SIF Moldova S.A.

Interim Consolidated Financial Statements on 30th June 2019

Drafted in compliance with the International Financial Reporting Standards adopted by the European Union and applying the Norm no. 39/2015 of the Financial Supervision Authority

UNAUDITED

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SIF Moldova S.A.
CONSOLIDATED OVERALL RESULT STATEMENT
FOR THE PERIOD CONCLUDED ON 30th JUNE 2019
(all amounts are presented in „Lei” if not otherwise specified)

In LEI

	Explanatory note	**6 months' period concluded on 30th June 2019**	**6 months' period concluded on 30th June 2018**
Revenue			
Revenue from dividends	*9*	93.697.915	65.997.720
Revenue from interest	*10*	1.327.067	695.922
Other revenue from operations	*11*	66.964.881	30.555.068
Revenue from investments			
Net revenue from assets sale	*12*	1.026.996	1.341.412
Net gain / (net loss) from the re-evaluation of financial assets at fair value through profit or loss account	*13*	25.410.645	(4.592.437)
Net gains from revaluation of investment property	*13*	1.908.835	-
Expenses			
(Losses)/ losses re-run from assets impairment	*14*	(365.330)	(403.213)
Set-ups/(re-runs) of provisions for risks and expenses		1.373.508	95.923
Other expenses from operations	*15*	(67.353.593)	(36.416.442)
Operating profit		123.990.924	57.273.953
Financing expenses		(1.465.904)	(530.499)
Profit before taxation		**122.525.020**	**56.743.454**
Profit tax	*16*	(12.518.031)	(7.367.749)
Net profit of the period		**110.006.989**	**49.375.705**
Other overall result elements			
Gain corresponding to the cease of financial assets evaluated at fair value through other overall result elements, net of tax, recycled in reported result		***23.160.751***	***18.188.547***
(Decrease)/ Increase of reserve from the re-evaluation of tangible assets, net of deferred tax		1.336.858	(1.095.763)
Net gain from the **re-evaluation** of financial assets assigned at fair value through other overall result elements	*19 e)*	178.744.908	82.740.353
Transfer of reserve to reported result following the sale of FVTOCI financial assets, net of tax	*19 e)*	(23.160.751)	(18.188.547)
Other overall result elements		**180.081.766**	**81.644.590**
Total overall result of the period		**290.088.755**	**131.020.295**

SIF Moldova S.A.
CONSOLIDATED OVERALL RESULT STATEMENT
FOR THE PERIOD CONCLUDED ON 30th JUNE 2019
(all amounts are presented in „Lei” if not otherwise specified)

In LEI		**6 months' period concluded on 30 June 2019**	**6 months' period concluded on 30th June 2018**
Net profit assignable to the shareholders of the company		109.826.611	48.936.239
Minority interest included in Net Profit	*29*	180.378	439.466
Gain included in other elements of overall result, assignable to ordinary shareholders.		23.160.751	18.188.547
		133.119.026	**67.564.252**
Corresponding overall result			
Company shareholders		289.842.484	115.864.225
Minority interest		246.271	15.156.070
		290.088.755	**131.020.295**

The consolidated financial statements have been approved by the Board of Directors on the 16th September 2019 and have been signed on its behalf by:

Claudiu Doros
CEO

Mihaela Moleavin
CFO

SIF Moldova S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD CONCLUDED ON 30th JUNE 2019
(all amounts are presented in „Lei" if not otherwise specified)

In LEI	*Note*	**30th June 2019**	**31st December 2018**
Assets			
Cash and cash equivalents	*17*	41.031.920	10.627.278
Bank deposits	*18*	243.997.316	86.242.497
Financial assets at fair value through profit or loss account	*19 a*	249.280.672	267.187.022
Financial assets assigned at fair value through other overall results elements	*19 b*	1.425.451.939	1.286.637.921
Equivalent titles	*19 f*	37.388.394	38.082.609
Bonds at amortized cost	*19 c*	7.931.441	7.821.978
Real estate investments	*20*	64.014.264	37.138.193
Intangible assets	*21*	8.569.793	8.584.195
Tangible assets	*21*	54.351.022	74.202.969
Intangible assets held for sale	*19 g*	12.015.414	12.015.414
Stocks	*22 b*	108.042.036	102.191.707
Biological assets		2.320.553	2.378.185
Other financial assets at amortized cost	*22 a*	47.983.881	32.579.913
Other assets	*22 c*	7.796.045	7.765.472
Total assets		**2.310.174.690**	**1.973.455.353**
Liabilities			
Loans	*23*	60.960.168	48.822.068
Dividends to pay	*24*	43.548.208	34.923.650
Provisions for risks and expenses	*25*	1.825.039	2.812.086
Liabilities regarding deferred profit tax	*26*	99.097.046	67.888.502
Liabilities regarding current profit tax	*27 b*	9.211.932	2.146.320
Financial liabilities at amortized cost	*27 a*	71.875.378	50.170.000
Other liabilities	*27 b*	10.110.548	18.932.307
Total liabilities		**296.628.319**	**225.694.933**
Equity			
Share capital	*28*	526.723.352	526.723.352
Reported result		827.083.713	724.085.787
Reserves from the re-evaluation of tangible assets		9.605.855	8.461.454
Reserves from the re-valuation of financial assets assigned at fair value through other overall result elements	*19 e*	656.162.923	500.578.767
Own shares		(23.244.479)	(28.598.935)
Other equity elements		566.474	107.733
Total equity assignable to the company's shareholders		**1.996.897.838**	**1.731.358.158**
Minority interest	29	16.648.932	16.402.261
Total equity		**2.013.546.370**	**1.747.760.419**
Total liabilities and equity		**2.310.174.690**	**1.973.455.353**

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CEO

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SIF Moldova S.A.
STATEMENT OF CONSOLIDATED EQUITY MODIFICATIONS
FOR THE PERIOD CONCLUDED ON 30th JUNE 2019
(All amounts are presented in „Lei” if not otherwise specified)

În LEI	Share capital	Reserves from the re-evaluation of tangible assets	Reserves from the re-evaluation of financial assets at fair value through other overall result elements	Reported results	Own shares	Other equity oements	Total assignable to the shareholders of the mother company	Interests that don't control	Total
Balance on 31st December 2018	**526.723.352**	**8.461.455**	**500.578.766**	**724.085.787**	**(28.598.935)**	**107.733**	**1.731.358.158**	**16.402.261**	**1.747.760.419**
Accounting policy modification (implementation of IFRS 16)	-	-	-	140.346	-	-	140.346	0	140.346
Balance on 1st January 2019, adjusted	**526.723.352**	**8.461.455**	**500.578.766**	**724.226.133**	**(28.598.935)**	**107.733**	**1.731.498.504**	**16.402.261**	**1.747.900.765**
Overall result									
Profit of the financial year				109.826.611			109.826.611	180.378	110.006.989
Other elements of overall result							-		-
Re-evaluation of tangible assets		1.270.966					1.270.966	65.893	1.336.858
Transfer of reserve from the re-evaluation to reported result following the sale of tangible assets		(126.566)		126.566			-		-
Re-evaluation at fair value of FVTOCI financial assets, net of deferred tax			178.744.907				178.744.907		178.744.907
(Gain)/Loss corresponding to the transfer to the profit or loss account /reported result following the sale of financial assets			(23.160.751)	23.160.751			-		-
Total overall result of the period	**-**	**1.144.400**	**155.584.157**	**133.113.927**	**-**	**-**	**289.842.484**	**246.271**	**290.088.754**
transactions with shareholders directly recognized in equity									
Own shares assigned to employees and administrators				-	5.354.456	458.741	5.813.197		5.813.197
Dividends distributed from the profit of 2018 financial year				(30.256.347)	-	-	(30.256.347)		(30.256.347)
Total transactions with shareholders, directly recognized in equity	**-**	**-**	**-**	**(30.256.347)**	**5.354.456**	**458.741**	**(24.443.150)**	**-**	**(24.443.150)**
Balance on 30th June 2019	**526.723.352**	**9.605.855**	**656.162.923**	**827.083.714**	**(23.244.479)**	**566.474**	**1.996.897.839**	**16.648.532**	**2.013.546.370**

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SIF Moldova S.A.
STATEMENT OF CONSOLIDATED EQUITY MODIFICATIONS
FOR THE PERIOD CONCLUDED ON 30th JUNE 2019
(All amounts are presented in „Lei" if not otherwise specified)

In LEI	**Share capital**	**Reserves from the re-evaluation of tangible assets**	**Reserves from the re-evaluation of financial assets at fair value through other overall result elements**	**Reported results**	**Own shares**	**Other equity oements**	**Total assignable to the shareholders of the mother company**	**Interests that don't control**
Balance on January 1st 2018	**539.720.149**	**9.321.185**	**596.129.534**	**612.623.242**	**(38.283.388)**	**1.719.510.721**	**14.702.105**	**1.734.212.827**
Overall result								
Profit of the financial year				48.936.239		48.936.239	439.466	49.375.705
Other overall result elements				107.117		107.117		107.117
Reserve increase /(decrease) from the re-evaluation of tangible assets		(1.110.261)				(1.110.261)	14.498	(1.095.763)
Reserve transfer from the re-evaluation to reported result following the sale of tangible assets						-		-
Reserve transfer to reported result following the adoption of IFRS9			(78.095.851)	69.129.507		(8.966.344)		(8.966.344)
Re-evaluation at fair value of financial assets through other elements of overall result, net of deferred tax			91.706.698			91.706.698		91.706.698
Reserve decrease following the sale of financial assets available for sale			(18.188.547)	18.188.547		-		-
Modification to subsidiary holdings				2.895.459		2.895.459		2.895.459
Total overall result of the period	**-**	**(1.110.261)**	**(4.577.700)**	**139.256.868**	**-**	**133.568.908**	**453.964**	**134.022.871**
Transactions with shareholders directly recognized in equity								-
Share capital lowering	(2.500.000)					(2.500.000)		(2.500.000)
Own bought-back shares				(23.330.050)	29.968.653	6.638.603		6.638.603
Other transfers				-	102.405	102.405		102.405
Dividends outdated according to the law				10.406.544		10.406.544		10.406.544
Dividends to pay for 2017				(49.858.959)		(49.858.959)		(49.858.959)
Total transactions with shareholders directly recognized in equity	**(2.500.000)**	**-**	**-**	**(62.782.465)**	**30.071.058**	**(35.211.407)**	**-**	**(35.211.407)**
Balance on 30th June 2018	**537.220.149**	**8.210.924**	**591.551.834**	**689.097.645**	**(8.212.330)**	**1.817.868.223**	**15.156.070**	**1.833.024.293**

The consolidated financial statements have been approved by the Board of Directors on the 16th September 2019 and have been signed on its behalf by:

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CEO

Mihaela Moleavin
CFO

SIF Moldova S.A.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD CONCLUDED ON 30th June 2019
(all amounts are presented in „Lei" if not otherwise specified)

In LEI	**6 months' period concluded on 30th June 2019**	**6 months' period concluded on 30th June 2018**
Activities from exploitation		
Profit before taxation	122.525.020	56.743.454
Adjustments :		
Losses from the impairment of financial assets	365.330	(403.213)
(Net gain) /loss from the evaluation of real estate investments	(1.908.835)	-
(Net gain) /loss from the sale of tangible assets	932	(1.341.913)
Net loss/ (net gain) corresponding to financial assets at fair value through the profit or loss account	(26.438.573)	(4.592.437)
Adjustments corresponding to financial assets available for sale	-	(145.490.837)
Revenue from dividends	(93.697.915)	(65.997.720)
Revenue from interest	(1.327.067)	(695.922)
(Re-runs)/expenses with provisions for risks and expenses	(1.373.508)	95.923
Net revenue from re-runs of provisions for other assets	-	10.165.759
Other adjustments	633.757	(150.820)
Modifications of the assets and liabilities corresponding to the exploitation activity		
Payments for purchases of financial assets at fair value through the profit or loss account	(9.524)	(789.841)
Collection from the sale of financial assets at fair value through the profit or loss account	44.354.447	338.177
Payments for purchases of financial assets at fair value through other overall result elements	(12.746.762)	(39.605.269)
Collections from the sale of financial assets at fair value through other overall result elements	87.861.109	133.217.504
Modification of bonds at amortized cost	(108.846)	5.881
Modification of deposits with a maturity over 3 months	(896.500)	608.310
Modification of other assets	(18.238.871)	65.470.456
Modification of other liabilities	20.312.520	(8.718.529)
Collected dividends	83.140.493	50.635.248
Collected interest	1.155.632	666.716
Paid profit tax	(2.817.404)	(15.847.262)
Net cash resulted from exploitation activities	**200.785.435**	**34.313.666**
Investment activities		
Payments for the purchase of tangible and intangible assets	(3.008.718)	(574.035)
Collections from the sale of property and real estate investments	93.255	1.534.748
Net cash used in investment activities	**(2.915.463)**	**960.713**
Financing activities		
Paid dividends	(21.790.007)	(478.371)
Modification of short-term loans	11.012.177	14.459.876
Net cash used in financing activities	**(10.777.830)**	**13.981.506**
Net increase in cash and cash equivalents	187.092.142	49.255.884
Cash and cash equivalents on 1st January	96.352.767	55.969.850
Cash and cash equivalents on 30th June	**283.444.909**	**105.225.734**

SIF Moldova S.A.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD CONCLUDED ON 30th June 2019
(all amounts are presented in „Lei” if not otherwise specified)

In LEI	**6 months' period concluded on 30th June 2019**	**6 months' period concluded on 30th June 2018**
Cash in the cash register	642.384	71.810
Current bank accounts	40.389.535	11.447.624
Bank deposits with maturity under 3 months	242.163.415	93.655.799
Attached claims	249.574	50.501
Cash and cash equivalents	**283.444.909**	**105.225.734**

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Claudiu Doros
CEO

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1. REPORTING ENTITY

SIF Moldova SA **(„The Company" or „SIF Moldova"),** Bucharest Stock Exchange index **„SIF2"** is a collective placement entity operating in Romania according to the provisions of Law 31/1990 regarding Companies and Law 297/2004 regarding capital market with its later amendments and additions, authorized as alternative investment fund manager (AIFM) with *Authorization no. 20/23.01.2018 issued by FSA.* The headquarters of the company is located on Pictor Aman Street, no. 94C, Bacau municipality, Bacau district, Romania.

According to the Memorandum of Association, the Company's object of activity consists in:

- the administration and management of financial instruments, derivatives and other instruments qualified as such through the regulations of the competent authorities;
- the administration and management of shares/bonds and other rights resulting from these in untraded or closed companies;
- risk management
- other auxiliary and related activities to collective management.

The Company is self-managed.

The shares of the Company have been listed on Bucharest Stock Exchange, 1st category, with the indicative SIF2, since November 1st, 1999.

The shares and shareholders' records are kept according to the law S.C. Depozitarul Central S.A. Bucureşti.

The assets deposit services are provided by BRD – Société Générale S.A. – a company authorized by the National Committee for Securities, whose attributions and prerogatives have been taken over by the Financial Supervision Authority (F.S.A.);

The Company's consolidated financial statements of the Company for the financial year concluded on 30 June 2019 include the company and its subsidiaries (hereinafter referred to as „*Group*") as well as the interests of the Group in the associated entities.

The basic activities of the Group are represented by the financial investment activity carried out by the Company, as well as the activities carried out by the subsidiaries consisting mainly in business and management consultancy, rental of land sub-rental of own or leased real estate, manufacture of machines and tools, restaurants, cultivation of fruit-bearing trees, strawberries, nut trees and other fruit-bearing trees.

2. DRAFTING GROUNDS

(a) Statement of Compliance

The interim consolidated financial statements have been drafted by the Group in compliance with the requirements of the International Financial Reporting Standards adopted by the European Union. The Group has drafted the present consolidated financial statements to meet the requirements of Norm 39/2015 for the approval of Accounting Regulations compliant with the International Financial Reporting Standards, applicable to certified entities in the Financial Instruments and Investments field (F.S.A.). According to Norm 39/2015, the International Financial Reporting Standards, hereinafter referred to as IFRS, represent the standards adopted

2. DRAFTING GROUNDS (continued)

according to the provisions foresee in (CE) Regulation no.1606/2002 of the European Parliament and Council on 19th July 2002 regarding the application of international accounting standards, with its later amendments and additions.

The accounting records of the Company's subsidiaries are kept in lei, according to Romanian Accounting Regulations applicable to them, namely Order no. 1802 of 29th December 2014 for the approval of the accounting regulations regarding annual individual financial statements and annual consolidated financial statements („RAS"). In order to draft the Group's consolidated financial statements, these financial information are re-approached, where necessary, so as to reflect the differences between RAS and the International Financial Reporting Standards adopted by the European Union („IFRS").

The most important modifications of the drafted financial statements as per RAS in order to align them to the requirements of the International Financial reporting standards adopted by the European Union are:

- grouping several elements into more comprehensive categories;
- adjustments of the real estate investments in order to evaluate them at fair value, im compliance with IAS 40 „Real estate investments" (according to RAS, real estate investments are not separately recognized, this being tangible assets according to IAS 16„ Tangible assets"")
- adjustments of the tangible assets in order to evaluate them according to the accounting policies of the Group and in compliance with IAS 16 „Tangible Assets";
- adjustments for the recognition of receivables and liabilities regarding deferred profit tax, in compliance with IAS 12 „Profit tax" (in compliance with RAS, deferred tax is not recognized););
- re-run og adjustments for hyper-inflationist economies, and
- presentation requirements according to the International Financial Reporting Standards adopted by the European Union ("IFRS ").

(b) Financial Statements Presentation

The consolidated financial statements are presented in compliance with the requirements of IAS "The presentation of financial statements". The Group has adopted a liquidity-based presentation within its financial position statement and a presentation of the revenues and expenses depending on their nature within the global result statement, thinking that these presentation methods offer information that is credible and more relevant than those presented based on other methods allowed by IAS 1.

To insure the consistency with the information from current period, the Group has reclassified certain elements of overall result for the comparative period (6 months' period concluded on 30th June 2018) in the Consolidated statement of overall result.

The present consolidated financial statements have been drafted based on the activity continuity principle that assumes that the Group will normally continue its activity in the predictable future, and consequently, the consolidated financial statements have been drafted on this base.

2. DRAFTING BASICS (continued)

(c) Functional and Presentation Currency

The Group's management thinks that the functional currency, as defined by IAS 21 „Effects of currency exchange rate variation", is the Romanian leu (lei). The consolidated financial statements are presented in lei, rounded to the closest leu, a currency that the management of the Group has selected as presentation currency.

(d) Evaluation Grounds

The consolidated financial statements are drafted based on the fair value convention for financial assets and liabilities at fair value through profit or loss account and financial assets assigned at fair value through other overall result elements.

Other financial assets and liabilities are presented at amortized cost, and the non-financial assets and liabilities are presented at amortized cost, re-evaluated value or historic cost.

(e) Use of Estimates and Judgments

The drafting of financial statements according to IFRS suggests the managements' using some financial estimates, judgments and hypothesis that affect the application of accounting policies as well as the reported value of assets, liabilities, revenue and expenses. The judgments and hypotheses associated to these estimates are based on historic experience as well as other factors considered to be reasonable within the context of these estimates. The results of these estimates lay at the base of the judgments regarding the accounting values of assets and liabilities that cannot be obtained from other information sources. The results obtained may vary from the values of the estimates.

The judgments and hypothesis that lay at their base are periodically revised. The revisions of accounting estimates are recognized in the period the estimates are revised, if the revision only affects that particular period, or in the period the estimate is revised and future periods, if the revision affects both the current and future periods.

3. CONSOLIDATION GROUNDS

(a) Subsidiaries

Subsidiaries are entities under the Group's control. Control exists when the Group is exposed or has the right to variable earnings from its involvement in the entities it has invested on and has the ability to affects these earnings through its power over the entity it invested in. At the moment control is evaluation, the potential or convertible voting rights which can be exercises at that time must also be taken into consideration.

The subsidiaries' financial statements are included in the consolidated financial statements at the moment control begins to be exercises and until it ceases. The accounting policies of the Group's subsidiaries have been modified in order to align them with those of the Group.

The list of consolidated subsidiaries on 30th June 2019 is the following:

3. CONSOLIDATION BASICS (continued)

(a) Subsidiaries (continued)

Subsidiary	***Field of Activity***	***30th June 2019***	***31st December 2018***
Casa	Renting of space	99,32%	99,32%
Mecanica Ceahlău	Manufacture of agricultural machinery and forest exploitation	73,30%	73,30%
Regal	Public food services – restaurants, confectionery and bakery, sale of products, as well as rental of own real property	93,02%	93,02%
Ţesătoriile Reunite	Real estate development	99,99%	99,99%
Asset Invest	Business and Management consultancy	99,99%	99,99%
Agroland Capital	Purchase and sale of own real estate	99,99%	99,99%
Agrointens	Fruit growing, business and management consultancy	99,99%	99,99%

(b) Associated entities

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

The consolidated financial statements include the share of the Group in the results of the associated entities based on the equivalence method, on the date the Group has started to exercise significant influence, until the date this influence ceases. In case the Group’s share in the losses of the associated entities exceeds the accounting value of the investments, the accounting value is reduced to zero and the later losses are not recognized, with the exception of the case when the Group has legal or constructive obligations to make payments on behalf of the associated entity.

The holdings in which the Group directly or indirectly holds between 20% and 50% of voting rights, but in which the group does not exercise significant influence are classified as financial assets at Fair Value through Other Comprehensive Income.

Associated entities are accounted through the method of equivalence and initially recognized under cost. The Group’s investment includes the goodwill identified for purchases from which the losses for cumulated depreciations are deducted. The consolidated financial statements include the Group’s share of the revenues and expenses and capital movements of associated entities, after the alignment adjustments for the accounting policies with those of the Group, on the date significant influence begins until this significant influence ceases. When the Group’s share of the losses is higher than the interest in the accounted entity through equivalence method, the accounting value of this interest (including any long-term investments) is reduced to zero and the recognition of future loss is interrupted with the exception in the case when the Group has an obligation or payments to make on behalf of the entity it invested in.

Following the analysis of the quantitative and qualitative criteria of the entities in which the Company has holdings between 20% and 50% presented in IAS 28 "Investments in associated entities and joint ventures” (revised in 2011), the Group concluded that it holds investments in associated entities on 30th June 2019 and on 31st December 2018, namely 50% holding in S.C. Străuleşti Lac Alfa S.A.

3. CONSOLIDATION GROUNDS (continued)

(c) Transactions eliminated on consolidation

Disbursements and transactions within the Group, as well as unachieved profit resulted from transactions within the Group are fully eliminated from the consolidated financial statements. Non-achieved profits resulted from the transactions with associated entities or entities controlled jointly are limited within the limitations of the Group's participation percentage. Profits not achieved resulted following the transactions with an associated company are eliminated against the investment in the associated entity. Losses not achieved are eliminated identically with the profits not achieved, but only to the extent there is no value depreciation.

4. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies have been consistently applied on all periods presented in the consolidated financial statement drafted by the Group, with the exceptions regarding the modifications of IFRS 16 leasing contracts („IFRS 16"), previously, leasing contracts were reflected in compliance with IAS 17 Leasing („IAS 17").

IFRS 16 replaces IAS 17 and corresponding interpretations. The standard eliminates the current accounting model for lessees and in exchange it requests companies to recognize most leasing contracts in the balance within a single model, eliminating the distinction between operational and financial leasing.
In compliance with IFRS 16, a contract is or contains leasing if it transfers the right to control the use of an asset identified for a period of time, against a consideration. In case of this type of contracts, the new model dictates that a lessee recognize an asset as use right of the support asset and leasing debt. The asset with the use right is amortized, and for the debt interest is registered.
SIF Moldova Group adopted IFRS 16 on the date of its initial publication on 1st January 2019. The Group holds leasing contracts whose objects are mainly transportation means.

In compliance with the provisions of IFRS 16, SIF Moldova decided not to re-approach the previsous periods, recognizing the cumulating effect of the initial application as an adjustment of the opening balance of reported result on 1st January 2019.

The consolidated financial statements are drafted based on the hypothesis that SIF Moldova will continue its activity in the predictable future. For the evaluation of the applicability of this assumption, the management analyses the forecasts of future cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions in Foreign Currency

The operations expressed in foreign currency are entered in lei at the official exchange rate on the transaction date. The monetary assets and liabilities recorded in estimates on the date the accounting balance is drafted are converted into the functional currency at the exchange rate of that given day.

Currency differences appear when settling monetary elements or converting monetary elements at different rates than those converted to on initial recognition (during the period) or when they are recognized in the previous financial statements as loss or gain the profit of or loss accounting in the period when they occur.

The currency exchange rates of the main foreign currencies, in compliance with BNR reporting have been

Currency	30th June 2019	31st December 2018	Variation
Euro (EUR)	1:Leu 4,7351	1: Leu 4,6639	1,53%
American Dollar (USD)	1:Leu 4,1587	1: Leu 4,0736	2,09%

Associated Subsidiaries and Entities

Subsidiaries are entities under the Group's control. Control exists when, inter alia, the Group has the power to directly or indirectly influence the financial and operational policies of an entity in order to obtain benefits from its activity. At the time of the control evaluation we are also considering the potential or convertible vote rights that can be exercised at that time.

Associated entities are those entities in which the Group can exercise significant influence, but not control on the financial and operational policies.

The Group has classified the holdings in associated entities and titles in equivalence in these consolidated financial statements, in compliance with IFRS 11.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 unit on the date the balance is closed (non-monetary elements are reproached using a general price index on the date the balance is concluded (non-monetary elements are reproached 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 has adjusted the share capital in compliance with IAS 29, the impact being of 425.405.435 lei.

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 equivalents to be:
actual cash, bank current accounts, deposits with an initial maturity under 90 days and their corresponding interest (without blocked deposits).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities

(i) Financial Assets Classification

In compliance with IFRS 9, financial assets are classified in one of the following categories:

• Financial assets evaluated at fair value through profit or loss („FVTPL”):

Following the adoption of IFRS 9, financial assets such as capital instruments that the Company has not opted to classify in the category of financial assets evaluated at fair value through other overall result elements, that were not held for trading were classified at fair value through the Profit or Loss Account.

A financial asset (irrespective whether it is destined for trading or not) must be evaluated at fair value through the profit or loss account. But, on its initial recognition, the Company may irrevocable designate an equity instrument, not destined for trading, as evaluated at fair value through other overall result elements.

An asset is held for trading if it meets the following conditions cumulatively:

- It is held for the purpose of training and buying back in the near future;
- On its initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is proof of a real resent pattern to follow short-term profit.

• Financial assets assigned at fair value through other elements of overall result („FVOCI”): classification option at the time of the initial recognition for equity instruments not held for trading.

A financial asset (capital instrument not destined for trading) must be evaluated at fair value through other elements of overall result, if the management choses this category at the time of its initial recognition.

A gain, or a loss corresponding to a financial asset evaluated at fair value through other overall result elements must be recognized in other elements of overall result, with the exception of revenue from interest for the debt instruments and revenue from dividends in case of capital instruments.

