



Performanță
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Performance
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Bacău, str.Pictor Aman, nr. 94C, jud. Bacău, cod poștal 600164,
tel. 0234 576 740, fax: 0234 570 062
e-mail: sifm@sifm.ro, actionariat@sifm.ro
website.: www.sifm.ro

Board of Directors Report Q1 2017



URS is a member of Registrar of Standards (Holdings) Ltd.



Esteemed shareholders,

we hereby present you the results obtained by SIF Moldova at the end of Q1 2017 and the objectives of the following period, in compliance with “2014 – 2018 Investment Policy Statement and “2017 Activity Report” approved in the General Meetings of Shareholders.

Portfolio Structure

Listed shares portfolio holds the main weight of 76,3% of total managed assets value, while unquoted shares represent 11,3%, based on the reorientation of the investment policy in the given market conditions and in compliance with the resolutions of the General Meetings, during which shareholders have been informed about the implementation stage of the multiannual investment strategies and have approved “2017 Activity Program”.

Financial (44,3%) and energy (22,3%) sectors have remained the main sectors in the listed portfolio structure, reported to total assets value. At the same time we have continued the process of reducing the number of participants in the portfolio registering the exit of 3 issuers in the Historic Portfolio and increase of issuer exposure, so as to directly cause positive influences on portfolio performance.

Financial performance

Net profit registered in Q1 2017 is 8,3 mil lei (9% reported to BVC provisions 2017). The net revenue from assets sale is 7,1 mil lei, and real estate investments have amounted to 16,8 mil lei (7% reported to 2017 target). The total value of managed assets has been of de 1.843 mil lei, an increase by 17% in comparison to Q1 2016.

Investment process

SIF Moldova considers that the exposure on direct investment in real economy through private equity type investments in fields where Romania has proven experience and expertise, 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 sectorial development and diversification of the Majority Holdings Portfolio has been, in agreement with the Investment Policy Statement 2014-2018 and 2017 Activity Program, the main objective. The value increase of this portfolio can be determined by the implementation of some projects in several activity sectors, development of current projects or new businesses, either directly or through specialized companies. The increase and investment process are focused on fields with proven increase potential, such as the agriculture, real estate, social services sectors, etc. The operational framework of these companies is devised through gradual capital increase. SIF Moldova Group's restructure process is a dynamic one, with the purpose of increasing activity efficiency through new approaches, that would lead to the improvement of the financial performances of managed projects.

As investment projects develop we aim to draw additional financial resources from the financial and capital markets, from other specialized investors in that particular field/sector. Selected investments insure the creation of average-long term value (3 to 10 years) foreseen in the “Investment Strategy” (document in compliance with AFIA/FIA requirements) through yields that are higher than the main indexes of the capital market. Our own analysis and evaluation of running projects allow us to believe that the final impact of these projects on SIF Moldova performance will enter the forecast terms, approved by shareholders.

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

Respectfully yours,
Costel Ceoceca
President and CEO

Contents

1. Activity Analysis

- 1.1. Description of main activity
- 1.2. General information
- 1.3. Activity evaluation. Objectives. Performance
- 1.4. Policy for the management of holdings/companies in the portfolio
 - 1.4.1. "CORE" Portfolio
 - 1.4.2. "MAJORITY HOLDINGS" Portfolio. SIF Moldova Group
 - 1.4.3. "SELL" Portfolio
 - 1.4.4. Abidance by investment limits approved in 2017 Activity Report
- 1.5. Risk management

2. Financial Status

- 2.1. Global Result. Financial Status.
- 2.2. Expense management
- 2.3. Performance indicators
- 2.4. Achievement degree of Revenue and Expense Budget

3. SIF2 Share on Bucharest Stock Market

4. Promotion and protection of SIF Moldova interests

5. Compliance insurance

- 5.1. Internal Audit Activity
- 5.2. Internal Control Activity

6. Corporate Governance

- 6.1. Relationship with investors. Dividend Poliy.
- 6.2. Corporate Events
- 6.3. Internal Regulations
- 6.4. Corporate Governance Code
- 6.5. Human Resource Management
- 6.6. Social Responsibility

7. Events occurred after the reporting date

Annexes:

1. Annex 1 Net Assets Status on 31.03.2017
 - Annex 1.1. Status of SIF Moldova assets and liabilities (Reg. ASF no. 15/2004- A16)
 - Annex 1.2. Status of assets and detailed status of SIF Moldova Investments (Reg. ASF no. 15/2004- A17)
2. Annex 2 Financial statements on 31.03.2017 IFRS
3. Annex 3 Litigations status on 31.03.2017
4. Annex 4 BVB, ASF Reporting - Q1 2017

NOTE:

*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 elements accountingly evaluated as per FSA norm no. 39/28.12.2015 for the approval of **IFRS compliant accounting regulations**

1 Activity Analysis

1.1. Description of main activity

TYPE OF INVESTMENT COMPANY

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 AFIA/FIA is currently 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 shareholders .

The company's main object of activity is financial investments. The activity objects 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) 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, according to applicable regulations.

Note: the object of activity has been completed with the “risk management” activity and with “other auxiliary and connected collective management activities” in compliance with the provisions of art. 5 Law no. 74/2015 regarding alternate investment funds managers and FSA regulation no. 10/2015. The completion of the activity object has been approved by EGMS on 25.04.2016 and the Memorandum of Association is pending FSA approval.

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. Activity Evaluation. Objectives. Performance.

1.3.1. Managed assets

Assets value evolution (approach as per FSA regulations¹)

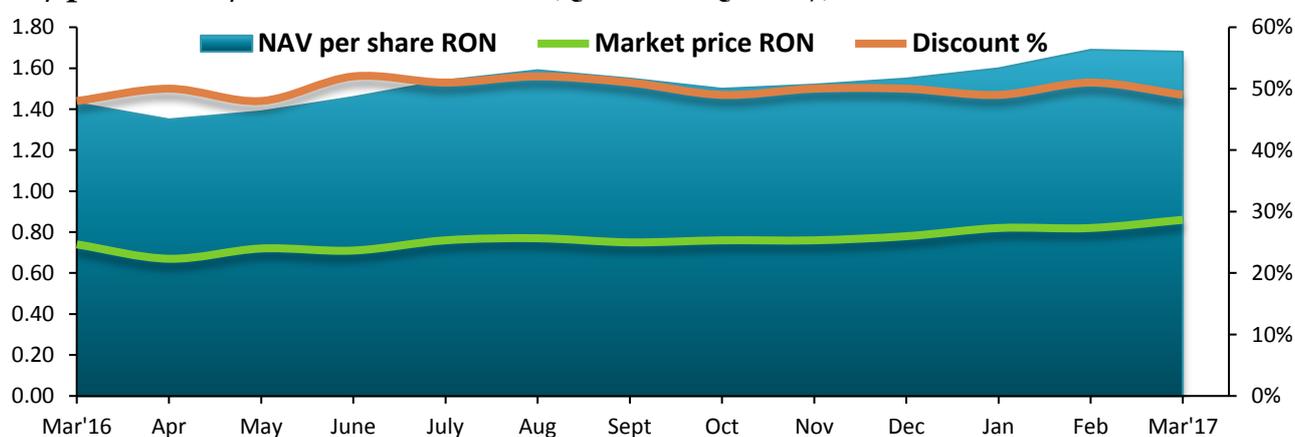
Indicators (mil lei)	2015	Q1 2016	2016	T1 2017
Total assets (mil lei)	1.545	1.575	1.694	1.843
Net assets (mil lei)	1.434	1.475	1.587	1.717
NAV (lei)	1,39*	1,43*	1,55*	1,68*
Market price (lei)	0,78*	0,74	0,78*	0,86*
Discount (%) Market price / NAV	44	48	50	49

+ 17%
reported
Q1 2016

Note: * The modification of NAV 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 (1.022.179.176) was obtained by subtracting from the total shares number, the shares purchased within the buy-back program (according to applicable regulations)

NAV / price SIF2 / Discount evolution (Q1 2016 – Q1 2017)



Comparative status NAV SIF s on 31.03.2017

mii lei	SIF1	SIF2	SIF3	SIF4	SIF5
Net assets 31.03.2017	2.114.129	1.717.740	944.578	1.222.690	1.729.465
Net assets 30.12.2016	1.920.298	1.585.573	913.830	1.173.709	1.494.899
Net assets evolution 17/16%	10,09	8,34	3,36	4,17	15,69
Net result 31.03.2017	5.396	8.301	3.156	5.607	1.528
Net result 30.12.2016	81.363	123.298	68.800	50.386	101.271
net profit evolution 17/16%	-93,37	-93,27	-95,41	-88,87	-98,49
capitalization up to date	1.058.181	894.910	547.164	574.610	986.282
Capitalization 30.12.2016	1.014.273	809.780	546.072	529.416	945.670
Capitalization evolution 31.03.2017/30.12.2016 %	4,33	10,51	0,20	8,54	4,29
NAV 31.03.2017 lei	4,0813	1,6805	0,4324	1,5150	2,9810
Price 31.03.2017 lei	1,92	0,86	0,25	0,71	1,70
NAV/price discount %	-52,76	-48,71	-42,07	-53,00	-42,97
dividend 2016 lei	0	0,044	0,02	0,04	0
DY% 2016	0	5,10	7,98	5,62	0
no. shares	548.849.268	1.038.179.176	2.184.286.664	807.036.515	580.165.714

*availabilities, deposits, state titles

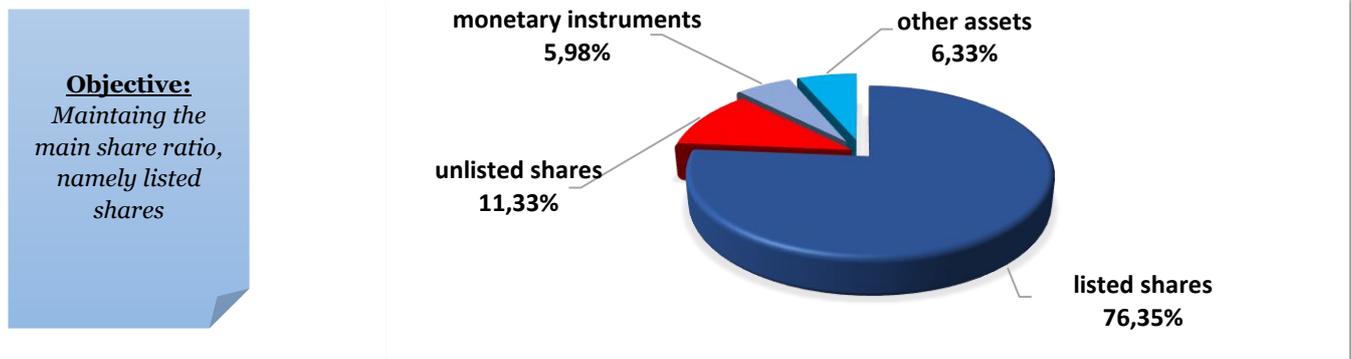
(Source: AAF)

¹ In annex 1 to the report, the following are presented: (1) net assets status on 31.03.2017 (Annex 16) as well as (2) detailed status of SIF Moldova's assets on 31.03.2017 (Annex 17) – drafted in compliance with FSA Reg. provisions no. 9/2014 and FRA reg no.. 10/2015 and FSA norm no. 39/28.12.2015 (IFRS)

Assets structure evolution

Assets structure (% of total assets value)	2015	Q1 2016	2016	Q1 2017	Q1 2017 - Q1 2016
Shares of which:	88,73	86,33	86,17	87,78	+1,45
- <i>listed</i>	73,68	71,31	74,11	76,35	+5,04
- <i>unlisted</i>	15,05	15,02	12,06	11,33	-3,69
AOPC + OPCVM Participation titles (fund units)	3,61	3,32	5,42	5,22	1,90
Monetary instruments (deposits , cash)	5,93	8,04	7,00	5,98	-2,06
Bonds (municipal, corporate)	0,64	0,62	0,58	0,53	-0,06
Other assets	1,09	1,69	0,83	0,58	-1,11

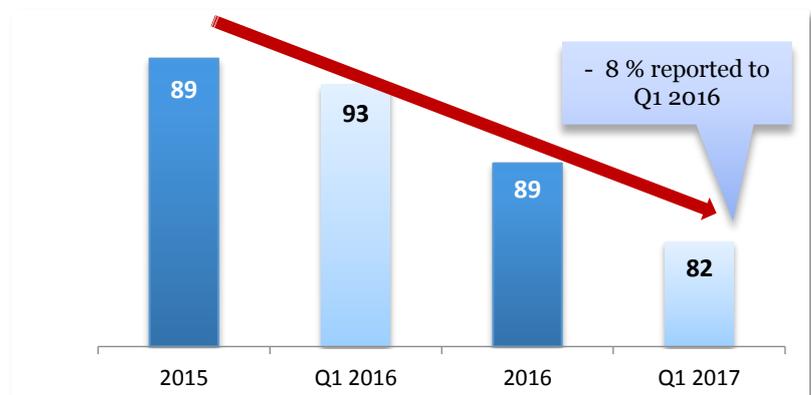
Portfolio structure on assets types IN Q1 2017 (% of total assets value)



1.3.2. Share Portfolio

Evolution of holdings no.

Objective:
Decrease in the number of holding and increase of exposure/issuer, so as to directly generate positive influences on the portfolio.



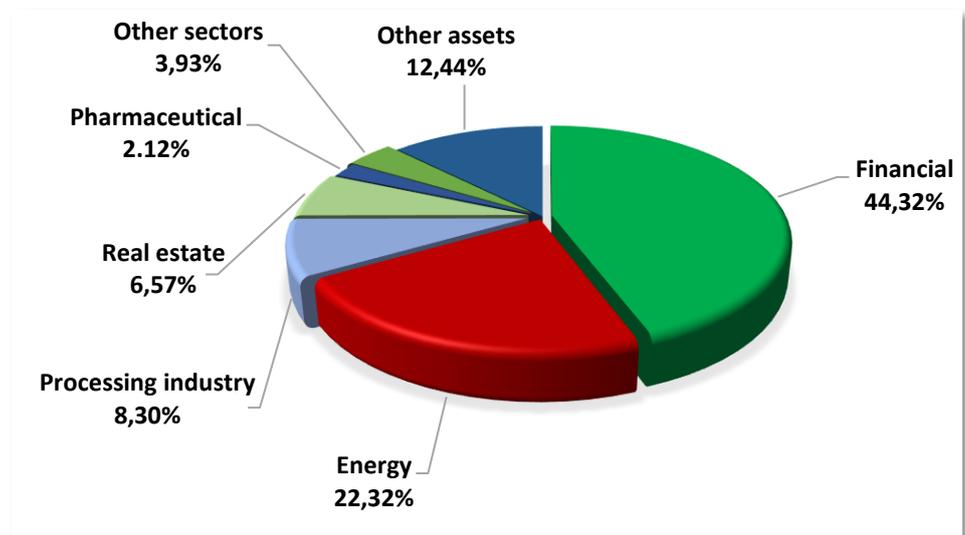
Evolution of sectorial exposure

Sectorial exposure (% of total assets value)	2015	Q1 2016	2016	Q1 2017	Q1 2017 - Q1 2016
Financial	46,73	45,98	43,72	44,32	-1,66
Energy	16,79	15,47	19,90	22,32	+6,85
Processing industry	11,36	11,37	9,21	8,30	-3,07
Real estate		4,30	7,20	6,57	2,27
Pharmaceutical	2,61	2,45	2,29	2,12	-0,33
Trade	3,12	3,09	2,20	1,59	-1,50
Agriculture	0,29	1,10	0,97	0,79	-0,31
Other sectors	7,80	2,57	0,68	1,55	-1,02

Sectorial exposure - 31.03.2017 (% of total assets value)

Objective:

Maintaining the financial and energetic sector with an important portfolio ratio



Top companies/ holdings in the portfolio – 31.03.2017

Issuer	% holding of issuer's share capital	ratio > 1 % of total assets value
BANCA TRANSILVANIA	7,17	37,71
OMV PETROM	0,86	8,04
SNTGN TRANSGAZ	2,33	5,64
SNGN ROMGAZ	0,71	4,57
AEROSTAR	14,95	4,25
REAL ESTATE ASSET	99,99	3,67
SIF OLTENIA	4,95	2,67
TESATORIILE REUNITE	99,99	2,35
TRANSELECTRICA	1,58	2,08
BIOFARM	13,62	2,07
SIF MUNTENIA	4,97	1,55
SIF TRANSILVANIA	4,45	1,32
MECANICA CEHLAU	63,30	1,06
HOTEL SPORT CLUJ	99,99	1,04
TOTAL		78,03

1.3.3. Operations

Q1 2017

- Net revenue from assets sale: 8,3 mil lei
- Real estate investments: 16,8 mil lei

The “Key” elements of the 2017 Activity Program approved by shareholders in GMS on 04.04.2016:

- ✓ **Investment policy** solid/ sustained, is the base of the long-term increase of the value of managed assets a basic element for the consolidation of investors' trust.
- ✓ Predictable **dividend policy**, that remunerates invested capital at a yield higher than those offered by monetary placements is aimed to satisfy the short term interests of shareholders. At the same time, the existence of low yields on the monetary markets favor investments, which also serves the average and long-term interests of shareholders.
- ✓ **Capital operations** by running a Share Buyback Program for the purpose of reducing the share capital.

The main operations run in year 2017 in order to reach the mentioned objectives:

- ✓ In Q1 2017 we have made investments in SNG, TEL, TGN, EL, based on the favorable risk/reward ratio, higher yields than those of similar East-European companies (Dy, EV/EBITDA, net debt/EBITDA)
- ✓ Operations run between 01.01.2017 - 31.03.2017, have caused the exit from Fondul Proprietatea and Antibiotice issuers, under profitable conditions.

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 real potential of companies;
- ✓ estimate of the investment need for activity development;
- ✓ improvement of economic-financial results;
- ✓ promotion of a new performing management;
- ✓ setting methods regarding a possible use of owned holdings;
- ✓ implementation of new proper, corporate governance rules.

SIF Moldova has three defined portfolios: "CORE", "SELL", "MAJORITY HOLDINGS".

Defined strategies for portfolios:

- ✓ **Increase** for **Majority Holding Portfolio** – "private equity" type within existent majority holdings (real estate, agricultural, other sectors).
- ✓ **Recalibration** for **CORE** portfolio – listed portfolio that offers liquidity for SIF Moldova assets being the main income and source generator for new investments.
- ✓ **Restructure** for **SELL portfolio** – continuation of the restructure/sale of "historic" share portfolio.

1.4.1. "CORE" Portfolio

On 31.03.2017, CORE represented 72,3% of total assets value and included issuers listed on BVB : TLV, TGN, SNG, TEL, SIFs, SNP, FP, ARS, BIO, El, COTE, with a value of 1.333,8 mil lei, representing 149% of SIF2 market value (894,9 mil.lei)

- **Financial-banking sector** – represents on 31.03.2017 44,32% of total assets (in comparison to 43,72% on 31.12.2016) based on TLV listing increase.

Banca Transilvania share evolution in Q1 2017 has confirmed SIF Moldova's estimates/expentances, the issuer significantly contributing to portfolio performance. On 31.03.2017 TLV exposure was of 37,71% of total assets of SIF Moldova (an increase from 36,79% on de 31.12.2016).

In compliance with 2014-2018 Investment policy statement that foresees "the continuation of investment strategies in the financial-banking sector with local market orientation", we have maintained an important holding on Banca Transilvania due to the high offered yield (cash +free shares) and share increase potential based on the ability to increase equity through "the bank's organic growth, as well as through purchased and mergers with other bank institutions operating on Romanian market" according to what the bank write in the 2017 Program. This ability to grow can sustain a competitive PBV in comparison to similar banks in CCE under the conditions of a higher ROE.

Population's consumption has been the main economic increase motor in 2016 and Q1 2017 and remains one of the main increase factors in this year as well, supported by recent wage increases, encouraging the

activity of bank companies. These could also benefit from the increase of investments and return of company credits.

In this context, Banca Transilvania, with low non-performance rates, solvability indicators well over the alert minimum, sub unitary credit/deposit ratio, is very well positioned to profit from the evolution of Romanian economy at a pace faster than EU average.

The legal and prudential limits regarding holdings per issuer (40%) and Group (50%) and bank share capital (10%) are abided by. SIF Moldova has implemented an internal mechanism to manage exposure that is subjected to TLV title listing fluctuation.

Comparative evolution TLV – EURO STXX 50 BANKS between 01.01.2017 – 31.03.2017



(Source: Bloomberg)

From presented graphs, we notice that in Q1 2017, TLV price has over performed in comparison to bank indexes in the euro area.

- **Energy sector** – the weight of energy – utilities sector in total assets on 31.03.2017 has increased to 22,32% (from 19,90% on 31.12.2016). The increase was due to SNG, TGN, TEL and EL share purchase, as well as quotation increase of utilities- energy companies in Q1 2017.

Through a Memorandum issued on 27.01.2017, the government has authorized its representatives in the general meetings of companies with full or main state capital to take all measures necessary to assign a minimum quota of 90% of profit in 2016 as dividends/payments to the state budget.

The holdings in the issuers in the sectors have been increased under the conditions of high operational margins and stock market indicators higher than similar international companies (Dy, EV/EBITDA). Purchases have also taken into consideration the perspective improvement of companies in the oil and gas sector given the macro-economic context, in favor of oil price increase.

