share capital increase with counterperformance in cash, at which it has not been operated yet the share capital increase at the Trade Register, assessed in accordance with Article 119, paragraph 10 of ASF Regulation No. 9 / 2014)

No	Issuer	Source	No of shares	Nominal value / share	Subscription price / share	Subscription value	Remaining amount to be subscribed	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7 = 4 * 6	8	9	10

**Prepared  
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Depozitar: BRD-GSG, Bucuresti  
CIF: 2816642  
Of. Reg. Com.: J04/2400/92  
Autorizare CNVM: 1902/30.08.99  
Registrul CNVM: PJR09SIIR/040001/14.12.05  
Nr înregistrare ANSPDCP: 3449

**DETAILED STATEMENT OF INVESTMENTS**  
**Bonds or other tradable debt securities issued or guaranteed by the local public administration authorities**

No.	Issuer	Symbol	No. of Bonds	Date of acquisition	Maturity date	Acquisition price	Bond value	Daily increase	Accrued interest	Present value	Present value (RON)	Percentage in the total assets of SIF	Percentage in the net assets of SIF	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<b>Obligatiuni cotate si netranzactionate in ultimele 30 de zile de tranzactionare</b>														
<b>Municipal Bonds</b>														
<b>RON</b>														
1	PRIMARIA BACAU	BAC26B	2.000	03.09.2009	31.10.2026	100,00	60,27	5,44	331,90	120.871,90	120.871,90	0,007	0,008	
<b>TOTAL RON</b>			<b>2.000</b>							<b>331,90</b>	<b>120.871,90</b>	<b>120.871,90</b>	<b>0,007</b>	<b>0,008</b>
<b>Total Municipal Bonds</b>			<b>2.000</b>								<b>120.871,90</b>	<b>120.871,90</b>	<b>0,007</b>	<b>0,008</b>
<b>TOTAL Obligatiuni cotate si netranzactionate in ultimele 30 de zile de tranzactionare</b>			<b>2.000</b>								<b>120.871,90</b>	<b>120.871,90</b>	<b>0,007</b>	<b>0,008</b>
<b>TOTAL</b>			<b>2.000</b>								<b>120.871,90</b>	<b>120.871,90</b>	<b>0,007</b>	<b>0,008</b>

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Securities Department  
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Certified, Ionela RADUCU

**DETAILED STATEMENT OF INVESTMENTS**  
**Bonds or other tradable debt securities issued by companies**

No.	Issuer	Symbol	No. of Bonds	Date of acquisition	Maturity date	Acquisition price	Bond value	Daily increase	Accrued interest	Present value	Present value (RON)	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Obligatiuni cotate si netranzactionate in ultimele 30 de zile de tranzactionare</b>													
<b>Corporative Bonds</b>													
<b>RON</b>													
1	ENGIE Romania S.A	GSER17	221	30.10.2012	30.10.2017	10.000,00	10.000,00	454,28	153.089,81	2.363.089,81	2.363.089,81	0,141	0,148
<b>TOTAL RON</b>			<b>221</b>						<b>153.089,81</b>	<b>2.363.089,81</b>	<b>2.363.089,81</b>	<b>0,141</b>	<b>0,148</b>
<b>Total Corporative Bonds</b>			<b>221</b>								<b>2.363.089,81</b>	<b>0,141</b>	<b>0,148</b>
<b>TOTAL Obligatiuni cotate si netranzactionate in ultimele 30 de zile de tranzactionare</b>			<b>221</b>								<b>2.363.089,81</b>	<b>0,141</b>	<b>0,148</b>
<b>Obligatiuni necotate</b>													
<b>Corporative Bonds</b>													
<b>EUR</b>													
1	BANCA TRANSILVANIA		2.685.541	22.05.2013	22.05.2020	0,60	0,60	271,19	21.153,20	1.632.477,80	7.268.280,91	0,434	0,456
<b>TOTAL EUR</b>			<b>2.685.541</b>						<b>21.153,20</b>	<b>1.632.477,80</b>	<b>7.268.280,91</b>	<b>0,434</b>	<b>0,456</b>
<b>Total Corporative Bonds</b>			<b>2.685.541</b>								<b>7.268.280,91</b>	<b>0,434</b>	<b>0,456</b>
<b>TOTAL Obligatiuni necotate</b>			<b>2.685.541</b>								<b>7.268.280,91</b>	<b>0,434</b>	<b>0,456</b>
<b>TOTAL</b>			<b>2.685.762</b>								<b>9.631.370,72</b>	<b>0,575</b>	<b>0,604</b>



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Nr înregistrare ANSPDCP: 3449

**DETAILED STATEMENT OF INVESTMENTS**  
**Bonds or other tradable debt securities issued by companies**

**Prepared**  
**SIF MOLDOVA**

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**BRD - Groupe Societe Generale**

Securities Department  
Manager, Claudia IONESCU

Certified, Ionela RADUCU

**DETAILED STATEMENT OF INVESTMENTS Bank deposits Date: 30/09/2016 Monthly**

Filing date	Maturity date	Currency	Initial value		Daily interest		Accrued interest		Present value		Percentage in the total assets of SIF	Percentage in the net assets of SIF
			Foreign currency	RON	Foreign currency	RON	Foreign currency	RON	Foreign currency	RON		
<b>BANCA TRANSILVANIA</b>												
05.08.2016	04.11.2016	RON		14.000.000,00		233,33		13.300,00	14.013.300,00	14.013.300,00	0,84	0,88
11.08.2016	11.11.2016	RON		10.700.000,00		178,33		9.095,00	10.709.095,00	10.709.095,00	0,64	0,67
31.08.2016	31.10.2016	RON		15.000.000,00		187,50		5.812,50	15.005.812,50	15.005.812,50	0,90	0,94
31.08.2016	31.10.2016	RON		10.000.000,00		125,00		3.875,00	10.003.875,00	10.003.875,00	0,60	0,63
31.08.2016	31.10.2016	RON		6.400.000,00		80,00		2.480,00	6.402.480,00	6.402.480,00	0,38	0,40
05.09.2016	05.10.2016	RON		7.000.000,00		68,06		1.769,44	7.001.769,44	7.001.769,44	0,42	0,44
19.09.2016	19.10.2016	RON		5.000.000,00		48,61		583,33	5.000.583,33	5.000.583,33	0,30	0,31
19.09.2016	19.12.2016	RON		20.000.000,00		305,56		3.666,67	20.003.666,67	20.003.666,67	1,19	1,26
19.09.2016	19.12.2016	RON		10.000.000,00		152,78		1.833,33	10.001.833,33	10.001.833,33	0,60	0,63
19.09.2016	19.10.2016	RON		10.000.000,00		97,22		1.166,67	10.001.166,67	10.001.166,67	0,60	0,63
19.09.2016	18.11.2016	RON		10.000.000,00		125,00		1.500,00	10.001.500,00	10.001.500,00	0,60	0,63
19.09.2016	18.11.2016	RON		15.000.000,00		187,50		2.250,00	15.002.250,00	15.002.250,00	0,90	0,94

Filing date	Maturity date	Currency	Initial value		Daily interest		Accrued interest		Present value		Percentage in the total assets of SIF	Percentage in the net assets of SIF
			Foreign currency	RON	Foreign currency	RON	Foreign currency	RON	Foreign currency	RON		
21.09.2016	21.12.2016	RON		17.000.000,00		259,72		2.597,22	17.002.597,22	17.002.597,22	1,01	1,07
<b>Total BANCA TRANSILVANIA</b>				<b>150.100.000,00</b>		<b>2.048,61</b>		<b>49.929,17</b>		<b>150.149.929,17</b>	<b>8,96</b>	<b>9,42</b>
<b>BRD</b>												
30.09.2016	03.10.2016	RON		4.825.682,96		18,77		18,77	4.825.701,73	4.825.701,73	0,29	0,30
<b>Total BRD</b>				<b>4.825.682,96</b>		<b>18,77</b>		<b>18,77</b>		<b>4.825.701,73</b>	<b>0,29</b>	<b>0,30</b>
<b>EXIMBANK</b>												
27.09.2016	22.12.2016	RON		14.000.000,00		143,89		575,56	14.000.575,56	14.000.575,56	0,84	0,88
<b>Total EXIMBANK</b>				<b>14.000.000,00</b>		<b>143,89</b>		<b>575,56</b>		<b>14.000.575,56</b>	<b>0,84</b>	<b>0,88</b>
<b>GRAND TOTAL</b>				<b>168.925.682,96</b>		<b>2.211,27</b>		<b>50.523,49</b>		<b>168.976.206,45</b>	<b>10,08</b>	<b>10,60</b>

**Prepared  
SIF MOLDOVA**

President and CEO,  
Costel CEOCEA

Chief Accountant  
Carmen Cristina ANDRIES

Back Office  
Gabriela PETER

Internal Control  
Michaela PUSCAS

**Depository Certification  
BRD - Groupe Societe Generale**

Securities Department  
Manager, Claudia IONESCU

Certified, Ionela RADUCU

## DETAILED STATEMENT OF INVESTMENTS

### UCITS / Non UCITS listed DATE: 30/09/2016 Monthly

No.	Issuer	Symbol	Last trading session	No of securities held	Nominal value/security	Security value	Total value	Percentage in the total no of fund units in circulation	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8 = 5 * 7	9	10	11
<b>SECURITIES ADMITTED BVB - REGS</b>										
<b>SHARES BVB - REGS</b>										
1	FONDUL PROPRIETATEA	FP	30.09.2016	12.403.168	0,8500	0,8030	9.959.743,90	0,113	0,594	0,625
2	SIF BANAT CRISANA	SIF1	30.09.2016	997.623	0,1000	1,6600	1.656.054,18	0,182	0,099	0,104
3	SIF MUNTENIA	SIF4	30.09.2016	40.160.859	0,1000	0,6300	25.301.341,17	4,976	1,510	1,588
4	SIF OLTENIA	SIF5	30.09.2016	28.760.041	0,1000	1,5500	44.578.063,55	4,957	2,660	2,798
5	SIF TRANSILVANIA	SIF3	30.09.2016	97.371.384	0,1000	0,2795	27.215.301,83	4,458	1,624	1,708
<b>TOTAL SHARES BVB - REGS</b>							<b>108.710.504,63</b>		<b>6,487</b>	<b>6,823</b>

<b>FUND UNITS BVB - REGS</b>										
1	FII BET-FI INDEX INVEST	BTF	07.03.2016	3.726	200,0000	475,4162	1.771.400,76	16,092	0,106	0,111
2	STK Emergent	STK	29.09.2016	14.776	200,0000	63,4000	936.798,40	2,423	0,056	0,059
<b>TOTAL FUND UNITS BVB - REGS</b>							<b>2.708.199,16</b>		<b>0,162</b>	<b>0,170</b>
<b>TOTAL UCITS</b>							<b>111.418.703,79</b>		<b>6,649</b>	<b>6,993</b>

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Securities Department  
Manager, Claudia IONESCU

Certified, Ionela RADUCU

## DETAILED STATEMENT OF INVESTMENTS

### UCITS / Non UCITS unlisted DATE: 30/09/2016 Monthly

No.	Issuer	Last trading session	No of securities held	NAV	Security value	Total value	Percentage in the total no of fund units in circulation	Percentage in the total assets of SIF	Percentage in the net assets of SIF
				lei	lei	lei	%	%	%
1	2	3	4	5	6	7 = 3 * 4	8	9	10
<b>Titluri de participare denumite in lei</b>									
1	BT INVEST 1		394,00000000	14.434,1700		5.687.062,98	4,077	0,339	0,357
2	BT MAXIM		200.000,00000000	9,6900		1.938.000,00	1,957	0,116	0,122
3	BT Obligatiuni		864.553,31412104	17,3500		15.000.000,00	0,801	0,895	0,941
4	FDI NAPOCA		7.265.417,54000000	0,4446		3.230.204,64	21,392	0,193	0,203
5	FDI Piscator Equity Plus		43.949,38030000	111,8059		4.913.800,02	59,881	0,293	0,308
6	FDI STAR FOCUS		100.140,19000000	5,7399		574.794,68	12,173	0,034	0,036
7	FDI STAR NEXT		126.043,00000000	5,4195		683.090,04	9,554	0,041	0,043
8	FII HERMES		70,95840000	125.527,6317		8.907.239,90	100,000	0,532	0,559
9	FII MULTICAPITAL INVEST		997,00000000	2.064,4500		2.058.256,65	10,611	0,123	0,129
10	FONDUL PRIVAT COMERCIAL		59.864,51000000	321,4053		19.240.770,80	36,028	1,148	1,208
11	Fond Deschis de Investitii Transilvania		97.116,34000000	40,9625		3.978.128,08	15,404	0,237	0,250