When the financial asset is de-recognized, the cumulated gain or loss recognized previously in other elements of overall result is re-classified from equity in profit or loss as an re-classification adjustment in case of debt instruments (recycle in the profit or loss account). In case of equity instruments, cumulated gain or loss recognized beforehand in other elements of overall result is not re-classified from equity in profit or loss (not recycled in the profit or loss account).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets and Liabilities (continued)

(ii) Financial Assets Classification (continued)

- ***Financial Assets at Amortized Cost***

Financial assets at amortized cost are debt instruments that are not destined for trading, are held within a business model whose objective is met only through the collection of contractual treasury flows and the contractual terms of the financial asset generates, at certain intervals, treasury flows that are exclusive payments of the principal and interest for the principal owed.

- ***Financial assets and liabilities at amortized cost***

Financial assets and liabilities are evaluated at amortized cost using the effective interest method, decreased with impairment losses (in case of financial assets). Financial assets and liabilities at amortized cost include cash and current accounts, bank deposits, dividends to collect, bonds, debts towards the shareholders, amounts owed to service providers and other assets and liabilities.

The amortized cost of an asset of a financial liability represents the value to which the financial asset or liability is evaluated at the time of its initial recognition, minus principal payments, plus or minor cumulated amortization, determined through the effective interest method, of any difference between the initially recognized value and the value on the maturity date, minus any impairment losses.
A financial asset must be evaluated at amortized cost if both conditions below are met:

(a) the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual treasury flows and

(b) the contractual terms of the financial asset generate on certain dates, treasury flows that are exclusive payments of the principal and interest corresponding to the value of the principal owed

Financial liabilities at amortized cost are recognized at the time of their initial recognition and do not correspond to a trading activity.

(iii) Recognition

Assets and liabilities are recognized on the date the Group becomes contractual part to the conditions of that particular instrument. Financial assets and liabilities are measured at fair value at the time of their initial recognition.

(iv) Compensations

Financial assets and liabilities are compensated, and the net result is presented in the financial position statement only where there is a legal right to compensate and if there is the intentioin to settle them on a net base, or if the Group intends to achieve the asset and extinguish the debt simultaneously.

Revenues and expenses are presented as net only when accounting standards allows it, or for the profit or loss resulted from a group of similar transactions, such as those from the trading actiivty of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

(v) Evaluation at amortized cost

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

(vi) Fair Value Evaluation

Fair value is the price that would be received following the sale of an asset, or the price that would be paid to transfer a debt through a normal transaction between market participants on the evaluation date. (i.e. 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.

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.

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 Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets and Liabilities (continued)

(v) Identification and Evaluation of Value Impairment

Financial assets measured at amortized cost

Financial assets at amortized cost are tested for impairment in compliance with the requirements of IFRS 9.
For this purpose, these instruments are classified in stage 1, stage 2 or stage 3 depending on the absolute or relative credit risk, in comparison to the moment of their initial recognition. Thus:

Stage 1: includes (i) newly recognized exposures; (ii) exposures for which credit risk has not significantly deteriorated since the initial recognition; (iii) exposures with low credit risk (reduced credit risk exemption).

Stage 2: includes exposure that, although performing, have registered a significant reduction of credit risk since their initial recognition.

Stage 3: includes impaired credit exposures.

For stage 1 exposures, impairment is equal to the accepted loss calculated for a time horizon of up to one year. For stage 2 or 3 exposures, impairment is equal to the expected loss calculated for a time horizon corresponding to the entire exposure duration.

Regarding bank deposits and bonds at amortized cost, the Group has chosen to apply for credit risk exemption, in full compliance with IFRS9 accounting standard.

The adjustment for claims impairment is based on the updated value of the expected cash flows of the principal. In order to ascertain the current value of future cash flows, the basic requirement is to identify the estimated collections, payment schedule and updating rate used.

The Group has defined as „non-performing" exposures the claims that meet one or both criteria below:

- exposures for which the Group estimates that it is highly unlikely that the debtor fully pay its debt, irrespective of the exposure value and the number of days for which exposure is in default;

- amounts not paid on maturity, with significant delays.

(vii) De-recognition

The group de-recognized a financial asset when the rights to receive cash-flows from that asset expire, or when the Group has transferred the rights to receive the contractual cash flows corresponding to that financial asset in a transaction through which it has significantly transferred all risks and benefits of the ownership right.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets or Liabilities (continued)

(vii) Derecognition

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.

At the same time, 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 in full, 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 comprehensive income, must be recognized in profit or loss
-

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 de-recognition, 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 values 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:

- the accounting value assigned to the derecognized part, and

- the amount comprised of (i) the value of the amount received for the de-recognized 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 comprehensive income must be recognized in profit or loss.

  A cumulated loss that has been recognized in other elements of comprehensive income is assigned between the part that continues to be recognized and the part that is de-recognized, based on the relative fair value of that part..

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stocks

Stocks are assets held to be sold during the normal course of activity, assets undergoing production that are to be sold during the normal course of activity, or assets – raw materials, materials and other spare parts that are to be used in the manufacture process or in order to deliver services.

Evaluation of Stocks

Stocks are evaluated are the lowest value between cost value and net achievable value. The stock cost includes all costs corresponding to the purchase and processing as well as other costs incurred to process the stocks from their current form and location. The net achievable value is the estimated selling price that could be obtained during the normal course of activity, less estimated costs for finishing the goods and estimated sale costs. The cost of stocks that are usually fungible and goods and services produced and destined for distinct orders is ascertained through the specific identification of individual costs.
For fungible stocks the cost is determined with the help of "first in, first out" formulas" (FIFO).

Real Estate Investments

Real estate investments are real estates (lands, buildings, or parts of buildings) held by the Group for renting purposes, 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 during the normal course of activity.

Certain 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 likely that a future economic benefit associated with the element will enter the Group;
- the cost of the asset can be credibly determined

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Real-estate investments (continued)

(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 Group's real estate investments on 30th June 2019 and 31st December 2018 is detailed under **explanatory note 20.**

Ulterior Evaluation

The Group'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 tall 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 Group. The frequency of these evaluations is dictated by the dynamics of the markets to which the investments held by the Group belong.

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

The fair value of real estate investments reflects the market conditions on the date of the consolidated financial statements.

(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 policies as for tangible assets apply.

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 in the profit or loss account when it is scrapped or sold.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible and Intangible Assets

(i) Recognition and Evaluation

Tangible assets recognized as assets are initially evaluated at cost by the Group. 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 brining 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 Group's tangible and intangible assets on 30th June 2019 and 31st December 2018 is detailed in **explanatory note 21.**

Tangible assets are classified by the Group 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.
- assets representing use rights in a leasing contract.

Buildings are presented at re-evaluated value, this being the fair value on the re-evaluation date minus any later accumulated amortization and any accumulated losses through impairment.

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 Group belong to.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible and intangible Assets (continued)

(ii) Amortization

Amortization is calculated using the linear method over the estimated life-span of assets, as follows:

Buildings	40 years
Equipment	2-12 years
Transportation means	4-8 years
Furniture and other tangible assets	4-12 years
Assets representing use rights in a leasing contract	Duration of the lease

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.

The amortization method, 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

Tangible 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.

Impairment of assets other than the financial ones

The accounting value of the Group'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 indications exist, the recoverable value of those assets is estimated.

An impairment loss 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. Impairment losses are recognized in the overall result statement.

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.

Pentru determinarea valorii de utilizare, fluxurile viitoare de numerar sunt actualizate folosind o rată de actualizare înainte de impozitare care reflectă condiţiile curente de piaţă şi riscurile specifice activului respectiv. Pierderile din depreciere recunoscute în perioadele precedente sunt evaluate la fiecare dată de raportare pentru a determina dacă s-au diminuat sau nu mai există. Pierderea din depreciere se reia dacă s-a produs o schimbare în estimările folosite pentru a determina valoarea de recuperare. Pierderea din depreciere se reia doar în cazul în care valoarea contabilă a activului nu depăşeşte valoarea contabilă care s-ar fi calculat, netă de amortizare şi depreciere, dacă pierderea din depreciere nu ar fi fost recunoscută.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Interests that do not control

Interests that do not control represent part of the profit or loss from net assets not held, directly or indirectly by the Group and are presented in the consolidated statement of profit or loss and other elements of overall result and within equity in the consolidated financial position statement, separately from the capital of the mother company's shareholders. The modifications of holdings in subsidiaries that do not result in loss of control are accounted as transactions between shareholders acting in their shareholders' capacity..

Dividends to distribute

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

Dividends declared before the reporting date are registered as obligations on the reporting date.

Prescribed dividends

Dividends to pay not collected within 3 years from their declaration date become outdated according to the law.

Provisions for Risks and Expenses

Provisions are recognized in the financial position statement when a liability is created for the Group 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.

Revenue from goods sale and service provision

Revenues from the sale of goods and service delivery are registered net of commercial deduction, value-added tax and other taxes relating to turnover.

Revenue from the sale of goods are recognized in the profit and loss account at the time the significant risks and advantages stemming from the ownership over the goods are transferred to the buyer, which most often happens on delivery.

Revenue from the provision of services is recognized in the profit and loss account, depending on their execution stage.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue 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.

Revenue from Dividends

Revenue from dividends is recognized in the profit or loss account on the date the right of the Company to receive these incomes is set.

In the case of dividends received as shares as an alternative to cash payments, revenue 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 revenue from the dividends corresponding to the shares received for free, when these are distributed proportionally to all shareholders.

The Group registers revenue from dividends at gross value including dividend tax, which is recognized as current expense with the profit tax. The actual calculation is made in compliance with the tax provisions applicable on the date the calculation is made.

Revenue from Rents

Revenue from rents is generated by real-estate investments rented by the Group based on operational leasing contracts and are recognized in the profit and loss account in a linear manner, over the entire contract duration.

Employees' Benefits

(i) Short-term benefits

The short-term benefits of employees mainly include wages and bonuses. The short-term benefits of employees are recognized as expenses when the services are delivered. A provision is recognized 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 Group 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) Set Contribution Plans

The Group 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 Group 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 Group has no other additional obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' Benefits (continued)

(ii) Set Contribution Plans (continued)

The Group 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.

(iii) Employees' Long-Term Benefits

The net obligation of the Group 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.

Revenue 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 (over 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

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 overall result or in other elements of overall result if the tax corresponds to other elements of overall result.

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 30th June 2019, the profit tax rate has been of 16% (31st December 2018: 16%).
The taxation rate for the revenue from taxable dividends has been of 5% or 0% (2018: 5% or 0%). The tax exemption for dividend tax is applied in case the Group's holding percentage has been over 10% of the share capital of the company that has distributed dividends, for a continuous period f at least one year before distribution.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The 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.

Result per Share

The Group 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 Group 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.

Dividends are treated as profit distribution in the period when they have been declared and approved by the General Meeting of Shareholders. The profit available for assignment is the profit of the year registered in the financial statements drafted in compliance with the International Standards for Financial Reporting.

Leasing Contracts as Lessee

Accounting policy applicable starting with 1st January 2019

(i) Initial Recognition and Evaluation

On the date a contract is initiated, the Group evaluates whether that contract is, or includes a leasing contract. A contract is or contains a leasing contract if this contract awards the right to control the use of an asset identified for a certain period of time, in exchange for a consideration. On the date the contracts starts to run, the Group, as lessee, recognizes an asset corresponding to the use right and a debt that stems from the leasing contract.

Initial evaluation of the asset corresponding to the use right

On the date the contract starts running, the Group, as a lessee evaluates at cost the asset corresponding to the use right.
The cost of the asset corresponding to the use right must include :
(a) the value of the initial evaluation of the debt stemming from the leasing contract;
(b) any leasing payments made on the running start date, or before this date, minus any received leasing incentives;
(c) any direct costs initiated or borne by the lessee; and

4. SIGNIFICANT ACCOUNTING POLICIES (continued)
Leasing contracts as lessee (continued)

(d) an estimate of the costs that are to be borne by the Group to dismantle and remove the support asset, to restore the location it was in or to bring the support-asset to the conditions imposed by the terms and conditions of the leasing agreement, with the exception of the case when these costs are born to produce stocks. The lessor takes on the obligation for these costs either on the running start date or following the use of the support-asset, over a certain period.

Initial evaluation of the debt stemming from the leasing contract

On the running start date, the Group, as lessee evaluates the debt stemming from the leasing contract to the updated value of the leasing payments that are not paid at that date. Leasing payments are updated using the implicit interest rate if that rate can be immediately determined. If this rate cannot be immediately determined, the Group uses its marginal loan rate.
The marginal loan rate of the Group is the interest rate that the Group should pay for a loan on a similar period, with a similar guarantee, the funds necessary to obtain an asset with a similar value with that corresponding to the use right in a similar economic environment.
On the running start date, the leasing payments included in the evaluation of the debt stemming from the leasing contract contain the following payments corresponding to the use right of the support asset during the leasing contract that are not paid on the date the contract starts running:
(a) fixed payments, minus any leasing incentives to be received ;
(b) variable leasing payments that depend on an index or a rate initially evaluated based on the index or date on the running start date ;
(c) the forecast amounts owed by the Group based on certain guarantees corresponding to the residual value;
(d) price for the exercise of a purchase option if the Group has the resonable certainty it will exercise the option; and
(e) payments of cancellation penalties for the leasing contract, if the duration of the leasing contract reflects the Group's exercise of a leasing contract cancellation option.

(ii) Ulterior Evaluation

Ulterior evaluation of the asset corresponding to the use right

Following the running start date, the Group, as a lessee evaluates the asset corresponding to the use right using the cost-based model.

In order to apply a cost-based model, the Group, as lessee evaluated the asset corresponding to the use right at cost:
(a) minus any accumulated amortization and any accumulated impairment loss; and
(b) adjusted, depending on any re-evaluation of the debt stemming from the leasing contract expressly specified in IFRS16.

The group applies the provisions regarding amortization in IAS 16 *Tangible Assets* when it amortizes the asset corresponding to a use right.

In case the leasing contract transfers the ownership right on that support asset to the Group as lessee up to the completion of the leasing contract duration or the cost of the corresponding asset, the use right reflects the fact that the Group will exercise a purchase option, the Group amortizes the asset corresponding to the use right from the running start date until the end of the useful life duration of the support asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)
Leasing contracts as lessee (continued)

Otherwise, the Group amortizes the asset corresponding to the use right from the running start date until the last date between the end of the useful life duration of the asset corresponding to the use right and the end of the leasing contract.
The Group, as lessee applies IAS36 *Assets Impairment* in order to ascertain if the asset corresponding to the use right is impaired and to account any identified impairment loss.

Ulterior evaluation of the debt stemming from the leasing contract

Following the running start date, the Group, as lessee evaluates the debt stemming from the leasing contract through:
(a) increase of the accounting value to reflect the interest associated with the debt stemming from the leasing contract;
(b) reduction of the accounting value to reflect the leasing payments made; and
(c) re-evaluation of accounting value to reflect any re-evaluation or modification of the leasing contract or to reflect the fixed leasing payments revised.

The interest corresponding from the debt in a leasing contract for each period during the contract must be the value that produces a constant periodical rate of interest for the balance of the debt stemming from the leasing contract.
Following the running start date, a lessee must recognize both elements below in the profit or loss, with the exception of the case when costs are included in the accounting value of another asset in compliance with other applicable standards:
(a) interest corresponding to the debt stemming from the leasing contract;
(b) variable leasing payments that are not included in the evaluation of the debt stemming from a leasing contract in the period when the event or context that generates those payments occurs.

(iii) Re-evaluation of the debt stemming from the leasing contract

Following the running start date, the Group as lessee applies the provisions of IFRS 16 in order to re-evaluate the debt stemming from the leasing contract as an adjustment of the asset corresponding to the use right. Still, if the accounting value of the asset corresponding to the use right is reduced to zero and there is an additional reduction following the evaluation of the debt stemming from the leasing contract, the Group recognizes any value remaining from the re-evaluation in profit or loss.
The Group re-evaluates the debt stemming from the leasing contract through the update of the revised leasing payments using a revised update rate, when:
(a) there is a modification of the leasing contract duration, or
(b) there is a modification at evaluation of an option to purchase the support asset. The Group ascertains revised leasing payments to reflect the modification of the amounts owed in compliance with the option to purchase.

Accounting period applicable before 1st January 2019
Before 1st January 2019, leasing contracts were reflected in compliance with IAS17.

Operational Leasing
Operational leasing payments have been recognized in the profit or loss account based on the linear method during the leasing contract, the operational leasing expense (with rent) being recognized as a component of operational expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)
Leasing contracts as lessee (continued)

Financial leasing

At the beginning of the leasing period, the Group recognized the financial leasing operations as assets and liabilities in the financial position statement, at a value equal to the fair value of the leased asset or the updated value of the minimal leasing payments, if the latter were smaller, each being determined at the start of the leasing contract. The update rate that must be used to calculate the updated value of minimal leasing payments is the implicit interest rate in the leasing contract, if this can be ascertained, otherwise, the marginal interest rate of the entity must be used.

Minimal leasing payments in the financial leasing contracts have been divided between the reduction of the leasing debt and expense with leasing interest. Leasing interest expense is assigned to each leasing period so as to obtain a constant interest rate for the remaining leasing debt.

The amortization policy for the assets corresponding to the financial leasing contracts has been consistent with that applied to similar tangible assets held by the Group.

Reporting on Segments

A segment is a distinct component of the Group involved in revenue and expense generating operational activities (including revenue and expenses generated by the interaction with the other Group's components) whose operational results are periodically revised by the individual in charge with the making of decisions within the entity, regarding the resources that will be assigned to the segment and with the evaluation of its performance, who has access to financial information.

The basic criteria based on which the Group determines its activity sectors, in compliance with IFRS 8 *„Activity Segments"* are:

- Reported revenue of the activity segment, including sale to external clients or transfers between segments represent 10% or more of the combine revenue, internal and external of all activity segments;
- Absolute profit or loss value of the reported activity segment is 10% or more of the higher value, in absolute value, between (i) combined reported profit for all activity segments that have not reported any loss and (ii) combined loss reported from all activity sectors reporting a loss;

  - The assets of the activity segment represent 10% or more from the combined assets of all activity segments.

If management considered that an activity segment identified as reportable in the immediate prior period maintains its importance, the information about this segment will be reported separately in the current period, irrespective whether or not it still meets the reporting criteria.

The group carries out its activity in mainly the following area: financial investment services, manufacture of agricultural machines and equipment, consultancy for business and management, rental and sale of own real estate, manufacture and sale of food stuff, manufacture of weaving, cultivation of fruit.
Reporting information on segments is presented depending on the activities of the Group and the mother company. Transactions between activity segments are made under normal market conditions. The assets and liabilities on segments include both elements directly assignable to those segments as well as elements that can be assigned using a reasonable base.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)
Reporting on Segments (continued)

The Group is comprised of the following activity segments:

☐ Financial investments services

☐ Manufacture of agricultural machines and equipment

☐ Other: The Group incorporates in this categories services and products offered by the companies within the group, in the following fields: business and management consultancy, renta land sale of own real estate, production and sale of food stuff, fruit cultivation, hotel activities.

1 Segmentation of revenue, expenses and result

In LEI	*Note*	**Group** **30TH June 2019**	**Financial investment services** **30TH June 2019**	**Manufacture of agricultural machines and equipment** **30th June 2019**	**Other** **30th June**
Revenue					
Revenue from dividends		93.697.915	93.694.935	-	2.980
Revenue from interest		1.327.067	1.265.779	159	61.129
Other operational revenue		66.964.881	1.129.206	15.830.334	50.005.341
Gain from investments					
Net gain from assets sale		1.026.996	1.027.928	6.000	(6.932)
Net gain from the re-evaluation of financial assets at fair value through profit or loss account		25.410.645	25.410.645	-	-
Net gain from revaluation of investment property		1.908.835	-	-	1.908.835
Expenses					
Losses from assets impairment		(365.330)	(9.302)	573.693	(929.721)
Expenses with the setup of provisions for risks and expenses		1.373.508	980.094	188.120	205.294
Other operational expenses		(66.353.593)	(12.141.092)	(15.637.157)	(39.575.344)
Operational Profit		**122.990.924**	**111.358.193**	**961.149**	**11.671.582**
Financing expenses		(1.465.904)	(39.407)	(83.781)	(1.342.716)
Profit before taxation		**122.525.020**	**111.318.786**	**877.368**	**10.328.866**
Profit tax		(12.518.031)	(11.344.942)	(243.228)	(929.861)
Net profit of the period		**110.006.989**	**99.973.844**	**634.140**	**9.399.005**

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting on segments (continued)

1 Segmentation of revenue, expenses and result (continued)

In LEI	**Group** 30th June 2018	**Financial investment services** 30th June 2018	**Manufacture of agricultural machines and equipment** 30th June 2018	**Other** 30th June 2018
Revenue				
Revenue from dividends	65.997.720	65.997.720	-	-
Revenue from interest	695.922	676.586	262	19.074
Other operational revenue	30.555.068	8.221.288	19.155.874	3.177.906
Gain from investments				
Net gain from assets sale	1.341.412	1.332.258	-	9.154
Net gain from the re-evaluation of financial assets at fair value through profit or loss account	(4.592.437)	(4.592.437)	-	-
			-	
Expenses				
Losses from asset impairment	(403.213)	(90.563)	68.574	(381.224)
Expenses with the setup of provisions for risks and expenses	95.923	-	(700.540)	796.464
Other operational expenses	(36.416.442)	(12.089.996)	(16.609.132)	(7.717.314)
Operational profit	**57.273.954**	**59.454.857**	**1.915.038**	**(4.095.941)**
Financing expenses	(530.499)	-	(28.076)	(502.423)
Profit before taxation	**56.743.454**	**59.454.857**	**1.886.961**	**(4.598.365)**
Profit tax	(7.367.749)	(5.056.960)	(316.745)	(1.994.044)
Net profit of the period	**49.375.706**	**54.397.897**	**1.570.217**	**(6.592.409)**

The accounting policies regarding reporting on segments are the policies of the Group described under explanatory note 4.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting on segments (continued)

2 Segmentation of assets and liabilities

	Grup	**Financial investment services**	**Manufacture of agricultural machines and equipment**	**Other**
In LEI	**30th June 2019**	**30th June 2019**	**30th June 2019**	**30th June 2019**
Asset				
Cash and cash equivalents	41.031.920	335.410	3.450.979	37.245.531
Bank deposits	243.997.316	238.097.730	-	5.899.586
Financial assets at fair value through profit or loss account	249.280.672	249.006.430	250.027	24.215
Financial assets assigned at fair value through other overall result elements	1.425.451.939	1.422.829.623	-	2.622.316
Securities in equivalence	37.388.394	-	-	37.388.394
Debt securities at amortized cost	7.931.441	7.931.441	-	-
Real estate investments	64.014.264	3.505.273	430.636	60.078.355
Intangible assets	8.569.793	50.536	111.271	8.407.986
Tangible assets	54.351.022	9.329.450	18.220.269	26.801.303
Intangible assets held for sale purposes	12.015.414	-	12.015.414	-
Stocks	108.042.036	-	19.854.959	88.187.077
Biological assets	2.320.553	-	-	2.320.553
Other financial assets at amortized cost	47.983.881	13.650.571	16.662.741	17.670.569
Other assets	7.796.045	216.797	524.144	7.055.104
Total assets	**2.310.174.690**	**1.944.736.464**	**70.996.296**	**286.645.885**
Liabilities				
Loans	60.960.168	961.699	2.296.209	57.702.260
Dividends to pay	43.548.208	43.235.108	86.982	226.118
Provisions for risks and expenses	1.825.039	1.585.361	239.678	-
Liabilities regarding deferred profit tax	99.097.046	100.223.987	290.815	(1.417.756)
Liabilities regarding current profit tax	9.211.932	8.285.263	-	926.669
Financial liabilities at amortized cost	71.875.378	9.882.724	8.098.982	53.893.672
Other liabilities	10.110.548	8.165.086	1.063.368	882.094
Total liabilities	**296.628.319**	**172.339.228**	**12.076.034**	**112.213.057**

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting on segments (continued)

2 Segmentation of assets and liabilities

In LEI	Group 31st december2018	Financial investment services 31st December 2018	Manufacture of agricultural machines and equipment 31st December 2018	Other 31st December 2018
Asset				
Cash and cash equivalents	10.627.278	278.239	3.332.293	7.016.746
Bank deposits	86.242.497	74.536.926	-	11.705.571
Financial assets at fair value through profit of loss	267.187.022	266.919.664	246.452	20.906
Financial assets assigned at fair value through other overall result elements	1.286.637.921	1.285.785.704	-	852.217
Titles in equivalence	38.082.609	-	-	38.082.609
Bonds at amortized cost	7.821.978	7.821.978	-	-
Real estate investments	37.138.193	3.505.273	430.636	33.202.284
Intangible assets	8.584.195	26.723	135.242	8.422.230
Tangible assets	74.202.969	8.461.441	18.705.286	47.036.242
Intangible assets held for sale	12.015.414	-	12.015.414	-
Stocks	102.191.707	1.237	18.476.079	83.714.391
Biological assets	2.378.185	-	-	2.378.185
Other financial assets at amortized cost	32.579.913	8.556.152	14.220.474	9.803.287
Other assets	7.765.472	191.616	344.677	7.229.179
Total assets	**1.973.455.353**	**1.655.893.337**	**67.561.876**	**242.234.668**
Liabilities				
Loans	48.822.068	-	1.517.750	47.304.318
Dividends to pay	34.923.650	34.768.768	86.982	67.900
Provisions for risks and expenses	2.812.086	2.565.456	246.630	-
Liabilities regarding deferred profit tax	67.888.502	69.143.317	162.941	(1.417.756)
Liabilities regarding current profit tax	2.146.320	1.669.219	-	477.101
Financial liabilities at amortized cost	50.170.000	12.140.530	5.943.405	32.086.065
Other liabilities	18.932.307	16.540.039	1.155.343	1.236.925
Total liabilities	**225.694.933**	**136.827.329**	**9.113.051**	**79.754.553**

Within the next session we present the new standards, amendments and interpretations of the standard already existent that were in force on 30th June 2019, the list of new standards, amendments and interpretation of the standards adopted by the by the International Accounting Standards Board (IASB) and European Union (UE) but not yet into force 30th June 2019 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 period concluded on 30th June 2019.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations that have come into force in the current year

The following standards, amendments of existent standards and interpretations issued by the International Accounting Standard Board - "IASB" and adopted by the European Union(„UE") that have come into force in the current year, are applicable to the Company:

- IFRS 16 „Leasing" – adopted by the UE on 31st October 2017 (applicable for annual periods starting on or after 1st January 2019),
- Amendments to IFRS 9 „Financial Instruments" – Market characteristics in advance, with negative compensation, adopted by EU on 22nd March 2018 (applicable for annual periods starting on or after 1st January 2019),
- IFRIC 23 „Uncertainties regarding income tax treatment' – adopted by the EU on 23rd October 2018 (applicable for annual periods starting on or after 1st January 2019).
- Amendments to IAS 28 „Investment in Associated and Joint Ventures" – Long-term interests of associated and joint ventures (applicable for annual periods starting on or after 1st January 2019, approved by the EU in February 2019)
- Amendments to various standards following the „Improvements brought to IFRS (2015-2017 cycle) that result from the annual project for IFRS improvement with the main purpose of eliminating inconsistencies and clarifying certain wordings (applicable for annual periods starting on or after 1st January 2019, approved by the EU in March 2019)

The group considers that the adoption of these standards, revisions and interpretations has not had a significant impact on its interim financial statements. The Group has adopted IFRS 15 on the date of its initial application on 1st January 2019.

