OGMS
27/28th April
2020
Item. 2

SIF MOLDOVA
SOCIETATE DE INVESTITII FINANCIARE

Performanță
Transparență
Calitate

Performance
Transparency
Quality

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2019 Board of Directors' Report corresponding to the individual financial statements

CERTIFIED QUALITY MANAGEMENT SYSTEM
UNITED REGISTRAR OF SYSTEMS URS ISO 9001

UNITED REGISTRAR OF SYSTEMS URS ISO 27001
UKAS MANAGEMENT SYSTEMS 043

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

Dear shareholders,
we hereby present you the results registered by SIF Moldova in 2019 and the objectives for the following period, in agreement with *"2019 Activity Program"* and *"SIF MOLDOVA's Investment Strategy and Policy"* approved by the General Meeting of Shareholders.

Portfolio Structure
Reported to the total value of managed assets, the listed shares portfolio holds the main weight of 72,2% (2018: 71,7%), while the weight of unlisted shares is 9,2% (2018: 11,1%). The main sectors in the portfolio remain the financial sector 45,4% (2018: 41,5%) and energy sector 16 % (2018: 15,8%), reported to total assets value.

The total value of managed assets reached 2.361 million lei, an increase by 28 % in comparison to 2018 (1.845 million lei), while the net asset value per share (NAV per share) has been of 2,23 lei, an increase by 28% in comparison to 2018 (1,74 lei). The price of SIF2 share at the end of 2019 has been of 1,61 lei, an increase of 34% in comparison to the end of 2018 (1,20 lei) which lead to a SIF2 price/NAV per share discount of 28%.

Financial Performance
The net income registered on 31st December 2019 is 198 mil. lei (2018: 93 million lei) and marks an exceeding by 152% of the target approved by shareholders in Budget, being comprised of net profit of 127,4 million lei and net gain from the sale of financial assets reflected in comprehensive income, of 70,6 million lei.

The security investments made in 2019 have been of 232 million lei (2018: 222 million lei), as we registered an exceeding by 109% of the target approved for 2019.

But we have to underline that the occurrence of exceptional events, independent of the will of the issuers or investors, such as turbulences on the international capital markets generated by unpredictable events (such as the coronavirus pandemic), an unpredictable tax policy, etc. have had and may have negative consequences on the national level, in the economic environment and on the capital market, that might affect the performance of issuers and portfolio titles, SIF MOLDOVA's performance and implicitly the performance of SIF2 share.

Investment Strategy
In the presented context, **the investment strategy differentiated on managed assets portfolios represented the optimum prudential approach.** Thus, we opted for:

- ✓ **Increase** for the **Majority Holdings** portfolio- "private equity" type approach within existent majority holdings (real estate, agriculture, other sectors);
- ✓ **Recalibration** for the **CORE** portfolio**-** listed portfolio that provides liquidity to SIF Moldova, representing the main income generator;
- ✓ **Restructure** for the **SELL** portfolio– we have continued the restructure process reducing the number of holdings in this portfolio by 18 in comparison to 2018, by selling the ownership interests in full.

The stress laid on the "private equity" type approach for the implementation of certain investment projects, leads to the increase of the profitability of managed assets and ensures the compensation of the risk generated by the high volatility of the quotations of listed titles in the portfolio.

A short presentation of the stage and results of these projects indicate the following:

- ✓ ***"Baba Novac Residence"*** *Real Estate Project* (100% holding through Tesatoriile Reunite SA) – The project was completed; we are currently running the stage of entering the final sale and purchase agreements. We have sold 362 of the 363 apartments.

- ✓ *The investment bank credit was repaid in full.*
- ✓ The return of capital to SIF was decided through the 22,6 mil. lei capital reduction in H1 2020

- ✓ ***"Blueberry Farm Extension"*** *Project* (100% holding through Agrointens SA) – has as object the purchase and setup of blueberry farms. In 2019 the cultivated area amounts to 82 ha and in spring 2020 it will reach 86 ha.

- ✓ **"Veranda Mall"** Project (37% indirect holding through Professional Imo Partners SA and Nord SA) – is going through an extension stage by around 6.300 square meters, the rentable area reaching around 34.000 square meters. The extension of the area dedicated to the commercial areas has been completed with the opening of the Multiplex Cinema equipped with 12 cinema halls.

- ✓ **"Atria Urban Resort"** Real estate project (50% holding through Straulesti Lac Alfa SA) – targets the 4-stage building of a residential complex

that includes 1.381 apartments, located in the NV area of Bucharest Municipality, near Colosseum Retail Park with easy access to the northern area of the capital city. On the reporting date Stage 1 (160 apartments) is completed. More than 65% of Stage 1 apartments have already been sold.

- ✓ **Iasi Real estate project** (100% holding through Agroland Capital SA) - We have purchased assets belonging to IASITEX SA company, namely around 30.000 square meters of land and an administrative building (GF+8) with a built area of 4.600 square meters, located in the center of Iasi municipality. Our detailed analysis and projections targeted both the quality and location of the purchased assets as well as the significant real estate development potential of Iasi Municipality. We are currently running the process of drafting the town planning documentation.

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We are confident that the coherent adhesion to the defining values - *transparency, quality, and performance* – significantly improves managerial performance for the final benefit of the shareholders.

Respectfully yours,
Costel Ceocea – Board of Directors President

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Annual report according to: *Law no. 24/2017, art. 63; FSA Reg. no. 5/2018 on the issuers of financial instruments and market operations, art. 126 annex 15 – Annual Report Mode, FSA norm no. 39/2014 on the approval of accounting regulation compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by FSA.*

Report date: *27th March 2020*

Issuer name: *Societatea de Investitii Financiare MOLDOVA SA*

Headquarters: *Str. Pictor Aman nr.94 C, Bacau*

Phone/fax/e-mail: *0234576740 / 0234570062 / sifm@sifm.ro*

Tax identification code: *2816642*

Trade Registry No.: *J04/2400/92*

LEI: *254900Y1O0025N04US14*

Subscribed and paid-up capital: *100.217.917,6 lei*

No. of issued shares: *1.002.179.176*

Nominal value: *0,1 lei/share*

Shareholding structure: *100% private*

Free float: *100%*

FSA Register no.: *PJR07AFIAA/040002*

Regulated market on which issued equity is traded:

Bucharest stock exchange, Premium category

International identifiers: Bucharest Stock Exchange: SIF2; ISIN: ROSIFBACNOR0; Bloomberg: BBGID BG000BMN5F5; Reuters: SIF2.BX

Field of activity

TYPE OF INVESTMENT COMPANY

SIF Moldova is an AIFM positioned mainly on Romanian market, as a closed fund with investments mainly in shares, with an average risk degree and liquidity investments in fixed rate instruments.

Legal framework - SIF MOLDOVA SA is classified in the Alternative Investment Funds Manager (AIFM) category, certified by the Financial Supervision Authority under no. **20/23.01.2018** and functions abiding by the provisions of Law 24/2017 regarding the issuers of financial instruments and market operations and Companies Law no. 31/1990 and Law no. 74/2015 on alternative investment fund managers.

Purpose – increase of managed assets value.

The main activity field of the company is financial investments**.**

Its activity object is:

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

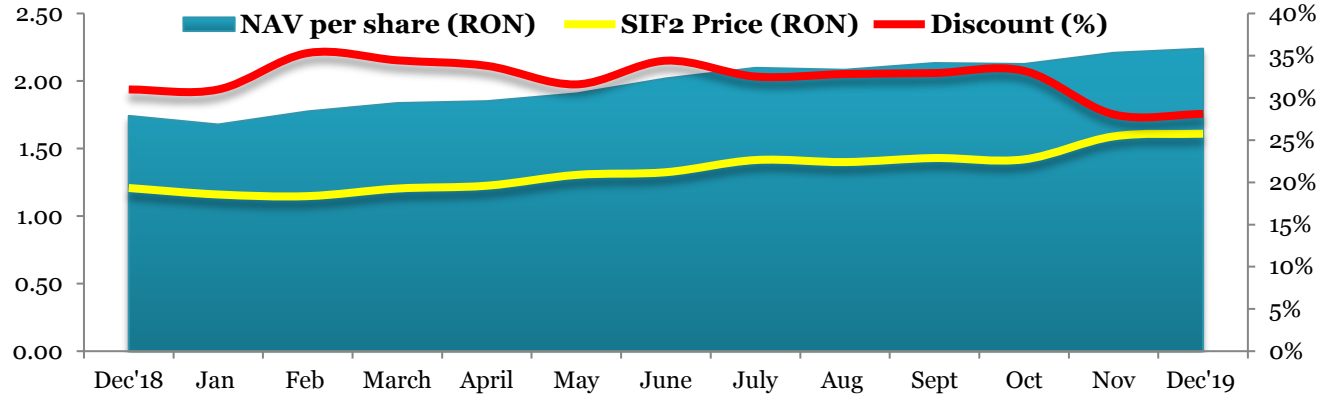
1 Activity Analysis

1.1. Evolutions. Objectives. Performances.

Assets under management

Indicator (million lei)	2017	2018	2019	2019 /2018 %
Total assets (million lei)	1.912	1.845	**2.361**	+28
Net asset (million lei)	1.792	1.726	**2.195**	+27
NAV per share (lei)	1,79	1,74	**2,23**	+28
Market price (lei)	1,41	1,20	**1,61**	+34
Discount (%) Market price / NAV per share	22	31	**28**	-3pp

NAV per share / SIF2 price / Discount (YoY)

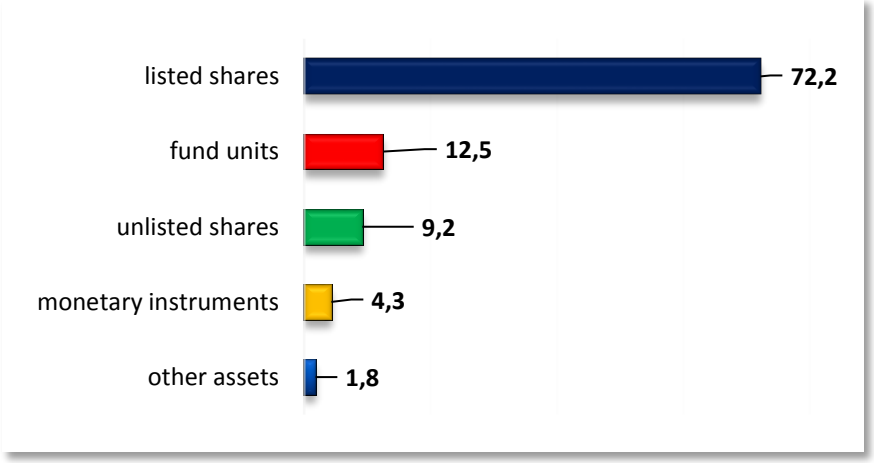


Portfolio structure

Assets Structure (% of total assets value)	2017	2018	2019	2019/2018 pp
Shares, of which:	87,8	82,8	**81,4**	-1,4
- *listed*	79,3	71,7	**72,2**	+0,5
- *unlisted*	8,4	11,1	**9,2**	-1,9
Non UCITS + UCITS shareholdings (fund units)	8,9	11,5	**12,5**	+1,0
Monetary instruments (deposits, availabilities)	1,9	4,0	**4,3**	+0,3
Other assets	1,3	1,5	**1,8**	+0,3

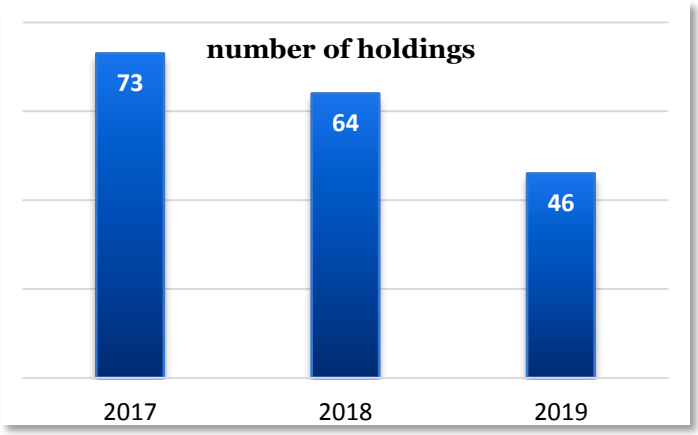
Portfolio structure – 31st December 2019 (% of total assets value)

Objective:
Maintaining the main weight in shares, namely listed shares



Number of holdings

Objective:
Decrease in the number of holdings and increase of exposure/issuer, so that we can directly positively influence the portfolio..

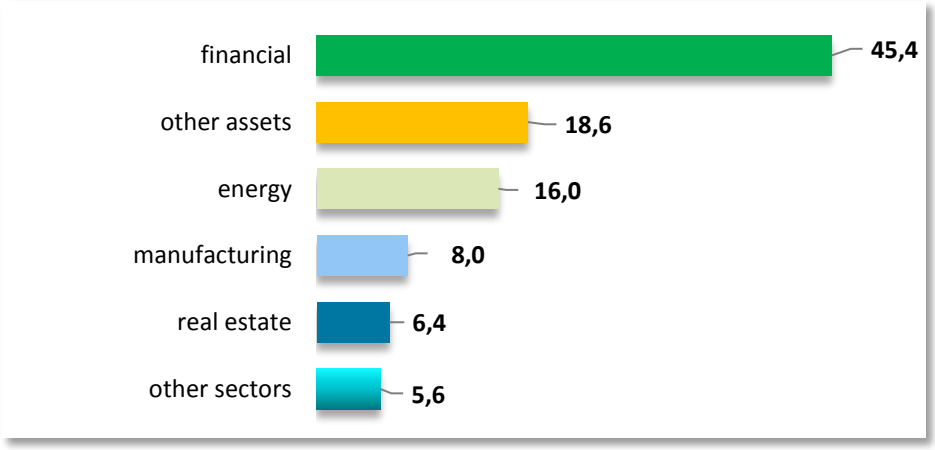


Evolution of sectorial exposure

Sectorial exposure (% of total assets value)	2017	2018	2019	2019/2018 pp
Financial	45,2	41,5	45,4	+3,9
Energy	18,1	15,8	16,0	+0,2
Manufacturing	9,5	9,5	8,0	-1,5
Real estate	3,8	7,6	6,4	-1,2
Other sectors	10,6	8,9	5,6	-3,3

Sectorial exposure – 31st Dec 2019 (% of total assets value)

Objective:
Maintaining the financial and energy sector with important weight in the portfolio



Top companies/holdings in the portfolio – 31 Dec 2019

TOP COMPANIES IN THE PORTFOLIO	> 1% of total assets value	% holdings in issuer's share capital
BANCA TRANSILVANIA	39,1	6,8
ROMGAZ	11,3	1,8
AEROSTAR	5,2	15,0
TRANSGAZ	4,3	2,4
TESATORIILE REUNITE	2,9	100
PROFESSIONAL IMO PARTNERS	2,5	31,4
SIF BANAT CRISANA	2,1	3,5
SIF TRANSILVANIA	1,8	4,9
AGROINTENS	1,8	100
BRD	1,7	0,3
AGROLAND CAPITAL	1,5	100
STRAULESTI LAC ALFA	1,5	50
MECANICA CEAHLAU	1,2	73,3
TOTAL	**76,9**	

Comparative evolution of SIFs 2019 / 2018

In the sector it operates in, SIF Moldova registers on 31.12.2019 the lowest market price / NAV per share discount, namely 28% in comparison to 30% on 31.12.2018. At the same time, it covers the first position when it comes to capitalization, with 16 billion lei, registering an increase by 32% in comparison to 31.12.2018.

million lei	SIF1	SIF2	SIF3	SIF4	SIF5
Net asset 31.12.2019	2,724.32	**2,195.27**	1,258.17	1,594.38	2,338.72
Nat asset 31.12.2018	2,228.17	**1,725.33**	975.99	1,257.62	1,838.32
NAV evolution 19/18%	22.27	**27.24**	28.91	26.78	27.22
Liquidities 31.12.2019*	121.71	**101.07**	57.72	50.85	63.30
Liquidities 31.12.2018*	35.27	**74.76**	26.80	30.10	472.93
Liquidities evolution 19/18%	245.10	**35.18**	115.34	68.95	-86.62
Short-term financial investments 31.12.2019	1,779.25	**1,729.62**	1,181.21	1,197.76	2,104.00
Short-term financial investments 31.12.2018	1,482.16	**1,341.65**	800.82	859.20	1,302.72
Evolution of short-term investments 19/18%	20.04	**28.92**	47.50	39.40	61.51
Net result 31.12.2019	171.74	**127.27**	181.80	114.62	124.13
Net result 31.12.2018	77.19	**50.16**	66.54	22.80	96.26
Profit evolution 19/18%	122.49	**153.73**	173.22	402.72	28.95
Capitalization 31.12.2019	1,412.67	**1,613.51**	856.24	681.14	1,485.22
Capitalization 31.12.2018	1,055.62	**1,223.92**	469.62	482.61	1,209.65
Capitalization evolution 19/18%	33.82	**31.83**	82.33	41.14	22.78
NAV 31.12.2019	5.2946	**2.2397**	0.5818	2.032	4.0311
Price 30.12.2019	2.730	**1.610**	0.392	0.844	2.560
Price/NAV per share discount 31.12.2019	-48.4	**-28.1**	-32.6	-58.5	-36.5
Price/NAV per share discount 31.12.2018	-52.6	**-30.6**	-52.4	-61.6	-34.2
Dividend 2018	0	**0.0304**	0.0121	0	0.15
DY%	0.00	**1.89**	3.09	0.00	5.86
Number of shares	517,460,724	**1,002,179,176**	2,184,286,664	807,036,515	580,165,714

*availabilities, deposits, government securities

1.2. Portfolios. Strategies. Results.

The management of portfolio holdings has been made on the coordinates of the multiannual strategies and the 2018 Activity Program, namely:

- ✓ **Increase** for the **Majority Holdings Portfolio** - "private equity" type approach, within the real estate, agricultural and other sectors;
- ✓ **Recalibration** for the **CORE Portfolio**- listed portfolio that offers liquidity to SIF Moldova assets; representing the main revenue generator;
- ✓ **Restructure** for the **SELL Portfolio**– continuation of the restructure/sale of the "historic" portfolio.

1.2.1. "CORE" Portfolio

On 31.12.2019, CORE portfolio had a weight of about 71,3% of total assets (2018: 69%) and included top BVB listed issuers (for example TLV, TGN, SNG, SIFs, SNP, ARS) with a value of 1.683,1 mil. lei, representing 104% of SIF Moldova's market capitalization (1.613,5 million lei).

Background

BET index of the main traded companies, with the exception of SIFs closed 2019 at a value of de 9.977.3 points, very close to the 10.000 points threshold, registering an increase by 4,2% in Q4 2019 reaching a yield of 35,12% for the entire 2019. BET-TR index that also includes the dividend yields of BET companies also increased by 4.2% in Q4, reaching a yield of 46.9% for the entire year 2019.

A brief analysis of the events that marked the evolution of stock-indexes in 2019 reveals that in Q1 2019 the growth catalysts have been the European parliament elections and the modification of Romanian title weight in the MSCI Frontier Market index, the evolutions registered in Q2 2019 have been influenced by the high yield dividends offered by the main BVB listed issuers, in Q3 2019 determinant were the financial results higher than those in Q1 2019 reported by issuers and positive expectations regarding the Romanian capital market upgrade to the emerging market category, expectations confirmed by FTSE Russel and in Q4 2019 the catalysts were the results of the parliament election and the appointment of a PNL government.

Starting in September 2020 BRD, TLV and SNG will become part of the structure of FTSE Global All Cap index.

The publishing of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts (AIF Law) in December 2019 created the premises of a favorable market context. This law foresees the raising of SIF holding threshold which may cause the reduction of price / NAV per share discount and increase the dynamics of these titles and of the capital market in general.

Evolution of CORE portfolio on sectorial exposures

1.2.1.1. Financial sector

The financial sector on 31.12.2109 represented about 45,4% of total assets in comparison to 41,5% in 2018.

BANCA TRANSILVANIA (TLV) - In agreement with SIF MOLDOVA's investment strategy that foresees the continuation of investments in the financial sector, we have made purchases on BANCA TRANSILVANIA due to the high yield offered (cash + free shares) and the bank's development potential through organic development and M&A. On 31.12.2019 exposure on this issuer was of 39,12% in total SIF MOLDOVA's assets, on the rise in comparison to 31.12.2018 (37,54%).

In comparison with similar banks from EEC, BANCA TRANSILVANIA is significantly more profitable, has a cleaner balance and a stronger capitalization. TLV has a ROE indicator of 19% in 2019 in comparison to

the 12% average of similar banks in EEC. The capital adequacy rate (CAR) is 21% (including the bonds issued in the previous year). Net revenue from interest are forecast to grow since TLV foresees an annual credit increase of 7%. The bank has now grown with 2-3% above GDP, and the forecast is it will be the same in the future.

The issue of GEO 114/2018 caused a significant decrease of TLV share price, and in this case, we considered that the purchase of these share at convenient prices was appropriate, since the fundamental data of the bank supported this purchase decision. Later, the new form of bank tax in GEO 19/2019 reduced the negative effects of GEO 114/2018 bringing on positive effects as well. Later, GEO 1/2020 eliminated bank assets tax.

On the background of TLV share price increase, we have sold shares based on the internal exposure management mechanism (holding limit of max. 40% per issuer).

BRD-SOCIETE GENERALE (BRD) – has offered the highest dividend yield in the last 3 years of all similar banks in EEC. The operational profitability and high capital adequacy offer BRD the possibility to offer a high dividend payout in the following years as well.

Given the attractive indicators, in comparison to similar banks in EEC and the high dividend distribution in the following years, we have purchased BRD shares.

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We estimate a solid credit increase in 2020, and the net interest margins are estimated to remain at a higher level than that of similar banks in EEC, while the cost/income ratio remains under 50% for both banks.

We are not aware of an estimate of the potential impact of the corona virus outbreak on the balance of the two banks, but the high coverage with provisions offers some comfort regarding the risks of the epidemic of assets (TLV announced for 2019 NPL coverage with provisions of 94% and included profit of 128%). On 30.09.2019, BRD had a higher NPL coverage: 74%.

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FINANCIAL INVESTMENT COMPANIES (SIF) – SIFs ownership interest represented 3,9% of total assets at the end of 2019.

1.2.1.2 Energy Sector

The weight of the energy sector in total assets on 31.12.2019 represented 15,97%, in comparison to 15,89% on 31.12.2018.

Background - In 2019 the premises were created for a rebalancing of the energy sector in SIF MOLDOVA's portfolio, namely the use of the cash resulted from the partial liquidation of OMV PETROM to purchase ROMGAZ shares, justified by the perspective of a higher yield and higher price increase potential. ROMGAZ company is more resilient on the short-term to the deterioration of external environment than OMV PETROM. ROMGAZ is more exposed to the Romanian gas market, while the decrease of Brent price and refinery margin may affect OMV PETROM, that is currently facing an annual 5% decrease of hydrocarbon. Over the last 3 years, the average reserve replacement rate for ROMGAZ has been 78%, twice that of OMV PETROM.

In ROMGAZ's case, the higher dependence on internal prices than on European ones, and the high ability to offer dividends with higher yields, as well as the probable decision to invest in Neptune Deep should have positive effects on price.

We have sold SNP shares for good prices since the SNP share price has advanced in the first 9 months of 2019 by 41% and the Stoxx Europe 600 oil & gas index advanced with only 3% in the same time interval.

In 2019 Romgaz had a net profit of 1.428,3 mil. lei, 4.5% over that in 2018 (1.366,1 million lei).

The sustainable ability to distribute dividends with high yields in the coming years, justifies keeping our position on this issuer.

TRANSGAZ (TGN): The value of TRANSGAZ projects for 2019-2028, for which the investment decision was made, is estimated to around 1,25 billion euro and will be covered up to 35% from own sources and 65% from drawn sources. The inclusion of the value of these projects based on the regulated assets (BAR) will insure in the coming years an important increase of regulated revenue. ANRE has set for the interval 1st October 2019-1st October 2020 a regulated tariff increased by 18,52% and BAR of 3.189 million lei on 1st October 2019.

According to 2020 Budget justification documentation that was submitted for OGMS approval on 4th March 2020, TRANSGAZ will request the recognition in BAR starting on 1st October 2020 of the expenses incurred for the connection with the Black Sea, of 1.716 million lei, since it meets the requirements set by ANRE for inclusion. On the 4th March 2020 Transgaz SA has signed with BERD, the Agreement Memorandum on the Cooperation and Support of Transgaz's Investment Program.

The average–term profitability increase perspectives justified keeping the position on this issuer.

1.2.2. "Majority Holdings" Portfolio. SIF MOLDOVA GROUP.

On 31st December 2019, the assets of the 7 subsidiaries of SIF MOLDOVA Group had a value of 200,7 mil lei, representing 8,50% of SIF MOLDOVA's total assets.

The members of SIF MOLDOVA Group have been re-certified by FSA – *Certificate no. 23/22.10.2018* (Current report on 23.10.2018):

No.	Subsidiary name	SIF MOLDOVA – mother company direct holding of SIF MOLDOVA %	Company type (closed/listed)	Weight of total assets % (31.12.2019)
1	AGROINTENS SA Bucuresti	99,99	unlisted	1,78
2	AGROLAND CAPITAL SA Bacau	99,99	unlisted	1,51
3	ASSET INVEST Bacau	99,99	unlisted	0,11
4	CASA SA Bacau	99,32	unlisted	0,58
5	MECANICA CEAHLAU SA Piatra Neamt	73,30	BSE–REGS (MECF)	1,21
6	REGAL SA Galati	93,02	BSE–ATS (REGL)	0,43
7	TESATORIILE REUNITE SA Bucuresti	99,99	unlisted	2,88
	Total			**8,24**

According to SIF MOLDOVA's *Investment Strategy and Policy,* the Company has an investment strategy to develop its Majority Holdings Portfolio, characterized by:

a) The implementation of projects in various sectors of activity and business development in the companies in SIF MOLDOVA's historic portfolio.

a) b) Investments in this portfolio represent a private-equity type approach, that involves the development of existent majority holdings (**real estate, agricultural machines, agribusiness), as well as new investments (real estate, agribusiness**) and offer average and long-term increase opportunities.

Rules applied in compliance with AIFM legislation

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

The "private equity" type approach involves and active involvement in entrepreneurial projects, which leads to an increase of managed assets profitability and offers the possibility to compensate the risks of possible involutions of SIF MOLDOVA's ownership interest in listed companies.

Some of the investments presented in the following paragraphs are in the increase/development period, while others are in the maturity stage of the business life cycle.

1.2.2.1. AGROINTENS SA – Blueberry Farm Project "Extension of BLUEBERRY FARM "

(www.agrointens.ro)

Agrointens SA is a company whose activity consists in the exploitation and capitalization of blueberry farms.

Project description: The object of the project is the setup and development of blueberry farms. At present the following farms: Vistea –Brasov district, Mandra –Brasov district and Popesti –Arges district are in various development stages. At the end of 2019 the planted area has been of 82 ha.

SIF MOLDOVA's investment: 5,6 million euro.

Current status:

- ✓ *Vistea Farm*:
  - 2019 harvesting season completed
  - Activities regarding the obtaining of extension permits
- ✓ *Mandra Farm*:
  - 2019 harvesting season completed
  - Completed fitting works: electricity connection
- ✓ *Popesti Farm*:
  - 2019 harvesting season completed
  - Agricultural works for the extension of the farm by 15 ha
  - Works for farm upgrade (fencing the land, mounting containers for pump house and office).

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

Corporate events:

- ✓ EGMS on 23.01.2019 – the purchase of two lands in Popesti commune, Arges district, with an area of 9,16 ha has been approved;
- ✓ EGMS on 15.05.2019 – the share capital increase with the amount of 3,84 mil lei has been approved to finance the „Expansion of Blueberry Farm" investment
- ✓ *OGMS on 18.07.2019* – The election of the 3 Board of Directors members for the 2019-2023 period has been approved

Financial Results on 31.12. 2019 (preliminary)

Indicators – AGROINTENS (thousands of lei)	Budget 2019	Achieved 2019	Achieved 2019 / Budget 2019 (%)
Total income	10.328	9.499	92
Total expenses	13.105	12.021	92
Net profit/loss	(2.777)	(2.521)	91

1.2.2.2. AGROLAND CAPITAL SA – Iasi Real-estate project

Premises: The company has been setup for the purpose of capitalizing on investment opportunities from the agri-business – real estate field for the purpose of generating value for the shareholders. We have 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

Purpose/Purchase strategy:

- ✓ land clearing
- ✓ demolition
- ✓ obtaining the zonal urban plan – maximization of urban indicators
- ✓ full/ partial project sale

or

- ✓ project development

Status:

- ✓ the building demolition stage was completed (Dec. 2019).
- ✓ The documentation required to obtain the zonal urban plan for a multifunctional center (homes, offices, services) is currently drafted with an architecture company.

Financial results on 31.12. 2019 (preliminary)

Indicators – AGROLAND CAPITAL (million lei)	Budget 2019	Achieved 2019	Achieved 2019 / Budget 2019 (%)
Total income	0,05	0,1	200
Total expenses	12.850	3.038	23
Loss	(12.800)	(3.038)	23

1.2.2.3. ASSET INVEST SA

The company has the following main action directions:

- Management of companies in its own portfolio, the objective being to liquidize these holdings – portfolio on 30.12.2019: 44 companies of which 7 operating, 1 in insolvency, 1 in judicial re-organization and 35 in legal liquidation – bankruptcy.

- ✓ Liquidation of companies in SIF MOLDOVA's "SELL" portfolio – based on mandate contracts
  - Asset Invest SA's activity has the object of identifying the buyers, negotiating and closing the share sell-and purchase contracts for the non-performing portfolio of SIF MOLDOVA
- ✓ Representation in GMS/BD of the companies in SIF MOLDOVA's portfolio
- ✓ Monitoring the information and events regarding the companies in SIF MOLDOVA's portfolio –based on service agreements.

Corporate Event:

EGMS of 04.04.2019 – that decided:

- ✓ revocation of EGMS resolution on 29.03.2018 published in Official Gazette no. 1503/19.04.2018, given that the resolution has not been enforced and has not produced effects.
- ✓ reduction of the share capital of ASSET INVEST SA Bacau from 3.833.142 lei, to 3.033.142 lei, by returning a part of shareholder SIF Moldova SA's contribution, namely the amount of 800.000 Lei and corresponding annulment of a number of 8.000.000 shares with a nominal value of 0,10 lei
- ✓ transfer to Asset Invest SA of the share packages for a number of 13 companies for a price of 1.952.517 lei (details in chapter 1.2.3.). Approval of the contracts and valuation reports drafted by Darian DRS to set the transfer price.

EGMS on 27.08.2019 – that decided:

- ✓ Approval of the revocation of Resolution no. 3 EGMS on 04.04.2019 published in the Official Gazette no. 2105/20.05.2019, since the decision was not enforced and has produced no effects.

- ✓ Approval of the modification of the company's Memorandum of Association in compliance with the reduction of share capital approved by Resolution no. 2 of EGMS on 04.04.2019, following the restitution of a contribution share corresponding to the holdings of the company's shareholders, namely the amount of 800.000 lei.

Reporting on the legal documents entered by SIF Moldova with Asset Invest SA subsidiary (in compliance with art. 82 Law no. 24/2017):

- ✓ Contracts concluded on 18.04.2019 that targeted the transfer of the following stocks of shares from SIF Moldova – contract no./stock of shares: 2621/Atlas Braila; 2612/Humoreanca; 2617/Agrocomplex Barlad; 2613/Piscicola Murighiol; 2620/Confectia Tg. Jiu; 2616/Contor Group; 2615/Vinia; 2619/Bumbacaria Romaneasca; 2618/Fortus; 2614/Rafo. (current report on 19.04.2019);
- ✓ Addendum no. 2/20.05.2019 to contract no. 1722/05.04.2018 with object lease of vehicle / modification of lease period (current report on 21.05.2019);
- ✓ Addendum no. 24/21.06.2019 to contract no. 7542/17.12.2015 with object sale of VASCAR SA stock of shares (current report on 21.06.2019);
- ✓ Addendum no. 25/28.10.2019 to contract no. 7542/ 17.12.2015 with object sale of SPIT BUCOVINA SA stock of shares (current report on 29.10.2019);
- ✓ Addendum no. 26/19.12.2019 to contract no. 7542/ 17.12.2015, with object: sale of PARTMEN SA stock of shares (current report on 20.12.2019);

In compliance with the provisions of art. 82 Law 24/2017 and art. 144 of FSA Regulation no. 5/2018, SIF Moldova has presented the Independent Assurance Report of financial Auditor KPMG (current report on: 31.07.2019 – for H1 2019 and 30.01.2020 – for H2 2019)

Financial Results on 31.12. 2019 (preliminary)

ASSET INVEST Indicators (thousands lei)	Budget 2019	Achieved 2019	Achieved 2019 / Budget 2019 (%)
Total income	699	893	127
Total expenses	622	1232	198
Net profit	69	-347	

1.2.2.4. CASA SA

The company manages own real estate assets and those belonging to SIF Moldova and delivers real estate management services for real estate owned by SIF MOLDOVA.

On 30.09.2019 its portfolio includes a number of 10 properties in various municipalities (Botosani, Piatra Neamt, Bacau, Iasi, Galati, Braila, Tulcea), with a useful area of around 5.200 square meters of which 3.267 square meters are rented. The 3 real estate assets belonging to SIF MOLDOVA have a usable area of 2.891 square meters, and rented area 2.253 square meters.

Corporate events:

- ✓ Conclusion of extrajudicial transaction through which CASA SA recovered the amount of 964.240 lei that was the object of the Sale –purchase promise for forest land located in Ghelinta locality, Covasna district
- ✓ Completion of real estate sale transaction in 2019 for real-estate property in Suceava and Braila.

SIF MOLDOVA and CASA SA have entered Addendum no. 9/01.10.2019 to Rental Agreement no. 6518/11.11.2014, an event reported in compliance with art. 82 Law no. 24/2017 (SIF MOLDOVA's Current Report on 04.10.2019).

Reporting on the legal documents entered by SIF Moldova with subsidiary CASA SA (in compliance with art. 82 Law no. 24/2017):

- ✓ Addendum no. 7/08.01.2019 to contract no. 6519/11.11.2014, with object: modification of contract value (current report on 09.01.2019);

- ✓ Addendum no. 9/01.10.2019 to Lease contract for Rental of Areas no. 6518/11.11.2014 with object rental of 2 office areas (current report on 04.10.2019);
- ✓ Addendum no..9/23.12.2019 to contract no. 6519/11.11.2014, with object: modification of contract value (current report on 23.12.2019):
- ✓ Addendum no. 3/23.12.2019 to contract no. 1462/28.12.2015, with object: modification of contract value (current report on 23.12.2019);
- ✓ Addendum no. 3/19.12.2019 to contract no. 4476/10.08.2016, with object extension of contract duration (current report on 23.12.2019);
- ✓ Addendum no..5/19.12.2019 to contract no. 4941/13.08.2014, with object extension of contract duration (current report on 23.12.2019);

In compliance with the provisions of art. 82 Law 24/2017 and art. 144 FEA Regulation no. 5/2018, SIF Moldova has presented the Independent Assurance Report for the information included in the current reports drafted by SIF Moldova, drafted by Financial Auditor KPMG (current report on 31.07.2019- for H1 2019 and 30.01.2020 – for H2 2019).

Financial results on 31.12. 2019 (preliminary)

Indicators – CASA (mii lei)	Budget 2019	Achieved 2019	Achieved 2019 / Budget 2019 (%)
Total income	3.579	2.893	80
Total expenses	3.502	1.604	45
Net profit	77	1.288	1666

1.2.2.5. MECANICA CEAHLAU SA

The company manufactures agricultural equipment for land process and distributes (i) Steyer and Hart tractors, (ii) Project herbicide equipment and (iii) Stoll front loaders.
The company successfully launched a new range of seeders for precision wedding (Safir and Perla) and cereals (Diamant) that will become the main products of the 2020 range at the most important agricultural event in Romania, INDAGRA – The international Agriculture Products and Equipment, in November 2019.

In July 2019 the company completed the transaction for the sale of 23.523 m² land, the value collected for the asset being 4.939.830 euro.

On 01.10.2019: the company put the following assets it owns for sale:

- ✓ land outside the incorporated area in Targu Neamt city, an area of around 6.600 square meters
- ✓ land inside incorporated area and buildings in Baldovinesti locality, Braila district, area around 5.300 square meters

Financial results on 31.12. 2019 (preliminary – Current Report of Mecanica Ceahlau on 28.02.2020)

Indicators – MECANICA CEAHLAU (thousands lei)	Budget 2019	Achieved in 2019	Achieved 2019 / Budget 2019 (%)
Total income	36.600	55060	150
Total expenses	33.800	46741	138
Net profit	2.400	5625	234

1.2.2.6. REGAL SA

On 31.12.2019 the company had 6 commercial areas plus its administrative headquarters with an area of 2.130m²
The company continues to sell its commercial areas according to the approved strategy.
A possible merger with SIF subsidiary, following the merger of Asset Invest – Casa SA is currently being analyzed.

Financial results on 31.12. 2019 (preliminary)

Indicators – REGAL (thousands lei)	Budget 2019	Achieved in 2019	Achieved 2019 / Budget 2019 (%)
Total income	1.418	2.640	188
Total expenses	1.216	1.796	147
Net profit	169	597	353

1.2.2.7. TESATORIILE REUNITE SA
"BABA NOVAC RESIDENCE" Residential real-estate project

(www.babanovac-residence.ro)

"Baba Novac Residence" *Real-estate project* (100% holding through Tesatoriile Reunite SA) – The project was completed and at present we are running the stage of concluding the final sale-purchase agreements. 362 apartments of 363 were sold.
The investment bank credit was repaid.
The decision was made to return the capital to SIF through capital decrease 22,6 million lei in H 1 2020.

Note: In the meeting of Bucharest Municipality Council on 24.10.2019 the Zonal Urban Plan was approved for a potential residential real-estate project located in Spatarul Preda street, no. 5.

Corporate events:

- ✓ *EGMS on 24.04.2019* – the reconfiguration of the Baba Novac Residence project was approved, based on the coordinates mentioned in the Justification Note presented in the EGMS, following the cancellation of the general contractor contract for the failure to abide by contract execution deadlines. The management of the company is implementing the measures necessary for the running of the project within the parameters.
- ✓ *EGMS on 26.07.2019* – The indicative offer and financing conditions, issued on 03.07.2019 by Raiffeisen Bank, the financing bank of Baba Novac Residence program, have been approved with the proper modification of resolution no. 10 EGMS on 16.06.2017.
- ✓ *EGMS 04.12.2019* – approves the reduction of the company's share capital, in compliance with art. 207, line (2) letter b) Companies Law 31/1990, with a value of 22.675.625 lei, representing a number of 9.070.250 shares with a nominal value of 2,5 lei/share. The reduction is justified by the optimization of the share capital, involving the return to the shareholders of a share of their contributions, proportional to the participation to the company's paid up capital, with the prior notification of the bank. The share capital is reduced from 27.083.195 lei divided into 10.833.278 shares of 2,5 lei each, to 4.407.570 lei, representing a number of 1.763.028 shares with a nominal value of 2,5 lei/share, through the restitution of the amount of 22.675.625 lei and proportional annulment of a number of 9.070.250 shares with a nominal value of 2,5 lei. The restitution of the capital ratio to the shareholders will be made following their express request, no sooner than two months from the date the EGMS resolution is published in Romania's Official Gazette part IV;
- ✓ EGMS 23.12.2019 – Approves the purchase of 2 (two) lands within incorporated area, yards of buildings, free of any buildings and encumbrances belonging to SOPREX IMI S.A., a limited liability company, based on the Grounding Note and preliminary sales and purchase contract, with the following essential data: land of 10.370 m ² in records (and 10.369 m² measured and 8.984 m²) located in Bucharest, Drumul Piscul Moșului street, no. 14-16.

Later event: in March 2020 the transaction regarding the purchase of a land with an area of 19.353 m² for real-estate development was completed.

Financial results on 31.12. 2019 (preliminary)

Indicators - Tesatoriile Reunite (thousands lei)	Budget 2019	Achieved in 2019	Achieved 2019/Budget 2019 (%)
Total income	52.981	55.612	105
Total expenses	39.833	44.700	112
Net profit	10.240	8.617	84

***

Mention: The Majority Holdings Portfolio also monitors the following companies:

- ✓ Nord SA (18,14% holding of total capital) and Professional Imo Partners SA (31,42% holding of share capital) directly/indirectly participate to the implementation of **"Veranda Mall"** project Bucharest.
- ✓ Straulesti Lac Alfa SA (50% holding of share capital) implementing the project **"Atria Urban Resort"** Bucharest.

1.2.2.8. "VERANDA MALL" Real Estate and Trade Center Project

(www.verandamall.ro)

Description: The investment project consisted in the construction of "VERANDA MALL" trade center from Bucharest and its operation through company Veranda Obor SA. The trade center is a proximity mall, located in a heavily populated area with commercial traffic, Obor-Colentina. "VERANDA MALL" opened on 27.10.2016.

Project characteristics: GLE (built area) around 67.000 square meters; GLA (rentable area) around 34.000 square meters following extension, no. of shops – tenants: 100; occupation degree: 97%.

Investment: The value of SIF MOLDOVA's investment amounts to 14,3 mil euro. SIF MOLDOVA indirectly holds in Veranda Obor SA a holding of around 37% through Professional Imo Partners SA (PPLI) and Nord SA (NORD), companies listed on BVB – ATS segment.

Current status:

The completion of the expansion of „Veranda Mall" Trade Center with around 6.300 m² in 2019:

- ✓ Stage 1 – project implementation in the gallery area:
  - the construction of the new areas is completed;
  - new tenants: Benvenuti, Carturesti, Provident, Xin Yue, Casada;
  - negotiations are held to rent the restaurant area.
- ✓ Stage 2 – implementation of Cinema multiplex project, equipped with 12 halls - operator Cinemax (Slovakia).