No.	Issuer	Last trading session	No of securities held	NAV	Security value	Total value	Percentage in the total no of fund units in circulation	Percentage in the total assets of SIF	Percentage in the net assets of SIF
				lei	lei	lei	%	%	%
1	2	3	4	5	6	7 = 3 * 4	8	9	10
<b>Titluri de participare denominate in lei</b>									
12	OTP ComodisRO		586.413,96130000	17,0531		10.000.175,92	7,967	0,597	0,628
13	OTP Obligatiuni		679.481,69130000	14,7143		9.998.097,45	4,744	0,597	0,627
14	STK EUROPE		200.000,00000000	5,1967		1.039.340,00	35,859	0,062	0,065
15	TehnoGlobinvest		1.071,77000000	1.066,6634		1.143.217,83	13,420	0,068	0,072
<b>TOTAL SECURITIES</b>						<b>88.392.178,99</b>		<b>5,275</b>	<b>5,547</b>

No.	Issuer	Last trading session	No of securities held	NAV	Security value	Exchange rate BNR/RON	Total value	Percentage in the total no of fund units in circulation	Percentage in the total assets of SIF	Percentage in the net assets of SIF
				valuta	valuta	lei	lei	%	%	%
1	2	3	4	5	6	7	8=4*5*7	9	10	11
<b>Total titluri de participare denominate in valuta</b>										

**Prepared  
SIF MOLDOVA**

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Securities Department  
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Certified, Ionela RADUCU



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Capital Social: 103.817.917,60LEI  
Depozitar: BRD-GSG, Bucuresti  
CIF: 2816642  
Of. Reg. Com.: J04/2400/92  
Autorizare CNVM: 1902/30.08.99  
Registrul CNVM: PJR09SIIIR/040001/14.12.05  
Nr înregistrare ANSPDCP: 3449

### Net asset value per share as of 30/09/2016

Item	Current period	Period of the previous year	Differences
1	2	3	4
NET ASSETS	1.593.465.443,74	1.453.055.801,5400	140.409.642,2000
NUMBER OF ISSUED SHARES	1.026.355.026	1.035.281.120	-8.926.094
NET ASSET VALUE PER SHARE	1,5525	1,4035	0,1490

### NAV and NAV/share evolution in the last 3 years

	31.12.2013	31.12.2014	31.12.2015
NET ASSETS	1275205847.42	1343992042.41	1434287735.56
NET ASSET VALUE PER SHARE	2.4566	2.5891	1.3938

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SIF MOLDOVA S.A.

SPECIAL PURPOSE FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

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SIF MOLDOVA S.A.  
SEPARATE STATEMENT OF COMPREHENSIVE INCOME  
AS AT SEPTEMBER 30, 2016  
(all amounts are expressed in RON, unless specified otherwise)

	Note	September 30, 2016	September 30, 2015
Income			
Dividend income	6	116.162.204	25.698.861
Interest income	7	925.785	1.221.748
Other operating revenue	8	625.287	587.336
Other income		2.757.059	9.089.836
Investment income			
Net profit from sale of assets	9	87.148.277	51.332.773
(Net loss) / (Net profit) from the revaluation of financial assets at fair value through profit or loss	10	(6.932.775)	2.629.028
Expenses			
Impairment losses	11	(44.726.994)	(2.925.825)
Provisions for risk and charges	12	632.308	-
Other operating expenses		(15.371.325)	(12.614.986)
Other expenses		(8.820)	(8.820)
Profit before tax		<u>141.211.006</u>	<u>75.009.951</u>
Income tax	13	<u>(9.795.948)</u>	<u>(21.010.497)</u>
Net profit for the year		<u>131.415.058</u>	<u>53.999.454</u>
Increases / (Decreases) in the reserve from revaluation of tangible assets			
		43.045	90.395
Net changes in the reserve from revaluation at fair value of available for sale financial assets	16e)	72.697.659	96.748.637
Other comprehensive income		<u>72.740.704</u>	<u>96.839.032</u>
Total comprehensive income for the period		204.155.762	150.838.486

The interim special purpose financial information was approved by the Board of Directors on November 11, 2016 and was signed on its behalf by:

\_\_\_\_\_  
Costel Ceocea,  
President

\_\_\_\_\_  
Cristina Andrieș,  
Chief Accountant

SIF MOLDOVA S.A.  
 SEPARATE STATEMENT OF FINANCIAL POSITION  
 FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016  
 (all amounts are expressed in RON, unless specified otherwise)

	Note	September 30, 2016	December 31, 2015
<b>Assets</b>			
Cash and cash equivalents	14	3.587.967	613.851
Deposits at banks	15	169.031.434	91.015.193
Financial assets at fair value through profit or loss	16a	125.280.626	112.215.485
Financial assets available for sale	16b	1.273.053.094	1.227.266.927
Investments held to maturity	16c	9.586.040	9.593.199
Investment property	17	3.264.341	3.264.341
Intangible assets	18	128.931	293.905
Tangible assets	18	6.795.288	7.165.148
Other assets	19	9.532.995	6.269.023
<b>Total assets</b>		<b>1.600.260.716</b>	<b>1.457.697.072</b>
<b>Liabilities</b>			
Dividends payable	20	30.401.047	42.394.161
Provisions for risk and charges	21	2.674.350	3.306.214
Deferred tax liability	22	49.121.289	57.339.461
Other liabilities	23	2.642.044	18.706.256
<b>Total liabilities</b>		<b>84.838.730</b>	<b>121.746.092</b>
<b>Equity</b>			
Share capital	24	539.720.148	539.720.149
Retained earnings		453.900.165	345.057.696
Reserves from revaluation of tangible assets		7.720.349	7.677.304
Reserves from revaluation of financial assets available for sale		523.571.683	450.874.023
Other equity elements	24	(9.490.358)	(7.378.192)
<b>Total equity</b>		<b>1.515.421.987</b>	<b>1.335.950.980</b>
<b>Total liabilities and equity</b>		<b>1.600.260.717</b>	<b>1.457.697.072</b>

The interim special purpose financial information was approved by the Board of Directors on November 11, 2016 and was signed on its behalf by:

\_\_\_\_\_  
 Costel Ceocea,  
 President

\_\_\_\_\_  
**Cristina Andrieș**,  
 Chief Accountant

SIF MOLDOVA S.A.  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
 FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016  
 (all amounts are expressed in RON, unless specified otherwise)

	Share capital	Reserves from the revaluation of tangible assets	Reserves from the revaluation of available-for-sale financial assets	Retained earnings	Other items of equity	Total
Balance at the beginning of current period	539.720.149	7.677.304	450.874.023	345.057.696	(7.378.192)	1.335.950.980
<i>Comprehensive income</i>	-	-	-	-	-	-
Profit of the period	-	-	-	131.415.058	-	131.415.058
Other comprehensive income	-	-	-	-	-	-
Reserve increase from revaluation of tangible assets	-	43.045	-	-	-	43.045
Transfer from the revaluation reserve to retained earnings following the sale of tangible assets	-	-	-	-	-	-
Revaluation at fair value of available-for-sale financial assets, net of deferred income	-	-	(81.394.778)	-	-	454.135.949
Reserve decrease due to the sale of available-for-sale financial assets	-	-	154.092.473	-	-	(381.438.290)
Total comprehensive income for the period	-	43.045	72.697.659	131.415.058	-	204.155.762
<i>Transactions with shareholders recognized directly in equity</i>						
Share capital increase	-	-	-	-	-	-
Buy-back shares	-	-	-	-	(5.263.713)	(5.263.713)
Own shares allocated	-	-	-	-	3.151.547	3.151.547
Dividends prescribed by law	-	-	-	23.678.259	-	23.678.259
Dividends payment related to 2015	-	-	-	(46.250.883)	-	(46.250.883)
Total transactions with shareholders recognized directly in equity	-	-	-	(22.572.588)	2.112.166	(24.684.754)
Balance as at June 30, 2016	539.720.149	7.720.349	523.571.682	453.900.165	(9.490.358)	1.515.421.987

The interim special purpose financial information was approved by the Board of Administration on November 11, 2016 and was signed on its behalf by:

\_\_\_\_\_  
 Costel Ceocea,  
 President

\_\_\_\_\_  
**Cristina Andrieș,**  
 Chief Accountant

SIF MOLDOVA S.A.  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
 FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016  
 (all amounts are expressed in RON, unless specified otherwise)

	<u>Share capital</u>	<u>Reserves from the revaluation of tangible assets</u>	<u>Reserves from the revaluation of available- for-sale financial assets</u>	<u>Retained earnings</u>	<u>Other items of equity</u>	<u>Total</u>
Balance at the beginning of current period	487.811.190	7.665.296	377.413.183	327.356.982	-	1.200.246.651
<i>Comprehensive income</i>						
Profit of the semester	-	-	-	53.999.454	-	53.999.454
<i>Other comprehensive income</i>						
Reserve increase from revaluation of tangible assets	-	90.395	-	-	-	90.395
Transfer from the revaluation reserve to retained earnings following the sale of tangible assets	-	-	-	-	-	-
Revaluation at fair value of available-for-sale financial assets, net of deferred income	-	-	148.325.537	-	-	148.325.537
Reserve decrease due to the sale of available for sale financial assets	-	-	(51.576.900)	-	-	(51.576.900)
Total comprehensive income for the period	-	90.395	96.748.637	53.999.454	-	150.838.486
<i>Transactions with shareholders recognized directly in equity</i>						
Share capital increase	51.908.959	-	-	(51.908.959)	-	-
Buy-back shares	-	-	-	-	(2.402.581)	(2.402.581)
Own shares allocated	-	-	-	3.052	-	3.052
Dividends prescribed by law	-	-	-	21.719.773	-	21.719.773
Dividends payment related to 2014	-	-	-	(52.531.866)	-	(52.531.866)
Total transactions with shareholders recognized directly in equity	51.908.959	-	-	(82.718.000)	(2.402.581)	(33.211.622)
Balance as at June 30, 2015	539.720.149	7.755.691	474.161.820	298.638.436	(2.402.581)	1.317.873.515

The interim special purpose financial information was approved by the Board of Administration on November 11, 2016 and was signed on its behalf by:

\_\_\_\_\_  
 Costel Ceocea,  
 President

\_\_\_\_\_  
**Cristina Andrieș,**  
 Chief Accountant

## 1. REPORTING ENTITY

SIF Moldova S.A. (**"the Company"**) is a collective investment body operating in Romania in accordance with the provisions of Law 31/1990 on commercial companies and Law 297/2004 on capital market, as subsequently amended and supplemented.

The Company is the **successor of Fondul Proprietatea Privată II Moldova**, reorganized and transformed in accordance with the provisions of Law no. 133/1996.

The registered office of the Company is located at strada Pictor Aman, **nr. 94C, Bacău municipality, Bacău county, Romania**.

**According to its statute, the Company's core field of activity is:**

- administration and management of financial instruments, derivative financial instruments and other instruments qualified as such by the regulations of the National Securities Commission (NSC), whose duties and prerogatives have been taken over by the Financial Supervisory Authority (FSA);
- administration and management of shares, bonds and other rights arising therefrom in companies not traded or closed;
- risk management;
- other ancillary and related activities, in accordance with the regulations in force.

The Company is self-administered.

The Company's shares are listed on the Bucharest Stock Exchange, Category I, code SIF2, starting from November 1, 1999.

The shares and shareholders are recorded according to law by S.C. Depozitarul Central S.A. Bucharest.