Standards and interpretations issued by IASB, not yet adopted by the EU

On the reporting date of the present financial statements, IFRS, as adopted by the EU do not significantly differ from the regulations adopted by IASB with the exception of the following standards, amendments and interpretations that are applicable to the Company whose application has not been approved by the EU up to the certification date of the present financial statements:

- Amendments to IFRS 10 „Consolidated financial statements" and IAS 28 „Investment in associated and joint ventures" – Sale or asset contribution between an investor and its associate ro joint venture and other amendments (the actual application date has been postponed indefinitely up to the completion of the research project regarding the equivalence method),
- Amendments to IAS 1 „Presentation of Financial Statements" and IAS 8 „Accounting Policies, accounting estimates changes and error correction" – definition of materiality (applicable for annual periods starting on or following 1st January 2020)
- Amendments to the references of the Conceptual Framework of IFRS Standards (applicable for annual periods starting on or following 1st January 2020).

The Group estimates that the adoption of these standards and amendments of existent standards will not have a significant impact on the annual financial statements in the year when they will first be applied.

5. MANAGEMENT OF SIGNIFICANT RISKS

The management of the Group 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 Group is an integral part of the Group's strategic objectives.

The investment activity leads to the exposure of the Group to a variety of risks associated with financial instruments held and the financial markets on which it operates. The main risks the Group 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 variations on the Group's financial performance. The Group 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.

5.1. 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. In order to manage market risk efficiently we use technical and fundamental analysis methods, forecasts regarding the evolution of economic branches and financial markets, taking into consideration:

- profitability evaluation corresponding to the share portfolio
- setting the limit of asset concentration on the same market, geographical position or economic sector;
- setting the presence limits on new markets;
- setting bearable risk limits;
- strategic assignment of long-term investments; based on the principle according to which the market will correctly determine fundamental value;
- tacit short-term assignment, that implies the use of short-term variations of the market to obtain profit.

The selection of investment opportunities is made through:

- technical analysis;
- fundamental analysis – ascertaining the ability of the issuer to generate profit;
- comparative analysis – ascertaining the relative value of an issurer in relation with the market or other similar companies;
- statistic analysis – ascertaining tendencies and correlations using price and traded volume history.

5. MANAGEMENT OF SIGNIFICANT RISKS (continued)

5.1. Market Risk (continued)

The Group is exposed to the following market risk categories:

(i) Price Risk

The Group 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. 85% of total shares with active market, held by the Group on 30 June 2019 (31 December 2018: 81%) 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 20.939.576 lei (31^{st} December 2018: 22.443.710 lei), a negative variation of 10% having an equal negative net impact.

A positive variation of 10% of the price of financial assets evaluated at fair value through other overall result elements would lead to an increase of equity, net of profit tax by 119.737.963 lei (31st December 2017: by 108.077.585 lei), a negative variation of 10% having an equal negative net impact.

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

In LEI	**30tj June2019**	**%**	**31^{st} December**	**%**
Financial, bank and insurance activities	912.567.299	63%	766.069.017	57%
Natural gas industry	207.512.559	14%	177.833.933	13%
Manufacture of transportation means	115.745.429	8%	111.161.452	8%
Chemical and oil industry	79.991.100	6%	115.356.925	9%
Real-estate investments, rental, other services ,	65.630.542	5%	66.072.022	5%
Wholesale, retail, tourism and restaurants,	16.305.726	1%	16.903.391	1%
Manufacture of machines, tools, equipment	13.061.644	1%	14.062.599	1%
Pharmaceutical industry	-	0%	43.333.402	3%
Construction material industry	7.167.953	0%	10.267.952	1%
Textile industry	6.227.310	0%	6.227.310	0%
Food industry	5.463.781	0%	7.810.237	1%
Transport, storage, communication	4.100.000	0%	4.094.067	0%
Other	3.371.968	0%	1.653.874	0%
TOTAL	**1.437.145.312**	**100%**	**1.340.846.181**	**100%**

As it can be seen in the table above, on 30 June 2019 the Group mainly held shares in companies acting in the financial, bank and insurance field, with a weight of 63% of total portfolio registering an increase in comparison to the holding on 31st December 2018.

5. Management of Significant Risks (continued)

5.1 Market Risk (continued)

(ii) Interest rate risk

The Group is subjected to 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 30th June 2019 and 31st December 2018, most of the Group'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- 6 months

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

The following tables present the Group's exposure to interest rate risk on 30th July 2019 and 31st December 2018.

În LEI	**Net value on 30th June 2019**	**< 1 month**	**1-3 months**	**3-12 months**	**>1 year**	**no interest risk**
Financial assets						
Cash and cash equivalents	41.031.920	40.959.735	-	-	-	72.185
Bank deposits	243.997.316	2.662.099	239.750.891	1.532.318	-	52.009
Financial assets at fair value through the profit or loss account	249.280.672	-	-	-	-	249.280.672
Financial assets assigned at fair value through other overall result elements	1.425.451.940	-	-	-	-	1.425.451.940
Titles in equivalence	37.388.394					37.388.394
Bonds at amortized cost	7.931.441	-	216.398	8.820	7.706.223	-
Other financial assets at amortized cost	47.983.881	3.049.978	20.137.381	15.736.380	2.396.070	6.664.070
Total financial assets	**2.053.065.564**	**46.671.812**	**260.104.670**	**17.277.519**	**10.102.294**	**1.718.909.270**
Financial liabilities						
Dividends to pay	43.548.208	-	-	-	-	43.548.208
Financial liabilities at amortized cost	71.875.378	10.064.539	1.789.550	47.790.070	2.598.110	9.633.109
Loans	60.960.168	131.108	1.205.249	52.461.953	7.161.857	-
Total financial liabilities	**176.383.754**	**10.195.648**	**2.994.799**	**100.252.023**	**9.759.967**	**53.181.317**

5. MANAGEMENT OF SIGNIFICANT RISKS (continued)

5.1 Market Risk (continued)

(ii) Interest Rate Risk (continued)

În LEI	Net value on 31st December 2018	< 1 month	1-3 months	3-12 months	>1 year	no interest rate risk
Financial assets						
Cash and cash equivalents	10.627.278	10.592.552	-	-	-	34.726
Bank deposits	86.242.497	78.611.934	7.113.555	465.000	-	52.009
Financial assets at fair value through the profit or loss account	267.187.022	-	-	-	-	267.187.022
Financial assets assigned at fair value through other overall result elements	1.286.637.921	-	-	-	-	1.286.637.921
Titles in equivalence	38.082.609					38.082.609
Bonds at amortized cost	7.821.978	-	215.781	8.820	7.597.377	-
Other financial assets at amortized cost	32.579.913	80.757	16.948.697	7.436.005	7.661.396	453.058
Total financial assets	**1.729.179.217**	**89.285.243**	**24.278.033**	**7.909.825**	**15.258.773**	**1.592.447.344**
Financial liabilities						
Dividends to pay	34.923.650	-	-	-	-	34.923.650
Financial liabilities at amortized cost	50.170.000	248.107	9.237.776	30.809.431	9.874.686	-
Loans	48.822.068		-	4.955.953	43.866.115	-
Total financial liabilities	**133.915.718**	**248.107**	**9.237.776**	**35.765.384**	**53.740.801**	**34.923.650**

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 ±11.314.777 (31st December 2018: ±2.445.697 lei).

(iii) 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.

Most financial assets and liabilities of the Group are expressed in national currency and therefore exchange rate fluctuations do not significantly influence the activity of the Group. The exposure to the exchange rate fluctuations is mainly due current accounts and bank deposits, b corporate bonds, shares and currency loans.

5. MANAGEMENT OF SIGNIFICANT RISKS (continued)
5.1 Market Risk (continued)
(iii) Currency Risk (continued)

Assets expressed in lei and other foreign currencies on 30 June 2019 and 31 December 2018 are presented in the following tables:

In LEI	**Net value on 30th June 2019**	**LEI**	**EUR**	**USD**	**Other currency**
30th June 2019					
Financial assets					
Cash and cash equivalents	41.031.920	39.947.897	1.073.284	10.704	35
Bank deposits	243.997.316	242.512.856	1.484.460	-	-
Financial assets at fair value through the profit or loss account	249.280.672	247.627.624	1.653.048	-	-
Financial assets assigned at fair value through other overall result elements	1.425.451.940	1.425.451.940	-	-	-
Titles in equivalence	37.388.394	37.388.394	-	-	
Bonds at amortized cost	7.931.441	88.800	7.842.641	-	-
Other financial assets at amortized cost	47.983.881	47.977.828	6.053	-	-
Total financial assets	**2.053.065.564**	**2.040.995.339**	**12.059.486**	**10.704**	**35**
Financial liabilities					
Dividends to pay	43.548.209	43.548.209	-	-	-
Financial liabilities at amortized cost	71.875.377	68.994.920	2.880.457	-	-
Loans	60.960.168	57.680.242	3.279.925		
Total financial liabilities	**176.383.754**	**170.223.371**	**6.160.383**	**-**	**-**

In LEI	**Net value on 31st December 2018**	**LEI**	**EUR**	**USD**	**Other currency**
31st December 2018					
Financial assets					
Cash and cash equivalents	10.627.277	10.545.546	54.969	26.762	-
Bank deposits	86.242.497	83.839.025	2.403.472	-	-
Financial assets at fair value through the profit or loss account	267.187.022	267.187.022	-	-	-
Financial assets assigned at fair value through other overall result elements	1.286.637.921	1.286.637.921	-	-	-
Titles in equivalence	38.082.609	38.082.609			
Bonds at amortized cost	7.821.979	94.740	7.727.239	-	-
Other financial assets at amortized cost	32.579.913	32.577.729	2.184	-	-
Total financial assets	**1.729.179.218**	**1.718.964.592**	**10.187.864**	**26.762**	**-**
Financial liabilities					
Dividends to pay	34.923.650	34.923.650	-	-	-
Financial liabilities at amortized cost	50.170.000	49.089.949	1.080.051	-	-
Loans	48.822.068	47.304.318	1.517.750		
Total financial liabilities	**133.915.718**	**131.317.917**	**2.597.801**	**-**	**-**

5. MANAGEMENT OF SIGNIFICANT RISKS (continued)

5.1 Market Risk (continued)

(iii) Currency Risk (continued)

The net impact on the Group's Profit of a ± 15% modification of the Leu/EUR exchange rate corroborated with a ± 15% modification of Leu/USD exchange rate, on 30th June 2019, all other variables remaining constant is ± 886.476 lei (31st December 2018: ± 1.142.524 lei).

5.2 Credit Risk

The Group 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 Group. The Group 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 30th June 2019 and 31st December 2018 the Group did not hold any real estate as insurance of other improvements of credit rank. On 30th June 2019 and 31st December 2018 the Group did not register outstanding financial assets that are not impaired.

The maximum credit risk exposure of the Group is of de 340.872.373 lei on 30th June 2019 and 137.236.940 on 31st December 2018 , including current accounts and bank deposits bonds and other financial assets at amortized cost, and can be analyzed as follows:

Exposures from current accounts and bank deposits

In LEI	**30th June 2019**	**31st December 2018**
Banca Transilvania	53.092.109	36.585.778
Unicredit Tiriac Bank	18.644	36.875.795
BRD - Group Societe Generale	38.160.746	14.388.607
Eximbank	158.474.458	
Raiffeisen Bank	31.306.962	3.038.628
BCR	2.061.646	4.501.871
Other commercial banks	1.842.486	1.444.370
Total bank availabilities	***284.957.051***	***96.835.049***
Cash	72.185	34.726
Total cash and cash equivalents and bank deposits	**285.029.236**	**96.869.775**

The average annual interest rate in the first 6 months of 2019 for bank deposits has been of 2,63%.

5. MANAGEMENT OF SIGNIFICANT RISKS (continued)

5.2 Credit Risk (continued)

Exposure from bonds at amortized cost

In LEI	**30 iunie 2019**	**31 decembrie 2018**
Bacău municipal bonds	88.800	94.740
Banca Transilvania bonds	7.842.641	7.727.238
Total bonds at amortized cost	**7.931.441**	**7.821.978**

Bacău municipal bonds have their maturity on 31st October 2026 and the interest rate is the average of 6M ROBID and 6M ROBOR reference rates, plus 0,85% margin. Banca Transilvania bonds are presented in EUR, have their maturity on 22nd May 2020 and the interest rate is the reference rate 6M EURIBOR , plus 6,25% margin.

Financial assets at amortized cost

In LEI	**30th June 2019**	**31st December 2018**
Claim on AAAS	54.962.800	54.952.612
Advances at the Central Depository for the payment of dividends to the shareholders.	1.867.622	645.912
Ministry of Finance – litigious rights	-	2.415.314
Minerva S.A.	-	3.870.912
Other financial assets at amortized cost	51.455.627	31.161.427
Impairment adjustments	(60.302.168)	(60.466.264)
Total other assets at amortized cost	**47.983.881**	**32.579.913**

Other assets at amortized cost include mainly commercial claims, advances to suppliers and dividends to collect.

Impairment adjustments corresponding to the claims on the Authority for State Assets Management ("AAAS") from litigations in our favor that are final, that are fully covered, and part of commercial claims.

5.3 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 fulfill short-term payment obligations, without this payment involving excessive costs or losses that cannot be borne by the Group.

The Group's financial instruments can also include investments in shares that are not traded on an organized market and can consequently have reduced liquidity. Therefore, the Group 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.09/2014 issued by FSA to meet own liquidity requirements.

5. MANAGEMENT OF SIGNIFICANT RISKS (continued)

5.3 Liquidity Risk (continued)

The structure of the Group's assets and liabilities has been analyzed based on the period remaining from the balance date up to the contractual maturity date, both for the financial period concluded on 30th June 2019 and that concluded on 31st December 2018, as follows:

In LEI	**Accounting value**	**Under 3 months**	**between 3 and 12 months**	**Over 1 year**	**No pre-set maturity**
30th June 2019					
Financial assets					
Cash and cash equivalents	41.031.920	41.031.920	-	-	-
Bank deposits	243.997.316	242.412.989	1.532.318	-	52.009
Financial assets at fair value through the profit or loss account	249.280.672	-	-	-	249.280.672
Financial assets assigned at fair value through other overall result elements	1.425.451.940	-	-	-	1.425.451.940
Titles in equivalence	37.388.394	-	-	-	37.388.394
Bonds at amortized cost	7.931.441	216.398	8.820	7.706.223	-
Other financial assets at amortized cost	47.983.881	23.187.360	15.736.380	2.396.070	6.664.070
Total financial assets	**2.053.065.564**	**306.848.667**	**17.277.519**	**10.102.294**	**1.718.837.085**
Financial liabilities					
Dividends to pay	43.548.208	43.548.208	-	-	-
Financial liabilities at amortized cost	71.875.378	11.854.089	47.790.070	2.598.110	9.633.109
Loans	60.960.168	1.336.357	52.461.953	7.161.857	-
Total financial liabilities	**176.383.754**	**56.738.655**	**100.252.023**	**9.759.967**	**9.633.109**

5. MANAGEMENT OF SIGNIFICANT RISKS (continued)

5.3 Liquidity Risk (continued)

În LEI	Accounting value	under 3 months	Between 3 and 12 months	Over 1 year	No pre-set maturity
31st December 2018					
Financial assets					
Cash and cash equivalents	10.627.278	10.627.278	-	-	-
Bank deposits	86.242.497	85.725.489	465.000	-	52.009
Financial assets at fair value through the profit or loss account	267.187.022	-	-	-	267.187.022
Financial assets assigned at fair value through other overall result elements	1.286.637.921	-	-	-	1.286.637.921
Titles in equivalence	38.082.609	-	-	-	38.082.609
Bonds at amortized cost	7.821.978	215.781	8.820	7.597.377	-
Other financial assets at amortized cost	32.579.913	17.029.454	7.436.005	7.661.396	453.058
Total financial assets	**1.729.179.218**	**113.598.002**	**7.909.825**	**15.258.773**	**1.592.412.618**
Financial liabilities					
Dividends to pay	34.923.650	34.923.650	-	-	-
Financial liabilities at amortized cost	50.170.000	9.485.883	30.809.431	9.874.686	-
Loans	48.822.068	-	4.955.953	43.866.115	-
Total financial liabilities	**133.915.718**	**44.409.533**	**35.765.384**	**53.740.801**	**-**

5.4 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 Group and might calculated 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.

5. MANAGEMENT OF SIGNIFICANT RISKS (continued)
5.4 Taxation Risk (continued)

The management of the Group 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 Group.

Starting on 1 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 Group 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 Group was subjected to covered the period up to 1st January 2010. Therefore the debts of the Group from this date on could be the object of a later verification.

(a) 5.5 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 Group.

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 Group cannot predict all events that might have an impact on Romanian economy, including on the financial sector in Romania, nor their potential impact on the present financial statements. The management of the Group considers it has adopted al necessary measures for the sustainability and development of the Group under the current market conditions.

5.6 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, and technological progresses. Operational risk is inherent for all activities of the Group.

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.

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 Group and reaching investments objectives.

The Group's equity includes the share capital, various types of reserves and reported result. Equity amounted to 2.013.546.370 lei on 30th June 2019 (31st December 2018: 1.747.760.419 lei).

The Group or Company is not subject to legal requirements regarding capital adequacy.

6. PURCHASE OF SUBSIDIARIES

In the first half of 2019, the Company participated to the capital increase of SC Agrointens S.A through cash contribution of 3.840.000 lei, paid in full during the reporting period.

In the first 6 months of 2019 payments were made for the capital increase of the subsidiaries and associated entities registered in the previous period, as follows:

- S.C. Agrointens S.A. (subsidiary): 470,000 lei, corresponding to the capital increase of 7.285.000 lei registered in 2018;

- S.C. Tesătoriile Reunite S.A. (subsidiary): 910.000 lei, corresponding to the capital increase of 1.410.000 lei registered in 2018;

7. SALE OF SUBSIDIARIES

There have been no sales of subsidiaries in the reporting period.

SIF Moldova Group will continue the restructure process for the purpose of increasing the efficiency of its activities through new approaches, that lead to an improvement of the financial performance of the managed projects portfolio.

8. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair value

The table below summarizes accounting values and fair values of the financial assets and liabilities of the Group on ***30th June 2019***:

In LEI	Financial assets at fair value through the profit or loss account, on initial recognition	Financial assets assigned at fair value through other overall result elements	Amortized cost	Total accounting value	Fair value
Cash and cash equivalents	-	-	41.031.920	41.031.920	41.031.920
Bank deposits	-	-	243.997.316	243.997.316	243.997.316
Financial assets at fair value through profit or loss account	249.280.672	-	-	249.280.672	249.280.672
Financial assets assigned at fair value through other overall result elements	-	1.425.451.940	-	1.425.451.940	1.425.451.940
Bonds at amortized cost	-	-	7.931.441	7.931.441	7.931.441
Other financial assets at amortized cost	-	-	47.983.881	47.983.881	47.983.881
Total financial assets	**249.280.672**	**1.425.451.940**	**340.944.557**	**2.015.677.170**	**2.015.677.170**
Dividends to pay	-	-	43.548.208	43.548.208	43.548.208
Loans	-	-	60.960.168	60.960.168	60.960.168
Financial liabilities at amortized cost	-	-	71.875.378	71.875.378	71.875.378
Total financial liabilities	**-**	**-**	**176.383.754**	**176.383.754**	**176.383.754**

8. FINANCIAL ASSETS AND LIABILITIES (continued)

Accounting classifications and fair value (continued)

The table below summarizes accounting values and fair values of the financial assets and liabilities of the Group on ***31st December 2018***:

In LEI	**Financial assets at fair value through the profit or loss account, on initial recognition**	**Financial assets assigned at fair value through other overall result elements**	**Amortized cost**	**Total accounting value**	**Fair value**
Cash and cash equivalents	-	-	10.627.278	10.627.278	10.627.278
Bank deposits	-	-	86.242.497	86.242.497	86.242.497
Financial assets at fair value through profit or loss account	267.187.022	-	-	267.187.022	267.187.022
Financial assets assigned at fair value through other overall result elements	-	1.286.637.921	-	1.286.637.921	1.286.637.921
Bonds at amortized cost	-	-	7.821.978	7.821.978	7.821.978
Other financial assets at amortized cost	-	-	32.579.913	32.579.913	32.579.913
Total financial assets	**267.187.022**	**1.286.637.921**	**137.271.665**	**1.691.096.609**	**1.691.096.609**
Dividends to pay	-	-	34.923.650	34.923.650	34.923.650
Loans	-	-	48.822.068	48.822.068	48.822.068
Financial liabilities at amortized cost	-	-	50.170.000	50.170.000	50.170.000
Total financial liabilities	**-**	**-**	**133.915.718**	**133.915.718**	**133.915.718**

9. REVENUE FROM DIVIDENDS

Revenue from dividends is registered at gross value. The taxation rates for dividends corresponding to the financial period concluded on 30th June 2019 have been 5% or 0% (2018: 5%, or 0%). Dividend tax exemption is applied in case the holding percentage of the Group has been over 10% of the capital of the company distributing dividends, for an uninterrupted period of at least one year before distribution.

The details of the revenue from dividends on the main counterparties is presented in the table below:

In LEI	**6 months' period concluded on 30st June 2019**	**6 months' period concluded on 30st June 2018**
Banca Transilvania	58.847.200	42.777.002
SNTGN Transgaz	6.138.227	12.458.943
OMV Petrom	10.416.846	9.807.338
Aerostar	2.475.348	-
SNGN Romgaz SA	13.658.426	-
Other	2.161.868	954.437
Total	**93.697.915**	**65.997.720**

10. REVENUE FROM INTEREST

In LEI	**6 months' period concluded on 30st June 2019**	**6 months' period concluded on 30st June 2018**
Revenue from interests corresponding to bank deposits and current accounts.	1.094.263	469.044
Revenue from interest corresponding to bonds at amortized cost	232.804	226.878
Total	**1.327.067**	**695.922**

11. OTHER OPERATIONAL REVENUE

In LEI	**6 months' period concluded on 30st June 2019**	**6 months' period concluded on 30st June 2018**
Revenue from apartment sale	42.797.271	-
Revenue from production sale	8.424.398	13.833.285
Revenue from service delivery	457.148	256.300
Revenue from rents	1.716.984	2.021.876
Revenue from merchandize sale	6.924.978	5.426.413
Revenue from recovered claims	5.397.177	494.673
Other operational revenue	1.246.925	8.522.519
Total	**66.964.881**	**30.555.068**

In the revenue from the sale of production the highest weight is held by Mecanica Ceahlău, namely 98% (30th June 2018; 95%)

In the revenue from the sale of merchandize, the highest weight is held by Mecanica Ceahlau with the amount of 6.924.128 lei, namely 99,9 % (5.426.413 lei, namely 100% on 30th June 2018) representing the sale of distributed products (tractors, herbicization equipment, front loaders).

Revenues from rent are represented by: Tesatoriile Reunite with the amount of 546.075 lei (482.145 lei on 30th June 2018), followed by SC Casa SA with the amount of 523.211 lei (457.812 lei on 30th June 2018), SIF Moldova with the amount of 275.763 lei (376.398 lei on 30th June 2018), and Regal SA with the amount of 201.874 lei (345.886 lei on 30th June 2018).

In other operational revenue, the highest weight is held by SIF Moldova with the amount of 570.798 lei, namely 46% (4.501.168 lei, namely 53% on 30th June 2018, of which 2.849.456 lei represent revenue from the transfer of litigious rights to Textila Oltul).

12. NET GAIN FROM ASSETS SALE

În LEI	**6 months' period concluded on 30st June 2019**	**6 months' period concluded on 30st June 2018**
Net gain from the sale of financial assets available for sale	-	9.154
Net gain from the sale of financial assets at fair value through profit or loss account	1.027.928	1.332.258
(Net loss)/ Net gain from the sale of corporal assets	(932)	-
Total	**1.026.996**	**1.341.412**

13. NET LOSS / (NET GAIN) FROM ASSETS RE-EVALUATION

In LEI	**6 months' period concluded on 30st June 2019**	**6 months' period concluded on 30st June 2018**
Net gain / (net loss) from the re-evaluation of financial assets at fair value through profit or loss account	25.410.645	(4.592.437)
Net gain from revaluation of investment property	1.908.835	-
Total	**27.319.480**	**(4.592.437)**

The net gain of 25.410.645 lei (30th June 2018: loss 4.592.437 lei) represents the difference from the re-evaluation at fair value of the shares and fund units held at fair value through profit and loss account.

14. LOSSES (RE-RUNS) OF ASSETS IMPAIRMENT

In LEI	**6 months' period concluded on 30st June 2019**	**6 months' period concluded on 30st June 2018**
Losses from financial assets impairment	(873.566)	(474.649)
Re-runs of impairment from impairment of other assets	508.236	71.436
Total	**(365.330)**	**(403.213)**

15. OTHER OPERATIONAL EXPENSES

In LEI	**6 months' period concluded on 30st June 2019**	**6 months' period concluded on 30st June 2018**
Cost of apartments sold	35.700.673	-
Expenses with wages and other staff	14.443.127	13.588.959
Expenses with outsourced services	3.030.611	4.596.171
Expenses with commissions	1.740.836	2.590.987
Expenses for protocol, advertising and publicity	150.369	150.348
Other operational expenses	12.080.565	15.378.400
Audit and consultancy services	207.412	111.578
Total	**67.353.593**	**36.416.442**

Other operational expenses include expenses with intangible assets amortization, transport and telecommunication expenses, expenses with maintenance and repairs, etc. The average number of employees for the financial period concluded on 30 June 2019 has been 220 (30th June 2018: 241).

16. PROFIT TAX

In LEI	**6 months' period concluded on 30st June 2019**	**6 months' period concluded on 30st June 2018**
Current profit tax		
Current profit tax (16%)	6.022.212	3.419.456
Dividend tax (5%)	4.554.203	3.299.462
	10.576.415	**6.718.918**
Deferred profit tax		
Revenue from deferred profit tax	(154.244)	(987.086)
Expenses for deferred profit tax	2.095.860	1.635.917
	1.941.616	**648.831**
Total	**12.518.031**	**7.367.749**

Reconciliation of profit before taxation with profit tax expense in the profit or loss account:

The actual profit tax rate on 30th June 2019 is 10% (30th June 2018 -13%).

In LEI	**6 months' period concluded on 30st June 2019**	**6 months' period concluded on 30st June 2018**
Profit before taxation	122.525.020	56.743.454
Tax in compliance with statory taxation rate of 16% (2018: 16%)	19.604.003	9.078.953
Effect on profit tax of:		
Non-deductible expenses	5.072.807	7.553.952
Non-taxable revenue	(18.209.496)	(15.735.850)
Registrations and re-runs of time differences	1.941.616	648.831
Other elements	(445.101)	2.522.401
Dividend Tax (5%)	4.554.203	3.299.462
Profit tax	**12.518.031**	**7.367.749**

17. CASH AND CASH EQUIVALENTS

In LEI	**30th June 2019**	**31st December 2018**
Cash	642.384	34.726
Current accounts	40.389.535	10.592.551
Cash and cash equivalents	**41.031.920**	**10.627.278**

The current accounts opened with banks are permanently at the Group's disposal with the exception of the availabilities of total amount 29.934.481 lei at Raiffeisen Bank held by Tesatoriile Reunite for the running of Baba Novac Residence residential project.