1.2.2.9. STRAULESTI LAC ALFA SA
"ATRIA URBAN RESORT" Residential Real-estate project

(www.atriaresort.ro)

SIF MOLDOVA invests in "ATRIA URBAN RESORT" real-estate project, developed through company LAC ALFA SA. The project targets the building of 1. .381 apartments, in 4 stages, on a land area of around 9 ha, located in the NW part of Bucharest municipality, in the vicinity of Colosseum Retail Park with quick access to Piata Victoriei and the Northern part of the capital city.

Investment: SIF MOLDOVA is shareholder of Straulesti Lac Alfa SA, along with CityRing Property SRL and Mr. Liviu Lepadatu who also provides the management of the real estate project development. Total SIF MOLDOVA's investment, run on stages, will be of 8,3 mil euro, money that were paid in full on 05.07.2019. Project financing is provided both with own capital and bank loan, and the estimated project completion value is over 100 million euro. The Company, through EGMS resolution on 06.12.2019 approved the issue on unlisted bonds for the purpose of co-financing Stage II, with the following characteristics: value 16,7 million lei, with 3 years' maturity, fixed coupon 8% p.a., at the market level, offered for subscription exclusively to shareholder SIF Moldova SA. In December SIF Moldova has fully subscribed to the bonds issue.

Current status:

- ✓ Stage 1:
  - includes a number of 160 apartments (studios, two and three rooms) in the final construction stage
  - works connected to utilities connection, landscape, reception and cadastral registration are currently being carried out
  - completion deadline: Q4 2019;
  - sale status – 65% preliminary sale contracts for the apartments.
- ✓ Stage 2:
  - the AC2 building permit was obtained;
  - Stage 2 works have started in December 2019.

Corporate event:

- ✓ *OGMS on 26.07.2019* – The selection of financial auditor KPMG Audit SRL and duration of the financial audit contract (07.2019-07.2021) were approved.
- ✓ *EGMS on 26.07.2019* – The indicative offer and financing conditions issued on 03.07.2019 by Raiffeisen Bank, the financing bank of Baba Novac Residence Project were approved, with the proper modification of EGMS resolution no. 10 on 16.06.2017
- ✓ *EGMS on 01.08.2019* – It was approved that Dia Construct Transport & Demolari SRL carry out land preparation works for the building of Stage 2 of the residential project.
- ✓ *EGMS on 06.12.2019* – The contracting of an investment-credit from Garanti bank of 9 mil. euro for the financing of Stage 2 of Atria Urban resort residential project, an issue of bonds for the purpose of financing Stage 2 of the project and approval of the construction works contract for stage 2 with the general contractor.

Financial results on 31.12. 2019 (preliminary)

Indicators – Straulesti Lac Alfa (thousands lei)	Budget 2019	Achieved 2019	Achieved 2019/Budget 2019 (%)
Total income	44.081	41.093	93
Total expenses	45.431	41.565	91
Net profit/loss*	-1.350	- 472	

Events following the reporting period: full repayment of the loan made for stage 1 in March 2020.

1.2.3. "SELL" Portfolio

In order to reach the investment objectives foreseen in the multi-annual strategies and 2019 Activity Program, SIF Moldova continued to reduce the weight of the SELL portfolio, a portfolio selected based on criteria such as low liquidity, low performance, low increase potential.

Thus, on 31st December 2019, the weight of SELL portfolio dropped to 1,54% of the total assets value, in comparison to 4,71% on 31st December 2018, the main strategy applied being restructure through sale.

To the extent that the positions in this portfolio are sold, liquidities feed SIF MOLDOVA's investment needs.

In 2019 the ownership interest held by SIF Moldova in the following companies were sold:
ALIMENTARA CLUJ – completion of holdings sale, collection of 2nd installment of 840 thousand euro. Total value of the transaction: 1,64 mil. euro;

- ✓ BIOFARM – full sale of ownership interest for the amount of 44 mil. lei since investment in this issuer reached maturity;
- ✓ FAVIL SA – collection of the amount of 1,47 mil. lei following the withdrawal from the company, in compliance with the provision of Law 151/2014;
- ✓ Atlas Braila, Humoreanca Gura Humorului, Lactate Natura Targoviste, Transtec Tecuci, Vitimas Tecuci, Agrocomplex Barlad, Piscicola Murighiol, Confectia Tg. Jiu, Contor Group Arad, Vinia Iasi, Bumbacaria Romaneasca Jilava, Fortus Iasi and Rafo Onesti – full sale. The share stocks have been sold to ASSET INVEST SA - a company in SIF MOLDOVA Group, for a total price of 1,9 mil. lei. The operation is compliant with SIF MOLDOVA's strategy approved by the shareholders, regarding the restructure of SELL portfolio. *(Current Report 19.04.2019);*
- ✓ VASCAR SA – collection of the amount of 1,8 mil. lei, corresponding to SIF MOLDOVA's participation to the Buy-back Program, SIF Moldova transfer to VASCAR SA the package it held (*Current report 21.06.2019*);
- ✓ SPIT Bucovina SA – full sale of holding for the amount of 1,185 million lei (*Current Report 15.10.2019*);
- ✓ PARTMEN SA Bacau – full sale of holding for the amount of 1,5 million lei;
- ✓ CASA DE BUCOVINA (BCM) – partial packaeg sale.

We have actively participated to the General Meetings of Shareholders of the companies in the portfolio by: amending the agenda with new items, requesting to summon the general meetings, asking questions to the Boards of Directors, requesting the completion of informative materials.

Events following the reporting period*:*

- ✓ URB RULMENTI SA Suceava - full holding sale for 1,79 million lei; (URUL/29.01.2020Holding threshold notification)
- ✓ AGRICOLA INTERNATIONAL – initiation of share purchase program (*details on www.sifm.ro link "SIF Moldova offer to purchase AGRICOLA shares"*).

Information regarding the non-use of total return swap instruments

We hereby inform our shareholders that following AIFM certification (certificate no. 20/23.01.2018**), SIF Moldova has not used total return swap type elements and has not carried out any security financing transactions** („SFT"), as defined by *(EU) Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012*

SIF Moldova has presented its shareholders through the informative materials for OGMS of 27.04.2018 „ SIF Moldova's investment strategy and policy", that is compliant with this situation. A possible modification of the investment activity to include this type of transactions will modify "SIF Moldova's Investment Strategy and Policy" consequently, with the fulfillment of the requirements for the certification of the document by FSA, in compliance with art. 10 *Law 74/2015 on alternative investment funds managers*.

1.2.4. Implementation of 2019 investment program

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

million lei	2019 Activity program	Achieved on 31.12. 2019	% achieved on 31.12.2019
Total investment program, of which:	**111**	**232**	209
• **MAJORITY HOLDINGS**		4	
• **CORE**		195	
• **Fund units**		12	
• **Bonds**		21	

1.2.5. Perspective elements regarding SIF Moldova's activity. 2020 uncertainties and risks.

a) *Presentation and analysis of the trends, elements, events or uncertainty factors that affect or might affect the liquidity of the issuer in comparison to the same period of the previous year.*

External

- ➢ Although initially Europe seemed to be one of the regions less affected by the corona virus outbreak, given its large distance from China, the region has become strongly affected due to the disturbed supply chains, as well as due to similar supply chain disruptions in Europe, since strict quarantine measures were instituted. With the increase of the number of infected individuals outside China, in Italy, South Korea, France and Germany, the virus has finally taken control over global markets.
- ➢ According to IMF forecasts, there is a basic scenario where the Chinese economy returns to normal in the second quarter of the year, and the impact on world economy will be "relatively minor and short-term"; some pessimistic scenarios are also analyzed with the expansion of the outbreak on a global level and sever consequences on economic growth.

- Price quantification of Coronavirus-related risks lead to negative performance indicators in the territory for most sectors at the end of February. Exceptions from the rule were the utilities and real-estate sectors that benefit from the defensive nature and ability to offer dividends.
- It is estimated that the coronavirus effect will be indirect on the quality of EEC bank assets quality.
- The European natural gas market has been affected by the warm winter, the coronavirus and high level of deposit inventories. The fight between Russian manufacturers and GNL manufacturers mainly from the USA over the European consumer market remains.
- 2020 seems to be a difficult year for the petrol and gas sector. Hard times are forecast for petrol and gas manufacturers, as well as for downstream players, due to the reduction of demand and high offer on all segments, which might lead to the lowering of prices and margins. Moreover, the new concern, the spread of the coronavirus has increased the negative feeling of investors.
- On the 8th March petrol price dropped by around 30% after Saudi Arabia launched an aggressive price war, a war that lead to the lowest price level in recent years.
- Brent petrol price, that is an international benchmark decreased from 45 US dollars to 31,02 US dollars on the 8th March, that represents one of the highest one-day drops in history, the traders being surprised by the decision of Saudi Arabia to launch an actual price war days after attempting to discuss with OPEC and Russia to reduce production.
- It is estimated that the virus news will influence the markets in the 1st quarter of 2020 and that the recovery will start in the 3rd quarter of 2020.
- The estimates for gas prices on European level have been lowered to 10 EUR / MWh for 2020 and 2021. Natural gas prices could recover in 2022 based on demand increase and offer stabilization. It is likely that demand increase based on European initiatives regarding ecological energy and the closing of nuclear and coal plants.

Internal

- The lack of sustained reform efforts, the increase of budget deficit and current account deficit jeopardizes the sustainability of Romania's economic growth.
- Public deficit continued to increase, encouraging current expenses, exceeding the 3% of GDP threshold in 2019. It is estimated that the deficit will continue to increase, especially due to the 40% indexation of pensions foreseen for September 2020. As in the previous years, the rules of the national tax-budgetary framework have not been respected.
- A progressive slowing down of average-term increase is to be expected. A decrease of real GDP to 3,8 % in 2020 and 3,5 % in 2021 is expected.
- Following 2018 the risks connected to the financial sector have decreased but there are still uncertainties regarding the legislative process. In January 2020 the government modified the most harmful provisions of Government's Emergency Ordinance no. 114/2018, eliminating bank assets tax. Nevertheless, legislative uncertainty with a negative impact on the business environment, especially on the financial sector seems to persist.
- Insufficient investments affect the potential of the economy to get close to EU levels. The quality and reliability of the road and railway infrastructure is low. Investments made in transportation infrastructure, energy and environment (for waste, residual waters and air pollution) are insufficient.

b) *Presentation and analysis of capital expenses effects, either current or anticipated, on the issuer's financial statement, in comparison with the same period of the previous year.*

The detailed presentation of current or anticipated capital expenses on SIF Moldova's financial statement, namely corresponding to the Share buy-back program for the reduction of share capital run in 2019 and 2020 Buy-back program can be found in the material submitted for the approval of EGMS on 27/28th April 2020: *"Approval of the running of a share buy-back program for share capital reduction"*.

c) *Presentation and analysis of events, transactions, economic changes that significantly affect income from basic activity.*

Dividend income for 2019, included in the 2020 Income and Expenditure Budget, the represent the main income reflected in profit and loss have been estimated based on 2019 preliminary results,

notifications of management, investment and cash-flow estimates of companies. The effects of GEO no. 1/2020 will influence the financial results of companies in the bank and energy sector.

2020 Objectives

The "key" elements of SIF Moldova's Investment Strategy and Policy is based on a resource assignment that insures the sustainable development of SIF Moldova's activity and satisfaction of shareholders' interest, both on the short and on the long term:

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

Remuneration policy for SIF Moldova's shareholders
SIF Moldova takes on a predictable dividend policy.
In the context of the volatility of capital Markets, the Board of Directors aims to find a balance between the need to provide the resources in order to support the investment programs to be developed, short-term expectations of shareholders, namely distribution of dividends, and long-term expectations of shareholders, namely NAV and price increase.

The Board of Directors intends to remunerate shareholders both through the offering of cash dividends and through the running of redemption programs through Public Purchase Offers (PPC). It is estimated that the policies mix that includes dividend assignment and the possibility to subscribe in PPC offer a higher yield than that offered in case of classic dividend distribution, remunerating invested capital at a higher level than that offered by monetary placements.

Capital operations through the running of a Share Buy-back program with the purpose of reducing the share capital and distribute shares to the employees, managers and directors of the company.

Strategies for assets portfolios:
- Increase for Majority Holdings Portfolio – "private-equity" type approach for existent majority ownership interest (real estate, agriculture, other sectors)
- Recalibration for the CORE portfolio – listed portfolio offering liquidity to SIF Moldova's assets, representing the main income and source generator for new investments.
- Restructure for SELL portfolio – continuation of the restructure/sale of the "historic" share portfolio.

2020 Objectives:
- **Investment program: 105 million lei**
- **Net result: 39 million lei,** consisting of:
  - **Net profit: 15,9 million lei**
  - **Net gain from the sale of FVTOCI assets: 23,1 million lei**

2 Risk Management

SIF Moldova permanently sets and keeps operational the risk management position that is hierarchically and functionally independent from the activities that generate risk exposures and has access to all relevant information.

The risk management position is insured by the Risk Management Department which plays an important role in the defining of risk management policy, monitoring the abidance of the risks that the company is or could be subjected to the risk profile approved by the Board of Directors. SIF MOLDOVA has adopted proper and efficient measures, processes and techniques for the identification, management and monitoring of the risks the company is or could be subjected to, at any given time

The Board of Directors defines the risk policy, and especially, the risk appetite, based on the recommendations of the risk management function and the audit committee. At least once a year, the Board of Directors examines and approves the limits applied to measure and control the main risks that the company is exposed to market risk, liquidity risk, issuer risk and operational risk.

The objectives of the management structure within the risk management policy are the prudential management of risks so as to prevent the negative impact that internal and external factors might have on the activity of the company leading to the failure to reach the objectives set, the occurrence of unplanned or uncontrolled losses, or the occurrence of negative effects. When setting the risk appetite and tolerance SIF Moldova takes all relevant risks it is subjected to due to the nature of its activity, the main influence being that of the **market risk.**

The efficiency of the risk management system is evaluated on a half-yearly basis by Executive Management, Audit Committee and the Board of Directors and is made in compliance with art. 45 FSA Reg. no. 2/2016 on the application of Corporate Governance principles by entities authorized, regulated and supervised by FSA, modified and amended by FSA Reg. no. 9/13.08.2019.
Following the examination of:

- risk management policies and measures, processes and techniques for risk measurement and management;
- the measures taken to remedy deficiencies occurred in the running of risk management process;
- the fulfillment of the risk management function;
- the measures meant to insure the functional and hierarchic separation of the risk management function,

The Board of Directors in the meetings on 25.07.2019 and 24.02.2020 has concluded that the risk management system in SIF Moldova in the 1st and 2nd semester of 2019 has been efficient and suitable given the nature of SIF Moldova's activity and investment policy.

Staff of the Risk Management Department:

1. Sonia Fechet- risk manager, department coordinator (FSA reg. no:PFR13²FARA/040050)
2. Elena Rebei – risk manager (FSA Reg. no. :PFR13²FARA/040049)

2.1. SIF MOLDOVA's risk profile.

The risk profile represents all exposures of SIF MOLDOVA to real and potential risks. It is quarterly evaluated and monitored in relation to the objectives regarding the set risk level. Depending on the historic and current values of risk indicators, the tolerance limits and risk appetite set by the Board of Directors, SIF Moldova's risk profile is the following:

The global risk profile taken on by SIF Moldova is an average one, corresponding to an average risk appetite

Risk type	Accepted risk level	Risk level la 31.12.2019
Market risk	Average	Average
Issuer risk	average	low
Liquidity risk	low	low
Operational risk	average	average
Overall risk profile	**Average**	**Average**

On 31st December 2019 the risk indicators calculated for the relevant risks that SIF Moldova is or could be exposed to abide by the tolerance limits, risk appetite and profile approved by SIF Moldova's Board of Directors. Between 01.01.2019-31.12.2019 there has been no exceeding of risk limits on the level of the overall risk profile.

The main activities carried out between 01.01.2019 and 31.12.2019:

- annual revision of the Risk management policy and procedures
- evaluation of the company's risk profile;
- calculation of the risk indicators set according to risk management procedures and analysis of their abidance by the approved risk tolerance limits;
- risk analysis regarding the investments suggested by the departments with portfolio management functions;
- daily monitoring of the abidance of the assets in the portfolio by prudential limits;
- follow-up of the fulfillment of measures set in the annual risk response plan and through the operation risk events reporting sheets;
- analysis of the classification of assets on risk classes, depending on their liquidity degree;
- analysis and calculation of risk measures for institutional reporting (Annex IV to R.231/2013)
- carrying out annual crisis simulations
- self-evaluation of operational risks and of the internal control system on the company's level.

2.2. The main risks that SIF MOLDOVA is exposed to:

In its activity, SIF MOLDOVA is exposed to various types of risks, the most important being those associated to the held securities portfolio (shares, bonds).

2.2.1. Market Risk

Most of SIF Moldova's assets are subjected to market risk, defined as a modification potential of their market value. The right may occur following the modification of share prices, interest rates, exchange rates and other relevant parameters.

We make the distinction among three very different market risks:

- **Price risk** derives from market movements, the assets exposed to it being financial instruments such as shares and equities in open or closed investment funds. Since the assets exposed to price risk hold a 94% weight of total managed assets on 31st December 2019, the market risk is a relevant one for SIF Moldova.
- **Currency risk** describes risk as the values of investments denominated in other currencies than leu modify due to currency rate modifications. Given the low weight of assets in other currency in total SIF assets (0,65%) the impact of currency risk is not significant.
- **Interest rate risk** refers to the possibility that investments in bonds – also known as fixed-income securities – suffer following unexpected interest rate modifications. Given the low weight of securities in total SIF assets (1,21%), the impact of interest rate risk is not significant.

The main objective of market risk management, as part of the independent risk management function is to make sure that the business function optimizes the risk/reward relationship and does not expose SIF Moldova to unacceptable losses, that do not correspond to its risk appetite.

In order to reach this objective, risk management defines and applies a framework that identifies, evaluates, monitors and regularly reports market risk, so that higher management can make efficient decisions in due time regarding the way it should be managed and reduced. The Risk Management Department identifies market risks through the active analysis of the portfolio and investing proposals of the business function.

Stress testing and scenario analysis plays an important role in the management of market risk. This involves an evaluation of value losses in different scenarios and their consequences on the company's risk profile. SIF Moldova has carried out a crisis simulation in compliance with article 15, line (3) letter (b) Law 74/2015 in compliance with the internal procedure *Crisis Simulations* and scenario analysis for reference date 31st March 2019. The results of the annual stress test were presented to the Board of Directors and approved by it in the meeting on 15.05.2019 and have been submitted to FSA on 17.05.2019.

2.2.2. Liquidity Risk

Liquidity risk is the risk stemming from a potential inability to meet all payment obligations when these become due, or to meet them without excessive costs. The management framework for liquidity risk has been an important factor in maintaining a suitable liquidity and in the management of liquidity profit in 2019.

The management framework for liquidity risk is devised to identify, measure and manage the liquidity risk position. The Risk Management Department is responsible for the monitoring and internal reporting of liquidity. The liquidity management function provides a proper framework for liquidities management, taking into consideration the investment policy, liquidity risk profile and support obligations of SIF Moldova.

Liquidity reserves include cash and cash equivalents available, as well as very liquid securities. The minimum volume of liquidities reserves is permanently monitored and reported.

Stress testing and scenario analysis plays an important role in the liquidity risk management. This involves am evaluation of assets liquidity in various scenarios and their consequences on the risk profile of the company. SIF Moldova has carried out a crisis simulation in 2019 in compliance with art. 16, line (1), second paragraph of Law 74/2015 and *Internal Procedures*. *Crisis simulations and scenario analysis,* for reference date 31 March 2019. The results of the annual stress test have been presented to the Board of Directors and approved by it in the meeting on 15.05.2019, then submitted to FSA on 17.05.2019.

2.2.3. Issuer risk

Issuer risk results from the exposure of shares held in entities in the portfolio and represent the current or future risk of a portfolio title losing its value following the deterioration of its economic-financial status, or due to business conditions (its internal activities do not function, or are not correlated in compliance with the business plan), or due to events, tendencies and external changes that could not have been known or presented by the control system.

The issuer risk management system is designed to identify, measure and manage issuer risk. The Risk Management Department is responsible for the internal monitoring and reporting of issuer risk. The Risk Management Department is responsible for the monitoring and internal reporting of issuer risk. The portfolio management function provides a proper framework for the management and monitoring of issuers in the portfolio.

2.2.4. Operational risk

Operational risk is the risk of loss resulting from internal procedures, unsuitable individuals, unsuitable or defective systems or from external events. This includes legal risk but excludes business and reputational risk. The daily management of operational risk is the main responsibility of all company departments. The risk management function manages a consistent application of operational risk management in the entire company. Through our annual self-evaluation model for operational risks we aim to have a strict monitoring of these risks and a high awareness of them.

To abide by the requirements of FSA norm no. 4/2018, information technology (IT) risk is distinctly approached in the self-evaluation process of operational risks. The results of the internal evaluation of IT operational risks are annually submitted to FSA.

In the annual self-evaluation of operational risks, money laundry and terrorism financing risk has been evaluated through a distinct process related to the compliance department's activity.

2.2.5. Other risks: credit/counterparty risk, concentration risk, reputational risk, strategic risk, regulation risk, conflict of interest risk, risk associated to activities carried out the company's subsidiaries.

2.2.6. The risk of SIF Moldova's assets failing to abide by the legal holding limits

On 31st December 2019, the assets in SIF's portfolio ***abide by*** the legal prudential limits. Between 01.01.2019 and 31.12.2019 there has been no exceeding of prudential legal limits:

a) Securities and monetary instruments not admitted for trading – allowed limit in compliance with CNVM /FSA Regulation no.15/2004, art.188, letter a): **20%** of total assets (closed shares, closed bonds, deposit certificates)

Asset type	Market value per asset category as per FSA regulation no.9/2014 (lei)	Weight of total SIF MOLDOVA assets(%)
Shares held in close-type issuers (incl. amounts to collect following the withdrawal from closed-companies)	216.401.610	9,16
Closed bonds	24.660.386	1,04
TOTAL	**241.061.996**	**10,21**

b) b) Securities (shares and bonds) and monetary market instruments (government securities) registered or traded at Stock Exchange Market (on issuer level) – allowed limit as per CNVM/FSA Regulation no.15/2004, art.188, letter b): **10%** of total assets, limit that might be increased up to maximum 40% provided that holding limits is over 10% per issuer and *does not* exceed, under any circumstances 80% of total assets value. *We note that* there are two holdings in this category

- ✓ exposure on **TLV issuer (39,12%),** that abides by the maximum holding limit of 40% **that is closely monitored through mechanisms for daily holding monitoring.**
- ✓ **Exposure on SNG issuer (11,26%)**

The two issuers that exceed 10% individually do not exceed 80% of total assets cumulatively (50,37%).

c) Financial instruments issued by entities belonging to the same group – limit allowed as per CNVM/FSA Regulation no. 15/2004, art. 188 letter c): **50%** of total assets.

Group name	Market value per asset category as per FSA regulation no .9/2014 (lei)	Weight of total SIF MOLDOVA assets (%)
BANCA TRANSILVANIA, of which:	**933.224.782**	**39,53**
• shares	923.581.195	39.12
• bonds	7.915.853	0,34
• bank deposits	1.727.734	0,07
ATLAS ASSET MANAGEMENT, of which:	**120.029.653**	**5,08**
• fund units	120.029.653	5,08
GLOBINVEST, of which:	**98.002.489**	**4,15**
• fund units	98.002.489	4,15
BRD-GSG, of which:	**64.386.009**	**2,73**
• shares	40.429.430	1,71
• bank deposits	23.956.579	1,01
STRAULESTI LAC ALFA, of which:	**51.240.220**	**2,17**
• shares	34.495.687	1,46
• bonds	16.744.533	0,71
EXIMBANK, of which:	**25.266.438**	**1,07**
• bank deposits	22.695.838	0,96
• shares	2.570.600	0,11
STAR ASSET, of which:	**24.717.274**	**1,05**
• fund units	24.717.274	1,05

d) Financial instruments issued by entities belonging to the group that includes SAI (SIF Moldova) - allowed limit as per CNVM/FSA no. 15/2004, art.188, letter c): **40%** of total assets.

Name	Asset category market value as per FSA regulation no.9/2014 (lei)	Weight of total SIF MOLDOVA assets (%)
AGROINTENS shares	42.111.642	1,78
AGROLAND CAPITAL shares	35.588.832	1,51
ASSET INVEST shares	2.711.558	0,11
CASA shares	13.624.005	0,58
MECANICA CEAHLAU shares	28.664.797	1,21
REGAL shares	10.046.322	0,43
TESATORIILE REUNITE shares	68.051.396	2,88
TOTAL SIF MOLDOVA GROUP	**200.798.552**	**8,50**

e) Exposure to counterpart risk with derivative financial instruments traded outside regulated markets – limit allowed according to CNVM/FSA regulation no. 15/2004, art.1 88, letter d): 20% of total assets, regardless of the counterparty of the transaction – not the case.

f) Current accounts and cash value – allowed limit according to CNVM/FSA no.15/2004, art.188, letter e): **10%** of total assets. In the net assets on 31.12.2019, the value of current accounts and cash is 1.291.809 lei, representing 0,05% of total assets.

g) Bank deposits setup and held at the same bank- allowed limit as per CNVM/FSA regulation no.15/2004, art.188, letter f): **30%** of total assets.

Bank name	Deposits value (FSA reg. no.9/2014) (lei)	Weight in total SIF Moldova assets (%)
CEC Bank	48.736.306	2,06
Eximbank	22.695.838	0,96
BRD - GSG	23.956.579	1,01
Banca Transilvania	1.727.734	0,07
Total deposits	**97.116.456**	**4,11**

h) Overall exposure to derivatives, according to CNVM/FSA Regulation no. 15/2004, art.188, letter g) – not to exceed total net assets value – not the case.

i) Holdings in NON-UCITS - according to CNVM/FSA Regulation no. 15/2004, art.188, letter h): **50%** of total assets.

NON-UCITS name	Market value of asset category (FSA Reg no.9/2014) (lei)	Weight of total SIF MOLDOVA assets(%)
Fondul Privat Comercial	86.646.008	3,67
FIA Alchemist	58.335.778	2,47
Fond Privat de Investitii Optim Invest	53.455.603	2,26
FII DCP Investitii	36.020.460	1,53
FII Multicapital Invest	20.921.363	0.89
FIA Hermes	13.116.082	0,56
TOTAL NON-UCITS (fund units)	**268.495.294**	**11,37**

j) Exposure obtained through direct and indirect investments in monetary market instruments such as promissory notes – allowed limit according to FSA reg. no.14/08.11.2013, art.9, letter a**): 20%** of total assets.

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

k) Exposure in the share capital of Depozitarul Central – according to Depozitarul Central Memorandum of Association, Title III, Chapter I, art. 10(1): Company shareholders cannot hold more than **5% of vote rights,** exception being market operators who can hold up to 75% of vote rights with the approval of CNVM/FSA.

Issuer name	No. of held shares	Total number of issuer's shares	Holding percentage in the issuer's share capital (%)
Depozitarul Central (Regisco)	7.396.029	252.919.526	2,92

l) Exposure to SIFs' share capital– according to Law no. 297/28.06.2004-updated, art. 286^1 line (1): Any individual may acquire with any title or may hold, along or along with individuals it acts in a concerted manner, shares issued by financial investment companies resulted from the transformation of private property funds, but not more than 5% of the financial investment companies' share capital.

Issuer name	No. of shares held	Total no. of issuer's shares	Holding percentage in the issuer's share capital (%)
SIF Transilvania	108.777.386	2.184.286.664	4,98
SIF Banat Crisana	18.502.502	517.460.724	3,58

Note: art. 286^1 is annulled, according to art. 81 line (3) FIA Law no. 243/20.12.2019 within 6 months from its coming into force.

m) Exposure to the share capital of Bucharest Stock Exchange- according to Law no. 126/11.06.2018, art. 136 line (5): No shareholder of a market operator may hold, neither directly nor jointly with the persons it acts in concerted manner, more than **20% of total vote rights**

Issuer name	No. of held shares	Total number of issuer's shares	Holdings percentage in the issuer's share capital (%)
Bursa de Valori Bucuresti	348.256	8.049.246	4,33

n) Exposure to the share capital of Banca Transilvania – according to the Articles of Incorporation of Banca Transilvania, art. 11 item b):

"No shareholder may hold 10% or more of the Bank's share capital, unless:

(i) it has the approval of GSM and

according to all formalities requested by the law."

Issuer name	No. of held shares	Total number of issuer's shares	Holding percentage in the issuer's share capital (%)
Banca Transilvania	355.907.975	5.215.917.925	6,82

o) Abidance by Law no.74/2015, art.2 line (2) - On 31st December 2019, the assets managed by SIF Moldova and reported in compliance with the *"Statement of SIF Moldova's assets and liabilities"* have been of 2.361.096.430 lei. Their value in euro is 494.025.575 and abides by the maximum threshold of *max.500.000.000 euro, without the use of leverage effect*.

The leverage effect involves any method through which the company increases the exposure of the portfolio it manages either through cash or securities loan, or through derivatives, or through any other means. **According to the strategy and investment policy, SIF Moldova does not use the leverage effect and has no assets obtained using the leverage effect.**

The leverage effect indicator on 31.12.2019 calculated for internal reporting purposes (foreseen in Annex IV of EU Regulation no. 231/2013), according to gross approach is 98,27% and according to engagement method is 100%.

3 Financial Statement of the Company

The Company's individual financial statements have been drafted in compliance with Accounting regulations compliant with the International Financial Reporting Standards („IFRS") applicable to entities authorized, regulated and supervised by FSA approved by Norm 39/2015.

According to Norm 39/2015, the International Financial Reporting Standards, hereinafter referred to as IFRS, represent the standards adopted 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.

In this chapter, we succinctly present the financial position and performance of the Company, as well as cash-flow statement for financial year 2019, in comparison with the previous two. A more detailed presentation of these elements can be found in the Individual Financial Statements of the Company.

3.1 Criteria for the recognition, measurement and valuation of the financial assets in the individual financial statements on 31st December 2019 and 31st December 2018

Starting on January 1st, 2019 IFRS 9 "Financial instruments" has come into force, it foresees a new approach regarding the classification and valuation of financial assets, approach that reflects the business model in which the financial assets are managed and cash-flow characteristics.

Depending on these criteria, financial assets are classified as: financial assets valuated at fair value through profit or loss („FVTPL"), Financial assets at fair value through other comprehensive income („FVTOCI") and Financial assets valuated at amortized cost.

In case of equity instruments (shares), depending on their classification, the gain or losses from sale are reflected either in profit or loss (in case of FVTPL financial assets), or directly in retained earnings (in case of FVTOCI financial assets). In case of debt instruments (e.g. bonds, fund units) these are reflected in profit or loss.

3.2 Comprehensive income. Management expenses. Financial position. Cash-flows.

- **Individual statement of comprehensive income:**

(lei)	2017	2018	2019
Revenue		*restated*	
Dividend revenue	73.301.258	95.594.508	97.667.837
Interest revenue	1.148.917	2.427.375	4.221.743
Other operational revenue	5.679.176	4.848.622	2.237.211
(Net gain)/ Net loss on financial assets at fair value through profit or loss	40.549.007	(16.200.763)	79.182.413
Net gain on the selling of financial assets *	100.530.811	256.705	-
Net gain from the revaluation of investment property	314.328	-	632.131
Expenses			
(Gain)/loss reversal from assets impairment	(152.475)	1.533.626	(249.579)
(Setup)/reversal of risks and expenses provisions	901.839	-	2.196.967
Wages, indemnities, expenses and other similar expenses	(16.646.728)	(23.313.351)	(29.935.965)
Other operating expenses	(20.310.690)	(10.014.164)	(9.915.247)
Operating profit	**185.315.443**	**55.132.559**	**146.037.511**
Expenses with interest related to leasing contracts	**-**	**-**	(35.336)
Profit before tax	**185.315.443**	**55.132.559**	**146.002.175**
Profit tax	(20.528.695)	(4.972.610)	(18.632.548)
Net profit of the financial year	**164.786.748**	**50.159.949**	**127.369.627**
Other comprehensive income elements			
Net gain from the transfer of financial assets measured at fair value through other comprehensive income, net of tax, recycled in reported result	-	43.201.285	70.411.765

Net gain from the derecognition of financial assets at fair value through other comprehensive income elements	-	-	423.500
Reserve increase / (decrease) from the revaluation of property, plant and equipment, net of deferred tax	(297.959)	52.666	(140.859)
Net gain from the revaluation of financial assets valuated at fair value through other comprehensive income/ financial assets available for sale	125.984.478	12.845.408	341.465.711
Transfer of reserve to retained earnings/ profit or loss following the FVTOCI.FSA sale, net of tax	(84.313.578)	(43.201.285)	(70.411.765)
Other elements of comprehensive income – elements that will not be reclassified in profit or loss	**41.372.941**	**12.898.074**	**341.748.352**
Net gain from the revaluation of FVTOCI bonds	-	-	130.959
Other elements of comprehensive income – elements that will be reclassified in profit or loss	-	-	**130.959**
Other comprehensive income elements - Total	**41.372.941**	**12.898.074**	**341.879.311**
Total comprehensive income for the financial year	**206.159.689**	**63.058.023**	**469.248.938**
Basic and diluted earnings per share (net profit per share)	**0,1632**	**0,0504**	**0,1290**
Basic and diluted earnings per share (including gain from the sale of FVTOCI financial assets)	**0,1632**	**0,0938**	**0,2008**

** in 2017 the gain from the sale of financial assets available for sale, recycled in profit or loss is registered.*

In 2019, SIF Moldova's net profit has been 127,4 million lei, being 2,5 higher than that of the previous year.

The significant profit loss was mainly due to net gain from financial assets at fair value through profit or loss (FVTPL) registered in 2019, of 79,2 mil. lei (2018: net loss of 16.2 million lei), that includes, especially, unrealised profit from the revaluation of held fund units, caused by the positive evolution of their value.

To a lower extent, the favourable evolution of the company's profitability was due to the increase of received dividend revenue and interest revenue (due to the increase of liquid assets following the sale of portfolio holdings).

Expenses with wages and indemnities increased by 28% due to the increase of benefits for managers and employees, related to the Company's profitability, while operational expenses have remained at about the same level as that of the previous year, registering a slight decrease.

Profit tax for 2019, amounting to 18,6 million lei, includes, besides current profit tax (11,1 million lei) the tax expenses for dividends presented at gross value (4,6 million lei) and deferred profit tax expenses (2,9 million lei).

The comprehensive income has been significantly influenced by the increase of net income from the revaluation of FVTOCI financial assets, of 341,5 mil. lei on 31st December 2019, caused especially by the price increase of listed shares in the portfolio, classified in this category (mainly Banca Transilvania and Romgaz).

Another component of the Company's financial performance is Gain from the transfer of own FVOCI equity instruments, of 70,4 mil. lei, reflected in retained earnings, that increased by 62% in comparison to the previous year.

➢ Management expenses

The monthly average percentage of management expenses represents 0,08% of total assets value

The monthly average percentage of management expenses is 0,08% of net asset value, lower than the average commissions paid to management companies by investment funds (0,10% - 0,50%).

Management Expenses Structure

Management expenses (lei)	
Expenses with wages, indemnities and assimilated, of which	**16.075.913**
- wages and indemnities, without the profit share of employees and managers	*15.501.273*
- expenses for insurance and social protection	*517.088*
- expenses for professional training	*57.552*
Expenses for outsourced services and other operational expenses	**4.029.740**
Energy and water expenses	**304.967**
Expenses for fuel and materials	**200.057**

Management expenses also include expenses directly connected to the carrying out of the Company's current activity.

In the management expenses, the main weight is held by *expenses with staff and assimilated (* wages, indemnities, without the expenses regarding the profit-share of employees and managers, expenses with social insurance and professional training of the staff and managers), namely 83% of total management expenses.

For more details regarding the expenses with wages, indemnities and other assimilated expenses divided in fixed and variable expenses, including the profit-share of employees and managers, see note 12 of the Individual Financial Statements.

Expenses regarding outsourced services and operational expenses represent 17% of total management expenses and mainly include services for the monitoring of companies in the portfolio, professional consultancy, area and archive management, insurance, post expenses and subscriptions, rents, royalties, concession taxes, protocol expenses, travels, expenses with maintenance and repairs, other expenses.

- **Individual statement of financial position:**

(lei)	2017	2018	2019
Assets			
Cash and current accounts	229.547	278.239	1.291.803
Bank deposits	36.387.265	74.536.926	97.167.141
Financial assets at fair value through profit or loss	204.732.623	341.800.429	389.164.163
Financial assets measured at fair value through other comprehensive income	1.611.822.537	1.441.126.064	1.830.970.481
Bonds at amortized cost	7.324.894	7.821.978	24.530.592
Bonds at fair value through other comprehensive income	-	-	3.942.270
Investment property	3.505.273	3.505.273	4.137.404
Intangible assets	21.294	26.723	58.092
Plant, property and equipment	8.213.719	8.461.441	7.907.094
Assets representing use right of support assets in leasing contracts	-	-	974.181
Other financial assets at amortized cost	7.443.288	8.556.152	3.809.574
Other assets	467.703	192.852	168.914
Total assets	**1.880.148.143**	**1.886.306.077**	**2.364.121.709**
Liabilities			
Leasing contract liabilities	-	-	1.002.104
Dividends payable	33.087.963	34.768.768	31.036.100
Provisions for risks and expenses	2.565.455	2.565.455	368.488
Deferred tax liabilities	79.144.662	69.143.317	122.787.036
Current profit tax liabilities	5.033.350	1.669.219	7.912.060
Financial liabilities at amortised cost	1.299.173	12.140.530	1.016.121
Other liabilities	7.299.624	3.608.963	2.515.951
Total liabilities	**128.430.227**	**123.896.252**	**166.637.860**
Equity			
Share capital	539.720.149	526.723.352	521.004.761
Retained earnings	573.485.823	717.946.800	881.728.409
Reserves from the revaluation of property, plant and equipment	8.797.557	8.850.223	8.698.494
Reserves from the revaluation of financial assets at fair value through other comprehensive income	657.887.603	524.449.576	795.634.481
Own shares	(37.436.693)	(28.598.935)	(30.335.310)
Benefits offered to employees as equity instruments	10.110.171	12.931.076	20.142.446
Other equity elements	(846.694)	107.733	610.568
Total equity	**1.751.717.916**	**1.762.409.825**	**2.197.483.849**
Total liabilities and equity	**1.880.148.143**	**1.886.306.077**	**2.364.121.709**

In 2019, SIF Moldova's total assets increased by 25% mainly due to the significant increase of FVTOCI financial assets, caused mainly by the increase of listed shares in the portfolio, classified in this category, and FVTPL financial assets, caused mainly by the fair value increase of fund units, classified in this category.

At the same time, in 2019 the total balance of liquid assets increased (especially Bank deposits) following the sale of portfolio holdings.

The increase of total liabilities was caused mainly by the increase of deferred profit tax corresponding to the reserve from the revaluation of FVTOCI financial assets that increased this year (mainly for Banca

Transilvania and Romgaz shares). Deferred profit tax was calculated and registered in compliance with IFRS.

On 31st December 2019, the Company reconsidered its accounting treatment used before for benefits regarding the profit-share of managers, directors and employees as shares, registering the expense (during the period of time the services were delivered), in correspondence with an increase of equity, in compliance with IFRS 2 *Share-based payment*. Previously, the Company registered this expense (during the period of time when the services were delivered), in correspondence with a liability (included in Other liabilities category), in compliance with IAS 19 *Employee Benefits*.