The assets are deposited with BRD – Soci t  G n rale S.A. – company authorized by the National Securities Commission, whose duties and prerogatives have been taken over by the Financial Supervisory Authority (FSA).

## 2. BASES OF PREPARATION

The special purpose financial information has been prepared by the Company in accordance with the criteria for recognition, measurement and valuation in accordance with International Financial Reporting Standards adopted by the European Union (**"IFRS"**) in **accordance with IFRS 10 "Consolidated financial statements" and IAS 27 "Separate financial statements"** and Norm 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector (FSA).

Within the meaning of Norm 39/2015, International Financial Reporting Standards, hereinafter referred to IFRS, are the standards adopted according to the procedure provided by Regulation no. 1606/2002 of the European Parliament and the EU Council of 19 July 2002 on the application of international accounting standards, as subsequently amended and supplemented.

The Company has not prepared interim consolidated financial statements as at September 30, 2016 and 2015.

2. BASES OF PREPARATION (continued)

(a) Statement of Compliance

The interim special purpose financial information comprise the separate statement of financial position as at September 30, 2016, the separate statement of comprehensive income, the separate statement of changes in **shareholders' equity** and explanatory notes.

(b) Presentation of special purpose financial information

The special purpose financial information is presented in accordance with IAS 1 **"Presentation of financial statements"**. The Company has adopted a liquidity-based presentation in the statement of financial position and a presentation of income and expenses by their nature in the statement of comprehensive income, as it considers that such presentation methods offer reliable and more relevant information compared to those that would have been presented using alternative methods permitted by IAS 1.

(c) Functional and presentation currency

The **Company's** management considers that the functional currency, as defined by IAS 21 **"Effects of changes in foreign exchange rates"**, is the **Romanian Leu (RN)**. The interim special purpose financial information is presented in RON, rounded at the closest RON value, which the **Company's** management has chosen as presentation currency.

(d) Bases of measurement

The special purpose financial information is prepared at fair value for derivative financial instruments, financial assets and liabilities at fair value through profit and loss and available-for-sale financial assets except those for which fair value cannot be reliably determined.

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

(e) Use of estimates and judgments

The preparation of interim special purpose financial information in accordance with **International Financial Reporting Standards adopted by the European Union ("IFRS")** requires the management to make estimates and assumptions that affect the application of accounting policies and the reported values of assets and liabilities, income and expenses. The judgments and assumptions related to such estimates are based on the historical experience and other factors deemed reasonable for such estimates. The results of such estimates are the basis of the judgments regarding the carrying amounts of assets and liabilities which cannot be obtained from other sources. Actual results may differ from these estimates.

The judgments and assumptions underlying the special purpose financial information are revised periodically by the Company. The revisions of accounting estimates are recognized when the estimate is revised if it affects only that period or in the period when the estimate is revised and in future periods if the revision affects both the current and future periods.

SIF MOLDOVA S.A.  
NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016  
(all amounts are expressed in RON, unless specified otherwise)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to all periods presented in the interim special purpose financial information prepared by the Company.

The interim special purpose financial information has been prepared on a going concern basis which assumes that the Company will continue to operate in the foreseeable future. To assess the applicability of this assumption, the management analyzes the cash inflow forecasts.

#### (a) Foreign currency transactions

Operations denominated in foreign currencies are recorded in RON at the official exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RON at the exchange rate of that date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the exchange rate at the end of the year of monetary assets and liabilities denominated in a foreign currency are recognized in the statement of comprehensive income except those recognized in equity as a result of their registration based on hedge accounting.

Translation differences on elements in the form of interests held at fair value through profit or loss are presented as gains or losses on fair value. The translation differences on elements in the form of financial instruments classified as available-for-sale are included in the reserve from the change of fair value of such financial instruments.

The exchange rates of the main foreign currencies were:

Currency	September 30, 2016	December 31, 2015	Variation
EUR	1: RON 4.4523	1: RON 4.5245	-0.03%
USD	1: RON 3.9822	1: RON 4.1477	-3.99%

#### (b) Subsidiaries and associates

Subsidiaries are entities controlled by the Company. Control is when the Company has the power to manage, directly or indirectly, the financial and operational policies of an entity to obtain benefits from its business. When evaluating control, the Company must also consider the potential or convertible voting rights exercisable at that time.

Associates are companies in which the Company may exercise significant influence but not control over the financial and operational policies.

The list of subsidiaries and associates is available in Note 27.

The Company classified in this interim special purpose financial information the investments in subsidiaries and associates as available-for-sale financial assets in accordance with IAS 39.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Accounting for the effect of hyperinflation

In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be stated in terms of the measuring unit current at the end of the reporting period (non-monetary items are restated using a general price index as at the acquisition or contribution date).

According to IAS 29, an economy is hyperinflationary if, *inter alia*, the cumulative inflation rate over three years exceeds 100%.

The continued decrease of the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the Company is no longer hyperinflationary, the effects of which were felt in the financial periods starting from January 1, 2004. Thus, the provisions of IAS 29 have been adopted in the preparation of the interim separate special purpose financial information as at December 31, 2003.

Thus, values expressed in the current measuring unit as at December 31, 2003 are treated as basis for the accounting values reported in the interim separate special purpose financial information and do not represent valued amounts, replacement cost or any other measurement of the current value of the assets or the prices of the potential current transactions.

For the purpose of preparing the interim separate special purpose financial information, the Company adjusts the following non-monetary items to express them in the current measuring unit as at December 31, 2003:

- share capital;
- available-for-sale financial assets carried at cost.

Intangible and tangible assets are stated at revalued amount as at December 31, 2015 and September 30, 2016. The most recent revaluation was performed by the Company as at December 31, 2013.

(d) Cash and cash equivalents

Cash and cash equivalents include: actual cash, current accounts and deposits with banks (including blocked deposits and interest on bank deposits).

In the preparation of the statement of cash flows, the Company considers the following as cash and cash equivalents: actual cash, current bank accounts, deposits with initial maturity of less than 90 days and interest thereon (excluding blocked deposits).

(e) Financial assets and liabilities

(i) *Classification*

The Company classifies financial instruments it holds in the following categories:

*Financial assets or financial liabilities at fair value through profit or loss*

Such category includes financial assets or financial liabilities held for trading and financial instruments designated as at fair value through profit or loss upon initial recognition. The Company includes a financial asset or liability in this category if such has been acquired primarily for purpose of speculation (to generate short-term profit).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets and liabilities (continued)

(i) *Classification (continued)*

Derivative financial instruments are classified as held for trading if they are not instruments used for hedging.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortized cost using the effective interest method less impairment.

*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 term. They consist primarily in bank deposits.

*Available-for-sale financial assets*

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

Upon initial recognition, equity instruments classified as available-for-sale financial assets for which there is an active market are measured at fair value and changes in fair value other than impairment losses, such as gains and losses on the exchange rate variation related to financial instruments, are recognized directly to equity.

When the asset is derecognized, the cumulated gain or loss is transferred to profit or loss.

(ii) *Recognition*

The assets and liabilities are recognized when the Company becomes contract party in the conditions of the instrument. Financial assets and liabilities are measured upon initial recognition at fair value plus directly attributable trading costs, except investments in shares whose fair value could not be reliably determined and which are initially carried at cost.

(iii) *Offset*

The Company offsets financial assets and liabilities, and the net result is presented in the statement of financial position if and only if it has a legally enforceable right of set-off intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis if and only if it is permitted by accounting standards or for the gain or loss resulting from a pool of similar transactions such as those deriving from the **Company's** trading.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets and liabilities (continued)

(iv) *Measurement at amortized cost*

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method, minus any impairment losses.

(v) *Measurement at fair value*

Fair value is the price which would be received from the sale of an asset or the price which would be paid to transfer a liability, through a normal transaction between market participants as at the valuation date (i.e., outgoing price).

The fair value of financial assets and liabilities is determined based on the quotations in an active market. A financial instrument has an active market if quoted prices are readily and **regularly available for such instrument and such prices reflect regular arm's length market transactions.**

Instruments traded in an active market are measured at fair value by multiplying the number of shares held by the closing price of the last trading day in the corresponding reporting period.

If a financial asset is quoted in more active markets, then the Company uses the quotation of the most advantageous market, considering all barriers/costs associated to accessing each of the markets.

Available-for-sale financial assets for which there is no active market and for which fair value cannot be reliably determined are carried at cost and are tested periodically for impairment.

For all other financial instruments, fair value is calculated using measurement techniques. Measurement techniques include techniques based on net discounted value, discounted cash flows, comparison with similar instruments for which there is no observable market price and other measurement techniques.

The value resulting from using a measuring model is adjusted depending on certain factors, as measurement techniques do not reliably reflect all the factors considered by market participants when entering into a transaction. Adjustments are registered so as to reflect risk models, the differences between sale and purchase quotes, liquidity risks and other factors. The **Company's** management considers that such adjustments are required to reliably present the financial instruments at fair value in the statement of financial position.

(vi) *Identification and evaluation of loss of value*

*Financial assets carried at amortized cost*

The Company analyzes at each reporting date whether there is any objective evidence of the impairment of a financial asset. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more **events that occurred after the initial recognition of the asset (a 'loss event')** and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets and liabilities (continued)

(vi) *Identification and evaluation of loss of value (continued)*

*Financial assets carried at amortized cost (continued)*

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the effective interest rate of the financial asset at initial recognition.

If a financial assets measured at amortized cost has a variable interest rate, the discount rate for measuring any impairment loss is the current variable interest rate determined under the contract.

The carrying amount of an asset is reduced by the Company through use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed by adjusting an allowance account. The amount of the impairment loss decrease shall be recognized in profit or loss.

*Available-for-sale financial assets*

In case of available-for-sale financial assets, when a decline in the fair value of an available-for-sale financial asset has been directly recognized in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been directly recognized in equity shall be reclassified from equity to comprehensive income even though the financial asset has not been derecognized.

To determine whether an asset is impaired, the Company takes into account relevant loss generating events such as significant long-term decline in fair value below cost; market and industry conditions, to the extent that they influence the recoverable amount of the asset; financial conditions and near-term prospects of the issuer, including any specific adverse events that may influence the operations of the issuer, the issuer's recent losses, the qualified independent auditor's report on the most recent financial statements of the issuer etc.

Thus, in the nine-month period ended September 30, 2016, SIF Moldova recognized in the statement of comprehensive income the impairment of SNP, BVB, ELMA and Casa de Bucovina securities totaling RON 43,4 million lei, further to the decrease of their fair value below cost by more than 30%.

The amount of the cumulative loss that is reclassified from equity to comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in comprehensive income.

Impairment losses recognized in comprehensive income for an investment classified as available-for-sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of an impaired investment increases, the amount of the increase is recognized directly to other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets and liabilities (continued)

(vi) *Identification and evaluation of loss of value (continued)*

*Available-for-sale financial assets (continued)*

To determine whether an available-for-sale financial asset carried at cost because the fair value cannot be reliably established is impaired, the Company considers relevant loss events, such as the significant long-term decrease of fair value below cost; the market conditions and the conditions of the field of activity, to the extent they influence the recoverable value of the asset; the financial conditions and short-term perspectives of the issuer, including any specific adverse events likely to influence the issuer's operations, issuer's recent losses, the independent auditor's qualified report on the latest financial statements of the issuer etc.

Given the inherent limitations of the methodologies applied and the significant uncertainty of how assets are measured in local and international markets, the **Company's** estimates can be substantially revised subsequent to the approval of the interim special purpose financial information.

(vii) *Derecognition*

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

Any interest in the transferred financial assets retained by the Company or created for the Company is recognized separately as asset or liability.

The Company derecognizes a financial liability when the contractual obligations terminated or when the contractual obligations are annulled or expire.

In accordance with IAS 39, if an entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it shall recognize either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation shall be recognized at its fair value.