The continuation of purchase of Aerostar (ARS) issued shares is based on the regional leader position in civil aircraft engineering, maintenance of civil airplanes, for solutions supplied in the field of aerial and terrestrial defensive systems, as well as on the financial soundness and growth perspectives of the company and its predictable dividend policy.

1.4.2. "Majority Holdings" Portfolio. SIF Moldova Group

On 31.03.2017, MH Portfolio registered a value of 186,1 mil lei, representing a weight of 10,09% of total SIF Moldova assets. Following the cancellation of Opportunity Capital SA in January 2017, SIF Moldova has become direct shareholder in Hotel Sport Cluj SA.

Branch name	Asset category market value as per FSA reg. 9/2014 (lei)	weight in total SIF Moldova assets on 31.03.2017 (%)
AGROINTENS SA	13.824.989	0,75
AGROLAND CAPITAL SA	97.849	0,01
ASSET INVEST BACAU	2.854.757	0,15
CASA SA BACAU	10.238.343	0,56
HOTEL SPORT CLUJ	19.189.399	1,04
MECANICA CEHLAU	19.590.818	1,06
REAL ESTATE ASSET S.A.	67.583.952	3,67
REGAL	9.377.479	0,51
TESATORIILE REUNITE	43.373.271	2,35
TOTAL SIF MOLDOVA	186.130.857	10,09

SIF Moldova Group members have been FSA certified (*certification no. 27/18.11.2015, certificate update n. 1/07.02.2017*) and includes 9 subsidiaries:

Nr	Branch name	SIF Moldova – mother company SIF Moldova Direct holding	Company type (closed/listed)
1	Mecanica Ceahlau SA	63,302	BVB-REGS (MECF)
2	Regal Galati SA	93,021	BVB-ATS (REGL)
3	Tesatoriile Reunite SA	99,999	not listed
4	Casa SA	99,026	not listed
5	Asset Invest SA	99,997	not listed
6	Real Estate Asset SA	99,999	not listed
7	Agrointens SA	99,999	not listed
8	Agroland Capital SA	99,992	not listed
9	Hotel Sport Cluj SA	99,990	not listed

Rules applied as per AFIA legislation

The private equity type investment policy through which control is gained on unlisted shares is in agreement with the multiannual investment strategy and the legal and prudential risk limitations of SIF Moldova, without representing the main de investment policy.

- ✓ In the selection and monitoring investments in unlisted shares SIF Moldova will apply a high level of diligence: the staff has the proper professional skills and abilities for the assets in which investment is made, the same diligence requirements being applied in the negotiation phase as well, before entering an agreement., SIF Moldova is shareholder with a holding over 95^ in all unlisted companies setup according to the 2014-2018 Investment Policy.
- ✓ These assets are evaluation in compliance with the evaluation policies and procedures they value

According to *2014-2018 Investment Policy Statement* SIF Moldova has an investment strategy to develop the Majority Holdings Portfolio, characterized by:

- a) implementation of projects in various sectors of activity and business development **through specialized companies** (companies setup by SIF within the Group) **and/or on companies in the historic portfolio of SIF Moldova;**
- b) investments represent a private-equity type approach which involves **the development of existent majority holdings ((real estate, agricultural machines) as well as new investments (real estate, agribusiness);** investment decisions have a degree of maturity/impact on average and long term expected profits.

This type of investments can represent a viable alternative to the low yields that the monetary and share markets offer.

➤ **Real Estate Asset SA (REA) – VERANDA MALL Project**

Premises: Project: The investment project consisted in the building and operation of Veranda Mall Commercial Center in Bucharest, in Obor-Colentina area, through Veranda Obor SA company. The investment is located in the proximity mall category, located in a highly populated area with commercial traffic.

SIF Moldova's investments: In order to implement the investment, SIF Moldova has subscribed to the increase of the share capital of REA, the amount of 65,5 mil. lei of which, up to 31.12.2015 it has paid the amount of 65 mil. lei. With this amount REA has purchased 31,42% of Professional Imo Partners SA (PPLI), former Prodplast Imobiliare, and 18,12% of NORD SA (NORD). The holding in Veranda Mall through Real Estate Asset is of about 36,7%. Project characteristics: GLE (laid-out built area) cca. 67.000 square meters; GLA (rentable area) cca. 30.000 mp; parking spaces no. 1.210. On 27.10.2016 Veranda mall was opened and preliminary results are in compliance with the expectations.

Following the resolution of the Board of Directors of SIF Moldova, regarding the restructuring of the Group, the company Real Estate Asset will enter voluntary liquidation procedure. The REA holdings in PPLI and NORD will thus enter SIF Moldova portfolio.

Financial results on 31.03.2017

Indicators – REA (lei)	REB 2017	Q1 2017	R/P (%)
Total revenue	10.000	742	7,4
Total expenses	242.312	47.298	19,5
Net profit / loss	-232.312	-46.556	20,0

Financial results on 31.12.2016

Indicators – REA (lei)	REB 2016	2016	R/P(%)
Total revenue	10.000	14.982	150
Total expenses	596.045	540.559	91
Net profit / loss	-586.045	-525.577	90

➤ **Tesatoriile Reunite SA – "Baba Novac Residence" Residential project**

Premises: In the reporting period, the company has finished the justification of the opportunity to develop a residential project "Baba Novac Residence" – residential area, located in Bucharest on the company's land, in an area with development/ increase potential.

SIF Moldova's investment : In order to achieve the investment project, SIF Moldova has subscribed to the increase of Tesatoriile Reunite SA share capital the amount of 9,1 mil. lei of which, up to 31.12.2016 it has paid 6,7 mil lei by 31.12.2016. Later event: payment of the 2nd trench of 2,4 mil. lei in April 2017.

Project characteristics: blocks of 363 apartments, 436 parking spaces of which 298 underground and 138 spaces above the ground. It is estimated that constructions works will start in the spring of 2017. The value of the investment project, at the sale value, is of about 34 mil euro.

Current status:

Buildings demolition – completed;
 Obtaining the building permit - pending;
 Contractor selection – pending
 Selection of financing bank – pending
 Start of building works – planned for the H 1 2017.

Exit possibilities: investment recovery will be made through the sale of the apartments build at a yield higher than the financing cost.

Financial results on 31.03.2017

Indicators - TERU (lei)	REB Q1 2017	T1 2017	R/P%
Total revenue	1.460.000	1.441.000	98,7
Total expenses	1.530.000	1.489.000	97,3
Net profit / loss	-69.000	-48.506	70,3

Financial results on 31.12.2016

Indicators – TERU (LEI)	REB 2016	2016	R/P%
Total revenue	665.000	5.604.133	842,7
Total expenses	6.976.000	6.649.970	95,3
Net profit / loss	-6.310.000	-1.045.837	16,6

*Balance OGMS summoned on 27/28.04.2017

➤ **Agrointens SA – Blueberry farm project**

Premises: The project was based on the development of a business in the agro-business field and involved the purchase of two blueberry farms with a cultivated area of about 18 hectares by Agrointens SA. The investment in intensive blueberry farming was based on the average and long-term increase potential of this type of plantation and aimed to develop the business through the extension of the cultivated area.

Exit possibilities: Investment recovery was estimated to be made through dividends, capital returns between 2023- 2026 and the sale of the investment in about 10 years. Financial forecasts estimate a yield higher than the capital market.

Current status: In August 2016 a land was purchased in Vistea locality, Brasov district, adjacent to the existent farm, an area of 5 hectares.

Later events:

- ✓ EGMS on 14.04.2017: The purchase of AI of 20 lots of land of total area 45,46 ha located in Mandra locality, Brasov district, has been approved.
- ✓ On 21.04.2017 the sale and purchase agreements for 18 land lots were concluded, total area 44,16 ha.

Financial results on 31.03.2017

Indicators – AGROINTENS (lei)	REB Q1 2017	Q1 2017	%
Total revenue	310.500	337.344	109
Total expenses	798.109	745.889	93
Net profit / loss	-487.609	-408.545	84

Financial results on 31.12.2016 (OGMS of 03.04.2017)

Indicators – AGROINTENS (lei)	REB 2016	2016	%
Total revenue	3.442.500	4.364.950	126,8
Total expenses	4.603.833	4.005.273	87,0
Net profit / loss	-1.161.333	200.573	n/a

➤ **Hotel Sport Cluj SA - Hotel**

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

Timeline: The project is structured on stages (pre-development, concept definition ; planning, certification ; development, execution, follow-up, endowment, reception and opening).

Exit possibilities: It was estimated that the investment will be recovered through the sale of the investment in about 10 years.

The company has obtained the building permit for the upgrading of the main building and façade modification and is awaiting the approval of PUG modification in order to obtain the extension authorization. Given the litigations between local institution regarding PUG (for the land held by Hotel

Sport), the management of the company thinks there might be a delay in obtaining the building permit for the extension.

Corporate event – *EGMS on 16.01.2017*: The Memorandum of Association of the Company has been modified following the modification of the shareholding company, through the entrance of SIF Moldova with a number of 19.329.398 shares held representing 99,990% of total share capital.

Financial results on 31.03.2017

Indicators – HOTEL SPORT (lei)	REB Q1 2017 *	Q1 2017	R/P%
Total revenue	37.800	54.429	144,0
Total expenses	300.106	291.119	97,0
Net profit / loss	-262.306	-236.690	90,2

* REB 2017 will be presented for OGMS approval on 27/28.04.2017

In the reported period, the revenue of the company came from the rental of spaces for telecom antennas and use of inventory goods.

Financial results on 31.12.2016

Indicators – HOTEL SPORT (lei)	REB 2016 *	2016 **	R/P%
Total revenue	1.726.744	1.808.816	104,8
Total expenses	2.621.737*	3.159.033	120,5
Net profit / loss	-894.993*	-1.350.217	150,9

* In the structure of revenue and expense account 2016, amortization value has not been included (748 mii lei)

** 2016 financial statements will be presented for the approval of OGMS convened on 27/28.04.2017

➤ Agroland Capital SA

The company was setup with the purpose of capitalizing on investment opportunities in the agribusiness-real estate field for the purpose of generating plus value for shareholders.

The company did not carry out any activity in the reporting period, in 2016, some investment projects will be run through it.

Financial results on 31.03.2017

Indicators – AGROLAND (lei)	REB Q1 2017	Q1 2017	R/P%
Total revenue	10	5	50,0
Total expenses	6.455	5.552	86,0
Net profit / loss	-6.445	-5.547	86,1

Financial results on 31.12.2016

Indicators – AGROLAND (lei)	REB 2016	2016	R/P%
Total revenue	60	271	451,7
Total expenses	23.736	23.938	100,9
Net profit / loss	-23.676	-23.667	100,0

Corporate events- *EGMS on 16.01.2017*: The company's Articles of Incorporation has been amended, following: (i) the modification of the company's shareholding – entrance of SIF Moldova's shareholding with a number of 12.000 shares representing 99,992% of total share capital and (ii) appointing of a new Sole Administrator.

➤ CASA SA

The company manages own and SIF's real estate assets. Its own real estate portfolio on 31.03.2017, includes of number of 11 buildings located in various municipalities (Suceava, Botosani, Piatra Neamt, Bacau, Iasi, Galati, Braila, Tulcea), with a net area of about 2.900 sqm of which about 1.300 square meters are rented. Additionally the company manages real estate assets belonging to SIF Moldova of about 2.029, the rented area being of about 1.238 square meters.

Financial results on 31.03.2017

Indicators – CASA (lei)	REN Q1 2017 *	Q1 2017	R/P%
Total revenue	n/a	314.242	n/a
Total expenses	n/a	302.641	n/a
Net profit / loss	n/a	11.601	n/a

* REB 2017 will be presented for the approval of the OGMS summoned on 27/28.04.2017

Financial results on 31.12.2016

Indicators – CASA (lei)	REB 2016	2016 *	R/P%
Total revenue	1.471.300	1.259.761	85,6
Total expenses	1.244.500	1.246.724	100,2
Net profit / loss	226.800	13.037	5,7

* 2016 financial statements will be presented for the approval of OGMS summoned on 27/28.04.2017

➤ **Regal SA**

The company manages own commercial areas and has planned to sell areas without rental or development potential

Financial results on 31.03.2017

Indicators – REGAL (lei)	REB Q1 2017	Q1 2017	R/P%
Total revenue	266.050	243.343	91,5
Total expenses	261.910	237.417	90,6
Net profit / loss	3.470	4.923	141,9

Financial results on 31.12.2016 (OGMS on 20.04.2017)

Indicators – REGAL (lei)	REB 2016	2016	R/P%
Total revenue	1.384.970	1.091.358	78,8
Total expenses	1.242.120	1.003.011	80,7
Net profit / loss	119.994	85.689	71,4

Dividend: the Company has approved the distribution of a gross dividend 0,0537375 lei/paper. Therefore, SIF Moldova shareholder has been assigned gross dividends of about 0,06 mil lei.

Corporate event - *EGMS of 20.04.2017*: The sale of assets through public bidding was approved according to the conditions of EGMS resolution no. 2 of 15.04.2016: "Amandina", Restaurant "Locomotiva", "Complex Aeroport" and "Materials Warehouse".

➤ **Mecanica Ceahlau SA**

Increase of the marketing activity through (i) participation to fairs and exhibitions (Arad, Iasi, Oradea), with own manufactured products and STEYR or PROJET products that the company imports and distributes and (ii) through the organization of demonstrations – testing of the machines in Galati, Neamt, Dolj and Bihor district. The company continues to have an up going trend.

Financial results on 31.03.2017

Indicators – MECF (lei)	REB 2017 *	Q1 2017	R/P%
Total revenue	41.414.852	10.470.948	25,3
Total expenses	38.300.000**	8.735.124	22,8
Net profit / loss	2.615.729	1.457.705	55,7

* REB 2017 will be submitted for approval in the OGMS summoned on 26/27.04.2017

** Preliminary value

Financial results on 31.12.2016

Indicators– MECF (lei)	REB 2016	2016 *	R/P%
Total revenue	33.636.000	38.057.228	113,1
Total expenses	31.134.000	35.518.674	114,1
Net profit / loss	2.501.621	2.105.150	84,1

* 2016 financial statements will be presented for approval of OGMS summoned on 26/27.04.2017

Dividend: the company suggested the distribution of a gross dividend 0,0045 lei/share, the total amount of dividends being 1,17 mil lei. Therefore, SIF Moldova shareholding might be assigned gross dividends worth 0,68 mil lei.

➤ **Asset Invest**

The company has the following main action directions:

- ✓ the management of the companies in its own portfolio mainly the liquidation of these participations - on 31.03.2017 managed a portfolio of 47 companies (44 SIF input/cessioned, 3 direct holdings) of which 9 functional, 3 in administrative liquidation, 2 in insolvency and 33 in judicial liquidation.
- ✓ representation in GMS/BD in the companies in its own portfolios, or in the portfolio of SIF Moldova.
- ✓ monitoring the information and events of the companies in the portfolio of SIF Moldova based on service agreement, entered with SIF Moldova

Based on the Mandate Contract entered with SIF Moldova, Asset Invest has provided support for the continuation of sale negotiation of the share packages in the SELL Portfolio, by analyzing all exit options: division on assets structure, sale of SIF holding to the majority shareholder, sale of holding with the majority shareholder, etc.

Financial results on 31.03.2017

Indicators Asset INVEST (lei)	REB 2017 *	Q1 2017	R/P%
Total revenue	625.903	139.865	22,3
Total expenses	556.019	122.063	21,9
Net profit / loss	63.023	14.755	23,4

* REB 2017 will be submitted for OGMS approval

Financial results on 31.12.2016

Indicators ASSET INVEST (lei)	REB 2016	2016 *	R/P%
Total revenue	680.600	758.820	111,5
Total expenses	627.000	692.316	110,4
Net profit / loss	45.024	66.504	147,7

* 2016 financial statements will be submitted for OGMS approval

➤ **New Projects**

In the Majority Holdings Portfolio, we have focused on the continuation of market research in order to identify new investment projects. New projects in the real estate, agriculture, social services and health fields have been documented /analyzed.

- ✓ **Atomium** – social and health services - In the documentation stage and analysis of locations possibilities and financial modeling.
- ✓ **Residential project in the North Bucharest area** – in documentation and financial analysis stage
- ✓ **Snagov residential project-** In documentation and market analysis stage.
- ✓ **agribusiness project** – value-added project – in the documentation stage, discussions with potential partners.

The analyzed projects are average size:

- ✓ investment value: 2,5÷3,5 mil euro
- ✓ value: 8÷10 mil euro
- ✓ implementation time: 24÷28 months

1.4.3. “SELL” Portfolio

In order to reach the investment objective according to the 2014-2018 Investment Policies Statement, SIF Moldova will continue to reduce the weight of the SELL portfolio in the total managed assets, portfolio selected based on low liquidation criteria, low performance, and increase potential. Thus, on 31.03.2017, the ratio of the SELL portfolio dropped to 5,13% din of total assets value, in comparison to 6,57% on 31.12.2016, the implemented strategy being of restructure through sale.

To the extent that the positions in this portfolio are sold, liquidities fuel the investment need of SIF Moldova. In 2017 SIF Moldova's holding in Antibiotice Iasi has been sold.

We have run sale negotiations for the share packages owned by SIF Moldova for a number of 6 companies through the analysis of some exit possibilities: sale of SIF Moldova holding to the majority shareholder, division on assets structures, etc.

We have actively participated to the General Meetings by amending the agendas with new items, submittal of questions to the Board of Directors, request to complete informative materials; at the same time, we have submitted convening requests of General Meetings to the companies in the portfolio, with the purpose of protecting SIF Moldova's interests.

1.4.4. Abidance by the investment limits approved in the 2017 Activity Program

SIF Moldova has analyzed and implemented investments that are in compliance with the directions and principles presented in the 2016 Activity Program approved by the shareholders (OGMS on 04.04.2017).

	2017 Activity Program (lei)	Achieved on .03.2017 (lei)
Total investment program, of which:	250.000.000	16.833.381
Majority holding		-
CORE, of which:		16.807.076*
- on long term		11.860.787
- on short term		4.946.289
Fund units		26.305**

*purchase of ARS, Catalyst, SNG, TGN, TEL and EL shares

** purchase of fund units

1.5.

Risk management

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

The main risks SIF Moldova company is subjected to are:

1. **Market risks**, with subcategories: position/price risk, currency risk, interest rate risk
2. **Liquidity risks**, with subcategories: cash-flow risk, assets liquidity risk
3. **Issuer risk**, with subcategory: concentration risk.
4. **Operational risk**, with subcategories: IT risk (IT), professional responsibility risk, compliance risk, model risk, risk associated to outsourced activities.
5. **Other risks**, with subcategories: counterparty risk, reputational risk, strategic risk, risks of legislation change, conflict of interest risk, risk associated with the activities carried out by the company's subsidiaries.

SIF Moldova permanently set and maintains the risk manager position that is exercised independently.
Risk management responsible:
Sonia Fechet

Decision-making mechanism is regulated and comprises the fundamental decision stages, the selection and context updating. Investment limits are permanently adjusted with the prudential holding limits and in close connection to the aim of reaching the objectives pre-set through investment policies.

The decisional path follows a strict procedure and answers to the requirement to manage opportunities in optimum time. In setting investment decisions an important role is played by the identification and evaluation of potential risks, permanently aiming to rebalance the portfolio on yield/risk criteria

The evaluation of risk probability and impact on the market, concerning the investment objectives is made through a Risk Management IT application that offers measurements regarding the market exposure risk of the financial instruments portfolio and allows the comparison between the own portfolio and a reference one.

According to the Risk Management Policy (2017), the global risk profile taken on by SIF Moldova is an average one corresponding to an average risk appetite.

ISRR quantified market risk exposure: 12,86%

The synthetic risk and yield indicator (ISRR) calculated based on the annualized volatility of monthly NAE over the last 3 years, ascertains that **SIF Moldova is classified** in the average risk profile (risk class 5).

This indicator is a measure for the value increases and decreases registered before the unitary net assets of SIF Moldova, on a scale from 1 to 7.

The risk indicator presents some limitations, as previous historic data does not represent a guarantee for future results. The classification on risk classes was made using as benchmark the annualized volatility intervals grid foreseen in CNVM/ASF guideline no.5/2012 regarding the form, content and presentation method of the documents regarding key information for investors in OPCVM.