- **Cash-flow statement**

(lei)	2017	2018	2019
Operating activities			
Profit before tax	**185.315.443**	**55.132.559**	**146.003.023**
Adjustment:			
Losses/(loss reversal) from assets impairment	152.475	(1.533.626)	249.578
Net (Gain) / loss from the valuation of investment property	-	-	(623.131)
Net (Gain) / loss related to financial assets at fair value through profit or loss	(40.549.007)	16.200.763	(79.182.413)
Adjustments of financial assets available for sale	(112.781.368)	-	-
Dividend income	(73.301.258)	(95.594.508)	(97.667.837)
Interest income	(1.148.917)	(2.427.375)	(4.221.743)
Expenses with leasing contract interest	-	-	35.336
Provisions setups /(reversals) for risks and expenses	6.193.486	-	(2.196.967)
Other adjustments	881.204	499.973	13.076.135
Modifications of assets and liabilities corresponding to operating activities			
Payments for the purchase of financial assets at fair value through profit or loss	(50.640.148)	(97.112.529)	(13.452.651)
Collections from the sale of financial assets at fair value through profit or loss	16.214.403	34.055.942	44.361.330
Payments for the purchase of financial assets at fair value through other comprehensive income	(201.768.318)	(110.492.026)	(208.503.219)
Collections from the sale of financial assets at fair value through other comprehensive income	202.376.604	216.131.853	219.679.466
Payments for bond purchases	-	-	(20.509.579)
Bond collections	-	11.760	11.760
Collection from investments held to maturity	2.223.764	-	-
Modifications of other assets	(6.300.402)	5.579.634	(720.016)
Modifications of other liabilities	(3.681.306)	(52.213)	(1.061.750)
Collected dividends	69.918.050	91.157.618	93.047.822
Collected interest	1.213.436	2.325.626	4.061.022
Paid profit tax	(13.282.880)	(17.308.289)	(17.246.186)
Net cash resulting from operating activities	**(18.959.112)**	**96.575.162**	**75.130.132**
Investment activities			
Payments for the purchase of intangible assets, property, plant and equipment	(1.235.695)	(1.002.403)	(187.376)
Collections from the sale of intangible and property investments	-	256.705	-
Net cash resulting from investment activities	**(1.235.695)**	**(745.698)**	**(187.376)**
Financing activities			
Paid dividends	(34.354.499)	(37.468.348)	(23.528.898)
Own bought-back shares	(27.559.641)	(20.281.759)	(27.456.330)
Payments corresponding to leasing contracts	-	-	(367.435)
Interest paid related to leasing contracts	-	-	(35.336)
Net cash used in financing activities	**(61.914.140)**	**(57.750.107)**	**(51.387.999)**
Net increase in cash and cash equivalents	**(82.108.947)**	**38.079.358**	**23.554.757**
Cash and cash equivalents on 1st January	**118.725.759**	**36.616.812**	**74.696.170**
Cash and cash equivalents on 31st December	**36.616.812**	**74.696.170**	**98.250.928**

3.3 Performance indicators

	2017	2018	2019
Current liquidity indicator	4,4	8,2	11,6
Rotation speed of debits-clients	15	33	12
Rotation speed of intangible assets	0,11	0,06	0,10
Net profit per share (lei/share)	0,1632	0,0504	0,1290
Result per basic share (lei/share)	0,1632	0,0938	0,2008

Specifications:
Current liquidity indicator = current assets / current liabilities
Rotation speed of debits-clients = average balance of claims/ turnover x no. of days for the reporting period.
Rotation speed of non-current assets = revenue from current activity / non-current assets.
Result per basic share (lei/share) = (net profit + gain from the sale of FVTOCI* assets)/no. of shares
** starting on 1st January 2018*
Note: result per share, namely net profit per share has been calculated using the average number of shares in circulation (i.e. without redeemed shares and including shares assigned to the employees and managers through Stock Option Plan)

3.3. 2019 Budget achievement degree

	Budgeted 2019	Achieved 2019	(%)
	1	2	3 =2/1
Total revenue	**91,898,879**	**186,065,983**	**202**
Revenue from investments	**90,919,468**	**182,016,083**	**200**
• dividend income	88,969,468	97,667,837	110
• income from bank interest and bonds	1,950,000	4,221,743	216
• gain/ (loss) from FVTPL investments	-	78,908,066	-
• revenue from exchange rate differences	-	350,160	-
• other financial revenue	-	868,277	-
Revenue from current activity	**979,411**	**4,049,900**	**414**
• revenue from rents and connected activities	979,000	918,461	94
• gain/(loss) from the setup/reversal of provisions	-	2,196,967	0
• other revenue from current activity	411	934,472	227365
Total expenses	**(37,355,395)**	**(40.063.808)**	**107**
Financial expenses	**(817,000)**	**(599,205)**	**73**
• expenses for transaction commissions	(750,000)	(531,607)	71
• exchange rate difference expenses	(35,000)	-	-
• expenses with bank services	(32,000)	(32,263)	101
• other financial expenses	-	(35,335)	-
Expenses with other operational activities	**(36,538,395)**	**(39.464.603)**	**108**
Gross profit (A)	**54,543,484**	**146.002.175**	**268**
Profit tax (B)	(5,733,181)	(18.632.548)	325
Net profit (C) = (A) – (B)	**48,810,303**	**127.369.627**	**261**
Net gain from the transfer of FVTOCI assets, net of tax (D)	**29,892,732**	**70.835.265**	**237**
Net result (E) = (C)+(D)	**78,703,035**	**198.204.892**	**252**

The net result for 2019, including the net gain from the transfer of FVTOCI assets was 198,2 million lei, being 2,5 times higher than the value budgeted for 2019.

Total revenue has been twice higher than the budgeted level, this was mainly due to gain from the revaluation of FVTPL financial assets of 78,9 million lei, representing 42% of total revenue, mainly including gain not realized from the revaluation of fund units (71 million lei). Revenue from dividends and interest revenue exceeded budgeted values as well.

Due to the significant increase of the Company's profitability above the budgeted level, the expenses connected to this profitability, such as benefits regarding profit-share of managers and employees, also exceeded the budget.

Consequently, total expenses have been 7% higher than the budgeted level, caused by an increase of expenses with wages, indemnities and other assimilated expenses (main component of expenses, with a weight of 75%).

The other expenses of the operational activity have been, in total, under the budgeted level.

3.4. Company's tangible assets

Location and characteristics of main tangible assets

On 31st December 2019, SIF Moldova holds in its patrimony tangible assets to carry out its activity, including property, plant and equipment and investments, gross value of 11,5 million lei, namely a net value of 8,9 million lei, with the following elements:

Fixed assets categories	Value (lei)	
	Gross	Net
Lands	895.681	895.681
Buildings	6.825.926	6.825.926
Technical installations, of which:	**2.312.750**	**163.301**
• technological equipment	1.615.057	163.301
• transportation means	697.693	-
Other fixed means	150.405	22.185
Real-estate investments	4.137.404	4.137.404
Assets representing leasing contracts rights to use	1.364.417	974.181
TOTAL	**15.686.583**	**13.018.677**

The company has re-evaluated the lands and buildings it has on 31st December 2019.
The main tangible assets held by the Company are represented by buildings. The Company holds a number of 5 buildings in the following locations:

ASSET	Address	Description
Headquarters	Pictor Aman street, no. 94C, Bacau	building UG + GF + 3 stages
Bucuresti	Splaiul Unirii no. 6, sector 4	block GF + M
Bucuresti	Nerva Traian street, no. 12, block 1437, sector 3, Bucharest	block GF
Iasi	Grigore Ureche street, no. 3, block Gh. Sontu, Iasi	block GF
Vaslui	Miron Costin street, no. 8	real property

Potential problems connected to the ownership right on tangible assets

The land corresponding to the headquarters in Vaslui is used by SIF Moldova, but the land that exceeds the built area has been returned to its previous owner based on Law 10/2001 and is the object of certain legal endeavours in order to set access ways. For the Vaslui headquarters, SIF Moldova's property, obsolesce allowance were setup, so this is presented with zero value in the financial statements.

4 SIF 2 share market

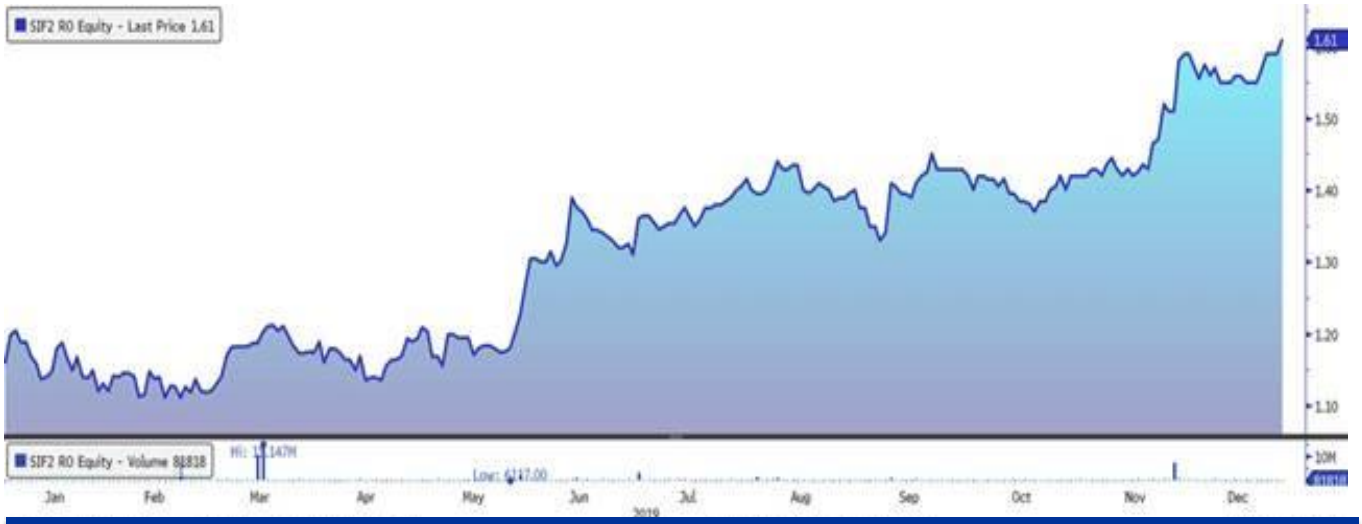
No. of shares: 1.002.179.176
Nominal value: 0,1 lei
Share capital: 100.217.918 lei
Capitalization: 1.613.508.473 lei
31.12.2019 (338 mil euro)

Price: 1,61 lei, EPS: 0,05 lei, PER:30 ; DIVY: 1,9 %
52 m: 1,14 lei; 52 M: 1,61 lei

The market on which SIF2 share is traded: Bucharest Stock Exchange. *Premium* category, since 01.11.1999.

The shares and shareholders' records are kept according to the law by Depozitarul Central SA.

SIF2 share evolution between 01.01.2019 – 31.12.2019



(Source: Bloomberg Finance)

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

Yields: SIF 2 share, SIF 2 NAV per share, BET-FI

Yields 31.12. 2019 (%)	SIF2 share	BET-FI	SIF2 NAV per share
1 month	1,26	1,21	1,35
3 months	12,59	11,59	5,03
6 months	21,51	22,54	10,88
12 months	33,28	37,27	28,66

Note: The price series and historic NAV considered for the yield/risk indicators are adjusted with the issuer's corporate events.

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

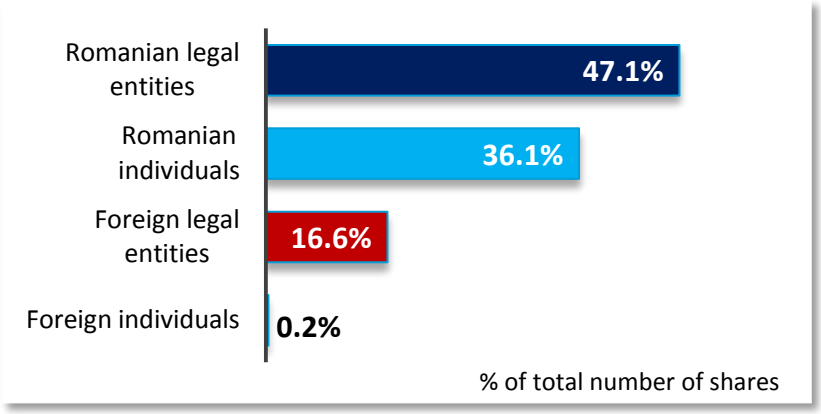
Indicator	SIF2 share	BET-FI
Volatility (%)"	19,51	12,28
Beta**	1,08	1

** Volatility (12M) = annualized volatility*
*** Beta = price sensitivity to market movements*

4.1. Dividend policy

Shareholding structure on 29th February 2020

Total shareholders: 5,75 million



Dividend payment

Dividends payment on 29th February 2020	2016 Dividend	2017 Dividend	2018 Dividend
	0,0440 lei/share	0,0500 lei/share	0,0304 lei/share
total dividends payable (lei)	43.875.980	49.555.697	30.256.347
Total paid (lei)	33.346.327	37.259.801	22.516.996
% paid	76,00	75,19	74,42

According to the resolutions of SIF Moldova's GMS on 18.04.2019, dividends for 2018 of 0,0304 lei/share have been provided for the shareholders along with outstanding dividends for 2015, 2016 and 2017, starting on 30.05.2016 (payment date), for the shareholders entered in the Shareholders' Register on 10.05.2019, registration date.

Dividends for 2015, not collected by 01.07.2019 became outdated.

4.2. Purchase of own shares.

1. **The running of the public purchase offer for SIF2 share**

   According to the EGMS resolution no. 3/18.04.2019 and FSA decision no. 810/12.06.2019 the public purchase offer has been approved and run, with the following characteristics and results:

   - ✓ number of shares that were the object of PPO: 12.700.000 (1,2535% of the share capital);
   - ✓ purchase price: 1,85 lei/share;
   - ✓ run period: 18.06.2019 – 01.07.2019;
   - ✓ number of shares submitted in the PPC: 171.322.453 (16,91% of share capital)
   - ✓ assignment index: 0,0741292211
   - ✓ offer broker: SSIF BT CAPITAL PARTNERS S.A.

   In agreement with corporate governance objective, SIF Moldova's management considers that the mix of cash dividend distribution and public purchase offer subscription is a more attractive alternative for shareholders than the classic dividend distribution. Shareholders who chose to subscribe to the offer achieve a higher yield than in the case the entire fund assigned for dividends and buy-back would only be assigned for dividends.

   The sizing of this policies mix aims to create a balance between providing the resources for investment programs that are to be continued in 2019, short-term expectations of shareholders regarding dividend distribution and long-term expectations of shareholders, namely increase of net asset value and implicitly of price/share.

2. **The running of the own-shares buy-back program**, in compliance with EGMS Resolution of SIF Moldova no. 3/18.04.2019, published in Romania's Official Gazette Part IV, no. 2124/21.05.2019.
   Stage I *(Current report on 13.12.2019)*
   Coordinates:
   - ✓ No. of purchased shares: 2.000.000;
   - ✓ Average price: 1,4903 lei/share;
   - ✓ Total shares value: 2.980.697,92 lei;
   - ✓ Percentage in SIF Moldova's share capital: 0,1996;
   - ✓ Program run-time: 18.09.2019 – 09.12.2019;
   - ✓ Program purpose: distribution of shares to the employees, managers and directors of the company, within "stock option plan" programs;
   - ✓ Broker: BT Capital Partners.

   Stage II *(Current report on 28.01.2020)*
   Coordinates:
   - ✓ No. of purchased shares: 2.000.000;
   - ✓ Average price: 1,6777 lei/share;
   - ✓ Total shares value: 3.355.391,8 lei;
   - ✓ Percentage in SIF Moldova's share capital: 0,1996;
   - ✓ Program run-time: 19.12.2019 – 27.01.2020;
   - ✓ Program purpose: distribution of shares to the employees, managers and directors of the company, within "stock option plan" programs;
   - ✓ Broker: BT Capital Partners.

   The running of the buy-back program abides by the derogatory conditions foreseen by the law on market abuse that allows transactions during the issuer's closed periods, in compliance with art. 5, line (1) of EU Regulation no. 596/2014 and art. 4 line (2) letter a) Delegated regulation no. 1052/2016.

5 Company management

5.1. Directors

5.1.1. CV (name, forename, age, qualification, professional experience, position and seniority)

No.	Name forename	Age	Qualification	Professional experience	Current position in SIF Moldova	Seniority
1	Ceocea Costel	63	Higher education • PhD in industrial engineering with doctoral thesis "Risk in Management Activity" • MBA - Management and Business Administration. • Economist – specialization: Industry, Constructions and Transport Economy Specialization capital market: • Investment consultant • Business management • Companies assessor • Companies liquidator • Purchase manager • Chartered accountant • Project management • Internal control	• President CEO of SIF Moldova (2009-2017) • Banca Transilvania Manager • Associate professor –Vasile Alecsandri University of Bacau	President of the Board of Directors (non-executive manager)	BD member 2001-present
2	Radu Octavian Claudiu	58	• FernUniversitaet Hagen – Betriebswirtschaftlehre • Bachelor studies - Bachelor's degree in Economics – Faculty of Commerce	• Business consultant • Marketing • Management	Vice-president of the Board of Directors, President of the Audit Committee (non-executive, independent manager)	BD Member 2013 - present
3	Doros Liviu Claudiu	50	Higher education • MBA - Management and Business Administration • Economist. specialization service economy, Specializations: Capital market: • Investment consultant • Specialist in technical analysis and trading strategies • Agent for financial investment services • Projects management • Internal control	• Economist • Broker • Management • Consultancy	executive manager CEO Member of the management committee	BD member 2006-present
4	Iancu Catalin – Jianu- Dan	43	• Graduation certificate Stanford University. Graduate School of Business • MBA in management. Rotterdam School of Management • Bachelor studies - Bachelor's degree in Economics – Academy of Economic Studies Bucharest- Faculty of Economic Studies in foreign languages	• Morgan Stanley Training courses. Standard Bank. Barclays Capital • Management "OTP Management Academy • Investment consultant. Capital markets. • Member of the Association of Romanian Financial Markets	Executive manager Deputy CEO Member of the Management committee	BD Member 2013 - present
5	Ciorcila Horia	56	Politehnics Institute of Cluj Napoca. Faculty of Electronics, specialization: Automation and Computers	• BD President – Banca Transilvania • BD member BT Asset Management SAI	Independent non-executive manager President of the Appointing-Remuneration committee	BD Member 2013 - present

Endorsement of SIF Moldova's management structure

The members of the Board of Directors, presented above, have been approved through OGMS resolution no. 8.1./04.04.2017, for the 2017 – 2021 mandated and endorsed by FSA (Endorsement no. 400/13.07.2017).

(Current report 13.07.2017)

Consultative committees of the Board of Directors
(Current report 10.05.2017)

- *The Appointing – Remuneration Committee* is comprised of 3 members, namely:
  1. Horia Ciorcila – President – non-executive and independent manager;
  2. Octavian Claudiu Radu – non-executive and independent manager;
  3. Costel Ceocea – member – non-executive manager.
- *Audit Committee* is comprised of 3 members, namely :
  1. Octavian Claudiu Radu – non-executive and independent manager;
  2. Horia Ciorcila – member - non-executive and independent manager;
  3. Costel Ceocea – member - non-executive manager.

The non-executive manager quality for the members of the consultative Committees and independent managers for their presidents make sure that the conditions foreseen by SIF Moldova's Corporate Governance Code, aligned to the Bucharest Stock Exchange Code, are met.

5.1.2. Any agreement, deals and family connection between the manager and another individual due to whom the manager was appointed of this position – not the case.

5.1.3. Manager's participation to the company's capital (direct and indirect holdings on 31.12.2019)

No.	Name	Forename	Holdings 31.12.2019	% CS
1	Ceocea	Costel	1.453.689	0,15
2	Doros	Liviu Claudiu	5.931.743	0,59
3	Iancu	Catalin Jianu Dan	1.784.297	0,18
4	Radu	Octavian Claudiu	0	0
5	Ciorcila	Horia	1.549.747	0,15

5.1.4. List of subsidiary companies. SIF Moldova Group – detailed presentation in chapter 1.2.2.

5.2. List of executive management members

The members of SIF Moldova's management: Doros Liviu Claudiu – CEO, Iancu Catalin Jianu Dan – deputy CEO - FSA approval no. 401/13.07.2017.

5.2.1. Term for which the individual is part of executive management.
The directors of the company have entered management contracts until the end of 2017-2021 in the form approved by OGMS resolution no. AGAO 8/04.04.2017.

5.2.2. Any agreement, understanding or family connection between that individual and another individual due to whom that individual was appointed member of executive management – *not the case***.**

5.2.3. Participation of that individual to the company's capital – see the list presented under item 5.1.3.

5.3. For the individuals presented under 5.1 and 5.2 presentation of possible litigations or administrative procedures they were involved in, in the last 5 years, regarding their activity within the issuer, as well as those regarding the ability of that individual to fulfill his attribution in the issuer– *not the case*

5.4. Evaluation of individuals in the management structure

According to the "Policy for the evaluation of individuals in the management structure and individuals covering key positions in SIF Moldova" (www.sifm.ro/desprenoi) and statutory provisions, the Board of Directors has made an annual evaluation of the efficiency of the Board and its Committees as well as the performance of the directors, based on the criteria set for the monitoring of the activity of executive

management and the company as a whole. The president of the Board and Board as a whole, have ascertained that the way in which the Board carries out its activity has ensured that its responsibilities are met.

The consultative committees, tasked with the carrying out of investigations and drafting of recommendations for the Board, in fields such as audit (Audit *Committee),* remuneration of staff (administrators, directors, employees) or appointing of candidates for different management positions *(Appointing-Remuneration committee)*, have submitted the Board recommendations for each meeting for issues in its competence field (see: *SIF Moldova's Corporate Governance Code)* and have presented reports on their activities on a half-yearly basis.

6 Human Resource Management

On the executive level, special attention is paid to human resource for the insurance of vocational training programs continuity in order to maintain the expertise acquired over several specialization year. Staff working in the following fields: investment analysis, internal control, evaluation, audit, accounting was included in the continuous training program. The staff is periodically evaluated both for performance and specific knowledge. The amount assigned/used in 2019 the continuous training and participation to conferences/ seminaries in the field has been of 113.300 lei.

On 31.12.2019 the number of employees was 34. The optimization process of the organizational structure is a dynamic one; the selection procedure for certain positions in the organizational chart is currently being run.

Offering of rights/options to purchase SIF2 shares to the managers, directors and employees of the companies as part of variable remuneration *(2018 Benefit Plan),* in compliance with the company's *Remuneration policy* and AIFM provisions. *(Current report on 23.04.2019)*

Following OGMS resolution no. 2/18.04.2019 on the approval of individual financial statements (IFRS) for financial year 2018 accompanied by the Financial Auditor's Report and in compliance with the *Company's Remuneration Policy,* the Board of Directors approved the *"Stock Option Plan"* as part of the *"2018 Benefits Plan"* by offering cash and shares.

The shares that are object of this plan have been bought-back by SIF Moldova according to the programs approved by EGMS resolutions no. 4/01.04.2015, no. 4/25.04.2016 and no.2/27.04.2018. The vesting and assignment of shares will be once the conditions in the "Stock Option Plan" are met, and each beneficiary exercises his right, 12 months after the publication of the "Informative Document", no later than 15 months from the date the *"Agreement"* is signed.

In compliance with the *Remuneration Policy* the option to purchase SIF2 share by the manager, directors and employees of the company as part of the *Benefits Plan* was offered for 2019 as well. In this context, we mention that both managers and employees have opted mainly for SIF2 share purchase, which proves their trust in the positive evolution of SIF Moldova and SIF2 share.

7 Internal Audit

The internal audit position is separate and independent from all functions and activities of SIF Moldova. The Internal Audit department is subordinated to the Board of Directors
FSA notified internal auditors: Virginia Sofian, Gabriela Stelea

Internal audit is an independent activity of objective assurance and counseling, with the purpose of adding value and improving the company's operations. It helps the company in fulfill its objectives through a systematic and methodical approach that evaluates and improves the efficiency of the risk management, control and governance processes.

The internal audit activity is carried out by the internal audit department that is subordinated to the Board of Directors and from an administrative point of view it is subordinated to the General Manager. Through its positioning in the organization chart, direct access is insured and activity reporting on the level of the Audit Committee and Board of Directors, as well as the independence required in order to carry out the internal audit activity, for the purpose of the objective evaluation of the efficiency of processes and operations and submission of recommendations for their improvement.

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

At the same time, internal audit offers counseling services within the limit of standards and internal audit norms, as:
- ✓ formal counseling engagements – planned and materialized in a written document
- ✓ informal counseling engagements – participation to permanent committees, groups or work teams, limited time projects, ad-hoc meetings and information exchange
- ✓ special counseling engagements – participation in a team assigned to offer temporary support to meet a special requirement.

Internal auditors report to directors, Audit committee and the Board of Directors regarding the purpose, authority and responsibility of the internal audit activity, with respect to its plan or its compliance with the Ethics Code and standards. Reporting includes significant aspects regarding risks and control, aspects connected to governance and other aspects that require the attention of executive management and/or Board of Directors.

Internal audit function:
- ✓ sets, implements and maintains an audit plan for the examination and evaluation of the adequacy and efficiency of internal control systems and mechanisms and procedures of SIF MOLDOVA.
- ✓ issues recommendations based on the results of the activities carried out
- ✓ verifies the abidance by issued recommendations
- ✓ reports aspects connected to internal audit.

Internal audit activity is carried out in compliance with the International Standards for Internal Audit Practice (IAI), its compliance being supported by the results of quality insurance and improvement program, internal and external evaluations.

Once every 5 years, the internal audit activity is evaluated by an independent qualified auditor. The last external evaluation was at the end of 2019, and the opinion of the auditor was that internal audit function is generally compliant with IAI standards for professional practice of internal audit, that is the highest rating offered by IAI and IAI Ethics Code as well as the approved Charter of internal audit, policies, procedures and laws and regulations applicable.

Internal audit activity keeps a multiannual plan that includes, on a 3 years' time horizon, all activities and processes that can be audited within SIF Moldova. The internal audit mission included in the multiannual plan are defined and selected based on the analysis of the risks associated to auditable activities, for the purpose of prioritizing the internal audit mission on the time horizon. The internal audit plan is evaluated on an annual basis and is in compliance with the company's objectives.

The internal audit plan and necessary resources are endorsed by the Audit Committee and approved by the Board of Directors. At the same time, significant modifications occurred subsequently are presented for endorsement and approval. The plan is revised and adapted, if necessary, as an answer to changes in business, risks, operations, programs company's systems and controls.

For each internal audit mission, a plan is drafted and documented, including the objectives of the mission, its coverage, calendar and resource assignment. At the same time, for each mission the risks associated to the revised activities are identified. The risks are evaluated, and the mission objectives reflect the results of these evaluations.

The activities run by internal audit in 2019, based on the internal audit plan targeted:

- ✓ the completion of the mission regarding the investment activity and management of Majority Holdings Portfolio, that also includes the activity of SIF Moldova's subsidiaries;
- ✓ corporate governance audit
- ✓ audit of the investment activity and management of the CORE and SELL portfolios
- ✓ audit of human resource and remuneration activities
- ✓ audit of the regular and current reports and net asset calculation
- ✓ audit of the legal activity partially run in 2019
- ✓ follow-up of the progress registered in the implementation of internal audit recommendations monitored
- ✓ conflict of interest management
- ✓ analysis of the policies and procedures for the evaluation of individuals in the management structure and individuals covering key-positions, for alignment to FSA Regulation no. 1/2019
- ✓ verification of compliance aspects, at the request of the Board of directors or directors
- ✓ participation to the commissions/ work groups appointed by the Board of Directors or directors for the implementation of certain projects/carrying out of certain activities

In addition to the activities presented, the following **non-audit activities** were carried out:

- ✓ strategic and annual planning of internal audit activities
- ✓ reporting on internal audit activities
- ✓ participation to the selection process for the financial auditor of SIF Moldova and companies in SIF Moldova Group, for appointment by the General Meeting of Shareholders on 18.04.2019
- ✓ insuring the support for the external evaluation of internal audit activity
- ✓ revision and update of the internal framework for internal audit activity regulation
- ✓ drafting, implementation and monitoring of the plan to insure and improve internal audit activities
- ✓ administrative activities.

Proper measures were taken to maintain risks at an acceptable level.

Internal auditors directly report to the Audit Committee and the Board of Directors its conclusions and suggestions regarding the significant improvement of internal controls.

Following the insurance missions run in the reporting period, internal audit has submitted recommendations for process improvement. Based on the conclusions and recommendations submitted by internal audit, executive management ordered proper measures for the management of the identified risks.

The objectives and purpose of each internal audit mission, opinions/ conclusions of internal auditors, recommendations and measure plan for the implementation of recommendation suggested or applied while running the audit mission have been included in the internal audit reports that have been presented to the Audit Committee and the Board of Directors.

At the same time, internal auditors report to directors, Audit Committee and Board of Directors regarding the purpose, authority, responsibility and performance of the internal audit activity in relation with the plan or regarding its compliance with the Ethics Code and standards. Reporting includes significant aspects regarding risks and control, aspects connected to governance and other aspects that require the attention of executive management and/or Board of Directors.

Internal auditors follow the progresses registered in the implementation of recommendations and report to the management regarding the abidance by the terms set for implementation. At the same time, internal auditors monitor the setting of measures by the audited structures to finish recommendation implementation.

No situations were identified where the management decided not to take any measure to reduce the risks considered unacceptable for the company.

8 Compliance

SIF Moldova sets up and maintains a permanent and efficient compliance verification function that is independent and has the following responsibilities:

a) periodically monitors and evaluates the adequacy and efficiency of measures, policies set according to applicable regulations and actions taken to remedy deficiencies regarding the company's abidance by its obligations.
b) regularly monitors and verifies the application of legal provisions applicable to SIF Moldova's activity, internal regulations and procedures and acts according to its competencies in order to prevent and propose measures for the remedy of any infringement of the law, applicable regulation for the capital market or internal SIF Moldova regulations and procedures by its staff, follows-up the implementation of its suggestions and recommendations;
c) counsels and assists relevant individuals responsible for the carrying out of the activity in order for SIF Moldova to abide by its obligations has based on incidental capital market legislation.

The internal control activity has been mainly run through **permanent control** with a **pro-active nature**, exercised through the constant supervision and monitoring of the activities subjected to internal control, in order to prevent the occurrence of legal or internal non-compliance, for an efficient increase of the internal control function.

The main activities of the Compliance Department for year 2018 are specific for SIF Moldova's activity as AIFM (authorization no. 20/23.01.2018), defined by art. 51 Law 74/2015 and are approved by the Board of Directors (resolution 8/26.02.2019 regarding the approval of the 2018 Annual Investigations Plan).

With the mention that all objectives set in the investigations plan have been reached, the activity of the compliance officers consisted mainly in the running of the following control actions regarding regulations related to SIF Moldova's activity:

1. The conditions that laid at the base of the **authorization/endorsement of the functioning conditions foreseen in art. 2, 4 and 6-10 Law 74/2015** (SIF Moldova's authorization as AIFM – FSA certificate no.20/23.01.2018**) and later modifications:**
   a) BD was submitted the "Counseling note: Measures necessary for the implementation of FSA Reg. no.1/2019" and within the legal deadline (12.05.2019), the "Evaluation policies and procedures for individuals in the management structure and individuals with key-positions in SIF Moldova" have been modified and aligned to FSA Reg. no.1/2019
   b) the revised editions of "SIF Moldova's Internal Rules and Procedures", were endorsed and then submitted for BD approval and FSA notification before their coming into force, here: the Policy regarding the prevention and management of conflicts of interest and personal transactions; Risk management policy, SIF Moldova's risk profile; Procedures regarding the organizational structure and administrative, accounting requirements and control and protection mechanisms in the field of electronic data processing, as well as adequate internal control mechanisms; new Organizational Chart; SIF Moldova's Investment Strategy and Policy. Conclusion: *no non-compliances ascertained; the policy package has been in force since 12.05.2019, namely 30.08.2019.*
   c) the management structure presented the "Report for the verification of the mandatory transparency obligations foreseen by Regulation no. 9/2019 on the application of corporate governance principles by entities authorized, regulated and supervised by FSA"; and consequently, the revised editions of the following were endorsed:
      1. Procedures regarding the organizational structure and administrative, accounting, control and protection mechanisms in the field of electronic data processing, as well as proper internal control mechanisms;
      2. Policy regarding the prevention and management of conflicts of interest and personal transactions"

      Conclusion: no non-compliances ascertained; the documents are in force from 01.01.2020.
   d) the documentation for the authorization to modify SIF Moldova's Memorandum of Association regarding the share capital reduction as per EGMS resolution no.2/18.04.2019 was endorsed, the operation was completed with the issue of FSA Authorization no. 123/9th October 2019 (current report 10.10.2019).

2. **Prudential rules** foreseen by art. 12 Law 74/2015 – *no non-compliances ascertained.*
3. **Remuneration policies** foreseen by art. 13 Law 74/2015 – *the abidance by the remuneration policy on group level, including during the balance GMS of subsidiaries were verified.*
   a) in implementing GMS Resolutions on 27.04.2018 and 18.04.2019 the following were made public:
   i. Current report on 03.05.2019 on SIF2 Share Assignment as per *"Share Assignment Plan"* for 2017 and *"Informative document regarding the offering of the option to purchase SIF Moldova shares by the members of the management structure and employees of SIF Moldova– Stock Option Plan*" ("*Informative Document*" – current report on 07 .05.2018)
   ii. Informative Document "The offering of rights/options to purchase SIF2 shares to the managers, directors and employees of the company as part of variable remuneration (*2018 Benefits Plan)* in compliance with the *Company's Remuneration Policy* and AIFM provisions"(CR 23.04.2019)
   b) the abidance by the remuneration policy on entity and group level, including in the balance GMS of the subsidiaries was verified.

   Conclusion : no non-compliances identified
4. The provisions of art. 14 Law 74/2015 on the identification, prevention, management and monitoring of situations mentioned in art. 30-37 EU Reg. no. 231/2013 generating **conflicts of interest**.
   a) The "Instructions regarding the stages of SIF Moldova's sale process for the holdings in listed companies – subsidiaries of the Group / investment projects to individuals from the management structure of SIF Moldova" was drafted and approved by BD.
   b) potential conflicts of interest situations corresponding to the conflict of interest types identified in SIF Moldova / SIF Moldova Group have been managed according to the set rules.

   Conclusion: no accepted conflict was registered
5. The provisions of art. 18 Law 74/2015, line (1), (3)-(9), (11), (12) on the **evaluation of AIF assets.**
   - ✓ the net monthly asset was endorsed, this includes the verification of SIF Moldova's assets evaluation method;
   - ✓ SIF Moldova has fulfilled its legal obligation foreseen by art. 19 line (3) Reg no. 10/2015 regarding the annual analysis of the asset evaluation policies /procedures, ascertaining that these are compliant with legal provisions in force (BVB release 01.03.2019).
   - ✓ the issue of *the registration of certain different values for the same asset in the assets statement and in the financial statement, with reference to the securities allowed or traded on a regulated market or in an alternate trading system* was raised before FSA*;* this situation is generated at present by different applicable regulations, namely FSA Reg. no.9/2014 for entries in assets statement and IFRS 9 for entries in the financial statements. The topic is being analyzed.

     Conclusion: *no infringement of legal provisions was ascertained*
6. The provisions of art. 19 Law 74/2015, on the **assignment of the collective portfolio management or risk management activity** – *not the case.*
7. The provisions of art. 20 Law 74/2015 line (1)-(11) regarding the **agreement between the depositary and AIFM** – *not the case* - ☐ we have answered to BRD with the annual due diligence questionnaire, in order for the Depositary to meet its evaluation obligation for AIF manager activities, for 2018
8. The **transparency and reporting** obligations foreseen by art. 21 and 23 namely the transparency obligations foreseen by art. 22 Law 74/2015.
   a) new reports: Report for the 2nd half of 2018 and first half og 2019 according to annex 4 EU Reg. 231/2003;
   b) Compliance with the new transparency obligations instituted through FSA regulation no. 9/2019, through: a) display on www.sifm.ro of the Procedure regarding the organizational structure and administrative, accounting requirements and control and protection devices in the field of electronic data processing, as well as adequate internal control mechanisms and Risk Policy; b) drafting a distinct chapter in the regular reports of SIF Moldova regarding the conclusions of the efficiency evaluation for the risk management system;
   c) with SIF's 2019 Financial Reporting Calendar to BGB, we have submitted the annual notification to SIF subsidiaries regarding the reporting calendar to the mother company and monitored the

abidance by the deadlines set and the integrity of information in SIF Moldova's regular reporting activity;

d) all mandatory reports and public releases, according to the good practices instituted in the own Corporate Governance Code have been endorsed by RCCO from the point of view of their abidance by the legal deadline and report continuity; the website www.sifm.ro is constantly updated in the Romanian and English language, once the public information is released.

Conclusion: Prior full verification – no non-compliances ascertained

9. Obligations pertaining to AIFM following **the obtaining of control over certain unlisted companies and issuers** foreseen by art. 25-29 Law 74/2015.
   - ✓ the policy for the prevention and management of conflicts of interest and the policy for the company's internal and external communication, especially concerning the employees, were submitted to the subsidiaries;
   - ✓ notifications were sent to FSA regarding the modification of holding thresholds;
   - ✓ information was included in the annual report (individual and consolidated) as well as in the quarterly and half-yearly (individual and consolidated) report of SIF Moldova regarding the activity of its subsidiaries.

   Conclusion :Full prior verification – no non-compliances identified.
10. Abidance by EU regulations (MAD, MAR) regarding market abuse (inside information, personal transactions).
    a) BD was presented with the Verification Report of the Abidance by the Authorization/Interdiction to make transactions for the individuals who have access to privileged information and management individuals, regarding the Public Purchase Offer for SIF2 shares, run between 18.06-01.07 approved by FSA Resolution no. 310/12.06.2019 - *Conclusion : no infringements of legal provisions were ascertained; inside information regarding GSM and the running of the Public Purchase Offer for SIF2 share were ascertained*
    b) BD was presented and approved the report on "SIF Moldova's abidance by the legal and internal regulations for the preparation of EGMS and OGMS on 18/19.04.2019. *Conclusion: inside information related to the convening of GMS on 18/19.04.2019 were properly managed.*
11. The management of complaints regarding SIF activity on the capital market – Reports were made in compliance with FSA Regulation no. 9/2015; no complaint was registered during this period.
12. Abidance by legal and internal provisions for the organization and running of **SIF Moldova's GMS on 27.04.2018**, with the certification of the abidance by these obligations- BD was submitted the report on "SIF Moldova's abidance by legal and internal regulations for the preparation of EGMS And OGMS on 18/19.04.2019" (18.04.2019). *Conclusion: no non-compliances identified.*
13. Verification of the abidance by Norm no. 33/2017 on the organization of the archiving activity for entities authorized/ endorsed, regulated and supervised by FSA:
    a) the contract for the extension of archive activity with subsidiary CASA SA was endorsed and current report on 23.12.2019 regarding this legal action concluded. Mention: the archive activity is not outsourced in the understanding of FSA Norm. SIF Moldova has a component of the archive activity contracted with an external service provider, CASA SA.
    b) on a regular basis, in the endorsement process for certain internal documents/ operations, we also verify the keeping of records and evidence of documents in paper and electronic format.
    c) In 2019 there have been no modifications in the carrying out of archiving activities, or unforeseen events (defined by art. 34 of the Norm), that would require the notification of FSA.

    Conclusions: there have been no non-compliances identified.
14. **Obtaining FSA certifications/decisions; Notifications to FSA** – full verification and endorsement of the documentation for:
    - ✓ modification of the memorandum of association to reduce the share capital – FSA authorization no.123/09.10.2019;
    - ✓ SIF2 Public Purchase offer, between 18th June – 01 Jul 2019, FSA resolution no. 310/12.06.2019 ;
15. **Method of abiding by internal procedures** – Verification of the abidance by internal procedures regarded mainly:
    a) internal compliance endorsement for all investment notes, work procedures, job descriptions from the point of view of the abidance / reflection of legal provisions and internal regulations;

b) contract endorsement: with the help of financial auditor KPMG- for the share capital reduction operation and for the legal documents entered with subsidiaries in the 1st semester, with intermediaries, with SIF Moldova's subsidiaries, sale contracts for unlisted shares – including the 10 companies sold by Asset Invest SA;
c) reports presented to BD regarding the implementation status of the resolutions of the Board of Directors and Management Committee on 31.03.2019, 30.06.2019 and 30.09.2019, approved by BD;
d) compliance endorsement for the corporate operation SIF2 Share Public Purchase Offer by the issuer, run between 18th June – 01st July 2019 (FSA Resolution no. 310/12.06.2019);
e) compliance endorsement for the own share buy-back operation, according to EGMS Resolution no.3/18.04.2019; the buy-back program can also run in SIF Moldova's closed periods, before the regular announcement of financial results, having the characteristics of a planned program
f) presentation to the management structure of the "Analysis note regarding the application of art. 22 FSA Reg. no. 2/2016 on the governance system of SIF Moldova group, with the following conclusions:
   i. requirements regarding the governance system in SIF Moldova Group are implemented through procedural activities and other elements of the control system on group level (ex. provisions of Memorandum of Associations, Sole financial auditor).
   ii. these aspects of the governance system in SIF Moldova group are presented in detail in SIF Moldova's Corporate Governance Code.

Conclusion: no non-compliances ascertained during the verifications;

16. **Compliance of the investment of managed assets with capital market regulations, internal rules and procedures and Memorandum of Associations**
   a) internal compliance endorsements were issued for the investment notes; special investments:
      1. the transfer of 13 companies to Asset Invest SA, operation that falls into SIF's strategy on the restructure of SELL Portfolio that includes historic holdings in closed companies or companies with low liquidity that have exhausted their growth procedure; current report on 19.04.2019;
      2. investment in corporate bonds issued by Straulesti Lac Alfa SA, closed company in SIF Moldova's portfolio, developer of Atria Urban Resort" project.

   Conclusion: no infringements of legal provisions or internal regulations were ascertained.

17. Abidance of internal procedures regarding:

a) *"**The prevention and fight against money laundering and the financing of terrorism**"*
   a) *full prior verification of all sale contracts for closed companies*
   b) The compliance department has presented notifications to the management structure regarding new legal provisions in the field of the prevention and fight against money laundering and the financing of terrorism (Law 129/2019 and FSA register no. 13/2019), accompanied by the suggestions of measures to implement in the activity and functioning of SIF Moldova, by 17th January 2020. BD, through the resolution on 10.12.2019 has decided to appoint SB/FT compliance officer and assigned individuals SB/FT, accompanied by the evaluation made by the Appointing – Remuneration committee as per FSA Reg. no. 1/2019.

*b) „**Supervision of the application of international sanctions on the capital market**"- notifications were sent to the management structure, employees*

18. **The briefing** of SIF Moldova, the management structure and employees regarding the legal regimen applicable to the capital market, including on norm drafts presented for public consultation.

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FSA control for the activity carried out by SIF Moldova between 10.05.2016-13.05.2019. The compliance department has informed the members of the management structure on the stages and status of control actions between 03.04 -10.02.2020. Through the final report to BD regarding the implementation in due time, on 28.01.2020 of the Measures Plan ordered through FSA resolution no. 133/25.10.2019, the compliance department indicated that:

1. SIF Moldova has fully met all remedy measures ordered following FSA's control of the activity carried out between 10.05.2016 -13.05.2019;
2. FSA, through notification no. 643/10.02.2020, has been informed about the endeavors/measures reported by SIF Moldova concerning the implementation method of the Measures Plan.

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Staff of the Compliance Department:

1. Michaela Puscas- compliance officer, department coordinator (FSA Reg. no.: PFR13[1]RCCO/04003)
2. Catalin Nicolaescu – compliance officer (FSA Reg. no. :PFR13[1]RCCO/04004)

The detailed responsibilities of each individual employees in the department have been set. Should one of the individuals not be present, his/her attributions and responsibilities are automatically taken over by the other authorized individual.

9 Assistance, consultancy and legal representation activity

The mission of the Legal Department is to make sure that the company's rights and interests are protected and reached in compliance with applicable laws and regulations. For this purpose, the department has been deeply involved in the strategy fulfillment for trials as well as in the preparation and making of certain transactions and legal documents. Since its key objectives are offering legal counseling and representation, most of the Department's work time is dedicated to these complex activities that are at the same time characterized by high functional and territorial mobility.

9.1. Legal Representation

The legal assistance and representation activity run in the reporting period focused on the **submission of the necessary defenses in the 293 litigations entered in specific records,** among these **a number of 86 being finally solved.** In order to ensure the correct solving of a case in court, the department focuses on the abidance by deadlines and court measures, and the presence of conventional representatives in court.