If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset shall be recognized for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

In addition, in accordance with IAS 39, if, as a result of a transfer, a financial asset is derecognized in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity shall recognize the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount; and
- the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income shall be recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets and liabilities (continued)

(vii) *Derecognition (continued)*

If the transferred asset is part of a larger financial asset (e.g. when an entity transfers interest cash flows that are part of a debt instrument) and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. For this purpose, a servicing asset is treated as a part that continues to be recognized. The difference between:

- the carrying amount allocated to the part derecognized; and
- the sum of (i) the consideration received for the part derecognized (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss.

A cumulative gain or loss that would have been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

(f) Other financial assets and liabilities

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

(g) Investment property

Investment property is property (land or a building — or part of a building) held by the Company to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions can be sold separately (or leased out separately under a finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is treated as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(i) *Recognition*

Investment property is recognized as an asset when, and only when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Company; and
- the cost of the investment property can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment property (continued)

(ii) *Measurement*

*Initial measurement*

An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenses (for example, professional fees for legal services, property transfer taxes and other transaction costs).

The value of the **Company's** investment property as at September 30, 2016 and December 31, 2015 is presented in Note 17.

*Subsequent measurement*

The **Company's** accounting policy on the subsequent measurement of investment property is based on the fair value model. Such policy is applied consistently for all investment property. The fair value measurement of investment property is conducted by valuers of the National Association of Romanian Valuers (ANEVAR). Fair value is based on market price quotations adjusted, if applicable, so as to reflect the differences in the nature, location or conditions of such asset. Such valuations are periodically revised by the **Company's** management.

Gains or losses from the change of the fair value of investment property are recognized in the profit or loss of the period in which they occur.

The fair value of investment property reflects the market conditions as at the balance sheet date.

(iii) *Transfers*

Transfers to or from investment property are performed when and only when there is a change in the use of such asset.

To transfer one investment property measured at fair value to property, plant and equipment, the implicit cost of the asset for the purpose of its subsequent registration shall be its fair value as at the date when the use is changed.

(iv) *Impairment*

The same accounting policies are applied as for property, plant and equipment.

(v) *Derecognition*

The carrying amount of an investment property is derecognized on disposal or when the investment is withdrawn from use for good and no future economic benefits are expected from its disposal.

The gain or loss arising from the disposal or sale of an investment property shall be included in profit or loss when the property is disposed of or sold.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Tangible and intangible assets

(i) *Recognition and measurement*

Property, plant and equipment recognized as assets are initially carried at cost by the Company. The cost of an item of property, plant and equipment comprises the cost of purchase, including unrecoverable fees, after deducting all trade price discounts and any directly attributable costs incurred in bringing the asset to its present location and condition so that it can be used as intended by the management, such as: employee related expenses arising directly from the construction or acquisition of the asset, site layout costs, initial delivery and handling costs, installation and assembly costs, professional fees.

The value of the **Company's** tangible and intangible assets as at September 30, 2016 and December 31, 2015 is detailed in Note 18.

Property, plant and equipment are classified by the Company into the following classes of assets of the same nature and with similar uses:

- land;
- buildings;
- plant and machinery;
- vehicles;
- other property, plant and equipment.

Land and buildings are stated at revalued amount, which represents the fair value as at the revaluation date less any subsequently cumulated depreciation and any impairment losses.

The fair value is based on market price quotations, if applicable adjusted to reflect the differences in the nature, location or conditions of such asset.

Revaluations are performed by specialized valuers, ANEVAR members. The frequency of the revaluations of the **Company's land and** buildings is imposed by the dynamics of the markets.

The other categories of property, plant and equipment are carried at cost, less cumulated depreciation and impairment allowance.

Repairs of maintenance and repair of property, plant and equipment are registered by the Company in the statement of comprehensive income as they appear, and significant improvements to property, plant and equipment which increase the value or useful life thereof, or significantly increase the capacity to generate economic benefits are capitalized.

(ii) *Amortization*

Amortization is calculated on a straight-line basis over their estimated useful life, as follows:

Buildings	40 years
Equipment	2-12 years
Vehicles	4-8 years
Furniture and other property, plant and equipment	4-12 years

Land is not depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Tangible and intangible assets (continued)

*(ii) Amortization (continued)*

Intangible assets fulfilling the recognition criteria of the International Financial Reporting Standards are carried at cost less cumulated amortization. The amortization of intangible assets is registered in profit or loss on a straight-line basis over an estimated period of maximum 3 years.

The depreciation/amortization methods, estimated useful lives and residual values are revised by the Company management at each reporting date.

*(iii) Sale/disposal of tangible and intangible assets*

Property, plant and equipment which is disposed of or sold are deregistered from the balance sheet along with the corresponding cumulated depreciation. Any gain or loss arising from such operation is included in the current profit or loss.

(i) Impairment of assets other than financial assets

The carrying amount of **the Company's** assets that are not in the form of financial asset, other than deferred tax, are revised at each reporting date to identify any impairment evidence. If such evidence exists, the Company estimates the recoverable value of such assets.

An impairment loss is recognized when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of comprehensive income. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, future cash flows are discounted using a discount rate before tax which reflects the current market conditions and risks specific for such asset. Impairment losses recognized in previous periods are measured at each reporting date to determine if they have decreased or still exist. Impairment losses are reversed if a change occurred in the estimates to determine the recoverable value. Impairment losses are reversed if and only if the carrying amount of the asset does not exceed the carrying amount which would have been calculated, net of amortization/depreciation and impairment, should the impairment loss had not been recognized.

(j) Share capital

Ordinary shares are recognized in the share capital. Incremental costs directly attributable to an issuance of ordinary shares are deducted from capital, net of taxation effects.

(k) Dividends distributable

Dividends are treated as profit allocation in the period in which they have been declared and approved by the General Meeting of Shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Dividends prescribed

Dividends payable not received within 3 years from the declaration date are prescribed according to law. Dividends prescribed represent transactions with shareholders and are recognized in equity, in retained earnings.

(m) Provisions for risks and charges

Provisions are recognized in the statement of financial position when an obligation arises for the Company from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits and the value of the obligation can be reliably estimated. To determine the provision, future cash flows are discounted using a discount rate before taxation, which reflects current market conditions and the risks specific to such liability.

(n) Interest income

Interest income and expenses are recognized in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(o) Dividend income

Dividend income is recognized in profit or loss on the date the right to receive it is established. In case of dividends received as shares as alternative to cash payment, dividend income is recognized at the level of the cash that would have been received, according to the increase of the related participation. The Company does not register dividend income on the shares received under a free title when they are distributed proportionally to all shareholders. The Company registers dividend income at gross value which includes dividend tax, which is recognized as current income tax expense.

(p) Employee benefits

*(i) Short-term benefits*

Short-term employee benefits are not discounted and are recognized in the statement of comprehensive income as the services are rendered.

Employee short-term benefits include salaries, premiums and social security contributions. Employee short-term benefits are recognized as expenses when the services are delivered. The Company recognizes a provision for the amounts expected to be paid as short-term cash premiums or profit sharing schemes when the Company has a present legal or constructive obligation to pay such amounts as a result of past services delivered by employees and when such obligation can be reliably estimated.

*(ii) Defined contribution plans*

The Company makes payments on behalf of its employees to the Romanian state pension scheme, health and unemployment fund in the ordinary course of business.

All the **Company's** employees are members of the plan and also have the legal obligation to contribute (through the social contributions) to the Romanian state pension scheme (a State defined contribution plan). All related contributions are recognized in the profit or loss of the period when they are incurred. The Company does not have any other additional obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

*(ii) Defined contribution plans (continued)*

The Company is not enrolled in any independent pension scheme and, consequently, does not have any other obligations in this respect. The Company is not enrolled in any other post-retirement benefit scheme. The Company does not have the obligation to deliver further services for its former or current employees.

*(iii) Employee long-term benefits*

The **Company's** net obligation as regards long-term services benefits consists of the future benefits which employees earned in exchange for the services delivered by them in current and previous periods.

The Company does not have the obligation to grant employees benefits on the retirement date.

(q) Gains or losses on foreign exchange differences

Foreign exchange transactions are registered in the functional currency (Leu), by converting the foreign currency amount at the official exchange rate communicated by the National Bank of Romania on the transaction date.

As at the reporting date, foreign exchange monetary items are translated using the closing exchange rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

(r) Income tax

Income tax comprises current and deferred tax. Current income tax comprises tax on dividend income recognized at gross value.

Income tax is recognized in the statement of comprehensive income or in other elements of comprehensive income if the tax refers to items of equity.

Current tax is the tax payable on the profit obtained in the current year, determined based on the percentages applied as at the reporting date and all adjustments from previous periods.

For the period ended September 30, 2016, the income tax rate was 16% (December 31, 2015: 16%). The tax rate related to taxable dividend income was 16%, 0% (December 31, 2015: 16%). Deferred tax is determined using the balance sheet method for temporary differences arising between the tax base for calculating tax for assets and liabilities and their carrying amount, used for reporting purposes in the interim special purpose financial information.

Deferred tax is not recognized for the following temporary differences: initial recognition of goodwill, initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit and differences associated with investments in subsidiaries, provided they are not reversed in the near future.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

Deferred tax is calculated based on the taxation percentages expected to be applicable to temporary differences when reversed, based on the legislation in force as at the reporting date. Deferred tax assets and liabilities are offset if and only if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity; or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized by the Company if and only if future profit is probable, which can be used to cover the tax loss. The asset is revised at the closing of each financial year and is decreased if the related tax benefit is improbable to be realized. Additional taxes arising from the distribution of dividends are recognized on the same date as the obligation to pay the dividends.

(s) Earnings per share

The Company presents basic and diluted earnings per share for ordinary shares. Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares for the reporting period. Earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares to the dilution effects generated by the potential ordinary shares.

(t) Lease payments

Lease payments under an operating lease are recognised as an expense in profit or loss on a straight-line basis over the lease term. The lease facilities received are recognised as an integral part of the total lease expense, over the lease term. The operating lease expense is recognized as part of the operating expenses. The minimum lease payments under finance leases are divided on a pro rata basis between lease interest expenses and reduction of lease debt. The lease interest expense is allocated to each lease term so as to generate a constant interest rate for the remaining lease debt.

(u) Segment reporting

A segment is a distinct component of the Company which provides certain products or services (business segment) or provides products and services in a certain geographical area (geographical segment) and which is subject to risks and rewards other than those of the other segments. As at December 31, 2015 and September 30, 2016, the Company has not identified significant business or geographical segments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New standards and interpretations

The following sections present: the list of new standards, amendments and interpretations of already existing standards effective as at September 30, 2016, the list of new standards, and amendments and interpretations of the standards adopted by the International Accounting Standards Board (IASB) and the European Union (EU) but not effective yet for the financial year ended December 31, 2015 and the list of new standards, and amendments and interpretations of the standards adopted by the International Accounting Standards Board, but not adopted yet by the European Union for the period ended September 30, 2016.

(i) *Standards and interpretations effective in the current period*

The following amendments to the existing standards issued by the International Accounting Standards Board („IASB”) and adopted by the EU are effective for the current period.

- **Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)”** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),
- **IFRIC 21 “Levies” adopted by the EU on 13 September 2014** (effective for annual periods beginning on or after 17 September 2014).

The adoption of such amendments to the existing standards has not changed the **Company’s accounting policies**.

(ii) *Standards and Interpretations issued by IASB and adopted by the EU, but not yet effective*

On the approval date of this interim special purpose financial information, the following standards, amendments and interpretations were issued, but not yet effective:

- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to IAS 19 “Employee Benefits”** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to IFRS 11 “Joint Arrangements”** - Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** - Clarification of Acceptable Methods of Depreciation and Amortization - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New standards and interpretations (continued)

(ii) *Standards and Interpretations issued by IASB and adopted by the EU, but not yet effective (continued)*

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The Company chose not to adopt such standards, amendments and interpretations prior to their effective date. The Company estimates that the adoption of such standards, **amendments and interpretations will not have a significant impact on the Company's separate financial statements in the period of initial application.**

(iii) *Standards and Interpretations issued by IASB but not yet adopted by the EU*

Currently, IFRS adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB) except for the following standards, amendments to the existing standards and interpretations, not endorsed for use:

- **IFRS 9 "Financial Instruments", issued on July 24, 2014 replaces IAS 39 Financial Instruments, Recognition and Measurement, effective for annual periods beginning on or after 1 January 2018.**

IFRS 9 includes requirements on financial instruments regarding recognition, classification and measurement, impairment losses, derecognition and hedge accounting:

Recognition and Measurement: IFRS 9 comes with a new approach regarding the classification of financial assets, determined by the characteristics of cash flows and the business model based on which an asset is held. Such unique principle-based approach replaces the rule-based requirements of IAS 39. The new model will also determine a single impairment model applicable to all financial instruments.