1.5.1 Prudential limits systems:

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 in closed-type issuers, closed bonds	208.987.300	11,33
	7.426.436	0,40
TOTAL	216.413.736	11,74

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 just one holding in this category, the exposure on TLV issued (36,79%) that abides by the maximum holding limit foreseen by CNVM/ASF Regulation no.15/2004, art.188, line b) which is closely followed through daily holding 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 SIF Moldova total assets (%)
BANCA TRANSILVANIA, of which:	774.315.110	44,91
• shares	695.410.320	37,71
• bank deposits	47.894.491	2,60
• fund units	23.583.865	1,28
• bonds	7.426.436	0,40
EXIMBANK, of which:	58.433.153	3,17
• bank deposits	55.844.435	3,03
• shares	2.588.718	0,14
GLOBINVEST, of which:	30.576.469	1,66
• fund units	30.576.469	1,66
OTP, of which:	20.121.039	1,09
• fund units	20.121.039	1,09
ATLAS ASSET MANAGEMENT, of which:	14.563.881	0,79
• fund units	14.563.881	0,79
STAR ASSET, of which:	3.546.046	0,19
• fund units	3.546.046	0,19
STK FINANCIAL, of which:	1.963.832	0,11
• fund units	1.963.832	0,11

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

Group name	Assets category market value as per FSA regulation no. .9/2014 (lei)	Weight in SIF Moldova assets (%)
GRUP SIF MOLDOVA :		
AGROINTENS shares	13.824.989	0,75
AGROLAND CAPITAL shares	97.849	0,01
ASSET INVEST shares	2.854.757	0,15
CASA shares	10.238.343	0,56
MECANICA CEAHLAU shares	19.590.818	1,06
HOTEL SPORT CLUJ shares	19.189.399	1,04
REAL ESTATE ASSET shares	67.583.952	3,67
REGAL shares	9.377.479	0,51
TESATORIILE REUNITE shares	43.373.271	2,35
TOTAL SIF MOLDOVA GROUP	186.130.857	10,09

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

f) Value of current accounts and cash – allowed limit: 10% of total assets. In net assets, on 31.03.2017, the value of current accounts and cash is of 2.493.877 lei, representing 0,14% of share value.

g) Bank deposits setup and held at the same bank – allowed limit: 30% of total assets value.

Bank name	Deposit value (ASF reg no. .9/2014) (lei)	weight in total SIF Moldova assets (%)
Banca Transilvania	47.894.491	2,60
BRD - GSG	3.979.879	0,22
EXIMBANK	55.844.435	3,03
Total deposits	107.718.805	5,84

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

i) Holdings of 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	21.299.930	1,16
FII HERMES	9.149.348	0,50
BT Invest 1	6.273.536	0,34
FII Multicapital Invest	2.212.592	0,12
FII BET-FI Index Invest	1.957.059	0,11
STK Emergent	989.992	0,05
TOTAL AOPC (fund units)	41.882.457	2,27

2. ASF norm no.14/08.11.2013, art.9, letter 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 operation** will be allowed to directly or indirectly along with the individuals it acted in a joint manner, more than **20% of vote rights.**

Issuer name	no of shares held	total no. of issuer's shares	holding percentage in the issuer's share capital (%)
Bucharest Stock Exchange	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 central depository cannot hold more than **5% of voting rights**, with the exception of market operators, who can hold up to 75% of voting rights, with CNVM/ASF approval.

Issuer name	No. of shares held	Total number of issuer's shares	Holding percentage in the issuer's share capital
Central Depository (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[^]1

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 number of issuer's shares	Holding percentage in the issuer's share capital (%)
SIF Muntenia	40.160.859	807.036.515	4,98
SIF Oltenia	28.760.041	580.165.714	4,96
SIF Transilvania	97.371.384	2.184.286.664	4,46
SIF Banat Crisana	997.623	548.849.268	0,18

6. Holdings in the share capital of credit institutions – Banca Transilvania's Articles of Incorporation, art. 11 point b (b)“ No shareholder may hold 10% or more of the Bank share capital, unless:

- (i) he has the GMS approval and
- (ii) according with all formalities required 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	3.646.047.792	7,17

1.5.2**Value abidance of the holdings and investments made within prudential legal limits and 2017 Activity Report**

To sum up, the value of holdings and investments made between 01.01.2017 – 31.03.2017 within prudential legal limits and 2017 Activity Program (approved by OGMS on 04.04.2017), indicates the following evolutions:

A. the evolution of the abidance by prudential limits of assets/ assets categories (weight in total SIF Moldova assets), between 01.01.2017 – 31.03.2017, is the following:

Conclusion: Between 01.01.2017 – 31.03.2017, reported to total calculated monthly assets, no allowed legal limits were exceeded.

Assets type	% of total SIF Moldova assets		
	Jan'17	Feb'17	Mar'17
1. Art. 188 of CNVM Regulation 15/2004			
unlisted shares (shares and bonds)	13,21	11,76	11,74
TLV issuer	35,29	38,38	37,71
TLV	41,42	43,37	41,99
SIF Moldova Group	10,82	10,08	10,09
Atlas Asset Group	0,82	0,79	0,79
Eximbank Group	1,35	2,31	3,17
Globinvest Group	1,66	1,63	1,66
OTP Group	1,15	1,09	1,09
Star Asset Group	0,20	0,19	0,19
STK Financial Group	0,11	0,11	0,11
current accounts and cash	0,04	0,02	0,14
total bank deposits	6,39	5,85	5,84
non-UCITS participation titles	2,30	2,23	2,27
2. Art.9 of ASF regulation no.14/08.11.2013			
direct PN investments	-	-	-
indirect PN investments	-	-	-

B. The evolution of abidance by prudential limits SIF Moldova holdings in the share capital of issuers between 01.01.2017 – 31.03.2017, is the following:

Conclusion: Between 01.01.2017– 31.03.2017, reported to issuer share capital, no allowed legal limits were exceeded.

Issuer name *	% in issuer share capital		
	Jan'17	Feb'17	Mar'17
BVB	4,99	4,99	4,99
SIBEX	4,99	4,99	4,99
DEPOZITARUL CENTRAL	2,92	2,92	2,92
DEPOZITARUL SIBEX	2,82	2,82	2,82
SIF 1	0,18	0,18	0,18
SIF 4	4,98	4,98	4,98
SIF 5	4,96	4,96	4,96
SIF 3	4,46	4,46	4,46
TLV	7,17	7,17	7,17

* All holding entering the restrictions are presented, including those for which no investments were made between 01.01.2017 – 31.03.2017.

C. Abidance by the investment limitations approved through the 2017 Activity Program:

SIF Moldova has analyzed and implemented investments that are according to the directions and principles presented in the 2016 Activity Program approved by the shareholders (OGMS of 04.04.2017).

Investments, total amount of 16 mil. lei made between 01.01.2017-31.03.2017 abide by the total investment budget of 250 mil. lei approved through the 2017 Activity Program.

2 Financial status

Individuals financial statements on 31 March 2017 have been drafted by the company according to the recognition, measurement and evaluation criteria of the International Financial Reporting Standards adopted by the European Union ("IFRS"), as well as norm 39/2015 for the for the approval of Accounting Regulations according to the International Standards for Financial Reporting, applicable to authorized entities, regulated and supervised by the Financial Supervision Authority in the Sector of Financial Instruments and Investments (A.S.F.).

According to norm 39/2015, the International Financial Reporting standards, hereinafter referred to as IFRS represent the standards adopted according to the procedure foreseen by (EC) Regulation no.1606/2002 of the European Parliament and Council of 19th July 2002 regarding the application of international accounting standards, with its later amendments and additions.

The individual financial statements on 31st March 2017 include the individual statement of financial status on 31st March 2017, individual status of global result, individual status of equity modification of the 12 months' period concluded on 31 March 2017 and explanatory notes.

2.1. Global result

➤ Individual statement of global result :

(lei)	2015	Q1 2016	2016	Q1 2017
Revenue				
Revenue from dividends	27.712.560	10.497	118.775.487	128.153
Revenue from interests	1.563.181	281.575	1.216.794	300.626
Other operational revenue	795.363	202.779	846.767	202.590
Other revenue	240.513	624	2.792.301	31.796
Revenue from investments	-	-	-	-
Net revenue from asset sale	122.075.074	31.388.588	94.672.066	7.172.556
Net loss/earning from the re-evaluation of financial assets at fair value through the profit or loss account.	(3.974.232)	5.318.678	(6.504.125)	7.174.521
Net revenue from the re-evaluation of real estate investments	-	-	240.932	314.328
Expenses				
Losses from asset impairment	359.143	(1.507.590)	(46.908.657)	(336.735)
Expenses with the setup of provisions of risks and expenses	359.113	-	(145.628)	(16.308)
Other operational expenses	(26.332.968)	(4.896.724)	(31.174.094)	(5.121.579)
Other expenses	(261.760)	(2.940)	(8.820)	-
Profit before taxation	122.535.987	30.795.487	133.803.023	9.849.948
Profit tax	(22.195.661)	(4.952.285)	(10.505.003)	(1.548.772)
Net profit of the financial year	100.340.327	25.843.202	123.298.020	8.301.176
reserve increase / (decrease) from the reevaluation of tangible assets	90.395	14.348	1.418.212	-
net modification of reserve from the re-evaluation of financial assets available for sale, at fair value.	73.382.453	8.855.717	165.342.680	120.430.881
Other overall result elements	73.472.848	8.870.065	166.760.892	120.430.881
Total overall result of the period	173.813.175	34.713.267	290.058.912	128.732.057

➤ **Individual statement of financial position:**

(lei)	2015	Q1 2016	2016	Q1 2017
Assets				
Cash and cash equivalents	613.851	931.024	931.024	2.541.252
Bank deposits	91.015.193	117.794.735	117.794.735	107.770.728
Financial assets at fair value through the Profit and Loss Account	112.215.485	128.999.673	128.999.673	141.120.484
Financial assets available for sale	1.227.266.927	1.448.569.452	1.448.569.452	1.592.360.184
Investment held up to maturity	9.593.199	9.573.804	9.573.804	9.495.506
Real estate investments	3.264.341	3.505.273	3.505.273	3.505.273
Intangible assets	293.905	113.180	113.180	76.814
Tangible assets	7.165.148	8.140.477	8.140.477	7.605.961
Other Assets	6.269.023	1.347.293	1.347.293	1.583.039
Total assets	1.457.697.072	1.718.974.911	1.718.974.911	1.866.059.241
Liabilities				
Dividends to be paid	42.394.161	29.258.494	29.258.494	29.065.878
Provisions for risks and expenses	3.306.214	3.452.286	3.452.286	3.468.594
Liabilities with the deferred profit tax	57.339.461	69.089.754	69.089.754	90.619.428
Other liabilities	18.706.256	17.082.627	17.082.627	16.509.227
total liabilities	121.746.092	118.883.161	118.883.161	139.663.127
Equity				
Share capital	539.720.149	539.720.149	539.720.149	539.720.149
Reported result	345.057.696	445.783.128	445.783.128	454.084.304
Reserves from the re-evaluation of tangible assets	7.677.304	9.095.516	9.095.516	8.796.435
Reserves from the re-evaluation of financial assets available for sale	450.874.023	616.216.703	616.216.703	736.647.584
Other equity elements	(7.378.192)	(10.723.746)	(10.723.746)	(12.852.358)
Total equity	1.335.950.980	1.600.091.750	1.600.091.750	1.726.396.114
Total liabilities and equity	1.457.697.072	1.718.974.911	1.718.974.911	1.866.059.241

2.2.

Management expenses

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

The monthly average of the management expenses of the period represents 0,07% of total assets being below the average commissions paid to management companies by investment funds (0.10% - 0.40%).

Management expense structure

Management expenses (lei)	3.640.581
1. Expenses with materials	52.022
2. Expenses with water and electricity	41.653
3. Expenses with the staff, of which:	2.826.792
- wages and indemnities	2.322.951
- expenses with insurance and social security	492,741
- expenses with professional training	11.100
4. Expenses with external services	720.114

The management expenses for the period include expenses directly connected to the company's current activity.

The weight of the management expenses is that of expenses with the staff (wages, indemnities, social insurance and professional training), namely 76,65% of the management expenses.

Expenses with external services represent 19,78% of management expenses volume, and mainly include expenses with maintenance and repairs, company monitoring, professional consultancy, management of areas and archive, insurance, post expenses and subscriptions, rent, royalties, concessions, protocol, travel, other expenses.

Expenses with materials, energy and water represent 2,57 % of the management expenses volume..

2.3

Performance indicators

	2015	2016	Q1 017
Current liquidity indicator= current assets/ current liabilities	3.44	6.89	7.16
Quick ratio = (current assets - inventories)/current liabilities	3.44	6.89	7.16
Non-current assets turnover = revenues from current activity / non-current assets	0.23	0.16	0.01
Total assets turnover = revenues from current activity/ total assets	0.20	0.14	0.01
Trade receivables turnover =average receivable balance/turnover x no. days corresponding to the reporting period	11	2	27.8
Return on working capital = average receivables balance / turnover x no. of days in the reporting period *100 (%)	9.17	8.36	0.57
Result per common share (lei/share)	0.129*	0.119	0.07

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

2.4.

2017 REB Achievement Degree

	Budgeted 2017	Achieved in Q1 2017	%
	1	2	3 = 2 / 1
A. Total revenue	157.458.164	15.604.325	10
B. Financial revenue	145.827.769	14.814.670	10
• revenue from financial investments (dividends)	75.000.000	128.153	-
• revenue from receivable (bank interests + bonds)	800.000	326.931	41
• revenue from ceded financial investments	70.027.769	14.245.137	20
• revenue from exchange rate differences	0	12.509	-
• revenue from provisions	0	0	-
• other financial revenues	0	101.940	-
C. Revenue from current operations	11.630.395	789.655	7
• revenue from rents and associated activities	800.000	196.478	25
• revenue from provisions	10.830.395	1.526	-
• other revenue from current operations		591.651	-
D. Total expenses	47.625.091	5.754.377	12
E. Financial expenses	1.030.000	344.396	33
• expenses from ceded financial investments	0	0	-
• expenses with transaction fees	1.000.000	37.154	4
• expenses from exchange rate differences	0	8.691	-
• bank services expenses	30.000	7.448	25
• provision expenses	0	291.103	-
• other financial expenses	0	0	-
F. Current activity expenses	46.595.091	5.409.981	12
G. Gross profit	109.833.073	9.849.948	9
H. Taxable profit	58.645.619	9.638.295	16
I. Profit tax	14.783.299	1.548.772	10
J. Net profit	95.049.774	8.301.176	9

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: 894.910.449 lei
 31.03.2017 (198 mil euro)

Price: 0,86 lei, EPS: 0,12 lei, PER: 7,1; DIVY: 5%
 52 m: 0,63 lei; 52 M: 0,86 lei

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

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

Evolution of SIF2 share between 31.03.2016 – 31.03.2017

(Sursa: Bloomberg Finance)

Rates of return: 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 31.03.2017 (%)	SIF2 share	BET FI	VUAN SIF2
1 month	4,11	0,21	-1,00
3 months	10,51	7,46	8,61
6 months	13,72	9,73	8,24
12 months	16,33	13,60	17,03

Note: The historic price lists and VUAN considered to the return/risk indicators are adjusted with the corporate events of issuers.

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

Indicator	SIF2 share	BET-FI
Volatility (%) [*]	17,29	10,39
Beta ^{**}	1,02	1

* Volatility (12L) = annualized volatility

** Beta = price sensitivity to market movement.

4

Promoting and protecting SIF Moldova's interests

Reaching the main objectives regarding assistance, consultancy and legal representation of SIF Moldova's legitimate rights and interests is outlined in the 1st Quarter of 2017 through the following:

- Continuation of legal and procedural endeavors to obtain SIF Moldova's claims towards AAAS, as well as those related to other debtors, as we have initiated new calls before the court where we have identified the failure to comply with payment obligations.
- Drafting of documents and defenses necessary to protect SIF 2 interests at the same time with the approval of the strategies suggested by attorneys in the files on the docket of courts. Legal endeavors are carried out in defense by resorting to the attack means in the files where the sentence in the first court is not in favor of SIF according to the details presented in the annex.
- Increase of the legal assistance and consultancy activity on various projects and topics considered by the company, 30 legal consultancy files being opened in the 1st Quarter of 2017. The activity specific records show a number of 179 legal notices awarded during the reporting period.

A. *Litigations where SIF Moldova acts as plaintiff*

Total litigations where SIF2 acts as plaintiff:

- ✓ 110 files of which: 105 files are pending in various trial stages (64 files are against AAAS) and 5 are completed.
- ✓ Value of litigations in court: 75.268.465,88 lei (claims and insolvency procedure).

1. In the enforcement files against AAAS stress is laid on the specialized follow-up and assistance of the executor in running new enforcement actions, so that SIF's position in the enforcement challenge files can be efficiently supported. The recovery of amounts, through slow, is made based on enforcement titles, the amounts being updated according to the law, until full debit recovery.

2. **Obtaining favorable solutions in litigations with object: annulment of illegal GMS resolutions with the companies in the portfolio, namely:**

- ✓ Favorable solution in the **SIF vs. UPSS S.A** case with object the annulment of EGMS resolution of 20.01.2015 regarding listing on ATS-BVB. **The solution is final and therefore legal actions have been carried out in order to exercise withdrawal right**, with the careful monitoring of the procedure. **Similar endeavors to insure SIF Moldova's withdrawal rights according to the law have also been carried out for the following companies: Favil S.A., Luceafărul S.A., Galgros S.A.**
- ✓ **Favorable solutions before the second courts in SIF vs. Alimentara S.A files**, namely annulment of the Extraordinary General Meeting of Shareholders on 07.09.2016 regarding SAT trading allowance and allowance of the intervention request regarding headquarters change.

B. *Litigations in which SIF Moldova acts as defendant*

Total litigations where SIF Moldova acts as defendant:

- ✓ 36 files of which: 31 files are pending in various trial stages (of which 15 files against AAAS); 5 files have been concluded.
- ✓ Value of litigations pending in court: 3.413.498 lei in claims files; 11.933.417,21 lei – enforcement challenges against AAAS.

1. Some favorable solutions have been obtained in the files where our company acts as defendant, with object claims and/or various objects, as well as those regarding request to grant legal costs in separate trial, the pronouncement of some decisions to replace authentic documents, and other.

2. During the reporting period, 3 new litigations are entered before the court where SIF Moldova acts as defendant against plaintiff AAAS București. The files are for enforcement challenges in various enforcement files. Most challenges entered by AAAS have been dismissed through final court orders.

5 Compliance insurance

5.1. Internal Audit Activity

SIF Moldova sets and permanently maintained operational the internal audit position, which is carried out independently.

Department coordinator:
Virginia Sofian

Internal audit is an independent activity for objective insurance and counseling 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

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 drafted to include the mission objectives, coverage area, mission calendar and assignment of resources. The objectives are set for each mission, in order to identify the risks associated to the reviewed activity. The risks are evaluated and the mission objectives reflect the results of this evaluation. In order to reach mission objectives work programs are drafted and documented.

Internal audit is run under the following forms:

- 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 1st quarter of 2017, have targeted :

- ✓ completion of the mission regarding trading activity, partially run in 2016.
- ✓ strategic and annual planning of internal audit activity
- ✓ follow-up of the implementation of recommendations presented by internal audit, under monitoring process on 31.12.2016
- ✓ meeting the running requirements for the "stock option plan" program
- ✓ selection of SIF Moldova's and SIF Moldova Group companies' financial auditor, for appointment during the General Meeting of Shareholders on 04.04.2017
- ✓ Analysis of management expenses corresponding for year 2016.
- ✓ verification of some conformity aspects, at the request of the Board of Directors or directors

- ✓ participation to work groups appointed for the documentation and drafting of informative materials corresponding to the items on the agenda of the ordinary and extraordinary general meetings of SIF Moldova on 04/05.04.2017
- ✓ participation to the work councils/ groups appointed by the Board of Directors or directors for the implementation of some projects/ running of some activities.

In the 1st Quarter of 2017 we have also run the audit regarding the evaluation of the risk management function within SIF Moldova, carried out by external service provider Mazars Romania SRL.

Following the insurance missions run, internal and external audit have formulated recommendations for the improvement of processes, and the audited structures have drafted an action plan for their implementation.

There have been no cases of residual risk acceptance considered unacceptable for the company

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

Internal auditors follow the progress registered in the implementation of recommendations and report before the management the abidance by the deadlines set for implementation. At the same time, internal auditors follow that the audited structure takes measures to finalize the implementation of recommendations. There have been no cases identified where the management decide not to take any measure to reduce risks considered to the unacceptable for the company.

5.2. Internal control activity

Compartimentul 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 maintais the internal control position permanently and operatively, position that is exercised independently.

Internal control department representative: Michaela Puscas

The internal control activity was carried out mainly through **permanent control**, with 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 board of Directors has approved in its meeting on 14.02.2017 the Activity Report of the Internal Control Department for year 2016 previously approved by the Audit Committee and Investigation Plan of the Internal Control Department for year 2017, previously approved by the Audit Committee.

The 2017 Investigation Program/ Pan is drafted abiding by the following principles/ criteria:

1. it includes the control objectives in "FSA regulation no. 9/2014", "FSA Regulation no. 10/2015", "SIF Moldova Internal Regulations" and represents part of the integrated control process within SIF Moldova (internal control, internal audit and risk management);
2. is drafted based on the risk analysis that the activities carried out by SIF Moldova are subjected to, given the "Register of Identified Operational Risks that might affect SIF Moldova activity" drafted by the Risk Management Department;
3. activities that the internal control department carried out, in order to verify the compliance of the company's activity with applicable legal regulations and SIF Moldova's procedures, are period and permanent control activities;
4. the main component of the activity is permanent control, with a pro-active nature, exercised through the continuous supervision and monitoring of the activities that fall under the competence area of internal control, in order to prevent the occurrence of legal and internal non-compliance situations.

5. in fulfilling his attributions, the internal control department responsible, reports to the Board of Directors (control reports, quarterly activity reports) and notifies directors.