The summary of litigations as follows (details in Annex 3):

Litigations where SIF Moldova is plaintiff:
- ✓ 212 files, of which: 161 files are pending litigations in various trial stages (of which 136 files are against AAAS) and 51 files are completed.
- ✓ The value of litigations on the dockets of courts: 60.872.018,59 lei (claims and insolvency).

Litigations where SIF Moldova is respondent:
- ✓ 81 files of which: 46 files are litigations in various trial stages, and 32 are completed.
- ✓ The value of pending litigations: 155.709,10 lei files with object: various claims.

In 2019 special attention was paid to litigations with object: claims, for the purpose of recovering the debits owed by various debtors, to the maximum extent. From this point of view, **we underline the collection of amounts resulted from transactions in our outside the courts** entered with Favil SA and Vascar SA, **transactions for which the department has played an active role.**

At the same time, **following the endeavors of legal department we collected the amount of 93.944 lei** as judicial stamp tax restitution and/or various other debts, following the amicable solving of litigations or differences.

Many files are against AAAS Bucharest, so that in order to obtain the claims on this debtor we presented our defenses in the validation of garnishment for the garnishment of third parties Oltchim SA and Trezoreria Bucharest Municipality. For most of the files the trial of the case was suspended until the solving of enforcement challenges filed by AAAS against them. There are, though to a lower extent, solutions to allow these actions, which prove the rightness of SIF's measures taken, as AAAS is trying, through any means, to circumvent the payment of certain, liquid and outstanding claims, recognized through final court resolutions.

In litigations where our company acts as respondent, we have received certain favorable solutions in files with various objects and enforcement challenges against AAS. In all cases where the solution is in favor of SIF Moldova, the company's expenses are verified and validated by the court, the respondents being bound for payment to the extent set by the court.

9.2. Legal

The Legal department is responsible for offering legal counsel and for the defense of the Company's interests. For this purpose, **the department is consulted and offers consultancy in all the fields of activity of the company and /or subsidiaries in SIF Moldova Group, in an important number of consultancy files, quite complex from the legal point of view** such as: investment project, legislative proposal revisions, transactions, corporate operations, contracts.

At the end of 2019 the legal counsel activity covers a number of **87 legal consultancy files, the written and/or informal opinions being delivered on time, often within a very short time frame.**

At the same time, in the department's records there is a **number of 1.365 legality notices,** for various legal documents, such as contracts, addenda, resolutions, mandates, agreements, setup and/or cease of payments for dividend payments to the shareholders, **the department reaching its objective to maintain a high level of answers legality notices, set deadlines.**

10 Corporate Governance

The annual managers' report is accompanied by:

- ✓ **Statement on the application of corporate governance principles** in compliance with the provisions of *FSA Registration no. 9/2019 for the modification and completion of FSA Reg. no. 2/2016 on the application of corporate governance code by entities authorized, regulated and supervised by FSA* (Annex 5)
- ✓ **Statement on the abidance by corporate governance principles** stipulated in the *Corporate Governance Code of Bucharest Stock Exchange* (Annex 6)

The documents listed above are presented on the site www.sifm.ro

10.2. Relationship with investors.

Related information in
SIF Moldova's
Corporate Governance Code
Ch.1.1. General Meeting of Shareholders
Ch.8. Shareholders' rights

Nota - detaliile privind fiecare categorie de raportari efectuate in perioada de raportare sunt prezentate in anexa 4.

In the reporting period we have abided by the **transparency, information and reporting requirements** through press releases, the publication of mandatory reports and the running of an ample correspondence with the shareholders. We have provided the shareholders/investors with additional data, some regular in nature (monthly newsletter), drafted in such a way so as to insure the up-to-date information on the company's performance

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

Authorization of the modifications of SIF Moldova's Memorandum of Association - SIF Moldova informed that FSA certified the modifications of SIF Moldova's Memorandum of Association following the lowering of share capital from 101.317.917,60 lei to 100.217.917,60 lei, in compliance with the resolution of the Extraordinary General Meeting of Shareholders no. 2/18.04.2019. *(Current report on 10.10.2019)*

Share capital reduction – Financial Instruments Registration Certificate – SIF Moldova has informed investors that FSA has issued Financial Instruments Registration Certificate no. AC-418-4/23.10.2019 corresponding to the reduction of the company's share capital. *(Current report on 28.10.2019)*

Personal data processing - SIF Moldova processes personal data it has access to in compliance with European regulation no. 679/2016 ("Regulation") on the protection of natural individuals concerning the processing of personal data and the free circulation of this data based on legal obligations and legitimate interests of the Company and its shareholders. The Company watches over the abidance by all principles foreseen by the Regulation for the processing of personal data it has access to. The processing of personal data is made through automated and manual means, abiding by the legal requirements, in conditions that insure the safety, confidentiality and abidance by the rights of individuals in question.

Activity continuity is insured through the drafting and implementation of:

a) **The continuity plan** – with its half-yearly evaluation and regular testing, in compliance with the requirements of FSA Reg. no. 2/2016 and FSA norm no. 4/2018;
b) **Succession plan** –2020 edition, time horizon 2025 – the staff selection and recruitment process for key-positions is currently run, in agreement with SIF Moldova's particularities.

Social responsibility – according to the Corporate Governance Code. SIF Moldova permanently carries out activities regarding social responsibility, supporting, through specialized foundations/ association projects in the following field: education, culture, medical, sport, social – on local and national level. The amount assigned for such projects in 2019 has been of 755 thousand lei.

11 Events following the reporting date

Financial auditor's assurance report– H2 2018 - in compliance with the provisions of art. 82 Law no. 24/2017 and art.144 of FSA regulation no. 5/2018, the Assurance Report of financial auditor KPMG Audit SRL, for the second half of 2019, regarding the abidance by legal framework for contracts with subsidiaries over 50.000 euro, namely a contract entered with CASA SA.
(Current report on 30.01.2020)

Unaudited preliminary financial results for financial year 2019. – In compliance with the 2020 financial notification calendar, SIF Moldova has drafted and published the unaudited individual financial statements for financial year 2019 in compliance with the International Financial Reporting Standards adopted by the European Union ("IFRS") and in compliance with the requirements of FSA norm no. 39/2015 for the approval of accounting regulations compliant with the International Financial Reporting Standards, applicable for entities authorized, regulated and supervised by the Financial Supervision Authority, Financial Instruments and Investments Sector.
(Current report on 28.02.2020)

Occurrence of COVID-19 epidemic. SIF Moldova's position

Following the challenge of 2019, when we had to face the turbulences of Romanian economy generated by the famous GEO 114/2018 we have successfully overcome by positioning our assets and absorbing the negative effects on Romanian market, a new threat is now testing our ability to adapt and continue our activity, as well as that of many companies in Romania and worldwide. The occurrence of a new, very contagious virus without known treatment, at fist in a limited area in China, then the extension of epidemics in several countries in Europe, Asia and America, generated an extremely difficult situation on a global level, that lead to abrupt drops and extreme volatility on the financial and merchandize markets all over the world, including in Romania, where SIF Moldova Group's activity is dedicated through the strategy approved by the shareholders

The impact of the epidemic on macro-economic environment/financial assets

International financial markets have registered significant decrease reflected on the evolution of the most important stock-indices. From the start of the year, until 20th March 2020, in the US DJIA decreased by more than 32%, S&P500 decreased by 28%, NASDAQ by more than 23%. In Europe, registered a decrease of 32%, CAC40 dropped by 32%, while in Great Britain FTSE100 decreased by more than 31%. Bucharest Stock exchange was no exception, BET index registering on 20th March 2020, a decrease by more than 26% in comparison with 31st December 2019, while BET-FI dropped by 19%.

In particular, the national currency, RON, had a depreciation of only 1,36% with regard to EUR in comparison with the end of 2019. This perhaps due to the fact that BNR made the historic decision for quantitative relaxation deciding to purchase state titles in lei from the secondary market in order to consolidate structural liquidity in the bank system to contribute to the financing of real economy and public sector in good real economy conditions. At the same time, BNR decided to reduce the monetary policy interest rate by 0,50 percentage points, from 2,5% to 2,0% starting on 23rd March 2020. Other central banks in the region have started exceptional monetary policy and financing procedures in the context of the COVID-19 pandemic.

In this context, we have all reasons to believe that over the entire 2020 we will see a high volatility of Bucharest Stock Market quotation, this being the market on which a large part of SIF Moldova's portfolio is exposed. Although on the short-term we are taking into consideration impaired quotations, with impact on the value of our assets, we have reasons to believe that on the average term and until the end of this year, the markets will have absorbed the effects of this crisis. In particular, the strong measures that have

been taken in all states of the world, and in Romania as well, both as actual answers to the epidemic and the economic ones, can regain the trust in the economic and social environment, in particular in the financial and merchandize markets.

Analysis of the impact of turbulences in the economic environment/ financial markets on the Group

SIF Moldova Group does not have in its portfolio, or consolidation perimeter holdings in companies from the industries considered to be most affected (tourism and transport), but it is to be expected that this situation have a negative impact on all economy sectors and the high volatility of holdings in SIF Moldova's portfolio with potential impact on the profit or loss account, and on other elements of comprehensive income.

SIF Moldova has analysed, based on the data available at this time, possible evolutions of the internal and international economic environment, and the management of SIF Moldova concluded that the activity and performance of SIF Moldova may be affected, by the continuity of activity is not threatened.

SIF Moldova's management does not estimate difficulties in honouring the engagements towards shareholders and obligations towards third parties, the current and future liquidities supply being within the limits set by regulations, sufficient to cover current payments over the year and the distribution of dividends.

Based on the information available to the public on the date the present financial statements have been authorized for issue, the management of SIF Moldova has taken into consideration a series of scenarios, from the most negative to the most optimistic, concerning the potential development of the outbreak and its expected impact on the Company and the Group and on the economic environment it operates in, including measures already taken by Romania's government and the governments of other countries. The test result of various scenarios is that the most plausible one has been identified and will be presented to the shareholders in the Activity Program and Income and Expenditures Budget in the next General Meeting.

Due to the impact of the epidemic on financial markets and the economy in general, the Management of the Company estimates that the financial position and performance of the Group in 2020 may be affected, especially due to the decrease of share price for listed companies, the fair value modifications being reflected, depending on the classification of financial instruments, either in profit or loss, or in other comprehensive income elements; at the same time, the Group's financial performance may be affected by the reduction of revenue from dividends, sale of apartments and agricultural activities, but up to the date the present financial statements are drafted, the information available being dynamic, the accurate quantification of the impact is difficult.

SIF Moldova closely monitors the evolutions in the economic environment and the effects of the economic measures applied on a national and international level. Thus, on 18th March 2020, Romania's Government has announced a program of economic and fiscal –budgetary measures to fight against the negative effects of COVID-10 outbreak on the economy. Other measures are expenses by the business environment, since the Finance Minister announced that the Government is considering measures that could reach 2% of GDP. We are also monitoring the measures adopted in other states with a potential positive effect on the economic environment and financial markets.

The COVID-19 outbreak is an event following the reporting period that does not imply adjustments of the financial statements on 31st December 2019, since these present a status before this date. *Details in Note 36 to 2019 individual financial statements*.

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Annexes:

Annex 1 Net asset statement on 31.12.2019

Annex 1.1. Statement of SIF Moldova's assets and liabilities (FSA Reg. no. 15/2004- A16)

Annex 1.2. Statement of assets and detailed statement of SIF Moldova investments (FSA Reg. no. 15/2004- A17)

2. Annex 2 Individual financial statements on 31.12.2019 IFRS
3. Annex 3 Litigation statement on 31.12.2019
4. Annex 4 BVB Reporting. FSA – 2019
5. Annex 5 Statement regarding the application of corporate governance principles – as per FSA Regulation 9/2019
6. Annex 6 Statement regarding the application of corporate governance principles – as per CGC BVB

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2018 Activity Report of the Board of Directors corresponding to the Individual Financial Statements has been approved in the BD Meeting on 25.03.2020.

President of the Board of Directors
Costel CEOCEA

CEO
Claudiu DOROS

CFO
Mihaela MOLEAVIN

Compliance Officer
Michaela PUSCAS

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Nr. Registru ASF: PJR07¹AFIAA/040002
Cod LEI: 254900Y1O0025N04US14

In accordance ASF Regulation no 9/2014

STATEMENT OF ASSETS AND LIABILITIES OF SIF MOLDOVA
Date of calculation 31/12/2019 - Recalculated monthly, balanta finala IFRS

		LEI	% total assets
1	**NON-CURRENT ASSETS OF WHICH:**	**528.733.339,52**	**22,394**
1.1	Intangible assets	58.092,00	0,002
1.2	Tangible assets	13.018.679,00	0,551
1.3	Financial assets, of which:	515.656.568,52	21,840
1.3.1	Listed shares, of which:	5.986.853,96	0,254
1.3.1.1	shares listed but never traded	0,00	0,000
1.3.1.2	shares listed but never traded in the last 30 days	5.986.853,96	0,254
1.3.2	Unlisted shares (closed), of witch:	216.328.642,73	9,163
1.3.2.1	Unlisted shares (closed)	214.616.322,74	9,090
1.3.2.2	untraded SICAR shares	1.712.319,99	0,073
1.3.3	Government securities	0,00	0,000
1.3.4	Certificates of deposit	0,00	0,000
1.3.5	Bank deposits	0,00	0,000
1.3.6	Unlisted bonds, of which:	24.660.386,46	1,044
1.3.6.1	Municipal bonds	0,00	0,000
1.3.6.2	Corporate bonds	24.660.386,46	1,044
1.3.7	Listed but never traded in the last 30 trading days, of which:	82.866,51	0,004
1.3.7.1	Municipal bonds	82.866,51	0,004
1.3.7.2	Corporate bonds	0,00	0,000
1.3.8	Newly issued securities	0,00	0,000
1.3.9	UCITS and non-UCITS equity securities	268.495.293,86	11,372
1.3.9.1	Not-traded fund units (non-UCITS)	268.495.293,86	11,372
1.3.9.2	Not-traded shares (non-UCITS)	0,00	0,000
1.3.9.3	ETF	0,00	0,000
1.3.10	Total other financial assets, of which:	102.525,00	0,004
1.3.10.1	Loans granted to group entities, associated entities and jointly controlled entities	0,00	0,000

		LEI	% total assets
1.3.10.2	Other financial assets (bail + guarantees administrators)	102.525,00	0,004
2	**CURRENT ASSETS, OF WHICH:**	**1.832.115.999,88**	**77,599**
2.1	Inventories	46.208,00	0,002
2.2	Claims, of which:	1.309.609,00	0,055
2.2.1.	Trade bills receivable	0,00	0,000
2.2.2.	Other claims	1.309.609,00	0,055
2.3	Cash availability	3.950.766,38	0,167
2.3.1	amounts in current accounts and in the financial investments services company accounts	1.291.808,63	0,055
2.3.2	amounts under settlement	2.658.957,75	0,113
2.3.3	amounts in transit	0,00	0,000
2.4	Short-term financial investments, of which:	1.729.619.992,75	73,257
2.4.1	Listed shares, of which:	1.604.911.019,42	67,975
2.4.1.1	listed on BVB	1.519.036.321,30	64,338
2.4.1.2	listed on foreign markets	0,00	0,000
2.4.1.3	listed on ATS	85.874.698,12	3,637
2.4.2	Unlisted shares (unlisted but traded on BVB)	0,00	0,000
2.4.3	Traded bonds, of which:	3.846.683,60	0,163
2.4.3.1	Municipal bonds	0,00	0,000
2.4.3.2	Corporate bonds	3.846.683,60	0,163
2.4.4	UCITS and non-UCITS equity securities	120.862.289,73	5,119
2.4.4.1	Traded fund units (non-UCITS)	0,00	0,000
2.4.4.2	Non-traded fund units (UCITS)	27.709.723,96	1,174
2.4.4.3	Traded shares (non-UCITS)	93.152.565,77	3,945
2.4.4.4	ETF	0,00	0,000
2.4.5	Dividends or other receivables, of which:	0,00	0,000
2.4.5.1	Preference/allocation rights	0,00	0,000
2.4.5.2	dividends due from listed issuers	0,00	0,000
2.4.5.3	bonus shares	0,00	0,000
2.4.5.4	shares distributed with cash contribution	0,00	0,000
2.4.5.5	amounts due from capital decreases	0,00	0,000
2.5	Newly issued securities	0,00	0,000
2.6	Government securities	0,00	0,000
2.7	Bank deposits	97.116.456,31	4,113
2.8	Certificates of deposit	0,00	0,000

		LEI	% total assets
2.9	Other assets	72.967,44	0,003
2.9.1	Amounts to be cashed as a result of withdrawal from companies	72.967,44	0,003
2.9.2	Other current assets	0,00	0,000
3	**DERIVATIVES**	**0,00**	**0,000**
4	**ACCRUED EXPENSES**	**166.791,00**	**0,007**
5	**TOTAL ASSETS**	**2.361.016.130,40**	**100,000**
6	**TOTAL LIABILITIES, of which:**	**165.447.048,00**	
6.1	Loans from bond issue	0,00	
6.2	Amounts due to credit institutions	0,00	
6.3	Advance payments received from clients	0,00	
6.4	Trade creditors	977.331,00	
6.5	Trade bills payable	0,00	
6.6	Amounts due to group entities	0,00	
6.7	Amounts due to associated entities and jointly controlled entities	0,00	
6.8	Other liabilities, of which:	164.469.717,00	
6.8.1	Dividends due to the shareholders	31.036.100,00	
6.8.2	Amounts subscribed and not paid to the share capital increases of the issuers	0,00	
6.8.3	Other debts	133.433.617,00	
6.9	Debts from financial leasing operations	0,00	
6.10	Debts resulting from derivative operations	0,00	
7	**PROVISIONS FOR LIABILITIES AND EXPENSES**	**1.511.438,00**	
8	**DEFERRED INCOME, of which:**	**5.890,00**	
8.1	Subventions for investments	0,00	
8.2	Deferred Income	5.890,00	
8.3	Deferred income related to the assets received by transfer from clients	0,00	
9	**EQUITY CAPITAL, of which:**	**2.197.483.849,00**	
9.1	Share capital	100.217.918,00	
9.2	Premiums related to capital	0,00	
9.3	Revaluation differences	9.498.812,00	
9.4	Reserves	792.416.360,00	
9.5	Reported result	380.533.333,00	
9.6	Result of the year	127.369.627,00	
9.7	Profit distribution	0,00	

		LEI	% total assets
9.8	Own shares	29.724.742,00	
9.9	Reported result due to the adoption of IAS 29 for the first time	418.590.911,00	
9.10	Share capital adjustments	420.786.844,00	
9.11	Other equity elements	814.976.608,00	
10	**TOTAL LIABILITIES**	**2.364.448.225,00**	
11	**NET ASSETS**	**2.195.563.192,40**	
12	**NUMBER OF ISSUED OUTSTANDING SHARES ***	**980.157.563**	
13	**NET ASSET VALUE PER SHARE**	**2,2400**	
14	**NUMBER OF COMPANIES IN THE PORTFOLIO, of which:**	**46**	
14.1	Companies admitted to trading on a regulated market	14	
14.2	Companies admitted to trading on an alternative trading system	14	
14.3	Not admitted companies to trading (closed companies)	18	
15	Companies for which no financial information was collected	1	

* According to article 123 paragraph (3) of FSA Regulation 9/2014, regarding the NAV/share calculation, this position represents: 'The number of issued outstanding shares at that date, excluding the own shares bought back by the company'

Prepared
SIF MOLDOVA

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Claudiu DOROS

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Coordinator, Marta ANTOCHI

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Depozitar: BRD-GSG, Bucuresti
CIF: 2816642
EUID: ROONRC. J/04/2400/1992
Nr. Registru ASF: PJR07¹AFIAA/040002
Cod LEI: 254900Y1O0025N04US14

ANNEX – according to Article 122 paragraph (8) of ASF Regulation no. 9/2014

SIF Moldova portfolio assets which were assessed by valuation methods in accordance with International Valuation Standards, on 31.12.2019

No.	Issuer	Fiscal Code	Symbol	Number of shares held	No/Evaluation Report date	Value	
						RON / share	total
Shares listed and not traded in the last 30 trading days							
1	CEPROHART BRAILA	2269251	CPHA	84.385	85 / 13.01.2020	13,8397	1.167.867,00
Unlisted shares (closed)							
1	AGROINTENS SA BUCURESTI	33857839		2.996.161	79 / 13.01.2020	14,0552	42.111.642,00
2	AGROLAND CAPITAL SA BACAU	33857820		3.812.000	80 / 13.01.2020	9,3360	35.588.832,00
3	ALIMENCO PASCANI	6101101		53.857	82 / 13.01.2020	34,9904	1.884.478,00
4	ASSET INVEST BACAU Bacau	32267040		30.330.629	81 / 13.01.2020	0,0894	2.711.558,00
5	CASA SA BACAU BACAU	8376788		4.658.462	76 / 13.01.2020	2,9246	13.624.005,00
6	DYONISOS COTESTI	7467373		772.824	84 / 13.01.2020	0,6475	500.404,00
7	EXIMBANK BUCURESTI	361560		414.740	77 / 13.01.2020	6,1981	2.570.600,00
8	RULMENTI BIRLAD	2808089		2.408.645	69 / 13.01.2020	1,3148	3.167.000,00
9	STRAULESTI LAC ALFA S.A. BUCURESTI	36160878		3.880.307	74 / 13.01.2020	8,8899	34.495.687,00
10	TESATORIILE REUNITE BUCURESTI	425818		10.833.277	75 / 13.01.2020	6,2817	68.051.396,00
Unlisted shares and shares listed and not traded in the last 30 trading days, whose financial statements are not available within 90 days from the legal periods for submission							
1	BUCOVINA-TEX RADAUTI	2692358		77.820	83 / 13.01.2020	22,6360	1.761.534,00

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The assets of SIF Moldova in compliance with ASF Regulation no 9/2014 - Annex 17
Date: 31/12/2019 - Monthly recalculated

Item	Currency	The beginning of the reporting period (31/12/2018)				The end of the reporting period (31/12/2019)				Differences
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	LEI
A. Grand total assets	RON	106,922	100,000	0,00	1.844.757.883,69	107,536	100,000	0,00	2.361.016.130,40	516.258.246,71
I. Total assets	RON	106,309	99,427	0,00	1.834.190.937,59	106,840	99,353	0,00	2.345.738.263,92	511.547.326,33
	EUR	0,611	0,571	2.259.950,60	10.540.183,61	0,695	0,647	3.194.418,71	15.267.085,34	4.726.901,73
	USD	0,002	0,001	6.569,74	26.762,49	0,000	0,000	2.530,31	10.781,14	-15.981,35
1. Securities and money market instruments, of which:	RON	73,171	68,434	0,00	1.262.444.908,20	73,374	68,233	0,00	1.610.980.739,89	348.535.831,69
	EUR					0,175	0,163	804.863,39	3.846.683,60	3.846.683,60
1.1. securities and money market instruments admitted or traded on a Romanian regulated market, of which:	RON	73,171	68,434	0,00	1.262.444.908,20	73,374	68,233	0,00	1.610.980.739,89	348.535.831,69
	EUR					0,175	0,163	804.863,39	3.846.683,60	3.846.683,60
1.1.1. shares and similar securities (mentioning each category)	RON	73,166	68,429	0,00	1.262.350.164,56	73,371	68,229	0,00	1.610.897.873,38	348.547.708,82
1.1.1.a. admitted on BVB	RON	69,037	64,568	0,00	1.191.117.785,24	69,187	64,338	0,00	1.519.036.321,30	327.918.536,06
1.1.1.b. preference/allocation rights	RON			0,00				0,00		0,00
1.1.1.b.1. not traded	RON			0,00				0,00		0,00
1.1.1.b.2. traded	RON			0,00				0,00		0,00
1.1.1.c. unlisted but traded through BVB system	RON			0,00				0,00		0,00
1.1.1.d. admitted but never traded	RON			0,00				0,00		0,00
1.1.1.e. admitted but not traded in the last 30 days	RON	0,268	0,251	0,00	4.621.673,52	0,273	0,254	0,00	5.986.853,96	1.365.180,44
1.1.1.f. listed on BVB - in litigation	RON			0,00				0,00		0,00

Item	Currency	The beginning of the reporting period (31/12/2018)				The end of the reporting period (31/12/2019)				Differences
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	LEI
1.1.1.g. admitted on ATS	RON	3,861	3,611	0,00	66.610.705,80	3,911	3,637	0,00	85.874.698,12	19.263.992,32
1.1.2. bonds (by categories of issuers)	RON	0,005	0,005	0,00	94.743,64	0,004	0,004	0,00	82.866,51	-11.877,13
	EUR					0,175	0,163	804.863,39	3.846.683,60	3.846.683,60
1.1.2.a. municipal bonds	RON	0,005	0,005	0,00	94.743,64	0,004	0,004	0,00	82.866,51	-11.877,13
1.1.2.b. localities bonds	RON			0,00				0,00		0,00
1.1.2.c. corporate bonds	RON			0,00				0,00		0,00
	EUR					0,175	0,163	804.863,39	3.846.683,60	3.846.683,60
1.1.2.d. government bonds	RON			0,00				0,00		0,00
1.1.3. other receivables (by issuer type and issuer category)	RON			0,00				0,00		0,00
1.1.4. other securities	RON			0,00				0,00		0,00
1.1.5. money market instruments (by categories);	RON			0,00				0,00		0,00
1.1.5.a. government securities	RON			0,00				0,00		0,00
1.2. securities and money market instruments admitted or traded on a regulated market, within a member state	RON			0,00				0,00		0,00
1.3. securities and money market instruments admitted in the official quotation of a stock market, within a non-member state, or negotiated on another regulated market within a non-member state	RON			0,00				0,00		0,00
2. newly issued securities	RON			0,00				0,00		0,00
3. other securities and money market instruments, mentioned in art. 187, paragraph a), of which:	RON	11,802	11,038	0,00	203.626.278,97	10,538	9,799	0,00	231.360.856,07	27.734.577,10
	EUR	0,537	0,502	1.986.436,89	9.264.543,01	0,439	0,408	2.014.557,18	9.628.173,12	363.630,11
3.1. securities (by categories and types of issuers)	RON	11,802	11,038	0,00	203.626.278,97	10,538	9,799	0,00	231.360.856,07	27.734.577,10
	EUR	0,537	0,502	1.986.436,89	9.264.543,01	0,439	0,408	2.014.557,18	9.628.173,12	363.630,11
3.1.1. Shares	RON	11,802	11,038	0,00	203.626.278,97	9,775	9,090	0,00	214.616.322,74	10.990.043,77
	EUR	0,089	0,083	329.617,88	1.537.304,83	0,078	0,073	358.278,41	1.712.319,99	175.015,16
3.1.2. Bonds	RON			0,00		0,763	0,709	0,00	16.744.533,33	16.744.533,33
	EUR	0,448	0,419	1.656.819,01	7.727.238,18	0,361	0,335	1.656.278,77	7.915.853,13	188.614,95

Item	Currency	The beginning of the reporting period (31/12/2018)				The end of the reporting period (31/12/2019)				Differences
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	LEI
3.1.2.a. corporate bonds	RON			0,00		0,763	0,709	0,00	16.744.533,33	16.744.533,33
	EUR	0,448	0,419	1.656.819,01	7.727.238,18	0,361	0,335	1.656.278,77	7.915.853,13	188.614,95
3.1.2.b. municipal bonds	RON			0,00				0,00		0,00
3.1.2.c. localities bonds	RON			0,00				0,00		0,00
3.1.2.d. government bonds	RON			0,00				0,00		0,00
3.2. money market instruments (by categories)	RON			0,00				0,00		0,00
3.2.1. certificates of deposit	RON			0,00				0,00		0,00
4. Bank deposits, of which:	RON	4,246	3,971	0,00	73.255.974,10	4,345	4,040	0,00	95.388.722,53	22.132.748,43
	EUR	0,071	0,067	263.501,15	1.228.943,02	0,079	0,073	361.503,52	1.727.733,78	498.790,76
4.1. bank deposits in Romanian credit institutions;	RON	4,246	3,971	0,00	73.255.974,10	4,345	4,040	0,00	95.388.722,53	22.132.748,43
	EUR	0,071	0,067	263.501,15	1.228.943,02	0,079	0,073	361.503,52	1.727.733,78	498.790,76
4.2. bank deposits in member state credit institutions;	RON			0,00				0,00		0,00
4.3. bank deposits in non-member state credit institutions;	RON			0,00				0,00		0,00
5. Derivatives traded on a regulated market:	RON			0,00				0,00		0,00
5.1. Derivatives traded on a Romanian regulated market, by categories;	RON			0,00				0,00		0,00
5.1.1. Futures	RON			0,00				0,00		0,00
5.1.2. Options	RON			0,00				0,00		0,00
5.2. Derivatives traded on a member state regulated market, by categories	RON			0,00				0,00		0,00
5.3. Derivatives traded on a non-member state regulated market, by categories	RON			0,00				0,00		0,00
5.4. Derivatives traded outside the regulated markets, by categories	RON			0,00				0,00		0,00
6. Cash and current accounts	RON	0,012	0,011	0,00	204.774,75	0,055	0,052	0,00	1.216.532,65	1.011.757,90
	EUR	0,003	0,003	10.012,56	46.697,58	0,003	0,003	13.494,62	64.494,84	17.797,26
	USD	0,002	0,001	6.569,74	26.762,49	0,000	0,000	2.530,31	10.781,14	-15.981,35
7. Money market instruments, others than those traded on a regulated market, in accordance with art. 101 (1) letter g) of Law 297/2004.	RON			0,00				0,00		0,00

Item	Currency	The beginning of the reporting period (31/12/2018)				The end of the reporting period (31/12/2019)				Differences
		% of the net assets	% of the total assets	Currency	LEI	% of the net assets	% of the total assets	Currency	LEI	LEI
8. UCITS and non UCITS equity securities, of which:	RON	15,873	14,846	0,00	273.864.551,13	17,734	16,491	0,00	389.357.583,59	115.493.032,46
8.1. UCITS securities	RON	1,321	1,235	0,00	22.787.366,02	1,262	1,174	0,00	27.709.723,96	4.922.357,94
8.1.1. Fund units	RON	1,321	1,235	0,00	22.787.366,02	1,262	1,174	0,00	27.709.723,96	4.922.357,94
8.1.2. ETFs	RON			0,00				0,00		0,00
8.2. non UCITS securities	RON	14,552	13,610	0,00	251.077.185,11	16,472	15,317	0,00	361.647.859,63	110.570.674,52
8.2.1. Shares / Fund units	RON	14,552	13,610	0,00	251.077.185,11	16,472	15,317	0,00	361.647.859,63	110.570.674,52
8.2.2. ETFs	RON			0,00				0,00		0,00
9. Other assets (amounts in transit, receivables from distributors, brokerage houses, tangible and intangible assets, claims, etc)	RON	1,205	1,127	0,00	20.794.450,44	0,794	0,738	0,00	17.433.829,19	-3.360.621,25

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DETAILED STATEMENT OF INVESTMENTS

Securities admitted or traded on a Romanian regulated market
Date: 31/12/2019 Monthly recalculated

No	Issuer	Symbol	Last trading session	Owned shares	Nominal value / share	Market value / share	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8 = 5 * 7	9	10	11
ADMITTED COMPANIES TO ATS										
1	ELEROM	ELER	30.12.2019	23.357	13,0000	18,2000	425.097,40	8,930	0,018	0,019
2	FAM	FAMZ	17.12.2019	108.237	6,3000	2,3800	257.604,06	23,356	0,011	0,012
3	MARTENS	MABE	17.12.2019	72.203	2,5000	2,2200	160.290,66	7,743	0,007	0,007
4	NORD S.A. Bucuresti	NORD	27.12.2019	1.662.744	2,5000	6,5000	10.807.836,00	18,166	0,458	0,492
5	PROFESSIONAL IMO PARTNERS S.A.	PPLI	23.12.2019	24.307.608	1,0000	2,4600	59.796.715,68	31,420	2,533	2,724
6	REGAL	REGL	28.11.2019	1.116.258	0,1000	9,0000	10.046.322,00	93,022	0,426	0,458
7	SANTIERUL NAVAL CONSTANTA	SNC	30.12.2019	1.300.836	2,5000	3,1200	4.058.608,32	2,001	0,172	0,185
8	STOFE	STOF	20.12.2019	322.224	2,5000	1,0000	322.224,00	16,226	0,014	0,015
TOTAL ADMITTED COMPANIES TO ATS							**85.874.698,12**		**3,637**	**3,911**
ADMITTED COMPANIES TO BVB										
1	AEROSTAR	ARS	30.12.2019	22.919.887	0,3200	5,3500	122.621.395,45	15,051	5,194	5,585
2	ALRO S.A.	ALR	30.12.2019	3.333.333	0,5000	2,3400	7.799.999,22	0,467	0,330	0,355
3	BANCA TRANSILVANIA	TLV	30.12.2019	355.907.975	1,0000	2,5950	923.581.195,13	6,823	39,118	42,066
4	BRD	BRD	30.12.2019	2.552.363	1,0000	15,8400	40.429.429,92	0,366	1,712	1,841
5	BURSA DE VALORI BUCURESTI	BVB	30.12.2019	348.256	10,0000	25,8000	8.985.004,80	4,327	0,381	0,409

No	Issuer	Symbol	Last trading session	Owned shares	Nominal value / share	Market value / share	Total value	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8 = 5 * 7	9	10	11
6	CASA DE BUCOVINA CLUB DE MUNTE	BCM	30.12.2019	8.256.006	0,1000	0,1000	825.600,60	4,934	0,035	0,038
7	COMPA	CMP	30.12.2019	7.405.361	0,1000	0,8640	6.398.231,90	3,384	0,271	0,291
8	DIGI COMMUNICATION N.V.	DIGI	30.12.2019	75.000	0,0478	33,4000	2.505.000,00	0,011	0,106	0,114
9	MECANICA CEAHLAU	MECF	12.12.2019	175.857.653	0,1000	0,1630	28.664.797,44	73,302	1,214	1,306
10	OMV PETROM	SNP	30.12.2019	21.028.871	0,1000	0,4470	9.399.905,34	0,037	0,398	0,428
11	SNGN ROMGAZ SA	SNG	30.12.2019	7.164.565	1,0000	37,1000	265.805.361,50	1,859	11,258	12,106
12	SNTGN TRANSGAZ	TGN	30.12.2019	283.390	10,0000	360,0000	102.020.400,00	2,407	4,321	4,647
TOTAL ADMITTED COMPANIES TO BVB							**1.519.036.321,30**		**64,338**	**69,187**
ADMITTED BUT NOT TRADED COMPANIES IN THE LAST 30 DAYS										
1	ADMET	ADMY	24.10.2019	125.400	2,5000	9,0870	1.139.507,23	23,842	0,048	0,052
2	ARMAX GAZ	ARAX	30.06.2017	157.778	10,0000	0,0000	0,00	2,569	0,000	0,000
3	ATLAS GALATI	ATLK	13.01.2014	17.036.782	0,1000	0,0000	0,00	33,995	0,000	0,000
4	CEPROHART	CPHA	08.08.2019	84.385	2,5000	13,8397	1.167.867,00	30,252	0,049	0,053
5	TRANSILANA	TRSK	03.07.2019	7.352.083	0,1000	0,1487	1.093.525,04	15,080	0,046	0,050
6	URB RULMENTI	URUL	11.07.2019	1.790.020	1,0500	1,4447	2.585.954,69	15,874	0,110	0,118
TOTAL ADMITTED BUT NOT TRADED COMPANIES IN THE LAST 30 DAYS							**5.986.853,96**		**0,254**	**0,273**
TOTAL ADMITTED COMPANIES				**26**			**1.610.897.873,38**		**68,229**	**73,371**

* DIGI COMMUNICATION N.V. - valoarea nominala actiune reprezinta 0,0100 EUR la cursul BNR

Preemptive rights traded

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

Preemptive rights which have not been traded							
No	Issuer	No of rights held	Nominal value / share	Theoretical value of the preemptive right	Total theoretical value	Percentage in the total assets of SIF Moldova	Percentage in the net assets of SIF Moldova
1	2	3	4	5	6 = 3 * 5	7	8
1	IASITEX	611.269	10,2400	0,0000	0,00	0,000	0,000
TOTALDREPTURI DE PREFERINTA NETRANZACTIONATE					0,00	0,000	0,000

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

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Cod LEI: 254900Y1O0025N04US14

DETAILED STATEMENT OF INVESTMENTS

Instruments mentioned in Article 187, point a)

Date: 31/12/2019 Monthly recalculated

No.	Issue	No of shares held	Date of acquisition	Average price of acquisition	Nominal value/share	Share value	Total value	Total value (RON)	Percentage in the share capital of the issuer	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8	9	10	11	12
CLOSED COMPANIES											
	EUR										
1	CATALYST ROMANIA SCA SICAR AA	268,000	31.12.2012	4.489,7735	1.000,0000	1.336,8597	358.278,41	1.712.319,99	2,059	0,073	0,078
	TOTAL EUR						**358.278,41**	**1.712.319,99**	**2,06**	**0,073**	**0,078**
	RON										
2	AGRICOLA INTERNATIONAL BC	6.639.150,000	2000	0,1000	0,1000	0,5623	3.733.311,77	3.733.311,77	1,990	0,158	0,170
3	AGROINTENS SA B1	2.996.161,000	20.12.2016	10,0000	10,0000	14,0552	42.111.642,00	42.111.642,00	100,000	1,784	1,918
4	AGROLAND CAPITAL SA BC	3.812.000,000	20.12.2016	10,0000	10,0000	9,3360	35.588.832,00	35.588.832,00	100,000	1,507	1,621
5	ALIMENCO IS	53.857,000	1994	2,5000	2,5000	34,9904	1.884.478,00	1.884.478,00	28,465	0,080	0,086
6	ASSET INVEST BACAU BC	30.330.629,000	24.10.2013	0,0066	0,1000	0,0894	2.711.558,00	2.711.558,00	99,997	0,115	0,124
7	BRIKSTON CONSTRUCTION SOLUTIONS(CERAMICA IS	225,000	2005	0,9626	0,1000	0,2893	65,10	65,10	0,000	0,000	0,000
8	BUCOVINA VEHICLES SA SV	2,000	31.05.2012	20.000,0000	20.000,0000	0,0000	0,00	0,00	0,009	0,000	0,000
9	BUCOVINA-TEX SV	77.820,000	1993	2,5000	2,5000	22,6360	1.761.534,00	1.761.534,00	28,488	0,075	0,080
10	CASA ROMANA DE COMPENSATIE SB	852.039,000	2006	1,1990	0,1000	0,0000	0,00	0,00	7,879	0,000	0,000
11	CASA SA BACAU BC	4.658.462,000	1999	2,5212	2,5000	2,9246	13.624.005,00	13.624.005,00	99,319	0,577	0,621
12	DEPOZITARUL CENTRAL (REGISCO) BU	7.396.029,000	1997	0,1341	0,1000	0,1252	926.063,81	926.063,81	2,924	0,039	0,042

13	DYONISOS VN	772.824,000	1995	0,1000	0,1000	0,6475	500.404,00	500.404,00	12,410	0,021	0,023
14	EXIMBANK BU	414.740,000	1993	6,0000	6,0000	6,1981	2.570.600,00	2.570.600,00	0,311	0,109	0,117
15	RULMENTI VS	2.408.645,000	1993	2,7514	2,7500	1,3148	3.167.000,00	3.167.000,00	6,005	0,134	0,144
16	STRAULESTI LAC ALFA S.A. B1	3.880.307,000	26.04.2018	9,9959	10,0000	8,8899	34.495.687,00	34.495.687,00	50,000	1,461	1,571
17	TESATORIILE REUNITE BU	10.833.277,000	1993	3,4205	2,5000	6,2817	68.051.396,00	68.051.396,00	100,000	2,882	3,099
18	VASTEX VS	147.105,000	1993	2,7613	2,5000	23,7228	3.489.746,06	3.489.746,06	13,935	0,148	0,159
	TOTAL RON						**214.616.322,74**	**214.616.322,74**	**651,73**	**9,090**	**9,775**
TOTAL CLOSED COMPANIES								**216.328.642,73**		**9,163**	**9,853**

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

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

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SIF MOLDOVA

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Cod LEI: 254900Y1O0025N04US14

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

No.	Issuer	Symbol	No. of Bonds	Date of acquisition	Maturity date	Acquisition price	Bond value	Daily increase	Accrued interest	Present value	Present value (RON)	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Bonds listed and not traded in the last 30 trading days													
Municipal Bonds													
RON													
1	PRIMARIA BACAU	BAC26B	2.000	03.09.2009	31.10.2026	100,00	41,16	8,96	546,51	82.866,51	82.866,51	0,004	0,004
TOTAL RON			**2.000**						**546,51**	**82.866,51**	**82.866,51**	**0,004**	**0,004**
Total Municipal Bonds			**2.000**								**82.866,51**	**0,004**	**0,004**
TOTAL Bonds listed and not traded in the last 30 trading days			**2.000**								**82.866,51**	**0,004**	**0,004**
TOTAL			**2.000**								**82.866,51**	**0,004**	**0,004**

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

No.	Issuer	Symbol	No. of Bonds	Date of acquisition	Maturity date	Acquisition price	Bond value	Daily increase	Accrued interest	Present value	Present value (RON)	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Listed bonds													
Corporative Bonds													
EUR													
1	Autonom Services S.A	AUT24E	800	12.11.2019	12.11.2024	1.000,00	1.000,00	97,27	4.863,39	804.863,39	3.846.683,60	0,163	0,175
TOTAL EUR			**800**						**4.863,39**	**804.863,39**	**3.846.683,60**	**0,163**	**0,175**
Total Corporative Bonds			**800**								**3.846.683,60**	**0,163**	**0,175**
TOTAL Listed bonds			**800**								**3.846.683,60**	**0,163**	**0,175**
Unlisted bonds													
Corporative Bonds													
EUR													
1	BANCA TRANSILVANIA		2.685.541	22.05.2013	22.05.2020	0,60	0,60	264,44	44.954,17	1.656.278,77	7.915.853,13	0,335	0,361
TOTAL EUR			**2.685.541**						**44.954,17**	**1.656.278,77**	**7.915.853,13**	**0,335**	**0,361**
RON													
1	STRAULESTI LAC ALFA S.A.		167	20.12.2019	20.12.2022	100.000,00	100.000,00	3.711,11	44.533,33	16.744.533,33	16.744.533,33	0,709	0,763
TOTAL RON			**167**						**44.533,33**	**16.744.533,33**	**16.744.533,33**	**0,709**	**0,763**
Total Corporative Bonds			**2.685.708**								**24.660.386,46**	**1,044**	**1,124**
TOTAL Unlisted bonds			**2.685.708**								**24.660.386,46**	**1,044**	**1,124**
TOTAL			**2.686.508**								**28.507.070,06**	**1,207**	**1,299**