Impairment losses: IFRS 9 introduces a new model for impairment losses, based on expected loss, which will require the faster recognition of expected losses on the impairment of receivables. The standard provides that entities should register expected impairment losses on receivables upon the initial recognition of the financial instruments and also recognize much faster expected impairment losses throughout the entire useful life thereof.

Hedge accounting: IFRS 9 introduces a model which is significantly improved regarding hedge accounting, which comprises additional disclosure requirements regarding risk management. The new model is a significant update of hedge accounting, which enables the accounting treatment to be aligned to risk management activities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New standards and interpretations (continued)

*(iii) Standards and Interpretations issued by IASB but not yet adopted by the EU (continued)*

Own credit: IFRS 9 eliminates the volatility in the profit or loss arising from the change in credit risk related to liabilities measured at fair value. The change in the accounting requirements related to such liabilities implies that revenues from the mitigation of an **entity's own credit risk will no longer be recognized through profit or loss.**

- **IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016)** – the European Commission decided not to initiate the adoption of this interim standard, and to wait the issue of the final standard;
- **IFRS 15 "Revenue from Contracts with Customers" with subsequent amendments** (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 16 „Leasing" (effective for annual periods beginning on or after 1 January 2019);**
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception** (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets** between an Investor and its Associate or Joint Venture with subsequent amendments (the effective date has been postponed indefinitely until the research project regarding the equity method is complete).

The Company estimates that the adoption of such standards, amendments and interpretations might **have a significant impact on the Company's financial statements** in the period of initial application, except for the adoption of IFRS 9, and the amendments to IFRS 10 and IAS 28.

At the same time, hedge accounting principles regarding financial assets and liabilities have not been adopted by the EU.

4. MANAGEMENT OF SIGNIFICANT RISKS

The **Company's** management considers that risk management must be done in a consistent methodological framework and that risk management is an important component of the strategy of return maximization, obtaining a desired level of profit by maintaining an acceptable risk exposure and compliance with legal regulations. Formalizing risk management procedures determined by the **Company's** management is integral to the strategic objectives of the Company.

The **Company's** investing activity exposes it to various risks associated with financial instruments held and the financial markets in which it operates. The main risks to which the Company is exposed are:

- market risk (interest rate risk, currency risk and price risk);
- liquidity risk;
- credit risk;
- tax risk;
- economic environment risk;
- operating risk.

#### 4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

The general risk management strategy seeks to maximize the **Company's** profit by reference to the level of risk to which it is exposed and maximize any adverse variations on the **Company's** financial performance.

The Company has implemented risk management and assessment policies and procedures. Such policies and procedures are presented in the section dedicated to each type of risk.

##### (a) Market risk

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

For an efficient market risk management, the Company uses technical and fundamental analysis methods, forecasts on the evolution of economic branches and financial markets, taking into account:

- the return evaluations corresponding to the share portfolio;
- the limits of concentration of assets in the same market, geographical area or economic sector;
- the limits of presence in new markets;
- the tolerable risk limits;
- tolerance to risk concentrations;
- the strategic allocation of long-term investments based on the principle according to which the market will determine the correct fundamental value;
- the short-term tactical allocation, which requires the use of short-term market variations to obtain profit.

The selection of investment opportunities is made through:

- a technical analysis;
- fundamental analyses – **determining the issuer's** capacity to generate profit;
- comparative analyses – determining the relative value of an issuer in relation to the market or other similar companies;
- statistical analyses – determining the trends and correlations using the historical prices and volumes traded.

The Company is exposed to the following categories of market risk:

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(i) Price risk

The Company is exposed to price risk, given that the value of financial instruments is likely to fluctuate due to market price changes.

The Company is exposed to the risk associated with the variation of the price of financial assets at fair value through profit or loss and available-for-sale financial assets. 75% of the **Company's** total shares traded in an active market as at September 30, 2016 (December 31, 2015: 85%) represented investments in companies part of the BET index of the Bucharest Stock Exchange, weighted by the stock capitalization and created to reflect the overall tendency of the prices of the ten most liquid shares traded on the Bucharest Stock Exchange.

A 10% positive variation of the price of financial assets at fair value through profit or loss would lead to a profit increase after taxation by RON 10.523.572 (December 31, 2015: RON 9.426.100), a 10% negative variation having an equal and opposite net impact.

A 10% positive variation of the price of available-for-sale financial assets would lead to an equity increase, net of income tax, by RON 96.826.118 (December 31, 2015: RON 92.278.120), a 10% negative variation having an equal and opposite net impact.

The Company holds shares in companies operating in various sectors of activity, as follows:

Exposure by industry	September 30, 2016	%	December 31, 2015	%
Financial brokerage and insurance	863.626.219	66.07	882.023.569	68.7%
Transport, storage and communication	152.236.485	11.65	108.758.953	8.5%
Chemical and petrochemical industry	54.792.566	4.19	64.510.364	5.0%
Textile industry	47.595.261	3.64	43.546.970	3.4%
Pharmaceutical industry	39.024.469	2.99	40.419.219	3.1%
Manufacture of machinery and equipment	38.947.228	2.98	37.574.011	2.9%
Wholesale, retail, tourism and restaurants	1.820.635	0.14	4.251.844	0.3%
Manufacture of vehicles	70.293.063	5.38	61.303.469	4.8%
Energy industry	29.867.541	2.28	29.714.636	2.3%
Metal construction and metal goods	709.210	0.05	646.449	0.1%
Real estate, renting and other services	1.992.113	0.15	1.992.113	0.2%
Building materials industry	117	0.00	4.876.839	0.4%
Others	6.328.438	0.48	4.082.556	0.3%
<b>TOTAL</b>	<b>1.307.233.346</b>	<b>100</b>	<b>1.283.700.992</b>	<b>100</b>

As revealed in the table above, as at September 30, 2016, the Company was holding primarily shares in companies operating in finance and banking and insurance, accounting for 66.07% of the total portfolio, less than the value registered as at December 31, 2015 (**68.7%**). **The Company's exposure to Banca Transilvania is 39.51% as at September 30, 2016 (47.3% as at December 31, 2015).**

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(ii) *Interest rate risk*

The Company faces interest rate risk due to its exposure to negative interest rate fluctuations. Changes in the market interest rate directly influences income and expenses regarding variable interest bearing financial assets and liabilities, and the market value of fixed interest financial assets and liabilities.

As at September 30, 2016 and December 31, 2015, most of the **Company's** assets and liabilities are not interest bearing. Therefore, the Company is not significantly affected by the risk of interest rate fluctuations. The excess of cash or other assimilated cash equivalents is invested in short-term investment titles with maturity between 1 to 3 months.

The Company does not use derivative financial instruments to hedge interest rate fluctuations.

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The following tables present the Company's exposure to interest rate risk.

September 30, 2016	Carrying amount	Less than 3 months	3 to 12 months	more than 1 year	No fixed maturity
Financial assets					
Cash and cash equivalents	3.587.967	3.587.967	-	-	-
Deposits at banks	169.031.434	168.976.206	-	-	55.228
Financial assets at fair value through profit or loss	125.280.626	-	-	-	125.280.626
Available-for-sale financial assets	1.273.053.094	-	-	-	1.273.053.094
Investments held to maturity	9.586.040	-	-	9.586.040	-
Other financial assets	9.532.995	9.532.995	-	-	-
<b>Total financial assets</b>	<b>1.590.072.156</b>	<b>182.097.168</b>	<b>-</b>	<b>9.586.040</b>	<b>1.398.388.948</b>
Financial liabilities					
Dividends payable	30.401.047	30.401.047	-	-	-
Other financial liabilities	1.956.635	1.956.635	-	-	-
<b>Total financial liabilities</b>	<b>32.357.682</b>	<b>32.357.682</b>	<b>-</b>	<b>-</b>	<b>-</b>

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

December 31, 2015	Carrying amount	Less than 3 months	3 to 12 months	more than 1 year	No fixed maturity
Financial assets					
Cash and cash equivalents	613.851	613.851	-	-	-
Deposits at banks	91.015.193	80.942.316	10.018.741	-	54.136
Financial assets at fair value through profit or loss	112.215.485	-	-	-	112.215.485
Available-for-sale financial assets	1.227.266.927	-	-	-	1.227.266.927
Investments held to maturity	9.593.199	220.256	37.437	9.335.506	-
Other financial assets	6.269.023	6.269.023	-	-	-
<b>Total financial assets</b>	<b>1.446.973.678</b>	<b>88.045.446</b>	<b>10.056.178</b>	<b>9.335.506</b>	<b>1.339.536.548</b>
Financial liabilities					
Dividends payable	42.394.161	42.394.161	-	-	-
Other financial liabilities	13.094.875	5.718.729	7.376.146	-	-
<b>Total financial liabilities</b>	<b>55.489.036</b>	<b>48.112.890</b>	<b>7.376.146</b>	<b>-</b>	<b>-</b>

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The impact on the **Company's** net profit of a change of  $\pm$  100 bp in the interest on variable interest bearing assets and liabilities and expressed in other currencies corroborated with a change of  $\pm$  500 bp in the interest on variable interest bearing assets and liabilities and expressed in RON is  $\pm$  RON 8.646.833 (December 31, 2015: RON 5.030.420).

(iii) Currency risk

Currency risk is the risk that the Company incurs losses or does not realize profit as a result of unfavorable fluctuations in the exchange rate. The Company is exposed to foreign exchange rate fluctuations, but misses a formalized policy to hedge currency risk. Most of the **Company's** financial assets and liabilities are expressed in the national currency, and the other currencies in which the Group trades are EUR, USD, GBP, CZK, PLN and CAD.

Most of the **Company's** financial assets and liabilities are expressed in the national currency and, therefore, exchange rate fluctuations do not significantly affect the **Company's** activity. The exposure to foreign currency fluctuations is mainly due to deposits and shares in foreign currency.

As at September 30, 2016 and December 31, 2015, assets expressed in RON and other currencies are presented in the following tables.

	<u>RON</u>	<u>EUR</u>	<u>USD</u>	<u>Other Currency</u>
September 30, 2016				
Financial assets				
Cash and cash equivalents	3.072.786	409.810	14.254	91.117
Deposits at banks	169.031.434	-	-	-
Financial assets at fair value through profit or loss	125.280.626	-	-	-
Available-for-sale financial assets	1.270.400.671	-	-	2.652.423
Investments held to maturity	2.485.014	7.101.025	-	-
Other financial assets	<u>9.532.995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets	<u>1.579.803.526</u>	<u>7.510.835</u>	<u>14.254</u>	<u>2.743.540</u>
Financial liabilities				
Dividends payable	30.401.047	-	-	-
Other financial liabilities	<u>1.956.635</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>32.357.682</u>	<u>-</u>	<u>-</u>	<u>-</u>

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

	RON	EUR	USD	Other Currency
December 31, 2015				
Financial assets				
Cash and cash equivalents	359.958	150.365	13.210	90.318
Deposits at banks	91.015.193	-	-	-
Financial assets at fair value through profit or loss	112.215.485	-	-	-
Available-for-sale financial assets	1.226.685.138	-	-	581.789
Investments held to maturity	2.369.498	7.223.701	-	-
Other financial assets	6.269.023	-	-	-
<b>Total financial assets</b>	<b>1.438.914.295</b>	<b>7.374.066</b>	<b>13.210</b>	<b>672.107</b>
Financial liabilities				
Dividends payable	42.394.161	-	-	-
Other financial liabilities	13.094.875	-	-	-
<b>Total financial liabilities</b>	<b>55.489.036</b>	<b>-</b>	<b>-</b>	<b>-</b>

The net impact on the **Company's** profit of a change of  $\pm 15\%$  of the RON/EUR exchange rate corroborated with a change of  $\pm 15\%$  of the RON/USD, RON/GBP, RON/CZK, RON/PLN and RON/CAD exchange rates as at September 30, 2015, with all the other variables remaining constant, is  $\pm$  RON 1.540.294 (December 31, 2015: RON  $\pm$  1.208.907).