The main activities under the competence area of internal control for year 2017 :

- A. Activities for the transposition of AFIA/FIA legislation in the company's activity (internally managed AFIA/FIA certification) and new FSA regulations, consisting in the drafting/verification of documents to be presented for FSA approval.
- B. With the certification of SIF Moldova as self-managed AFIA/FIA, internal control activity will be aligned with the provisions of Law no. 74/2015, which assigns the activities listed under art. 51 as verification and control activities:
- a) abidance by the conditions that have laid at the base of the *certification/approval and operating conditions* foreseen under art. 2, 4 and 6-10;
 - b) abidance by the *prudential regulations* foreseen under art. 12;
 - c) abidance by the provisions of art. 13 regarding *remuneration policies*;
 - d) abidance by the provisions of art. 14 regarding the identification, prevention, management and monitoring of the conditions foreseen under art. 30-37 of [European Union Regulation no. 231/2013](#) generating *conflict of interest*;
 - e) abidance by the provisions of art. 15 line (1)-(3) and (5) regarding *risk management* and those of art. 16 regarding *liquidities management*;
 - f) abidance by the provisions of art. 18 lines (1), (3)-(9), (11) and (12) regarding the *evaluation of FIA assets*;
 - g) abidance by the provisions of art. 19 regarding the *assignment* of the collective portfolio management activity or risk management;
 - h) abidance by the provisions of art. 20 line (1)-(11) regarding depositors and *agreement between the depository and S.A.I.*;
 - i) abidance by the *transparency and reporting* obligations foreseen under art. 21 and 23, namely the transparency obligations foreseen under art. 22;
 - j) abidance by the obligations assigned to AFIA following the *obtaining of control over unlisted companies and issuers* foreseen by art. 25-29;

- ✓ In the internal control activity carried out in Q1 2017 no legal non-compliances were identified.
- ✓ Internal non-compliances ascertained at the request of approvals have been immediately solved, or measures have been taken to remedy deficiencies, with the monitoring of implementation method.
- ✓ Possible conflict of interest situations have been managed according to procedures.
- ✓ No complaint regarding SIF activity on the capital market has been registered (FSA Regulation no. 9/2015).

In the first quarter internal control activities have mainly targeted the following aspects:

- ✓ "Abidance of SIF Moldova by legal and internal regulations regarding the preparation of EGMS and OGMS on 04/05.04.2017".
- ✓ Counseling note "Abidance by the capital market regulations and regulations and internal procedures regarding management and corporate governance structures within SIF Moldova, in the context of the possibility to modify the number of BD members from 7 to 5 members".
- ✓ "Verification of transactions in the closed period 28.03-28.04.2017"; approves the measures suggested.

6

Corporate Governance

6.1.

Relationship with investors. Dividend policy.

Related information in
**SIF Moldova's Corporate
Governance Code**

Ch.1.1. General Shareholders' Meeting
Ch.8. Shareholders' rights

In the reporting period the **transparency, notification and reporting requirements and obligations** have been abided by and insured through press releases, publication of mandatory reports and running an ample correspondence with the shareholders. The shareholders/investors have been provided with additional data, some periodical in nature (monthly newsletter), drafted in such a way so as to insure the up to date notification concerning company performance.

Note – details regarding each reporting category in the reporting period are presented in Annex 4.

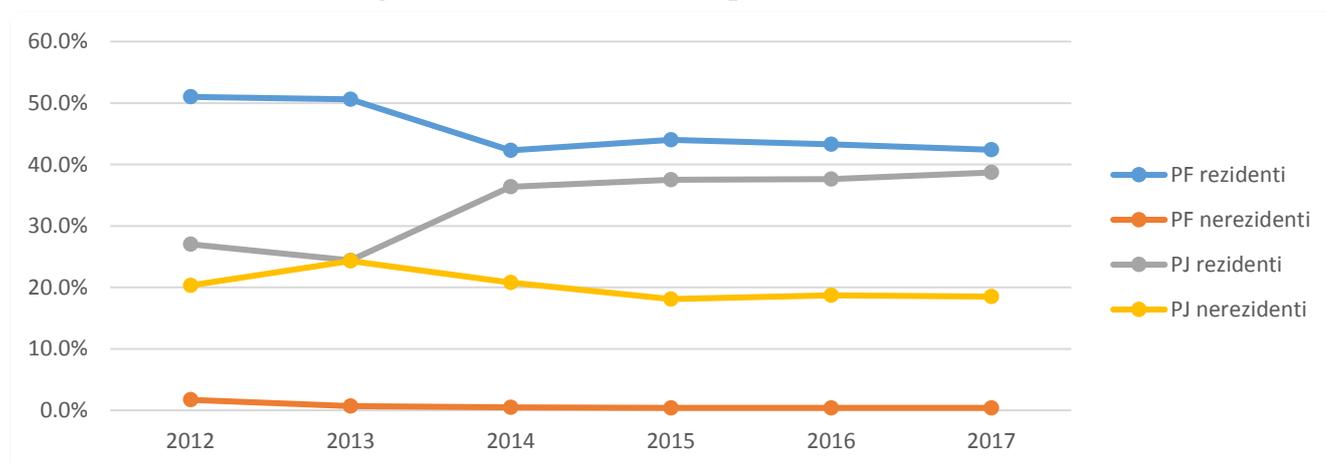
According to the provisions of the “Corporate Governance Code” periodical and continuous relevant information have been simultaneously disseminated in the Romanian and English language. An important component of the relationship with the shareholders is the direct communication activity: written correspondence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

Dividend policy

Shareholding structure on 31.03.2017

	Residents		Non-residents		Total
	Shareholders	%SC	Shareholders	% CS	% CS
Natural persons (PF)	5.765.233	42,4	1.786	0,4	42,8
Companies (PJ)	224	38,7	45	18,5	57,2
TOTAL	5.765.457	81,1	1.831	18,9	100.0

Evolution of shareholding structure (% of share capital owned)



Dividend payment:

Dividend payment on 31.03.2017	Dividend 2013	Dividend 2014	Dividend 2015
	0,066 lei/act	0,1012 lei/act	0,0450 lei/act
Total dividends to pay (lei)	34.259.913	52.531.866	46.250.883
Total paid until 31.03.2017 (lei)	27.418.622	41.653.852	34.904.952
% paid on 31.03.2017	80,03	79,29	75,47

The dividend payment method, with the abidance by applicable legal provisions (art.146 line (5^{^1}) of Law 297/2004 and art.106^{^15} of FSA regulation no.1/2006) – **foreseen the payment to the central depository, as follows:**

- In case of a shareholder who **has opened a securities account** at a broker participant to the clearing-settlement and register of the Central Depository, the dividend payment is made through the **Central Depository and participants to the clearing-settlement and registry of the central depository.**
- *If a shareholder **does not open a securities account** at a broker participant to the clearing-settlement and register of the Central Depository, the dividend payment is made by the central depository through **Banca Transilvania** (paying agent appointed by SIF Moldova).*

Payment methods – types of shareholders:	dividend 2015	2015 - %
PJ - total, din care:	25.408.877	54,94
1. PJ – payments to participants	25.087.690,25	54,24
2. PJ – transfer on request	321.187,19	0,69
PF - total, din care:	8.904.171,86	19,25
3. PF - payments to participants	6.718.967,93	14,53
4. PF - transfer on request	481.033,24	1,04
5. PF - payment at the counter, paying agent	1.704.170,69	3,68
6. Tax corresponding to unpaid dividends on 31.12.2016	591.902,55	1,28
Total dividend 2015 paid on 31.03.2017 (1+2+3+4+5+6)	34.789.990,55	75,74

6.2.

Corporate Events

Running of SIF2 share buy-back program

SIF Moldova has informed its shareholders (current report on 06.03.2017) regarding the completion of the own share buy-back program, as per EGMS SIF Moldova's resolution no. 4/25.04.2016. The cumulated results of the operations run between 15.06.2016 – 03.03.2017 are the following:

- Number of shares bought: 9.581.936 (0,923 % of share capital)
- Average price: 0,7661 lei
- Total share value: 7.341.134 lei

On the date of the current report, total SIF2 shareholding was of 16.000.000, according to OGMS resolution no. 8/25.04.2016, also including the shares purchased according to EGMS resolution no. 4/01.04.2015 that have not been assigned.

6.3.

Internal Regulations – harmonization with the organizational development trends and applicable regulation.

We have run the process of drafting on SIF Moldova level and analyzing on FSA level, the documentation corresponding to the Alternate Investment Fund (FIA) certification, according to applicable regulations. The revised documentation, according to FSA observations and recommendations has been submitted to FSA on 14.04.2017 and includes the following work rules and procedures foreseen by art. 13-19 Law no. 74/2015:

1. Remuneration policies and practices for the staff categories whose professional activity has a significant impact on the risk profile
 - a. Evaluation policies and procedures for the individuals in the management structure and individuals covering key positions within SIF Moldova.
2. Policy regarding the prevention and management of conflict of interests and personal transactions.
3. Risk management procedures
4. Liquidity management policy
5. Procedures regarding organizational structure and management, and accounting requirements, control and protection requirements concerning electronic data processing, as well as proper internal control mechanisms.
6. Policies and procedures for assets evaluation and calculation of the unitary value of net asset per share (VUAN)

7. Procedures regarding the assignment of activities run by SIF Moldova
8. Investment strategy and policy of SIF Moldova

6.4.

Corporate Governance Code

SIF Moldova's Corporate Governance Code has been aligned with the provisions of FSA Regulation no. 2/2016 regarding the application of corporate governance principles by entities certified, regulated and supervised by ASF presented and approved by the shareholders in the Ordinary General Meeting on 04.04.2017 (see chapter no. 7 - resolution no. 2 AGOA/04.04.2017).

The alignment to FSA regulation no. 2/2016 has also lead to the completion of **SIF Moldova's Memorandum of Association** with the attributions of the Board of Directors regarding the adopting of proper measures for the setting and application of corporate governance principles (see chapter 4 – resolution no. 4 EGMS/04.04.2017)

6.5.

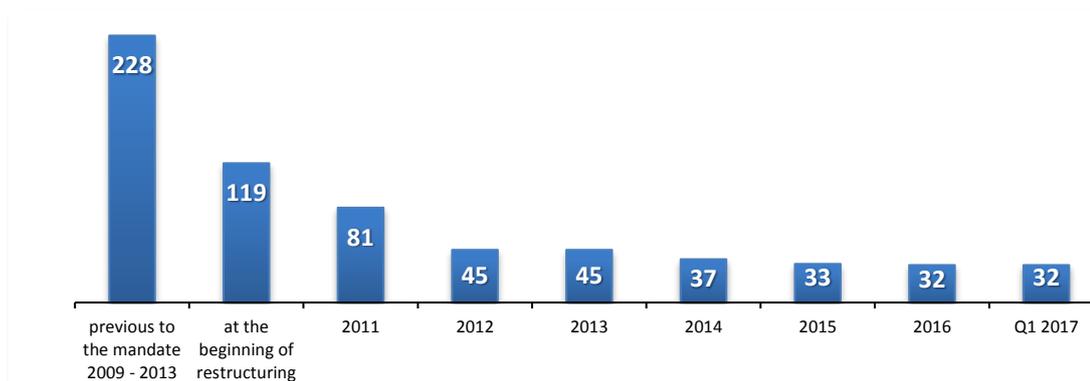
Human Resource Management

The alignment to AFIA legislation, in terms of staff, consists in:

- ✓ approval of the key/control functions within SIF Moldova, defined through FSA regulation no. 14/2015 and ESMA Guide regarding solid remuneration policies in compliance with DAFIA.
- ✓ the mandatory nature of certifying the individual(s) responsible with risk management, which includes a special requirement regarding the professional training of individuals covering these positions.

On the executive level special attention is paid to human resource in order to insure the continuity of the professional improvement programs and maintain the expertise acquired over several years of specialization. In the continuous training programs we have included staff working in the following fields: investment analysis, internal control, evaluation, audit, accounting. The staff is periodically evaluated both from the perspective of performance and specific knowledge. In 2016, the amount assigned for professional training and participation to conferences/seminaries in the field has been of 82.236 lei.

Following the running of the process to improve the organizational structure, the number of employees has registered the following evolution:



6.6.

Social Responsibility

According to the Corporate Governance Code, SIF Moldova permanently carries out activities regarding the company's social responsibility, every year, supporting either directly or through specialized foundations/associations, the challenged categories in the community where it carries out its activity, or supporting scientific, cultural, sporting, medical, educational, environmental activities, events of local or national interest. SIF Moldova uses its tax facilities that can be destined for sponsorship actions. In the first quarter of 2017 the amount of 25,232 lei has been assigned.

7 Events after the reporting period

1. *The Extraordinary General Meeting of Shareholders held on April 4, 2017 at the first convening; resolutions adopted* (Current Report – April 4, 2017)

Resolution. no. 1.

Approves the election of the secretariat of the extraordinary general meeting comprised of 3 individuals, entered on the vote ballots, from among the shareholders of the company, according to art. 129, line (2) of Law no. 31/1990 regarding companies: Nicolaescu George Catalin, Puscas Michaela, Sofian Virginia.

Resolution no. 2.

Approves the run of an own share buy-back program for the purpose of reducing the share capital, with the following main characteristics:

- a) program purpose: the company will buy back shares within the Program in order to reduce its share capital, by having the shares annulled, according to applicable legal regulations
 - b) Maximum number of shares that can be bought-back: 29,000,000 shares.
 - c) Minimum price per share: the minimum purchase price will be the BVB market price, from the moment the purchase is made.
 - d) Maximum price per share: 1.5 lei.
 - e) Program duration: maximum 12 months from the date the decision is published in Romania's Official Gazette, part IV.
 - f) The payment of the bought-back shares is made from the assignable profit registered on the financial statements 2016, according to art. 103 index 1 Law no. 31/1990 regarding companies.
 - g) Share purchase within the Program will be made through all market operations allowed by the law, which may also include public purchase offers initiated by the Company, abiding by legal provisions.
- Mandates the Board of Directors, and individually its members to adopt all decisions needed to fulfill the resolution regarding the running of the share buy-back program.

Resolution no. 3

Approves the modification of article 7 paragraph 3 index 1 of SIF Moldova's Memorandum of Association, to have the following content: *"The Company is managed by a Board of Directors comprised of 5 members, natural individuals, elected or appointed by the General Ordinary Meeting of Shareholders for a period of 4 years, with the possibility of being re-elected."*

Resolution no. 4

Approves the amendment of Article 7 paragraph 19 of the Memorandum of Association of SIF Moldova SA, thorough the introduction of letter i) index 1, with the following content:

"Art. 7, line (19) The Board of Directors shall have the following attributions:

i¹) adopting the proper measures regarding the setting and application of Corporate Governance Code, regarding, without limitation to, the following:

1. *setting the relevant criteria for the monitoring of the activity of executive/ higher management of the company as a whole, as well as annual evaluation of the criteria application method;*
2. *analysis of the adequacy, efficiently and update of the risk management system in order to efficiently manage assets held, as well as the analysis of the way the risks the company is exposed to, are managed;*
3. *insurance of the abidance by the requirements regarding the outsourcing / assignment of some operational activities or functions, both before they are carried out and during the entire duration of outsourcing/ assignment;*
4. *analysis and setting remuneration policies, so that these correspond to the business strategy, objectives and long-term interests and include measures for the prevention of conflict of interests;*

5. *insurance of the development and application of ethical and professional standards to insure a professional and responsible behaviour on the level of the company, in order to present the occurrence of conflict of interests;*
6. *approval of the risk appetite and tolerance limits of the company, as well as the procedures for the identification, evaluation, monitoring, management and reporting of significant risks that the company is, or could be exposed to;*
7. *insurance of the elaboration of plans to insure the continuity of activity and for emergency situations and their half-yearly assessment”*

Resolution no. 5

Approves the date of 21.04.2017 as *registration date* (ex-date: 20.04.2017) of shareholders impacted by the effects of the resolutions adopted by the extraordinary general meeting of shareholders.

Resolution no. 6

Empowers the Board of Directors and its individual members to fulfill the resolutions adopted by the General Extraordinary Meeting of Shareholders.

2. The Ordinary General Meeting of Shareholders held on April 4, 2017 at the first convening; resolutions adopted (Current Report – April 4, 2017)

Resolution no. 1.

Approves the election of the secretariat of the ordinary general meeting comprised of 3 individuals, entered on the vote ballots, from among the shareholders of the company, according to art. 129, line (2) of Law no. 31/1990 regarding companies: Nicolaescu George Catalin, Puscas Michaela, Sofian Virginia.

Resolution no. 2.

Approves the Activity Report of the Board of Directors for year 2016, including the “Corporate Governance Code” of SIF Moldova revised, in compliance with the provisions of ASF Regulation no. 2/2016.

Resolution no. 3.

Approves the individual financial statements (IFRS), for financial year 2016, accompanied by the opinion of the financial auditor:

➤ total revenue	212.040.222 lei
➤ total expenses	78.237.199 lei
➤ profit before taxation	133.803.023 lei
➤ profit tax	10.505.003 lei
➤ net profit	123.298.020 lei

Resolution no. 4. Approves:

- a) The 2016 net profit distribution, as follows:
 - net profit to be distributed 123.298.020 lei
 - legal reserves 1.545.865 lei
 - Dividends 44.975.884 lei
 - Other reserves 76.776.271 lei
- b) gross dividend of 0,044 lei/share.
- c) the costs corresponding to the payments are borne from net dividend value.
- d) The payment of dividends is made through the Central Depository and payment agent Banca Transilvania in order to insure the continuity of the dividend payment process for SIF Moldova shareholders.
- e) Approves the date of 12.09.2017 as registration date (ex-date 11.09.2017) and date 02.10.2017 as dividend payment date.

Resolution no. 5.

Approves the expiry of dividends corresponding to financial year 2013 set by OGMS on 15.04.2014, uncollected by 14.07.2017 and their registration according to applicable regulations.

Resolution no. 6.

Approves the discharge of administration for financial year 2016.

Resolution no. 7.

Approval of 2017 Activity Program, in agreement with *2014-2018 Investment Policies Statements* (OGMS Resolution no. 8/15.04.2014).

Approves the Revenue and Expense Budget for financial year 2017.

- total revenue: 157.458.164 lei
- total expenses: 47.625.091 lei
- gross profit: 109.833.073 lei
- net profit: 95.049.774 lei

Resolution no. 8.

Approves the election of the Board of Directors for a 4 years' mandate (2017 – 2021), with the maintaining, during the mandate period, of the Administration Agreement and Management Agreements approved through EGMS no. 2/01.04.2015 published in Romania's Official Gazette part 4, no. 2207 of 29.04.2015; OGMS no. 15, 16 and 17 of 05.04.2013 published in Romania's official gazette part IV no. 2213 of 22.04.2013.

Resolution no. 8.1.

Approves the result of administrator's election through secrete vote: Ceocea Costel, Ciorcila Horia, Doros Liviu Claudiu, Iancu Catalin-Jianu-Dan, Radu Octavian Claudiu.

Resolution no. 9.

Approves the appointment of Deloitte Audit SRL as financial auditor for a period of 2 years (2017-2019), given the result of secret vote and provisions of SIF Moldova's Memorandum of Association.

Resolution no. 10.

Approves the date of 21.04.2017, as registration date (ex-date: 20.04.2017) of the shareholders impacted by the effects of the resolutions adopted by the ordinary general meeting of shareholders, with the exception of the resolution concerning dividend.

Resolution no. 11.

Empowers the Board of Directors and its individuals member for the fulfillment of the resolutions adopted by the Ordinary General Meeting of Shareholders.

The General Meeting of Shareholders takes note of the decisions adopted by the Board of Directors, at its first extraordinary meeting on the management structures for the mandate 2017 - 2021:

- election as President of the Board of Directors - Ceocea Costel
- election as Vice President of the Board of Directors - Radu Octavian Claudiu
- appointment as General Manager - Doros Liviu-Claudiu
- appointment as Deputy General Manager - Iancu-Catalin Jianu Dan.

The fulfillment of compliance obligations, based on the resolutions adopted by the General Shareholders meeting on 04.04.2017 has been carried out as follows:

- ✓ Through current report no. 1797 of 04.04.2017 the shareholders and investors have been provided with information concerning the election of management structure;

- ✓ Through current report no. 1798 din 04.04.2017 EGMS and OGMS resolutions have been published and at the same time submitted to the Trade Registry for mentions and publication in Romania's Official Gazette part IV, thus insuring opposability towards third parties.
- ✓ Through notification no. 2017 of 11.04.2017 FSA has requested the certification of modifications occurred regarding the members of the Board of Directors and company management.

In order to insure the continuity in the management and patrimonial engagement of the company, until FSA certifies the modifications occurred in management structure, SIF Moldova has informed third parties (banks, institutions, etc) of the corresponding provisions in the Company's Memorandum of Association (FSA notification no. 217/17.06.2015), according to which: *"In the interim period, between the date the mandates of the former directors expire and the validation date of new directors by the competent authority, the company's management is insured by the former directors"*.

3. Offering of SIF2 shares to the directors and employees of the company, in accordance with the remuneration policy of the company.