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

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DETAILED STATEMENT OF INVESTMENTS Bank deposits Date: 31/12/2019 Monthly recalculated

Filing date	Maturity date	Currency	Initial value		Daily interest		Accrued interest		Present value		Percentage in the total assets of SIF	Percentage in the net assets of SIF
			Foreign currency	RON	Foreign currency	RON	Foreign currency	RON	Foreign currency	RON		
BANCA TRANSILVANIA												
10.12.2019	10.01.2020	EUR	98.500,00	470.761,05	0,03	0,13	0,60	2,88	98.500,60	470.763,93	0,02	0,02
18.12.2019	18.01.2020	EUR	48.002,03	229.416,10	0,01	0,06	0,19	0,89	48.002,22	229.416,99	0,01	0,01
20.12.2019	20.01.2020	EUR	165.000,00	788.584,50	0,05	0,22	0,55	2,63	165.000,55	788.587,13	0,03	0,04
21.12.2019	21.01.2020	EUR	50.000,00	238.965,00	0,01	0,07	0,15	0,73	50.000,15	238.965,73	0,01	0,01
Total BANCA TRANSILVANIA				**1.727.726,65**		**0,48**		**7,13**		**1.727.733,78**	**0,07**	**0,08**
BRD												
23.12.2019	06.01.2020	RON		14.000.000,00		758,33		6.825,00	14.006.825,00	14.006.825,00	0,59	0,64
31.12.2019	03.01.2020	RON		9.949.339,11		414,56		414,56	9.949.753,67	9.949.753,67	0,42	0,45
Total BRD				**23.949.339,11**		**1.172,89**		**7.239,56**		**23.956.578,67**	**1,01**	**1,09**
CEC BANK												
05.12.2019	06.01.2020	RON		10.100.000,00		885,48		23.907,95	10.123.907,95	10.123.907,95	0,43	0,46
09.12.2019	06.01.2020	RON		10.000.000,00		876,71		20.164,38	10.020.164,38	10.020.164,38	0,42	0,46
12.12.2019	13.01.2020	RON		6.000.000,00		567,12		11.342,47	6.011.342,47	6.011.342,47	0,25	0,27

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Filing date	Maturity date	Currency	Initial value		Daily interest		Accrued interest		Present value		Percentage in the total assets of SIF	Percentage in the net assets of SIF
			Foreign currency	RON	Foreign currency	RON	Foreign currency	RON	Foreign currency	RON		
12.12.2019	13.01.2020	RON		10.000.000,00		945,21		18.904,11	10.018.904,11	10.018.904,11	0,42	0,46
16.12.2019	16.01.2020	RON		2.500.000,00		222,60		3.561,64	2.503.561,64	2.503.561,64	0,11	0,11
23.12.2019	06.01.2020	RON		10.050.000,00		936,16		8.425,48	10.058.425,48	10.058.425,48	0,43	0,46
Total CEC BANK				**48.650.000,00**		**4.433,29**		**86.306,03**		**48.736.306,03**	**2,06**	**2,22**
EXIMBANK												
02.10.2019	06.01.2020	RON		7.080.000,00		570,33		51.900,33	7.131.900,33	7.131.900,33	0,30	0,32
07.11.2019	07.01.2020	RON		9.000.000,00		675,00		37.125,00	9.037.125,00	9.037.125,00	0,38	0,41
07.11.2019	07.01.2020	RON		6.500.000,00		487,50		26.812,50	6.526.812,50	6.526.812,50	0,28	0,30
Total EXIMBANK				**22.580.000,00**		**1.732,83**		**115.837,83**		**22.695.837,83**	**0,96**	**1,03**
GRAND TOTAL				**96.907.065,76**		**7.339,49**		**209.390,54**		**97.116.456,31**	**4,11**	**4,42**

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DETAILED STATEMENT OF INVESTMENTS

UCITS / Non UCITS listed
DATE: 31/12/2019 Monthly recalculated

No.	Issuer	Symbol	Last trading session	No of securities held	Nominal value/security	Security value	Total value	Percentage in the total no of fund units in circulation	Percentage in the total assets of SIF	Percentage in the net assets of SIF
1	2	3	4	5	6	7	8 = 5 * 7	9	10	11
SECURITIES ADMITTED BVB - REGS										
SHARES BVB - REGS										
1	SIF BANAT CRISANA	SIF1	30.12.2019	18.502.502	0,1000	2,7300	50.511.830,46	3,576	2,139	2,301
2	SIF TRANSILVANIA	SIF3	30.12.2019	108.777.386	0,1000	0,3920	42.640.735,31	4,980	1,806	1,942
TOTAL SHARES BVB - REGS							**93.152.565,77**		**3,945**	**4,243**
TOTAL UCITS							**93.152.565,77**		**3,945**	**4,243**

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DETAILED STATEMENT OF INVESTMENTS

UCITS / Non UCITS unlisted
DATE: 31/12/2019 Monthly recalculated

No.	Issuer	Last trading session	No of securities held	NAV	Security value	Total value	Percentage in the total no of fund units in circulation	Percentage in the total assets of SIF	Percentage in the net assets of SIF
				lei	lei	lei	%	%	%
1	2	3	4	5	6	7 = 3 * 4	8	9	10
Securities denominated in RON									
1	FDI NAPOCA		7.265.417,54000000	0,6226		4.523.448,96	31,413	0,192	0,206
2	FDI Piscator Equity Plus		75.473,72150000	166,3802		12.557.332,88	53,366	0,532	0,572
3	FDI STAR FOCUS		159.783,58000000	6,7855		1.084.211,48	17,713	0,046	0,049
4	FDI STAR NEXT		364.421,84000000	7,4411		2.711.699,35	20,370	0,115	0,124
5	FIA ALCHEMIST		498,41250000	117.043,1677		58.335.777,82	49,724	2,471	2,657
6	FIA DCP INVESTITII		4.161,46230000	8.655,7218		36.020.459,95	40,696	1,526	1,641
7	FIA HERMES		70,95840000	184.841,8502		13.116.081,94	49,448	0,556	0,597
8	FII MULTICAPITAL INVEST		6.788,00000000	3.082,1100		20.921.362,68	40,686	0,886	0,953
9	FONDUL PRIVAT COMERCIAL		156.402,29000000	553,9945		86.646.008,45	48,517	3,670	3,946
10	Fond Deschis de Investitii Transilvania		97.116,34000000	56,1430		5.452.402,68	16,830	0,231	0,248
11	Fondul Inchis de Investitii OPTIM Invest		4.292,94000000	12.451,9800		53.455.603,02	28,855	2,264	2,435
12	TehnoGlobinvest		1.071,77000000	1.288,1762		1.380.628,61	16,029	0,059	0,063
TOTAL SECURITIES						**296.205.017,82**		**12,546**	**13,491**

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

Prepared
SIF MOLDOVA

CEO
Claudiu DOROS

Assets Assessment Office
Coordinator, Marta ANTOCHI

Drafted, Gabriela PETER

Compliance Officer
Catalin NICOLAESCU

Depositary Certification
BRD – Groupe Societe Generale

Securities Department
Manager, Claudia IONESCU

Certified, Ionela RADUCU

SIF MOLDOVA
SOCIETATE DE INVESTITII FINANCIARE

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CIF: 2816642
EUID: ROONRC. J/04/2400/1992
Nr. Registru ASF: PJR07¹AFIAA/040002
Cod LEI: 254900Y1O0025N04US14

Net asset value per share as of 31/12/2019

Item	Current period	Period of the previous year	Differences
1	2	3	4
NET ASSETS	2.195.563.192,40	1.725.332.012,6900	470.231.179,7100
NUMBER OF ISSUED OUTSTANDING SHARES *	980.157.563	991.113.939	-10.956.376
NET ASSET VALUE PER SHARE	2,2400	1,7408	0,4992

NAV and NAV/share evolution in the last 3 years

	30.12.2016	29.12.2017	31.12.2018
NET ASSETS	1585572859.06	1792691575.72	1725332012.69
NET ASSET VALUE PER SHARE	1.5473	1.7978	1.7408

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Status of pending litigations with object the annulment of GMS resolutions for companies in SIF Moldova's portfolio (plaintiff)				
No.	**Company**	**Object**	**Litigation status**	**Observations**
1*	Agricola International SA Bacau	annulment of EGMS of 19.12.2018-consolidation of share nominal value	Litigation pending on the merits	
2*	Brikston Construction Solutions SA	annulment of OGMS on 17.10.2018-CA completion	Litigation pending on the merits	
3*	Brikston Construction Solutions SA	Annulment of OGMS 22.01.2019-appointment of manager, discharge of office	Litigation pending on the merits	
4*	Brikston Construction Solutions SA	annulment of EGMS of 20.05.2019 - ATS listing	Litigation pending on the merits	
5*	Brikston Construction Solutions SA	Suspension of EGMS on 20.05.2019 - ATS listing	Litigation pending on the merits	
		SOLVED LITIGATIONS		
1	Bucovina Tex	annulment of EGMS of 04.09.2017	Action dismissed and SIF's appeal	
2	Vastex SA	Annulment of resolutions 2-4 EGMS on 30.04.2018	Action dismissed and SIF's appeal	
3*	Brikston Construction Solutions SA	enforcement suspension of OGMS on 22.01.2019	Action dismissed	
4*	Brikston Construction Solutions SA	enforcement suspension of OGMS on 17.10.2018	Action dismissed	
5*	Agricola International SA Bacau	enforcement suspension of EGMS on 19.12.2018	Action dismissed and SIF's appeal	
6	Vascar SA	Annulment of EGMS on 21.05.2018	Action dismissed and SIF's appeal	Suspended. Parties' transaction
7	Partmen SA	Annulment of resolutions no. 3 and 4 of 28.06.2018	Action dismissed	SIF's appeal allowed
8*	Partmen SA	Annulment of OGMS for the balance on 26.06.2019	Litigation pending on the merits	Parties' transactions

Status of pending litigations with object: claims – SIF Moldova as plaintiff				
No.	**Natural /legal individual respondent**	**Claims value in lei**	**Object**	**Observations**
1	Nedea Carmen	2,670.00	enforcement	
2	Zaiet Marius	3,253.96	enforcement	
3	Vastex S.A.	3,644,554.43	claims, shares value Law 151/2014	SIF's recourse allowed. Retrial of appeal
4	CIA Hasmatuchi	3,327.78	claims – rent value	Action allowed. Final
5	AIPC	6,376.12	enforcement	
6	AIPC	1,552.21	claims legal expenses	Enforcement
7*	AIPC	3,479.45	enforcement	
8	Brikston Construction Solutions SA	12,342.26	claims - legal expenses	Action allowed.
9*	AAAS	3,309.46	enforcement	
10	A.A.A.S.	883.44	enforcement	
11	A.A.A.S.	4,933.96	enforcement	
12	A.A.A.S.	486,376.82	enforcement	
13	A.A.A.S.	6,178,047.48	enforcement	
14	A.A.A.S.	552,255.92	enforcement	
15	A.A.A.S.	1,318,001.38	enforcement	
16	A.A.A.S.	846,259.40	enforcement	
17	A.A.A.S.	386,031.09	enforcement	
18	A.A.A.S.	1,045,579.33	enforcement	
19	A.A.A.S.	1,166,727.66	enforcement	
20	A.A.A.S.	1,099,612.11	enforcement	
21	A.A.A.S.	1,358,748.31	enforcement	
22	A.A.A.S.	425,550.42	enforcement	
23	A.A.A.S.	12,038.01	enforcement	
24	A.A.A.S.	25,316.67	enforcement	
25	A.A.A.S.	5,194.06	enforcement	
26	A.A.A.S.	865,256.16	enforcement	
27	A.A.A.S.	1,516,281.58	enforcement	

28	A.A.A.S.	1,595,397.19	enforcement
29	A.A.A.S.	884,946.81	enforcement
30	A.A.A.S.	1,265,286.48	enforcement
31	A.A.A.S.	1,237,180.50	enforcement
32	A.A.A.S.	14,089.55	enforcement
33	A.A.A.S.	1,320.12	enforcement
34	A.A.A.S.	42,688.04	enforcement
35	A.A.A.S.	2,082.38	enforcement
36	A.A.A.S.	29,612.04	enforcement
37	A.A.A.S.	1,832.22	enforcement
38	A.A.A.S.	33,308.19	enforcement
39	A.A.A.S.	1,914.31	enforcement
40	A.A.A.S.	24,885.42	enforcement
41	A.A.A.S.	2,613.41	enforcement
42	A.A.A.S.	39,031.41	enforcement
43	A.A.A.S.	29,700.09	enforcement
44	A.A.A.S.	1,972.72	enforcement
45	A.A.A.S.	10,862.50	enforcement
46	A.A.A.S.	1,940.24	enforcement
47	A.A.A.S.	1,867.95	enforcement
48	A.A.A.S.	2,042.40	enforcement
49	A.A.A.S.	16,232.80	enforcement
50	A.A.A.S.	20,059.90	enforcement
51	A.A.A.S.	2,123,717.56	enforcement
52	A.A.A.S.	1,538,224.56	enforcement
53	A.A.A.S.	1,475,864.08	enforcement
54	A.A.A.S.	2,089,200.39	enforcement
55	A.A.A.S.	1,004,284.60	enforcement
56	A.A.A.S.	920,921.32	enforcement
57	A.A.A.S.	1,642,322.34	enforcement
58	A.A.A.S.	254,664.88	enforcement
59	A.A.A.S.	2,302,430.49	enforcement
60	A.A.A.S.	1,400,820.47	enforcement
61	A.A.A.S.	711,423.75	enforcement
62	A.A.A.S.	1,611,054.04	enforcement
63	A.A.A.S.	2,822,147.79	enforcement
64	A.A.A.S.	2,337,895.89	enforcement
65	A.A.A.S.	429,296.89	enforcement
66	A.A.A.S.	1,680,029.03	enforcement
67	A.A.A.S.	1,380,933.65	enforcement
68	A.A.A.S.	2,008,522.62	enforcement
69	A.A.A.S.	2,668,618.48	enforcement
70	A.A.A.S.	1,553,907.23	enforcement
71	A.A.A.S.	373,925.52	enforcement
72	A.A.A.S.	2,358.80	enforcement
73	AAAS	1,356.11	enforcement
74	AAAS	1,997.29	enforcement
75	AAAS	2,638.01	enforcement
76	AAAS	2,066.27	enforcement
77	AAAS	2,633.57	enforcement
78	AAAS	3,284.04	enforcement
79	AAAS	3,609.90	enforcement
80	AAAS	3,877.27	enforcement
81	AAAS	3,238.90	enforcement
82	AAAS	2,656.57	enforcement
83	AAAS	3,316.59	enforcement
84	AAAS	2,749.46	enforcement
85	AAAS	3,883.79	enforcement
86	AAAS	2,486.09	enforcement
87*	AAAS	3,349.89	enforcement
88*	AAAS	3,316.71	enforcement
89*	AAAS	3,310.76	enforcement
90*	AAAS	3,326.80	enforcement
91*	AAAS	3,350.85	enforcement
92*	AAAS	3,322.02	enforcement
93*	AAAS	1,373.83	enforcement
94*	AAAS	2,237.46	enforcement

95*	AAAS	1,661.37	enforcement	
96*	AAAS	3,300.72	enforcement	
97*	AAAS	3,313.87	enforcement	
98*	AAAS	3,318.86	enforcement	
99*	AAAS	3,376.07	enforcement	
100*	AAAS	3,372.95	enforcement	
101*	AAAS	3,310.91	enforcement	
	TOTAL:	**58,652,427.45**		
		SOLVED LITIGATIONS		
1	Comat SA	5,774.00	claims – legal expenses	Claim collected in full
2	Galgros S.A.	2,338,518.08	claims- share value	Claim collected in full
3	Favil SA	12,584.27	SIF's recourse allowed and restitution ordered	Parties' transaction for 1.474.600 lei

Status of pending litigations with object: insolvency proceedings (SIF acting as plaintiff-creditor)

No.	Company	Claim value in lei	Status	Observations
1	Bankcoop SA	626,742.17	Bankruptcy	Orders the close of the procedure. With recourse.
2	BIR	344.12	Bankruptcy	proceedings shall continue
3	Nova Bank	729.25	Bankruptcy	proceedings shall continue
4	Network Press	3,799.87	Bankruptcy	proceedings shall continue
5	Pantex S.A. Brasov	10.3	Bankruptcy	proceedings shall continue
6	Ceramica Dorohoi	3,039.00	Bankruptcy	proceedings shall continue
7	Nobel Corporation	2,215.31	Bankruptcy	proceedings shall continue
8	Horticola SA	1,466,168.33	Insolvency	proceedings shall continue
9	Celule Electrice Bailesti	22,707.72	Insolvency	proceedings shall continue
10*	Genko Med Group	93,835.07	Bankruptcy	proceedings shall continue
	TOTAL LEI:	**2,219,591.14**		

Status of pending litigations with object various action where SIF acts as plaintiff

No.	Company	Object	Litigation status	Observations
1*	Agricola International SA Bacau	TR intervention – EGMS on 19.12.2018	SIF's request dismissed	With appeal
2*	Inco Industry SRL s.a.	intervention- usucapio action	Retrial on merits	
3*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
4*	AAAS. Oltchim SA	garnishment validation	Action dismissed . With appeal	
5*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
6*	AAAS. Oltchim SA	garnishment validation	Action dismissed	SIF's appeal
7*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
8*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
9*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
10*	AAAS. Oltchim SA	garnishment validation	Action dismissed	SIF's appeal
11*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
12*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
13*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
14*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
15*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
16*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
17*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
18*	AAAS. Oltchim SA	garnishment validation	Action dismissed. With appeal	
19*	AAAS. Oltchim SA	garnishment validation	Action allowed.	AAAS's appeal
20*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
21*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
22*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
23*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
24*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
25*	AAAS. Oltchim SA	garnishment validation	Action dismissed	With appeal

26*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
27*	AAAS. Oltchim SA	garnishment validation	Action dismissed	SIF's appeal
28*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
29*	AAAS. Oltchim SA	garnishment validation	Cause suspended	
30*	AAAS. Trezoreria Mun. B	garnishment validation	Action allowed	AAAS' appeal
31*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed	SIF's appeal
32*	AAAS. Trezoreria Mun. B	garnishment validation	SIF's appeal allowed. Garnishment validated	
33*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed	SIF's appeal
34*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed and SIF's appeal	With recourse
35*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed and SIF's appeal	
36*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed and SIF's appeal	SIF's recourse
37*	AAAS. Trezoreria Mun. B	garnishment validation	SIF's appeal allowed. Garnishment validated	With recourse
38*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed and SIF's appeal	With recourse
39*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed and SIF's appeal	With recourse
40*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed and SIF's appeal	With recourse
41*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed and SIF's appeal	With recourse
42*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed and appeal. SIF's recourse	
43*	AAAS. Trezoreria Mun. B	garnishment validation	SIF's recourse allowed	
44*	AAAS. Trezoreria Mun. B	garnishment validation	Action dismissed and SIF's recourse	
45*	AAAS. Trezoreria Mun. B	garnishment validation	SIF's recourse dismissed	
		SOLVED LITIGATIONS		
1*	AAAS	garnishment validation	motion to withdraw noted	Renuntare la judecata si/sau timbrare cereri, dupa caz
2*	AAAS	garnishment validation	motion to withdraw noted	
3*	AAAS	garnishment validation	Request annulled	
4*	AAAS	garnishment validation	Cause suspended	
5*	AAAS	garnishment validation	Request annulled	
6*	AAAS	garnishment validation	Request annulled	
7*	AAAS	garnishment validation	Request annulled	
8*	AAAS	garnishment validation	Request annulled	
9*	AAAS	garnishment validation	motion to withdraw noted	
10*	AAAS	garnishment validation	motion to withdraw noted	
11*	AAAS	garnishment validation	Request annulled	
12*	AAAS	garnishment validation	motion to withdraw noted	
13*	AAAS	garnishment validation	Request annulled	
14*	AAAS	garnishment validation	motion to withdraw noted	
15*	AAAS	garnishment validation	Request annulled	
16*	AAAS	garnishment validation	motion to withdraw noted	
17*	AAAS	garnishment validation	Request annulled	
18*	AAAS	garnishment validation	Request annulled	
19*	AAAS	garnishment validation	motion to withdraw noted	
20*	AAAS	garnishment validation	motion to withdraw noted	
21*	AAAS	garnishment validation	Request annulled	
22*	AAAS	garnishment validation	Request annulled	
23*	AAAS	garnishment validation	Request annulled	
24*	AAAS	garnishment validation	Request annulled	
25*	AAAS	garnishment validation	Request annulled	
26*	AAAS	garnishment validation	Request annulled	
27*	AAAS	garnishment validation	Request annulled	
28*	AAAS	garnishment validation	Cause suspended	
29*	AAAS	garnishment validation	Request annulled	
30*	AAAS	garnishment validation	Request annulled	
31*	AAAS	garnishment validation	motion to withdraw noted	
32*	Ciuburciu Gabriela s.a.	Civil claims	Withdraw request	
33*	Brikston Construction Solutions SA	TR intervention – OGMS on 22.01.2019	Request dismissed	
34*	Cantoreanu Ioan Florin	suspension of enforcement resolution	Request dismissed	
35	Brikston Construction Solutions SA	TR intervention – OGMS on 17.10.2018	Action dismissed	

36	Brikston Construction Solutions SA	complaint TRO resolution 11939/2019	Action dismissed
37*	Brikston Construction Solutions SA	complaint TRO resolution 10306/2019	Action dismissed
38*	Cantoreanu Ioan Florin	challenge/enforcement suspension	Challenge partly allowed
39	Bucovina Vehicles SA	company dissolution	Action dismissed and SIF's appeal
40*	AAAS. Oltchim SA	garnishment validation	AAAS' appeal allowed and request dismissed

Status of pending litigations where SIF Moldova is respondent				
No.	**Plaintiff**	**Claims value in lei**	**Object**	**Observations**
1	Groza Daniel	40,155.85	claims- lack of property use	Action allowed. SIF's appeal dismissed. SIF's recourse.
2	Transcom SA Iasi	61,553.25	claims – call to guarantee	Plaintiff's appeal dismissed. With recourse
3	Mercom SA Onesti	54,000.00	real-property reclaim and claims	SIF's appeal allowed. Call into guarantee of SIF dismissed SIF. Mercom's recourse
	TOTAL	**155,709.10**		
4*	Inco Industry SRL s.a.		usucapio action	SIF's appeal dismissed. SIF's recourse
5	Andrei Lina		decision to replace authentic document	Action dismissed . With appeal
6*	UAT Craiova		ascertainment of share nullity Modexim SA	Action dismissed and appeal. Plaintiff's recourse.
7*	Dau Valentina		decision to replace authentic document	Litigation pending on the merits
8*	Plăcintaru Ion		decision to replace authentic document	Litigation pending on the merits
9*	Luchian Doru		decision to replace authentic document	Litigation pending on the merits
10*	Mătărjac Daniela		decision to replace authentic document	Litigation pending on the merits
11*	Spatariuc Maria		decision to replace authentic document	Litigation pending on the merits
12*	Danaila Dumitrel s.a.		decision to replace authentic document	Litigation pending on the merits
13*	Livadaru Costel s.a.		decision to replace authentic document	Litigation pending on the merits
14*	SIF3 și ASF		forced intervention – annulment of administrative document	Litigations pending on the merits
		SOLVED LITIGATION		
1*	AIPC	12,741.28	challenge of enf file. 483 and 484/2016	Challenge and revision dismissed
2	Solomon Ion		enforcement challenge - SIF is garnished third party	Action allowed and AFP Bc's appeal
3	AIPC	challenge – enf. file. 483 and 484/2016	Challenged allowed	Garnished third party - Raiffeisen Bank
4*	Zabuliche Stela-Mihaela		decision to replace authentic document	Action allowed
5*	Partmen SA	9,520.00	claims	Litigation pending on the merits
6	Cantoreanu Ioan Florin	claims of 1.089.430.20, of which the restitution of 459.022 lei was allowed	SIF's appeal allowed. Party recourse dismissed	claims based on extrajudicial action - PO Pas Tranzitour
7*	Baltaru Gheorghe		ascertainment action - usucapio	SIF's recourse allowed. Passive trial quality ascertained
		LITIGATIONS AGAINST AAAS		

No. crt	Challanged amount in lei	Object	Status	Observations. Garnished third parties
1*		enforcement challenge	Connection exception allowed	
2		enforcement challenge	AAAS' appeal allowed. Sent for retrial	Eximbank, Trezoreria S4 B
3*		enforcement challenge	Challenge partly allowed. With appeal	
4	3,313.21	enforcement challenge	Challenge dismissed. With appeal .	
5	3,883.79	enforcement challenge	Partly allowed, for enf. expenses	Parties' appeal
6*	16,232.80	enforcement challenge	Challenge partly allowed. SIF's appeal	garnished third party - Oltchim SA
7*	2,688,618.48	enforcement challenge	Challenge allowed. SIF's appeal dismissed	garnished third party - Oltchim SA
8*		enforcement challenge	Partly allowed. With appeal	garnished third party - Oltchim SA
9*	33,308.19	enforcement challenge	Challenge partly allowed. SIF's appeal	garnished third party - Oltchim SA
10*	399,707.52	enforcement challenge	Challenge partly allowed. SIF's appeal	garnished third party - Oltchim SA
11*	1,133,355.07	enforcement challenge	Challenge partly allowed. SIF's appeal	garnished third party - Oltchim SA
12*	1,340,515.56	enforcement challenge	Challenge dismissed. AAAS' appeal	garnished third party - Oltchim SA
13*	10,862.50	enforcement challenge	partly allowed. SIF's appeal	garnished third party - Oltchim SA
14*	1,611,054.04	enforcement challenge	Challenge partly allowed. SIF's appeal	garnished third party - Oltchim SA
15*	1,642,322.34	enforcement challenge	Challenge partly allowed. SIF's appeal	garnished third party - Oltchim SA
16*	29,612.04	enforcement challenge	Challenge partly allowed. SIF's appeal	garnished third party - Oltchim SA
17*	1,553,907.23	enforcement challenge	Challenge retrial	garnished third party - Oltchim SA
18*	2,089,200.39	enforcement challenge	Request dismissed. Decision completed. AAAS' appeal	garnished third party - Oltchim SA
19*	29,700.09	enforcement challenge	Partly allowed. SIF's appeal	garnished third party - Oltchim SA
20*	2,302,430.49	enforcement challenge	Partly allowed. SIF's appeal	garnished third party - Oltchim SA
21*	1,680,029.03	enforcement challenge	Challenge allowed, SIF's appeal.	garnished third party - Oltchim SA
22*		enforcement challenge	Cause suspended	
23*	254,664.88	enforcement challenge	Challenge allowed. SIF's appeal	
24	1,580.61	enforcement challenge	Challenge dismissed. AAAS' appeal	
25*	2,613.41	enforcement challenge	Admite in parte. Apel SIF	
26*	373,925.52	enforcement challenge	Challenge allowed. SIF's appeal	Competence declined
27*	1,045,579.33	enforcement challenge	Litigation pending on the merits	
28*	425,550.42	enforcement challenge	Challenge allowed. With appeal	
29*	1,099,612.11	enforcement challenge	Challenge allowed. With appeal	
30*	3,349.89	enforcement challenge	Challenge partly allowed. With appeal	
31*		enforcement challenge	Cause suspended	
32*		enforcement challenge	Challenge allowed. SIF's appeal	
	19,774,928.94			
			SOLVED LITIGATION	
1*	884,946.81	enforcement challenge	Partly allowed. SIF's apeal	garnished third party - Oltchim SA
2*	920,921.32	enforcement challenge	dismissed as without object	Oltchim S.A.
3*	14,089.55	enforcement challenge	dismissed as without object	
4*		enforcement challenge	Respinge ca ramasa fara obiect	
5*	2,822,147.79	enforcement challenge	dismissed as without object	
6	1,073.06	enforcement challenge	Challenge dismissed and AAAS recourse. Decision amendment allowed.	Eximbank, Trezoreria S4 B, CEC Bank
7	2,783.28	enforcement challenge	Challenge dismissed and AAAS' appeal	
8		enforcement challenge	Challenge dismissed and AAAS' appeal	
9	2,321,957.60	enforcement challenge	Action dismissed . Admite apelul SIF	
10		enforcement challenge	Completion request allowed	

11*		enforcement challenge	Dismissed as without object	
12	3,287.03	enforcement challenge	Challenge dismissed. allowed for enf. exp. SIF's appeal	
13	2,201.77	enforcement challenge	Challenge dismissed and AAAS' appeal	
14	3,317.21	enforcement challenge	AAAS's appeal allowed. Partly allowed	Schimba in parte sentinta ref.onorariu executor
15*		enforcement challenge	Admite cererea SIF de completare a hotararii	
16	2,656.57	enforcement challenge	Challenge dismissed and binds to expenses	
17*	3,403.68	enforcement challenge	Challenge dismissed and binds to expenses	Eximbank, Trezoreria S4 Bucuresti
18	700,777.50	enforcement challenge	Action ascertained as outdated	Obliga AAAS la cheltuieli
19	3,289.46	enforcement challenge	Challenge partly allowed	
20*	3,316.59	enforcement challenge	Challenge dismissed and AAAS' appeal	
21*	865,256.16	enforcement challenge	Partly allowed. SIF's appeal dismissed.	garnished third party - Oltchim SA
22*	20,059.90	enforcement challenge	Partly allowed. SIF's appeal dismissed	garnished third party - Oltchim SA
23*	39,031.41	enforcement challenge	Partly allowed. SIF's appeal dismissed	garnished third party - Oltchim SA
24*	23,501.64	enforcement challenge	Partly allowed. SIF's appeal dismissed	garnished third party - Oltchim SA
25*	1,004,284.60	enforcement challenge	Partly allowed. SIF's appeal dismissed	garnished third party - Oltchim SA
26*	2,008,522.62	enforcement challenge	Partly allowed. SIF's appeal dismissed	garnished third party - Oltchim SA
27*		enforcement challenge	Partly allowed. SIF's appeal dismissed	
28*	1,694.50	enforcement challenge	SIF's request dec. amendment	Trezoreria Sector 4
	11,652,520.05			

* - new litigation, started in 2019

Statement regarding the application of corporate governance principles

according to the provisions of Regulation no. 2/2016 regarding the application of the corporate governance principles by authorized entities, regulated and supervised by the Financial Supervision Authority

No.	Rules for corporate governance principles application	Conformity		If NO, explain
		YES	NO	
1.	The regulated entity has stated in its Articles of Incorporation, the basic responsibilities of the council regarding the implementation and abidance by the corporate governance principles.	X		
2.	The corporate governance structures, positions, competencies and responsibilities of the Board and executive management/ higher management are stated in internal policies and/or internal regulations.	X		
3.	The annual report of the regulated entity is accompanied by an explanatory note which describes relevant events in connection to the application of corporate governance principles, recorded during the financial year.	X		
4.	The regulated entity has drafted a communication strategy with the interested parties in order to insure proper information.	X		
5.	The structure of the council insures, depending on the case, a balance between the executive and non-executive members so that no individual or close group of individuals can influence the decision-making process.	X		
6.	The council meets at least once every three months in order to monitor the way the activity of the regulated entity is carried out.	X		
7.	The Board or executive/ higher management, depending on the case, regularly examines the policies regarding financial reporting, internal control and the risk administration/management system adopted by the regulated entity.	X		
8	In its activity, the Board is supported by a remuneration committee that issues recommendations.	X		
9	The remuneration committee submits to the Board the annual reports on its activity.	X		
10	In its activity, the Board has the support of consultative committees that issue recommendations regarding various issues that are the object of the decision-making process.	X		
11	Consultative committees submit the Board materials/reports regarding issues entrusted by these.	X		
12	In the internal procedures/policies/regulations are provisions regarding the selection of nominations for the individuals in the executive/higher management, the appointment of new individuals or extending the mandate of those already existent.	X		
13	The regulated entity makes sure that the members of the executive management/ higher management receive professional training so that they can fulfill their attributions efficiently.	X		
14	The key positions are set in such a way so that they are proper for the organizational structure of the regulated entity, and according to the regulations applicable to it.	X		
15	The Board regularly analyze the efficiency of the internal control system of the regulated entity and the updating method, in order to ensure a rigorous management of the risks the regulated entity is exposed to.	X		
16	The audit committee makes recommendations to the Board, regarding the selection, appointment, name and replacement of the financial auditor, as well as the terms and conditions of its remuneration.	X		
17	The Board analysis, at least once a year and makes sure that the remuneration policies are consistent and have an efficient risk management.	X		
18	The remuneration policy of the regulated entity is foreseen in internal regulations that target the implementation and abidance by the corporate governance principles.	X		
19	The Board has adopted a procedure for the purpose of the proper identification and solving of conflict of interest cases.	X		
20	The executive management / higher management, depending on the case, informs the Board about conflict of interest once these occur and does not participate to the decision-making process connected to the conflict state, if these structures or individuals are involved in that particular conflict state.	X		
21	The council analyses, at least once a year, the efficiency of the risk administration /management system of the regulated entity.	X		
22	The regulated entity has drafted procedures regarding the identification, evaluation and management of significant risks to which it can or will be exposed.	X		
23	The regulated entity has clear action plans to ensure the continuity of the activity and for emergency situations.	X		
24	The branch Board applies internal governance principles and policies similar to those of the parent company, unless there are other legal requirements that lead to the establishment of own policies.	X		

President
Costel Ceocea

Compliance Officer
Michaela Puscas

A. CURRENT REPORTS

- ✓ 30.12.2019 (16:53) Notification of VASCAR SA holding threshold – decrease under 5% (16:59) Notification regarding transactions made in the share buy-back program, according to SIF Moldova EGMS resolution no. 3 of April 18,2019;
- ✓ 23.12.2019 (16:46) Notification on the transactions made within the share buy-back program, according the SIF Moldova EGMS resolution no. 3 of April 18,2019; (18:50) Current report, according to art. 82 of Law no. 24/2017 – 2nd semester 2019 – Addenda entered with CASA SA: no.9 /23.12.2019 to Contract no. 6519/11.11.2014; no.3/23.12.2019 to contract no.1462/28.12.2015; no.3/19.12.2019 to contract no. 4476/10.08.2016; 5/19.12.2019 to Contract 4941/13.08.2014;
- ✓ 20.12.2019 (13:50) Current report as per art. 82 Law no. 24/2017 – 2nd semester 2019 – Addendum no.
- ✓ 26 of 19.12.2019 to Contract no. 17.12.2015, with the modifications and later amendments entered with Asset Invest SA; (13:55) Notification of holding threshold PARTMEN SA – decrease under 5%;
- ✓ 18.12.2019 (17:45) Important event: The start of the second stage of the own shares buy-back program, in compliance with SIF Moldova EGMS resolution no. 3 of April 18,2019, published in Romania's official gazette part IV, no. 2124/21.05.2019;
- ✓ 13.12.2019 (14:21) Notification regarding the transactions made in the share buy-back program in compliance with SIF Moldova EGMS resolution no. 3 of April 18,2019; (16:21) Important event: Completion of the first stage of the share buy-back program run in compliance with SIF Moldova EGMS resolution no. 3 of April 18,2019;
- ✓ 09.12.2019 (17:19) Notifications regarding the transactions made in the share buy-back program, according to SIF Moldova EGMS resolution no. 3 of April 18,2019 ;
- ✓ 03.12.2019 (13:00) Notification of holding threshold FAVIL SA – decrease under 5%;
- ✓ 02.12.2019 (16:05) Notification regarding the transactions made in the share buy-back program, in compliance with SIF Moldova EGMS resolution no. 3 of April 18,2019;
- ✓ 25.11.2019; (17:01) Notification regarding the transactions made in the share buy-back program, according to SIF Moldova EGMS resolution no. 3 of April 18,2019;
- ✓ 19.11.2019 (15:03) Notification regarding holding threshold for CASA DE BUCOVINA – CLUB DE MUNTE S.A.(BCM) – decrease under the 5% threshold;
- ✓ 18.11.2019 (16:57) Notification regarding transactions made in the share buy-back program, according to SIF Moldova EGMS resolution no. 3 of April 18,2019;
- ✓ 13.11.2019 (16:20) Notification according to Guideline 6/2012 – modified – Annex no. 18 corresponding to the notification of SIF Banat-Crisana no. 2296/04.11.2019, that was modified at item 6 so as to mention the total number of vote rights for SIF Moldova issuer
- ✓ 11.11.2019 (16:19) Notification regarding transactions made within the share buy-back program, according to SIF Moldova EGMS resolution no. 3 of April 18,2019;
- ✓ 05.11.2019 (16:11) Notification according to Guideline 6/2012 – notification of SIF BANAT-CRISANA SA according to which, on 31.10.2019 SIF2 shareholding decreased under the 5% of share capital threshold;
- ✓ 04.11.2019; (15:59) Notification regarding transactions made in the share buy-back program, according to SIF Moldova EGMS resolution no. 3 of April 18,2019 ; (16:38) Notification according to Guideline 6/2012 – notification that two shareholders of SIF Moldova SA, namely SIF BANAT-CRISANA SA and OPUS-CHARTERED ISSUANCES SA LUXEMBOURG, have exceeded the holding threshold of 5% of share capital;
- ✓ 30.10.2019 (18:00) Important event: Availability of BD report and Q3 2019 Financial Statements;
- ✓ 29.10.2019 (17:05) Current report according to art. 82 Law no. 24/2017 – 2nd Semester 2019;
- ✓ 28.10.2019 (16:29) Notification regarding transactions made in the share buy-back program, according to the resolution of SIF Moldova EGMS resolution no. 3 of April 18,2019 ; (18:02) Important event: Share capital reduction – Financial Instrument Registration Certificate;
- ✓ 21.10.2019 (16:28) Notification regarding transactions made in the share buy-back program, according to SIF Moldova EGMS resolution no. 3 of April 18,2019 ;
- ✓ 15.10.2019 (15:30) Notification of holding threshold SPIT BUCOVINA SA (SPTU) – decrease under the 5% threshold; (16:39) Sale of SPIT BUCOVINA SA share package;
- ✓ 14.10.2019 (14:59) Notifications regarding the transactions carried out within the share buy-back program, according to SIF Moldova EGMS resolution no. 3 of April 18,2019 ;

- ✓ 10.10.2019 (17:40) Important event: Authorization of the modifications of SIF Moldova's Memorandum of Association;
- ✓ 07.10.2019 (14:07) Notifications regarding the transactions made in the share buy-back program, according to SIF Moldova EGMS resolution no. 3 of April 18,2019
- ✓ 04.10.2019 (14:52) Auditor's Report as per art. 82, Law 24/2017 - S2 2019
- ✓ 30.09.2019 (15:39) Notification regarding the transactions carried out within the share buyback program, according to SIF Moldova EGMS Resolution no. 3 of April 18, 2019
- ✓ 23.09.2019 (16:29) Notification regarding the transactions carried out within the share buyback program, according to SIF Moldova EGMS Resolution no. 3 of April 18, 2019
- ✓ 17.09.2019 (19:02) Important event: Starting the first stage of the share buyback program
- ✓ 16.09.2019 (18:02) Important event: Availability of H1 2019 Consolidated Financial Statements and Board Report
- ✓ 13.09.2019 (15:31) Important event: Money collection
- ✓ 06.08.2019 (18:00) Important event: Availability of H1 2019 Board Report and Financial Statements
- ✓ 31.07.2019 (18:42) Auditor Report in compliance with art. 82, Law 24/2017 - H1 2019
- ✓ 29.07.2019 (15:24) Registration with Bacau Trade Register Office of KPMG Audit SRL - as financial auditor of SIF Moldova
- ✓ 02.07.2019 (18:02) Important event: Manager' s transactions - article 19 of (EU) Regulation 596/2014 - Liviu-Claudiu DOROS; (18:03) Important event: article 19 of (EU) Regulation 596/2014 - Costel CEOCEA; (18:03) Important event: article 19 of (EU) Regulation 596/2014 - Ludmila IANCU; (18:03) Important event: article 19 of (EU) Regulation 596/2014- Catalin-Jianu-Dan IANCU
- ✓ 21.06.2019 (13:03) Current report in accordance with Article 82 of the Law 24/2017 - H1 2019
- ✓ 12.06.2019 (17:22) Important event: Approval of the public share buyback program issued by SIF Moldova - FSA Decision no. 810 of June 12, 2019
- ✓ 27.05.2019 (15:12) Important event: Manager's transactions – Article 19 of the EU Regulation 596/2014 – Octavian Claudiu RADU
- ✓ 22.05.2019 (11:40) Change Notice of the ownership threshold at BIOFARM SA (BIO) - decrease below 5%
- ✓ 21.05.2019 (12:40) Current report in accordance with Article 82 of the Law 24/2017 - H1 2019
- ✓ 15.05.2019 (18:00) Important event: Availability of the Board Report and Q1 2019 Financial Statements
- ✓ 09.05.2019 (14:56) Important event: Manager's transactions – Article 19 of the EU Regulation 596/2014
- ✓ 07.05.2019 (14:55) Announcement on SIF Moldova dividends payment
- ✓ 03.05.2019 (09:30) Important event – Allocation of SIF2 shares in accordance with the "Share Allocation Plan" for 2017 and "Information document on the offering of options to acquire SIF Moldova shares by the management members and employees of SIF Moldova - Stock Option Plan"
- ✓ 23.04.2019 (15:30) Important event – The offering of the right/option to purchase SIF2 shares by the directors, managers and employees of the company, as part of the variable remuneration (Benefit Plan for 2018), in accordance with the Company's remuneration policy and AIFM provisions.
- ✓ 22.04.2019 (15:00) Notification on TRANSTEC SA (TRCS) holding threshold change – decrease below 33%; (15:00) Notification on LACTATE NATURA SA (INBO) holding threshold change – decrease below 5%; (15:00) Change Notice of the ownership threshold at ATLAS SA Braila – decrease below 10%; (15:00) Change Notice of the ownership threshold at BUMBACARIA ROMANEASCA SA - decrease below 30%; (15:00) Change Notice of the ownership threshold at CONFECTIA Tg. Jiu SA - decrease below 30%; (15:00) Change Notice of the ownership threshold at FORTUS - decrease below 10%; (15:00) Change Notice of the ownership threshold at HUMOREANCA SA - decrease below 20%; (15:00) Change Notice of the ownership threshold at PISCICOLA MURIGIOL SA - decrease below 30%
- ✓ 19.04.2019 (15:36) Current report in accordance with Article 82 of the Law 24/2017 - H1 2019
- ✓ 18.04.2019 (14:05) Important events – OGMS & EGMS Resolutions April 18, 2019
- ✓ 18.03.2019 (18:05) Announcement - EGMS & OGMS of April 18/19, 2019 preparation
- ✓ 14.03.2019 (19:20) Current report: Convening the EGMS and OGMS on April 18/19, 2019; Convening Notice of the EGMS and OGMS on April 18/19, 2019
- ✓ 01.03.2019 (12:50) Annual analysis of the asset valuation policies and procedures
- ✓ 26.02.2019 (18:05) Current report: Unaudited preliminary financial statements for the financial year 2018; (18:05) Presentation of the unaudited preliminary financial statements for the financial year 2018; (18:05) Investors and analysts conference call - February 28, 2019, at 15:00