(b) Credit risk

The Company is exposed to credit risk related to financial instruments, arising from any non-fulfillment by a third party of its obligations towards the Company. The Company is exposed to credit risk further to investment in bank deposits and bonds issued by municipalities or business entities, or further to current accounts and bank deposits and other receivables.

As at September 30, 2016 and December 31, 2015 the Company did not hold real guarantees as insurance, or other improvements of credit rating. As at September 30, 2016 and December 31, 2015 the Company did not register overdue, but not impaired, financial assets.

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(b) Credit risk (continued)

The **Company's** maximum exposure to credit risk is in amount of RON 191.627.267 as at September 30, 2016, and RON 106.877.416 as at December 31, 2015 and can be analyzed as follows:

<i>Exposures from current accounts and bank deposits</i>	September 30, 2016	December 31, 2015
Banca Transilvania	153.175.561	82.740.409
BRD - Group Societe Generale	5.043.233	822.064
Eximbank	14.281.402	-
Other commercial banks	8.036	54.136
<b>Total</b>	<b>172.508.232</b>	<b>91.015.193</b>

<i>Exposures from held-to-maturity investments</i>	September 30, 2016	December 31, 2015
Bonds GDF Suez	2.364.149	2.239.678
<b>Government bonds Bacău</b>	120.866	129.820
Bonds Banca Transilvania	7.101.025	7.223.701
<b>Total</b>	<b>9.586.040</b>	<b>9.593.199</b>

<i>Sundry debtors and trade receivables</i>	September 30, 2016	December 31, 2015
AAAS Bucharest	52.680.905	46.350.276
Central Depository	795.378	1.278.266
MFP (TEXU litigious rights)	2.415.314	-
BRD Depository	-	4.395.490
AGRIBUSINESS CAPITAL	-	176
Other sundry debtors and trade receivables	7.182.168	4.956.736
Impairment allowances	(53.540.770)	(50.711.921)
<b>Total</b>	<b>9.532.995</b>	<b>6.269.023</b>

(c) Liquidity risk

Liquidity risk is the risk of registering losses or not realizing the estimated profit, arising from the impossibility to honor at any time the short-time payment obligations, without this involving excessive costs or losses that cannot be supported by the Company.

The **Company's** financial instruments may include investments in shares not traded in an organized market and which may therefore have low liquidity. Therefore, the Company may face difficulties in rapidly liquidating its investments in such instruments at a value close to the value determined based on the computation model of the net assets of financial investment companies provided by Regulation no. 15/2004 issued by NSC to fulfill its own liquidity requirements.

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(c) Liquidity risk (continued)

The structure of the **Company's** assets and liabilities has been analyzed based on the remainder of the period spanning from the balance sheet date until the contract maturity date, both for the period ended September 30, 2016 and the financial year ended December 31, 2015, as follows:

	<u>Carrying amount</u>	<u>Less than 3 month</u>	<u>3 to 12 months</u>	<u>More than 1 year</u>	<u>No fixed maturity</u>
Financial assets					
Cash and cash equivalents	3.587.967	3.587.967	-	-	-
Deposits at banks	169.031.434	168.976.206	-	-	55.228
Financial assets at fair value through profit or loss	125.280.626	-	-	-	125.280.626
Available-for-sale financial assets	1.273.053.094	-	-	-	1.273.053.094
Investments held to maturity	9.586.040	-	-	9.586.040	-
Other financial assets	<u>9.532.995</u>	<u>9.532.995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets	<u>1.590.072.156</u>	<u>182.097.168</u>	<u>-</u>	<u>9.586.040</u>	<u>1.398.388.948</u>
Financial liabilities					
Dividends payable	30.401.047	30.401.047	-	-	-
Other financial liabilities	<u>1.956.635</u>	<u>1.956.635</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>32.357.682</u>	<u>32.357.682</u>	<u>-</u>	<u>-</u>	<u>-</u>

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(c) Liquidity risk (continued)

	<u>Carrying amount</u>	<u>Less than 3 month</u>	<u>3 to 12 months</u>	<u>more than 1 year</u>	<u>No fixed maturity</u>
December 31, 2015					
Financial assets					
Cash and cash equivalents	613.851	613.851	-	-	-
Deposits at banks	91.015.193	80.942.316	10.018.741	-	54.136
Financial assets at fair value through profit or loss	112.215.485	-	-	-	112.215.485
Available-for-sale financial assets	1.227.266.927	-	-	-	1.227.266.927
Investments held to maturity	9.593.199	220.256	37.437	9.335.506	-
Other financial assets	<u>6.269.023</u>	<u>6.269.023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets	<u>1.446.973.678</u>	<u>88.045.446</u>	<u>10.056.178</u>	<u>9.335.506</u>	<u>1.339.536.548</u>
Financial liabilities					
Dividends payable	42.394.161	42.394.161	-	-	-
Other financial liabilities	<u>13.094.875</u>	<u>5.718.729</u>	<u>7.376.146</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>55.489.036</u>	<u>48.112.890</u>	<u>7.376.146</u>	<u>-</u>	<u>-</u>

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4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(d) Tax risk

The Romanian tax system is subject to permanent interpretations and changes. In certain cases, the tax authorities may adopt difference positions from the **Company's** position and may calculate interest and penalties. Although the tax for a transaction may be minimum, penalties may be high, depending on the interpretations of the tax authorities.

In addition, there are agencies subordinated to the Government of Romania, which are authorized to control both Romanian and foreign entities operating in Romania. Such controls are largely similar to the controls conducted in many other countries, but can also extend to legal or regulatory fields of interest for the Romanian authorities.

The tax statements may be subject to control and review for a period of five years, generally after their submission date. In accordance with the legal regulations in force in Romania, the periods under review may be subject to additional controls in the future.

The **Company's** management considers that it has accurately registered the amounts in the accounts corresponding to taxes, levies and other State liabilities; however, the authorities may have a different position than the Company.

Starting from January 1, 2007, after Romania joined the European Union, the Company had to comply with the tax regulations of the European Union and implement the changes brought by the European legislation. The way in which the Company has implemented such changes remains subject to tax audit for a period of five years.

The latest control conducted by the Ministry of Public Finance covered the period up to January 1, 2010. Therefore, the **Company's** liabilities up to that date may be subject to a further verification.

(e) Economic environment risk

The Romanian economy is still having the characteristics of an emerging economy and there is a significant degree of uncertainty regarding the future development of the political, economic and social environment. The **Company's** management attempts to estimate the nature of the changes that will occur in the Romanian economic environment and their effect on the financial standing and operating and cash flow result of the Company.

Among the characteristics of the Romanian economy are also a currency that is not fully translatable abroad and a low degree of liquidity in the capital market.

The **Company's** management cannot predict all of the effects of the crisis which will affect the Romanian financial sector or the potential impact thereof on these financial statements. The **Company's** management considers that it has taken all the required measures for the Company to be sustainable and develop in the current market conditions.

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(f) Operating risk

Operating risk is defined as the risk of registering losses or not realizing the estimated profit due to internal factors such as the improper carrying out of internal activities, existence of improper personnel or systems or due to external factors such as economic conditions, changes in the capital market, technological advances. Operating risk is inherent to all of the **Company's** activities.

The described policies for operating risk management considered any type of event that may cause significant risks and modalities in which they may manifest, so as to eliminate or reduce financial or reputational losses.

(g) Capital adequacy

The management policy regarding capital adequacy focuses on maintaining a robust capital base in order to support the **Company's** continued development and the achievement of its investment objectives.

The **Company's** equity includes share capital, various types of reserves and retained earnings. As at September 30, 2016, the Company registered equity in amount of RON 1.515.421.987 (December 31, 2015: RON 1.335.950.980).

The Company does not form the object of capital adequacy legal requirements.

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5. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

The table below summarizes the carrying amounts and fair values of the **Company's** financial assets and liabilities as at September 30, 2016:

	Tradable	Available for sale	Depreciation cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	3.587.967	3.587.967	3.587.967
Deposits at bank	-	-	169.031.434	169.031.434	169.031.434
Financial assets at fair value through profit or loss	125.280.626	-	-	125.280.626	125.280.626
Available-for-sale financial assets	-	1.273.053.094	-	1.273.053.094	1.273.053.094
Investments held to maturity	-	-	9.586.040	9.586.040	9.586.040
Other financial assets	-	-	9.532.995	9.532.995	9.532.995
<b>Total financial assets</b>	<b>125.280.626</b>	<b>1.273.053.094</b>	<b>191.738.436</b>	<b>1.590.072.156</b>	<b>1.590.072.156</b>
Dividends payable	-	-	30.401.047	30.401.047	30.401.047
Other financial liabilities	-	-	1.956.635	1.956.635	1.956.635
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>32.357.682</b>	<b>32.357.682</b>	<b>32.357.682</b>

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5. FINANCIAL ASSETS AND LIABILITIES (continued)

The table below summarizes the carrying amounts and fair values of the **Company's** financial assets and liabilities as at December 31, 2015:

	Tradable	Available for sale	Depreciation cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	613.851	613.851	613.851
Deposits at bank	-	-	91.015.193	91.015.193	91.015.193
Financial assets at fair value through profit or loss	112.215.485	-	-	112.215.485	112.215.485
Available-for-sale financial assets	-	1.227.226.927	-	1.227.226.927	1.227.266.927
Investments held to maturity	-	-	9.593.199	9.593.199	9.684.481
Other financial assets	-	-	6.269.023	6.269.023	6.269.023
<b>Total financial assets</b>	<b>112.215.485</b>	<b>1.227.266.927</b>	<b>107.491.266</b>	<b>1.446.973.677</b>	<b>1.447.064.960</b>
Dividends payable	-	-	42.394.161	42.394.161	42.394.161
Other financial liabilities	-	-	13.094.875	13.094.875	13.094.875
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>55.489.036</b>	<b>55.489.036</b>	<b>55.489.036</b>

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6. DIVIDEND INCOME

Dividend income is registered at gross value. The tax rates of dividends for the reporting period were 5% and nil (2015: 16%, 15%, 25% and nil). Dividend income by main accounts is presented in the table below:

	Sepetmber 30, 2016	Setember 30, 2015
AEROSTAR	1.910.879	0
BANCA TRANSILVANIA	86.043.802	0
BIOFARM	2.147.315	2.013.108
BURSA DE VALORI BUCURESTI	333.327	559.409
Conpet	804.887	655.055
Mecanica Ceahlau	729.492	875.390
OMV Petrom	0	2.410.709
SIF Muntenia	1.807.239	2.850.919
Sif Oltenia	3.738.805	3.415.483
SNGN Romgaz SA	7.155.000	2.992.500
SNTGN Transgaz	7.398.707	5.841.790
TRANSELECTRICA	2.701.331	2.857.600
Istru	324.421	
Others	1.066.998	1.226.898
Total	<u>116.162.204</u>	<u>25.698.861</u>

7. INTEREST INCOME

	September 30, 2016	September 31, 2015
Interest income on deposits and current accounts	460.628	713.128
Interest income on held to maturity investments	465.157	508.620
Total	<u>925.785</u>	<u>1.221.748</u>

8. OTHER OPERATING INCOME

	September 30, 2016	September 30, 2015
Rental income	552.166	543.944
Income from recovered receivables	-	39.144
Oher operating revenues	73.121	4.248
Total	<u>625.287</u>	<u>587.336</u>

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9. NET GAINS ON THE SALE OF ASSETS

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Net profit from sale of available-for-sale financial assets	<u>87.148.277</u>	<u>51.332.773</u>
Total	<u>87.148.277</u>	<u>51.332.773</u>

Income from sales of shares classified as available-for-sale financial assets was in amount of RON 164.296.695 (2015: RON 89.308.851), the cost related thereto being RON 77.148.418 (2015: RON 37.976.078). The gain obtained was RON 87.148.277 (2015: RON 50.380.716). Such transactions from 2016 consisted primarily in selling the shares held with Banca Transilvania.