18. BANK DEPOSITS

In LEI	**30th June 2019**	**31st December 2018**
Fixed term bank deposits	243.695.733	86.066.388
Attached claims	249.574	124.101
Collateral deposits (managers' guarantees)	52.009	52.009
Total bank deposits	**243.997.316**	**86.242.497**

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

19. FINANCIAL ASSETS

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

In LEI	**30th June 2019**	**31st December 2018**
Fund units	237.587.300	212.978.762
Shares	11.693.372	54.208.260
Total	**249.280.672**	**267.187.022**

19. FINANCIAL ASSETS (continued)

b) Financial assets assigned at fair value through other overall result elements

In LEI	**30th June 2019**	**31st December 2018**
Fair-value evaluated shares	1.425.451.940	1.286.637.921
Total	**1.425.451.940**	**1.286.637.921**

On 30th June 2019 and 31st December 2018 the fair value evaluated shares category included mainly the value of shares held in Banca Transilvania, OMV, Aerostar, Romgaz, SNTGN Transgaz. The evaluation of shares at fair value was made by multiplying the number of shares held on the reporting date by the closing price on the last trading day of the reporting period.

19. FINANCIAL ASETS (continued)

b) Financial assets assigned at fair value through other overall result elements (continued)

The movement of FVTOCI financial assets for the periods of time ended on 30th June 2019 and 30th June 2018 is presented in the following table:

In LEI

	Shares evaluated at fair value through other overall result elements	Fund units/Debt instruments	Total	Financial assets evaluated at fair value through the profit or loss account
01st January 2018	**1.307.017.335**	**145.637.510**	**1.452.654.846**	**208.830.917**
Transfer from shares evaluated at fair value through other overall result elements (AFS according to IAS 39) to shares at fair value through profit or loss (***FVTPL*** - IFRS 9)	(52.980.379)	(145.637.510)	(198.617.889)	198.617.889
Transfer from shares evaluated at fair value through profit or loss (***HFT*** according to IAS 39) to shares evaluated at fair value through other overall result elements (***FVTOCI -IFRS 9)***	178.961.930	-	178.961.930	(178.961.930)
Sales during the period	(133.217.504)	-	(133.217.504)	(25.183.341)
Purchases during the period	39.605.268	-	39.605.268	55.795.112
Fair value modification	101.002.594	-	101.002.594	(4.592.437)
(Loss)/gain from the sale of FVTPL	-	-	-	(141.877)
30th June 2018	**1.440.389.244**	**-**	**1.440.389.245**	**254.364.333**
01st January 2019	**1.286.637.922**	**-**	**1.286.637.922**	**267.187.022**
Sales during the period	(58.584.947)	-	(58.584.947)	(44.361.330)
Purchases during the period	12.746.762	-	12.746.762	9.524
Fair value modification	184.652.203		184.652.203	25.417.528
Gain from the sale of FVTPL	-	-	-	1.027.928
30th June 2019	**1.425.451.939**	**-**	**1.425.451.940**	**249.280.672**

19. FINANCIAL ASSETS (continued)

c) Investments held to maturity

In LEI	**30th June 2019**	**31st December 2018**
Corporate bonds	7.842.641	7.727.238
Municipal bonds	88.800	94.740
Total	**7.931.441**	**7.821.978**

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 based on the entries data 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).

30 June 2019

In LEI	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through the profit or loss account	247.627.624	-	1.653.048	249.280.672
Financial assets assigned at fair value through other overall result elements	1.316.358.291	-	109.093.649	1.425.451.940
	1.563.985.915	**-**	**110.746.697**	**1.674.732.612**

31 December 2018

In LEI	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through the profit or loss account	265.566.445	-	1.620.577	267.187.022
Financial assets assigned at fair value through other overall result elements	1.175.414.894	-	111.223.027	1.286.637.921
	1.440.981.339	**-**	**112.843.604**	**1.553.824.943**

19. FINANCIAL ASSETS (continued)

d) Fair-value hierarchy (continued)

Financial assets	Fair value 30th June 2019	Evaluation technique	Non-observable entry data, value intervals	Relationship between non-observable entry data and fair value
Unlisted minority holdings	5.182.556	Market approach, comparable companies method (based on invested capital/EBITDA multiple)	EV/EBITDA multiple interval: 5,4x ÷ 9.27 x Lack of liquidity discount : 15,5% – 16,8%	The higher the EBITDA multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
Unlisted minority holdings	2.886.900	Market approach, comparable companies method (based on equity/ unitary accounting value multiple).	P/BV multiple: 1 Lack of liquidity discount: 9,6%	The higher the P/BV multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
listed, non-liquid minority holdings	12.336.386	Market approach, comparable companies method (based on invested capital/ turnover multiple)	EV/CA multiple: 1,1x Lack of liquidity discount: 30%	The higher the EV/CA multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
listed, non-liquid minority holdings	1.850.000	Market approach, comparable companies method (based on equity/ net profit multiple)	Price/ net profit multiple: 7,5 Lack of liquidity discount: 16,6%.	The higher the price/net profit multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
listed, non-liquid minority holdings	345.100	Market approach, comparable companies method (based on equity multiple/ accounting value)	Price/equity multiple: 0,78 Lack of liquidity discount: 16%.	The higher the price/equity multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.

19. FINANCIAL ASSETS (continued)

d) Fair-value hierarchy (continued)

Financial assets	Fair value 30th June 2019	Evaluation technique	Non-observable entry data, value intervals	Relationship between non-observable entry data and fair value
Unlisted minority holdings	8.359.221	Revenue approach – updated cash flows method	average weighted cost of Capital : 13%-14%	The lower the weighted average cost of capital, the higher the fair value.
			Lack of control discount: 7,7%-13,8	The lower the lack of control discount the higher the fair value
			Lack of liquidity discount: 9,6%-16,6%	The lower the lack of liquidity discount, the higher the fair value.
			Long-term revenue increase rate : 1%-2,5%	The higher the long-term revenue increase rate, the higher the fair value.
listed non-liquid minority holdings	71.799.078	Revenue approach – updated cash flows method	average weighted cost of capital : 10,3%-13,3%	The lower the average weighted cost of capital the higher the fair value .
			Lack of control discount: 7,7%-12%	The lower the lack of control discount the higher the fair value.
			Lack of liquidity discount: 10%-16,6%	the lower the lack of liquidity discount, the higher the fair value.
			Long-term revenue increase rate: 1%-2,5%	The higher the long-term revenue increase rate, the higher the fair value.

19. FINANCIAL ASSETS (continued)

d) Fair-value hierarchy (continued)

Financial assets	Fair value 30th June 2019	Evaluation technique	Non-observable entry data, value intervals	Relationship between non-observable entry data and fair value
listed, non-liquid minority holdings (holding type or which intend to sell a high percentage of real estate assets)	1.372.000	Assets approach – summation method or corrected net asset method.	Market value of equity reported to their accounting value: 0,5-0,85 Lack of control discount: 9,3%-28,4% Lack of liquidity discount: 9,6%-14,7%.	In the balance the accounting value is identified through equity. The higher the price/accounting value obtained, the lower the fair value. The lower the lack of control discount the higher the fair value. the lower the lack of liquidity discount the higher the fair value.
unlisted minority holdings (holding type or that intend to sell a significant percentage of real estate assets)	6.029.370	Assets approach – summation method or corrected net asset method.	Market value of equity reported to their accounting value: 0,5x-5x Lack of control discount: 9,3%-20,4% Lack of liquidity discount: 7,4% - 15%.	In the balance the accounting value is identified through equity. The higher the price/accounting value obtained, the lower the fair value The lower the lack of control discount The higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
Unlisted minority holdings	586.087	Cost	The fair values for these holdings have been considered to be those previously used due to the information limitations and limitations identified in the evaluation approach due to constant historic losses.	
	110.746.698			

19. FINANCIAL ASSETS (continued)
d) Fair-value hierarchy (continued)

Financial assets	Fair value on 31st December 2018	Evaluation technique	Non-observable entry data, value intervals	Relationship between non-observable entry data and fair value
unlisted minority holdings	5.182.589	Market approach, comparable companies method (based on invested capital / EBITDA multiple)	EV/EBITDA multiple: 5,4 – 11,7 Lack of liquidity discount: 12% – 16,8%	The higher the EBITDA multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
unlisted minority holdings	2.886.900	Market approach, comparable companies method (based on equity/ unitary accounting value multiple)	P/BV multiple: 1 Lack of liquidity discount: 9,6%	The higher the P/BV multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
Listed non-liquid minority holdings	12.336.386	Market approach, comparable companies method (based on invested capital/ turnover multiple)	EV/CA multiple: 1,1 Lack of liquidity discount: 30%	The higher the EV/CĂ multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
Listed non-liquid minority holdings	1.850.000	Market approach, comparable companies (based on equity/ net profit multiple)	Price/ net profit multiple: 7,5 Lack of liquidity discount: 16,6%.	The higher the price/profit multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
Listed non-liquid minority holdings	345.100	Market approach comparable companies method (based on equity / equity method).	Price/ equity multiple: 0,78 Lack of liquidity discount: 16,6%.	The higher the price/equity multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.

19. FINANCIAL ASSETS (continued)

d) Fair-value hierarchy (continued)

Financial assets	Fair value on 31st December 2018	Evaluation technique	Non-observable entry data, value intervals	Relationship between non-observable entry data and fair value
Unlisted minority holdings	10.276.921	Revenue approach – updated cash flow method	Weighted average cost of capital : 8%-14%	The lower the weighted average cost of capital, the higher the fair value.
			Lack of control discount: 7,7%-13,8	The lower the lack of control discount, the higher the fair value.
			Lack of liquidity discount: 9,6%-16,6%	The lower the lack of liquidity discount, the higher the fair value.
			Long-term revenue increase rate: 1%-2,5%	The higher the long-term revenue increase rate, the higher the fair value.
Listed non-liquid minority holdings	71.799.078	Revenue approach – updated cash flow method	Weighted average cost of Capital: 10,3%-13,3%	The lower the weighted average cost of capital the higher the fair value
			Lack of control discount: 7,7%-14%	The lower the lack of control discount, the higher the fair value.
			Lack of liquidity discount: 10%-16,6%	The lower the lack of liquidity discount, the higher the fair value.
			Long-term revenue increase rate: 1%-2,5%	The higher the long-term revenue increase rate, the higher the fair value.
Listed, non-liquid minority holdings (holding type or that intend to liquidize a significant percentage of real estate)	1.808.378	Assets approach – summation method corrected net asset method	Market value of equity reported to their accounting value: 0,5-0,85	In the balance the accounting value is identified through equity. The lower the resulted price/accounting value, the lower the fair value.
			Lack of control discount: 9,3%-28,4%	The lower the lack of control discount the higher the fair value.
			Lack of liquidity discount: 9,6%-14,7%.	The lower the lack of liquidity discount, the higher the fair value.

19. FINANCIAL ASSETS (continued)

d) Fair-value hierarchy (continued)

Financial assets	Fair value on 31st December	Evaluation technique	Non-observable entry data, value intervals	Relationship between the non-observable entry data and fair value
Unlisted minority holdings (holding type or that intend to liquidize a significant percentage of real estate)	5.588.747	Assets approach – summation or corrected net asset method	Market value of equity reported to their accounting value: 0,5-5,7	In the balance the accounting value is identified through equity. The lower the resulted price/accounting value, the lower the fair value.
			Lack of control discount: 9,3%-20,4%	The lower the lack of control discount the higher the fair value.
			Lak of liquidity discount: 9,6%-15%.	The lower the lack of liquidity discount, the higher the fair value.
Listed minority holdings	769.505	Cost	The fair values for these holdings have been considered to be the ones previously used due to the information limitation and the limitations identified in the evaluated approaches due to constant historic losses.	
Total	**112.843.604**			

19. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

The main non-observable entry data are:

Revenue multiple: this is an instrument used to evaluated companies based on the market comparison with similar, listed companies. The estimation of a company based on turnover is useful when the profit value is influenced by elements that are not connected to the normal course of business. The turnover is the profit and loss account indicator that is the hardest to be influenced by accounting policies, which recommends its being used as a multiple.

EBITDA Multiple: is the most relevant multiple used in the evaluation of a holding and it is calculated using the information available for comparable listed companies (with the same geographic location, extent of industrial sector, target markets as well as other factors that the evaluators consider relevant). Trading multiples for comparable companies are determined by dividing the company value to the corresponding EBITDA indicator and through the later application of discounts, from grounds such as lack of liquidity and other differences between the analyzed and evaluated company.

Price/ Accounting value : this indicator evaluates the market price of a company in relation with its equity (net assets). This indicator reflects the ratio that investors are willing to pay for the net asset per share value. P/BV ratio significantly varies, depending on the field of activity. A company that required more assets (for example a manufacture company with manufacture area and equipment) will need a significantly lower accounting Price /value of equity, than one whose revenue comes from service delivery (for example a consultancy company).).

Average weighted cost of capital: represents the company capital cost in nominal terms (including inflation) based on the "Capital Asset Pricing Model". All capital sources – shares. bonds and other long-term liabilities are included in the calculation of the average weighted cost of capital.

Lack of control discount: represents the discount applied to reflect the absence of control and is used in the updated cash flow method, in order to determine the value of the minority holding in the capital of the evaluated company.

Lack of liquidity discount: represents the discount applied to comparable market multipliers, in order to reflect liquidity differences between the company in the portfolio subjected to evaluation and the comparable companies considered. The evaluators estimate the discount for lack of liquidity based on their professional judgment, taking into consideration the market conditions regarding liquidity and factors that are specific for the evaluated company.

In case of holdings that are part of holding-type companies, the evaluation model has been determined by adding up the market value of assets and liabilities, namely their accounting values adjusted following subsequent evaluations to which the revenue approach was applied.

19. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

Modification of level 3 fair value

In LEI	**30TH June 2019**	**30th June 2018**
On January 1st	**112.843.604**	**119.799.870**
Total Gain/(Loss) recognized in profit or loss	22.948	1.050.951
Total Gain/(Loss) recognized in other overall result elements	(211.332)	4.224.762
Purchases	9.524	38.857.947
Sales	(1.918.047)	(9.179.261)
On 30th June	**110.746.697**	**154.754.267**

On 30th June 2019 the Group classified in level 1 of evaluation the titles measured based on the closing prices of BVB market, on the last trading date. In this evaluation level we include the fund units evaluated based on the unitary value of their net asset, certified by the fund depositary.

19. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

Holdings classified in level 3 have been evaluated by independent evaluators based on the financial information supplied by the departments with monitoring function, using evaluation techniques hat maximize the use of relevant observable entry data and minimize the use of non-observable entry data, under the management's supervision and revision, making sure that all data that lay at the base of the evaluation report are accurate and proper. In Level 3 we include the holdings that have not been subjected to evaluation, their amount being insignificant.

e) Reserve from the re-evaluation at fair value of financial assets assigned at fair value though other elements of overall result, net of deferred tax.

in LEI	**30TH June 2019**	**30th June 2018**
On 1st January	**500.578.767**	**596.129.534**
Total net impact on reserve of the application of IFRS 9	**-**	**(78.095.851)**
Gross gain from the re-evaluation of financial assets evaluated at fair value through other elements of overall result	208.150.598	98.825.926
Deferred tax corresponding to the gain from the re-evaluation of financial assets evaluated at fair value through other overall result elements.	(29.455.085)	(7.119.228)
Net gain from the re-evaluation of available financial assets evaluated at fair value through other overall result elements	**178.744.908**	**91.706.698**
Net gain corresponding to the transfer into reported result account, following the sale of financial assets.	(23.160.751)	(18.188.547)
On 30th June	**656.162.923**	**591.551.834**

19. FINANCIAL ASSETS (continued)

f) Titles in equivalence

In LEI	**30th June 2019**	**31st December 2018**
Shares	37.388.394	38.082.609
Total	**37.388.394**	**38.082.609**

Securities in equivalence are represented by the holding of shares in S.C. Străulești Lac Alfa, securities purchased in 2018.

g) Assets held for sale purposes

In LEI	**30th June 2019**	**31st December 2018**
Lands and buildings	12.015.414	12.015.414
Total	**12.015.414**	**12.015.414**

The assets held for sale purposes are lands and buildings located in Piatra Neamt, Aurel Vlaicu, Street belonging to subsidiary S.C. Mecanica Ceahlău S.A.

20. REAL ESTATE INVESTMENTS

In LEI	**30th June 2019**	**30th June 2018**
Balance on 1st January	**37.138.194**	**11.462.193**
Fair value modifications	1.908.835	-
Increases(reductions)	24.967.235	11.982.317
Balance on 30th June	**64.014.264**	**37.138.194**

The increase registered in 2019 is represented mainly by the reclassifications of lands held by subsidiary S.C. Agroland Capital S.A. from Intangible assets to Real-estate investments.

The fair-value evaluation of real estate investments was made by independent assessors, members of the National Association of Assessors of Romania (ANEVAR).

20. REAL-ESTATE INVESTMENTNS (continued)

Fair value is based on market price quotes, adjusted, if the case be, so as to reflect the differences connected to the nature, location or condition of that given asset. These evaluations are periodically revised by the management of the Group.

Real estate investments held on 30th June 2019 are classified as level 3 of the fair value hierarchy.

21. TANGIBLE AND INTANGIBLE ASSETS

Gross accounting value	**1st January 2019**	**Increases**	**Reductions**	**30th June 2019**
Intangible assets				
Intangible assets	11.564.730	85.428	6.254	11.643.904
Pending intangible assets	712.606	-	-	712.606
Total	**12.277.336**	**85.428**	**6.254**	**12.356.510**
Tangible assets				
Lands	28.182.898	419.468	23.271.010	5.331.356
Buildings	20.536.970	1.358.365	-	21.895.335
Equipment	20.438.341	268.640	39.373	20.667.608
Transportation means	10.456.988	981.814	1.148.746	10.290.056
Other fixed means	555.386	81.214	16.784	619.817
Pending tangible assets	8.876.095	1.740.226	1.101.882	9.514.439
Assets representing use rights	-	2.618.011	-	2.618.011
Total	**89.046.678**	**7.467.738**	**25.577.794**	**70.936.621**

Cumulated amortization	**1st January 2019**	**Increases**	**Reductions**	**30th June 2019**
Intangible assets				
Intangible assets	3.693.140	99.303	5.727	3.786.717
Total	**3.693.140**	**99.303**	**5.727**	**3.786.717**
Tangible assets				
Lands	-	89.475	-	89.475
Buildings	2.338.545	541.451	9.864	2.870.132
Equipment	10.082.125	420.053	37.777	10.464.401
Transportation means	1.738.552	333.084	811.912	1.259.725
Other fixed means	684.486	15.449	10.379	689.555
Asset amortization representing use rights in a leasing contract	-	1.212.309	-	1.212.309
Total	**14.843.708**	**2.611.821**	**869.932**	**16.585.599**
Net accounting value				
Intangible assets	8.584.195			8.569.793
Tangible assets	74.202.969			54.351.022

21. TANGIBLE AND INTANGIBLE ASSETS (continued)

Gross accounting value	**1st January 2018**	**Increases**	**Reductions**	**30th June 2018**
Intangible assets				
Intangible assets	11.477.668	39.555	-	11.517.224
Pending intangible assets	712.606		-	712.606
Total	**12.190.274**	**39.555**	**0**	**12.229.830**
Tangible assets				
Lands	30.312.774	901.199	8.482.379	22.731.595
Constructions	28.333.315	2.667.977	1.128.446	29.872.847
Equipment	22.697.736	140.701	1.405.609	21.432.829
Transportation means	10.909.771	161.529	5.618	11.065.682
Other fixed means	646.574	12.143	10.274	648.444
Pending tangible assets	7.407.480	707.818	9.349	8.105.948
Total	**100.307.651**	**4.591.367**	**11.041.674**	**93.857.344**

Cumulated amortization	**1st January 2018**	**Increases**	**Reductions**	**30th June 2018**
Intangible assets				
Intangible assets	3.576.810	118.024	44.866	3.649.968
Total	**3.576.810**	**118.024**	**44.866**	**3.649.968**
Tangible assets				
Lands	-	-	-	-
Constructions	5.351.478	539.014	50.780	5.839.712
Equipment	12.268.232	605.585	1.413.827	11.459.990
Transportation means	2.366.076	245.836	441.096	2.170.816
Other fixed means	748.230	34.205	15.587	766.846
Total	**20.734.015**	**1.424.640**	**1.921.290**	**20.237.365**
Net accounting value				
Intangible assets	8.613.464			8.579.862
Tangible assets	79.573.636			73.619.980

21. TANGIBLE AND INTANGIBLE ASSETS (continued)

Losses from impairment recognized in the profit and loss account have been classified in the expenses with the amortization and impairment of property.

The value decrease of lands registered in the first semester of 2019 is mainly represented by the reclassification of lands held by subsidiary S.C. Agroland Capital S.A. from Tangible Assets to Real-estate investments.

The accounting value of intangible assets mortgaged for the loan agreements contracted by the Group's entities, on 30th June 2019 has been of 14.102.503 lei (31st December 2018: 6.648.251 lei).

The net accounting value of the fixed means purchased in financial leasing on 31st December 2018 was 81.724 lei.

22. a) OTHER FINANCIAL ASSETS AT AMORTIZED COST

In LEI	**30TH June 2019**	**31st December 2018**
Various debtors	102.210.680	93.012.796
Dividends to be collected	6.000.239	-
Other financial assets at amortized cost	75.130	33.381
Minus adjustments for impairment of various debtors.	(60.302.168)	(60.466.264)
Total	**47.983.881**	**32.579.913**

Various debtors mainly include amounts coming from final sentences worth 55 mil lei (SIF Moldova S.A.) and commercial claims. For the values for which collection is uncertain, the Group has calculated impairment adjustments.

22. a) OTHER FINANCIAL ASSETS AT AMORTIZED COST (continued)

The movement of adjustments for the impairment of various debtors can be analyzed as follows:

In LEI	**30th June 2019**	**30th June 2018**
On 1st January	**(60.466.264)**	**(60.296.016)**
Setup	(68.530)	(1.696.303)
Re-run	232.627	3.865.105
On 30th June	**(60.302.168)**	**(60.466.264)**

22. b) STOCKS

In LEI	**30th June 2019**	**31st December 2018**
Raw materials and materials	5.854.195	2.290.855
Pending production	70.132.226	83.454.421
Unfinished products	66.904	64.749
Finished products	29.102.865	14.829.991
Merchandize	4.161.826	3.322.374
Adjustments for impairment of stock value	(1.275.979)	(1.770.683)
Stocks at net value	**108.042.036**	**102.191.708**

The weight of stocks is held by subsidiaries Mecanica Ceahlău (20 mil lei) and Tesatoriile Reunite (84 mil lei).

22 c) OTHER ASSETS

In LEI	**30TH June 2019**	**31st December 2018**
Other assets	811.653	664.847
Profit tax	280.656	312.649
Taxes and levies	6.703.736	6.787.976
Total	**7.796.045**	**7.765.472**

The weight of Other assets represents VAT to be recovered of subsidiary Tesătoriile Reunite of 4.792.583 lei and other claims with the state budget held by Agrointens amounting to 1.628.168 mil lei.

23. LOANS

	30th June 2019	**31st December 2018**
Long-term debts	**8.710.657**	**8.968.430**
Long-term bank loans	7.983.646	8.968.430
Debts stemming from leasing contracts (between 1 year and 5 years)	727.011	-
Short-term debts	**52.249.512**	**39.853.639**
Short-term bank loans	51.756.969	39.802.149
Debts stemming from leasing contracts (under 1 year)	492.542	545.906
Total loans	**60.960.168**	**48.822.068**

On 30th June 2019, the Group had in its balance loans of 60.960.168 lei (31st December 2018: 48.822.068 lei).

Agrointens had three long-term credit contracts entered with Banca Transilvania, total amount 6.869.444 lei on 30th June 2019 (31st December 2018: 7.730.882 lei two with ROBOR 1M + 2,75% interest and one with ROBOR 1M + 2,9% interest (31st December 2018: two with ROBOR 1M + 2,75% interest and one with ROBOR 1M + 2,5% interest).

Mecanica Ceahlau had an investment credit in Euro, of 1.398.681 lei, the equivalent of 295.386 Euro (31st December 2018: 1.517.750 lei, the equivalent of 325425 Euro), with EURIBOR 3M +2,5% interest.

Company Tesătoriile Reunite had two bank credits in lei (a long-term one for investments and a long-term one for VAT financing) total amount.767.395 lei, entered with Raiffeisen Bank (31st December 2018: 39.521.947 lei).

24. DIVIDENDS TO PAY

In LEI	**30th June 2019**	**31st December 2018**
Dividends to pay for 2012	641	641
Dividends to pay for 2013	6.118	985
Dividends to pay for 2014	190.788	162.380
Dividends to pay for 2015	10.659.105	10.705.771
Dividends to pay for 2016	10.718.023	10.819.471
Dividends to pay for 2017	12.779.603	13.234.402
Dividends to pay for 2018	9.193.929	-
Total dividends to pay	**43.548.208**	**34.923.650**

Dividends to pay not collected within 3 years from the declaration date become outdated according to the law, with the exception of amounts garnished by tax authorities.

25. PROVISIONS FOR RISKS AND EXPENSES

In LEI	**30TH June 2019**	**31st December 2018**
Provisions for litigations	1.585.361	2.565.455
Other provisions	239.678	246.630
Total	**1.825.039**	**2.812.086**

For the amounts collected by the Group through bailiffs, we have started litigations against AAAS to challenge the enforced amounts. The Provisions for litigations represent amounts collected by the Group through bailiffs between 2011 and 2016, later challenged by AAAS.

The provision of litigations can be analyzed as follows:

In LEI	**30th June 2019**	**30th June 2018**
On 1st January	**2.812.086**	**4.153.896**
Setup	200.998	1.602.851
Re-run	(1.188.044)	(1.640.049)
On 30th June	**1.825.040**	**4.116.699**

26. LIABILITIES REGARDING DEFERRED PROFIT TAX

Debts regarding deferred profit tax on 30th June 2019 are generated by the elements detailed in the following table:

In LEI	**Assets**	**Liabilities**	**Net**
Tangible assets	11.205.233	-	11.205.233
Finical assets at fair value through other overall result elements	627.290.997	-	627.290.997
Real estate investments	13.104.931	-	13.104.931
Other assets	-	(17.974.659)	(17.974.659)
Provision benefit plan and untaken holiday leave	-	(7.258.382)	(7.258.382)
Provisions for litigations and other provisions	-	(7.011.584)	(7.011.584)
Total	**651.601.161**	**(32.244.625)**	**619.356.536**
Temporal net differences - 16% quote			619.356.536
Liabilities regarding deferred profit tax			**99.097.046**

Debts regarding deferred profit tax on 31st December 2018 are generated by the elements detailed in the following table:

In LEI	**Assets**	**Liabilities**	**Net**
Tangible assets	7.281.852		7.281.852
Finical assets at fair value through other overall result elements	444.160.567	-	444.160.567
Real estate investments	(9.126)	-	(9.126)
Other assets	(15.969.321)		(15.969.321)
Provision benefit plan and untaken holiday leave	-	(14.836.003)	(14.836.003)
Provisions for litigations and other provisions	6.240.624	(2.565.455)	3.675.169
Total	**441.704.595**	**(17.401.458)**	**424.303.137**
Temporal net differences - 16% quote			424.303.137
Liabilities regarding deferred profit tax			**67.888.502**

Deferred profit tax directly recognized through the lowering of equity is 102.159.397 lei on 30th June 2019 (31st December 2018: 72.230.787 lei), being generated by corporal intangible assets and financial assets evaluated at fair value through other overall result elements.