- ✓ 31.01.2019 (18:40) Audit report according with Article 82 of the Law 24/2017 - H2 2018
- ✓ 22.01.2019 (17:10) 2019 Financial Communication Calendar
- ✓ 10.01.2019 (15:55) Important event to report – money collection
- ✓ 09.01.2019 (17:10) Current report for H1 2019, in accordance with Article 82 of the Law 24/2017
- ✓ 04.01.2019 (17:46) Current report: UPSS stake sale
- ✓ 03.01.2019 (13:10) Important event: Manager's transaction - Article 19 of (EU) Regulation 596/2014

B. REGULAR REPORTS

1. Monthly net asset – January / February / March /April / May / June
2. 22.01.2019 (17:10) - 2019 Financial Communication Calendar; 12.06.2019 (17:28) 2019 Financial Communication Calendar Change; 14.06.2019 (14:16) 2019 Financial Communication Calendar Change
3. 26.02.2019 (18:05) - Unaudited Preliminary Financial Results for the financial year 2018
4. 18.04.2019 (17:05) Announcement on the availability of the individual and consolidated Board Report for 2018 and the IFRS audited individual and consolidated financial statements for 2018
5. 15.05.2019 (18:00) Availability of the Board Report and Q1 2019 Financial Statements
6. 06.08.2019 (18:00) Availability of H1 2019 Board Report and Financial Statements
7. 16.09.2019 (18:02) Availability of H1 2019 Consolidated Financial Statements and Board Report

Statement regarding the application of corporate governance principles

according to the provisions of Regulation no. 2/2016 regarding the application of the corporate governance principles by authorized entities, regulated and supervised by the Financial Supervision Authority

No.	Rules for corporate governance principles application	Conformity		If NO, explain
		YES	NO	
1.	The regulated entity has stated in its Articles of Incorporation, the basic responsibilities of the council regarding the implementation and abidance by the corporate governance principles.	X		
2.	The corporate governance structures, positions, competencies and responsibilities of the Board and executive management/ higher management are stated in internal policies and/or internal regulations.	X		
3.	The annual report of the regulated entity is accompanied by an explanatory note which describes relevant events in connection to the application of corporate governance principles, recorded during the financial year.	X		
4.	The regulated entity has drafted a communication strategy with the interested parties in order to insure proper information.	X		
5.	The structure of the council insures, depending on the case, a balance between the executive and non-executive members so that no individual or close group of individuals can influence the decision-making process.	X		
6.	The council meets at least once every three months in order to monitor the way the activity of the regulated entity is carried out.	X		
7.	The Board or executive/ higher management, depending on the case, regularly examines the policies regarding financial reporting, internal control and the risk administration/management system adopted by the regulated entity.	X		
8	In its activity, the Board is supported by a remuneration committee that issues recommendations.	X		
9	The remuneration committee submits to the Board the annual reports on its activity.	X		
10	In its activity, the Board has the support of consultative committees that issue recommendations regarding various issues that are the object of the decision-making process.	X		
11	Consultative committees submit the Board materials/reports regarding issues entrusted by these.	X		
12	In the internal procedures/policies/regulations are provisions regarding the selection of nominations for the individuals in the executive/higher management, the appointment of new individuals or extending the mandate of those already existent.	X		
13	The regulated entity makes sure that the members of the executive management/ higher management receive professional training so that they can fulfill their attributions efficiently.	X		
14	The key positions are set in such a way so that they are proper for the organizational structure of the regulated entity, and according to the regulations applicable to it.	X		
15	The Board regularly analyze the efficiency of the internal control system of the regulated entity and the updating method, in order to ensure a rigorous management of the risks the regulated entity is exposed to.	X		
16	The audit committee makes recommendations to the Board, regarding the selection, appointment, name and replacement of the financial auditor, as well as the terms and conditions of its remuneration.	X		
17	The Board analysis, at least once a year and makes sure that the remuneration policies are consistent and have an efficient risk management.	X		
18	The remuneration policy of the regulated entity is foreseen in internal regulations that target the implementation and abidance by the corporate governance principles.	X		
19	The Board has adopted a procedure for the purpose of the proper identification and solving of conflict of interest cases.	X		
20	The executive management / higher management, depending on the case, informs the Board about conflict of interest once these occur and does not participate to the decision-making process connected to the conflict state, if these structures or individuals are involved in that particular conflict state.	X		
21	The council analyses, at least once a year, the efficiency of the risk administration /management system of the regulated entity.	X		
22	The regulated entity has drafted procedures regarding the identification, evaluation and management of significant risks to which it can or will be exposed.	X		
23	The regulated entity has clear action plans to ensure the continuity of the activity and for emergency situations.	X		
24	The branch Board applies internal governance principles and policies similar to those of the parent company, unless there are other legal requirements that lead to the establishment of own policies.	X		

President
Costel Ceocea

Compliance Officer
Michaela Puscas

Provisions of BSE Code		Compliance
A.1	All companies must have an internal regulation of the Board that includes the reference terms/responsibilities of the Board and key management positions of the company, which involve, among others, the General Principles in Section A.	YES
A.2	The provisions of conflict of interest management must be included in the Council's regulation	YES
A.3	The Board of Directors or Board of Supervisors should comprise at least five members	YES
A.4	The majority of the members in the Board of Directors should not have an executive position. At least one member of the Board of Directors or Board of Supervisors should be independent in case of Standard Category Companies. In case of Premium Category companies, no less than two non-executive members of the Board of Directors or Board of Supervisors should be independent (*four members in the Board of Directors are independent*).	YES
A.5	Other professional engagement and obligations, relatively permanent of one member of the Board, including executive and non-executive positions in the Board of some non-profit companies and institutions must be disclosed to shareholders and potential investors before appointment and during his mandate.	YES
A.6	Any member of the Board must present the Board information regarding any relationship with any shareholder directly or indirectly holding shares that represent over 5% of all vote rights. This obligation refers to any kind of relationship that might affect the position of the member regarding matters decided by the Board.	It is not applicable to SIF Moldova, given that the legal provisions do not allow holdings of more than 5% of SIF Moldova share capital
A.7	The company must assign a secretary of the Board, responsible for the support of the Board's activity.	YES
A.8	The Corporate Governance Statement will inform if there has been a Board evaluation under the President or Appointment Committee, and if so, it will summarize the key measures and changes resulted from it. The Company should have a policy/guide regarding the Board's evaluation, including the purpose, criteria and frequency of the evaluation process.	YES
A.9	The Statement regarding corporate governance should contain information regarding the number of meetings of the Board and Committees over the previous year, *participation of managers* (in person or in absence) and a report of the Board and committees regarding their activity.	13 Board meetings attended by all directors
A.10	The Corporate Governance Statement should include information regarding the *exact number of independent members* of the Management Board or in the Board of Supervisors.	2 - the independence of the directors is established according to the applicable legal requirements (Law no. 31/1990).
A.11	The Board of companies in the Premium Category should set up an *Appointment Committee* comprised of non-executive members that *will manage the appointment procedure for new Board members* and will make recommendations for the Board. The majority of the Appointment Committee members should be independent.	YES
B.1	In case of companies from Premium Category, the Audit Committee must comprise at least three members and the majority of the Audit Members should be independent.	YES
B.2	The president of the Audit Committee must be an independent non-executive member.	YES
B.3	The Audit Committee should carry out an annual evaluation of the internal control system.	YES
B.4	The evaluation must consider the efficiency and coverage of the internal audit function, de adequacy of the risk management and internal control reports presented by the Audit Committee before the Board, the promptness and efficiency of the executive management in solving identified deficiencies or weaknesses following internal control and the presentation of relevant reports before the Board.	YES
B.5	The Audit Committee must evaluate the conflicts of interest, in connection to the transaction of the company and its branches with affiliated parties.	YES
B.6	The Audit Committee must evaluate the efficiency of the internal control system and risk management system.	YES
B.7	The Audit Committee must monitor the application of legal standards and internal audit standards accepted. The Audit Committee should receive and evaluate the reports of the internal audit team.	YES
B.8	Every time the Code mentioned reports or analysis initiated by the Audit Committee, these must be followed by periodical reports (at least on an annual basis) or ad hoc reports to be later presented to the Boards.	YES
B.9	No shareholder can be awarded preferential treatment in comparison to other shareholders in connection to transactions and agreements entered by the Company with shareholders and their affiliates.	YES
B.10	The Board should adopt a policy to make sure that any transaction of the company with any of the company it is closely connected to and whose value is equal or larger than 5% of the assets company's net assets (according to the latest financial record) is approved by the Board following a mandatory opinion of the Audit Committee and correctly present to the shareholders and potential investors, as long as these transactions are entered in the category of events that are object of the reporting requirements.	YES
B.11	Internal Audits should be carried out by a structurally separate division (Internal Audit Department) from within the Company or through the employment of an independent entity.	YES

B.12	For the purpose of ensuring the fulfillment of the main functions of the internal audit department, this should report to the Board from a functional point of view. For administrative purposes and within the obligations of management to monitor and reduce risks, these should report directly before the general manager.	YES
C.1	The Company should publish on its website its remuneration polity and include in the annual report, a statement regarding the implementation of the remuneration policy during the annual period that is object of the analysis.	YES
D.1	The company should set up a Investor Relations Service- indicating to the public the person / individuals responsible or *organizational unit.* Besides the information requested by legal provisions, the company should include on its website a section dedicated to Investors' Relations, in the Romanian and English language, with all relevant information that might interest the investors, including:	YES
D.1.1	Main corporate regulations: Articles of Incorporation, procedures regarding the General Shareholders Meetings.	YES
D.1.2	Professional CVs of the members of the company's management bodies of the Company; other professional engagements of the Board's members, including executive and non-executive positions in the company's management boards or in non-profit institutions;	YES
D.1.3	Current and periodical reports (quarterly, half-yearly and annually) – at least those foreseen under point D8 – including current reports with detained information concerning the non-compliance with the present Code;	YES
D.1.4	Information regarding shareholders' general meetings: agenda and informative materials, selection of Board members; arguments supporting the candidate proposed to be elected in the Board, along with their professional CVs; shareholder's questions regarding items on the agenda and answers of the company, included adopted resolutions;	YES
D.1.5	Information regarding corporate events, such as dividend payment and other distributions to shareholders, or other events that lead to the acquiring or limitations of a shareholder's rights, including the deadlines and principles applicable to these operations. This information shall be published within a deadline that allows investors adopt investment decisions;	YES
D.1.6	Name and contact details of an individual who, on request can supply information	YES
D.1.7	Company's presentation (e.g., presentations for investors, presentations regarding quarterly results, etc.) financial reports (quarterly, half-yearly, annual) audit reports and annual reports.	YES
D.2	The company shall have a policy regarding annual dividend distribution or distribution of other benefits to shareholders proposed by the General Manager or Directorate and approved by the Board, as a set of directorate guidelines that the company intends to follow regarding the distribution of net profit. The main annual policies for the distributions to shareholders will be published on the company's website.	YES
D.3	The company will adopt a policy regarding forecasts. Forecasts refer to the quantified conclusions of some studies that aim to certain the global impact of a number of factors regarding a certain value (so called hypothesis): through its nature, this forecast has a high level of uncertainty, the real results can significantly differ from the initially presented forecasts. The forecast policy will set the frequency, period considered and forecast content. If published, the forecasts can be included only in annual, half-yearly and quarterly reports. The forecast policy will be published on the Company's internet page.	YES
D.4	The rules of the general shareholders' meeting should not limit the participation of shareholders to the general meetings and their exercising their votes. The modifications of the rules come into force, on the following meeting of shareholders.	YES
D.5	External auditors will be present at the general shareholders' meeting when their reports are presented during the meeting.	YES
D.6	The Board will present the annual general shareholders' meeting a short ascertainment of the internal control sand significant risk management systems, as well as opinions on issues presented before the general meeting.	YES
D.7	Any specialist, consultant, expert of financial analyst can be present during the shareholders' meeting based on a prior invitation from the Council. Accredited journalist can participate to the general shareholders' meeting with the exception of the case when the President of the Board decides otherwise.	YES
D.8	Quarterly and semi-annual financial statements will include information in the Romanian and English language regarding key factors that influence changes on the level of the sales, the operational profile, net profit and other relevant financial indicators, from one quarter to the other and from year to the other.	YES
D.9	A Company shall organize at least to meetings/ teleconferences with analysts and investors per year. The information presented with such occasion will be published in the Investors' Relation section on the Company's internet page on the date of the meetings/ teleconferences.	YES
D.10	In case a company supports various forms of artistic and cultural events, sporting events, educational or scientific events and considers that their impact on the innovative nature and competitiveness of the company are part of its mission and development strategy, shall publish its *policy regarding its activity in this field.*	YES

President
Costel Ceocea

Compliance Officer
Michaela Puscas

SIF MOLDOVA SA

INDIVIDUAL FINANCIAL STATEMENTS ON 31st DECEMBER 2019

Prepared in compliance with the Accounting Regulations compliant with International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervision Authority in the field of Financial Instruments and Investments, approved by Norm no. 39/2015 of the Financial Supervision Authority

AUDITED

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Independent Auditors' Report

(free translation[1])

To the Shareholders of SOCIETATEA DE INVESTITII FINANCIARE MOLDOVA

94 C Pictor Aman, Bacau
Unique Registration Code: 2816642

Report on the Audit of the Separate Financial Statements

Opinion

1. We have audited the accompanying separate financial statements of SOCIETATEA DE INVESTITII FINANCIARE MOLDOVA ("the Company"), which comprise the separate statement of financial position as at 31 December 2019, the separate statements of other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. The separate financial statements as at and for the year ended 31 December 2019 are identified as follows:

- Total equity: Lei 2,197,483,849
- Net profit for the year: Lei 127,369,627

3. In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2019, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Norm of the Financial Supervisory Authority no. 39/2015 for approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector ("FSA Norm no. 39/2015").

[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version and refers to the Romanian version of the Separate Financial Statements which was subject to our audit.

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Fiscal registration code
RO12997279
Trade Registry
no.J40/4439/2000
Share Capital 2,000 RON

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the separate financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Valuation of financial assets

As at 31 December 2019, the Company carried financial assets at fair value through profit or loss at RON 389,164,163 (31 December 2018: RON 341,800,429) and financial assets at fair value through other comprehensive income at RON 1,830,970,481 (31 December 2018: RON 1,441,126,064).

The carrying amount of fair value reserves for financial assets at fair value through other comprehensive income as at 31 December 2019 is of RON 795,634,481 (31 December 2018: RON 524,449,576).

Net gain from financial assets at fair value through profit or loss recognized in 2019 is of RON 79,182,413 (31 December 2018: net loss of RON 16,200,763).

Net gain recognised in other comprehensive income recognized in 2019 in respect of financial assets at fair value through other comprehensive income is RON 341,465,711 (2018: RON 12,845,408).

Refer to the following notes to the separate financial statements:

- Note 2 (e) Use of estimates and judgments
- Note 3 (f) Significant accounting policies, Financial assets and liabilities
- Note 4 Risk management
- Note 10 Net gain/(loss) from financial assets at fair value through profit or loss
- Note 17 Financial assets

The key audit matter	How the matter was addressed in our audit
As described in Note 17 *Financial assets*, as at 31 December 2019, the Company's financial assets portfolio comprises the following: Financial assets at fair value through profit or loss of RON 389,164,163 and financial assets at fair value through other comprehensive income of RON 1,830,970,481. Valuation of these instruments often involves the exercise of significant judgement and the	Our audit procedures in this area included, among others: ➲ We tested the key controls the Company has in place for the prevention, detection and correction of errors in the annual process of valuation of financial assets. The key controls refer to: appropriate involvement of management in the selection of valuation experts, analysis of valuation results

use of assumptions and estimates. The risk is that these valuations are misstated. Out of the financial instruments that are carried at fair value, RON 1,908,393,905 representing 86% of financial assets measured at fair value were classified as Level 1 in the fair value hierarchy at 31 December 2019. The remaining RON 311,740,739 was classified as Level 3 because the valuation techniques use significant inputs which are unobservable. With respect to Level 1 fair values, judgment is required to determine whether transactions take place with sufficient frequency and volume and this depends on the specific facts and circumstances of the market for that financial asset. With respect to the Level 3 fair values – shares that do not have a quoted market price in an active market, the Company applied various valuation techniques, using both external and internal certified valuators. The valuations based on unobservable inputs require significant judgments and assumptions from the management to estimate the fair value. Due to the significant judgement and assumptions required in relation to valuation of financial assets we considered this area to be a key audit matter.	including of the reasonableness of relevant data used in the valuation. ➲ We involved our valuation specialists to assist us in: • Evaluating the appropriateness of the valuation techniques used to measure fair value against the relevant financial reporting standards; and • Challenging the assumptions made by the management, for a sample of investments, by comparing them to our knowledge about the general economic environment, the regulatory environment of the industry, and the Company's specific circumstances, and by testing the historical accuracy of the Company's forecast process. ➲ We assessed the appropriateness of the categorization within the fair value hierarchy by considering whether the transactions on the relevant markets are orderly, which included our evaluation of the analysis of the management of the volume and frequency of trade on those markets. ➲ We evaluated the completeness, accuracy and relevance of the disclosures in the separate financial statements in relation to valuation of financial instruments against the relevant financial reporting requirements.

Other Matter relating to comparative information

6. The financial statements of the Company as at and for the year ended 31 December 2018, excluding the adjustments described in Note 30 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 18 March 2019.

   As part of our audit of the financial statements as at and for the year ended 31 December 2019, we audited the adjustments described in Note 30 that were applied to restate the comparative information presented as at and for the year ended 31 December 2018. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2018 , other than with respect to the adjustments described in Note 30 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 30 are appropriate and have been properly applied.

Other information – Board of Directors' Report

7. The Board of Directors is responsible for the preparation and presentation of other information. The other information comprises the Board of Directors' Report, but does not include the separate financial statements and our auditors' report thereon.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors' Report we read and report whether the Board of Directors' Report is prepared, in all material respects, in accordance with FSA Norm no. 39/2015, articles 8(1)-8(3), 9-13 of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorized, regulated and supervised by Financial Supervisory Authority in the Financial Instruments and Investments sector.

Based solely on the work required to be undertaken in the course of the audit of the separate financial statements, in our opinion:

a) The information given in the Board of Directors' Report for the financial year for which the separate financial statements are prepared is consistent, in all material respects, with the separate financial statements;

b) The Board of Directors' Report has been prepared, in all material respects, in accordance with FSA Norm no. 39/2015, articles 8(1)-8(3), 9-13 of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorized, regulated and supervised by Financial Supervisory Authority in the Financial Instruments and Investments sector.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this regard.

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

8. Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with FSA Norm no. 39/2015 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Separate Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. We were appointed by the General Shareholders' Meeting on 18 April 2019 to audit the separate financial statements of SOCIETATEA DE INVESTITII FINANCIARE MOLDOVA for the years ended 31 December 2019 and 31 December 2020. Our total uninterrupted period of engagement covers 1 year, namely the year ended 31 December 2019.

17. We confirm that:

- Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which we issued on 24 March 2020. We also remained independent of the audited entity in conducting the audit.
- We have not provided to the Company the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

Other matters

18. This independent auditors' report is made solely to the Company's Shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders, as a body, for our audit work, for the report on the audit of the separate financial statements and the report on other legal and regulatory requirements or for the opinion we have formed.

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

Refer to the original signed Romanian version

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

Grecu Tudor Alexandru	**KPMG Audit SRL**
registered in the electronic public register of financial auditors and audit firms under no AF2368	registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 26 March 2020

In LEI	*Note*	**31st December 2019**	**31st December 2018**
Revenue			
Gross dividend revenue	***6***	97.667.837	95.594.508
Interest revenue	***7***	4.221.743	2.427.375
Other operating revenue	***8***	2.237.211	4.848.622
Net gain / (net loss) on financial assets at fair value through profit or loss	***10***	79.182.413	(16.200.763)
Net gain on the selling of non-financial assets	***9***	-	256.705
Net gain from the re-evaluation of investment property		632.131	-
Expenses			
(Gain)/loss reversal from assets impairment	***11***	(249.579)	1.533.626
(Setup)/reversal of risks and expenses provisions		2.196.967	-
Wages, indemnities, expenses and other similar expenses	***12***	(29.935.965)	(23.313.351)
Other operating expenses	***13***	(9.915.247)	(10.014.164)
Operating profit		**146.037.511**	**55.132.559**
Expenses with interest related to leasing contracts		(35.336)	-
Profit before tax		**146.002.175**	**55.132.559**
Profit tax	***14***	(18.632.548)	(4.972.610)
Net profit of the financial year		**127.369.627**	**50.159.949**
Other overall result elements			
Other gain from the derecognition of financial assets at fair value through other comprehensive income		423.500	-
Reserve increase / (decrease) from the revaluation of property, plant and equipment, net of deferred tax		(140.859)	52.666
Net gain from the revaluation of equity at fair value through other comprehensive income (FVTOCI)	***17 e)***	341.465.711	12.845.408
Other elements of comprehensive income – elements that will not be reclassified in profit or loss		**341.748.352**	**12.898.074**
Net gain from the revaluation of FVTOCI bonds	***17e)***	130.959	-
Other elements of comprehensive income – elements that will be reclassified in profit or loss		**130.959**	**-**
Other comprehensive income elements - Total		**341.879.311**	**12.898.074**
Total comprehensive income for the financial year		**469.248.938**	**63.058.023**
Basic and diluted earnings per share (net profit per share)	***27***	**0,1290**	**0,0504**
Basic and diluted earnings per share (including gain from the sale of FVTOCI financial assets)		**0,2008**	**0,0938**

The individual financial statements have been approved by the Board of Directors on 13th March 2020 and have been signed on its behalf by:

Claudiu Doroş
CEO

Mihaela Moleavin
CFO

SIF MOLDOVA S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR CONCLUDED ON 31st DECEMBER 2019
(All amounts are presented in Lei if not otherwise specified)

In LEI	*Note*	**31st December 2019**	**31st December 2018**
Assets			
Cash and current accounts	***15***	1.291.803	278.239
Bank deposits	***16***	97.167.141	74.536.926
Financial assets at fair value through profit or loss	***17 a)***	389.164.163	341.800.429
Financial assets measured at fair value through other comprehensive income	***17 b)***	1.830.970.481	1.441.126.064
Bonds at amortized cost	***17 c)***	24.530.592	7.821.978
Bonds at fair value through other comprehensive income	***17 c)***	3.942.270	-
Investment property	***18***	4.137.404	3.505.273
Intangible assets	***19***	58.092	26.723
Plant, property and equipment	***19***	7.907.094	8.461.441
Assets representing use right of support assets in leasing contracts	***19***	974.181	-
Other financial assets at amortized cost	***20 a)***	3.809.574	8.556.152
Other assets	***20 b)***	168.914	192.852
Total assets		**2.364.121.709**	**1.886.306.077**
Liabilities			
Leasing contract liabilities	***21***	1.002.104	-
Dividends payable	***22***	31.036.100	34.768.768
Provisions for risks and expenses	***23***	368.488	2.565.455
Deferred tax liabilities	***24***	122.787.036	69.143.317
Current profit tax liabilities	***25 b)***	7.912.060	1.669.219
Financial liabilities at amortized cost	***25 a)***	1.016.121	12.140.530
Other liabilities	***25 b)***	2.515.951	3.608.963
Total liabilities		**166.637.860**	**123.896.252**
Equity			
Share capital	***26***	521.004.761	526.723.352
Retained earnings		881.728.409	717.946.800
Reserves from the revaluation of property, plant and equipment		8.698.494	8.850.223
Reserves from the revaluation of financial assets at fair value through other comprehensive income	***17 e)***	795.634.481	524.449.576
Own shares	***26 e)***	(30.335.310)	(28.598.935)
Benefits offered to employees as equity instruments		20.142.446	12.931.076
Other equity elements		610.568	107.733
Total equity		**2.197.483.849**	**1.762.409.825**
Total liabilities and equity		**2.364.121.709**	**1.886.306.077**

The individual financial statements have been approved by the Board of Directors on 25th March 2020 and have been signed on its behalf by:

Claudiu Doroş
CEO

Mihaela Moleavin
CFO

SIF MOLDOVA S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR CONCLUDED ON 31st December 2019)
(All amounts are presented in lei, if not otherwise specified)

In LEI	**Share capital**	**Reserves from the revaluation of property, plant and equipment**	**Reserve from the revaluation of FVTOCI financial assets**	**Retained earnings**	**Own shares**	**Benefits offered to employees as equity instruments**	**Other equity elements**	**Total**
Balance on 31st December 2018, reported	**526.723.352**	**8.850.223**	**524.449.576**	**717.946.800**	**(28.598.935)**	**-**	**107.733**	**1.749.478.749**
Corrections (Note 30)						12.931.076		12.931.076
Balance on 31st December 2018, corrected	**526.723.352**	**8.850.223**	**524.449.576**	**717.946.800**	**(28.598.935)**	**12.931.076**	**107.733**	**1.762.409.825**
Comprehensive income								
Financial year profit	-	-	-	127.369.627	-		-	127.369.627
Other comprehensive income elements								
Revaluation of property, plant and equipment	-	(140.859)	-	-	-		-	(140.859)
Reserve transfer from revaluation to retained earnings following the derecognition of property, plant and equipment	-	(10.870)	-	10.870	-		-	-
Revaluation at fair value of FVTOCI equity instruments, net of deferred tax	-	-	341.465.711		-		-	341.465.711
Revaluation at fair value of FVTOCI bonds	-	-	130.959	-	-		-	130.959
(Gain)/Loss corresponding to the transfer to retained earnings following the sale of FVTOCI equity instruments	-	-	(70.411.765)	70.411.765	-		-	-
Other gain from the derecognition of financial assets at fair value through other comprehensive income				423.500	-			423.500
Total comprehensive income of the financial year	**-**	**(151.729)**	**271.184.905**	**198.215.762**	**-**	**-**	**-**	**469.248.938**
Transactions with shareholders, directly recognized in equity								
Capital reduction	(5.718.591)			(14.637.922)	19.998.000		358.513	-
Redeemed own shares	-	-	-	-	(27.088.832)		(367.498)	(27.456.330)
Own shares assigned to employees and managers	-	-	-	-	5.354.456	(5.866.276)	511.820	-
benefits offered to employees as equity instruments						13.077.646		13.077.646
Dividends out-dates according to the law (explanatory note 3m)	-	-	-	10.460.117			-	10.460.117
Dividends distributed from the profit of 2018 financial year	-	-	-	(30.256.347)			-	(30.256.347)
Total transactions with shareholders, directly recognized in equity	**(5.718.591)**	**-**	**-**	**(34.434.152)**	**(1.736.375)**	**7.211.370**	**502.835**	**(34.174.914)**
Balance on 31st December 2019	**521.004.761**	**8.698.494**	**795.634.481**	**881.728.409**	**(30.335.310)**	**20.142.446**	**610.568**	**2.197.483.849**

The individual financial statements have been approved by the Board of Directors on 25th March 2020 and have been signed on its behalf by:

Claudiu Doroş
CEO

Mihaela Moleavin
CFO

The explanatory notes attached are integral part of the financial statements.

SIF MOLDOVA S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR CONCLUDED ON 31st DECEMBER 2019
(All amounts are presented in Lei if not otherwise specified)

In LEI	**Share capital**	**Reserve from the revaluation of property, plant and equipment**	**Reserve from the revaluation of FVTOCI financial assets**	**Retained earnings**	**Own shares**	**Benefits offered to employees as equity instruments**	**Other equity elements**	**Total**
Balance on 31st December 2017	**539.720.149**	**8.797.557**	**657.887.603**	**573.485.823**	**(37.436.693)**		**(846.694)**	**1.741.607.745**
Corrections (Note 30)						10.110.171		**10.110.171**
Modifications following the adoption of IFRS 9	-	-	(103.082.150)	103.082.150	-		-	-
Balance on 31st December 2017, restated	**539.720.149**	**8.797.557**	**554.805.453**	**676.567.973**	**(37.436.693)**	**10.110.171**	**(846.694)**	**1.751.717.916**
Comprehensive income								
Profit of the financial year	-	-	-	50.159.949	-		-	50.159.949
Other overall result elements								
Reserve increase from the revaluation of property, plant and equipment	-	52.666	-	-	-		-	52.666
Revaluation of financial assets measured at fair value through other comprehensive income, net of deferred tax	-	-	12.845.408		-		-	12.845.408
(Gain)/loss corresponding to the transfer to profit or loss/ retained earnings following the sale of financial assets	-	-	(43.201.285)	43.201.285	-		-	-
Total comprehensive income of the financial year	**-**	**52.666**	**(30.355.876)**	**93.361.233**	**-**		**-**	**63.058.023**
Transactions with shareholders, directly recognized in equity								
Capital decrease	(12.996.797)	-	-	(12.434.333)	25.000.000		431.130	-
Own bought-back shares	-	-	-	-	(19.998.000)		(283.759)	(20.281.759)
Assigned own shares	-	-	-	(398.920)	3.835.758	(4.243.895)	807.056	-
Benefits offered to employees and equity instruments						7.064.800		7.064.800
Dividends outdated according to the law	-	-	-	10.406.543	-		-	10.406.543
Dividends payable for 2017	-	-	-	(49.555.697)	-		-	(49.555.697)
Total transactions with shareholders, directly recognized in equity	**(12.996.797)**	**-**	**-**	**(51.982.407)**	**8.837.757**	**2.820.905**	**954.427**	**(52.366.113)**
Balance on 31st December 2018	**526.723.352**	**8.850.223**	**524.449.576**	**717.946.800**	**(28.598.935)**	**12.931.076**	**107.733**	**1.762.409.825**

The individual financial statements have been approved by the Board of Directors on 25th March 2020 and have been signed on its behalf by:

Claudiu Doroş
CEO

Mihaela Moleavin
CFO

The explanatory notes attached are integral part of the financial statements.

In LEI	**Note**	**2019**	**2018**
Operating activities			
Profit before tax		**146.002.175**	**55.132.558**
Adjustments:			
Losses/(loss reversal) from assets impairment	*11*	249.579	(1.533.626)
Net (Gain) / loss from the valuation of investment property	*18*	(623.131)	-
Net (Gain) / loss related to financial assets at fair value through profit or loss	*10*	(79.182.413)	16.200.763
Dividend income	*6*	(97.667.837)	(95.594.508)
Interest income	*7*	(4.221.743)	(2.427.375)
Expenses with leasing contract interest		35.336	-
Provisions setups /(reversals) for risks and expenses	*23*	(2.196.967)	-
Other adjustments		13.076.135	499.973
Modifications of assets and liabilities corresponding to operating activities			
Payments for the purchase of financial assets at fair value through profit or loss		(13.452.651)	(97.112.529)
Collections from the sale of financial assets at fair value through profit or loss		44.361.330	34.055.942
Payments for the purchase of financial assets at fair value through other comprehensive income		(208.503.219)	(110.492.026)
Collections from the sale of financial assets at fair value through other comprehensive income		219.679.466	216.131.853
Payments for bond purchases		(20.509.579)	-
Bond collections		11.760	11.760
Modifications of other assets		(720.016)	5.579.634
Modifications of other liabilities		(1.061.750)	(52.213)
Collected dividends		93.047.822	91.157.618
Collected interest		4.061.022	2.325.626
Paid profit tax		(17.246.186)	(17.308.289)
Net cash resulting from operating activities		**75.130.132**	**96.575.162**
Investment activities			
Payments for the purchase of intangible assets, property, plant and equipment		(187.376)	(1.002.403)
Collection from the sale of intangible assets, property, plant and equipment		-	256.705
Net cash used in investment activities		**(187.376)**	**(745.698)**
Financing activities			
Paid dividends		(23.528.898)	(37.468.348)
Own bought-back shares		(27.456.330)	(20.281.759)
Leasing contract loan repayments		(367.435)	-
Interest paid related to leasing contracts		(35.336)	-
Net cash used in financing activities		**(51.387.999)**	**(57.750.107)**
Net increase in cash and cash equivalents		**23.554.757**	**38.079.358**
Cash and cash equivalents on 1st January		74.696.170	36.616.812
Cash and cash equivalents on 31st December		**98.250.928**	**74.696.170**

In LEI

	31st December 2019	31st December 2018
Cash in the cash register	4.235	2.703
Current bank accounts	1.287.573	275.536
Bank deposits with maturity under 3 months	96.959.120	74.417.931
Cash and cash equivalents	**98.250.928**	**74.696.170**

The individual financial statements have been approved by the Board of Directors on 25th March 2020 and have been signed on its behalf by:

Claudiu Doroş
CEO

Mihaela Moleavin
CFO

1. REPORTING ENTITY

SIF Moldova SA („**the Company**" or „**SIF Moldova**"), is a collective placement entity functioning in Romania in compliance with Companies Law no. 31/1990 and Capital Market Law 297/2004 with its later amendments and additions, authorized as alternative investments fund manager (AIFM) with *Authorization no. 20/23.01.2018 issued by FSA*. The headquarters of the Company is on Pictor Aman Street no. 94C, in Bacau municipality, Bacau district, Romania.

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

- administration and management of financial instruments, derivative financial instruments and other instruments qualified as such through regulations of competent authorities;
- administration and management of shares/bonds and other rights stemming from them in untraded or closed companies;
- other auxiliary and related activities, according to applicable regulations

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 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.);

2. BASES OF PREPARATION

(a) Statement of Compliance

The individual financial statements have been drafted by the Company in compliance with the accounting regulations compliant with the International Financial Reporting Standards applicable to entities authorized, regulated and supervised by FSA, approved by Norm 39/2015".

According to Norm 39/2015, the International Financial Reporting Standards, hereinafter referred to as *IFRS*, represent the standards adopted according to the procedure foreseen 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 individual financial statements for the financial year concluded on 31st December 2019, including comparative financial information, include the individual statement of financial position, individual statement of comprehensive income, individual cash-flow statement, individual statement of equity modification, and the explanatory notes.

The consolidated financial statement of SIF Moldova Group on 31st December 2019 will be drafted, approved and made public before March 27, 2020. These can be viewed on the Company's website: www.sifm.ro.

The accounting records of the Company are kept in lei (national currency symbol: „RON").

(b) Financial Statements Presentation

The individual financial statements are presented in compliance with the requirements of IAS 1 "The presentation of financial statements". The Company has adopted a presentation based on liquidity for the financial position statement and a presentation based on income and expenses depending on their nature in the statement of comprehensive income, believing that these presentation methods offer information that is more relevant than if it were presented based on other IAS1 allowed methods.

For the consistency with the information in current period, the Company reclassified in the Individual Statement of Financial Position, Individual Statement of Comprehensive Income, Individual Cash-flow statement and in the corresponding explanatory notes, certain elements for the comparable period (financial year concluded on 31st December 2018).

The present individual financial statements have been drafted based on the going concern assumption that assumes that the Company will continue its activity in the predictable future. The management of the Company considers that the Company will continue to normally carry out its activity in the future and consequently the individual financial statements have been drafted on this ground (also see Note 31 "Events following the reporting period").

2. BASES OF PREPARATION (continued)

(c) Functioning and presentation currency

The Company's management thinks that the functional currency, as defined by IAS 21 „ The Effects of Changes in Foreign Exchange Rates", is the Romanian leu ("RON"). The individual financial statements are presented in lei, rounded to the closest leu, a currency that the management of the Company has selected as presentation currency.

(d) Evaluation grounds

The individual financial statements are drafted in compliance with the fair value convention for financial assets and liabilities at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.

Other financial assets and liabilities, as well as non-financial assets and liabilities are presented at amortized cost, revaluated value or historical cost.

(e) Use of estimates and judgments

The drafting of the individual financial statements in compliance with IFRS involves the management's use of certain predictions, 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 hypothesis related to these predictions are based on historical experience, as well as on other factors considered to be responsible in the context of these predictions. The results of these predictions form the grounds for judgments regarding the carrying value of assets and liabilities that cannot be obtained from other information sources. The results obtained may differ from those of the predictions.

The judgments and hypothesis that lay at their base are periodically revised by the Company. Revisions of accounting predictions are recognized in the period when the prediction is revised if the revision affects only that particular period, or in the period when the prediction is revised and future periods if the revision affects both the current and future periods.

The information and reasoning concerning the application of accounting policies with the highest degree of uncertainty regarding the estimates, that have a significant impact on the amounts recognized in these annual financial statements, are the following:

- Ascertaining the fair value of financial instruments (see explanatory notes 17 (d) and 3 (f) (vi)).
- Fair value hierarchy and unobservable entry data used in the evaluation (Level 3) (see explanatory notes 17(d) and note 18)
- Classification of financial instruments (See explanatory notes 3 (f) i) and 5)
- Adjustments for the impairment of assets valuated at amortized cost/ credits and receivables (see explanatory note 3 (f) (vii)).

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies have been consistently applied on all periods presented in the individual financial statements drawn up by the Company, with the exception of modifications regarding the adoption of IFRS 16 Leases („IFRS 16"), since previously the leasing contracts were reflected in compliance with IAS 17 Leasing („IAS 17").

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Modifications of accounting policies – Adoption of IFRS 16

IFRS 16, applicable from 1st January 2019 replaces IFRS 17 and corresponding interpretations. The standard eliminates the previous accounting model for lessees and in exchange requests that companies recognize most leasing contracts in the statement of financial position, with the exception of leasing contracts for which the recognition derogations allowed by IFRS 16 apply (see note 3(v)) within a single model, eliminating the distinction between operational and financial leasing

According to IFRS 16, a contract is or contains leasing if it transfers the right to control the use of an identified asset over a period of time, in exchange for a consideration. In case of this type of contracts, the new standard requires that a lessee recognize in assets the use right of the underlying asset in counterparty with a lease liability. The right-of-use asset is amortized, and interest is registered for the liability. For more details regarding the accounting policies for leasing contracts see Explanatory note 3 v).

The company adopted IFRS 16 on the date of its initial application, 1st January 2019. The Company has leasing contracts mainly for transportation means and office area.

The company, as lessee, applies IFRS 16 using the modified retrospective approach, meaning it recognizes on the date of initial application (1st January 2019):

- a liability arising from the leasing contract, at the present value of remaining leasing payments, updated based on the incremental borrowing rate on the date of initial application.
- a right-of-use asset, at a value equal to the liability arising from the leasing contract, on the date of initial application.

In LEI	**Balance on 1st January 2019**
Rights-to-use – transportation means	1.088.444
Rights –to-use – office area	368.801
Total rights-to-use – leasing assets	**1.457.245**
Total leasing liability	**1.457.245**

On the initial application date, the marginal loan rate applied was 2,83% per year, for the leasing contracts of the Company, all in EURO.

(b) Foreign currency transactions

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 financial statement is drafted are turned into the functional currency at the exchange rate of that given day.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency transactions (continued)

The main exchange rates for foreign currency according to BNR were:

Currency	31st December 2019	31st December 2018	Variation
Euro (EUR)	1:LEU 4,7793	1: LEU 4,6639	2,5%
American Dollar (USD)	1:LEU 4,2608	1: LEU 4,0736	4,6%

(c) Subsidiaries and associates

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

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

The list of subsidiaries and associates is presented under explanatory note 29.

In these individual financial statements, the Company has classified its interests in subsidiaries and associates as financial assets measured at fair value through comprehensive income or financial assets at fair value through profit or loss, in compliance with IFRS 9.

(d) Registering hyperinflation effect

In compliance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the current measurement unit on the date of their drafting (non-monetary elements are restated using a general price index on the purchase or contribution date). In compliance with IAS 29, an economy is considered to be hyperinflationary when, among other factors, the cumulated inflation rate over a three years' period exceeds 100%.
In Romania's case (economy whose functional currency has been adopted by the Company), the provisions of IAS 29 have been adopted for the drafting of individual financial statements up to 31st December 2003, starting on 1st January 2004 its economy ceased to be hyperinflationary.

Thus, values expressed in the current measurement unit on 31st December 2003 are stated as base for the carrying values reported in the individual financial statements and are not evaluated values, replacement cost, or any other measure of the present value of assets or prices at which the transactions would be made at this moment.

(e) Cash-flow statements

Cash and cash equivalents include actual cash, current accounts and bank accounts (including blocked deposits and interest related to bank deposits).