10. NET LOSS / (GAIN) ON THE REVALUATION OF THE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Net loss/(Net gain) from revaluation of financial assets held for trading	<u>(6.932.775)</u>	<u>2.629.028</u>
Total	<u>(6.932.775)</u>	<u>2.629.028</u>

The loss of RON 6.932.775 (2015: gain of RON 2.629.028) represents the difference from the revaluation at fair value of shares and fund units held at fair value through profit or loss.

11. LOSSES (IMPAIRMENT REVERSALS) ON THE IMPAIRMENT OF ASSETS

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Losses / (Reversal) of impairment of available for sale financial assets	<u>(45.034.695)</u>	<u>(4.343.819)</u>
Losses / (Reversal) of impairment of other assets	<u>307.701</u>	<u>1.417.994</u>
Total	<u>(44.726.994)</u>	<u>(2.925.825)</u>

The total effect during the financial period January 1, 2016 – September 30, 2016 of the impairment of available-for-sale financial assets on profit or loss is RON 44.726.994, of which RON 4.807.037 (Note 16 b)) and RON 40.227.661 (Note 16 e)).

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12. OTHER OPERATING EXPENSES

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Expenses with salaries and other personnel expenses	3.313.176	2.810.105
Expenses with external services	6.527.420	5.136.482
Commissions and fees	2.206.941	2.046.976
Entertaining, promotion and advertising	293.627	181.673
Other operating expenses	2.409.737	2.238.446
Audit and consultancy	<u>620.424</u>	<u>201.304</u>
<b>Total</b>	<b><u>15.371.325</u></b>	<b><u>12.614.986</u></b>

Other operating expenses include expenses with the amortization of non-current assets, travel expenses and telecommunications, expenses with repair and maintenance, etc. The average number of employees for the period ended September 30, 2016 was 33 (September 2015: 30).

13. INCOME TAX

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Current income tax		
Current income tax (16%)	3.116.230	13.663.531
Tax on dividends (16%)	<u>5.550.728</u>	<u>3.594.902</u>
	<u>8.666.958</u>	<u>17.258.433</u>
Deferred tax expense		
Financial assets available for sale	(152.291)	4.982.338
Investment property	-	5.221
Financial assets at fair value through profit or loss	-	(62.590)
Provision for management benefits	<u>1.281.281</u>	<u>(1.172.905)</u>
Total deferred tax	<u>1.128.990</u>	<u>3.752.064</u>
<b>Total</b>	<b><u>9.795.948</u></b>	<b><u>21.010.497</u></b>

The reconciliation between profit before tax and expense with income tax through profit or loss:

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Profit before tax	<u>140.082.016</u>	<u>75.009.951</u>
Tax under statutory tax rate of 16% (2010: 16%)	22.413.123	12.001.592
Income tax effect of:		
Non-deductible expenses	1.175.583	1.753.028
Non-taxable income	(20.179.155)	(2.151.013)
Temporary differences registration and reversal	<u>6.386.397</u>	<u>9.406.890</u>
<b>Income tax</b>	<b><u>9.795.948</u></b>	<b><u>21.010.497</u></b>

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14. CASH AND CASH EQUIVALENTS

	September 30, 2016	December 31, 2015
Cash	10.344	20.885
Current accounts in bank	<u>3.577.623</u>	<u>592.966</u>
Total cash and cash equivalents	<u>3.587.967</u>	<u>613.851</u>

The current bank accounts are permanently at the **Company's** disposal and are not restricted.

15. BANK DEPOSITS

	September 30, 2016	December 31, 2015
Bank deposits		
Term deposits	168.925.683	90.900.637
Attached receivables	50.523	60.420
Blocked deposits	<u>55.228</u>	<u>54.136</u>
Total deposits at banks	<u>169.031.434</u>	<u>91.015.193</u>

Bank deposits are permanently at the **Company's** disposal and are not restricted.

16. FINANCIAL ASSETS

a) *Financial assets at fair value through profit or loss*

	September 30, 2016	December 31, 2015
Fund units	107.292.583	18.323.607
Shares	<u>17.988.043</u>	<u>93.891.878</u>
Total	<u>125.280.626</u>	<u>112.215.485</u>

b) *Available-for-sale financial assets*

	September 30, 2016	December 31, 2015
Shares held at fair value	1.079.579.545	1.061.091.236
Shares held at cost	125.082.156	128.717.878
Unit funds held at fair value	<u>68.391.393</u>	<u>37.457.813</u>
Total	<u>1.273.053.094</u>	<u>1.227.266.927</u>

As at September 30, 2016 the category of shares measured at fair value includes primarily the value of the shares held with Banca Transilvania, Transgaz, Romgaz and as at December 31, 2015 such shares were represented by shares held in Banca Transilvania, BRD - Groupe Societe Generale S.A., OMV Petrom.

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16. FINANCIAL ASSETS (continued)

b) *Available-for-sale financial assets (continued)*

Shares at fair value have been measured by multiplying the number of shares held as at the balance sheet date with the closing price on the last trading day of the reporting period.

The movement of available-for-sale financial assets in the period ended September 30, 2016 and the financial year ended December 31, 2015 is presented in the table below:

	Shares measured at fair value	Shares measured at cost	Fund units	Total
January 1, 2015	<u>1.017.981.486</u>	<u>25.451.052</u>	<u>48.862.305</u>	<u>1.092.294.843</u>
Net change during the period	(59.529.783)	103.619.224	(10.721.988)	33.367.453
Transfer	290.568	(290.568)	-	-
Impairment losses	-	2.771.825	(682.504)	2.089.321
Change in fair value	<u>102.348.964</u>	<u>(2.833.655)</u>	<u>-</u>	<u>99.515.309</u>
December 31, 2015	<u>1.061.091.236</u>	<u>128.717.878</u>	<u>37.457.813</u>	<u>1.227.266.927</u>
Net change during the period	(828.978)	(6.743.698)	35.000.000	27.427.324
Transfer	-	-	-	-
Impairment losses	(3.338.114)	(1.468.923)	-	(4.807.037)
Change in fair value	<u>22.511.358</u>	<u>-</u>	<u>654.522</u>	<u>23.165.880</u>
September 30, 2016	<u>1.079.435.502</u>	<u>120.505.257</u>	<u>73.112.335</u>	<u>1.273.053.094</u>

c) *Held-to-maturity investments*

<i>In LEI</i>	September 30, 2016	December 31, 2015
Corporate bonds	9.465.174	9.463.379
Government bonds	<u>120.872</u>	<u>129.820</u>
Total	<u>9.586.040</u>	<u>9.593.199</u>

d) *Fair value hierarchy*

The table below analyzes the financial instruments carried at fair value depending on the measurement method. The fair value levels depending on the input in the measurement model have been defined as follows:

- Level 1: quoted prices (not adjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than the quoted prices included in Level 1, observable for assets or liabilities either directly (e.g.: prices), or indirectly (e.g.: price derivatives)
- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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16. FINANCIAL ASSETS (continued)

*d) Fair value hierarchy (continued)*

September 30, 2016	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss	125.280.626	-	-	125.280.626
Financial assets available for sale	<u>1.106.506.378</u>	<u>3.191.175</u>	<u>42.850.286</u>	<u>1.152.547.840</u>
	<u>1.231.787.004</u>	<u>3.191.175</u>	<u>42.850.286</u>	<u>1.277.828.466</u>
December 31, 2015				
Financial assets at fair value through profit or loss	112.215.485	-	-	112.215.485
Financial assets available for sale	<u>1.056.420.723</u>	<u>3.191.176</u>	<u>38.937.150</u>	<u>1.098.549.049</u>
	<u>1.168.636.208</u>	<u>3.191.176</u>	<u>38.937.150</u>	<u>1.210.764.534</u>

In 2015, the Company classified as measurement level 3 shares measured at fair value based on the evaluation report prepared by external evaluators. To determine fair value, the Company applied the capitalization of net income, considered the most representative to measure the share. The information used was: information filled in by the representatives of the company analyzed in the questionnaire sent, the financial statements of the entity analyzed for the past three financial years, the status found in the accounting records related to the property, plant and equipment owned as at the evaluation date; the own data base of the evaluator; information from official data bases.

*e) Revaluation reserve at fair value of available-for-sale financial assets, net of deferred tax*

	<u>January - September 2016</u>	<u>January - September 2015</u>
January 1, 2016/2015	450.874.023	377.413.183
Net gain on the revaluation of available-for-sale financial assets, net of the effect of deferred tax	113.864.776	148.325.537
(Gain) / Loss on the transfer to profit or loss further to the sale of available-for-sale financial assets	(81.394.778)	(51.576.900)
Effect of loss in profit or loss on the impairment of available-for-sale financial assets	40.227.661	-
September 30, 2016/2015	<u>523.571.682</u>	<u>474.161.820</u>

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17. INVESTMENT PROPERTY

	September 30, 2016	December 31, 2015
Balance as at January 1 2016	3.264.341	3.154.243
Investment property written off	-	110.098
Balance as at September 30 / December 31	3.264.341	3.264.341

18. INTANGIBLE AND TANGIBLE ASSETS

	January 1, 2016	Increases	Reductions/ reclassifications	September 30, 2016
Gross carrying amount				
Intangible assets	-	-	-	-
Intangible assets	2.062.453	9.804	-	2.072.256
Intangible assets in progress	-	9.804	9.804	-
	2.062.453	19.608	9.804	2.072.256
Total				
Tangible assets	-	-	-	-
Land	393.370	-	-	393.370
Buildings	6.286.808	-	-	6.286.808
Plant and machinery	1.025.067	30.458	10.228	1.045.296
Motor vehicles	1.411.781	-	-	1.411.781
Other fixed assets	126.352	8.352	-	134.704
Tangible assets in progress	100.040	274.283	8.352	365.971
	9.343.418	313.093	18.580	9.637.930
Total	9.343.418	313.093	18.580	9.637.930
Accumulated depreciation	January 1, 2016	Increases	Reductions/ reclassifications	September 30, 2016
Intangible assets				
Intangible assets	1.768.548	174.777	-	1.943.325
Total	1.768.548	174.777	-	1.943.325
Tangible assets				
Land	-	-	-	-
Buildings	583.308	203.388	1.050	785.646
Plant and machinery	768.567	147.962	10.228	906.300
Motor vehicles	740.843	309.263	-	1.050.107
Other fixed assets	85.552	15.037	-	100.589
	2.178.270	675.650	11.278	2.842.642
Total	2.178.270	675.650	11.278	2.842.642
Net carrying amount				
Intangible assets	-	-	-	128.931
Tangible assets	-	-	-	6.795.288

The Company revalued land and buildings held as at December 31, 2013.

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21. PROVISIONS FOR RISKS AND CHARGES

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Provision for litigation	<u>2.674.350</u>	<u>3.306.214</u>
Total	<u>2.674.350</u>	<u>3.306.214</u>

Regarding the amounts collected by the Company through court officers, AVAS filed legal proceedings contesting the enforced amounts. The provisions for litigation represent amounts collected by the Company through court officers between 2010 and 2014 and subsequently contested by AVAS.