27. a) FINANCIAL LIABILITIES

In LEI	**30th June 2019**	**31st December 2018**
Suppliers	35.858.252	11.761.718
Payments to make for entities in the portfolio	9.320.000	9.320.000
Other financial liabilities	26.697.126	29.088.282
Total	**71.875.378**	**50.170.000**

27. b) LIABILITIES WITH PROFIT TAX AND OTHER DEBTS

In LEI	**30th June 2019**	**31st December 2018**
Liabilities regarding current profit tax	9.211.932	2.146.320
taxes and levies	1.595.789	2.402.121
Liabilities regarding the benefit plan	8.090.457	16.052.150
Other liabilities	424.302	478.037
Total	**19.322.480**	**21.078.627**

Liabilities regarding the benefit plan represent the amounts that are to be distributed from the net profit of the year to employees in compliance with the collective employment contract and to the managers in compliance with the management contracts. Current liabilities, including those with current profit tax have been paid by the Group on time.

28. CAPITAL AND RESERVES

(a) Share capital

Group's shareholding structure on 30th June 2019 and 31st December 2018 is the following:

30th June 2019	No. of shareholders	No. of shares	Amount (Lei)	(%)
Natural individuals	5.753.677	374.865.566	37.486.557	37%
Companies	199	638.313.610	63.831.361	63%
Total	**5.753.876**	**1.013.179.176**	**101.317.918**	**100%**

31st December 2018	No. shareholders	No. shares	Amount (RON)	(%)
Natural individuals	5.755.928	375.501.610	37.550.161	37%
Companies	201	637.677.566	63.767.757	63%
Total	**5.756.129**	**1.013.179.176**	**101.317.918**	**100%**

All shares are ordinary. They have been subscribed and fully paid on 31st December 2018. 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.

Thus, the share capital on 30th June 2019 is 101.317.918 lei (31st December 2018: 101.317.918 lei).

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 January2012), to 5% of share capital that is 50.658.959 shares.

28. CAPITAL AND RESERVES (continued)

(b) Reserves from the re-evaluation of financial assets available for sale (continued)

This reserve includes the net cumulated modifications of the fair value of financial assets evaluated at fair value through other overall result elements on the date of their classification in this category, until the date of their de-recognition or impairment.

Reserves from the re-evaluation of financial assets evaluated at fair value through other overall result elements are recorded at value net of corresponding deferred tax. The value of the deferred tax directly recognized through the lowering of equity is presented in explanatory note 26.

(c) Legal reserves

According to legal requirements, the Group sets up legal reserves of 5% of its net profit up to 20% limit of its share capital. The value of legal reserve on 30th June 2019 is 31.638.869 lei (31st December 2018: 31.638.869 lei).

Legal reserves cannot be distributed to shareholders.

d) Dividends

In the General Meeting of Shareholders on 18th April 2019 the Company's sharehodlers have approved the distribution of a gross dividend of 0,0304lei / share (total 30.256.347 lei), corresponding to the statutory profit of financial year 2018.

(e) Other equity elements – Own shares

The total number of own shares held by the company on 30th June 2019 was 17.934.057 shares, representing 1,77% of share capital (31.12.2018: 22.065.237 shares, representing 2,18% of share capital) net value 23.244.479 lei (on 31.12.2018: 28.598.935 lei).

During the reporting period, the employees and managers were assigned a number of 4.131.180 shares (0,4077% of share capital), total value of 5.354.456 lei, representing shares offered through the Stock Option Plan program of 2017 ("SOP 2017").

29. MINORITY INTEREST

Interests that do not control represent part of the profit or loss and of the net assets not held, either directly or indirectly by the Group and are presented in the consolidated overall result and in equity in the consolidated financial position statement, separately from the capital of the mother company's shareholders. The modifications of holdings in subsidiaries, that do not result in loss of control, are reflected as transactions between shareholders in their shareholders capacity.

29. MINORITY INTEREST (continued)

In LEI	**30th June 2019**	**30th June 2018**
On 1st January	**16.402.261**	**14.702.106**
Profit assignable to minority interest	180.378	439.466
Modifications in group structure	65.893	14.499
On 30th June	**16.648.532**	**15.156.071**

30. RESULT PER SHARE

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

In LEI	**30th June 2019**	**30th June 2018**
Profit assignable to ordinary shareholders	110.006.989	49.375.705
Gain included in other overall result elements assignable to ordinary shareholders	23.160.751	18.188.547
Weighted average number of ordinary shares	1.013.179.176	1.013.179.176
Result per basic share	**0,131**	**0,067**

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

31. ENGAGEMENTS AND CONTINGENT LIABILITIES

For the trials where SIF Moldova acts as plaintiff/respondent whose object influences the company's patrimony we have registered provisions in the accounting.

Most trials where SIF Moldova acts as plaintiff correspond to litigations against AAAs. For the amounts claimed by the Company and gained through final and irrevocable civil sentences, we have registered AAAS claims in the accounting – for most of which we have started the enforcement procedure.

31. ENGAGEMENTS AND CONTINGENT LIABILITIES (continued)

The litigations filed by AAAS with object the challenge of enforcements of SIF Moldova are detaied below:

• Contingent liabilities on 31st December	3.053.639 lei
• Litigations started in the 1st semester of 2019	18.254.557 lei
• Solutions in favor of SIF Moldova during the 1st semester of 2019	2.325.814 lei
• Contingent liabilities on 30th June 2019	18.982.382 lei

Of the total contingent liabilities registered on 30th June 2019 of 4.609.454 lei, the amount of 3.657.139 lei represents the value of shares in compliance with Law 151/2014 following the withdrawal of SIF Moldova from shareholding, the amount of 492.777 lei represents the value of the agreement to take over Textila Oltul- SIF Moldova litigious rights and 459.538 lei represents other contingent assets.

(a) Contingents related to the environment

The regulations regarding the environment are currently being developed in Romania, but the Grup has not recorded any obligations on 30th June 2019 and 31st December 2018 for any types of anticipated costs, including legal and consultancy fees, studies of the location, design and implementation of certain remedy plans connected to the environment.

The management of the Company does not think that expenses associated to possible environmental problems are significant.

(b) 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.

32. TRANSACTIONS AND BALANCES WITH THIRD PARTIES IN SPECIAL RELATIONSHIP

Group's Associated Entities

The balances and transactions between the members of the Group have been eliminated from the consolidation process and are not presented under this explanatory note.

The Group holds one associated entity on 30th June 2019 and 31st December 2018 – Străuleşti Lac Alfa S.A., with a holding percentage of 50%.

Key Management Staff

30th June 2019

On 30th June 2019 and 31st December 2018 the members of the Board of Directors of SIF Moldova were: Ceocea Costel (President of the Board of Directors), Octavian Claudiu Radu (Vice-president of the Board of Directors), Doroş Claudiu (CEO), Cătălin Jianu Dan Iancu (adjunct CEO), Ciorcilă Horia (non-executive manager).

The wages and indemnities paid or to be paid for the key staff of 30th June 2019 has been of 5.564.133 lei (30th June 2018: 4.862.437 lei).

The key management staff has received a participation to profit of 492.738 lei (30th June 2018: 4.375.651 lei) and shares offered through SOP 2017 Program of 4.454.033 lei (30th June 2018: 3.345.157 lei).
The money rights of the managers are approved by the Board of Directors through the management contract.

33. EVENTS FOLLOWING THE BALANCE DATE

In July 2018 we have completed the public purchase offer of own shares approved by FSA resolution no. 810/12.06.2019, with the following main characteristics:

- number of shares that are object of the offer: 12.700.000 (1,2535% of share capital);
- purchase price: 1,85 lei/share;
- running period: 18.06.2019 – 01.07.2019;
- subscription location: according to the offer document displayed on the site : www.sifm.ro

The purpose of the program is the reduction of share capital through annulment of bought-back shares in compliance with the Resolution of the Extraordinary General Meeting of Shareholders of SIF Moldova no. 3/18.04.2019 (published in the Official Gazette part IV no. 2124/21.05.2019).

Subsidiary S.C. Agointens S.A. has contracted a long-term investment credit of 1.400.000 lei, fulfilling resolution no..7 of EGMS on 15.05.2019.

The consolidated financial statements have been approved by the Board of Directors on 16th September 2019 and have been signed on its behalf by:

Claudiu Doroş	**Mihaela Moleavin**
CEO	CFO

H1 2019 Consolidated Board of Directors' Report

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

Contents:

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Half-yearly report according to: *Law no. 24/2017, Title III - Issuers whose securities are admitted to trading on a regulated market, Chapter III - Periodic information; ASF Regulation no. 5/2018 regarding the issuers of financial instruments and market operations; ASF Norm no. 39/2015 regarding the approval of the accounting regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the ASF.*

Report date: *September 16, 2019*
Issuer name: *Societatea de Investitii Financiare MOLDOVA S.A.*
Headquarters: *94C Pictor Aman street, Bacau*
Phone/fax/e-mail: *0234576740 / 0234570062 / sifm@sifm.ro*
Sole registration number at the Trade Register Office: *2816642*
Trade Register Number: *J04/2400/1992*
LEI: *254900Y1O0025N04US14*
Share capital: *101,317,917.6 RON*
Number of issued shares: *1,013,179,176*
Face Value: *0.1 RON/share*
Ownership structure: *100% private*
Free float: *100%*
ASF Register No.: *PJR07[1]AFIAA/040002*
Regulated market on which the issued securities are traded: *Bucharest Stock Exchange, Premium category*
International identifiers: *Bucharest Stock Exchange: SIF2; ISIN: ROSIFBACNOR0; Bloomberg: BBGID BG000BMN5F5; Reuters: SIF2.BX*

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NOTE 1: For the comparability of information, SIF Moldova maintains the same structure of the annual and half-yearly consolidated periodic reports.

NOTE 2: All amounts are presented in RON, if not otherwise specified.

1. Presentation of the development and performance of SIF Moldova Group's activities and position

SIF Moldova SA is classified as Alternative Investment Funds Manager (AIFM) certified by the Financial Supervision Authority under no. 20/23.01.2018 and functions abiding by the provisions of Law no. 24/2017 regarding the issuers of financial instruments and market operations, Law no. 297 regarding capital market, Law 31/1990 regarding companies and FSA regualtions issued in the application of primary legislation.

Purpose – increasing the value of the assets under management.
The main activity of the company is represented by financial investments.
Its activity object consists in:
a) administration and management of financial instruments, derived financial instruments and other instrument qualified as such through the regulations of the competent authorities;
b) administration and management of shares/bonds and other rights stemming from these in unlisted or closed companies;
c) risk management;
d) other auxiliary and adjacent activities for collective management.

The company is self-managed in unitary system.

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

Depository services are provided by BRD - Société Générale S.A. – a company authorized by the Financial Supervision Authority.

1.1. Consolidation area

The unaudited interim financial statements at June 30, 2019 include the company and its subsidiaries (hereinafter referred to as "Group") as well as the interests of the Group in its associated entities.

Subsidiaries are entities under the Group's control. Control represents the power to lead the financial and operational policies of an entity in order to obtain benefits from activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the time control begins to be exercised up to the time control ceases. The accounting policies of the Group have been modified for the purpose of aligning them to those of the Group.

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

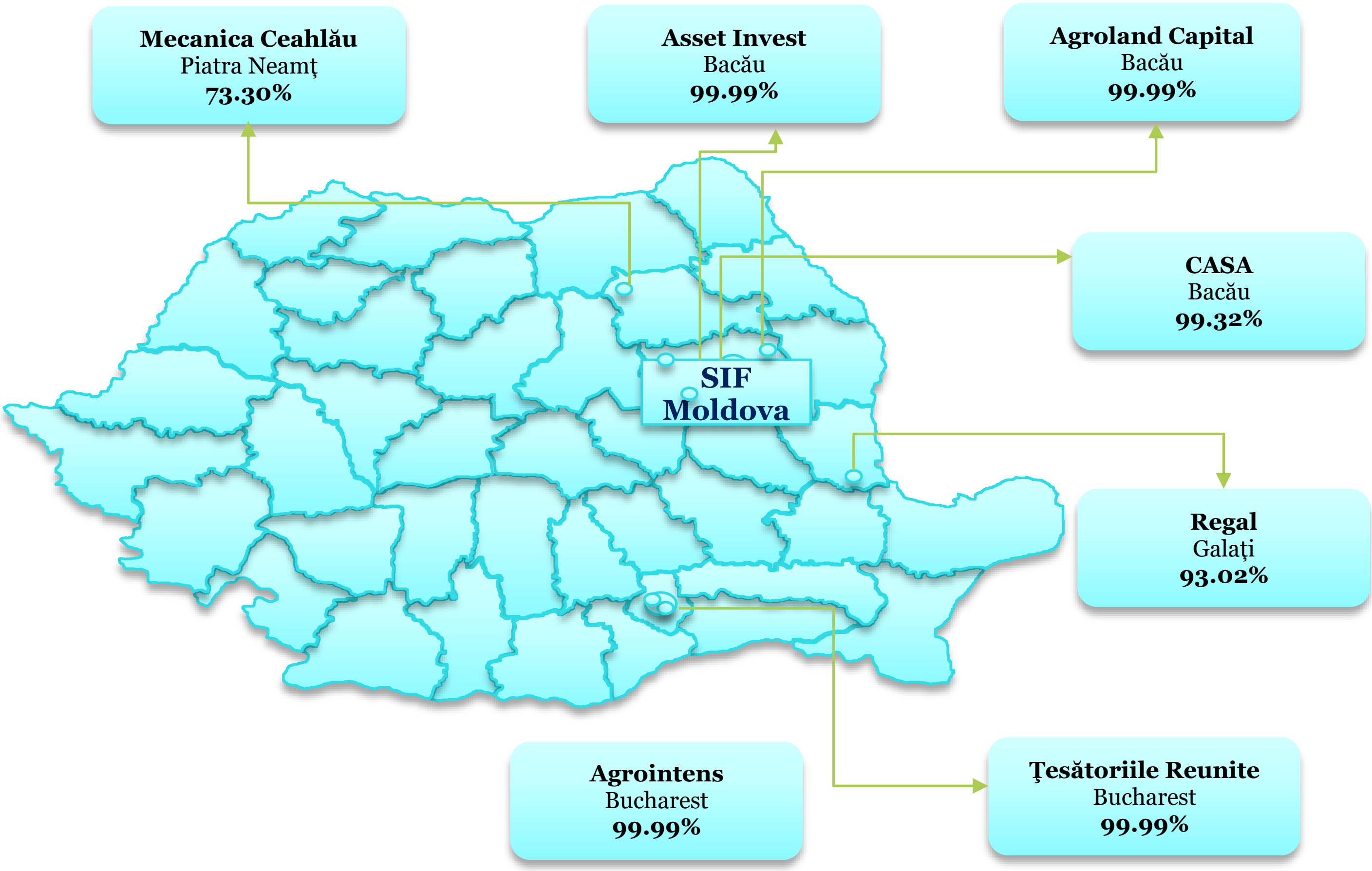
The consolidated financial statements include the quota of the Group from the results of the associated entities, based on the equivalence method, from the date the Group has started to exercise significant influence, up to the date when this influence ceases

On June 30, 2019 and December 31, 2018 the Group holds investments in associated companies, namely 50% holdings in Străuleşti Lac Alfa S.A.

The Group's policies regarding consolidation bases can be found in the notes of the Group's *consolidated financial statements*.

The component of the SIF Moldova Group was recertified by FSA - *Certificate no. 23 of October 22, 2018* (Current report of October 23, 2018):

No	Subsidiary name	SIF MOLDOVA – mother company SIF Moldova direct holding (%)	Company type (closed/listed)	Weight in total assets (%)
1	AGROINTENS SA Bucharest	99.99	unlisted	1.78
2	AGROLAND CAPITAL SA Bacau	99.99	unlisted	1.57
3	ASSET INVEST Bacau	99.99	unlisted	0.13
4	CASA SA Bacau	99.32	unlisted	0.47
5	MECANICA CEAHLAU SA Piatra Neamt	73.30	BVB–REGS (MECF)	1.21
6	REGAL SA Galati	93.02	BVB–ATS (REGL)	0.55
7	TESATORIILE REUNITE SA Bucharest	99.99	unlisted	2.86
	Total			**8.58**



Status of mutual holdings of entities included in the consolidation – June 30, 2019

Subsidiary name	Shareholders	No. of shares	Holding (%)	Face value (RON)
Agrointens SA	SIF Moldova SA	2,996,161	99.999	10
	CASA SA	1	0.001	
	TOTAL	2,996,162	100	
Agroland Capital SA	SIF Moldova SA	3,812,000	99.999	10
	Asset Invest SA	1	0.001	
	TOTAL	3,812,001	100	
Asset Invest SA	SIF Moldova SA	38,330,420	99.997	0.1
	CASA SA	1,000	0.003	
	TOTAL	38,331,420	100	
Casa SA	SIF Moldova SA	4,658,462	99.319	2.5
	other shareholders	31,946	0.681	
	TOTAL	4,690,408	100	
Tesatoriile Reunite SA	SIF Moldova SA	10,833,277	99.999	2.5
	CASA SA	1	0,001	
	TOTAL	10,833,278	100	
Regal SA	SIF Moldova SA	1,116,258	93.021	0.1
	A.A.A.S. BUCURESTI	29,035	2.42	
	Other shareholders	54,707	4.559	
	TOTAL	1,200,000	100	
Mecanica Ceahlau SA	SIF Moldova SA	175,857,653	73.302	0.1
	New Carpatian Fund	48,477,938	20.207	
	Other shareholders	15,572,869	6.491	

	TOTAL	239,908,460	100	

1.2. Summary regarding subsidiaries (activity, main financial results)

The Group's basic activities are the financial investments carried out by the Company, as well as the activities carried out by the subsidiaries, consisting mainly in the following activities:

- Business and management consultancy
- Real estate
- Manufacture of agricultural machinery and equipment;
- Food production and marketing;
- Fruit production.

1.2.1. Mecanica Ceahlău S.A.

Setup in 1921, Mecanica Ceahlău S.A. Piatra – Neamţ has as object of activity the manufacture of agricultural machines and machines for logging.
The machines and equipment manufactured by „Mecanica Ceahlău" cover all agricultural works, from solid preparation from seeding to harvesting.

Main financial results (IFRS):

	2017	H1 2018	2018	H1 2019	H1 2019/H1 2018 Evolution
Total assets	64.617.962	64.482.765	67.624.418	71.270.297	111
Turnover	45.056.600	19.156.136	34.083.441	15.885.437	83
Net Profit (loss)	(1,498,266)	1.569.919	3.164.476	634.141	40
ROE %	n/a	3,73	5,9	1,48	40
ROA %	n/a	2.43	4,68	0,90	37

1.2.2. Ţesătoriile Reunite S.A.

The company Tesatoriile Reunite was setup in 1933. Currently, the company operates in the field of industrial real estate rentals and real estate development.

Main financial results (IFRS):

	2017	H1 2018	2018	H1 2019	H1 2019 / H1 2018 Evolution (%)
Total assets	50.772.850	75.238.096	109.491.024	150.452.125	200
Turnover	1.981.649	810.642	1.583.650	49.069.771	6053
Net Profit (loss)	92.972	(3.109.604)	(2.288.631)	9.332.348	-330
ROE %	0,23	n/a	n/a	21,14	n/a
ROA %	0,18	n/a	n/a	6,20	n/a

1.2.3. Regal S.A.

Regal S.A. was set up in 1990 through the resolution of Galati district prefecture, as a joint stock company, based on Law no. 15/1991 and Law no. 31/1990.
The main objects of activity of the company are public food provision – restaurants, as well as the rental of own real estate.

Main financial results (IFRS):

	2017	H1 2018	2018	H1 2019	H1 2019 / H1 2018 Evolution (%)
Total assets	5.596.911	2.935.944	6.416.776	4.292.867	146
Turnover	3.658.550	680.257	5.629.554	275.172	40
Net Profit (Loss)	1.627.479	262.874	3.111.004	(26.247)	-10
ROE %	40,58	11,03	67,08	n/a	n/a
ROA %	29,08	8,95	0,48	n/a	n/a

1.2.4. Casa S.A.

Setup in 1999 as a joint stock company, based on Law no. 31/1990, the main object of activity of the Company consists in rental and sub-rental of own or rented real estate.

Main financial results (IFRS):

	2017	H1 2018	2018	H1 2019	H1 2019 / H1 2018 Evolution (%)
Total assets	12.987.985	13.168.684	12.281.912	14.249.906	108
Turnover	1.250.164	1.743.712	3.044.949	2.717.856	156
Net Profit (Loss)	(400.092)	209.363	(13.514)	1.894.261	905
ROE %	n/a	1,63	n/a	13,52	829
ROA %	n/a	1,59	n/a	0,13	8

1.2.5. Asset Invest S.A.

Asset Invest S.A. company functions as an independent company, with own legal entity, based on the Memorandum of Association from 2013. The main object of activity is business and management consultancy.

Main Financial results (IFRS)

	2017	H1 2018	2018	H1 2019	H1 2019 / H1 2018 Evolution (%)
Total assets	4.040.597	4.136.346	4.274.826	4.075.376	99
Turnover	961.770	453.016	918.161	416.292	92
Net Profit (loss)	63.306	169.666	220.008	(52.696)	-31
ROE %	2,13	4,40	5,65	n/a	n/a
ROA %	1,57	4,10	5,14	n/a	n/a

1.2.6. Agrointens S.A.

Setup in 2014 as a joint stock company based on Law no. 31/1990, the main activity object of the company is consultancy for business and management.

Main financial results (IFRS):

	2017	H1 2018	2018	H1 2019	H1 2019 / H1 2018 Evolution (%)
Total assets	24.863.806	27.620.553	33.472.515	35.871.028	130
Turnover	6.261.376	2.874.530	4.405.687	190.970	7
Net Profit (Loss)	(1.392.066)	(608.096)	(928.219)	(1.132.483)	186
ROE %	n/a	n/a	n/a	n/a	n/a
ROA %	1,49	n/a	n/a	n/a	n/a

1.2.7. Agroland Capital S.A.

Setup in 2014 as joint stock company based on Law no. 31/1990. The company was setup with the purpose of capitalizing on investment opportunities in the agribusiness-real estate field. The company did not carry out any activities in H1 2018.

Main financial results (IFRS):

	2017	H1 2018	2018	H1 2019	H1 2019 / H1 2018 Evolution (%)
Total assets	64.118	50.389	39.069.648	39.411.622	78215
Turnover	213	793	-	20.085	2533
Net Profit (Loss)	(26.334)	(10.384)	7.865	(140.708)	1355
ROE %	n/a	n/a	0,02	n/a	n/a
ROA %	n/a	n/a	0	n/a	n/a

1.3. Influences resulted following consolidation operations

1.3.1. Comparative status of assets as of June 30, 2019

The table below presents the comparative status of assets based on the figures in the individual and consolidated financial statements drafted in compliance with IFRS.

Balance position	Company	Group	Differences
Cash and cash equivalents	335.410	41.031.920	40.696.510
Bank deposits	238.097.730	243.997.316	5.899.586
Financial assets at fair value through the profit or loss account	323.887.195	249.280.672	(74.606.523)
Financial assets designated at fair value through other comprehensive income	1.582.008.215	1.425.451.939	(156.556.276)
Titles put into equivalence	-	37.388.394	37.388.394
Bonds at amortized cost	7.931.441	7.931.441	-
Real estate investments	3.505.273	64.014.264	60.508.991
Intangible assets	50.536	8.569.793	8.519.257
Tangible assets	9.329.450	54.351.022	45.021.572
Fixed assets held for sale	-	12.015.414	12.015.414
Stocks	-	108.042.036	108.042.036
Biological assets	-	2.320.553	2.320.553
Other financial assets at amortized cost	13.650.571	47.983.881	34.333.310
Other assets	216.797	7.796.045	7.579.248
Total assets	**2.179.012.618**	**2.310.174.690**	**131.162.072**

1.3.2. Comparative status of liabilities and equity as of June 30, 2019

The table below presents the comparative statements of liabilities and equity based on the figures in the individual and consolidated financial statements, drafted in compliance with IFRS.

Balance position	Company	Group	Differences
Loans	-	60.960.168	60.960.168
Dividends to pay	43.235.108	43.548.208	313.100
Provisions for risks and expenses	1.585.361	1.825.039	239.678
Liabilities regarding deferred profit tax	100.223.987	99.097.046	91.126.941)
Liabilities regarding current profit tax	8.285.263	9.211.932	926.669
Financial liabilities at amortized cost	9.882.724	71.875.378	61.992.654
Other liabilities	9.126.785	10.110.548	983.763
Total liabilities	**172.339.228**	**296.628.319**	**124.289.091**
Share capital	526.723.352	526.723.352	-
Reported result	813.726.908	827.083.713	13.356.805
Reserves from the reevaluation of tangible assets	8.867.402	9.605.855	738.453
Reserves from the reevaluation of financial assets available for sale	680.033.733	656.162.923	(23.870.810)
Own shares	(23.244.479)	(23.244.479)	-
Other equity elements	566.474	566.474	-
Total equity assignable to company shareholders	**2.006.673.390**	**1.996.897.838**	**(9.775.552)**
Minority interest	-	**16.648.532**	**16.648.532**
Total debt and equity	**2.179.012.618**	**2.310.174.690**	**131.162.072**

1.3.3. Comparative analysis of overall result as of June 30, 2019

Status of overall result position	Company	Group	Differences
Revenues			
Revenues from dividends	96.351.629	93.697.915	(2.653.714)
Revenues from interests	1.265.779	1.327.067	61.288
Other operational revenues	543.185	66.964.881	66.421.696
Other net revenues	586.021	-	(586.021)
Net revenues from assets sale	438.741	1.026.996	588.255
(Net loss) / Net gain from the re-evaluation of financial assets at fair value through profit or loss	25.999.832	25.410.645	(589.187)
Net profit from the reassessment of real estate investments	-	1.908.835	1.908.835
Losses from assets impairment	(9.302)	(365.330)	(356.028)
Expenses with the setup of provisions for risks and expenses	980.094	1.373.508	393.414
Other operational expenses	(11.938.310)	(67.353.593)	(55.415.283)
Other expenses	(202.782)	-	202.782
Operational profit	**114.014.887**	**123.990.924**	**9.976.037**
Financing expenses	**(39.407)**	(1.465.904)	(1.426.497)
Profit before taxation	**113.975.480**	**122.525.020**	**8.549.540**
Profit tax	(11.344.942)	(12.518.031)	(1.173.089)
Net profit of the financial year	**102.630.537**	**110.006.989**	**7.376.452**
Other overall result elements			-
Earnings related to the transfer of the financial assets measured at fair value through other elements of the global result, net of tax, recycled in the reported result	23.265.572	23.160.750	(104.822)
Reserve increase from the re-evaluation of tangible assets, net of deferred tax	17.179	1.336.858	1.319.679
Net gain on the revaluation of the financial assets measured at the fair value through other elements of the overall result	178.849.729	178.744.907	(104.822)
Transfer of the reserve in the reported result / profit or loss as a result of the sale of FVTOCI / AFS, net of tax	(23.265.572)	(23.160.750)	104.822
Other overall result elements	**178.866.908**	**180.081.765**	**1.214.857**
Total overall result of the period	**281.497.445**	**290.088.754**	**8.591.309**

1.4. Predictable development of SIF Moldova Group

1.4.1. Group's objectives and strategies for 2019

Key elements of 2019 Activity Program

The "key" elements of SIF Moldova's Investment Strategies and Policies are based on an assignment of resources to insure the sustainable development of SIF Moldova's activity and satisfaction of shareholders' interests both on the short and on the long run.