On drafting the cash flow statement, the Company treats as cash and cash equivalents: actual cash, current bank accounts, deposits with an initial maturity of 90 days and their correspondent interest (except blocked deposits, if any), less their corresponding interest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Cash and cash equivalents (continued)

The company considers that the entire activity of investments in financial instruments (both the management of FVTPL classified financial assets, and those FVTOCI reclassified) is part of operational activity.

(f) Financial Assets and Liabilities

(i) Financial assets classification

IFRS 9 foresees a new approach regarding the classification and evaluation of financial assets that reflects the business model within which the assets are managed, as well as cash flow characteristics.

The Business Model may be of the following type:

- to collect contractual cash-flows:

Financial assets held within this business model are managed to obtain cash flows through the collection of contract payments over the lifespan of the instrument. This means that the Company manages the assets held in its portfolio to collect those contractual cash flows (instead of managing the general return of the portfolio through the holding and sale of assets).

Assets classified in this category are not necessarily held up to maturity, "rare frequency" sales are also possible, when the risk profile of those particular instruments increases, and they no longer correspond to the Company's investment policy. An increase of the sale frequency over a certain period of time is not necessarily contrary to this type of business if the Company can explain the reasons that led to these sales and can prove that the sales do not reflect a modification of the current business model.

- to collect contractual cash-flows and to sell:

Financial assets that are held within this business model are managed for the collection of contractual cash flow collection, as well as for the sale of financial assets.

In comparison to a business model whose objective is to hold financial assets in order to collect contractual cash flows, this business model will normally imply a higher frequency and higher value of the sales, since the sale of financial assets is part of fulfilling he objective of the business model and not just connected to this objective.

- other business models:

Other business models include the maximization of cash flows through sale, trading, management of assets based on fair value, financial instruments purchased for sale or trade purposes that are evaluated at fair value through profit or loss.

The management of this portfolio is made based on the evaluation of the market value evolution of those assets and includes frequent purchases and sales for the purpose of profit maximization.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Assets and Liabilities (continued)

(i) Financial Assets Classification (continued)

Analysis of cash-flows characteristics (SPPI test)

SPPI test represents the analysis of contract terms for the financial assets for the purpose of identifying if the cash flows exclusively represent payments of the principal and interest for the owed principal.

IFRS 9 includes three main financial assets classification categories: measured at amortized cost; measured at fair value through other comprehensive income and measured at fair value through profit or loss.

- ***Financial assets measured at amortized cost***

Following initial recognition, a financial asset is classified as being measured at amortized cost, only if two conditions are met simultaneously:

- the asset is held in a business model whose objective is to keep financial assets to collect contractual cash flows;
- the contractual terms of the financial asset generate, on certain dates, cash flows representing exclusive payments for principal and interest.

- ***Financial assets measured at fair value through other comprehensive income („FVTOCI")***

Following initial recognition, a financial asset is classified as measured at fair value through other comprehensive income, only if two conditions are met simultaneously:

- the asset is held within a business model whose objective is to keep the financial assets to collect contractual cash flows and to sell them;
- the contractual terms of the financial asset generate, on certain dates, certain cash flows represented exclusive payments of principal and interest.

Moreover, on the initial recognition of an investment in equity instruments that is not held for trading, the Company may irrevocable chose to present later modification of fair value in other comprehensive income.

The Company has used its irrevocable option to assign these equity instruments at fair value through other comprehensive income as these financial assets are held both for the collection of dividends and for gains from their sale, not for trading.

A gain or loss corresponding to a financial asset evaluated at fair value through other comprehensive income should be recognized in other comprehensive income, with the exception of interest revenue in case of equity instruments.

A gain or loss corresponding to a liability instrument valuated at fair value through other comprehensive income must be recognized in profit or loss.

- ***Financial assets measured at fair value through profit or loss („FVTPL"):***

All financial assets that are not classified as measured at amortized cost or fair value through other comprehensive income, as described above, will be measured at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets and liabilities (continued)

(i) Financial Assets Classification (continued)

Moreover, on initial recognition, the Company may irrevocably assign as financial asset that otherwise meets the requirements to be evaluated at amortized cost or fair value through other comprehensive income, to be measured at fair value through profit or loss, if this eliminates or significantly reduces an account inconsistency that would occur if another method would be used.

Financial assets that do not meet the criteria regarding the collection of cash flows (SPPI test) must be evaluated at fair value through profit or loss. Incorporated derivatives are no longer separated from the host assets but are evaluated together with the non-derivative financial instrument to abide by the conditions for cash flow collection.

Following the adoption of IFRS 9, financial assets such as equity instruments that the Company chose to classify as financial assets evaluated at fair value through other comprehensive income, which were not held for trading have been classified at fair value through profit or loss.

Assets held for trading are measured at fair value through profit or loss. An asset is held for trading if it cumulatively meets the following requirements:

- it is held for sale and repurchase in the near future;
- on initial recognition, it is part of an identified financial instruments portfolio, that are managed together, and for which there is proof of a recent pattern of following short-term profit; or
- it is a derivative (with the exception of a derivative that is a financial guarantee contract or designated and efficient hedging instrument).

In case of financial assets at fair value through profit or loss, fair value modifications are registered in the statement of comprehensive income, in profit or loss.

(ii) Financial Liabilities Classification

Financial liabilities are classified following initial recognition at amortized cost, with the exception when these are measured at fair value through profit or loss (financial liabilities held for trading purposes that are designated on initial recognition or later at fair value through profit or loss, according to IFRS9 specific provisions, including financial liabilities corresponding to derivatives). Incorporated derivatives are separated from the host contract in case of financial liabilities.

(iii) Initial Recognition

Assets and liabilities are recognized on the date the Company becomes a party in the instrument's contractual provisions (transaction date)

Financial assets and liabilities are evaluated at the time of initial recognition at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
(f) Financial Assets and Liabilities (continued)
(i) Financial Assets Classification (continued)

(iv) Offsets

Financial assets and financial liabilities are set off, and the net result in presented in the statement of financial position only when there is a legal set off right and if it is intended that these be set off on a net base, or if the Company intends to achieve its asset and extinguish the debt simultaneously.

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

(v) Measurement at amortised cost

The amortised cost of a financial asset or liability represents the value to which the financial asset or liability is measured after initial recognition, less principal payments to which cumulated amortisation up to that moment is added or subtracted using the actual interest method, except for the case of financial assets, reductions corresponding to impairment losses.

(vi) Measurement at fair value

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 liability through a normal transaction between market participants on the evaluation date (e.g. an exit price).

Determining the fair value of financial assets and liabilities is based on the quotations of an active market. A financial instrument has an active market if 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 by the closing price on the last trading date of the given reporting period.

In case a financial asset is listed on several active markets, the Company uses the most advantageous market quote, taking into consideration all barriers/costs associated to the access to each market.

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

The value resulted by using an evaluation method is adjusted depending on a number of factors, since evaluation techniques do not credibly reflect all factors considered by market participants when closing a transaction. Adjustments are registered in such a way so as to reflect risk models, differences in sale and purchase quotations, liquidity risk, as well as other factors. The management of the Company considers these adjustments necessary for the presentation of a true measure for the value of financial instruments held at fair value in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Assets and Liabilities (continued)

(v) Identification and measurement of value impairment

Financial assets measured at amortized cost

Financial assets at amortized cost are tested for impairment according to the provisions of IFRS 9. For this purpose, these instruments are classified as stage 1, stage 2 or stage 3 depending on 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 initial recognition (iii) exposures with low credit risk (low credit risk exemption).

Stage 2: includes exposures that, although performing, have registered a significant deterioration of credit risk since initial recognition.

Stage 3: includes impaired credit exposures.

Expected credit loss represents the difference between all contractual hedged cash flows are owed to the Group and all hedged flows that the Company estimates to receive, updated on the date of the initial actual interest.

For stage 1 exposures, expected credit loss is equal to expected loss calculated on a timescale of up to one year. For stage 2 or 3 exposures, expected credit loss is equal to expected loss calculated on a timescale corresponding to the entire exposure duration.

A financial asset, or a group of financial assets is impaired following credit risk in case one or more events occurred with a negative impact on the assets' estimated future cash flows.

The Company evaluates if the credit risk for a financial asset has significantly increased from its initial recognition based on the information available, without unjustified cost or effort, that are in indicators of significant credit risk increase since initial recognition.

The Company recognizes in profit or loss the value of expected credit loss modification on the entire life span of the financial assets as impairment gain or loss.

Impairment gain or loss is calculated as the difference between the carrying value of a financial asset and present value of future cash-flows using the actual interest rate of the financial asset at the initial time.

The Company uses the simplified approach applicable to trade receivables and leasing contract receivables that do not have a significant financing component and that eliminate the need to calculate expected losses of credit risk for Stage 1 and the need to evaluate the occurrence of a significant credit risk increase.

The Company has defined as "impaired" exposures, the receivables meeting one or both criteria below:

- exposures for which the Company evaluates that it is unlikely that the debtor pay its obligations in full, irrespective of the value of exposures and number of days for which exposure is delayed;
- amounts outstanding at maturity, with delays over 90 days.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Assets and Liabilities (continued)

(i) Financial Assets Classification (continued)

(vi) Derecognition

The Company derecognizes a financial asset when the rights to receive cash flows on that asset expire, or when the Company has transferred the rights to receive contractual cash flows for that particular asset in a transaction significantly transferring all risks and benefits of the ownership rights.

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

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

If an entity transfers a financial asset through a transfer that meets the requirements for derecognition and retains its right to manage the financial asset in return for a fee, then it must recognize either an asset from management, or a liability from management for that management contract.

On derecognizing a financial asset (other than FVTOCI capital instruments) in full the difference between:

- its carrying value;
- the sum of (i) value of the amount received (including any new asset obtained minus any new liability) and (ii) any cumulated gain or loss that was recognized in other comprehensive income

must be recognized in profit or loss.

When the financial asset at fair value through other comprehensive income is derecognized, the cumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment in case of debt instruments (recycled in profit or loss).

In case of equity instruments, cumulated gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss (not recycled in profit or loss), but to retained earnings.

(g) Investment property

Investment property are real estate properties (lands, buildings, part of buildings) held by the Group for rental purposes or to increase value or both, and not to be used for the production or supply of goods and services or administrative purposes or sold during normal run of activities.

An investment property is recognized as asset if, and only if:

- it is likely that future economic benefits associated with the asset go to the Company;
- the cost of the asset can be credibly ascertained.

An investment property is initially measured at cost, including trading costs. The cost of a property investment purchased is comprised of its purchase price plus any directly assignable expenses (for example legal fees, property transfer fees and other trading costs).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment property (continued)

(ii) Subsequent measurement

The Company registers investment property at fair value, fair value modifications being recognized in profit or loss.

Fair value measurement

On 31st December 2019, the Company's investment property was evaluated by independent assessors certified by the National Authority of Authorized Assessors of Romania ("ANEVAR"). The assessors have used the direct capitalization method and relative comparison method, abiding by the valuation principles and techniques included in ANEVAR Standards for Assets Valuation.

Gains or losses resulted following fair value modifications are recognized in profit or loss of the period they are registered in.

(iii) Transfers

Transfers to or from investment property are made only when there is a modification of that asset's use.

For the transfer of an investment property valuated at fair value to property, plant and equipment, the implicit cost of the asset for the purpose of its later accounting will be its fair value on the date of its use modification.

If a real property used by the Group becomes an investment property that will be accounted at fair value, the Company applies IAS 16 until the date of the use modification. The Company must approach any difference from that date on in the carrying value of a real property, in compliance with IAS16 and its fair value as a revaluation, in compliance with IAS 16.

(iv) Derecognition

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

The gains or losses resulted from the scrapping or sale of a real property are recognized in profit or loss when it is scrapped or sold.

(h) Tangible assets and intangible assets

(i) Recognition and measurement

Tangible assets are initially evaluated at cost by the Company. The cost of a property, plant and equipment element is comprised of the purchase price, including non-recoverable taxes, after the deduction of any price discounts of commercial nature to which any cost that can be directly assigned to bringing the asset to the location and condition necessary for it to be used for the intended purpose is added, for example: expenses with employees that directly result from the construction or purchase of the asset, costs for the preparation of its location, initial delivery and handling costs, costs for installation and assembly, fees for the professionals involved.
Tangible assets are classified by the Company in the following assets class of the same nature and with similar use:

- Lands;
- Buildings;
- equipment, technical installations and machines;
- transportation means;
- other property, plant and equipment;
- assets representing rights-to-use from a leasing contract.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Tangible assets and intangible assets *(continued)*

Lands and buildings are presented at revaluated value, this being the fair value of the revaluation date.
In the case of revaluated property, plant and equipment (lands and buildings), if the carrying value of an asset is increased, the increase will be recognized in other comprehensive income, as revaluation reserve. In case the carrying value is lowered, this lowering will be recognized in profit or loss, with the exception of the case when it is recognized in other comprehensive income to the extent that the revaluation reserve has creditor balance for the analyzed asset.

Expenses for the maintenance and repairs of tangible assets is registered by the Company in comprehensive income when they occur, and significant improvements of tangible assets that increase their value or lifespan, or that significantly increase the ability to generate economic benefits are capitalized.

(ii) Depreciation

Depreciation is calculated using the lineal method along the estimated lifespan 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 rights-to-use from a leasing contract	Leasing contract duration

Lands are not subject to depreciation.

Intangible assets that meet the recognition criteria in the International Financial Reporting Standards are recorded at cost less cumulated depreciation. Depreciation of intangible assets is registered in profit or loss based on the linear method for an estimated period of maximum 3 years.

Depreciation method estimated useful lifespans as well as residual values are revised by the management of the Company for each reporting period.

(iii) Sale/ scrapping of tangible assets and intangible assets

Plant, property and equipment are scrapped or removed from records together with their corresponding cumulated depreciation. Any profit or loss resulted from such an operation is included in profit or loss in the current period.

Reserve from the revaluation for revaluated property, plant and equipment (lands and buildings) included in equity is transferred directly to retained earnings when the revaluation surplus is obtained by scrapping or disposing of the asset.

(i) Impairment of assets, other than financial assets

The carrying value of Company's assets that are not of a financial nature, other than assets such as deferred taxes, are revised on every reporting date to identify the existence of impairment indexes. If there are no such indexes, the recoverable value of those assets is estimated.

An impairment loss is recognized when the carrying value of the asset or cash generating unit exceeds

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets, other than financial assets (continued)

the recoverable value of the asset or cash generating unit. A cash-generating unit is the smallest identifiable group generating cash that has the ability to generate cash-flows independent from other assets or other asset groups.
Impairment losses are recognized in comprehensive income, in profit or loss.
The recoverable amount of an asset or a cash-generating unit is the maximum between the value in use and its fair value less sale costs for that asset or unit. In order to determine value in use, future cash flows are updated using a discount rate before taxation that reflects current market conditions and specific risks for that particular asset. Impairment losses recognized in the previous periods are evaluated on each reporting date in order to determine if they lowered or no longer exist. Impairment loss is reversed if a change has occurred in the estimates used to determine recoverable value. Impairment loss is reversed only in case the carrying value of the asset does not exceed the carrying value that would be calculated, net of amortization and impairment, if the impairment loss had not been recognized.

(j) Share capital

Ordinary shares are recognized in share capital.

(k) Own shares

The Company recognizes own shares (own shares redemption) on the transaction date as a lowering of equity. Own shares are recorded at acquisition value, and brokerage fees and other costs directly connected to the acquisition are recorded directly equity, in a distinct account.

Annulment of own shares are made in compliance with the approval of shareholders, after meeting all legal requirements. On annulment, the balance of own shares is compensated with share capital and retained earnings.

The annulment of own shares may generate gains or losses depending on the acquisition value of own shares reported with their nominal amount. Net gain or loss from the annulment of own shares are directly recognized in equity, in a distinct account.

(l) Distributable dividends

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

The dividends declared before the reporting date, are registered as obligations on the reporting date.

(m) Out-dated dividends

Dividends payable not collected within 3 years from their declaration date, are outdated according to the law.

On the date distributions become outdated, the Company registers their value in equity, in a distinct reserve account. These are considered transactions with shareholders.

(n) Provisions for risks and expenses

Provisions are recognized in the statement of financial position when an obligation is born for the Company connected to a past event and it is probable that in the future it will be necessary to use some economic resources to extinguish this obligation, an a reasonable estimation of the liability value can be made. In order to determine the provision, future cash-flows are updated using an updating rate before taxation that reflects the current market conditions and specific risks of that individual debt.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Interest income

Interest income and expenses are recognized in the comprehensive income through the actual interest method. The actual interest rate represents the rate that updates the payments and cash collections forecast for the future for the expected lifespan of the financial asset of liability (or, where the case be, for a shorter period) at the gross carrying value of the financial asset or liability.

(p) Dividend revenue

Dividend revenue is recognized in profit or loss on the date the right to receive this revenue is set.

In case of dividends received as shares as an alternative to cash payment, revenue from dividends are recognized on the level of the cash that would have been received, in correspondence with the increase of the corresponding holding. The Company does not register dividend revenue from the dividends corresponding to free shares when these are distributed proportionally to all shareholders.

The Company registers revenue from dividends at gross value which includes dividends tax that is recognized as a current profit tax expense. The actual calculation is made according to tax provisions in force on the date the calculation is made.

(r) Rental income

The Company, as lessor must qualify each of its leasing contracts either as operational leasing or financial leasing. A leasing contract is classified as operational leasing if it does not transfer all risks and rewards corresponding on the ownership right on an underlying asset.

Rental income is generated by property investments rented by the Company as operational leasing and are recognized in profit or loss on a lineal basis during the entire contract duration.

The Company, as lessor does not have any leasing contracts classified as financial leasing.

(s) Benefits of managers, directors and employees

Short-term benefits

Short-term benefits of managers, directors and employees mainly include the indemnities/ wages and bonuses. The short-term benefits are recognized as expense when the services are delivered. A liability is recognized for the amounts expected to be paid was cash bonuses on the short-term or schemes for the participation of staff to profit (in cash or in shares) as the Company has, on the reporting date, a legal or implicit obligation to pay these amounts as a result of past services delivered by the managers, directors and employees, and if that obligation can be credibly estimated.

Defined benefit plans

The Company makes payments on behalf of its own managers, directors and employees to the Romanian pension system and health insurance, during the normal course of activity.

All Company's managers, directors and employees are members, and at the same time have the legal obligation to contribute (through social contributions) to the pension scheme of the Romanian state (a set contribution

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
(s) Benefits of managers, directors and employees (continued)

plan of the state). All corresponding contributions are recognized in the profit or loss of the period when they are made. The Company has no additional obligations.

The Company is not engaged in any independent pension scheme and consequently it has no such obligations. The Company is not engaged in any other post-retirement benefits system. The Company is not bound to pay ulterior services to its former or current managers, directors and employees.

(ş) *Benefits offered to employees as equity instruments*

Benefits plan regarding the profit-share of managers, directors and employees.

The managers and directors participate to the benefits plan, paid including through the assignment of shares or options to purchase Company's shares of 5% of the net profit obtained and from the net gain from transactions reflected in retained earnings, before the setup of the profit-share fund. The actual level of the profit-share is set by the Board of Directors, following the approval of annual financial statements in the General Meeting of Shareholders.

The fund for the profit-share of employees is maximum 5% of the net profit achieved and net gain from transactions reflected in retained earnings, before the setup of the profit-share fund, paid including through the assignment of shares or options to purchase Company shares, with the approval of the Board of Directors, provided that the annual financial statements are approved by the General Meeting of Shareholders. The total value of individual remunerations for employees is between 0-9 gross wages, abiding by the income and expenditures budget.

On appointing the employees and setting individual levels in the profit-share plan the following criteria and conditions are taken into account: degree of reaching the Company's performance indicators and the objectives of the department (consisting inn the achievement degree of the net budgeted profit from transactions reflected in reported result), the employee has not generated any losses for the Company, the reaching of professional performance criteria applicable to the employees, the employee should have at least one year seniority.

The structure of this variable remuneration offered to the managers, directors and employees of the Company (Beneficiaries) is at least 51% of Company shares, through the running of a Stock Option Plan (SOP) type program for the distribution of free shares to the managers, directors and employees, the source being shares redeemed by the Company, and maximum 49% cash. In this framework, Beneficiaries may choose that the percentage of variable remuneration offered as shares be up to 100%

Regarding the benefits offered as Shares by the Company, Beneficiaries may exercise their right/option only 12 months after the signing of their agreements with the Company (following the Board of Directors' approval of the SOP plan, agreement that also sets the number of shares offered to each Beneficiary), but no later than 15 months from this date.

For benefits regarding the profit-share of managers, directors and employees, the Company recognizes an expense in the period when the services were delivered, in correspondence with a liability, for that part offered in cash, and in correspondence with an increase of equity (Benefits offered to employees as equity instruments) for that part offered as shares through SOP.

(t) Gains and losses from exchange differences

Foreign currency transactions are registered in functional currency (lei) by converting the foreign currency amount at the official exchange rate officially announced by Romanian National Bank valid on the transaction date.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*
(t) Gains and losses from exchange differences (continued)

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

Exchange differences that occur on the settlement of monetary elements or the conversion of monetary differences at different rates than those they were converted in on initial recognition (during the period) or in the previous financial statements are recognized as gain or loss in profit or loss or loss in the period when they occur.

(ţ) Profit tax

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

Profit tax is recognized in the statement of comprehensive income or other comprehensive income if the tax corresponds to other comprehensive income.

Current tax is the tax to be paid for the tax profit obtained in the current period (including gain from the sale of FVTOCI financial assets, directly recognized in retained earnings), determined based on the percentages applied on the reporting date and all adjustments corresponding to previous periods.

For the period concluded on 31st December 2019, profit tax interest date has been of 16% (31st December 2018: 16%).

The tax rate corresponding to taxable dividend income has been of 5% or 0% (2018:5% or 0%). Dividend tax exemption is applied in case the Company's holding percentage has been higher than 10% of the share capital of the company that distributed the dividends, for an uninterrupted period of at least one year before distribution.

Deferred tax is determined for those time differences that occur between the tax base for asset and liability tax calculation and liabilities and their carrying value, used for reporting in the consolidated financial statements.

Deferred tax is not recognized for the following time differences: initial recognition of the goodwill, initial recognition of assets and liabilities stemming from transactions that are not business combinations and that do not affect the accounting profit nor the tax profit and differences coming from subsidiary investments, provided these will not be reversed in the near future.

Deferred tax is calculated based on tax percentages that are expected to the applied to the time differences on their reversal, based on the law applicable on the reporting date. Receivables and liabilities with deferred tax are settled only if there is a legal right to settle current receivables and liabilities with tax and if these correspond to the tax collected by the same tax authority for the same entity subject to taxation or for different tax authorities, but who want to settle current receivables and liabilities with tax using a net base or the assets and liabilities will be achieved simultaneously.

The receivable regarding deferred tax is recognized only to the extent that it is likely that future profits will be achieved to be used to cover the tax loss. The receivable is revised on the completion of each financial year and it is lowered to the extent that it is improbable for the corresponding tax benefit to be achieved.

Additional taxes that occur in dividend distribution are recognized on the same date as the dividend payment obligation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Earnings per share

The Company presents the earning per share and diluted earnings per share. Earnings per share are calculated through the division of profit or loss attributable to the Company's ordinary shareholders to the average weighted number of ordinary shares in the reporting period.

Diluted result per share is calculated through the adjustment of profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with dilution effects generated by potential ordinary shares.

Dividends are treated as a profit distribution that were declared and approved by the General Meeting of Shareholders. The profit available for assignment is the year profit entered in the financial statements drafted in compliance with IFRS.

Result for basic and diluted share (including from the gain obtained following the sale of FVTOCI financial assets).

The company presents in its financial statements the result per basic and diluted share (including gain from the sale of FVTOCI financial assets) since along with the net profit, gain from the sale of FVTOCI financial assets is considered an indicator of the Company's performance and represents a potential source for dividend distribution to the shareholders.

(v) Leasing contracts as lessee

Accounting policy applicable starting on 1st January 2019

Initial recognition and valuation

On entering a contract, the Company evaluates if that contract is, or includes a leasing contract. A contract is or contains a leasing contract if that contract offers the right to control the use of an identified asset for a certain period of time, in exchange for a price.
On contract start, the Company, as lessee, recognizes an underlying asset for the right to use and a liability stemming from the leasing contract.

Initial valuation of the right to use related asset

On the contract start date, the Company evaluated the asset related to the right to use at cost.

Initial valuation of the liability stemming from the leasing contract
On the contract start date, the Company evaluates the liability stemming from the leasing contracts at updated value of leasing payments that are not paid on that date. The leasing payments are updated using the implicit interest rate in the leasing contract if this rate can be determined immediately. If this rate cannot be immediately determined, the Company uses its incremental borrowing rate

The Company's incremental borrowing rate is the interest rate that the Company should pay to borrow for a similar period, with a similar guarantee, the funds necessary to obtain an asset with a similar value to that of the asset related to the right to use, in a similar economic environment.

Subsequent measurement of the asset related to the right to use

After the contract start date, the Company evaluates the asset related to the right to use applying the cost-based model, this means it evaluates the asset related to the right to use at cost less any cumulated amortization and any cumulated impairment losses.

Subsequent measurement of the liability related to a leasing contract

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
(v) Leasing contracts as lessee (continued)

After the start date, the Company evaluates the liability stemming from the leasing contract by increasing the carrying value to reflect the interest related to the liability stemming from the leasing contract and reducing the carrying value to reflect the leasing payments made, reflecting, if the case be, any leasing contract modifications.

The interest on a liability stemming from the leasing contract for each period during the contract time must be the value that produces a constant periodical interest for the liability balance stemming from the leasing contract.

After the start date, the interest related to the liability arising from the leasing contract is reflected in profit or loss.

Recognition waiver

The Company, as lessee, choses to apply the waivers allowed by IFRS 16:
- short-term leasing contracts; and
- leasing contracts whose underlying assets is of low value.

Consequently, in case of short-term leasing contracts, and in case of contracts with low value underlying asset, the Company recognizes the leasing parts associated to these leasing contracts as an expense, using a linear base over the entire leasing contract duration.

Transition

The Company applies IFRS 16 using modified retrospective approach that is it recognizes the date of its initial application (1st January 2019):

- a liability arising from the leasing contract on the date of initial application. The Company evaluates the liability arising from the leasing contract at the updated value of the remaining leasing payments, based on an incremental borrowing rate from the date of initial application.
- an asset regarding right to use. The valuation of the assets regarding right to use is made at a value equal to the liability arising from the leasing contract, on the initial application date

Accounting policy applicable before 1st January 2019

Before January 1st, 2019, leasing contracts were reflected in compliance with IAS 17.

Operational leasing

Operational leasing payments have been recognized in profit or loss based on the linear method over the entire duration of the leasing contract, operational leasing expenses (for rents) being recognized as a component of operational expenses.

Financial leasing

At the beginning of the leasing period, the Company recognized 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 present value of minimum leasing payments, if the latter is lower, each being determined at the beginning of the leasing contract. The discount rate that should be used on calculating the present value of minimum leasing payments is that at the interest rate implicit in the lease, if it can be ascertained; otherwise, the incremental borrowing rate of the entity should be used.

Minimal leasing payments arising from leasing contracts have been divided between leasing liability reduction and leasing interest expense. The leasing interest expense is assigned to each leasing period so that a constant interest rate is obtained for the remaining leasing liability.

Depreciation policy for financial leasing contracts assets has been consequent to that applied to similar property, plant and equipment owned by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Standards and interpretations that came into force in the current year

The following standards, amendments to the existent standards and interpretations issued by the International Accounting Standard Board – "IASB" and adopted by the European Union („UE") that came 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 over 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 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 Company considers that the adoption of these standards, revisions and interpretations has not had a significant impact on its interim financial statements. The Company has adopted IFRS 16 on the date of its initial application on 1st January 2019.

(y) Standards and interpretations issued by IASB and adopted by the EU, not yet in force

On the reporting date of these financial statements, IFRS as adopted by EU do not significantly differ from the regulations adopted by IASB with the exception of the following standards, amendments and interpretations whose application has not been approved by the EU up to the certification 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 or 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), the adoption of this standard has not yet been approved by EU;
- Amendments to IAS 1 „Presentation of Financial Statements" and IAS 8 „ Accounting Policies, Changes in Accounting Estimates and Errors" – definition of materiality (applicable for annual periods starting on or following 1st January 2020)- approved by the EU before the approval date of the financial statements.

The Company 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.

4. MANAGEMENT OF SIGNIFICANT RISKS

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

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

- market risk (interest rate risk, currency risk and price risk);
- liquidity risk;
- credit risk;
- taxation risk (non-financial risk);

The general risk management strategy aims to maximize the Company's profit reported to the risk level that it is exposed to and minimize potential adverse variations on the Company's financial performance. The Company has implemented procedures and policies for the management and valuation of the risks it is exposed to. These policies and procedures are presented under the sections dedicated to each individual risk group.

(a) Market risk

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

- proper return evaluations for the share portfolio;
- setting the limit of asset concentration on the same market, geographical position or economic sector;
- setting presence limits on new markets;
- setting bearable risk limits;
- risk concentration tolerance;
- strategic assignment of long-term investments; based on the principle according to which the market will correctly determine fundamental value;
- tactical short-term allocation, 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 – determining the ability of the issuer to generate profit;
- comparative analysis – determining the relative value of an issuer in relation with the market or other similar companies;
- statistical analysis – determining tendencies and correlations using price and traded volume history.

The Company is exposed to the following market risk categories:

(i) Price risk

The Company is exposed to the risk related to price variation of financial assets at fair value

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market Risk (continued)

(i) Price risk (continued)

through profit or loss and financial assets at fair value through other comprehensive income. On 31st December 2019, 84% of deep market shares held by the Company (31st December 2018: 81%) represented investments in companies that were included in the BET index of Bucharest Stock Exchange, capitalization-weighted index and created to reflect the overall price tendency of the 10 most liquid shares traded on Bucharest Stock Exchange.

A positive 10% variation of the price of financial assets at fair value through profit or loss would lead to an increase of post-tax profit of 33.964.476 lei (31st December 2018: 30.602.663 lei), a negative 10% variation having an equal net impact of contrary sign.

A positive 10% variation of the price of financial assets measured at fair value through other comprehensive income would lead to an increase of equity, net of profit tax, of 160.012.247 lei (31st December 2018: 126.824.731 lei), a negative 10% variation having an equal net impact of contrary sign.

The Company held shares in companies operating in various fields of activity, such as:

In LEI	**31st December 2019**	**%**	**31st December 2018**	**%**
Financial, bank and insurance	1.071.470.071	55,69%	766.069.017	48,79%
Natural gas industry	367.825.762	19,12%	177.813.028	11,32%
Real estate development (promotion)	166.434.769	8,65%	166.414.130	10,60%
Manufacture of transportation means	122.621.395	6,37%	111.161.452	7,08%
Real-estate transactions, rentals and other services	49.212.837	2,56%	44.779.680	2,85%
Agriculture, animal breeding, fishing	42.111.642	2,19%	34.872.349	2,22%
Manufacture of machines, tools and equipment	39.816.602	2,07%	48.698.099	3,10%
Wholesale, retail, tourism and restaurants	26.463.043	1,38%	29.481.781	1,88%
Chemical and petrol industry	9.399.905	0,49%	115.356.925	7,35%
Metal construction and metal products industry	8.594.708	0,45%	10.267.952	0,65%
Textile industry	6.439.798	0,33%	6.227.310	0,40%
Food industry	5.002.412	0,26%	7.810.237	0,50%
Transport, storage, communication	4.656.973	0,24%	4.094.067	0,26%
Other	3.879.709	0,20%	3.814.755	0,24%
Pharmaceutical industry	-	0,00%	43.333.402	2,76%
TOTAL	**1.923.929.626**	**100,00%**	**1.570.194.184**	**100,00%**

As it can be observed in the table above, on 31st December 2019 the Company mainly held shares in companies operating in the financial-banking and insurance field, with a 55,69% weight of total portfolio, an increase in comparison to the 48,79% weight on 31st December 2018. The Company's exposure regarding its holding of shares in Banca Transilvania is 48% on 31st December 2019 (31st December 2018: 44,10%).
Fund units held by the Company are exposed to price risk as they have investments with different degrees of risk (bank deposits, bonds, other fixed-income instruments, shares and other financial instruments).

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market Risk (continued)

(ii) Interest rate risk

The Company is exposed to interest rate risk. The modification of the interest rate on the market directly influences the revenues and expenses corresponding to financial assets and liabilities bearing variable interest, as well as the market value of fixed interest-bearing assets.

On 31st December 2019 and 31st December 2018, most of the Company's assets and liabilities do not bear interest. Therefore, the Company is not significantly influenced by the risk of interest rate fluctuations. Cash surplus or other similar money availabilities is mainly invested in short-term bank deposits with maturity of 1- 3 months. Moreover, the Company has non-significantly invested in corporate and municipal bonds with fixed or variable interest.

The Company does not use derivatives to protect itself from interest rate fluctuations, the interest rate risk being insignificant.

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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

In LEI	Net value on 31st December 2019	Under 1 month	Between 1 and 3 months	Between 3 and 12 months	Over 1 year	No interest rate risk
31st December 2019						
Financial assets						
Cash and current accounts	1.291.803	1.287.568	-	-	-	4.235
Bank deposits	97.167.141	97.115.086	-	-	-	52.055
Financial assets at fair value through profit or loss	389.164.163	-	-	-	-	389.164.163
Financial assets at fair value through other comprehensive income	1.830.970.481	-	-	-	-	1.830.970.481
Bonds at amortized cost	24.530.592	7.998.713	-	44.533	16.487.346	-
Bonds at fair value through other comprehensive income	3.942.270	-	-	23.244	3.919.026	-
Other financial assets at amortized cost	3.809.574	-	-	-	-	3.809.574
Total financial assets	**2.350.876.024**	**106.401.367**	**-**	**67.777**	**20.406.372**	**2.224.000.508**
Financial liabilities						
Dividends payable	31.036.100	-	-	-	-	31.036.100
Financial assets at amortized cost	1.016.121	-	-	-	-	1.016.121
Leasing contract liabilities	1.002.104	32.939	66.268	301.743	601.154	-
Total financial liabilities	**33.054.325**	**32.939**	**66.268**	**301.743**	**601.154**	**32.052.221**

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

In LEI	**Net value on 31st December 2018**	**under 1 month**	**between 1 and 3 months**	**Between 3 and 12 months**	**Over one 1 year**	**No interest rate risk**
31st December 2018						
Financial assets						
Cash and current accounts	278.239	275.536	-	-	-	2.703
Bank deposits	74.536.926	74.484.917	-	-	-	52.009
Financial assets at fair value through profit or loss	341.800.429		-	-	-	341.800.429
Financial assets measured at fair value through other comprehensive income	1.441.126.064		-	-	-	1.441.126.064
Bonds at amortized cost	7.821.978	7.727.238		94.740	0	-
Other financial assets at amortized cost	8.556.152		-	-	-	8.556.152
Total financial assets	**1.874.119.788**	**82.487.691**	**-**	**94.740**	**0**	**1.791.537.357**
Financial liabilities						
Dividends payable	34.768.768	-	-	-	-	34.768.768
Financial liabilities at amortized cost	12.140.530	-	-	-	-	12.140.530
Total financial liabilities	**46.909.298**	**-**	**-**	**-**	**-**	**46.909.298**

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(ii) Interest risk (continued)

The impact on the Company's net profit of a ± 100 bp modification of the interest rate for assets and liabilities bearing variable interest and expressed in other currencies, corroborated with a ± 500 bp modification of the interest rate corresponding to assets and liabilities bearing variable interest and expressed in lei is 789.176 lei (31st December 2018: ± 68.888 lei).

(iii) Currency risk

The Currency risk is the risk of registering losses or failing to achieve estimated profit following the adverse movements in the exchange rate.

Most of the Company's financial assets and financial liabilities are expressed in national currency and therefore exchange rate fluctuations do not significantly affect the Company's activity and results. Exposure to movements in the exchange rate is mainly due to current accounts and bank deposits, corporate bonds, shares and leasing contracts in currency.

The assets expressed in lei and in other currencies on 31st December 2019 and 31st December 2018 are presented in the tables below:

In LEI **31st December 2019**	**Net value on 31st December 2019**	**RON**	**EUR**	**USD**
Cash and current accounts	1.291.803	1.216.527	64.495	10.781
Bank deposits	97.167.141	95.439.407	1.727.734	-
Financial assets at fair value through profit or loss	389.164.163	387.362.944	1.801.219	-
Financial assets measured at fair value through other comprehensive income	1.830.970.481	1.830.970.481	-	-
Bonds at amortized cost	24.530.592	16.619.701	7.910.891	-
Bonds at fair value through other comprehensive income	3.942.270	-	3.942.270	-
Other assets at amortized cost	3.809.574	3.809.574	-	-
Total financial assets	**2.350.876.024**	**2.335.418.634**	**15.446.609**	**10.781**
Financial liabilities				
Dividends to pay	31.036.100	31.036.100	-	-
Financial liabilities at amortized cost	1.016.121	664.742	351.379	-
Leasing contracts liabilities	1.002.104		1.002.104	
Total financial liabilities	**33.054.325**	**31.700.842**	**1.353.483**	**-**

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

In LEI **31st December 2018**	**Net value on 31st December 2018**	**LEI**	**EUR**	**USD**
Financial assets				
Cash and current accounts	278.239	204.775	46.702	26.762
Bank deposits	74.536.926	73.307.983	1.228.943	-
Financial assets at fair value through profit or loss	341.800.429	340.179.852	1.620.577	-
Financial assets measured at fair value through other comprehensive income	1.441.126.064	1.441.126.064	-	-
Bonds at amortized cost	7.821.978	94.740	7.727.238	
Other financial assets at amortized cost	8.556.152	8.556.152	-	-
Total financial assets	**1.874.119.788**	**1.863.469.565**	**10.623.460**	**26.762**
Financial liabilities				
			-	-
Dividends payable	34.768.768	34.768.768		
Financial liabilities at amortized cost	12.140.530	12.140.530	-	-
Total financial liabilities	**46.909.298**	**46.909.298**	**-**	**-**

The impact on the Company's net profit of a ± 15% modification of the Lei/EUR exchange rate, corroborated with a modification of ± 15 of Leu/USD exchange rate, on 31st December 2019, all other variables remaining the same is 1.777.092 lei (31st December 2018: de ± 1.308.756 lei).

(b) Credit risk

The Company is exposed to credit risk related to financial instruments arising from the possible failure of a third party to pay its obligations towards the Company. The Company is exposed to credit risk following the investments made in bank deposits and bonds issued by municipalities or companies, current accounts and other receivables.

On 31st December 2019 and 31st December 2018, the Company did not hold any collateral as insurance, or credit risk enhancements. On 31st December 2019 and 31st December 2018, the Company did not register outstanding financial assets, apart from certain trade receivables or various debtors' balances, that were considered impaired.

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(b) Credit risk

The maximum credit risk exposure of the Company is 130.737.146 lei on 31st December 2019 and 91.190.592 lei on 31st December 2018, and can be analyzed as follows:

Exposures from current accounts and bank deposits

In LEI	**Rating**	**31st December 2019**	**31st December 2018**
CEC Bank	Fitch: BBB- (assimilated to sovereign rating)	48.742.263	99
BRD - Group Societe Generale	Fitch: BBB+	24.041.924	11.041.535
EximBank	Fitch: BBB- (assimilated to sovereign rating)	22.733.648	13.353
Banca Transilvania	Fitch: BB+	2.866.818	26.829.251
UniCredit Bank	Fitch: BBB-	587	36.856.895
Other commercial banks	no rating	69.470	71.329
Total availabilities with banks		**98.454.710**	**74.812.462**
Cash		4.235	2.703
Total cash, accounts and bank deposits		**98.458.945**	**74.815.165**

The average annual interest rate for 2019 for bank deposits has been of 2,67% (2018: 2,46%).

Exposures from bonds at amortized cost

In LEI	**Rating**	**31st December 2019**	**31st December 2018**
Străulești Lac Alfa bonds	No rating	16.536.901	-
Banca Transilvania bonds	Fitch: BB+	7.910.891	7.727.238
Bacău municipal bonds	Fitch: BBB- (assimilated to sovereign rating)	82.800	94.740
Total		**24.530.592**	**7.821.978**

Bacau municipal bonds are denominated in lei, have final maturity on 31st October 2026 and the interest rate is the average of 6 months ROBID and 6 months ROBOR reference rates, plus a 0,85% margin.

Banca Transilvania bonds are denominated in EUR, have their maturity on 22nd May 2020 and reference interest rate 6M EURIBOR, plus 6,25% margin.

Străulești Lac Alfa bonds are denominated in Lei, their maturity is on 9th December 2022 and fixed interest rate (coupon) 8% per year.

4. MANAGEMENT OF SIGNIFICANT RISKS *(continued)*

(b) Credit risk *(continued)*

Exposures from bonds at fair value through other comprehensive income

In LEI	**31st December 2019**	**31st December 2018**
Autonom Service bonds	3.942.270	-
Total	**3.942.270**	**-**

Autonom Service bonds are denominated in EURO, their maturity is on 12th November 2024 and fixed interest rate (coupon) of 4,45% per year.

Autonom Service company has no rating issued by a rating agency.

Financial assets of amortized cost

In LEI	**31st December 2019**	**31st December 2018**
AAAS Receivables	54.982.151	54.952.728
BRD – transactions under settlement	2.664.989	-
Advances from the Central Depositary for dividends payments to the shareholders	872.393	645.912
Minerva S.A.	-	3.870.192
Ministry of Finance – litigious rights	-	2.415.314
Other financial assets at amortized cost	1.042.245	2.399.335
Obsolesce allowance	(55.752.204)	(55.727.329)
	3.809.574	**8.556.152**

Other assets at amortized cost mainly include trade receivables, various debtors and supplier advances.

Obsolescence allowance for depreciation correspond to the receivables on The Authority for State Assets Management ("AAAS") from litigations won definitively, that cover them in full, and part of trade receivables.

(c) Liquidity risk

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

The Company's financial instruments may include investments in shares not traded on an organized market that might consequently have low liquidity.