Following the OGMS resolution no 3 of April 4, 2017 for the approval of the individual financial statements (IFRS) for the financial year 2016, accompanied by the financial auditor's opinion, the Board has approved the *"shares-based payment plan for 2016"*, as part of the benefits plan for 2016. The shares to be allotted to directors, managers and employees are part of SIF Moldova buyback shares, in compliance with the buyback programs approved by the EGMS resolutions no. 4 of April 1, 2015 and no. 8 of April 25, 2016. The transfer of shares will be made at the time of exercising the right by each beneficiary, after the expiry of 12 months from the signing of the *"Agreement payment based on shares"* but no more than 15 months from the signing date. The "information document" drafted in accordance with CNVM Regulation no. 1/2006 (Annex no 21) was made public by the current report of 11.04.2017 and posted on www.sifm.ro.

Annexes:

1. Annex 1 Net Assets Status on 31.03.2017
 - Annex 1.1. Status of SIF Moldova assets and liabilities (Reg. ASF no. 15/2004- A16)
 - Annex 1.2. Status of assets and detailed status of SIF Moldova Investments (Reg. ASF no. 15/2004- A17)
2. Annex 2 Financial statements on 31.03.2017 IFRS
3. Annex 3 Litigations status on 31.03.2017
4. Annex 4 BVB, ASF Reporting - Q1 2017

The Board of Directors activity report for year 2016 has been approved in the BD meeting on 27.04.2017.

President & CEO
Costel Ceoce

Chief Accountant
Cristina Andries

SIF Moldova S.A.

**SPECIAL PURPOSE FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD CONCLUDED ON
31 MARCH 2017**

CONTENTS:	PAGE:
GLOBAL RESULT STATEMENT	3
FINANCIAL POSITION STATEMENT	4
STATUS OF EQUITY MODIFICATION	5 – 6
SEPARATE STATEMENT OF CASH FLOWS	7-8
EXPLANATORY NOTES REGARDING INTERIM SPECIAL PURPOSE FINANCIAL INFORMATION	9 – 55

SIF MOLDOVA S.A.
INDIVIDUAL GLOBAL RESULT STATEMENT
ON 31st MARCH 2017
(all amounts presented in RON if not otherwise specified)

In LEI

	Note	31st March 2017	31st March 2016
Revenue			
Revenue from dividends		128.153	10.497
Revenue from Interest	6	300.626	281.575
Other operational revenue	7	202.590	202.779
Other revenue		31.796	624
Earning from investments		-	-
Earnings from assets sale	8	7.172.556	31.388.588
Net loss/earnings from the re-evaluation of financial assets at fair value through the profit and loss account	9	7.174.521	5.318.678
Net earnings from the re-evaluation of real property		314.328	-
Expenses			
Assets impairment loss	10	(336.735)	(1.507.590)
Expenses with the setup of provisions for risks and expenses		(16.308)	-
Other operational expenses	11	(5.121.579)	(4.896.724)
Other expenses		-	(2.940)
Profit before taxation		9.849.948	30.795.487
Profit tax	12	(1.548.772)	(4.952.285)
Net profit of financial year		8.301.176	25.843.202
Increase/ (Decrease) of reserves from the re-evaluation of intangible assets		-	14.348
Net modification of reserve from the re-evaluation at fair value of financial assets available for sale	15e)	120.430.881	8.855.717
Other elements of global result		120.430.881	8.870.065

The special purpose financial information have been approved by the Board of Directors on 27.04.2017 and signed on its behalf by:

Costel Ceocea
President

Cristina Andries
Chief accountant

SIF MOLDOVA S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
FOR THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(ALL AMOUNTS ARE PRESENTED IN RON, IF NOT OTHERWISE SPECIFIED)

<i>In LEI</i>		31 March 2017	31 December 2016
Assets			
Cash and cash equivalents	13	2.541.252	931.024
Bank deposits	14	107.770.728	117.794.735
Financial assets at fair value through the profit and loss account	15a	141.120.484	128.999.673
Financial assets available for sale	15b	1.592.360.184	1.448.569.452
Investments held to maturity	15c	9.495.506	9.573.804
Real estate investments	16	3.505.273	3.505.273
Intangible assets	17	76.814	113.180
Tangible assets	17	7.605.961	8.140.477
Other assets	18	1.583.039	1.347.293
Total assets		1.866.059.241	1.718.974.911
Debts			
Dividends to pay	19	29.065.878	29.258.494
Provisions for risks and expenses	20	3.468.594	3.452.286
Debts regarding deferred profit tax	21	90.619.428	69.089.754
other debts	22	16.509.227	17.082.627
Total debts		139.663.127	118.883.161
Equity			
Share capital	23	539.720.149	539.720.149
Reported result		454.084.304	445.783.128
Reserves from the reevaluation of tangible assets		8.796.435	9.095.516
Reserves from the reevaluation of financial assets available for sale		736.647.584	616.216.703
Other equity elements	24	(12.852.358)	(10.723.746)
Total equity		1.726.396.114	1.600.091.750
Total debts and equity		1.866.059.241	1.718.974.911

The interim special purpose financial statements have been approved by the Board of Directors on 27.04.2017 and have been signed on its behalf by:

Costel Ceocea
President

Cristina Andries
Chief Accountant

SIF MOLDOVA S.A.
STATUS OF EQUITY CHANGES
FOR THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts presented in RON, if not otherwise specified)

	Share capital	Reserves from the reevaluation of tangible assets	Reserves from the reevaluation of financial assets available for sale	Reported result	Other equity elements	Total
Balance at the beginning of the current period	539.720.149	9.095.516	616.216.703	445.783.128	(10.723.746)	1.600.091.750
Global result	-	-	-	-	-	-
Financial year profit	-	-	-	8.301.176	-	8.301.176
Other global result elements	-	-	-	-	-	-
Reserve increase from the reevaluation of tangible assets	-	(299.081)	-	-	-	(299.081)
Reserve transfer from reevaluation to reported result following the sale of tangible assets	-	-	-	-	-	-
Fair value evaluation of financial assets available for sale, net of deferred tax	-	-	127.923.435	-	-	127.923.435
Reserve decrease following the sale of financial assets available for sale	-	-	(7.492.554)	-	-	(7.492.554)
Total global result of the period	-	(299.081)	120.430.881	8.301.176	-	128.432.976
Transactions with shareholders, directly recognized in equity						
Share capital increase	-	-	-	-	-	-
Own bought-back shares	-	-	-	-	(2.128.612)	(2.128.612)
Own assigned shares	-	-	-	-	-	-
Total Transactions with shareholders, directly recognized in equity	-	-	-	-	(2.128.612)	(2.128.612)
Balance at the end of the current period	539.720.149	8.796.435	736.647.584	454.084.304	(12.852.358)	1.726.396.114

Special purpose interim financial statements have been approved by the Board of Directors on 27.04.2017 and signed on its behalf by:

Costel Ceocea
President

Cristina Andries
Head accountant

SIF MOLDOVA S.A.
STATUS OF EQUITY CHANGES
FOR THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts presented in RON, if not otherwise specified)

	Share capital	Reserves from the reevaluation of tangible assets	Reserves from the reevaluation of financial assets available for sale	Reported result	Reported result	Total
Initial result of the prior period	539.720.149	7.677.304	450.874.023	345.057.696	(7.378.192)	1.335.950.980
Global result	-	-	-	-	-	-
Profit of financial year, in the prior period	-	-	-	25.843.202	-	25.843.202
Other global result elements	-	-	-	-	-	-
Reserve increase from the reevaluation of tangible assets	-	14.348	-	-	-	14.348
Reserve transfer from the reevaluation to reported result following the sale of tangible assets	-	-	-	-	-	-
Reevaluation at fair value of financial assets available for sale, net of deferred tax	-	-	54.289.864	-	-	54.289.864
Reserve decrease following the sale of financial assets available for sale	-	-	(45.434.147)	-	-	(45.434.147)
Total global result corresponding to the period	-	14.348	8.855.717	25.843.202	-	34.713.267
Transactions with shareholders, directly recognized in equity						
Share capital increase	-	-	-	-	-	-
Own bought-back shares	-	-	-	-	(876.521)	(876.522)
Other transfers	-	-	-	-	-	-
Total shareholders transactions, directly recognised in equity	-	-	-	-	(876.521)	(876.522)
Final balance in the previous period	539.720.149	7.691.652	459.729.740	370.900.897	(8.254.713)	1.369.787.725

Special purpose interim financial statements have been approved by the Board of Directors on 27.04.2017 and signed on its behalf by:

Costel Ceoce
President

Cristina Andries
Head accountant

The attached notes are integral part of the interim special purpose financial information

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

CASH FLOW STATEMENT for the period concluded on 31st March 2017

	01st January 2017 - 31st March 2017	01st January 2016 - 31st March 2016
Exploitation activities		
Profit before taxation	9.849.947	30.795.487
Adjustments:		
Reruns from assets impairment	617.715	(1.548.395)
Net loss corresponding to financial assets at fair value through the profit or loss account	(7.174.521)	10.428.952
Adjustments corresponding to financial assets available for sale	(7.804.185)	(39.370.540)
Revenue from dividends	(128.153)	(10.497)
Revenue from interests	(298.728)	(136.442)
Expenses/Rerun from provisions	36.143	145.628
Net revenue from reruns of provisions for other assets	(1.526)	-
Other adjustments	(30.337)	325.266
Assets and liabilities modifications corresponding to the exploitation activity	-	-
Purchase of financial assets at fair value through the profit or loss account	(4.946.289)	(5.643.797)
Sale of financial assets at fair value through the profit or loss account	-	15.560
Purchase of financial assets available for sale	(31.161.808)	(22.318.458)
Sale of financial assets available for sale	36.801.113	88.392.279
Modifications of investments held to maturity	2.940	176.503
Modifications of deposits with a maturity over 3 months	-	-
Modification of other assets	(253.045)	(14.387.909)
Modification of other liabilities	(2.094.928)	(2.879.912)
Collected dividends	128.153	-
Collected interest	366.378	199.307
Paid profit tax	4.635	2.403.027
Net cash resulted from the exploitation activity	(6.086.496)	46.586.059
Investment activities		
Payments for tangible assets purchase	(6.055)	(270.554)
Collections from the sale of tangible assets and real estate investments	-	-
Net cash used in investment activities	(6.055)	(270.554)
Financing activities		

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

Paid dividends	(192.617)	(303.781)
Own bought-back shares	(2.128.611)	(876.521)
Net cash used in financing activities	(2.321.228)	(1.180.302)
Net cash and cash equivalents increase	(8.413.779)	45.135.203
Cash and cash equivalents on 1st January	118.725.759	81.556.167
Cash and cash equivalents on 31st March	110.311.980	126.691.370

Reconciliation of cash and cash equivalents with the accounting balance

	01st January 2017 - 31st March 2017	01st January 2016 - 31st March 2016
Cash and cash equivalents	2.541.252	620.881
Bank deposits	107.770.728	126.070.489
less deposits with a maturity over 3 months and blocked deposits	-	-
Cash and cash equivalents on the cash flow statement	110.311.980	126.691.370

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

1.REPORTING ENTITY

SIF Moldova SA („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 Proprietății Private II Moldova, reorganized and transformed in accordance with the provisions of Law no. 133/1996

The company is headquartered in Pictor Aman, nr. 94C, Bacau municipality, Bacău district, Romania.

According to its statute, the main activity of the Company is :

- the 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 collective management activities, according to applicable regulations.

The company is self-managed.

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

The record of shares and shareholders is kept, according to the law by S.C. Depozitarul Central S.A. Bucharest..

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

2. DRAFTING BASES

The special purpose financial statements have been drafted by the Company in compliance with the acknowledgement, measurement and evaluation criteria as per 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 no. 39/2015 for the approval of accounting regulations in compliance with International Financial reporting standards, applicable for entities certified, regulated and supervised by the Financial Supervision Authority in the field of Financial Instruments and investments (FSA).

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

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

2. DRAFTING BASES (continued)

The company has not drafted interim consolidated financial statements on 31st March 2017 and 2016.

(a) Statement of compliance

The interim special purpose financial statements include the individual status of financial position on 31st March 2017, individual statement of global result, individual statement of equity modifications and explanatory notes.

(b) Presentation of special purpose financial information

The interim special purpose financial statements are presented in compliance with the requirements of IAS 1 "Financial Statements Presentation". The company has adopted a presentation based on liquidity for the financial position and a presentation of revenue and expenses depending on their nature in the global result statement, considering that these presentation methods offer information that are more credible and more relevant than if presented based on other IAS 1 allowed methods.

(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 (lei). The individual financial statements are presented in lei, rounded at the closest leu value, which the Company's management has chosen as presentation currency.

(d) Evaluation bases

The special purpose interim financial statements are drafted based on the fair value convention for derived financial instruments, assets and financial debts at fair value through the profit or loss account or losses and financial assets available for sale, with the exception of those for which fair value cannot be accurately established.

Other assets and financial debts, as well as non-financial assets and debts are presented at atomized cost, reevaluated value or historic cost.

(e) Use of estimated and judgments

The drafting of the statements according to the 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 financial statements 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.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied on all periods presented in the special purpose financial information drafted by the Company.

The special purpose interim financial statements are drafted based on the hypothesis that the company will continue its activity in the predictable future. For the evaluation of the applicability of this hypothesis, the management analyses forecasts regarding future cash entries.

(a) Foreign currency transactions

Operations expressed in foreign currency are entered in lei at the official currency exchange rate on the transaction date. Monetary assets and debts entered on the estimates on the date the accounting balance is drafted are transformed in the functional currency, at the rate of that given day.

The revenue or losses from their offset and from the conversion using the exchange rate at the end of the accounting year and the denominate monetary liabilities in foreign currency are recognized in the global result, with the exception of those that have been recognized in equity following the registration in compliance with risk coverage accounting.

The exchange rate differences for the elements such as participations held at fair value through the profit or loss account are presented as fair value earnings or losses. The exchange rate differences for the elements such as financial instruments classified as available for sale are included in the reserve coming from the modification of the fair value of these financial instruments.

The exchange rates of the main foreign currency participations have been:

Currency	31st March 2017	31st March 2016	Variation
Euro (EUR)	1: RON 4.5411	1: RON 4.5511	-0.22%
American dollar (USD)	1: RON 4.3033	1: RON 4.2615	-0.98%

(b) Associated branches and entities

Branches are entities under the Company's control. Control exists when the Company has the power to directly or indirectly manage the financial and operational policies of an entity in order to gain benefits from its activity. At the time of control evaluation, potential or convertible vote rights that can be exercised at that particular time, are also factored in.

Associated entities are those companies in which the Group can exercises a significant influence, but not the control over financial and operational policies.

The branches and associated entities list can be found under item 26.

The company has classified in this interim special purpose financial statement its participation in branches and associated entities as financial assets available for sale, according to IAS 39.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Accounting the hyper-inflation effect

In compliance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyper inflationist economy must be presented in the measurement units on the date the balance is closed (non-monetary elements are re-approached using a general price index on the date the purchase or contribution is made).

According to IAS 29, an economy is considered to be hyper inflationist if, besides other factors the cumulated inflation rate for a period of three years exceeds 100%.

The continuous decrease of inflation rate and other factors connected to the characteristic of the economic environment in Romania indicate that the economy whose functional currency has been adopted by the Group has ceased to be hyper inflationist, with effect on the financial statements started on the January 1st 2004. Thus, the provisions of IAS 29 have been adopted in the drawing up of the consolidated financial statements up to 31st December 2003.

Thus, the values expressed in the current measurement unit on 31st December 2003 are treated as the base for the accounting values reported in the consolidated financial statements and they are not evaluated values, replacement costs, or any other measure of current value of assets or prices at which transactions could be carried out at present.

For the purpose of drafting the consolidated financial statements, the Group adjusts the following non-monetary elements to be expressed in the current measurement unit as of 31st December 2003::

- share capital;
- cost-evaluated financial assets available for sale.

Tangible and intangible assets are presented at reevaluated value on 31st December 2016 and 31st March 2017. The most recent reevaluation has been made by the Company on the 31st December 2016 through the company: Societatea de Evaluari si Consultanta Management Bacau- ANEVAR member

(d) Cash and cash equivalents

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

On drafting the statement of cash flows, the Group considers cash and cash equivalent to be: actual cash, bank current accounts, deposits with an initial maturity under 90 days and their corresponding interest (without blocked deposits).

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets and liabilities

(i) Classification

The company classified financial instruments held, in the following categories:

Financial assets or liabilities evaluated at fair value through the profit and loss account

This category includes financial assets or liabilities held for trading and financial instruments assigned at fair value through the profit or loss account at the time of their initial recognition. A financial asset or liability is classified in this category by the Group if it has been purchased mainly for speculative purposes (in order to generate short-term profit).

Derived financial instruments are classified as held for trading if they are not instruments used for hedge accounting.

Investments held to maturity

Investments held to maturity represent those non-derived financial assets with fixed or determinable payments and fixed maturities that the Company strongly intends to and has the possibility to hold until maturity. Investments held up to maturity are measured at amortized cost through the method of actual interest less losses from impairment.

Credits and debts

Credits and debts are non-derived financial assets with fixed or determinable payments that are not quoted on an active market, other than those that the Company intends to sell immediately or in the near future. These are mainly comprised of bank deposits.

Financial assets available for sale

Financial assets available for sale are those financial assets that are not classified as credits or liabilities, investments held to maturity, or other financial assets at fair value, through the profit or loss account.

After the initial recognition, the capital instruments classified as financial assets available for sale that are present on an active market are measured at fair value, and the fair value modifications, other than losses due to depreciation, as well as earnings or losses resulted from the currency exchange rate variation corresponding to the financial instruments are directly recognized in equity.

The moment the asset is de-recognized, cumulated earnings or loss is transferred to the profit or loss account.

(ii) Recognition

Assets and liabilities are recognized on the date the Company becomes contracting party for the conditions of that particular instrument. Financial assets and liabilities are measured at the time of their initial recognition at fair value plus directly assigned trading costs, with the exception of investments in shares whose fair value could not be credibly ascertained, that are initially recognized under cost.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets and liabilities (continued)

(iii) Compensations

Financial assets and liabilities are compensated, and the net result is presented in the position status only when there is a legal compensation right and if there is the intention to have them discounted on a net base, or if the intention is to realize the asset and eliminate the debt simultaneously.

Income and expenses are presented as net only when accounting standards allow it, or for the profit and loss resulted from a group of similar transactions such as those from the Company's trading activity.

(iv) Amortized Cost Evaluation

The mortised cost of a financial asset or liability represents the value for which the financial asset or liability is measured for its initial recognition, minus the principal parts, to which cumulated amortization is added or deducted up to that given time, using the effective interest method, less reductions corresponding to impairment losses.

(v) Fair-value evaluation

Fair value is the amount for which an asset can be traded or a liability settled, between interested and aware parties, in case of a transaction carried out under objective conditions, on the evaluation date. (e.g. exit price)

Ascertaining the fair value of financial assets and liabilities is based on the quotation of an active market. A financial instrument has an active market if for that instrument quoted prices are rapidly and regularly available, and these prices reflect the market transactions regularly made under objective market conditions.

Fair value evaluation for instruments traded on an active market is made by multiplying the number of shares held with the closing price of the last trading date for the corresponding reporting period.

In case a financial asset is quoted on more active markets, the Company uses the quotation from the most convenient market, taking all access associated barriers/costs on each market into consideration.

The financial assets available for sale, for which there is no active market and for which the credible determination of a fair value is not possible, are cost evaluated and periodically tested for value depreciation.

For all other financial instruments, fair value is determined using evaluation techniques. Evaluations techniques include techniques based on net updated value, updated cash flow method, comparison with similar instruments for which there is an observable market price and other evaluation methods.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets and liabilities (continued)

(v) Fair-value evaluation (continued)

The value resulted from the use of an evaluation model is adjusting depending on a number of factors, as evaluation techniques do not credibly reflect all factors taken into consideration by market participants when closing a transaction. Adjustments are registered so that they reflect the risk models, differences between selling and buying quotations, liquidity risks and other factors. The management of the Company considers that these adjustments are necessary to present an accurate value of financial instruments held at fair value, in the status of the financial position.

(vi) Value impairment identification and Evaluation

Financial assets measured at amortized cost

The Company analyses on every reporting date if there is an objective indication that a financial asset is impaired. A financial asset is impaired if and only if there are objective indications regarding the depreciation occurred following the result of one or more events that took place after the initial recognition of the asset ("loss generating event"), and the loss generating event(s) has(have) an impact on future cash flows of the financial asset, or the group of financial assets that can be credibly estimated.

If there are objective indications that there has been a loss from the depreciation of amortized cost measured financial assets, then the loss is measured as difference between the assets' accounting value and updated value of future cash flows using the effective interest rate of the financial assets at the initial moment.

If an amortized cost measured financial asset has a variable interest date, the updating rate for the evaluation of any loss through depreciation is the current variable interest rate, specified in the contract.

The accounting value of an asset is decreased through the use of a provision account. Depreciation losses are acknowledged in the profit or loss account.

If in the following period an event that took place after the moment the depreciation was recognized and it causes a reduction of the depreciation loss previously recognized, it is rerun through the adjustment of the provision account. The reduction of the loss through depreciation is recognized in the profit or loss account.