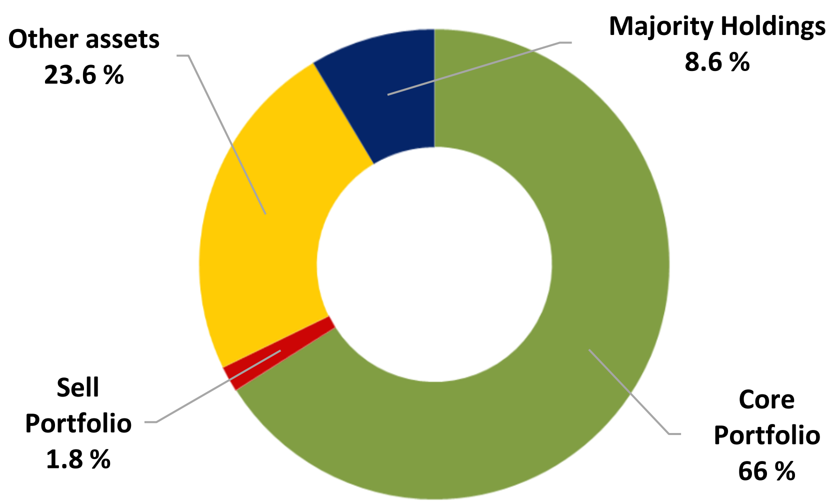
The solid /sustained **investment policy** is based on the long term increase of managed assets value, a basic elements for the consolidation of investors' trust.

Predictable **dividend policy** which remunerates invested capital at a rate that is higher to yields offered by monetary investments, is meant to satisfy the short-term interests of shareholders. At the same time, the existence of low yields on the monetary market favors investments, which serves the average and long-term interests of shareholders

Capital operations through the running of a Share buy-back program in order to reduce the share capital and to distribute shares to employees, managers and directors of the company.

Strategies for the assets portfolios:
- Increase for the Majority Holdings portfolio – "private equity" approach within existent majority holdings (real estate, agriculture, other sectors)
- Recalibration for the CORE portfolio – listed portfolio which offers liquidity for SIF Moldova assets, representing the main income and source generator for new investments.
- Restructure for the SELL portfolio – continuation of the restructure/ sale of the "historic" portfolio.

Portfolios weight in total assets as of June 30, 2019:



1.4.2. Majority Holdings Portfolio – includes companies from SIF Moldova Group

On June 30, 2019, the assets of the 7 subsidiaries of SIF MOLDOVA Group registered a value of 186,7 million lei, representing 8,6% of SIF MOLDOVA's total assets value.

Rules applied as per AIFM regulation

- ✓ The private-equity type investments through which control is obtained over unlisted companies is in line with the multiannual strategy and the legal and prudential risk limits of SIF Moldova without representing the main investment policy
- ✓ SIF Moldova is a shareholder with a holding of over 99% in all unlisted companies. In the selection and monitoring of investment in unlisted companies, SIF Moldova applies a high level of diligence, the staff holding the proper specialized knowledge for investment field specific activities: financial analysis, legal, commercial and technical, conclusion of agreements and contracts.
- ✓ These assets are evaluated in compliance with the evaluation policies and procedures, their value being reported monthly.

According to its Strategy and Investment Policy, SIF Moldova has an investment strategy for the development of Majority Holdings portfolio, characterized by:

a) project implementation in various activity sectors and business development for the companies in SIF Moldova's historic portfolio.
b) Investments in this portfolio represent a "private equity" approach that involves **the development of some existent majority holdings (real estate, agricultural machines, agribusiness), as well as new investments (real estate, agribusiness)** and offers medium or long-term growth opportunities.

The private equity approach involves an active involvement in entrepreneurial projects that leads to the increase of profitability of the assets under management and offers the possibility to compensate the risk of possible involution of SIF Moldova's holdings in listed companies.

Part of the investments presented in the paragraphs below are in the increase/development period, while others are in the maturity stage of a business' life-cycle.

1.4.2.1. Agrointens SA – "BLUEBERRY FARM" Project

(www.agrointens.ro)

Premises: The project targets the development of a business in the agro-business field through the purchase and setup of new blueberry farms plantations.

SIF MOLDOVA's investment: 5,6 million euro

Current status:

- ✓ *Ferma Vistea*, Brasov district:
  - agriculture and maintenance works for 2019 land preparation
  - activities to obtain the approvals for the building of the cold warehouse.
- ✓ *Mandra Farm, Brasov district*:
  - agricultural and maintenance works for 2019 land preparation
- ✓ *Popesti Farm,* Arges district:
  - agricultural and maintenance works for 2019 land preparation
  - in January 2019 we completed the purchase of an adjacent land of around 10 ha;
  - Activities regarding the extension of the plantation.

Exit possibilities: investment recovery will be made through dividends, capital return and sale of investment in about 10 years' time from project start.

1.4.2.2. Agroland Capital SA – Iasi real estate project

Premises: The company has been setup for the purpose of capitalizing on investment opportunities from the agribusiness – real estate field for the purpose of generating value for the shareholders. There were purchased assets belonging to Iasitex SA company, located in the central area of Iasi municipality, with significant real estate development potential, on all segments: residential, office and commercial:

- ✓ land of around 30.000 square meters;
- ✓ administrative building (GF+8) with a built area of 4.600 square meters.

Directions of the activity:

- ✓ It has been concluded a contract for the demolition of the existing industrial buildings;
- ✓ Steps are taken for:
  - approval of the solution and opportunity study,
  - start and contracting of works to obtain the zonal urban plan,
- ✓ The real estate development will be based on a selection of architecture offers, the selected option will be presented before the Town Planning Committee of Iasi Town Hall.

1.4.2.3. Asset Invest SA

The company has the following main directions:

- ✓ Management of companies in its own portfolio, the objective being to liquidize these holdings.
  - current portfolio on 31.06.2019: 45 companies, of which 8 functional, 1 in insolvency, 1 in administrative liquidation, 35 in legal reorganization /liquidation (bankruptcy).
- ✓ Liquidation of companies in the "SELL" Portfolio of SIF MOLDOVA – based on mandate contract
  - the activity Asset Invest SA has the object of identifying buyers, negotiating share sale and purchase contracts for the non-performing portfolio of SIF MOLDOVA.
- ✓ Representation in GMS/BD for the companies in its own portfolio, or the portfolio of SIF MOLDOVA.
  - Asset Invest SA exercises its manager quality as company. For this purpose, the company has appointed representatives, natural individuals and formalized its general representation framework.
- ✓ Monitoring the information and events regarding the companies in SIF MOLDOVA's portfolio –based on service agreements.

Corporate event:

EGMS of April 4, 2019 – has decided:

- ✓ revocation of EGMS resolution on 29.03.2018 published in OG no. 1503/19.04.2018, since the resolution was not enforced and produced no effects.
- ✓ share capital decrease for ASSET INVEST SA Bacau, from 3.833.142 lei, la to 3.033.142 lei, by returning part of shareholder SIF Moldova SA's contribution, that is the amount of 800.000 lei and corresponding annulment of 8.000.000 shares with a nominal value of 0,10 lei each.
- ✓ cession to Asset Invest SA of the share packages owned by SIF Moldova to a number of 13 companies, for a price of 1.952.517 lei (details under chapter 1.2.3.). Approval of the assessment contracts and reports drafted by Darian DRS, to set the cession price.

1.4.2.4. CASA SA

The company manages own real-estate assets and those of SIF Moldova. Its own real-estate property includes on 30.06.2019, a number of 11 buildings located in various municipalities (Suceava, Botosani, Piatra Neamt, Bacau, Iasi, Galati, Braila, Tulcea), with a useful area of about 5.425 square meters, of which around 3.424 square meters are rented. Additionally the company manages real estate assets belonging to SIF MOLDOVA an area of around 2.900 square meters, the rented area being of around 2.250 square meters.

1.4.2.5. Mecanica Ceahlau SA

The company manufactures agricultural equipment for land process and distributes (i) Steyer tractors, (ii) Project herbicidation equipment and (iii) Stoll front loaders.

1.4.2.6. Regal SA

The company manages own commercial spaces with a useful area of around 3.150 square meters and plans to continue selling properties without rental or development potential.

Corporate Events:
- ✓ *OGMS of 24.04.2019:* for financial year 2018 the distribution of cumulated dividends of 2,85 mil lei, representing a gross dividend of 2,38 lei/share was approved.
- ✓ *EGMS of 24.04.2019:* The sale of certain assets through public auction was approved for: "Restaurant Locomotiva", Restaurant Olt 3", garage land, all located in Galati.

1.4.2.7. Tesatoriile Reunite SA – "BABA NOVAC RESIDENCE" real-estate project (*www.babanovac-residence.ro*)

Project description: use of the company's land by building a residential complex.
"BABA NOVAC RESIDENCE" real estate project is developed by Tesatoriile Reunite SA Company.

Investment: SIF MOLDOVA participated to project financing through the increase of the share capital of Tesatoriile Reunite SA with the amount of 5,3 million euro. The co-financing of the project was provided through an investment bank credit of around 18 million euro from Raiffeisen Bank Romania.

Characteristics: 6 blocks of 363 apartments, 436 parking spaces of which 298 underground and 138 spaces above the ground. The selling value of the investment project is estimated to 34 million euro.

Current status:
- ✓ The apartments corresponding to Stage 1 (121 units) have been completed and are in the stage of being received by the developer and delivered to the buyers.
- ✓ The selling pace is that forecast, so that in H1 2019 we are speeding up the sale process for 96% of apartments
- ✓ Stages 2 and 3 of the complex will be completed in Q4 2019

Corporate event:
EGMS of April 24, 2019 approved the reconfiguration of Baba Novac Residence project, based on the coordinates mentioned in the justification note presented in EGMS, following the cancellation of the general contractor contract for failure to abide by contract terms. The management of the company is currently taking the measures necessary to run the program as scheduled.

Exit possibilities: Investment recovery will be through the sale of the built apartments.

Tesatoriile Reunite SA is taking steps (studies on urbanism solutions) for a new residential investment project in str. Spataru Preda, nr. 5.

1.4.3 *Status of the implementation of 2019 Investment Program*

SIF Moldova has analyzed and implemented investments *compliant with the directions and principles presented in 2019 Activity Program approved by the shareholders* (OGMS of April 18, 2019).

(million lei)	2019 Activity Program	Achieved in H1 2019 (%)	Achievement (%)
Total investment program, of which:	**111**	**16,6**	**15**
• Majority holdings		3,8	
• CORE		12,8	

1.5. Reporting on the legal documents concluded by SIF Moldova with its subsidiaries

(according to art. 82 Law no. 24/2017):

- Addendum no. 7 of January 8, 2019 to the Contract no. 6519 of November 11, 2014 – concluded with Casa SA, having as object the provision of services; change of contract value (*current report of January 9, 2019*);
- Contracts concluded on April 18., 2019, between SIF Moldova SA (seller) and Asset Invest SA (buyer), which concerned the transfer of the following stock of shares - contract no. / shares package: 2621 / Atlas Braila; 2612 / Humoreanca; 2617 / Agrocomplex Barlad; 2613 / Piscicola Murighiol; 2620 / Confectia Tg. Jiu; 2313 / Contor Group; 2615 / Vinia; 2619 / Bumbacaria Romaneasca; 2618 / Fortus; 2614 / Rafo. (*current report of April 19, 2019*);
- Addendum no. 2 of May 20, 2019 to the Contract no. 1722 of April 5, 2018 concluded with Asset Invest, having as object the rental of a vehicle / change of the rental period (*current report of May 21, 2019*);
- Addendum no. 24 of June 21, 2019 to the contract no. 7542 of December 17, 2015 concluded with Asset Invest; Mandate for the sale of VASCAR SA stock of shares (*current report of June 21, 2019*);

2. Analysis of IFRS results of SIF Moldova Group

2.1. Key Financial indicators (comparative presentation)

2.1.1. Liquidity indicators

The analysis of the liquidity indicators determines the ability of the company to honor, at one point, the payment obligations assumed on the basis of current assets. The term liquidity indicates the ability of an asset to be converted into money with a minimal loss of value.

Current liquidity indicator measures the Company's ability to honor its short-term debts. Current liquidity indicator is calculated as a ratio between the Company's current assets and its short-term liabilities. The higher the value of the current liquidity indicator, the higher the ability of the Company to honor its short-term debts without resorting to long-term financing resources. Otherwise, when the value obtained is below one unit, the company will have to resort to external financing resources.

Irrespective of the activity sector the company operates in, the value that is considered optimal for the current liquidity indicators is of about 2. For an accurate interpretation of the level of current liquidity rate, it must be compared with the average level per branch or that registered by competitors.

Quick liquidity indicator shows the Company's ability to honor its short-term debts through the most liquid current assets of the Company.

Indicator name	2017	2018	H1 2019
Current liquidity indicator	4,62	3,91	11,00
Quick liquidity indicator	4,03	2,93	8,98

2.1.2. Activity indicators

Activity indicators reveal the efficiency a company has in using its assets.

Fixed assets turnover is calculated as a ratio between the revenue from current activity and fixed assets. The turnover speed of fixed-assets evaluates the efficiency of fixed-assets management through the analysis of the turnover obtained by a certain quantity of fixed-assets.
Total assets turnover indicator is calculated as a ratio between turnover and total assets.
Total assets turnover speed analysis the turnover obtained by a certain quantity of total assets

Indicator name	2017	2018	H1 2019
Fixed-assets turnover speed	0,18	0,09	0,12
Total assets turnover speed	0,14	0,06	0,08

2.1.3. Profitability indicators

Profitability indicators reflect the efficiency of activities carried out by a company, regarding its ability to generate profit from available resources.

Return on equity (ROE) is calculated as a ratio between profit before the payment of interest and profit tax expenses and equity.

The return on equity represents one of the most important indicators used in measuring the performance of a Company. The main objective of every business is to maximize the investments made by its shareholders. Therefore a high ROE indicator value indicates that the investment made by the shareholders has been turned into high profit by the company's management.

Return on Assets (ROA) is calculated as a ratio between net profit and total assets of the company and measures the efficiency with which assets are used from the point of view of the profit obtained, indicating how many lei are obtained for each leu invested in company's assets.
Return on assets is, along with return on equity, one of the most important return indicators of a company.

Result per basic share is ascertained as a ratio between net profit or loss of a company during a financial year, and the number of ordinary shares present over that period.
Result per basic share represents, from financial point of view, an important indicator when the results of a company over a period of time are compared, or when the results obtained are compared to the results of other companies in the same sector of activity.
For a proper interpretation of this indicator, its evolution over a period of several years should be taken into consideration.

Indicator name	2017	2018	H1 2019
ROE (%)	10,8	3,1	6,2
ROA (%)	8,7	2,2	4,8
Result per basic share (lei / share)	0,16	0,088	0,13
Dividend per share (lei / share)	0,04	0,05	0,03

2.1.4. Other indicators

Other indicators	2017	2018	H1 2019
Debt recovery period (days)	42,0	92,8	46,5
Repayment period of current liabilities (days)	113,7	361,3	132,3
Level of indebtedness (%)	9,31	11,44	12,84
Equity & Loans (%)	10,56	2,97	5,98

3. Description of the main risks and uncertainties SIF Moldova Group is facing

3.1. Risk Management objectives and policies, including policies for their coverage

The management of the Group thinks that risk management should be carried out in a consistent methodological framework and that their management is an important part of the strategy regarding return maximization, obtaining the targeted level of profit while maintaining an acceptable risk exposure and abidance by legal regulations. The risk management structure set by the management of the Group is an integral part of the Group's strategic objectives.
The investment activity exposes the Group to a series of risks associated to the financial instruments held and the financial markets it operates on. The main risks the Group is exposed to are:

- Market risk (interest rate risk, currency risk and price risk)
- Liquidity risk;
- Issuer risk;
- Credit risk;
- Taxation risk;
- Risk corresponding to the economic environment;
- Operational risk.

The general risk management policy aims to maximize the Group's profit reported to the risk level it is exposed to and lower potential adverse variations on the Group's financial performance. The Group has implemented policies and procedures for the management and evaluation of the risks it is exposed to. These policies and procedures are presented within the section dedicated to each risk type.

3.1.1. Market Risk

The market risk is defined as the risk to register a loss, or not to obtain the expected profit, as a result of price, interest rate and currency exchange rate fluctuations. For an efficient market risk management, we use methods of technical and fundamental analysis, forecasts regarding the evolution of economic branches and financial markets, taking the following into consideration: :

- return evaluations corresponding to the share portfolio
- setting the concentration limits for assets in the same market, geographic position or economic sector
- setting the presence limits on new markets
- setting 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 market's short-term variations in order to obtain profit.

The selection of investment opportunities is carried out through:

- technical analysis;
- Fundamental analysis – ascertaining the issuer's ability to generate profit;
- Comparative analysis – ascertaining the relative value of an issuer, in relation to the market or other similar companies
- Statistical analysis – ascertaining tendencies and correlations using price history and traded volumes.

The Group is exposed to the following market risk categories:

(i) Price risk
The Group is exposed to price risk as there is the possibility that the value of financial instrument fluctuates following the change of market prices.

(ii) Interest rate risk

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

The Group does not use derived financial instruments in order to protect itself from interest rate fluctuations.

(iii) Currency Risk

Currency risk is the risk of registering losses or failing to achieve the estimated profit following the negative fluctuations of the currency rate.

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

3.1.2. Liquidity Risk

Liquidity risk represents the risk of registering loss or failing to reach estimated profits, resulted from the impossibility to at any time honor short-term payment obligations, without these involving excessive costs or losses that cannot be borne by the Group.

The Group's financial instruments may include investments in shares that are not traded on an organized market and that consequently may have low liquidity. Therefore the Group may have difficulties in the quick liquidation of investments in these instruments at a value close to the one set in the company's net asset calculation model for financial investment companies, as foreseen by FSA Regulation no. 9/2014 in order to fulfill its own liquidity requirements.

3.1.3. Issuer Risk

The issuer risk represents the current or future risk of losing the value of a security in the Group's portfolio, as a result of the deterioration of its economic-financial situation, either due to the business conditions (failure or failure of its internal activities according to its business plan) or due to some events, external tendencies and changes that could not be known and prevented through the control system.

3.1.4. Credit Risk

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

3.1.5. Taxation Risk

The Romania tax system is subject to various interpretation and constant changes that might be retroactive. In certain situations, tax authorities might adopt a position that is different to that of the Group and may calculated interest and tax penalties. Although the tax corresponding to a transaction may be minimal, penalties may be large, depending on the interpretation of the tax authority.

Moreover, Romanian Government has under its subordination a number of agencies authorized to control Romanian and foreign companies carrying out their activities in Romania. These verifications are largely similar to those carried out in many other countries, but they may also extend on legal or regulation areas the Romanian authorities might be interested in.

Statements regarding taxes and levies may be subjected to control and revision over a period of five years, usually after their submittal date. In compliance with legal provisions applicable in Romania, the controls may be subjected to additional verifications in the future.

The management of the Group thinks that it has registered accurate values int eh tax accounts, and other debts to the state, but there is a chance that the authorities will have a position that is different from that of the Group.

Starting with January 1st, 2007, following Romania's adherence to the European Union, the Group had to be subjected to the tax regulations of the European Union, and implement the changes brought on by European law. The way in which the Group has implemented these changes remains open for tax audit for a period of 5 years.

The last control of the Ministry of Public Finance the Group was subjected to cover the period up to January 1, 2010. Therefore, the Group's liabilities at this date may be the object of future verifications.

3.1.6. Risk corresponding to the economic environment

Romanian economy continues to show the specific traits of an emerging economy and there is a high uncertainty risk regarding the development of the politic, economic and social environment in the future.

The management of the Group is interested to estimate the nature of the changes that will take place in the economic environment of Romania and what their effect will be on the financial, operational and treasury status of the Group.

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

The management of the Group cannot foresee the effects of the crisis that will impact the financial sector in Romania nor their potential impact of the current financial statements.

The management of the Group considers that it has taken the necessary measures for the sustainability and development of the Group under current market conditions.

3.1.7. Operational Risk

Operational risk is defined as the risk of registering loss or failure to reach estimated profit due to some internal factors, such as improper running of some internal activities, the presence of improper staff or systems or due to external factors such as economic conditions, changes on the capital market, technological progress. Operational risk is inherent to all Group activities.

The policies defined for the management of operational risk have taken into consideration all event types that might generate significant risks and methods of their manifestation, in order to eliminate or lower financial or reputational losses.

3.2. Exposure to market risk, credit risk, liquidity risk and cash flow risk

3.2.1. Exposure to Market Risk

Exposure to Market Risk

The Group is exposed to market risk, as there is the possibility that financial instruments' value fluctuate following the change of market prices.

The Group is exposed to the risk associated to the price variation of financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. 85% of the total number of shares with active market held by the Group on June 30, 2019 (on June 30, 2018: 81%) represented investments in companies that were part of BET index of Bucharest Stock Exchange, index weighted with market capitalization and created to reflect the general tendency of the prices of the 10 most liquid shares traded on Bucharest Stock Exchange.

A positive variation of 10% in the price of financial assets at fair value through profit or loss account would lead to an increase of the profit after tax, with 20.939.576 lei (December 31, 2018: 22.443.710 lei), a negative variation of 10% having an equal net impact and of opposite sign.

A positive change of 10% in the prices of financial assets measured at fair value through other elements of the global result would lead to an increase in equity, net of profit tax, with 119.737.963 lei (December 31, 2018: with 108.077.585 lei), a negative variation of 10% having an equal and opposite net impact.

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

	June 30, 2019	%	December 31, 2018	%
Financial activities, banks and insurance	912.567.299	63	766.069.017	57
Natural gas industry	207.512.559	14	177.833.933	13
Transport, storage, communication	4.100.000	-	4.094.067	-
Chemical and petrochemical industry	79.991.100	6	115.356.925	9
Textile industry	6.227.310	-	6.227.310	-
Pharma industry	-	-	43.333.402	3
Manufacture of machines, tools, equipment	13.061.644	1	14.062.599	1
Wholesale, retail, tourism and restaurants	16.305.726	1	16.903.391	1
Manufacture of transportation means	115.745.429	8	111.161.452	8
Real-estate transactions, rental, other services	65.630.542	5	66.072.022	5
Construction materials industry	7.167.953	-	10.267.952	1
Food industry	5.463.781	-	7.810.237	1
Others	3.371.968	-	1.653.874	-
TOTAL	**1.437.145.312**	**100**	**1.340.846.181**	**100**

As it can be observed from the table above, on the June 30, 2019 the Group mainly held shares in companies from the financial field, with a 63% ratio of the total portfolio, having a higher weight than that held on December 31, 2018.

Exposure to interest rate risk

On June 30, 2019 and December 31, 2018, most of the assets and liabilities of the Group are not interest-bearing. Therefore, the Group is not significantly affected by interest rate fluctuation risk. The cash excess or other similar money availabilities are invested in short-term investment titles with a maturity of 1 to 6 months.

The following tables present the Group's Exposure to interest rate risk:

	Net value on June 30, 2019	< 1 month	1-3 months	3-12 months	>1 year	No interest rate risk
Financial assets						
Cash and cash equivalents	41.031.920	40.959.735		-	-	72.185
Bank deposits	243.997.316	2.662.099	239.750.891	1.532.318		52.009
Financial assets at fair value through the profit or loss account	249.280.672	-	-	-	-	249.280.672
Financial assets measured at fair value through other comprehensive income	1.425.451.940	-	-	-	-	1.425.451.940
Titles put into equivalence	37.388.394	-	-	-	-	37.388.394
Bonds at amortized cost	7.931.441	-	216.398	8.820	7.706.223	-
Other financial assets at amortized cost	47.983.881	3.049.978	20.137.381	15.736.380	2.396.070	6.664.070
Total financial assets	**2.053.065.564**	**46.671.812**	**260.104.670**	**17.277.519**	**10.102.294**	**1.718.909.270**
Financial liabilities						
Dividends to be paid	43.548.208	-	-	-	-	43.548.208
Other financial liabilities	71.875.378	10.064.539	1.789.550	47.790.070	2.598.110	9.633.109
Loans	60.960.168	131.108	1.205.249	52.461.953	7.161.857	-
Total financial liabilities	**176.383.754**	**10.195.648**	**2.994.799**	**100.252.023**	**9.759.967**	**53.181.317**

	Net value on December 31, 2018	< 1 month	1-3 months	3-12 months	>1 year	No interest rate risk
Financial assets						
Cash and cash equivalents	10.627.278	10.592.552	-	-	-	34.726
Bank deposits	86.242.497	78.611.934	7.113.555	465.000	-	52.009
Financial assets at fair value through the profit or loss account	267.187.022	-	-	-	-	267.187.022
Financial assets measured at fair value through other comprehensive income	1.286.637.921	-	-	-	-	1.286.637.921
Titles put into equivalence	38.082.609	-	-	-	-	38.082.609
Bonds at amortized cost	7.821.978	-	215.781	8.820	7.597.377	-
Other financial assets at amortized cost	32.579.913	80.757	16.948.697	7.436.005	7.661.396	453.058
Total financial assets	**1.729.179.217**	**89.285.243**	**24.278.033**	**7.909.825**	**15.258.773**	**1.592.447.344**
Financial liabilities						
Dividends to be paid	34.923.650	-	-	-	-	34.923.650
Other financial liabilities	50.170.000	248.107	9.237.776	30.809.431	9.874.686	-
Loans	48.822.068	-	-	4.955.953	43.866.115	-
Total financial liabilities	**133.915.718**	**248.107**	**9.237.776**	**35.765.384**	**53.740.801**	**34.923.650**

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, expressed in other currency, corroborated with a modification of ± 500 bp of the interest rate corresponding to assets and liabilities bearing variable interest expressed in lei is 11.314.777 lei (December 31, 2018: 2.445.697 lei).

Exposure to currency risk

The assets expressed in lei and in other currencies on June 30, 2019 and December 31, 2018 are presented in the tables below.