The litigation provision can be analyzed as follows:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Balance as at January 1, 2016/2015	<u>3.306.214</u>	<u>3.665.327</u>
Charge	-	-
Release	<u>(631.864)</u>	<u>(359.113)</u>
Balance as at September 30, 2016/2015	<u>2.674.350</u>	<u>3.306.214</u>

22. DEFERRED INCOME TAX LIABILITIES

Deferred income tax liabilities as at September 30, 2016 are triggered by the elements detailed in the table below:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Property, plant, equipment	3.909.655	-	3.909.655
Financial assets at fair value through profit or loss	310.869.469	-	310.869.469
Investment property	2.977.522	-	2.977.522
Provisions for litigation and other provisions	(2.674.350)	-	(2.674.350)
Financial assets at fair value through profit or loss – fund units	(698.094)	-	(698.094)
Provision for management benefices	<u>(7.376.146)</u>	<u>-</u>	<u>(7.376.146)</u>
Total	<u>307.008.056</u>	<u>-</u>	<u>307.008.056</u>
Net temporary differences - 16%			<u>307.008.056</u>
Deferred tax liability			<u>49.121.289</u>

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22. DEFERRED INCOME TAX LIABILITIES (continued)

Deferred income tax liabilities as at December 31, 2015 are triggered by the elements detailed in the table below:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Property, plant, equipment	4.178.685	-	4.178.685
Financial assets at fair value through profit or loss	362.155.315	-	362.155.315
Investment property	2.977.522	-	2.977.522
Provisions for litigation and other provisions	(3.306.214)	-	(3.306.214)
Financial assets at fair value through profit or loss – fund units	(257.529)	-	(257.529)
Provision for management benefices	<u>(7.376.146)</u>	<u>-</u>	<u>(7.376.146)</u>
<b>Total</b>	<b><u>358.371.633</u></b>	<b><u>-</u></b>	<b><u>358.371.633</u></b>
Net temporary differences - 16%			<u>358.371.633</u>
Deferred tax liability			<u>57.339.461</u>

As at September 30, 2016, deferred income tax recognized directly by reducing equity amounts to RON 48.566.325 (December 31, 2015: RON 57.339.461), being generated by tangible assets and available-for-sale financial assets measured at fair value.

23. OTHER LIABILITIES

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Suppliers – invoices not received	353.277	561.681
Current income tax liability	-	2.555.318
Tax and duties	332.132	2.494.382
Profit sharing liability	-	7.376.146
Other liabilities	<u>1.956.635</u>	<u>5.718.729</u>
<b>Total</b>	<b><u>2.642.044</u></b>	<b><u>18.706.256</u></b>

Profit-sharing liabilities established in 2015 within the limits of the collective employment contract (for employees) and the Constitutive Act (for administrators) were paid by the Company during the reporting period, after approval by the general meeting of shareholders of the separate financial statements for 2015.

Current income tax liabilities have been paid by the Company on term.

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24. EQUITY AND RESERVES

(a) *Share capital*

The **Company's** shareholding is as follows:

September 30, 2016	<u>Shareholders</u>	<u>Shares</u>	<u>Amount (RON)</u>	<u>(%)</u>
Individuals	5.769.857	453.662.493	45.366.250	44%
Companies	<u>283</u>	<u>584.516.683</u>	<u>58.451.668</u>	<u>56%</u>
<b>Total</b>	<u>5.770.140</u>	<u>1.038.179.176</u>	<u>103.817.918</u>	<u>100%</u>

December 31, 2015	<u>Shareholders</u>	<u>Shares</u>	<u>Amount (RON)</u>	<u>(%)</u>
Individuals	5.774.995	461.331.672	46.133.167	44%
Companies	<u>304</u>	<u>576.847.504</u>	<u>57.684.750</u>	<u>56%</u>
<b>Total</b>	<u>5.775.299</u>	<u>1.038.179.176</u>	<u>103.817.918</u>	<u>100%</u>

All shares are ordinary, subscribed and fully paid in as at September 30, 2016. All shares entitle to the same voting right and have a nominal value of RON 0.1/share. The number of shares authorized for issuance equals the number of shares issued. In the reporting period, there were no changes in the number of shares issued. Thus, the share capital as at September 30, 2016 is 103.817.918 (December 31, 2015: 103.817.918).

The right to hold shares up to 1% of the share capital has been amended by Law 11 of January 6, 2012 (effective from January 13, 2012), to 5% of the share capital, namely 51.908.959 shares.

(b) *Reserves from the revaluation of available-for-sale financial assets*

Such reserve includes the net cumulated changes in the fair values of available-for-sale financial assets from the date they are classified as such to the date they are derecognized or impaired.

Reserves from the revaluation of available-for-sale financial assets are registered at a value net of the related deferred tax. The value of deferred tax recognized directly through the reduction of equity is presented in Note 22.

(c) *Legal reserves*

According to the legal requirements, the Company establishes legal reserves in amount of 5% of the profit registered according to IFRS, up to 20% of the share capital. The value of the legal reserve as at September 30, 2016 is RON 16.062.497 (December 31, 2015: RON 16.062.497).

Legal reserves cannot be distributed to shareholders.

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24. EQUITY AND RESERVES (continued)

(d) *Dividends*

During the reporting period, the Company declared dividends in amount of RON 46.250.883 related to 2015 (2015: RON 52.531.866 related to 2014), and RON 0,045/share (2014: RON 0,1012/share).

In 2016, the Company annulled the distribution of dividends in amount of RON 23.678.295 related to 2012 (2015: RON 21.719.772 related to 2011).

(e) *Other items of equity*

The Company redeemed own shares in amount of RON 9.490.358 in order to award benefits to employees under equity-settled share based payments. Benefits are recognized at the fair value of equity instruments, as of the date of granting such rewards.

25. EARNINGS PER SHARE

The earnings per share have been calculated based on the profit attributable to ordinary shareholders and the average weighted number of ordinary shares:

	September 30, 2016	September 30, 2015
Profit attributable to ordinary shareholders	131.415.058	237.065.814
Average weighted number of ordinary shares	1.038.179.176	519.089.959
Basic earnings per share	0,127	0,456

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

26. CONTINGENT COMMITMENTS AND LIABILITIES

(a) *Legal proceedings*

As at September 30, 2016, the Company was involved in 34 lawsuits as defendant and 98 lawsuits as plaintiff.

The lawsuits in which the Company acts as either defendant or plaintiff and whose object **influence the Company's patrimony are registered in accounting.**

Out of the 98 pending lawsuits in which the Company acts as plaintiff, 65 files relate to AAAS disputes. For the amounts claimed by the Company and obtained by final and irrevocable court decisions, the Company registered in accounting AAAS receivables – for a part of which the enforcement proceedings have been filed.

Out of the 34 files in which the Company is involved as defendant, 14 files have been opened by AAAS further to the enforcements executed by SIF Moldova.

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26. CONTINGENT COMMITMENTS AND LIABILITIES (continued)

(a) Legal proceedings (continued)

The lawsuits filed by AAAS against the enforcements executed by the Company are detailed below:

• Total contingencies at the beginning of the period until January 1, 2016:	RON 20.065.528
• Disputes initiated during the year:	RON 702.511
• Court rulings in favor of SIF:	RON 13.332.558
• Contingent liabilities as at September 30, 2016:	RON 7.435.482

Of the total contingent assets recorded at September 30, 2016 of 22.428.114 lei, the amount of 10.165.152 represents the value of the shares in accordance with the law 151/2014 following the withdrawal of SIF Moldova from Alimentara Cluj, the amount of 7.981.037 lei represents the value of the litigation rights takeover between Textila Oltul and SIF Moldova, 3.644.554 lei represents the value of shares and interests due by Vastex as a result of the withdrawal of SIF Moldova from the shareholding and 634.672 lei represent amounts requested by SIF Moldova in litigations with AAAS regarding the recovery of court costs and damages related to the amounts won from litigations.

The amounts representing Contingent Assets will be recorded in the balance, at the time at obtaining a final and irrevocable judgment / cashing them.

(b) Environment contingencies

Environment regulations are still developing in Romania, and the Company has not registered any liabilities as at September 30, 2016 for any expected costs, including legal and consulting fees, site surveys, the design and implementation of recovery plans, related to environmental matters.

**The Company's management does not deem significant the expenses with any environmental matters.**

(c) Transfer pricing

The Romanian tax legislation has been providing rules on transfer pricing between affiliates **ever since 2000. The current legislative framework defines the principle of "market value"** for transactions between affiliates as well as the methods of determining transfer prices. Thus, it is probable that the tax authorities should conduct verifications of the transfer pricing to verify that the tax result and/or customs value of imported goods is not distorted by the effect of the prices practiced in the relations with affiliates. The Company cannot measure the result of such verifications.

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company has identified in the ordinary course of business the following related parties:

*Company's subsidiaries*

	September 30, <u>2016</u>	December 31, <u>2015</u>
Subsidiaries and holding		
Agribusiness Capitak S.A	99.99%	99.99%
Asset Invest	99.99%	99.99%
Casa	99.02%	99.02%
<b>Mecanica Ceahlău</b>	60.81%	60.81%
Opportunity Capital	99.99%	99.99%
Regal	93.02%	93.02%
Real Estate Asset S.A	99.99%	99.99%
<b>Jesătoriile Reunite</b>	99.99%	99.99%

This is a free translation from the original Romanian version.

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27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

*Company's subsidiaries (continued)*

In 2016, the Company participated in the increase of the subsidiaries' share capital as follows:

- **S.C. Țesătoriile Reunite S.A. București** – cash contribution in total amount of RON 4.950.000;
- Opportunity Capital S.A. - cash contribution in total amount of RON 4.005.000;
- Real Estate Asset S.A. – subscription to share capital increase in total amount of RON 68.203.695, of which RON 536.053 represents payments to be made, the rest represents payments made in 2014 and 2015.

*Associates of the Company*

As at September 30, 2016 and December 31, 2015, the Company has not registered associates.

*Key management personnel*

September 30, 2016

The members of the Board of Administration of SIF Moldova S.A. are: Ceocea Costel (President and CEO), Doros Claudiu (Vice-president and Deputy CEO), Catalin Jianu Dan Iancu (Head of Steering Committee) Horia Ciorcila, Radu Hanga, Octavian Claudiu Radu and Gheorghe Albu.

December 31, 2015

The members of the Board of Administration of SIF Moldova S.A. are: Ceocea Costel (President and CEO), Doros Claudiu (Vice-president and Deputy CEO), Catalin Jianu Dan Iancu (Head of Steering Committee) Horia Ciorcila, Radu Hanga, Octavian Claudiu Radu and Gheorghe Albu.

As at September 30, 2016 there were 33 individual labor contracts (as at December 31, 2015 there were 33 individual labor contracts); 3 management contracts (3 management contracts as at December 31, 2015); 7 administration contracts (the same as at December 31, 2015).

Of which:	<u>Employees</u>	<u>Management contracts</u>	<u>Administration contracts</u>
• Administrators	-	-	7
• Officers – administrators according to Law 31/1900 – republished	-	3	-
• Higher education employees	30	-	-
• Secondary education employees	<u>3</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<u>33</u>	<u>3</u>	<u>7</u>

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27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

The salaries and allowances paid or payable corresponding to the period January – September 2016, in amount of RON 4.475.182 (December 31, 2015: RON 8.056.095).

Of which:	December 31, 2015	September 30, 2016
• Management contract	2.399.526	1.253.484
• Board of Administration	3.183.958	2.035.816
• Employees, of which:	2.464.907	1.182.285
• Compensatory salaries for dismissals during the year	102.024	-
• Other collaborators	7.704	3.597
Total	8.056.095	4.475.182

Between January 1, and September 30, 2016, the employees received RON 1.638.179 (2015: RON 2.065.153) for profit sharing, trainings in amount of RON 19.878 (2015: trainings – RON 133.370).

**The officers' financial rights are approved by the Board of Administration** under the management contract. The **administrators' salaries and allowances** account for 70% of the **Company's total salary expenses**. The administrators received RON 5.329.766 (2015: RON 7.114.443) for profit sharing.

28. SUBSEQUENT EVENTS

In the Board meeting of October 24, 2016 it has been approved the subscription to the share capital increase of Tesatoriile Reunite of a total of 1.680.450 shares at a nominal value of 2,5 lei/share, representing a total value of 4.201.125 lei, respectively 933.583 euro (at the rate of 4,50 lei/euro).

Deadlines for watering amounts that will increase the share capital of weavers Reunite:

- **1.777.500 lei**, representing 42,31% of the total value of SIF Moldova contribution until the date of November 1, 2016;
- **2.423.625 lei**, representing 57,69% of the total value of SIF Moldova contribution, at the request of Tesatoriile Reunite, within a maximum period of six months from the date of the EGMS.