Financial assets available for sale

In case of the financial assets available for sale, when a decrease in the fair value of a financial asset available for sale has been recognized directly in equity and there are objective evidence that the asset is depreciated, the cumulated loss that has been directly recognized in equity will be rerun from the equity accounts and recognized in global (overall) result even if the financial asset has not yet be derecognized. In order to determine if holdings are depreciated SIF takes into consideration all relevant factors such as: significant or extended decrease of fair value under cost, market conditions and that of the activity field, to the extent that these directly influence the recoverable value of holdings, financial conditions and short-term perspectives of the issuer, qualified report of the independent auditor on the most recent financial events of the issuer, etc.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets and liabilities (continued)

(vi) Value impairment identification and Evaluation (continued)

Financial assets available for sale (continued)

The value of cumulated loss that is rerun from the equity accounts in global result statement will be the difference between the purchase price (net of principal payment and amortization) and current fair value minus any loss from the depreciation of that financial asset previously recognized in global result statement.

The losses from the impairment of assets recognized in global result statement, corresponding to holdings classified as being available for sale, cannot be rerun in the profit or loss account. If, at a later time, the fair value of a depreciated holding rises, the value increase will be recognized directly in other elements of global result.

In order to determine if a financial asset available for sale evaluated at cost, because fair value cannot be credibly determined because it is impaired, the Company takes into consideration events generating relevant loss, such as significant decrease and long term decrease of fair value under cost; the conditions of the market and field of activity; to the extent that these influence the recoverable value of the assets; the financial and prospective conditions of the issuer, including any adverse specific events that might influence the operations run by the issuer, recent losses of the issuer, qualified report of the independent auditor, on the most recent financial statements of the issuer, etc.

Given the inherent limitations of methodologies applied and significant uncertainty of assets evaluation on international and local markets, the Company's estimates can be significantly revised after the date the financial statements are approved.

(vii) Derecognition

The Company derecognizes a financial asset when the rights to receive cash flows from that particular asset expire, or when the Group has transferred the rights to receive contractual cash flow from that particular asset in a transaction where it has significantly transferred all risks and benefits of the ownership right.

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

The Company derecognizes a financial liability when contractual obligations have ended or when contractual obligations are annulled or expire.

According to IAS 39, if an entity transfers a financial asset through a transfer meeting the DE recognitions conditions and keeps the right to manage the financial assets in exchange for a fee, then it must recognize either an asset from its management or a liability from its management for that management contract. If the fee that is to be receives does not properly compensate the entity for the delivery of the management activity, then a management debt must be recognized under its fair value. If the fee that is to be received is more than a proper compensation for the delivery of the management service, than a management asset must be recognized for the management right, at a value set based on the assignment of an accounting value to the larger financial asset

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIED (continued)

(e) Financial assets and liabilities (continued)

(vii) Derecognition (continued)

If the fee that is to be received is more than a proper compensation for the delivery of the management service, than a management asset must be recognized for the management right, at a value set based on the assignment of an accounting value to the larger financial asset.

At the same time, according to IAS 39, if, following the transfer, a financial asset is fully derecognized, but following the transfer the entity receives a new financial asset or takes on a new financial liability or management liability, the entity must recognize the new financial asset, financial liability or management liability at fair value.

On derecognizing a financial asset fully, the difference between:

- its accounting value and
- the amount comprised of (i) the value of the amount received (including any new asset obtained minus any new liability taken on) and (ii) any cumulated gain or loss that has been recognized in other elements of global result, must be recognized in the profit or loss account.

If the transferred asset is part of a larger financial asset (for example when the entity transfers the cash flows corresponding to the interest to a liability instrument) and the transferred part meets the conditions for full derecognition, the previous accounting value of the financial asset, must be divided between the part that continues to remain recognized and the part that is derecognized, based on the relative fair value of those parts on the transfer date. For this purpose, a managed asset must be treated as a part that remains recognized. The difference between:

- accounting value assigned to the derecognized part, and
- the amount comprised of (i) The value of the amount received for the derecognized part (including any new asset obtained minus any new liability taken on) and (ii) any cumulated gain or loss that has been recognized in other elements of global result, must be recognized in profit or loss account.

A cumulated gain or loss that has been recognized in other elements of global result is assigned between the part that continues to be recognized and the part that is derecognized, based on the relative fair value of those parts.

(f) Other financial assets and liabilities

Other financial assets and liabilities are evaluated at amortized cost, using the effective interest method minus any depreciation loss.

(g) Real estate investments

Real estate investments are real estates (lands, buildings, or parts of buildings) held by the Company for the purpose of renting or value increase or both, and not for the purpose of:

- being used in the production or supply of goods or services for administrative purposes; or
- being sold over the normal course of activity.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Real estate investments (continued)

Some properties include a part that is held for rental or for the purpose of increasing its value and another part that is held for the purpose of goods manufacture, service delivery or for administrative purposes.

If these parts can be sold separately (or rented separately based on a financial leasing contract) then they are accounted separately. If the parts cannot be sold separately, the property is treated as real investment only if the part used for the purpose of goods manufacture, service delivery or administrative purposes is insignificant.

(i) Recognition

A real estate investment is recognized as asset if, and only if:

- it is probable that a future economic benefit associated to the element enters the Company;
- the cost of the asset can be credibly determined.

(ii) Evaluation

Initial evaluation

A real investment is initially cost evaluated, included trading costs. The cost of a real investment purchased comprises the purchase price for it plus any other expenses directly connected to it (for example (legal fees, property transfer taxes and other trading costs).

The value of the Company's real estate investments on 31st December 2014 is detailed under explanatory note 16.

Ulterior evaluation

The Company's accounting policy regarding the ulterior evaluation of real estate investments is that based on the fair value model. This policy is uniformly applied to all real estate investments. The fair value evaluation of real estate investments is carried out by evaluators members of the National Association of Evaluators in Romania (ANEVAR). Fair value is based on market price quotations, adjusted, if need be, so that they reflect the differences connected to the nature, location or condition of that asset. These evaluations are periodically revised by the management of the Company.

The profits or losses resulted following the modification of real investment fair value are recognized in the profit or loss account of the period when these occur.

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

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Real estate investments (continued)

(iii) Transfers

The transfers to or from real estate investments are made when, and only when there is a modification in the use of that given asset.

For the transfer of a real estate investment evaluated at fair value to corporal fixed assets, the implicit cost of the asset, for the purpose of its accounting at a later time, will be the net value on the date of use modification.

(iv) Impairment

The same accounting principles as for tangible assets are applied.

(v) Derecognition

The accounting value of a real estate investment is derecognized on transfer or when the investment is finally taken out of use and no future economic benefits are expected from its transfer.

Profit or loss resulted from scrapping or sale of a real estate investment are recognized from the profit or loss account then it is scrapped or sold.

(h) Tangible and intangible assets

(i) Recognition and evaluation

Tangible assets recognized as assets are initially evaluated at cost by the Company. The cost of a tangible element is comprised of the purchase price, including non-recoverable taxes after the deduction of any price reductions of commercial nature and any costs that can be directly attributed to bringing the asset to the location and in the condition required for it to be used for that purposes intended by management, such as: expenses with employees directly resulting from the construction or purchase of the asset, location preparation costs, initial delivery and handling costs, installation and assembly costs, experts' fees.

The value of the tangible and intangible assets of the Company on the 31st March and 31st December 2017 is detailed under item 17.

Tangible assets are classified by the Company in the following assets classes of the same nature and with similar use: :

- Lands;
- Buildings;
- Equipment, technical installation and machines;
- Transportation means;
- other tangible assets.

Lands and constructions are presented at re-evaluated value, this representing the fair value on the re-evaluation date minus any amortisation later accumulated and any losses accumulated through depreciation.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Tangible and intangible assets (continued)

(i) Recognition and evaluation (continued)

Fair value is based on market price quotations, adjusted, if the case be, so that they reflect differences connected to the nature, location or condition of that given asset.

Re-evaluations are made by specialized evaluators, members of ANEVAR. The frequency of the evaluations is set according to the dynamics of the markets the buildings held by the Company belongs to.

The other tangible assets categories are cost presented, less cumulated amortization and provision for value depreciation.

The expenses with the maintenance and repairs of tangible assets is registered by the Group in global result statement when they occur, and the significant improvements of the tangible assets increase their value or life span, or significantly increase the ability to generate economic benefits, are capitalized.

(ii) Amortization

Amortization is calculated using the linear method along the estimated useful life duration of the assets, as follows:

Buildings	40 years
Equipment	2-12 years
Transportation means	4-8 years
Furniture and other tangible assets	4-12 years

Lands are not subjected to amortization.

Intangible assets that meet the recognition criteria of the International Financial Reporting Standards are cost registered less cumulated amortization. The amortization of intangible assets is entered in the profit or loss account based on the linear model for an estimated period of max. 3 years.

Amortization methods, estimated useful life span, as well as residual values are revised by the management of the Company, on each reporting date.

(iii) Sale/ scrapping of tangible and intangible assets

Corporal assets that are scrapped or sold are eliminated from the balance with the proper accumulated amortization. Any profit or loss resulted from such an operation is included in the current profit or loss account.

(i) Depreciation of assets other than the financial ones

The accounting value of the Company's assets which are not of financial nature, other than assets such as deferred taxes, are revised on every reporting date in order to identify depreciation clues. If such clues exist, the recoverable value of those assets is estimated.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Depreciation of assets, other than the financial ones (continued)

A loss through depreciation is recognized when the accounting value of the assets or its cash generating unit exceeds the recoverable value of the asset of the cash-generating unit.

A cash generating unit is the smallest identifiable group that generates cash, and that – independent from other assets or groups of assets, has the ability to generate cash flows. Depreciation losses are recognized in the global result status. The recoverable value of an asset or a cash-generating unit is the maximum between the use value and the fair value minus cost for the sale of that asset or unit. In order to determine the use value, future cash flows are updated using an update rate before taxation, which reflects the current market conditions and the risks specific for that asset. Losses from depreciation recognized in the previous periods are evaluated on each reporting date in order to ascertain if these are lower or if they no longer exist. Loss from depreciation is rerun if there was a change in the estimates used to determine its recovery value. Loss through depreciation is rerun only in case the accounting value of that asset does not exceed the accounting value that would have been calculated, net of amortization and depreciation, if the loss through depreciation would not have been recognized.

(j) Share Capital

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

(k) Dividends to distribute

Dividends are treated as a distribution of profit in the period when these have been declared and approved by the General Meeting of Shareholders.

(l) Prescribed dividends

Dividends to be paid uncollected within 3 years from their declared date are prescribed according to the law. Out-dated dividends represent transactions with shareholders and are recognized in equity, based on reported result.

(m) Provisions for risks and expenses

Provisions are recognized in the financial position status when a liability is created for the Company connected to a past event and it is probable that in the future it will be necessary to spend some economic resources that extinguish this liability and a reasonable estimation of the liability value can be made. In order to determine the provision future cash flows are updated using an update rate before taxation which reflects the current conditions on the market and the specific risks for that particular liability.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income from interest

The income and expenses with interest are recognized in the status of global result through the effective interest method. The effective interest rate represents that rate which accurately updates the payments and cash collections forecast for the expected life span of the financial asset or liability (or, where the case be, for a shorter period of time) to the accounting value of the financial asset or liability.

(o) Income from dividends

Income from dividends is recognized in the profit or loss account on the date the right to receive these incomes is set. In the case of dividends received as shares as an alternative to cash payments, income from dividends are recognized on the level of the cash that has been received, in correspondence with the increase of the corresponding holding. The Group does not register income from the dividends corresponding to the shares received for free, when these are distributed proportionally to all shareholders.

The Group registers income from dividends at gross value including dividend tax, which is recognized as current expense with the profit tax.

(p) Employees' benefits

(i) Short-term benefits

Short-term benefits of the employees include wages, bonuses and social insurance contributions. Short-term benefits of the employees are recognized as san expenses when the services are delivered.

short-term benefits of employees include wages, bonuses and social insurance contributions. A provision is recognized by the Company for the amounts that are expected to be paid as cash bonuses on the short term or profit participation schemes for the staff, as the Company currently has a legal or implicit obligation to pay these amounts, as a result of past services delivered by the employees and if that given obligation can be credibly estimated.

(ii) Determined contribution plans

The Company makes payments on behalf of its own employees to the Romanian state pension system, social insurance and unemployment fund, in the normal course of activity.

All employees of the Company are members and at the same time they have the legal obligation to contribute (through social contributions) to the Romanian state's pension system (a determined contribution plan of the state). All such contributions are recognized in the profit or loss account of the period when they are made. The Company has no other additional obligations.

The Company is not engaged in any independent pension scheme and accordingly it has no other obligations. The Company is not involved in any retirement benefits scheme. The Company has no obligation to deliver ulterior services to the former or current employees.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employees' benefits (continued)

(iii) Long term benefits of the employees

The net obligation of the Company regarding benefits corresponding to long-term services is represented by the value of future benefits that the employees have earned in exchange for the services delivered by them during the current and prior periods.

The Company does not have the obligation to awards benefits to employees on the date of their retirement.

(q) Income and loss from exchange rate differences

Currency transactions are entered in the functional currency (leu) through the conversion of the amount in currency to the official exchange rate notified by Romania's National Bank valid on the transaction date.

On the reporting date, the monetary elements expressed in currency are converted using the closing exchange rate.

Rate differences that occur on the offset of the monetary elements or conversion of monetary elements at rates different from those they were converted in at their initial recognition (during the period), or in the prior financial statements, are recognized as loss or income in the profit or loss account, in the period when they occur.

(r) Profit tax

The profit tax corresponding to the exercise includes current and deferred tax. Current profit tax includes the tax on dividend income recognized at gross value.

Profit tax is recognized in the global result status or in other elements of global result if the tax corresponds to capital elements.

Current tax is the tax paid for the profit of the current period, determined based on the percentages applied on the reporting date and all adjustments corresponding to previous periods.

For the period concluded on 31st March, the profit tax rate has been of 16% (31st December 2015: 16%). The taxation rate corresponding to the income from taxable dividends has been of 5% (31 December 2016: 5%). Deferred tax is calculated by the Company using the balance method for those time differences that occur between the fiscal base for the tax calculation for assets and liabilities and their accounting value, used for reporting in individual financial statements.

Deferred tax is not recognized for the following time differences: initial recognition of commercial fund, initial recognition of assets and liabilities coming from transactions that are not combinations between enterprises and do not affect the accounting or fiscal profit and differences stemming from investment in branches, provided that these will not be rerun in the near future.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Profit tax (continued)

Deferred tax is calculated based on the taxation percentages that are expected to be applied to the time differences on their rerun, based on applicable law on the reporting date. Claims and debts with deferred tax are compensated only if there is the legal right to compensate current debts and liabilities with the tax and if these correspond to the tax collected by the same tax authority for the same entity undergoing taxation or for different tax authorities who want the deduction of current claims and liabilities with the tax using a net base or corresponding assets and debts are simultaneous.

A claim regarding deferred is recognized only to the extent the realization of future profit that might be used to cover fiscal loss is probable. The claim is revised at the conclusion of each financial year and is diminished as the corresponding fiscal benefit is unlikely to be achieved. Additional taxes that occur from the distribution of dividends are recognized on the same date with the dividend payment obligation.

(s) Result per share

The Company presents the result per basic share and diluted for ordinary shares. The result per basic share is determined by dividing the profit or loss assignable to the ordinary shareholders of the Company to the average weighted number of ordinary shares corresponding to the reporting period. Diluted result per share is ascertained through the adjustment of the profit or loss assignable to ordinary shareholders and the average, weighted number of ordinary shares with dilution effects generated by potential ordinary shares.

(t) Leasing payments

Operational leasing payments are recognized in the profit and loss account based on the linear method over the entire leasing contract duration. Leasing facilities received are recognized as integral part of total leasing expenses, over the leasing contract. Leasing facilities received are recognized as integral part of total leasing expenses over the leading period. Operational leasing expenses are recognized as a component of operational leasing expenses. Minimal leasing payments in financial leasing contracts are proportionally divided between leasing interest expenses and leasing debt reduction. Leasing interest expense is assigned to each leasing period, so as to produce a constant interest rate for the reminder leasing debt.

(u) Reporting on segments

A segment is a distinct component of the Company that supplies certain products or services (activity segments) or supplies services and products in a certain geographic area (geographic segment) and that is subjected to risks and benefits that are different from those of other segments. On 31st March 2017 and 31st March 2016, the Company has not identified significant reportable activity or geographic segments.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New Standards and Interpretations

Within the following section we present: the list of new standards, amendments and standard interpretations already existent that were applicable on 31st March 2017, list of new standards, amendments and standard interpretations adopted by the International Accounting Standards Board (IASB) and European Union (UE) but not into force for the financial year concluded on 31st December 2015 and the list of new standards, amendments and standard interpretation adopted by the International Accounting Standards Board, but not adopted by the European Union for the financial year concluded on 31st March 2017

(i) Standards and interpretations issued by IASB and adopted by the EU, not yet applicable.

On the date the present individual financial statements were approved, the following standards, revisions and interpretations were issued but were not yet applicable:

- IFRS 9 "Financial instruments" – adopted by EU on 22nd November 2016 (applicable for annual periods starting on or after 1st January 2018)
- IFRS 15 "Revenue from contracts with clients" with its later amendments 2016 (applicable for annual periods starting on or after 1st January 2018).

IFRS 9 includes requirements regarding financial instruments, regarding the recognition, classification and evaluation, impairment losses, derecognition and hedge accounting against risks:

- *Classification and evaluation:* IFRS 9 introduces a new approach regarding the classification of financial assets and includes three main financial assets categories: measured at amortized costs, fair value or through other global results elements, at fair value through the profit or loss account. IFRS 9 classification is determined by the characteristics of cash flows and business model where an asset is held. This unitary approach based on principles that eliminate the classification categories for financial assets in IAS 39: held to maturity, credits and advances, and financial assets available for sale. The new model will also determine the existence of a single impairment model applicable to all financial instruments.

According to IFRS 9, derivatives incorporated in contracts, where the host instrument is a financial instrument for the purpose of this standard, are not separated, but the entire hybrid instrument is taken into consideration for the classification.

- *Impairment losses:* IFRS 9 introduces a new model regarding impairment losses, based on expected losses that will require the quicker recognition of losses expected from claims impairment. The Standard foresees that entities register the impairment losses expected from claims at the time of their initial recognition of the financial instruments and at the same time recognise expected losses from impairment over their entire life span.
- *Hedge Accounting:* IFRS 9 introduces a significantly improved model regarding hedge accounting that includes additional requirements for the presentation of risk management activity. The new model represents a significant revision of hedge accounting principles, that allow the alignment of accounting approach with risk management activities.
- *Own credit risks:* IFRS 9 eliminates volatility from the profit or loss account caused by the modification of credit risk corresponding to fair value evaluated liabilities. The modification of the accounting requirements of these liabilities, means that the revenue generated by the deterioration of own credit risk of an entity will no longer be recognised through profit or loss.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

(ii) Standards and interpretations issued by IASB not yet adopted by EU.

On the reporting date of these financial statements, IFRS as adopted by EU do not significantly differ from the regulations adopted by IASB, with the exception of the following standards, amendments and interpretations whose application has not yet been approved by the UE until the date of the certification of these financial statements:

- IFRS 14 "Regulatory deferral accounts" (applicable for annual periods, starting on or after 1st January 2016) – the European Committee has decided not to initiate the process for adopting this interim standard, but wait for the issue of the final standard,
- IFRS 16 „Leasing" (applicable for annual periods, starting on or after 1st January 2019),
- Amendments to IFRS "Share-based payments" – The classification and evaluation of share-based transactions (applicable for annual periods, starting on or after 1st January 2018), it is expected that it be adopted in the second half of 2017,
- Amendment to IFRS 4 "Insurance Contracts" – The application of IFRS 9 Financial instruments with IFRS 4 Insurance Contracts (applicable for annual periods starting on or after January 1st, 2018 or when IFRS 9 „Financial Instruments" is applied for the first time), it is expected to be adopted in 2017,
- Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investment in associated entities and joint venture" the sale or assets contribution between an investor and associated entities or joint ventures and its later amendments (the date of its coming into force has been deferred for an undetermined period of time, until the completion of the research project regarding the equivalence method),
- Amendments to IFRS 15 "Revenue from contracts with clients" – Explanations to IFRS 15 Revenue from contracts with clients (applicable for annual periods, starting with or after 1st January 2018) it is expected to be adopted in the second half of 2017,
- Amendments to IAS 7 "Cash flow status" – initiative regarding presentation requirements (applicable for annual periods, starting on or after 1st January 2017),
- Amendments to IAS 12 "Profit tax" – recognition of the debt regarding deferred profit tax from unattained losses (applicable for annual periods, starting on or after 1st January 2017),
- Amendments to IAS 40 „Real estate investments" – the transfer of real estate investments (applicable for annual periods, starting on or after 1st January 2018), it is expected to be adopted in the second half of 2017
- Amendments to various standards „IFRS Improvements (cycle 2014-2016)" that result from the annual project of IFRS improvement (IFRS 1, IFRS 12 and IAS 28) with the main purpose of eliminating inconsistencies and clarifying certain wordings (amendments to IFRS 12 are applicable for annual periods starting on or after 1st January 2017 and IFRS 1 and IAS 18 applicable for annual periods, starting on or after 1st January 2018), it is expected that these be adopted in the second half of 2017
- IFRIC 22 "Foreign currency transactions and Contributions" (applicable for annual periods starting on or after 1st January 2018), it is expected to be adopted in the second half of 2017.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISKS

The management of the Company thinks that risk management should be carried out in a consistent methodological environment and that their management is an important component of the strategy for yield maximization, obtaining the targeted level of profit while maintaining an acceptable level of risk exposure and abiding by legal provisions. The formalization of risk management procedures, decided by the management of the Company is an integral part of the Company's strategic objectives.