June 30, 2019	RON	EUR	USD	Other currencies
Financial assets				
Cash and cash equivalents	39.947.897	1.073.284	10.704	35
Bank deposits	242.512.856	1.484.460	-	-
Financial assets at fair value through the profit or loss account	247.627.624	1.653.048	-	-
Financial assets measured at fair value through other comprehensive income	1.425.451.940	-	-	-
Titles put into equivalence	37.388.394	-	-	-
Bonds at amortized cost	88.800	7.842.641	-	-
Other financial assets at amortized cost	47.977.828	6.053	-	-
Total financial assets	**2.040.995.339**	**12.059.486**	**10.704**	**35**
Financial liabilities				
Dividends to be paid	43.548.209	-	-	-
Other financial liabilities	68.994.920	2.880.457	-	-
Loans	57.680.242	3.279.925	-	-
Total financial liabilities	**170.223.371**	**6.160.383**	**-**	**-**

December 31, 2018	RON	EUR	USD	Other currencies
Financial assets				
Cash and cash equivalents	10.545.546	54.969	26.762	-
Bank deposits	83.839.025	2.403.472	-	-
Financial assets at fair value through the profit or loss account	267.187.022	-	-	-
Financial assets measured at fair value through other comprehensive income	1.286.637.921	-	-	-
Titles put into equivalence	38.082.609	-	-	-
Bonds at amortized cost	94.740	7.727.239	-	-
Other financial assets at amortized cost	32.577.729	2.184	-	-
Total financial assets	**1.718.964.592**	**10.187.864**	**26.762**	**-**
Financial liabilities				
Dividends to be paid	34.923.650	-	-	-
Other financial liabilities	49.089.949	1.080.051	-	-
Loans	47.304.318	1.517.750	-	-
Total financial liabilities	**131.317.917**	**2.597.801**	**-**	**-**

The net impact on the Group's profit of ± 15% modification of the RON/EUR exchange rate, corroborated with a modification of ± 15% of the RON/USD exchange rate on June 30, 2019, all other variables remaining constant is of 886.476 lei (on December 31, 2018 ± 1.142.524 lei).

3.2.2. Exposure to Credit Risk

On June 30, 2019 and December 31, 2018, the Group did not hold any collateral with insurance right, nor other enhancements of credit rating. On June 30, 2019 and December 31, 2018, the Group did not register any outstanding financial assets that are not impaired.

The Group's maximum exposure to credit risk is of 340.872.373 lei on June 30, 2019 and 137.236.940 on December 31, 2018, including current accounts, bank deposits, bonds, other financial assets at amortized cost and can be analyzed as follows:

Exposures from current-account deposits

	June 30, 2019	December 31, 2018
Eximbank	158.474.458	-
Banca Transilvania	53.092.109	36.585.778
Unicredit Tiriac Bank	18.644	36.875.795
BRD - Group Societe Generale	38.160.746	14.388.607
Raiffeisen Bank	31.306.962	3.038.628
BCR	2.061.646	4.501.871
Other banks	1.914.671	1.479.096
Total	**285.029.236**	**96.869.775**

Exposures from investments held to maturity

	June 30, 2019	December 31, 2018
Bacău municipal bonds	88.800	94.740
Banca Transilvania bonds	7.842.641	7.727.238
Total	**7.931.441**	**7.821.978**

Various debtors and trade receivables

	June 30, 2019	December 31, 2018
AAS Bucuresti	54.962.800	54.952.612
Depozitarul Central	1.867.622	645.912
BRD Depositary	-	-
Ministry of Finance – litigious rights	-	2.415.314
Minerva S.A.		3.870.912
Other various debtors and trade receivables	51.455.627	31.161.427
Impairment adjustments	(60.302.168)	(60.466.264)
Total	**47.983.881**	**32.579.913**

Impairment adjustments cover all amounts corresponding to the trade receivables towards AAAS Bucharest.

3.2.3. Liquidity Risk

The structure of the Group's assets and liabilities has been analyzed based on the period of time remaining from the balance until the contractual maturity date, both for the reporting period concluded on June 30, 2019 and for that concluded on December 31, 2018, as follows:

June 30, 2019	Accounting value	< 3 months	3 - 12 months	> 1 year	No pre-set maturity
Financial assets					
Cash and cash equivalents	41.031.920	41.031.920	-	-	-
Bank deposits	243.997.316	242.412.989	1.532.318	-	52.009
Financial assets at fair value through the profit or loss account	249.280.672	-	-	-	249.280.672
Financial assets measured at fair value through other comprehensive income	1.425.451.940	-	-	-	1.425.451.940
Titles put into equivalence	37.388.394	-	-	-	37.388.394
Bonds at amortized cost	7.931.441	216.398	8.820	7.706.223	-
Other financial assets at amortized cost	47.983.881	23.187.360	15.736.380	2.396.070	6.664.070
Total financial assets	**2.053.065.564**	**306.848.667**	**17.277.519**	**10.102.294**	**1.718.837.085**
Financial liabilities					
Dividends to be paid	43.548.208	43.548.208	-	-	-
Other financial liabilities	71.875.378	11.854.089	47.790.070	2.598.110	9.633.109
Loans	60.960.168	1.336.357	52.461.953	7.161.857	-
Total financial liabilities	**176.383.754**	**56.738.655**	**100.252.023**	**9.759.967**	**9.633.109**

December 31, 2018	Accounting value	< 3 months	3 - 12 months	> 1 year	No pre-set maturity
Financial assets					
Cash and cash equivalents	10.627.278	10.627.278	-	-	-
Bank deposits	86.242.497	85.725.489	465.000	-	52.009
Financial assets at fair value through the profit or loss account	267.187.022	-	-	-	267.187.022
Financial assets measured at fair value through other comprehensive income	1.286.637.921	-	-	-	1.286.637.921
Titles put into equivalence	38.082.609	-	-	-	38.082.609
Bonds at amortized cost	7.821.978	215.781	8.820	7.597.377	-
Other financial assets at amortized cost	32.579.913	17.029.454	7.436.005	7.661.396	453.058
Total financial assets	**1.729.179.218**	**113.598.002**	**7.909.825**	**15.258.773**	**1.592.412.618**
Financial liabilities					
Dividends to be paid	34.923.650	34.923.650	-	-	-
Other financial liabilities	50.170.000	9.485.883	30.809.431	9.874.686	-
Loans	48.822.068	**-**	4.955.953	43.866.115	**-**
Total financial liabilities	**133.915.718**	**44.409.533**	**35.765.384**	**53.740.801**	**-**

3.2.4. Exposure to cash flow risk

	June 30, 2019	June 30, 2018
Net cash resulted from exploitation activities	**200.785.435**	**34.313.665**
Net cash used in investment activities	**(2.915.463)**	**960.713**
Net cash used in financing activities	**(10.777.830)**	**13.981.506**
Net increase of cash and cash equivalents	187.092.142	49.255.883
Cash and cash equivalents on January 1	96.352.767	55.969.850
Cash and cash equivalents on June 30	**283.444.909**	**105.225.734**

Cash and cash equivalents include the elements presented in the table below:

	June 30, 2019	June 30, 2018
Cash in the cash register	642.384	71.810
Bank current accounts	40.389.535	11.447.624
Bank deposits with a maturity under 3 months	242.163.415	93.655.799
Attached claims	249.574	50.501
Cash and cash equivalents	**283.444.909**	**105.225.734**

In the table below you find the reconciliation of cash and cash equivalents with the accounting balance:

	June 30, 2019	June 30, 2018
Cash and cash equivalents	41.031.919	11.519.434
Bank deposits	243.997.316	95.742.768
Less deposits with maturity over 3 months and blocked deposits	(1.584.327)	(2.036.468)
Cash and cash equivalents in the cash flow statement	**283.444.908**	**105.225.733**

4. Important events occurred following the completion of the reporting period

4.1. SIF Moldova SA

Current report of July 31, 2019

- According to article 144 of the ASF Regulation no. 5/2018, SIF Moldova presented the Independent Assurance Limited Report on the information included in the current reports drawn up by SIF Moldova in accordance with the provisions of art. 82 of Law 24/2017 and Regulation 5/2018, elaborated by the financial auditor KPMG AUDIT SRL.

4.2. Mecanica Ceahlau SA

Current report of July 31, 2019

- It has been completed the procedure for selling the asset located in Piatra Neamt, Aurel Vlaicu str. 34, for which the amount of 4.9 millions euro was collected.

4.3. Regal SA – Not applicable

4.4. Agrointens SA

OGMS of July 17, 2019

- The election of the 3 members in the Board of Directors, for a period of 4 years, namely 2009-2023

4.5. Agroland Capital SA

Real estate development Iasitex SA

- August 2019: obtaining the Urbanism Certificate for the demolition of some buildings.

4.6. Asset Invest SA

EGMS of August 27, 2019

- Approval of the revocation of resolution no. 3 of EGMS on 04.04.2019, since the resolution was not enforced and has produced no effects.
- Approval of the modification of the Memorandum of Association of ASSET INVEST SA in compliance with the reduction of share capital approved by Resolution no. 2 of EGMS on 04.04.2019 following the restitution proportional with the holdings of the company's shareholders of a share of their contribution, namely, the amount of 800.000 lei.

4.7. Tesatoriile Reunite SA

OGMS of July 26, 2019

- Selection of financial auditor KPMG Audit SRL and the duration of the financial audit contract for a period of 2 years (07.2019-07.2021).

EGMS of July 26, 2019

- Approval of the indicative offer and the financing conditions issued on 03.07.2019 by Raiffeisen Bank, the financing bank of Baba Novac Residential Project, with the proper modification of resolution no. 10 of EGMS on 16.06.2017.

4.8. Casa SA

- July 2019: recovery of claim of 946.240 lei (collected amount)
- August 2019: sale of real estate in Suceava of 898.926 lei (collected amount)

5. Information regarding the buyback of own shares by SIF Moldova Group

Public Purchase Offer for SIF2 shares

In compliance with SIF Moldova EGMS Resolution no. 3 of April 18, 2019 and FSA Approval no. 810 of June 12, 2019 the Public Purchase Offer was approved and run with the following characteristics and results:

- ✓ the number of shares subject to the offer: 12,700,000 (1.2535% of the share capital);
- ✓ purchase price: 1.85 lei/share;
- ✓ run period: June 18, 2019 – July 1, 2019;
- ✓ number of shares subscribed within the offer: 171,322,453 (16.91% of share capital)
- ✓ allocation index: 0.0741292211
- ✓ intermediary: SSIF BT CAPITAL PARTNERS S.A.

In accordance with the corporate governance objectives, the management of SIF Moldova considers that the mix of cash dividend distributions and subscription in the public purchase offer is a more attractive alternative for shareholders than the traditional dividend distribution. The shareholders who choose to subscribe to the offer achieve a higher yield than if the entire fund allocated for dividends and buybacks would have been distributed only to dividends.

Sizing this mix of policies aims to achieve a balance between providing the resources for the investment programs that are to be continued in 2019, the short-term expectations of shareholders regarding the distribution of dividends and the long-term expectations of shareholders, that is the increase of the net asset value and implicitly of the price per share.

6. Corporate Governance

6.1. Corporate Governance Code

(www.sifm.ro/about us/Corporate Governance Code).

6.1.1. The structure and operation of the administrative bodies, the governing bodies, the supervisory bodies and the committees.

6.1.1.1. General Meeting of Shareholders – The supreme government body of SIF Moldova is the General Meeting of Shareholders (GMS). The ordinary and extraordinary general meetings are convened by the Board of Directors in compliance with the legal and statutory provisions. The session papers are recorded by the secretariat chosen by the GMS; the minutes are drawn up in the special register.

The General Meeting of Shareholders adopts resolutions based on proposals made by the Board of Directors and/or shareholders. GMS resolutions, signed by the meeting president, are reported to FSA, BSE and made public through publication in a national newspaper, Official Gazette part IV, posting on company's website and at the headquarters. GMS resolutions are enforceable (applied immediately) from the moment they are adopted, if their contents or legal provisions do not foresee another time for their becoming enforceable *(Details presented in Annex 1)*.

6.1.1.2. Board of Directors - The company is managed by a Board of Directors comprised of 5 members, individuals, elected by the general meeting for a period of 4 years, with the possibility of being re-elected. The members of the Board of Directors are endorsed by FSA.

Current component of the Board of Directors: Ceocea Costel, Ciorcila Horia, Doros Liviu Claudiu, Iancu Catalin-Jianu-Dan, Radu Octavian-Claudiu – was approved by the OGMS Resolution no. 8.1. of April 4, 2017, for the mandate 2017 - 2021 and endorsed by the ASF (Approval no. 400 of July 13, 2017).

(Details on the organization and responsibilities of the Board of Directors are presented in Annex 1)

6.1.1.3. Audit Committee – is a permanent committee, independent from SIF Moldova management, subordinated to the Board of Directors. The Audit Committee assists the Board of Directors in carrying out

its responsibilities in the field of financial reporting, internal control, internal and external audit, risk management. The Audit Committee consists of 3 members, namely:
1. Octavian Claudiu Radu – President - non-executive and independent director;
2. Horia Ciorcila – member - non-executive and independent director;
3. Costel Ceocea – member - non-executive director.
(Details on the organization and responsibilities of the Audit Committee are presented in Annex 1)

6.1.1.4. Nomination and Remuneration Committee – is a permanent committee with a consultative function, independent from the executive management of SIF Moldova, subordinated to the Board of Directors. The committee assists the Board of Directors in fulfilling its responsibilities in the field of nominating and remunerating the members for management positions, as well as their remuneration. The committee consists of 3 members, namely:
1. Horia Ciorcila – President - non-executive and independent director;
2. Octavian Claudiu Radu – non-executive and independent director;
3. Costel Ceocea – membru - non-executive director.
(Details on the organization and responsibilities of the Nomination and Remuneration Committee are presented in Annex 1)

6.1.1.5. Executive management of the company is ensured, in compliance with the Memorandum of Association, the resolutions of the Board of Directors and applicable regulations, by the CEO and Deputy CEO, who act as managers of the company as per Law 31/1990 regarding companies. The managers meet the legal requirements for their position; have a good reputation and experience in compliance with FSA regulations, including experience regarding the AIF strategies managed by AIFM.
SIF Moldova management: Doros Liviu Claudiu – CEO, Iancu Catalin Jianu Dan – Deputy CEO – FSA Approval no. 401 of July 13, 2017
(Details on the organization and responsibilities of the Executive management are presented in Annex 1)

6.1.2. Protecting the interests /assets of SIF Moldova through legal procedures
The Legal Department has as main objectives: assistance, consulting and legal representation. The Legal Department contributed through the activity carried out to the realization of the strategy, within the litigation and the objectives pursued in the judicial and extrajudicial transactions, ensuring dedicated assistance and support.
The results of the Legal Department, at the level of SIF Moldova, are detailed in the Report of the Board of Directors related to the H1 2019 individual financial statements. (www.sifm.ro/ Regular Reports / 2019 / H1 2019 Report - chapter 7)
(Details on the organization and responsibilities of the Legal Department are presented in Annex 2)

6.2. Main characteristics of the internal control and risk management systems of SIF Moldova Group

6.2.1. Risk management - SIF Moldova establishes and maintains the permanent function of risk management which is separate and independent from other functions and activities. Structurally and hierarchically, the Risk Management Department is subordinated to the Board of Directors. The permanent function of risk management is exercised independently, from a hierarchical and functional point of view, compared to that of portfolio management and other functional compartments, by adopting all organizational measures to prevent conflicts of interest, expressly stipulated in the internal rules of the company. The permanent risk management function has the necessary authority and access to all the relevant information needed to fulfill the duties and responsibilities. Risk Management Department staff:
1. Sonia Fechet – risk manager, compartment coordinator (FSA Registry no.: PFR132FARA/040050)
2. Elena Rebei – risk manager (FSA Registry no.: PFR132FARA/040049)
The results of the Risk Management Department, at the level of SIF Moldova, are detailed in the Report of the Board of Directors related to the H1 2019 individual financial statements. (www.sifm.ro/ Regular Reports / 2019 / H1 2019 Report - chapter 4)
(Details on the organization and responsibilities of the Risk Management Department are presented in Annex 3)

6.2.2. Compliance - SIF Moldova establishes and maintains a permanent and effective compliance function that is independent. Structurally and hierarchically, the Compliance Department is subordinated to the Board of Directors. Each person in the Compliance Compartment is subject to the authorization of FSA and is entered in the Public Register of FSA. Compliance Compartment staff:
1. Michaela Puscas – compliance officer, compartment coordinator (FSA Registry no.: PFR131RCCO/04003)
2. Catalin Nicolaescu – compliance officer (FSA Registry no.: PFR131RCCO/04004)
The results of the Compliance Department, at the level of SIF Moldova, are detailed in the Report of the Board of Directors related to the H1 2019 individual financial statements. (www.sifm.ro/ Regular Reports / 2019 / H1 2019 Report - chapter 6)
(Details on the organization and responsibilities of the Compliance Compartment are presented in Annex 3)

6.2.3. Internal Audit - SIF Moldova establishes and maintains the permanent internal audit function that is separate and independent from other functions and activities of SIF Moldova. The department is subordinated to the Board of Directors. For the purpose of guiding the activity, the internal audit department develops policies and procedures that are aligned to the requirements of the International Standards for the professional practice of internal audit. Internal auditors notified by ASF: Virginia Sofian, Gabriela Stelea.
The results of the Internal Audit compartment, at the level of SIF Moldova, are detailed in the Report of the Board of Directors related to the H1 2019 individual financial statements. (www.sifm.ro/ Regular Reports / 2019 / H1 2019 Report - chapter 5)
(Details on the organization and responsibilities of the Internal Audit are presented in Annex 3).

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The H1 2019 Consolidated Board of Directors' report related to the Consolidated Financial Statements concluded on June 30, 2019, was approved in SIF Moldova Board of Directors' meeting of Sept. 16, 2019.

Costel Ceocea
President of the Board

Claudiu Doros
CEO

Mihaela Moleavin
CFO

Michaela Puscas
Compliance Officer

Annex 1

Structure and method of operation of management bodies, direction bodies, supervision bodies and committees

1.1. General Shareholder's Meeting

The supreme government body of SIF Moldova is the General Meeting of Shareholders (GMS). The ordinary and extraordinary general meetings are convened by the Board of Directors in compliance with legal and statutory provisions.

The General Meeting of Shareholders adopts resolutions based on proposals made by the Board of Directors and/or shareholders. GMS resolutions, signed by the meeting president, are reported to FSA, BVB and made public through publication in a national newspaper, Official Gazette part IV, FSA Bulletin, posting of the official side and at the headquarters. EGM resolutions are enforceable (applied immediately) from the moment they are adopted, if their contents or legal provisions do not foresee another time for their becoming enforceable.

1.2. Board of Directors

The company is managed by a Board of Directors comprised of 5 members, natural individuals, appointed for a period of 4 years, with the possibility of being re-elected. The members of the Board of Directors are FSA approved.

In its activity, the Board of Directors adopts resolutions. The resolutions of the Board of Directors are valid if more than half its members were present and the resolutions are adopted with the majority of votes cast by present members. The president of the Board of Directors will have decisive vote in case there is a tie. The president of the Board of Directors who is also the company's CEO cannot have a decisive vote. Legally adopted resolutions are mandatory for the directors and other managers and enforceable at the time of written submission or from the time of the general notification, through the secretariat of the Board of Directors, if they do not stipulate a later term when they are to come into force in their wording.

The Board of Directors appoints a president and a vice-president from among its members. The president of the Board of Directors can also be the company's CEO, and the vice-president can also the adjunct general manager. The president chairs the meetings. In case the president is not attending, the meetings are chaired by the vice-president.

The Board of Directors has the following basic competencies, that cannot be assigned :

a) setting the main activity and development directions of the Company;
b) setting the accounting policies and financial control system, and approves financial planning;
c) appointing and revocation of directors, setting their rights and obligations
d) supervision of directors' activity
e) preparing the annual report, organization of the general meeting of shareholders, and implementing its resolutions;
f) submitting the request to open the company's insolvency procedure;
g) proper fulfillment of the attributions set for the Board of Directors by the general meeting of shareholders
h) setup/cancellation of subsidiaries and other secondary offices, without legal personality, or change of their headquarters;
i) setting and approving the vote procedure during the general meeting of shareholders;
j) setting up other companies or legal entities, including participation to the share capital of other companies, under the conditions foreseen by the law;

k) pledging, rental, setup of real estate guarantees and mortgaging the company's property, under the following condition:
   - the purchase, sale, exchange or guarantee setup of certain assets in the fixed assets category of the issuer, whose value exceeds either individually or cumulated, 20% of total fixed assets value over one financial year, less liabilities, are concluded by the Board of Directors or directors of the company, only after being previously approved by the extraordinary general meeting of shareholders.
   - the rental of tangible assets, for a period over one year, whose individual or cumulated value with the same contracted party or individuals involved, or acting in a concert manner exceeds 20% of total tangible assets value, less liabilities on the date the legal document is singed, as well as associations over a period longer than one year, exceeding the same value, are to be previously approved by the extraordinary general meeting of shareholders.

l) approval of the exceeding of the limit foreseen by Law no. 31/1990, with the approval of the competent authority, in compliance with the regulations issued by it, for the buy-back of own shares issued in compliance with art. 4 Law 133/1996, in the property of initial holders. The bought-back shares can be used, based on the resolution of the board of directors, with the approval of the competent authority for the purpose of diminishing the capital or regulating the course of own shares on the capital market.

m) setting the relevant criteria for the monitoring of the activity of executive/higher management and the company as a whole, as well as annual evaluation of the way these criteria are applied;

n) analysis of the adequacy, efficiency and update of the risk management system for an efficient management of held assets, as well as the management method for the risks the company is exposed to;

o) insurance of the abidance by the requirements regarding outsourcing/assignment of certain operational activities or functions, both before their being carried out and over the entire duration of the outsourcing/assignment;

p) analysis and setting of the remuneration policy so that it corresponds to the business strategies, objectives and long-term interests and include measures to prevent the occurrence of conflict of interests;

q) insuring the development and application of ethical and professional standards in order to insure a professional and responsible conduct on the company's level to prevent the occurrence of conflict of interest;

r) approval of the risk appetite and risk tolerance limits for the company, as well as of the procedure for the identification, evaluation, monitoring, management and reporting of the significant risks the company may be or is exposed to;

s) drafting of plans to insure the continuity of the activity for emergency situations and their half-yearly evaluation".

Other attributions of the Board of Directors:

a) drafting general investment policies;
b) bank loan contracting;
c) conclusion of contracts with the depository, auditor and the entity that keeps the shareholders' records;
d) assigning the company representation right to other managers, setting the limitations of the mandate as well;
e) approval of the company's internal regulations and compliance procedure, internal audit, risk management and legal assistance for employees, directors and members of the board of directors;
f) negotiating the collective employment contract;
g) approval of the setup/cancellation of the management committee, with the quorum of votes for resolutions as foreseen in the Memorandum of Association;
h) approval of the organization of the company, organization chart, positions and remuneration limits;
i) appointing the individual(s) to replace the manager;
j) approval of the participation level to the benefit plan for managers and directors, paid including through share assignment or options to buy company shares, abiding by statutory provisions; making sure that the company has an IT system that allows the safe keeping of market price records for each asset in the portfolio, of the net assets, the unitary value of net assets for the regulated reporting

periods, record of the calculation method for all commissions, taxes and fees due, and keeping the history of these operations over a maximum period of 5 years;

k) approval of the activity reports for the internal audit, compliance and risk management departments;
l) approval of the investigation plan for the compliance department;
m) ordering measures to remove any law infringement situation, infringement of regulations applicable to be capital market or internal procedures by SIF Moldova or its employees, following the analysis of the suggestions submitted in writing by the compliance officer;
n) notification to FSA and capital market institutions involved about the circumstances ascertained by the compliance officer regarding the infringements of the legal regiment applicable to capital market and about the measures adopted;
o) approval of the multiannual and annual audit plan and necessary resources;
p) approval of the internal audit reports and measure plans to implement recommendations;
q) approval of the results of crisis simulations;
r) approval of the quarterly risk reports of the risk management department ;
s) approval of the classification of information as *privileged and confidential information* categories and the measures taken to manage them;
t) approval of the assets evaluation method in compliance with SEV Evaluation Standards and GEV Evaluation Guidelines that are mandatory according to legal provisions to carry out the evaluation activity in Romania, mainly:
    - market approach methods;
    - revenue approach methods;
    - cost approach methods.
u) the approval and examination of each modification of the policies and procedures for assets evaluation;
v) solving any other issues set by the general shareholders' meeting or legal regulations and provisions.

The main objective of the Board of Directors, on the average and long term is defined and determined by SIF Moldova's particularities, and macroeconomic context it operates on, is insuring a balance between the continuation of the activity under optimum conditions and meeting shareholders' expectations.

The directors' obligations and responsibilities are regulated by provisions regarding the mandate and those especially foreseen by Law no. 24/2017 regarding issuers and market operations, applicable FSA regulations and statutory provisions.

The members of the board of directors hold the knowledge, skills and experience to understand the activities of the company, especially the main risks associated to these activities, as well as the assets SIF Moldova invests in.

Audit Committee
The Audit Committee is a permanent committee, independent from SIF Moldova management, subordinated to the Board of Directors. The Audit Committee assists the Board of Directors in carrying out its responsibilities in the field of financial reporting, internal and external control and risk management.

The members of the Audit Committee are appointed by the Board of Directors.
The Audit Committee is comprised by a number of 3 members elected from among non-executive managers.

The members of the Audit Committee must have the proper experience for the attributions assigned to them within the committee. At least one member of the Audit committee must hold accounting and/or audit competencies.

Attributions, responsibilities:
a) it monitors the financial reporting process;
b) it monitors the efficiency of internal control systems, internal audit and risk management systems within SIF Moldova;

c) it monitors the auditing of annual individual and consolidated financial statements;
d) it verifies and monitors the independence of the financial auditor and especially the delivery of additional services;
e) it approves the Internal Audit Chart and internal audit and internal control procedures;
f) analysis and approves the multiannual and annual internal audit plan and the resources needed for this activity;
g) it analyses and approves the annual investigation plan for internal audit and its modifications;
h) it makes sure that the internal audit and internal control analysis and reports drafted are compliant with the audit and control plans approved by the Board of Directors;
i) it receives the internal audit report, analyses and approves the ascertainments and recommendations of the internal audit and the measure plan for their implementation;
j) it receives the report of the compliance officer, it analyses and approves the ascertainments and recommendations suggested and the measure plan for their implementation;
k) it analyses and approves the annual report regarding internal audit activity;
l) it analyses and approves the annual report regarding the compliance activity;
m) it analyses and approves the annual report regarding the risk management activity;
n) it analyses and approves the risk policy, risk procedures and risk management methodologies;
o) it analyses and approves risk reports from the risk management department;
p) it approves SIF Moldova's Accounting Policies Manual;
q) it monitors the credibility and integrity of the financial information supplied by the company, especially by revising the relevance and consistency of the accounting standards applied by it;
r) it makes recommendations to the Board of Directors regarding the election of the external auditor;
s) it collaborates with the external financial auditor in order to clarify relevant aspects deriving from financial reports;
t) it analyses the ascertainments and recommendations of the financial auditor regarding significant deficiencies of internal control concerning the financial reporting process;
u) it analyses the audit report and/or opinion of the financial auditor regarding essential aspects resulting from financial audit, as well as regarding the financial reporting process and recommends measures to be taken.

Appointing and Remuneration Committee

The Appointing-Remuneration Committee is a permanent committee with a consultative function, independent from the executive management of SIF Moldova, subordinated to the Board of Directors.

The committee assists the Board of Directors in fulfilling its responsibilities in the field of appointing and remunerating the members for management positions, as well as their remuneration.

The committee consists of 3 members elected from among non-executive managers, abiding by the independence condition foreseen by company law.

Attributions, responsibilities:
a) it drafts recommendations regarding the appointing policy for the company's administrators and directors, to be subjected to the approval of the Board of Directors.
b) it drafts recommendations regarding the remuneration policy of managers, directors and employees of the company;
c) it can draft recommendation regarding the remuneration policy on the level of SIF Moldova Group;
d) it submits the Board of Directors the annual report regarding remunerations and other advantages offered to the managers and directors during the financial year;
e) it is informed about the documentation that is provided to the financial auditor to analyze transactions reported in compliance with art. 82 Law no. 24/2017 regarding legal documents entered with managers and directors, and following the audit report, it recommends the measures to the taken, if necessary;

f) it drafts recommendation regarding the coverage of vacant positions within the Board of Directors, abiding by GMS resolution and applicable law;
g) it drafts recommendations regarding the adoption of the Board of Director's resolution and/or executive management for the appointing, employment, dismissal of department managers and staff with key and control positions, as well as regarding the setting their remuneration level and their rights and obligations;
h) it periodically evaluates the level of acquiring and application of specialized knowledge and makes recommendations regarding the continuous update process for the managers' and directors' professional competencies;
i) it makes recommendation for the improvement of the knowledge regarding the company's activity for the purpose of applying the best corporate governance practices;
j) it monitors the abidance by the transparency, information and reporting requirements and obligations, regarding the information from this field of activity.

1.3. Executive management

The executive management of the company is insured, in compliance with the Memorandum of Association, the resolutions of the Board of Directors and applicable regulations, by the General Manager and Adjunct General Manager, who act as directors of the company as per Law 31/1990 regarding companies. The directors meet the legal requirements for their position; have a good reputation and sufficient experience in compliance with FSA regulations, including experience with the investment strategies of IFM managed by AIFM.

Executive management is appointed by the Board of Directors, according to statutory provisions, the identity of the individuals being immediately made known to FSA.

The executive management:
- is authorized to manage and coordinate the daily activity of the company, according to the activities coordinated by each director;
- is responsible for the application of the general investment policy, for insuring the abidance by internal regulations and work procedures;
- notifies the Board of Directors regarding the activity carried out between its periodical meetings.

In the field of risk management, executive management is responsible for:
a) making sure that the Risk management policy, the procedures and methodologies for the identification, evaluation, monitoring, management and reporting of significant risks to which the company is or could be subjected to, approved by the Board of Directors are properly implemented;
b) adopting measures, proper and efficient processes and techniques for the monitoring and control of all relevant risks in compliance with the risk management policy;
c) insuring the resources necessary for the implementation of the risk management system;
d) setting the competencies and responsibilities for risk management on the level of each line of activity;
e) proper and efficient application and abidance by the risk limits taken on, including in case of emergency situations, as well as abidance by the risk profile approved by the Board of Directors;
f) making sure crisis simulations are carried out;
g) setting and maintaining a proper system for risk exposure reporting;
h) half-yearly evaluation of the plan to insure activity continuity and for the emergency situations in order to eliminate or minimize risks;
i) development of an integrated risk culture on the level of SIF Moldova, based on a full understanding of the risk the company is confronted with, the way these are managed, taking into consideration the risk tolerance/appetite of the company;

In the field of compliance insurance, the directors are responsible for:
a) approving the compliance policy (can be an integrated document or a combination of distinct internal regulations);

b) the analysis of the compliance policy and its method of implementation in SIF Moldova, at least once a year;
c) providing the resources necessary to implement the compliance policy;
d) ordering measures for the control of compliance risk.

CEO

The CEO enforces the resolutions of the Board of Directors, and for this purpose he issues written resolutions and orders. The decisions and orders are immediately enforceable from the time they are submitted to the individuals who have the authority to fulfill them.

The CEO has the following responsibilities:

a) direct and actual management of the company's activity, in compliance with the objectives set by GMS;
b) implementation of the company's general investment policy;
c) management of the company's patrimony within the limitations set by the law, the Memorandum of Association, GMS resolutions or the resolutions of the Board of Directors;
d) patrimonial engagement of the company in its relationship with third parties, through his own signature;
e) conclusion of contracts, with the exception of those that are the exclusive competence of the Board of Directors;
f) approval of the measures regarding the protection of the integrity of tangible and intangible assets in the company's patrimony;
g) trading and/or negotiation responsibilities regarding the goods or rights of the company within the limits foreseen by the law, Memorandum of Association, GMS resolution or those of the Board of Directors;
h) representation of the company in relationship with third parties and in court;
i) collaboration with the auditors of the company, the company's depositary and with the entity that keeps the records of shareholders, as well as those with other control or supervision bodies of the company;
j) approval of the content of the information reports for the market and shareholders regarding any action that is the object of a legal reporting obligation;
k) Internal (functional) organization of the company, taking into consideration the legal provisions, the provisions of the Memorandum of Association, internal regulations, the company's organizational chart as well as the resolutions of the Board of Directors;
l) employment, promotion and lay-off of company's employees with the exception of department directors and the individuals holding key-positions that are appointed by the Board of Directors, as well as application of disciplinary actions for the company's employees, in compliance with legal norms and internal regulations.
m) periodical information of the company's employees as well as negotiating with these the individual employment contracts and work conditions;
n) gratification of employees within the limits set by the collective employment contract and /or Board of Directors;
o) verification and control responsibilities for the way the company's employees or other individuals in contractual relationship with the Company carry out their tasks;
p) notification of the Board of Directors of the company regarding the activity carried out, in compliance with applicable law;
q) other responsibilities set by the company's Board of Directors through resolution or expressly foreseen by legal provisions.

The CEO coordinates the entire activity of the Company in compliance with the attribution of executive staff and organizational chart. He coordinates the daily activity of the following departments: Internal Audit, Compliance, Risk Management, Financial Department, Legal, Corporate Governance Service, the activity regarding labor safety and health and fire prevention and extinction activity.

The CEO leads and coordinates the Management Committee.

In case of absence, the attributions assigned by the Board of Directors will be the competence of the Deputy CEO and the actual management of the company will be insured by the Deputy CEO and one of the individuals assigned as replacements, and FSA notified.

Deputy CEO

The Deputy CEO has the following attributions:

a) implementation of the board of directors' resolutions;
b) direct and actual management of the company's activity in compliance with the general objectives set by GMS;
c) management of the company's patrimony within the limitations set by the law, the Memorandum of Association, resolutions of the general meeting of shareholders or of the Board of Directors;
d) patrimonial engagement of the company in its legal relationship with third parties, through own signature, in compliance with the provisions of internal regulations and within the set competence limits;
e) conclusion of contracts, with the exception of those that are the exclusive competence of the Board of Directors and/or General Manager;
f) approves the measures regarding the protection of the integrity of tangible and intangible assets in the property of the company;
g) trading and/or negotiating with third parties regarding the goods or rights of the company, within the limitations set by the law, Memorandum of Association, GMS Resolutions and those of the Board of Directors;
h) company representation before third parties and the court;
i) collaboration with the auditors of the company, the company's depositary and with the entity that keeps the records of shareholders, as well as those with other control or supervision bodies of the company;
j) approves the content of information reports for the market and the shareholders regarding any action that is object of a reporting-related obligation;
k) internal (functional) organization of the company, taking into account legal provisions, the company's memorandum of association, internal regulations, company organizational chart, and the resolutions of the company's Board of Directors;
l) control and promotion of employees in compliance with legal norms and internal regulations;
m) gratifications for the employees within the limits set by CEM and/or Board of Directors;
n) verification and control responsibilities for the way in which the employees of the company or other individuals in contractual relationship with the company, fulfill their tasks;
o) informing the Board of Directors of the company regarding the activity carried out, in compliance with applicable law;
p) other attributions set by the Board of Directors of the company through resolution or expressly foreseen by legal provisions.

The adjunct General Manager insures the daily coordination of departments: "CORE" Portfolio, "SELL" Portfolio, "Majority Holdings" Portfolio, "Transactions" office. The components of the financial instruments portfolios are set through BD resolution.

In case of absence, the responsibilities assigned by the Board of Directors will be the competence of the CEO, and the actual management of the company will be insured by the CEO and one of the individuals appointed as replacement and notified to FSA.

1.4. Management Committee

The members of the Management Committee are decided through the resolution of the Board of Directors.

The management committee insures the supervision of the company's activity between the meetings of the Board of Directors within the limitations of the assigned responsibilities.

Each director of the company coordinates the daily activity of some departments, according to the organizational chart and adopts individual resolutions on their specific areas of activity, and together they adopt decisions within the collective work body, the Management Committee, in the application of legal requirements, so that the directors insure the actual management of the company.

For this purpose, the Committee adopts decisions regarding:

- the implementation of the investment strategy set by the Board of Directors;
- the implementation of Board of Directors' resolution that target assigned competencies
- the issues that fall under the competence area of the Board of Directors, and are to be subjected to debate and approval, regarding assigned responsibilities
- issues that, given their importance might impact all lines of activity (business, support, compliance)
- issues, that require the full understanding and harmonization of business and compliance aspect, in order to adopt a resolution.

The meetings of the Management Committee represent at the same time the internal framework for the full and reciprocal information of directors about the problems specific for the coordinated areas.
The competence limits of the Board of Directors, CEO, Deputy CEO are set taking into consideration the basic responsibilities of the Board of Directors that can be assigned (provisions of art. 7 line 19 letter a-k of the Memorandum of Association).

Organization and carrying out of the Management Committee's activity

In the interval between the meetings of the Board of Directors, the Management committee carries out its activity within the competence limitations set.
The decisions of the Management Committee will be reported on a monthly basis to the Board of Directors and will be presented before the Board of Directors for validation in the first meeting.

The legally adopted decisions are mandatory for the directors and employees and enforceable at the time of their communication in writing if they do not stipulate in their wording another term, following the notification.
The resolutions of the Management Committee are adopted unanimously. In case there is no unanimity and the Board considers it is necessary, the issue is presented for BD analysis and/or approval. Otherwise, it is considered that the resolution has not been adopted.
The General Manager leads and coordinates the Management Committee, and in this quality:

a) convenes every time necessary the Management Committee is order to present for debate and approval issues that fall under its competence;
b) follows-up the fulfillment of Management Committee's resolutions ;
c) informs the Board of Directors about adopted resolution in each meeting of the Board of Directors.

Annex 2

Protecting the interests /assets of SIF Moldova through legal procedures

Legal department
The legal assistance, consultancy and representation is carried out within the legal department, in agreement with SIF Moldova's objectives, with stress being laid on legal advice, the solving of possible conflicts mainly on friendly basis, the approach of alternate solutions to prevent /solve disputes.

Legal Advice:
1) provides legal advice services for the Board of Directors, Management Committee and for the directors of the company in achieving or protecting the legitimate rights and interests of the company;
2) provides legal advice activities, by request and based on a prior approval of management for the departments within the company for the purpose of achieving or protecting the legitimate rights and interests of the company;
3) carries out legal advice activities, by request and based on mandate for the individuals acting for the execution of a mandate awarded by the company's directors or the Board of Directors, in achieving or protecting the legitimate interests of the company;
4) carries out legal advice activities, by request and based on a prior approval, for the managers of departments within the company who act in order to fulfill work tasks or a direct order of the general manager or adjunct general manager, in order to protect the rights and legitimate interests of the Company.
5) carries general activities, for the company, in the field of commercial law, civil, criminal, contravention, labor right and social insurance, administrative law, intellectual property matters.

Legal assistance:
1) provides legal assistance activities for the Board of Directors, Management Committee and for the directors of the company, in their activity of protecting the patrimony and legitimate interests of the company;
2) provides legal assistance activities, by request and based on a prior approval, for the coordinators of the departments within the company who act to fulfill their work tasks, in order to protect or achieve a legitimate interest of the company;
3) provides legal assistance for the setting of claims, drafting and support of actions before and outside the court in order to defend or protect the legitimate interests of SIF Moldova;
4) provides legal assistance for the drafting of legal documents;
5) issues, at the request of the management, legitimacy approvals regarding legal documents the company is part of or in which it is directly interested; analyses the clauses of any trade agreement entered by SIF Moldova and makes sure these abide by applicable legal and prudential limits.

Legal representation:
1) provides legal representation activities, based on mandates, for the legitimate rights and interests of the company, before legal or arbitrary courts, criminal or administrative investigation bodies, in conciliation, mediation or enforcement procedures, before public notaries, as well as before any other individuals,
2) local authorities or bodies, either national or international.

Annex 3

Main characteristics of the internal control and risk management systems of SIF Moldova Group

1. Risk Management

SIF Moldova sets and maintains the permanent risk management function that is separate and independent from other functions and activities.

Structurally and hierarchically the Risk Management Department is subordinated to the Board of Directors.

The permanent risk management function is exercised independently, from an hierarchical and functional point of view, from that of portfolio management and other functional departments, by adopting organizational measures to prevent conflicts of interest, as expressly stipulated in the company's internal regulations.

The permanent risk management function has the authority necessary and access to all relevant information necessary to fulfill its obligations and responsibilities.

Each individual employed in the risk management department is presented for FSA authorization and entered in the Public Register of FSA. In case there are more individuals with risk management responsibilities, the detailed responsibilities of each individual will be specified. In case one of the individuals is absent, its attributions and responsibilities will be automatically taken over by another authorized individual.

As an exception, for professional training purposes, for a maximum period of 12 months other employees that do not meet the eligibility criteria can be employed in the risk management department, provided that all documents regarding risk management be drafted exclusively by a FSA certified individual, as risk management responsible. The company submits to FSA the list of individuals who temporarily do not meet eligibility requirements.

The main objective of the department is risk management and control, abidance by the high-quality standards imposed by the principles of operational and investment risks management, drafting of attention raising mechanisms in case the alert limits regarding manifestation are reached, risk management through their identification, measurement and management by suggesting and monitoring immediate corrective measures.

The department drafts the Risk Management Policy of SIF Moldova, where the risk profile that the company finds acceptable is defined with reference to the relevant risks identified in the company's activity. In order to manage relevant identified risks, the Risk Management department develops work procedures and methodologies.

The department is specialized and has the following attributions and responsibilities:

a) drafting and implementation of efficient risk management policies, procedures and methodologies, as well as any modification of these;
b) identification, measurement, administration and constant monitoring of all risks relevant for the investment policy of SIF Moldova, and those to which the company is or could be exposed to;
c) making sure that the risk profile of SIF Moldova as notified to investors abides by the risk limits set for the coverage of at least the following risks: market risk, issuer, liquidity and operational risks.
d) submittal to the Board of Directors of SIF Moldova of updated information regarding the following aspects:

- the company's abidance by the risk profile as notified to investors and set risk limits – on a quarterly basis;
- proper and efficient nature of the risk management process – half-yearly

e) proposal risk prevention and lowering measures and follow-up of their implementation.
f) monitoring and verification of all corrective prevention measures and measures to lower risks, resulted in the self-evaluation of operational risks process and internal control within departments;
g) analysis of operational risks connected to the carrying out of activities, identified in the internal self-evaluation process of risks and suggesting measures to lower identified risks or keep them under control;
h) evaluation of the company's risk profile depending of the risk appetite and tolerance set by the Board of Directors;
i) substantiation and proposal of risk limits, supervision of their abidance and duly notification of the management structure in case it is considered that the risk profile is not compliant with these limitations or there is a significant risk that the risk profile become incompliant with these limitations;
j) analysis of the risks corresponding to SIF Moldova's engaging in new activities;
k) analysis of the activity continuity plan;
l) assisting the Board of Directors/executive management in identifying SIF Moldova's risk profile;
m) making sure that the assets categories of SIF Moldova fall into the legal and internal prudential limits;
n) carrying out crisis simulations;
o) initiation of operational risk self-evaluation within all departments of SIF Moldova, providing counsel regarding the identification and evaluation of risks and setting the proper measures to limit possible consequences of these risks. The self-evaluation results of the departments are collected by the Risk management department and used for the "Risk Map" of the company and the "Risk Response Plan". The profile of operational risks is drafted based on operational risk exposure.

The risk management process is carryout out through the following stages:

1. risk identification – risks are defined in the vision of the institution; the component elements are identified, and risk-generating events are described.
2. risk evaluation and measurement – for each type of risk identified with the help of quantitative and qualitative methods, using databases and pre-set risk indicators.
3. risk monitoring – risk indicators are monitored as they evolve, and they are classified within the set legal and internal limits.
4. risk management and control – measures are proposed to keep risks under control in case the limits are exceeded, and reports are sent to the management structure.

The activities carried out include, without being limited to: monthly analysis or analysis made whenever necessary regarding the exposure to relevant risks: market risk, issuer risk exposure, liquidity risk, operational risk, abidance by the prudential limits systems for the assets /assets categories in the portfolio (foreseen by applicable legal regulations), impact of run operations on the prudential limits by making simulations and proposing measures to keep assumed risk under control, operational risks events reported by the departments of SIF Moldova.

Based on the attributions assigned to him, the risk management responsible submits regular reports to the directors and the Board of Directors; quarterly risk reports are subjected for approval by the Board of Directors after having received the approval of the Audit Committee. Reports regarding the abidance by prudential limits are submitted for informative purposes to the departments/structures with investment management functions.

2. Compliance

SIF Moldova sets up and maintains a permanent and efficient function for compliance verification, which is independent.
Structurally and hierarchically the Compliance Department is subordinated to the Board of Directors.

Each individual employed in the Compliance Department is subjected to FSA approval and is entered in the public FSA Register. In case the company submits several individuals with compliance responsibilities for approval, the approval request is accompanied by the detailed responsibilities of each individual employed by the Compliance Department

In case one of the individuals with internal control responsibilities is absent, his/her attributions and responsibilities will be automatically taken over by another authorized individual. In case SIF Moldova no longer has a compliance officer or in case he/she is temporary unavailable, in compliance with applicable regulations, one of the directors will provisory cover the compliance officer position, abiding by the legal timeframe set and with the notification of FSA.

In order to allow the individual(s) appointed as compliance officer(s) to properly fulfill their responsibilities in a correct and independent manner. SIF Moldova must make sure that the following requirements are met:

a) the person/persons has /have the authority, resources and experience necessary, as well access to all relevant information;
b) the individual(s) who carries/carry out the compliance verification function are not involved in the delivery or carrying out of the services he/she monitors;
c) the individual(s) bear(s) the responsibility of abiding by the responsibilities of the compliance function for any reporting regarding regulations in force, where it will be expressly specified if proper measures have been taken in order to remedy possible deficiencies;
d) on setting the remuneration of individuals, the following must be taken into consideration: the remuneration level must allow SIF Moldova to employ qualified and experienced staff; the individuals' objectivity must not be affected by the remuneration setting method; variable remuneration must be based on objectives that are specific for the position and must not be set exclusively based on performance criteria at AIFM level; remuneration is directly supervised by the Appointing-Remuneration Committee;
e) individuals are evaluated to make sure they fulfill and abide by the competence and professional experience requirements during the entire time they carry out their activity; integrity and good reputation and governance in compliance with applicable legal provisions.

Attributions and Responsibilities:

a) it periodically monitors and evaluates the adequacy and efficiency of the measures, policies and procedures set in compliance with applicable regulations, as well as the actions carried out in order to remedy deficiencies regarding the company's meeting its obligations.
b) it regularly monitors and verifies the application of legal provisions applicable for SIF Moldova's activity, of internal regulations and procedures and acts according to its competencies in order to prevent and suggest measures to remedy any law infringement situations, or infringement of applicable regulations for the capital market, or internal regulations and procedures of SIF Moldova, by SIF Moldova or its employees; follows-up the implementation of suggestions and recommendations;
c) it offers advice and assistance for relevant individuals responsible for the carrying out of activities so that SIF Moldova abides by its obligations based on incidental capital market legislation.
d) it makes sure that the reports that SIF Moldova must send to FSA and capital market entities are sent within the deadline foreseen by regulations in force;
e) it analyses and approves the documents sent by SIF Moldova by FSA in order to obtain the authorizations foreseen by FSA regulations;
f) it analyses and approves informative materials/advertising materials of SIF Moldova;
g) it analyses and approves the documents drafted by SIF Moldova in compliance with work procedures;
h) it approves the development of new strategies, investment policies, relevant organizational changes as well as investments on new markets and in new products;
i) it verifies the abidance by prudential regulations;
j) it provides the notifications of SIF Moldova and its employees regarding the legal regimen applicable to capital market, concerning approved norms and legislative projects that present interest for the company's activity, to make proposals/recommendations/ observations, if the case be;

k) it manages and monitors the decisions of the Board of Directors, verifying their abidance by legal and prudential limitations at the time of their being adopted/implemented; follows-up the fulfillment of resolutions and periodically sends reports on the status of their implementation;

l) it is responsible for the supervision of the solving and management of complaints regarding SIF Moldova's activity on the capital market, for the keeping of the unique complaints record and periodical reporting to FSA about the status of the registered complaints.
Through the decision of the general manager, a permanent committee is setup within the company to analyze all shareholders' complaints and suggest, depending on the case, measures to be adopted by the management to remedy the situations identified; the communication of the answer to the applicant is made abiding by the legal deadline.

m) it creates a process for the identification, registration, monitoring, prevention and disclosing of conflict of interests; it manages the internal procedure regarding *Conflict of Interest*.

n) it manages the specific work procedure regarding the *Supervision of the application of international sanctions on the capital market* –in applying the express FSA regulations; the compliance officer can also be a member of the Committee (through internal resolution), and in this quality he keeps in touch with FSA.

o) it manages the specific work procedure regarding *The prevention and fight against money laundering and the financing of terrorist actions* –in applying the national law and express FSA regulations; the compliance officer can also be a member in the Committee (through internal resolution) in this quality he insures the relationship with ASF and National Office for the Prevention and Fight against Money Laundering.

Permanent and periodical control is carried out as follows:

1. The drafting of the annual investigation program/plan, abiding by the following principles/criteria:
   a) it includes control objective as per applicable legal regulations and represents a part of the integrated control process within SIF Moldova (compliance, internal audit and risk management) ;
   b) it is drafted based on the analysis of the risks that can be incurred in SIF Moldova's activities, given the "Register of identified Operational Risks that might affect SIF Moldova's activity" drawn up by the Risk Management Department;
   c) the activities carried out for verifying the compliance of the company's activities with applicable legal regulations, policy and procedures of SIF Moldova, are periodical and permanent control activities ;
   d) the main component of the activity is the permanent control, pro-active in nature, carried out through the continuous supervision and monitoring of the activities that fall under internal control competence, in order to prevent the occurrence of legal and internal non-compliance.

2. Carrying out investigations and submitting reports to the management structure:
   a) it presents a report regarding the results of the investigations included in the investigation plan to the Board of Directors of SIF Moldova, for discussion and approval; the report is firstly approved by the Audit Committee;
   b) reports to the Board of Directors and directors, the cases when the legal regimen applicable to the capital market, internal regulations and work procedures have been infringed, for the urgent notification of FSA and communication of the measures adopted to remedy identified situations.
   c) regularly drafts, at least once a year, reports to the executive management regarding compliance issues, in which mentions should be made whether the proper measures to remedy possible deficiencies have been taken.
   d) the annual report and investigations plan for the following year, approved by the Board of Directors are sent to FSA, if the law foresees so.

3. Internal Audit

SIF Moldova sets and maintains the permanent internal audit function that is separate and independent from other functions and activities of SIF Moldova.

The department is subordinated to the Board of Directors.
For the purpose of guiding the activity, the internal audit department develops policies and procedures that are aligned to the requirements of the International Standards for professional practice of internal audit.

Attributions and Responsibilities:

a) it helps the company, both as a whole and its structures, through the issue of opinions and recommendations;
b) it assists the company in risk management;
c) it contributes to the improvement of risk management, control and governance processes;
d) it evaluates the adequacy and efficiency of controls regarding governance, operations and systems of SIF Moldova;
e) it drafts and implements the policies and procedures to carry out internal audit activity, as well as any modification of these;
f) it carries out risk evaluations for the activities carried out by SIF Moldova, at least once a year;
g) it sets, implements and maintains an audit plan in order to examine and evaluate the proper nature and efficiency of internal control systems, mechanisms and procedures of SIF Moldova;
h) it submits the Audit Committee and Board of Directors the plan regarding audit activity and necessary resources, including significant modifications occurred;
i) it carries out the missions included in the annual plan;
j) it issues recommendation based on the result of the carried out activity;
k) at the request of the Audit Committee or directors, it carried out ad-hoc missions or missions of an exceptional nature (not included in the annual internal audit plan);
l) it verifies it recommendations have been respected;
m) it reports at the end of each mission regarding internal audit issues and the adequacy of the measures adopted to remedy possible deficiencies;
n) it records any relevant information that supports the conclusions and results of the engagement;
o) it coordinates the activity of financial auditor, in order to make sure that audit objectives are met and in order to minimize overlapping;
p) periodically reports to the Audit Committee and the board of Directors on the purpose of the audit activity, authority, responsibility and functioning of the internal audit activity, based on the pre-set plan;
q) it verifies if the management has accepted a residual risk level that cannot be acceptable for SIF Moldova and notifies to the Board of Directors the cases when no decision has been made regarding residual risk, in order to solve them;
r) carries out formalized counseling missions (included in the Internal Audit Plan), informal, exceptional or in cases of emergency, at the express request of the Board of Directors or Executive Management.

The internal audit carries out assurance and counseling missions.

The assurance mission offers an independent evaluation of the governance, risk management and control processes within SIF Moldova. The assurance missions are carried out by going through the following stages: planning the internal audit activity, preparation of the internal audit mission, on-the-spot intervention, internal audit report, follow-up of recommendations and quality analysis.

The activity is carried out as follows:

1. ***planning the internal audit activity****:* the drafting and approval of the multiannual internal audit plan and annual internal audit plan, in compliance with the International Standards for internal audit professional practice and national regulations.
2. ***preparing the internal audit mission****:*
   - notification of the leader of the activity that is to be audited that the internal audit mission is to start;

- collection and processing of information regarding the audited structure, activity, program/project or operations, in order to facilitate the carrying out of procedure regarding risk analysis and verification;
- identification and analysis of specific risks and internal control evaluation for the audited process/activity/structure, so that the audit effort be oriented towards the most risky areas ;
- drafting the audit mission program in order to insure the proper execution of the internal audit mission, to cover all objectives to be audited and their associated risks;
- meeting with the representatives of the audited structure to present the members of the internal audit team, purpose of the mission, objectives set for the internal audit mission, as well as for setting a meetings calendar.

3. ***on-the-spot intervention***:
   - collection of audit samples, for the purpose of the audit team's getting an opinion about the strong and weak points of the audited process/activity/organizational structure and supply audit samples based on which ascertainments, recommendations and general conclusions will be made;
   - ascertainment and reporting of irregularities identified
4. ***drafting the internal audit report****:*
   - the drafting of the internal audit report project, submitting the internal audit report project to the audited structure for analysis and the issue of its standpoint regarding the auditors' conclusions and recommendations;
   - analysis of the observations made by the audited structure for the internal audit report project;
   - analysis, acceptance and approval of the internal audit report and the action plan to implement recommendations.
5. ***follow-up of recommendations****:* making sure that the recommendations made following the internal audit missions are properly implemented within the deadlines set and evaluation of consequences in case they are not applied.
6. ***quality analysis of the internal audit activity:*** for the purpose of offering a reasonable insurance that internal audit abides by its Chart, that it functions efficiently and contributes to added value and improvement of the company's operations and of making sure that all objectives of the internal audit mission have been reached.

Counseling mission are consultative and connected activities that have the purpose of improving governance processes, risk management and control of SIF Moldova, without the internal auditors taking on the management's responsibility.

The specific methodology for running the formalized counseling mission involves going through specific activities: initiation of counseling missions, opening meeting, data collection and processing, carrying out analysis and presenting conclusions, revision of work documents, drafting and communication of the counseling mission report and follow-up of recommendations.