The investment activity leads to the exposure of the Company to a variety of risks associated with financial instruments held and the financial markets on which it operates. The main risks the Company is exposed to are:

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

The general risk management strategy aims to maximize the profit of the Company reported to the risk level that it is exposed to and minimize the potential adverse variants on the Company's financial performance.

The Company has implemented procedures and policies for the management and evaluation of the risks it is exposed to. These policies and procedures are presented under the sections dedicated for each individual risk group.

(a) Market risk

Market risk is defined as the risk to register a loss or fail to achieve the expected profit, as a result of price fluctuation, fluctuation of interest rates and currency exchange rates.

For an efficient management of market risk we use technical and fundamental analysis methods, forecasts regarding the evolution of economic branches and financial markets, taking into consideration:

- profitability evaluations corresponding to the share portfolio;
- setting the concentration limitations for assets on the same market, geographical position or economic sector;
- setting the presence limitations on new markets;
- setting the bearable risk limits;
- tolerance to risk concentrations;
- strategic assignment of long-term investments, based on the principle according to which the market will correctly determine the fundamental value;
- tactical, short-term assignment which involves the use of the short-term market variations to obtain profit.

The selection of investment opportunities is made through:

- technical analysis;
- fundamental analysis – determination of the issuer's ability to generate profit;
- comparative analysis – determining the relative value of an issuer in connection to the market or similar companies;
- statistical analysis – setting trends and colorations using price history and traded volumes

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

The company is exposed to the following market risk categories:

(i) Price risk

The company is exposed to price risk as there is the possibility that financial instruments fluctuate as a results of market price change. .

The Company is exposed to the risk associated with the price variation of financial assets at fair value through the profits or loss account and the financial assets available for sale. 81% of total shares with active market, held by the Group on 31st March 2017 (31st December 2016: 80%) represented investments in companies that were part of BET index of Bucharest Stock Exchange, index weighted with market capitalization and created in order to reflect the general trend of prices for the 10 most liquid shares traded on Bucharest Stock Exchange.

A positive variation of 10% of financial assets at fair value through the profit and loss account would lead to an increase of profit before taxation, by 14.112.048 lei (31st December 2016: 12.899.967lei), a negative variation of 10% having an equal negative net impact.

A positive variation of 10% of the prices of financial assets available for sale would lead to an increase of equity, net of profit tax, by 133.758.255 lei (31st December 2016: 121.766.948 lei), a negative variation of 10% having an equal negative net impact.

The Company holds shares in companies operating in different fields of activity, such as: :

In LEI

	31st March 2017	%	31st December 2016	%
finance, bank and insurance	918.633.187	56,11	877.549.795	59,06
Transport, storage communications	200.902.499	12,27	153.922.945	10,36
Chemical and oil industry	150.609.528	9,20	130.259.303	8,77
Textile industry	68.417.306	4,18	68.454.710	4,61
Pharmaceutical industry	39.070.280	2,39	38.769.224	2,61
Manufacture of machines, equipment and installations	74.170.976	4,53	76.441.822	5,14
Wholesale, tourism and restaurants	39.715.379	2,43	20.488.855	1,38
Manufacture of transportation means	78.323.017	4,78	74.387.804	5,01
Energy industry	38.271.783	2,34	29.765.604	2,00
Metal construction and metal products industry	679.232	0,04	709.210	0,05
Real estate, rental, other services	8.042.463	0,49	8.042.463	0,54
Agriculture, animal breeding, fishing	13.922.838	0,85	0	0,00
Food industry	716.512	0,04	716.512	0,05
Other	5.693.478	0,35	6.273.245	0,42
TOTAL	1.637.168.479	100	1.485.781.522	100,00

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(i) Price Risk (continued)

As it can be seen in the table above, on 31st March 2017 the Company mainly held shares in companies operating in the financial-bank and insurance sectors, with a weight of 56,11% of total portfolio, in decrease in comparison to the 59.06% registered on 31st December 2016. The Company's exposure on Banca Transilvania is of 42,48% on 31st March 2017 (41,97% on 31st December 2016).

(ii) Interest rate risk

The Company is confronted with the interest rate risk because of its exposure to unfavorable interest rate fluctuations. The change of interest rate on the market directly influences the income and expenses corresponding to the assets and financial liabilities bearing variable interest, as well as the market value of those bearing fixed interest.

On 31st March 2017 and 31 December 2016, most of the Company's assets and liabilities are not bearing interest. Therefore, the Group is not significantly affected by the risk of interest fluctuations. Cash access or that of assimilated money availabilities is invested in short-time investment titles with a maturity of 1- 3 months.

The Company does not use derived financial instruments to protect itself from interest rate fluctuations.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR THE 3 MONTHS' PERIOD CONCLUDED ON
31ST MARCH 2017

(all amounts are presented in RON, if not otherwise specified)

4. THE 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

31st March 2017

	Accounting value	under 3 months	between 3-12 months	Over a year	No preset maturity
Financial assets					
Cash and cash equivalents	2.541.252	2.541.252	-	-	-
Bank deposits	107.770.727	107.718.805	-	-	51.922
Financial assets at fair value through revenue or loss account	141.120.484	-	-	-	141.120.484
Financial assets available for sale	1.592.360.184	-	-	-	1.592.360.184
Investments held to maturity	9.495.506	3.240	2382.521	7.109.745	-
Other financial assets	1.583.040	1.583.040	-	-	-
Total financial assets	1.854.871.193	111.846.337	2382.521	7.109.745	1.733.532.590
Financial liabilities					
Dividends to be paid	29.065.878	29.065.878	-	-	-
Other financial liabilities	14.284.449	9.327.677	4.956.772	-	-
Total financial liabilities	43.350.327	38.393.555	4.956.772	-	-

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR THE 3 MONTHS' PERIOD CONCLUDED ON
31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

31st December 2016

	Accounting value	under 3 months	between 3-12 month's	Over 1 year	no preset maturity
Financial assets					
Cash and cash equivalents	931.024	931.024	-	-	-
Bank deposits	117.794.735	117.739.118	-	-	55.617
Financial assets at fair value through the revenue and expense account	128.999.673	-	-	-	128.999.673
Financial assets available for sale	1.448.569.452	-	-	-	1.448.569.452
Investments held to maturity	9.573.804	212.619	37.440	9.573.804	-
Other financial assets	1.347.293	1.347.293	-	-	-
	1.707.215.981	120.230.054	37.440	9.573.804	1.577.624.742
Total financial assets	-	-	-	-	-
Financial liabilities					
Dividends to pay	29.258.494	29.258.494	-	-	-
Other financial liabilities	14.398.115	4.345.656	10.052.459	-	-
	43.656.609	33.604.150	10.052.459	-	-
Total financial liabilities					

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The impact on the Group's net profit of a modification of ± 100 bp of the interest rate corresponding to variable interest bearing assets and liabilities, and expressed in other currency, corroborated with a modification of ± 500 bp of the interest rate corresponding to variable interest bearing assets and liabilities in lei is $\pm 5.572.087$ lei (31st December 2016: 6.067.064 lei).

(ii) Currency risk

The Currency risk is the risk of registering losses or failing to achieve estimated profit following the adverse fluctuations of the exchange rate. The Company is exposed to currency rate fluctuation, but does not have a formalized policy to cover currency risk. Most financial assets and liabilities of the Group are expressed in the national currency, the other currencies in which operations are made are EUR, USD.

Most financial assets and liabilities of the Company are expressed in national currency and therefore currency rate fluctuations do not significantly affect the activity of the SIF Moldova. The exposure to currency rate fluctuations are mainly due to depositions and shares in foreign currency.

Assets expressed in lei and other foreign currencies on 31st March 2017 and 31st December 2016 are presented in the following tables.

31 March 2017

	RON	EUR	USD	Other currency
Financial assets				
Cash and cash equivalents	2.337.592	88.049	15.978	99.633
Bank deposits	107.095.799	674.929	-	-
Financial assets at fair value through the revenue and expense account	141.120.484	-	-	-
Financial assets available for sale	1.590.586.659	-	-	1.773.525
Investments held to maturity	2.395.525	7.099.981	-	-
Other financial assets	1.583.040	-	-	-
Total financial assets	1.845.119.099	7.862.959	15.978	1.873.158
Financial liabilities				
Dividends to pay	29.065.878	-	-	-
Other financial liabilities	14.398.115	-	-	-
Total financial liabilities	43.656.609	-	-	-

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market Risk (continued)

(i) Currency risk (continued)

31st December 2016

	RON	EUR	USD	other currency
financial assets				
Cash and cash equivalents	699.342	120.186	15.346	96.150
Bank deposits	117.476.858	317.877	-	-
Financial assets at fair value through the revenue and expense account	128.999.673	-	-	-
Financial assets available for sale	1.446.214.787	-	-	2.354.665
Investments held to maturity	2.357.600	7.216.204	-	-
Other financial assets	1.347.293	-	-	-
Total financial assets	1.697.095.553	7.654.267	15.346	2.450.815
Financial liabilities				
Dividends to pay	29.258.494	-	-	-
Other financial liabilities	14.398.115	-	-	-
Total Financial liabilities	43.656.609	-	-	-

The net impact on the Company's profit of a modification of $\pm 15\%$ of the RON/EUR currency exchange rate, corroborated with a modification of $\pm 15\%$ of RON/USD, RON/GBP, RON/CZK. RON/PLN namely RON/CAD exchange rate on 31st March 2017, all other variables remaining constant, is of $\pm 1.187.205$ lei (31st December 2016: 1.518.064 lei).

(b) Credit risk

The Company is exposed to the credit risk corresponding to financial instruments, stemming from the possible failure of a third party to meet its payment obligations towards the Company. The Company is exposed to credit risk following the investment made in bank deposits and bonds issued by municipalities or companies, current accounts and other claims.

On 31st March 2017 and on 31st December 2016 the Company did not hold real guarantees as insurance, and no other improvements of credit risks. On 31st March 2017 and 31st December 2016 the Company did not register any outstanding financial assets that are not impaired.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk of the Company amounts to 118.927.572 lei la 31st March 2017 and 128.715.832 lei on 31st December 2016 and can be analysed as follows:

Exposures from current accounts and bank deposits

In LEI

	31 March 2017	31 December 2016
Banca Transilvania	103.694.491	107.224.136
BRD -Group Societe Generale	3.979.879	4.813.271
Eximbank	44.435	5.701.710
Other commercial banks	51.923	55.618
Total	107.770.728	117.794.735

Exposures from investments held to maturity

In LEI

	31 March 2017	31 December 2016
Banca Transilvania bonds	7.099.981	7.216.204
Bacau Municipal Bonds	114.960	117.920
GDF Suez Energy Romania bonds	2.280.565	2.239.680
Total	9.495.506	9.573.804

Various debtors and commercial claims

In LEI

	31 March 2017	31 December 2016
AAAS Bucuresti	54.157.562	53.890.207
Depozitarul Central	854.601	1.047.218
BRD Depozitar	-	(94.907)
Agribusiness Capital	-	-
Other various debtors and commercial claims	3.353.138	3.001.336
Impairment adjustments	(56.782.262)	(56.496.561)
Total	1.583.039	1.347.293

(c) Liquidity risk

Liquidity risk represents the risk of registering a loss or failure to reach estimated profits, resulting from the impossibility to at any time fulfil short-term payment obligations, without this payment involving excessive costs or losses that cannot be borne by the Company.

The Company's financial instruments can also include investments in shares that are not

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

traded on an organized market and consequently may have a reduced liquidity. Therefore, the Company might have difficulty in the rapid liquidation of investments in these instruments at a value close to that ascertained based on the calculation method for net assets for financial investment companies foreseen by Regulation no. 15/2004 issued by CNVM to meet its own liquidity requirements.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR THE 3 MONTHS' PERIOD CONCLUDED ON
31ST MARCH 2017

(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(c) Liquidity risk (continued)

The structure of assets and liabilities has been analysed based on the remaining period from the balance date until the contractual maturity date, both for financial year concluded on 31st March 2017 and that concluded on 31st December 2016, as follows: :

	Accounting value	under 3 months	Between 3 -12 months	Over a year	No preset maturity
Financial Assets	-				
Cash and Cash equivalents	2.541.252	2.541.252	-	-	-
Bank deposits	107.770.728	107.718.806	-	-	51.922
Financial assets at fair value through the revenue and expense account	141.120.484	-	-	-	141.120.484
Financial assets available for sale	1.592.360.184	-	-	-	1.592.360.184
Investments held to maturity	9.495.506	3.240	2382.521	7.109.745	-
Other financial assets	1.583.040	1.583.040	-	-	-
Total financial assets	1.854.871.193	111.846.337	2382.521	7.109.745	1.733.532.590
Financial liabilities					
Dividends to pay	29.065.878	29.065.878	-	-	-
Other financial liabilities	16.509.227	11.552.455	4.956.772	-	-
Total financial liabilities	45.575.105	40.618.333	4.956.772	-	-

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR THE 3 MONTHS' PERIOD CONCLUDED ON
31ST MARCH 2017

(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(c) Liquidity risk (continued)

31st December 2016	Accounting value	under 3 months	between 3 -12 months	Over 1 year	No preset maturity
Financial assets					
cash and cash equivalents	931.024	931.024	-	-	-
Bank deposits	117.794.735	117.739.118	-	-	55.618
Financial assets at fair value through the profit or loss account	128.999.673	-	-	-	128.999.673
Financial assets available for sale	1.448.569.452	-	-	-	1.448.569.452
Investments held to maturity	9.573.804	212.619	37.440	9.323.746	-
Other financial assets	1.347.293	1.347.293	-	-	-
	1.707.215.981	120.230.054	37.440	9.323.746	1.577.624.743
Total financial assets					
Financial liabilities					
Dividends to pay	29.258.494	29.258.494	-	-	-
Other financial liabilities	17.082.627	7.030.168	10.052.459	-	-
	46.341.121	36.288.662	10.052.459	-	-
Total financial liabilities					

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF FINANCIAL RISKS (continued)

(d) Taxation risk

The tax system in Romania is subjected to various interpretations and permanent changes that can be retroactive. In certain circumstances, tax authorities might adopt different positions than those of the Company and might calculate tax interest and penalties. Although the tax corresponding to a transaction can be minimal, the penalties can be large, depending on the interpretation of tax authorities.

Moreover, Romania's Government has under its supervision a series of agencies that are authorized to control both the Romanian and foreign entities carrying out activities in Romania. These verifications are largely similar to those carried out in many countries but might also extend over some legal or regulating areas in which the Romanian authorities might be interested.

The statements regarding taxes and levies might be subjected to control and revisions over a period of five years, and in general after the date of their submission. According to legal provisions applicable in Romania, the already controlled periods can be subjected to other additional verifications in the future.

The management of the Company considers that it has registered correct values in the tax accounts, taxes and other debts to the state, nevertheless there is a risk that the authorities might have a different position than that of the Company.

Starting with the 1st January 2007, following Romania's entering the European Union, the Group had to subject itself to tax regulations of the European Union and implement the changes brought by the European legislation. The way in which the Company has implemented these changes remains open for tax audit for a period of five years.

The last verification of the Ministry of Public Finance the Company was subjected to covered the period up to 1st January 2010. Therefore the debts of the Company from this date on could be the object of a later verification.

(e) Economic environment risk

The Romanian economy continues to exhibit the characteristics that are specific for an emerging economy and there is a significant degree of uncertainty regarding the development of the political, economic and social development in the future. The Management of the Group is concerned with estimating the nature of the changes that will take place in the Romanian economic environment and their effect of the financial statement and operational and treasury result of the Company.

Among the characteristics of Romanian economy we have the presence of a currency that is not fully convertible outside the borders and a low liquidity degree of the capital market.

The management of the Company cannot predict all effects of the crisis that will have an impact on the financial sector of Romania, nor their potential impact on the present financial statements. The management of the Company considers that it has adopted all necessary measures for the sustainability and development of the Company under current market conditions.

(f) Operational Risk

Operational risk is defined as the risk of registering a loss or failure to reach estimated profits due to internal factors such as improper running of internal activities, the existence of improper staff or systems or because of external factors such as economic conditions, capital market changes, technological progresses. Operational risk is inherent for all activities of the Company.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

4. MANAGEMENT OF SIGNIFICANT RISK (continued)

(f) Operational risk (continued)

The policies defined in order to manage operational risks have taken into consideration each type of event that could generate significant risks and their method of manifestation, in order to eliminate or lower the financial or reputational risks.

(g) Capital adequacy

The management's policy concerning capital adequacy is focused on maintaining a solid capital base, for the purpose of supporting the continuous development of the Company and reaching investments objectives.

The Company's equity includes the share capital, various types of reserves and reported result. Equity amounted to 1.726.396.114 lei on 31st March 2017 (31st December 2016: 1.600.091.750 lei).

The company is not subject to legal requirements regarding capital adequacy.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR THE 3 MONTHS' PERIOD CONCLUDED ON
31ST MARCH 2017

(all amounts are presented in RON, if not otherwise specified)

5. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

The table below summarizes accounting values and fair values of the financial assets and liabilities of the Company on 31st March 2017:

	Tradable	Available for sale	Amortized cost	Total accounting value	Fair value
Cash and cash equivalents	-	-	2.541.252	2.541.252	2.541.252
Bank deposits	-	-	107.770.728	107.770.728	107.770.728
Financial assets at fair value through the revenue and loss account	141.120.484	-	-	141.120.484	141.120.484
Financial assets available for sale	-	1.592.360.184	-	1.592.360.184	1.592.360.184
Investments held to maturity	-	-	9.495.506	9.495.506	9.495.506
Other financial assets	-	-	1.583.040	1.583.040	1.583.040
Total financial assets	141.120.484	1.592.360.184	121.390.526	1.854.871.194	1.854.871.194
Dividends to pay	-	-	29.065.878	29.065.878	29.065.878
Other financial liabilities	-	-	14.284.449	14.284.449	14.284.449
Total financial liabilities	-	-	43.350.327	43.350.327	43.350.327

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR THE 3 MONTHS' PERIOD CONCLUDED ON
31ST MARCH 2017

(all amounts are presented in RON, if not otherwise specified)

5. FINANCIAL ASSETS AND LIABILITIES (continued)

The table below summarizes accounting values and fair values of the financial assets and liabilities of the Company on 31 December 2016:

In LEI

	Tradable	Available for sale	Amortized cost	Total accounting value	fair value
Cash and Cash equivalents	-	-	931.024	931.024	931.024
Bank deposits	-	-	117.794.735	117.794.735	117.794.735
Financial assets at fair value through the revenue and loss account	128.999.673	-	-	128.999.673	128.999.673
Financial assets available for sale	-	1.448.569.452	-	1.448.569.452	1.448.569.452
Investment held to maturity	-	-	9.573.804	9.573.804	9.573.804
Other financial assets	-	-	1.347.293	1.347.293	1.347.293
Total financial assets	128.999.673	1.448.569.452	129.646.856	1.707.215.981	1.707.215.981
Dividends to pay	-	-	29.258.494	29.258.494	29.258.494
Other financial liabilities	-	-	14.398.115	14.398.115	14.398.115
Total financial liabilities	-	-	43.656.609	43.656.609	43.656.609

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

6. REVENUE FROM INTEREST

Revenue from interest corresponding to bank deposits and current accounts	149.571	125.944
Revenue from interest corresponding to investments held to maturity	151.055	155.631
Total	300.626	281.575

7. OTHER REVENUE FROM OPERATIONS

	31 March 2017	31 March 2016
Revenue from rents	184.042	183.263
Other revenue from operations	18.548	19.516
Total	202.590	202.779

8. NET REVENUE FROM ASSETS SALE

	31 March 2017	31 March 2016
Net revenue from the sale of financial assets available for sale	7.172.556	31.388.396
Net revenue from the sale of financial assets at fair value through the revenue and expense account	-	192
Total	7.172.556	31.388.588

9. NET LOSS/REVENUE FROM THE REEVALUATION OF ASSETS AT FAIR VALUE THROUGH THE PROFIT OR LOSS ACCOUNT

	31 March 2017	31 March 2016
Net loss / (net revenue) from the reevaluation of financial assets held for trading	7.174.521	5.318.678
Net revenue from the reevaluation of real estate investments	314.328	-

The 7.174.521 lei loss (: loss 5.318.678 lei) represents the difference from the reevaluation at fair value of shares and fund units at fair value through the profit and loss account

10. LOSSES/(IMPAIRMENT RERUN) FROM ASSETS IMPAIRMENT

	31st March 2017	31st March 2016
Losses / (reruns of impairment) from the impairment of financial assets available for sale	6.439	1.548.395
Losses/(impairment rerun) from the impairment of other assets	330.296	(40.805)
Total	336.735	1.507.590

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

11. OTHER OPERATIONAL EXPENSES

	31 March 2017	31 March 2016
Expenses with wages and other staff expenses	1.132.374	990.689
Expenses with external services	2.190.477	1.994.799
Expenses with commissions	548.467	608.289
Expenses with protocol, advertising and ads	93.746	110.359
Other operational expenses	677.286	687.842
Audit and consultancy expenses	479.229	504.746
Total	5.121.579	4.896.724

Other operational expenses include expenses for the amortization of tangible assets, transportation and telecommunication expenses, expenses with maintenance and repairs, etc. The average number of employees for the financial year concluded on 31st March 2017 has been of 33 (31st March 2016:: 30).

12. PROFIT TAX

	31 March 2017	31 March 2016
Current profit tax		
Current profit tax (16%)	1.516.894	5.104.051
Dividend tax (16%)	-	525
Total current tax	1.516.894	5.104.576
Deferred profit tax		
Financial assets available for sale	-	(152.291)
Real estate investments	-	-
Financial assets at fair value through the profit or loss account	31.878	-
Total deferred tax	31.878	(152.291)
Total	1.548.772	4.952.285
Reconciliation of profit before taxation with profit tax in the profit or loss account:		
Profit before taxation	9.849.948	30.795.487
Tax in compliance with the statutory taxation rate of 16% (2010: 16%)	1.575.992	4.927.278
Effect on profit tax of:	-	-
non-deductible expenses	1.584.973	2.753.095
non-taxable income	(1.110.254)	(203.943)
time difference registrations and rerun	(501.939)	(2.524.145)
Profit tax	1.548.772	4.952.285

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

13. CASH AND CASH EQUIVALENTS

	31ST March 2017	31st December 2016
Cash	8.437	8.622
Current accounts	2.532.815	922.402
Cash and cash equivalents	2.541.252	931.024

Current accounts opened with banks are permanently at the Company's disposal, they are not restricted.

14. BANK DEPOSITS

Bank deposits

	31 March 2017	31 December 2016
On term bank deposit	107.654.785	117.681.095
Attached claims	64.021	58.022
Blocked deposits	51.922	55.618
Total bank deposits	107.770.728	117.794.735

The bank deposits are permanently available for the Company and are not restricted.

15. FINANCIAL ASSETS

a) Financial assets at fair value through the profit and loss account

	31st March 2017	31st December 2016
Fund units	19.165.512	17.930.386
Shares	121.954.972	111.069.287
Total	141.120.484	128.999.673

b) Financial assets available for sale

	31st March 2017	31 December 2016
Fair value evaluated shares	1.509.440.091	1.368.942.869
Cost evaluated shares	5.773.414	5.769.365
Fair value evaluated fund units	77.146.679	73.857.217
Total	1.592.360.184	1.448.569.451

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR THE 3 MONTHS' PERIOD CONCLUDED ON
31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

15. FINANCIAL ASSETS (continued)

b) Financial assets available for sale (continued)

On 31st March 2017 the category of fair value evaluated shares mainly include the value of shares held in Banca Transilvania, Transgaz, Romgaz and on 31st December 2016 the weight is held by shares in Banca Transilvania, BRD - Groupe Societe Generale S.A., OMV Petrom. The evaluation of shares at fair value was made by multiplying the number of shares held on the balance date with the closing price on the last trading day of the reporting period. The movement of financial assets available for sale period concluded on 31st March 2017 and in financial years concluded 31st December 2016 is presented in the following table:

	Shares evaluated at fair value	cost evaluated shares	Fu units	Total
1 January 2016	1.061.091.236	128.717.878	37.457.813	12.271.266.927
Net variation during the period	59.110.764	(4.617.015)	35.017.494	89.511.243
Transfer between categories	116.454.994	(116.454.994)	-	-
Impairment loss	(3.338.111)	(1.876.504)	-	(5.214.615)
Fair value modification	135.623.986	-	1.381.910	137.005.897
31 December 2016	1.368.942.869	5.769.365	73.857.217	1.448.569.452
Net variation during the period	1.816.455	10.488	26.305	1.853.248
Transfer between categories	-	-	-	-
Impairment loss	-	(6.439)	-	(6.439)
Fair value modification	138.680.767	-	3.263.157	141.943.924
31 March 2017	1.509.440.091	5.773.414	77.146.679	1.592.360.184

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

15. FINANCIAL ASSETS (continued)

c) Investments held to maturity

<i>In LEI</i>	31 March 2017	31 December 2016
Corporate bonds	9.380.546	9.455.884
Municipal bonds	114.960	117.920
Total	9.495.506	9.573.804

d) Fair value hierarchy

The table below analyses the financial instruments registered at fair value, depending on the method of evaluation. The fair value levels depending on the entries date in the evaluation model, have been defined as follows:

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

	Level 1	Level 2	Level 3	Total
31 March 2017				
Financial assets at fair value through the profit or loss account	141.120.484	-	-	141.120.484
Financial assets available for sale	1.308.490.174	-	283.870.010	1.592.360.184
	1.449.610.658	-	283.870.010	1.733.480.668
31st December 2016				
Financial assets at fair value through the profit or loss account	128.999.673	-	-	128.999.673
Financial assets available for sale	1.164.976.978	-	283.592.474	1.448.569.452
	1.293.976.652	-	283.592.474	1.577.569.125

The company has classified in the 1st evaluation value titles measured based on closing prices on BVB, TSX markets on the last trading day. In this level fund units are included, measured based on unitary value of net assets certified by the fund depository as well as shares without active market evaluated at the last quoted price. Holdings classified under level 3 have been evaluated by independent evaluators, based on financial information supplied by the departments with monitoring function, using evaluation techniques that maximize the use of relevant observable entry data and minimize the use of non-observable entry data, under the management's supervision making sure that all data at the base of the evaluation reports are correct and adequate. Holdings that have not been subjected to evaluation are entered under level 3 their amount being insignificant.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

15. FINANCIAL ASSETS (continued)

e) Reserve from the reevaluation at fair value of assets available for sale, net of deferred tax

	31 March 2017	31 December 2016
On 1st January	616.216.703	450.874.023
Net revenue from the reevaluation of financial assets available for sale, net of deferred tax effect	127.923.435	54.289.864
(Revenue) / Loss corresponding to the transfer in the profit or loss account following the sale of financial assets available for sale	(7.492.554)	(45.434.147)
On 31 March 2017/31 December 2016	736.647.584	459.729.740

16. REAL ESTATE INVESTMENTS

	31 March 2017	31 December 2016
Balance on 1st January 2016	3.505.273	3.154.243
Real estate investments increase/decrease	-	110.098
On 31 March 2017/31 December 2016	3.505.273	3.264.341

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

17. TANGIBLE AND INTANGIBLE ASSETS

Gross accounting value	01 January 2017	Increase	Reduction/ Classification	31 March 2017
Intangible assets	-	-	-	-
Intangible assets	2.091.804	1.850	-	2.093.654
Pending intangible assets	-	-	-	-
Total	2.091.804	1.850	-	2.093.654
Tangible assets	-	-	-	-
Lands	563.193	-	-	563.193
Buildings	6.841.774	-	335.100	6.506.674
Equipment	1.421.105	3.845	-	1.424.950
Transportation means	1.411.781	-	-	1.411.781
Other fixed means	126.259	-	-	126.259
Pending tangible assets	-	190	-	190
Total	10.364.112	4.035	335.100	10.033.047
Cumulated amortization	01 January 2017	Increase	Decrease/re classification	31 March 2017
Intangible assets				
Intangible assets	1.978.624	38.216	-	2.016.840
Total	1.978.624	38.216	-	2.016.840
Tangible assets				
Lands	-	-	-	-
Buildings	43.090	412.522	1.526	454.086
Equipment	964.892	68.469	-	1.033.361
Transportation means	1.118.130	53.710	-	1.171.840
Other fixed means	97.522	5.377	-	102.899
Total	2.223.634	540.078	1.526	2.762.186
Net accounting value	-	-	-	-
Intangible assets	-	-	-	76.814
Tangible assets	-	-	-	7.270.861

The company has reevaluated the lands and constructions held on 31st December 2016.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

18. OTHER ASSETS

Various debtors mainly include amounts coming from final sentences worth 56.782.262 lei. For the values for which collection is uncertain, the Company has calculated depreciation adjustments.

	31 March 2017	31 December 2016
Various debtors	58.058.073	57.578.806
Other assets	307.229	265.048
less adjustment vor various debtors impairment	(56.782.262)	(56.496.561)
Total	9.532.995	6.269.023

19. DIVIDENDS TO PAY

	31 March 2017	31 December 2016
Dividends to pay for 2012	642	642
Dividends to pay for 2013	6.841.291	6.861.613
Dividends to pay for 2014	10.878.014	10.935.347
Dividends to pay for 2015	11.345.931	11.460.892
Total dividends to pay	29.065.878	29.258.494

Dividends to be paid not collected within 3 years from their statement date are prescribed according to the law and are transferred by the Company in equity, in the reported result.

20. PROVISIONS FOR RISKS AND EXPENSES

	31 March 2017	31 December 2016
Provisions for litigations	3.468.594	3.452.286
TOTAL	3.468.594	3.452.286

For the amounts collected by the Company through enforcement agents, AVAS has opened litigations to challenge the enforced amounts. The litigations provisions represent the amounts collected by the Company through enforcement agents between 2010-2014 later challenged by AVAS.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

21. EXPENSES REGARDING DEFERRED PROFIT TAX

The liabilities regarding deferred profit tax on 31st March 2017 are generated by the elements detailed in the table below:

	Assets	Liabilities	Net
	Assets	Liabilities	Net
Tangible assets			
Financial assets available for sale	6.028.660	-	6.028.660
Real-estate investments	572.148.839	-	572.148.839
Provisions for litigations and other provisions	2.614.455	-	2.614.455
Financial assets at fair value through the profit or loss account – fund units	-	(3.468.594)	(3.468.594)
management benefits provisions	(899.476)	-	(899.476)
	-	(10.052.459)	(10.052.459)
Total	579.892.478	(13.521.053)	566.371.425
Net temporal differences - 16% quota			90.619.428
Liabilities regarding deferred profit tax			Net
	Assets	Liabilities	
Tangible assets	6.034.381	-	6.034.381
financial assets available for sale	437.891.557	-	437.891.557
real estate investments	2.289.244	-	2.289.244
Provisions for litigations and other provisions	-	(3.452.286)	(3.452.286)
Financial assets at fair value through the profit or loss account – fund units	(899.476)	-	(899.476)
Provision for management benefits	-	(10.052.459)	(10.052.459)
	445.315.706	(13.504.745)	431.810.961
Total			Net
	-	-	431.810.961
Net temporal differences - 16% quota			69.089.754
Liabilities regarding deferred profit tax			

Deferred profit tax is directly recognized through the reduction of equity and is 91.445.915 lei on 31st March 2017 (31st December 2016: 69.948.119 lei), being generated by tangible assets and financial assets available for sale at fair value.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

22. OTHER LIABILITIES

	31 St March 2017	31st December 2016
Suppliers – invoices not received	291.959	496.713
Liabilities with current profit tax	1.516.895	4.636
Taxes and fees	415.925	967.688
Liabilities regarding profit participation	10.052.459	10.052.459
Other liabilities	4.231.989	5.561.131
Total	16.509.227	17.082.627

Liabilities with current profit tax have been paid by the Company on time.

23. CAPITAL AND RESERVES

(a) Share capital

The shareholding structure of the company is

	No. of shareholders	No of shares	Amount (RON)	(%)
31 March 2017				
Natural individuals	5.767.019	444.209.184	44.420.918	43
Companies	269	593.969.992	59.396.999	57
Total	5.767.288	1.038.179.176	103.817.918	100
	No. of shareholders	no. of shares	Amount (RON)	(%)
31 December 2016				
Natural individuals	5.768.263	453.939.226	45.393.923	43
Companies	269	584.239.950	58.423.995	57
Total	5.768.532	1.038.179.176	103.817.918	100

All shares are ordinary. They have been subscribed and fully paid on 31st March 2017. All shares have the same voting right and a nominal value of 0.1 lei/share. The number of shares authorized to be issued is equal to the issued ones. During the reporting period there have been no modifications of the number of issued shares. Thus the share capital on 31 March 2017 is 103.817.918 (31 December 2016: 103.817.918).

The shareholding right limited to 1% of the share capital has been modified by Law no 11 of 6th January 2012 (coming into force on 13th January 2012), to 5% of share capital that is 51.908.959 shares.

(b) Reserves from the reevaluation of financial assets available for sale

This reserve includes the net cumulated modifications of the fair value of financial assets available for sale on the date of their classification in this category and until the date these have been derecognized or depreciated.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

23. CAPITAL AND RESERVES (continued)

(a) Share capital (continued)

The reserves from the re-evaluation of financial assets available for sale are recorded at net value of corresponding deferred tax. The value of deferred tax, directly recognized through the decrease of equity is foreseen under item 21.

(c) Legal Reserves

As per legal requirements. The company sets up legal reserves worth 5% of registered profit as per IFRS up to 20% of share capital. The value of legal reserve on 31st March 2017 is 17.608.362 lei (31st December 2015: 17.608.362 lei).

Legal reserves cannot be distributed to shareholders

(e) Other equity elements

The company has bought back own shares worth 2.128.612 lei in order to offer benefits to employees in share-based payment transactions with share payments. The benefits will be recognized at fair value of the equity instruments on the date those benefits are granted.

24. RESULT PER SHARE

The calculation of the result per basic share was based on the profit assignable to ordinary shareholders and the average weighted number of ordinary shares:

	31 March 2017	31 December 2016
Profit assignable to ordinary shareholders	8.301.176	25.843.202
Weighted average no of ordinary shares	1.038.179.176	1.038.179.176
Result per basic share	0,007	0,024

The diluted result per share is equal to the basic share result, as the Company did not register potential ordinary shares.

25. CONTINGENT ENGAGEMENTS AND LIABILITIES

(a) Trials

On 31 March 2017, SIF Moldova was involved in a number of 31 trials acting as defendant and 105 trials acting as plaintiff

The trials where SIF Moldova acts as defendant/plaintiff whose object influence the company's patrimony are entered in the accounting records.

From the 105 trials pending where SIF Moldova acts as plaintiff, 64 files are for AAAS litigations. For the amounts claimed by the Company and won through final and irrevocable sentences we have entered AAAS claims in the accounting, for most of them the enforcement procedure being opened.

Of the 31 trials where SIF Moldova acts as respondent 15 are entered by AAAS following the enforcements made by SIF Moldova.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

25. CONTINGENT ENGAGEMENTS AND LIABILITIES (continued)

(a) Trials (continued)

Litigations initiated by AAAS, with object appeal of enforcements made by the Company are detailed below:

- | | |
|--|-----------------|
| • Total contingent debt up to 1 st January 2017 | 11.124.306 lei; |
| • Litigations started during 2014 | 890.046 lei; |
| • Solutions in favor of SIF | 0 lei; |
| • Contingent claims on 31 st March 2017 | 12.014.352 lei; |

Of total contingent assets entered on 31st March 2017 of 23.474.435 lei, of 7.981.037 lei represent the value of the agreement to take over litigious rights Textila Oltul- SIF Moldova, 3.644.554 lei represents the value of sharers plus interest owed by Vastex following the withdrawal of SIF Moldova from shareholding and 634.672 lei represent the amounts requested by SIF Moldova in litigations against AAAS with object the recovery of legal expenses and damages corresponding to the amounts won following the litigations. The amounts representing contingent assets will be entered in the balance at the moment a final and irrevocable sentence is pronounced /their collection.

(b) Contingents related to the environment

The regulations regarding the environment are developed in Romania, and the company has not recorded any obligations on 31st March 2017 for any type of anticipatory costs, including legal and consultancy fees, location surveys, design and implementation of remedy plans, regarding the environment.

The management of the Company does not consider the expenses associated with possible environmental issues to be of significance.

(c) Transfer price

Romanian tax law contains regulations regarding transfer prices between affiliated entities since 2000. The legislative framework currently defines the principle of "market value" for the transactions between affiliated entities and methods to set transfer prices. Therefore, it is to be expected that tax authorities initiate detailed verifications of transfer prices in order to make sure that the fiscal result and/or customs value of imported goods are not distorted by the effects of the prices practiced in the relationship with affiliated individuals. The Company cannot quantify the result of such verification.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

26. TRANSACTIONS AND BALANCES WITH PARTIES IN SPECIAL RELATIONSHIPS

The Company has identified in the course of carrying out its activities, the following parties in special relationship:

Subsidiaries of the company

List of subsidiaries and holding percentage	31 March 2017	31 December 2016
AGROINTENS SA	99.99 %	99.99 %
AGROLAND CAPITAL SA	99.99 %	99.99 %
ASSET INVEST BACAU	99.99 %	99.99 %
CASA SA BACAU	99.02 %	99.02 %
MECANICA CEHLAU	63.30 %	63.30 %
OPPORTUNITY CAPITAL S.A.	0 %	99.99 %
HOTEL SPORT	99.98 %	0 %
REAL ESTATE ASSET S.A.	99.99 %	99.99 %
REGAL	93.02 %	93.02 %
TESATORIILE REUNITE	99.99 %	99.99 %

Associated entities of the company

The Company does not have associated entities 31 March 2017 and 31 December 2016.

Key management staff

30th September 2016

The members of the board of directors of SIF Moldova S.A.: Ceocea Costel (president and CEO), Doros Claudiu (vice-president adjunct CEO), Catalin Jianu Dan Iancu (Director of the Management Committee) Horia Ciorcilă, Radu Hanga, Octavian Claudiu Radu and Gheorghe Albu.

31st March 2017

The members of the board of directors of SIF Moldova S.A.: Ceocea Costel (president and CEO), Doros Claudiu (vice-president adjunct CEO), Catalin Jianu Dan Iancu (Director of the Management Committee) Horia Ciorcilă, Radu Hanga, Octavian Claudiu Radu and Gheorghe Albu.

On 31.03.2017 there were: 33 individual employment contracts (on 31.12.2016 there was a number of 33 individual employment contract); 3 management contracts (3 management contracts on 31.12.2016); 7 administration contracts (same as on 31.12.2016).

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

26. TRANSACTIONS AND BALANCES WITH PARTIES IN SPECIAL RELATIONSHIPS
(continued)

Key management staff (continued)

	Employees	Management Contracts	Administration contracts
of which :			
• managers	-	-	7
• Directors – managers as per Law 31/1900 – republished	-	3	-
• high education employees	30	-	-
• average education employees	3	-	-
TOTAL	33	3	7

Wages and indemnities paid or to be paid corresponding to the January-March 2017 period, of 4.475.182 lei (31 December 2015: 8.056.095 lei).

	31 March 2017	31 March 2016
of which :		
• Management contract	647.691	611.883
• Board of Directors	1.035.627	935.709
• Employees	639.633	560.412
• Other collaborators	-	1.692
Total	2.322.951	2.109.696

Between 1 January – 31 March 2017, employees have benefited from training courses of 11.100 lei (31 March 2016: 0 lei)

The money rights of managers are approved by the Board of Directors through the management contract. Wages and indemnities of managers represent 72 % of total employee expenses of the Company.

SIF MOLDOVA S.A.
EXPLANATORY NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION FOR
THE 3 MONTHS' PERIOD CONCLUDED ON 31ST MARCH 2017
(all amounts are presented in RON, if not otherwise specified)

27. EVENTS OCCURED AFTER THE REPORTING PERIOD

Given EGMS resolution no. 3/04.04.2017 regarding the modification of "SIF Moldova Memorandum of Association" concerning the reduction of the number of directors from 7 to 5 members and OGMS resolution no. 3/04.04.2017 through which the directors of SIF Moldova have been elected for a four years' mandate (2017-2021), namely Ceocea Costel, Ciorcila Horia, Doros Liviu-Claudiu, Iancu Catalin-Jianu-Dan, Radu Octavian Claudiu, The Board of Directors, summoned in the extraordinary meeting on 04.04.2017 has adopted the following decisions regarding the management structure:

Board of Directors president	- Costel Ceocea
Vice-president of the Board of Directors	- Radu Octavian Claudiu
General manager	- Doros Liviu-Claudiu
Adjunct general manager	- Iancu Catalin-Jianu-Dan

Consultative committees: Audit Committee and Appointing Committee

- (a) The committees are comprised of non-executive directors
- (b) Audit Committee : at least one member has expertise in the application of accounting principles or financial audit
- (c) Appointing Committee: most members are independent

All 5 directors elected by OGMS, under the conditions of resolution no. 3 of EGMS are managers in position, approved by FSA (approval no. 20/29.04.2013, approval no. 82/11.03.2015).

The two directors approved by the Board of Directors, Doros Liviu-Claudiu and Iancu Catalin-Jianu-Dan, are managers in position, approved by FSA (notification no. DGAR a/118 of 14.05.2013, approval no. 82/11.03.2015).

Following OGMS resolution no. 3/04.04.2017 for the approval of individual financial statements (IFRS) for financial year 2016 accompanied by the financial auditor's opinion, the Board of Directors has approved the "Share-based payment plan 2016" as the benefit plan for 2016.

The offered shares that are to be assigned to managers, directors and employees are part of the shares bought-back by SIF Moldova, according to the buy-back programs approved by EGMS no. 4/01.04.2015 and no. 8/25.04.2016.

The receipt of rights (transfer of shares) will take place the moment each beneficiary exercises his/her right, after the 12 months deadline from the signing of « Share-based payment Agreement » has been signed, no later than 15 months from the signing date