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(c) Liquidity risk (continued)

The structure of the Company's assets and liabilities has been analyzed based on the remaining period of time from the balance date until the contract maturity date, for both the financial year concluded on 31st December 2019 and the financial year concluded on 31st December 2018, as follows:

In LEI	**Carrying value**	**Under 3 months**	**Between 3 and 12 months**	**Over 1 year**	**No pre-set maturity**
31st December 2019					
Financial assets					
Cash and current accounts	1.291.803	1.291.803	-	-	-
Bank deposits	97.167.141	97.115.086	-	-	52.055
Financial assets at fair value through profit or loss	389.164.163	-	-	-	389.164.163
Financial assets evaluated at fair value through other comprehensive income	1.830.970.481	-	-	-	1.830.970.481
Bonds at amortized cost	24.530.592	-	8.043.246	16.487.346	-
Bonds at fair value through other comprehensive income	3.942.270	-	23.244	3.919.026	-
Other financial assets at amortized cost	3.809.574	3.636.523	122.581	-	50.470
Total financial assets	**2.350.876.024**	**102.043.412**	**8.189.070**	**20.406.372**	**2.220.237.170**
Financial liabilities					
Dividends to pay	31.036.100	31.036.100	-	-	-
Financial liabilities at amortized cost	1.016.121	1.016.121	-	-	-
Leasing contract liabilities	1.002.104	99.207	301.743	601.154	-
Total financial liabilities	**33.054.325**	**32.151.428**	**301.743**	**601.154**	**-**
Net financial assets	**2.317.821.699**	**69.891.984**	**7.887.327**	**19.805.218**	**2.220.237.170**

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(c) Liquidity risk (continued)

In LEI	Carrying 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	278.239	278.239	-	-	-
Bank deposits	74.536.926	74.484.917	-	-	52.009
Financial assets at fair value through profit or loss	341.800.429	-	-	-	341.800.429
Financial assets measured at fair value through other comprehensive income	1.441.126.064	-	-	-	1.441.126.064
Bonds at amortized cost	7.821.978	215.781	8.820	7.597.377	-
Other financial assets at amortized cost	8.556.152	8.430.649	68.053	-	57.450
Total financial assets	**1.874.119.788**	**83.409.586**	**76.873**	**7.597.377**	**1.783.035.952**
Financial liabilities					
Dividends payable	34.768.768	34.768.768	-	-	-
Financial liabilities at amortized cost	12.140.530	12.140.530	-	-	-
Total financial liabilities	**46.909.298**	**46.909.298**	**-**	**-**	**-**
Net financial assets	**1.827.210.490**	**36.500.288**	**76.873**	**7.597.377**	**1.783.035.952**

4. MANAGEMENT OF SIGNIFICANT RISKS (continued)

(d) Taxation risk

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

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

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

The management of the Company considers it has correctly calculated and registered taxes, levies and other liabilities towards the state. Nevertheless, there is a risk that authorities might have a different position than that of the Company.

Starting on 1st January 2007, following Romania's entering the European Union, the Company was subjected to the tax regulations of the European Union and implemented the changes brought by the European legislation.

The latest control of the Ministry of Public Finance, the Company was subjected to, covered the period up to January 1, 2010. Therefore, the Company's tax liabilities following this date may be the subject of ulterior verifications, provided that they are not yet outdated.

(e) Capital adequacy

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

The Company's equity includes various types of reserves and retained earnings. Equity was 2.197.483.849 lei on 31st December 2019 (31st December 2018: 1.762.409.825 lei).

The Company is not object of legal requirements regarding capital adequacy.

5. FINANCIAL ASSETS AND LIABILITIES

The table below summarizes the carrying values and fair values of the Company's financial assets and liabilities on 31st December 2019:

In LEI	**Financial assets at fair value through profit or loss, on initial recognition**	**Financial assets at fair value through other comprehensive income**	**Amortized cost**	**Total carrying value**	**Fair value**
Cash and current accounts	-	-	1.291.803	1.291.803	1.291.803
Bank deposits	-	-	97.167.141	97.167.141	97.167.141
Financial assets at fair value through profit or loss	389.164.163	-	-	389.164.163	389.164.163
Financial assets at fair value through other comprehensive income	-	1.830.970.481	-	1.830.970.481	1.830.970.481
Bonds at amortized cost	-	-	24.530.592	24.530.592	24.530.592
Bonds at fair value through other comprehensive income	-	3.942.270	-	3.942.270	3.942.270
Other financial assets at amortized cost	-	-	3.809.574	3.809.574	3.809.574
Total financial assets	**389.164.163**	**1.834.912.751**	**126.799.110**	**2.350.876.024**	**2.350.876.024**
Dividends payable	-	-	31.036.100	31.036.100	31.036.100
Financial liabilities at amortized cost	-	-	1.016.121	1.016.121	1.016.121
Leasing contract liabilities			1.002.104	1.002.104	1.002.104
Total financial liabilities	**-**	**-**	**33.054.325**	**33.054.325**	**33.054.325**

For financial assets and financial liabilities at amortized cost, there are no differences between fair value and carrying value, since these are current assets/liabilities. For bonds at amortized cost, the Company has analyzed the fair value of bonds on 31st December 2019 and concluded there are no significant differences between fair value and amortized cost, and no impairment indexes.

5. FINANCIAL ASSETS AND LIABILITIES (continued)

The table below summarizes the carrying values and fair values of the Company's financial assets and liabilities on 31st December 2018:

In LEI	**Financial assets at fair value through profit or loss, on initial recognition**	**Financial assets at fair value through other comprehensive income**	**Amortized cost**	**Total carrying value**	**Fair value**
Cash and current accounts	-	-	278.239	278.239	278.239
Bank deposits	-	-	74.536.926	74.536.926	74.536.926
Financial assets at fair value through profit or loss	341.800.429	-	-	341.800.429	341.800.429
Financial assets at fair value through other comprehensive income	-	1.441.126.064	-	1.441.126.064	1.441.126.064
Bonds at amortized cost	-	-	7.821.978	7.821.978	7.821.978
Other financial assets at amortized cost	-	-	8.556.152	8.556.152	8.556.152
Total financial assets	**341.800.429**	**1.441.126.064**	**91.193.295**	**1.874.119.788**	**1.874.119.788**
Dividends to pay	-	-	34.768.768	34.768.768	34.768.768
Financial liabilities at amortized cost	-	-	12.140.530	12.140.530	12.140.530
Total financial liabilities	**-**	**-**	**46.909.298**	**46.909.298**	**46.909.298**

6. GROSS DIVIDEND REVENUE

In LEI	**2019**	**2018**
Banca Transilvania	58.847.201	42.777.002
SNGN ROMGAZ SA	13.658.426	21.349.934
OMV Petrom	10.416.846	9.807.338
SNTGN Transgaz	6.138.228	12.771.926
Regal	2.656.694	2.125.079
Aerostar	2.475.348	2.154.469
Alro	1.525.200	-
SIF Transilvania	1.316.206	1.087.774
Bursa de Valori Bucuresti	392.112	680.847
Other	241.576	299.558
Biofarm	-	2.540.581
Total	**97.667.837**	**95.594.508**

Dividend revenue is registered at gross value. Dividend tax rates for the period concluded on 31st December 2019 have been of 5% or 0% (2018: 5% or 0%). Dividend tax exemption is applied in case the Group's holding percentage has been more than 10% of the share capital of the company distributing the dividends, for an uninterrupted period of at least one year before distribution.

In 2019, the value of gross dividends distributed by the companies for which holdings were classified as financial assets at fair value through other comprehensive income has been 94.581.531 lei (2018: 90.221.751 lei).

7. INTEREST REVENUE

In LEI	**2019**	**2018**
Interest revenue relating to bank deposits and current accounts	3.687.443	1.969.289
Interest revenue relating to bonds at amortized cost	511.056	458.086
Interest revenue relating to bonds at fair value through other comprehensive income	23.244	-
Total	**4.221.743**	**2.427.375**

8. OTHER OPERATIONAL REVENUE

In LEI	**2019**	**2018**
Revenue from rents	801.406	783.096
Revenue from recovered receivables	105.042	693.519
Revenue from the transfer of litigious rights (Textila Oltul compensation title) Ministry of Finance	868.277	2.849.456
Net gain from exchange rate differences	315.183	506.036
Other revenue from operations	147.303	16.515
Total	**2.237.211**	**4.848.622**

9. NET GAIN FROM THE SALE OF NON-FINANCIAL ASSETS

In LEI	**2019**	**2018**
Net gain / (net loss) from the sale of investment property	-	-
(Net loss)/ Net gain from the sale of property, plant and equipment	-	256.705
Total	**-**	**256.705**

10. NET GAIN / (NET LOSS) FROM ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In LEI	**2019**	**2018**
Net gain / (Net loss) from the revaluation of financial assets at fair value through profit or loss	78.154.485	(16.338.454)
Net gain from the sale of financial assets at fair value through profit or loss	1.027.928	137.691
Total	**79.182.413**	**(16.200.763)**

Unrealized net gain, of 78.154.485 lei (2018: unrealized net loss 16.338.454 lei) represents the difference from the revaluation at fair value of shares and fund units held at fair value through profit or loss. In the current period, the unrealized net gain was mainly generated by the fair value modification, that is the increase of fund units interest, and in the previous year the unrealized net loss was mainly generated by the fair value modification, that is the decrease of fund units interest.

11. (LOSSES) / LOSS REVERSAL FROM ASSETS IMPAIRMENT

In LEI	**2019**	**2018**
(Losses) / loss reversal expected related to financial assets	(274.346)	-
(Losses)/loss reversal related to the impairment of other assets	24.767	1.533.626
Total	**(249.579)**	**1.533.626**

12. EXPENSES WITH WAGES, ALLOWANCES AND OTHER SIMILAR EXPENSES

Expenses with wages, allowances, contributions and other similar expenses include expenses with the wages, allowances, contributions and other benefits, as well as corresponding contributions of the employees, members of the Board of Directors and Management Committee.

In LEI	**2019**		**2018**	
	No. of beneficiaries	**Value**	**No. of beneficiaries**	**Value**
Fixed remuneration				
Management Committee	2	3.067.188	2	2.546.652
Board of Directors	5	7.914.372	5	6.864.888
Employees	34	4.559.268	33	4.701.937
Total fixed remunerations		**15.540.828**		**14.113.477**
Variable remunerations				
Board of Directors and Management Committee				
Profit-sharing for the current year	5	-	5	492.738
Bonuses for the current year	5	83.922	5	146.709
Share assignment through SOP program	7	10.598.865	7	4.535.202
Total		***10.682.787***		***5.174.649***
Employees				
Profit-sharing for the current year	33	808.934	33	907.923
Bonuses for the current year	33	154.955	33	201.760
Share assignment through SOP program	33	2.478.781	33	2.497.187
Total		***3.442.670***		***3.606.870***
Total variable remunerations		**14.125.457**		**8.781.519**
Social contributions and similar		**269.680**		**418.355**
Total wages, indemnities, contributions and similar expenses		**29.935.965**		**23.313.351**

12. EXPENSES WITH WAGES, ALLOWANCES AND OTHER SIMILAR EXPENSES (continued)

The money rights of directors are approved by the Board of Directors through the management contracts.

The average number of employees for the period concluded on 31st December 2019 has been 34 (31st December 2018:35).

13. OTHER OPERATIONAL EXPENSES

In LEI	**2019**	**2018**
Commission expenses	3.511.912	3.659.720
Expenses with outsourced services	2.876.314	3.228.742
Expenses with the amortization of tangible and intangible assets	559.272	749.251
Expenses with the amortization of assets related to the ownership right in leasing contracts	405.757	-
Audit and consultancy services provided by the statutory auditor	442.478	458.308
Protocol. advertising and publicity expenses	302.632	316.616
Sponsorship and patronage expenses	755.236	441.412
Other operating expenses	1.061.646	1.160.115
Total	**9.915.247**	**10.014.164**

Expenses with commissions and fees include mainly the commission related to net asset owed to FSA, commissions for equity transactions on the regulated market, commissions owed to the depository bank, for register services of the Central Depositary owed by the Company, as well as legal assistance fee and other fees for consultancy.

Expenses with outsourced services are mainly the cost of portfolio management services, title sale mandate services, rents, insurance, asset valuation services and services of the management of property owned by the Company.

Other operational expenses include expenses for travels, post and telecommunication, maintenance and repairs, utilities, fuel, materials and inventory objects, other taxes and expenses.

In 2019, the audit fees for the Company's financial statements included in the Audit and Consultancy Services provided by the statutory auditor have been of 332.436 lei (2018: 176.123 lei).

In 2019, expenses related to leasing short-term leasing contracts have been of 1,190 lei.

14. PROFIT TAX

In LEI	**2019**	**2018**
Current profit tax		
Current profit tax (16%)	11.127.887	1.296.210
Dividend tax (5%)	4.620.015	4.436.996
	15.747.902	**5.733.206**
Deferred profit tax		
Financial assets	-	(987.086)
Investment property and property, plant and equipment	448.724	-
Liabilities related to profit-share and other benefits	2.190.888	226.490
Provisions for risks and expenses	245.034	-
	2.884.646	**(760.596)**
Total	**18.632.548**	**4.972.610**

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

In LEI	**2019**	**2018**
Profit before taxation	146.002.175	55.132.559
Tax in compliance with statutory taxation rate of 16% (2018: 16%)	23.360.348	8.821.209
The effect on profit tax of:		
Non-deductible expenses	7.266.050	13.928.929
Non-taxable income	(18.757.673)	(21.356.235)
Registration/ (reversal) of time differences	2.884.646	(760.596)
Other elements	(740.838)	(97.693)
Dividend tax (5%)	4.620.015	4.436.996
Profit tax	**18.632.548**	**4.972.610**

The actual profit tax rate on 31st December 2019 is 13% (31st December 2018: 9%).
On calculating tax result, the management and administration expenses, as well as other expenses are taken into consideration, proportional to the weight of non-taxable income in total income registered by the Company.

The main non-taxable income are dividend income and income from the differences from the revaluation of financial assets at fair value through profit or loss (holdings over 10%), and in case of non-deductible expenses we include the expenses regarding the benefit plan, expenses from differences from the revaluation of financial assets at fair value through profit or loss (holdings over 10%) as well as expenses proportionally assigned to non-taxable income.

15. CASH AND CURRENT ACCOUNTS

In LEI	**31st December 2019**	**31st December 2018**
Cash	4.235	2.703
Current accounts	1.287.574	275.536
Cash and current accounts- gross value	**1.291.809**	**278.239**
Expected credit loss related to current accounts	(5)	**-**
Total cash and current accounts	**1.291.803**	**278.239**

The current accounts are constantly at the Company's disposal. All current accounts of the Company are classified as Stage 1.

16. BANK DEPOSITS

In LEI	**31st December 2019**	**31st December 2018**
Fixed-term deposits	96.907.065	74.365.922
Attached receivables	209.391	118.995
Collateral deposits (guarantees)	52.055	52.009
Total bank deposits – gross value	**97.168.511**	**74.536.926**
Expected credit loss	(1.370)	**-**
Total bank deposits	**97.167.141**	**74.536.926**

The bank deposits are constantly at the Company's disposal and are not restricted.
All bank deposits of the Company are classified in Stage 1.

17. FINANCIAL ASSETS

a) Financial assets at fair value through profit or loss

In LEI	**31st December 2019**	**31st December 2018**
Fund units	296.205.018	212.732.309
Shares	92.959.145	129.068.120
Total	**389.164.163**	**341.800.429**

17. FINANCIAL ASSETS (continued)

b) Financial assets designated at fair value through other comprehensive income

In LEI	**31st December 2019**	**31st December 2018**
Shares valuated at fair value	1.830.970.481	1.441.126.064
Total	**1.830.970.481**	**1.441.126.064**

On 31st December 2019 and 31st December 2018, the category of shares valuated at fair value through other comprehensive income mainly include shares held in Banca Transilvania, SNGN Romgaz, Aerostar, SNTGN Transgaz.

The Company has used its irrevocable option to assign these equity instruments at fair value through other comprehensive income since these financial assets are held both for dividedn collection and gain from their sale, and not for trading.

The movement of financial assets in the period concluded on 31st December 2019 and 31st December 2018 is presented in the table below:

17. FINANCIAL ASSETS (continued)

b) Financial assets designated at fair value through other comprehensive income (continued)

In LEI	**Shares valuated at fair value through other comprehensive income**	**Fund units/debt instruments**	**Total**	**Financial assets valuated at fair value through profit or loss**
01st January 2018	**1.466.185.026**	**145.637.511**	**1.611.822.537**	**204.732.623**
Transfer from shares valuated at fair value through other comprehensive income (**FSA** as per IAS 39) to shares at fair value through profit or loss (**FVTPL** - IFRS 9)	(121.906.549)	(145.637.510)	(267.544.060)	267.544.060
Transfer from shares valuated at fair value through profit or loss (***HFT*** as per IAS 39) to shares valuated at fair value through other comprehensive income (***FVTOCI - IFRS 9)***	178.961.930	-	178.961.930	(178.961.930)
Sales during the period	(223.608.472)	-	(223.608.472)	(34.055.942)
Purchases during the period	123.806.476	-	123.806.476	98.742.380
Fair value modification	17.687.654	-	17.687.654	(16.338.454)
(Loss)/gain from FVTPL share	-	-	-	137.691
31st December 2018	**1.441.126.064**	**-**	**1.441.126.064**	**341.800.429**
Sales during the period	(213.798.759)	-	(213.798.759)	(44.361.330)
Purchases during the period	198.713.219	-	198.713.219	12.542.651
Fair value modification	404.929.957	-	404.929.957	78.154.485
Gain from FVTPL sale	-	-	-	1.027.928
31st December 2019	**1.830.970.481**	**-**	**1.830.970.481**	**389.164.163**

17. FINANCIAL ASSETS (continued)

c) *Bonds at amortized cost*

In LEI	**31st December 2019**	**31st December 2018**
Corporate bonds	24.660.386	7.727.238
Municipal bonds	82.860	94.740
Total bonds at amortized cost – gross value	**24.743.246**	**7.821.978**
Expected credit loss	(212.654)	-
Total bonds at amortized cost	**24.530.592**	**7.821.978**
Corporate bonds	3.942.270	-
Total bonds at fair value through other comprehensive income	**3.942.270**	**-**

On 31st December 2019, the bonds at amortized cost category included bonds issued by Bacau Town Hall and those issued by Banca Transilvania and Lac Alfa.

On 31st December 2019, the bonds at fair value through other comprehensive income issued by Autonom Service SA, held by the Company in a business model is to keep financial assets to collect contractual cash flows and to sell them. Autonom Service bonds are not listed on Bucharest Stock Exchange.

On 31st December 2018 the bods at amortized cost category included bonds issued by Bacau Town Hall and those issued by Banca Transilvania.

All bonds of the Company as classified in stage 1.

d) Fair value hierarchy

The table below analysis the financial instruments designated at fair value depending on the valuation method. Fair value levels depending on the entry data in the valuation model have been defined as follows:

- Level 1: listed prices (not adjusted) on active markets for identical assets or liabilities;
- Level 2: entries, other than the 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 observable inputs from the market (non-observable entries).

17. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

31st December 2019

In LEI	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	307.695.023	-	81.469.140	389.164.163
Financial assets designated at fair value through other comprehensive income	1.600.698.882	-	230.271.599	1.830.970.481
Bonds at fair value through other comprehensive income	3.942.270	-	-	3.942.270
Total	**1.912.336.175**	**-**	**311.740.739**	**2.224.076.914**

31st December 2018

In LEI	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	265.299.087	-	76.501.342	341.800.429
Financial assets designated at fair value through other comprehensive income	1.175.414.893	-	265.711.171	1.441.126.064
Total	**1.440.713.981**	**-**	**342.212.513**	**1.782.926.494**

17. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

Modification of level 3 fair value

In LEI

	2019	2018
Balance on 1st January	**342.212.513**	**278.967.562**
Total gain/(loss) recognized in profit or loss	4.925.124	5.706.413
Total gain/(loss) recognized in other comprehensive income	(1.124.910)	14.974.498
Purchases / participation to capital increase	3.898.794	89.124.750
Sales	(3.535.282)	(46.630.569)
Transfers	(34.635.500)	69.860
Balance on 31st December	**311.740.739**	**342.212.513**

During 2019, the Company transferred shares in Mecanica Ceahlău from Level 3 to Level 1, since the market of these BVB listed shares has become active this year.

On 31st December 2019 the company classified in level 1 titles valuated on the base of BVB market close prices on the last trading date. This evaluation level includes fund units measured based on the unitary value of net asset, certified by the depositaries of those funds.

Level 3 classified holdings have been evaluated by independent assessors, based on the financial information supplied by departments with monitoring functions, using valuation techniques that maximize the use of relevant observable inputs and minimizes the use of unobservable inputs, under the supervision and revision of management, making sure that the data that lays at the base of the valuation report are accurate and proper.

17. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

Financial assets	Fair value on 31st December 2019	Valuation technique	Unobservable inputs, value intervals	Relationship between unobservable inputs and fair value
listed minority interest, without and active market	4.598.764	Market approach, comparable companies' method	Invested capital/ turnover multiple: 0,9 Invested capital/EBITDA multiple: 6,6 Lack of liquidity discount: 18%	The lower the enterprise value to sales ratio, the lower the fair value. The lower the EV/EBITDA, the lower the fair value. The lower the lack of liquidity discount, the higher the fair value.
Unlisted minority interest	14.066.578	Market approach, comparable companies' method	Invested capital/ turnover multiple: 0,9 Invested capital/EBITDA multiple: 7,6 Equity value/carrying value multiple: 1 Lack of liquidity discount: 11,5%	The lower the EV/Sales multiple, the lower the fair value. The lower the EV/EBITDA multiple, the lower the fair value. In the balance, the carrying value is identified through equity. The lower the price/carrying value ratio, the lower the fair value. The lower the lack of liquidity discount, the higher the fair value.
Unlisted majority interest	42.111.642	Income approach – discounted cash-flow method	Weighted average cost of capital: 8,5% Lack of liquidity discount: 21,8%.	The lower the weighted average cost of capital, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value
listed minority interest, without active market	3.819.942	Income approach – discounted cash-flow method	Weighted average cost of capital: 9,9% Constant long-term revenue increase rate: 2% Lack of control discount: 9,9%	The lower the weighted average cost of capital, the higher the fair value. The higher the long-term revenue increase rate, the higher the fair value. The lower the lack of control discount, the higher the fair value.
Unlisted minority interest	2.526.593	Income approach – discounted cash-flow method	Weighted average cost of capital: 12% Constant long-term revenue increase rate: 2,5% Lack of control discount: 11,9% Lack of liquidity discount: 13,7%	The lower the weighted average cost of capital, the higher the fair value. The higher the long-term revenue increase rate, the higher 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.

17. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

Financial Assets	Fair value on 31st December 2019	Valuation technique	Unobservable inputs, value intervals	Relationship between unobservable inputs and fair value
unlisted majority interest (holding type)	119.975.791	Assets approach - asset accumulation method or adjusted net asset method	Market value of equity reported to their carrying value: 0,9 Lack of liquidity discount: 9,6%	In the balance, the carrying value is identified through equity. The lower the resulted ratio, the lower the fair value. The lower the lack of liquidity discount, the higher the fair value.
Listed majority interest without active market (holding, start-up type) minority unlisted	11.616.525	Assets approach - asset accumulation method or adjusted net asset method	Market value of equity reported to their carrying value: 2	In the balance, the carrying value is identified through equity. The lower the resulted ratio, the lower the fair value.
Listed minority interest, without active market (holding-type)	75.958.616	Assets approach - asset accumulation method or adjusted net asset method	Market value of equity reported to their carrying value: 1,2 Lack of control discount: 12,7% Lack of liquidity discount: 17,1%	In the balance, the carrying value is identified through equity. The lower the resulted ratio, 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 interest (including holding-type)	37.066.287	Assets approach - asset accumulation method or adjusted net asset method	Market value of equity, reported to their carrying value: 1 Lack of control discount: 21,9% Lack of liquidity discount: 9,6%	In the balance, the carrying value is identified through equity. The lower the resulted ratio, 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.
Total	**311.740.739**			

17. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

Financial assets	Fair value on 31st December 2018	Valuation technique	Unobservable inputs, value intervals	Relationship between unobservable inputs and fair value
unlisted minority interest	5.182.589	The market approach, comparable companies' method (based on EV/EBITDA multiple)	EV/EBITDA discount: 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 interest	2.886.900	Market approach, comparable companies method (based on equity/ unitary carrying value)	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, illiquid minority interest	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/CA multiple, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value.
listed illiquid minority interest	1.850.000	Market approach, comparable companies method (based on equity/net profit multiple)	Price/ net profit multiple: 7,5 Lack of control 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, illiquid minority interest	345.100	Market approach, comparable companies method based on equity/equity multiple)	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.
Unlisted majority interest	34.872.349	Revenue approach – discounted cash-flow method	Weighted average cost of capital: 9,4% Lack of liquidity discount: 20,7% Long-term revenue increase rate: 0,6%	The lower the weighted average cost of capital, the higher the fair value. The lower the lack of liquidity discount, the higher the fair value. The higher the long-term revenue increase rate, the higher the fair value.

17. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

Financial assets	Fair value on 31st December 2018	Valuation technique	Unobservable inputs, value intervals	Relationship between unobservable inputs and fair value
Unlisted minority interest	10.276.921	Income approach, discounted 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 income interest rate, the higher the fair value.
Listed illiquid majority interest	34.635.500	Income approach, discounted cash flow method	Weighted average cost of capital: 12,8%	The lower the weighted average cost of capital, the higher the fair value.
			Lack of liquidity discount: 16,6%	The lower the lack of liquidity discount, the higher the fair value.
			Long-term revenue increase rate: 3%	The higher the long-term income increase rate, the higher the fair value.
Listed illiquid minority interest	71.799.078	Income approach, discounted 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%; Lack of liquidity discount: 10%-16,6%	The lower the lack of control discount, the higher the fair value.
				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 income interest rate, the higher the fair value.

17. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

Financial assets	Fair value on 31st December 2018	Valuation technique	Unobservable inputs, value intervals	Relationship between unobservable inputs and fair value
listed illiquid majority interest (holding type or which intend to liquidize a significant percentage of real property assets)	12.578.390	Assets approach - asset accumulation method or Adjusted Net Asset Method	Market value of equity reported to their carrying value: 4	In the balance, the carrying value is identified through equity. The lower the resulted price/carrying value, the lower the fair value.
			Lack of liquidity discount: 9,6%	The lower the lack of liquidity discount, the higher the fair value.
listed illiquid minority interest (holding type or which intend to liquidize a significant percentage of real property assets)	1.808.378	Assets approach - asset accumulation method or Adjusted Net Asset Method	Market value of equity reported to their carrying value: 0,5-0,85	In the balance, the carrying value is identified through equity. The lower the resulted price/carrying 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.
unlisted illiquid majority interest (holding type or which intend to liquidize a significant percentage of real property assets)	148.050.888	Assets approach - asset accumulation method or Adjusted Net Asset Method	Market value of equity reported to their carrying value: 0,7-1	In the balance, the carrying value is identified through equity. The lower the resulted price/carrying value, the lower the fair value
			Lack of liquidity discount: 0%-24,4%.	The lower the lack of liquidity discount, the higher the fair value.
unlisted illiquid minority interest (holding type or which intend to liquidize a significant percentage of real property assets)	5.588.747	Assets approach - asset accumulation method or Adjusted Net Asset Method	Market value of equity reported to their carrying value: 0,5-5,7	In the balance, the carrying value is identified through equity. The lower the resulted price/carrying 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.
			Lack of liquidity discount: 9,6%-15%.	The lower the lack of liquidity discount, the higher the fair value.
unlisted minority interest	1.287	Cost	The fair values of these interests have been considered to be those previously used due to the information and limitations identified in the valuation on the grounds of constant historic losses.	
Total	**342.212.513**			

17. Financial assets (continued)

Sensitivity analysis

Although the Company thinks that fair value estimates are adequate, the use of other methods and hypothesis could lead to different fair value values. For the fair values recognized following the use of a significant number of unobservable inputs (Level 3), the modification of one or more hypothesis would influence profit or loss and other comprehensive income elements on 31st December 2019, as follows:

Modified hypothesis *(Lei)*	**Impact on profit or loss (before taxation)**	**Impact on other comprehensive income (before taxation)**
WACC increase by 50 bps	-	(549.082)
WACC decrease by 50 bps	-	591,168
Increase of the perpetuity increase rate by 25 bps	-	130.909
Decrease of the perpetuity increase rate by 25 bps	-	(122.909)
10 % increase of (EBITDA, CA, P/E multiples	180.122	1.681.982
Decreasing multiples (EBITDA, CA, P/E) cu 10%	(180.122)	(1.681.982)

The main unobservable inputs are:

Income multiple: this is an instrument used to evaluate 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 an ownership interest, 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 valuators 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/ Carrying 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 requires 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's 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.

17. FINANCIAL ASSETS (continued)

d) Fair value hierarchy (continued)

Lack of control discount represents the discount applied to reflect the absence of control and it is used in the discounted cash flow method, in order to determine the value of the minority ownership interest in the capital of the valuated 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 valuation 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 concerning liquidity and factors that are specific for the evaluated company.

In case of ownership interests that are part of holding-type companies, we have used the adjusted net asset method, namely accounting net asset following subsequent valuations where the revenue method was applied.

e) Reserve from the revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax

	2019	2018
On 1st January	**524.449.576**	**657.887.603**
Total net impact on reserve of the adoption of IFRS 9	**-**	**(103.082.151)**
Gross gain from the revaluation of financial assets valuated at fair value through other comprehensive income	405.085.859	16.305.272
Deferred tax related to the revaluation of financial assets at fair value through other comprehensive income	(63.489.189)	(3.459.864)
Net gain from the revaluation of financial assets valuated at fair value through other comprehensive income	***341.596.670***	***12.845.408***
Net gain related to the transfer to retained earnings following the sale of financial assets	(70.411.765)	(43.201.285)
On 31st December	**795.634.481**	**524.449.576**

Net gain achieved of 70.411.765 lei, registered in 2019 has been achieved mainly through the sale of Banca Transilvania and OMV Petrom shares.

18. PROPERTY INVESTMENT

In LEI	31st December 2019	31st December 2018
Balance on 1st January	**3.505.273**	**3.505.273**
Fair value modifications	632.131	-
Balance on 31st December	**4.137.404**	**3.505.273**

The valuation at fair value of property investments was made by independent assessors, members of the National Association of Assessors from Romania (ANEVAR).

Fair value hierarchy

Based on the input data used in the valuation technique, the fair value of investment property was classified as level 3 on the fair value hierarchy.

Valuation techniques

The table below presents the valuation techniques used to ascertain the fair value of investment property classified as level 3 in fair value hierarchy.

Valuation techniques	**Input data**	**Connection between input data and fair value measurement**
The valuation model applied in the income approach for the evaluation of full properties (land and buildings) is direct capitalization. The method consists in the division of the stabilized annual income by a corresponding capitalization rate, using the net operating income in conjunction with the net capitalization rate. In order to estimate net operating income, non-recoverable operating expenses for the property were deducted from the gross income. The direct capitalization method has been applied for the purpose of estimating the value of income generating properties, since, in general, this type of property (offices) are rented for the long-term with few variations of the rental level.	Market rent obtainable by an operator of a reasonable efficiency or average-competence management acting in an efficient manner. The percentage of non-recoverable expenses (of the landlord) applied to the effective gross income. Vacancy rate, given the area, location, finishing and equipment (15%). Capitalization rate applied to the net income from operations (7,5%).	Estimated fair value would increase (decrease) in case: Market rent is higher (lower). The ratio of non-recoverable expenses is lower (higher). Non-recovery rate is higher (lower). Capitalization rate is lower (higher).

These valuations are periodically revised by the management of the Companies. The valuation frequency is dictated by the dynamics of the market the investment property held by the Company belong to, so that the fair value of investment property reflects the market conditions on the date of the financial statements.

19. TANGIBLE ASSETS, INTANGIBLE ASSETS AND ASSETS RIGHTS TO USE

Gross carrying value Intangible assets	**1st January 2019**	**Implementation of IFRS 16**	**Increases**	**Reductions/ Reclassifications**	**31st December 2019**
Intangible assets	2.114.849	-	56.723	-	2.171.572
Total	**2.114.849**	**-**	**56.723**	**0**	**2.171.572**
Tangible assets					
Lands	563.193	-	355.648	23.160	895.681
Buildings	8.413.351	-	156.566	1.743.991	6.825.926
Equipment	1.570.874	-	83.556	39.373	1.615.057
Transportation means	697.693	-	-	-	697.693
Other fixed means	146.776	-	5.414	2.588	149.602
Tangible assets in progress	-	-	4.373	3.570	803
Total	**11.391.886**	**-**	**605.557**	**1.812.682**	**10.184.762**
Assets representing leasing contracts right to use		**IFRS 16 implementation**			
Rights to use– transportation means	-	1.088.444	-	103.473	984.970
Rights to use – office spaces	-	368.801	10.645	-	379.446
Total	**-**	**1.457.245**	**10.645**	**103.473**	**1.364.417**

19. TANGIBLE ASSETS, INTANGIBLE ASSETS AND ASSETS RIGHTS TO

USE (*continued)*

Cumulated amortization Intangible assets	1st January 2019	Increases	Reductions	31st December 2019
Intangible assets	2.088.126	25.355	-	2.113.481
Total	**2.088.126**	**25.355**	**-**	**2.113.481**
Intangible assets				
Buildings	796.907	326.890	1.123.797	-
Equipment	1.368.469	121.064	37.777	1.451.756
Transportation means	643.550	54.143	-	697.693
Other fixed means	121.520	9.288	2.588	128.220
Total	**2.930.446**	**511.385**	**1.164.162**	**2.277.670**
Assets representing leasing contracts right to use				
Rights to use– transportation means	-	311.012	15.521	295.491
Rights to use – office spaces	-	94.745	-	94.745
Total	**-**	**405.757**	**15.521**	**390.236**
Net carrying value				
Intangible assets	**26.723**			**58.092**
Tangible assets	**8.461.441**			**7.907.094**
Assets representing leasing contracts rights to use	**-**			**974.181**

19. TANGIBLE ASSETS, INTANGIBLE ASSETS AND ASSETS RIGHTS TO USE *(continued)*

Gross accounting value	1st January 2018	Increases	Reductions/ reclassifications	31st December 2018
Intangible assets				
Intangible assets	2.095.073	19.776	-	2.114.849
Total	**2.095.073**	**19.776**	**-**	**2.114.849**
Property, plant and equipment				
Lands	563.193	-	-	563.193
Constructions	6.506.674	1.906.677	-	8.413.351
Equipment	1.470.040	137.086	36.253	1.570.874
Transportation means	1.411.781	-	714.088	697.693
Other fixed means	148.441	-	1.665	146.776
Tangible assets in progress	1.061.136	845.541	1.906.677	-
Total	**11.161.265**	**2.889.304**	**2.658.683**	**11.391.886**

Cumulated amortization	1st January 2018	Increases	Decreases	31st December 2018
Intangible assets				
Intangible assets	2.073.779	14.347	-	2.088.126
Total	**2.073.779**	**14.347**	**-**	**2.088.126**
Tangible assets				
Constructions	406.463	390.444	-	796.907
Equipment	1.178.256	228.280	38.067	1.368.469
Transportation means	1.252.355	105.282	714.088	643.550
Other fixed means	110.472	12.713	1.665	121.520
Total	**2.947.546**	**736.719**	**753.820**	**2.930.445**

Gross accounting value	**8.235.013**	**8.488.165**
Intangible assets	21.294	**26.723**
Tangible assets	8.213.719	**8.461.441**

19. TANGIBLE ASSETS, INTANGIBLE ASSETS AND ASSETS RIGHTS TO USE (continued)

Impairment losses recognized in profit or loss have been classified as asset amortization and impairment expenses.

In 2019, purchases included mainly IT equipment.

In 2019, the Company has not sold tangible assets but there have been several scrapings.

Fair value measurement

On 31st December 2019 the lands and buildings of the Company were evaluated by independent assessors certified by the National Agency of Authorized Assessors of Romania ("ANEVAR"). The revaluation of lands and buildings on 31st December 2019 has been carried out based on the following methods, abiding by the evaluation principles and techniques included in ANEVAR assets evaluation standards:

- Market comparison method for lands;
- Revenue method, with an average capitalization rate of 8%, corroborated with the cost method for buildings.

Fair value hierarchy

Based on the input data used in the evaluation technique, the fair value of buildings has been classified as level 3 fair value hierarchy.

Valuation techniques

For direct comparisons sales or offers for similar properties as those evaluated were collected, analyzed, compared and adjusted in order to identify the similarities and differences to the characteristics of the evaluated properties. The comparison elements used include ownership right, financing and sale conditions, expenses made right after the purchase, market conditions, physical characteristics, best use and town-planning regulations in force.

The evaluation model applied for the revenue approach to evaluate full properties (lands and buildings) is direct capitalization. The method consists in dividing the annual stabilized income with a proper capitalization rate, using the net revenue from operations, in correlation with the net capitalization rate.

In the cost-based approach we have used the net replacement cost method given the specialized nature of some buildings. Therefore the net replacement cost has been determined based on the price in specialized catalogues, updated with update indexes or based on work estimates. The wear degree has been ascertained taking into consideration the improvements made for finishing and installations, capital repairs and development stages of the building.

Property, plant and equipment, as investment property have been evaluated taking into consideration the best use for these assets. Following the analysis of information regarding the location and characteristics of the properties identified in the market analysis it was ascertained that, in general, the best use is that existent at the evaluation date.

The other property, plant and equipment categories are presented at cost, less cumulated amortization and value impairment adjustment, where necessary.

20. a OTHER FINANCIAL ASSETS AT AMORTISED COST

In LEI	**31st December 2019**	**31st December 2018**
Various debtors	58.788.432	63.588.320
Trade receivables	717.997	689.432
Advances to suppliers	-	-
Total other financial assets - gross value	55.349	5.729
Minus expected credit loss corresponding to other financial assets	(55.752.204)	(55.727.329)
Total other financial assets	**3.809.574**	**8.556.152**

Receivables from various debtors mainly include amounts related to final sentences worth 55.045.411 lei.
For the values for which collection is uncertain, the Company has calculated corresponding expected credit loss adjustments.
Various debtors are divided in stage 1 (current receivables) of 3.670.053 lei and stage 3 (impaired receivables) of 55.118.378 lei.

The Company uses the simplified approach applicable to trade receivable and leasing contract receivables that do not have a significant financing component and eliminates the need to calculate expected losses for credit risk for stage 1 and requires the valuation of the occurrence of a significant credit risk increase.

20. a) OTHER FINANCIAL ASSETS AT AMORTISED COST (continued)

In LEI	**31st December 2019**	**31st December 2018**
Other performing financial assets	3.809.574	8.556.152
Other impaired financial assets	55.752.204	55.727.329
Total other financial assets – gross value	**59.561.778**	**64.283.481**
Adjustments for expected credit loss for other performing financial assets	-	-
Adjustments for expected credit loss for other impaired financial assets	(55.752.204)	(55.727.329)
Total other financial assets	**3.809.574**	**8.556.152**

In LEI	**31st December 2019**		**31st December 2018**	
	Expected credit loss	**Gross value**	**Expected credit loss**	**Gross value**
Outstanding over 365 days	(55.752.204)	55.816.643	(55.727.329)	55.790.200

In LEI	**31st December 2019**		**31st December 2018**	
	Expected credit loss	**Gross value**	**Expected credit loss**	**Gross value**
not outstanding	-	3.745.135	-	8.493.281
Outstanding between 0 and 30 days	-	-	-	-
Outstanding between 31 and 60 days	-	-	-	-
Outstanding between 61 and 90 days	-	-	-	-
Outstanding over 90 days	-	-	-	-
Total	**-**	**3.745.135**	**-**	**8.493.281**

The movement of expected credit loss adjustments for other financial assets at amortized cost can be analyzed as follows:

In LEI	**2019**	**2018**
On 1st January	**(55.727.329)**	**(57.260.955)**
Setup	(29.423)	(567.561)
Reversal	4.548	2.101.187
On 31st December	**(55.752.204)**	**(55.727.329)**

20. b) OTHER ASSETS

In LEI	31st December 2019	31st December 2018
Expenses in advance	166.791	191.615
Materials	2.123	1.237
Total	**168.914**	**192.852**

21. LEASING CONTRACT LIABILITIES

In LEI	31st December 2019	31st December 2018
Gross liabilities related to leasing contracts		
Liabilities related to leasing contracts (between 1 year and 5 years)	623.374	-
Liabilities related to leasing contracts (up to 1 year)	415.350	-
Total gross liabilities	**1.038.724**	**-**
Leasing contract liabilities		
Liabilities related to leasing contracts (between 1 year and 5 years)	601.154	-
Liabilities related to leasing contracts (up to 1 year)	400.950	-
Total	**1.002.104**	**-**

The Company has leasing contracts with transportation means and office areas as main object. On 31st December 2018 future payments resulted from operational leasing contracts have been analyzed from the point of view of residual maturity, as follows:

In LEI	31st December 2018
Gross liabilities related to leasing contracts	
Liabilities related to leasing contracts (between 1 year and 5 years)	446.553
Liabilities related to leasing contracts (up to 1 year).	1.089.626
Total gross liabilities on 31st December 2018	**1.536.179**

22. DIVIDENDS PAYABLE

In LEI	**31st December 2019**	**31st December 2018**
Dividends payable for 2012	641	641
Dividends payable for 2013	985	985
Dividends payable for 2014	162.381	162.380
Dividends payable for 2015	167.094	10.705.771
Dividends payable for 2016	10.554.658	10.819.471
Dividends payable for 2017	12.347.687	13.079.521
Dividends payable for 2018	7.802.654	-
Total dividends payable	**31.036.100**	**34.768.768**

Dividends payable, not collected within 3 months from the date of their release, are prescribed according to the law, with the exception of amounts garnished by tax authorities.

23. PROVISIONS FOR RISKS AND EXPENSES

In LEI	**31st December 2019**	**31st December 2018**
Provisions for litigations	368.488	2.565.455
Total	**368.488**	**2.565.455**

In general, for all amounts collected by the Company through bailiffs, litigations were filed by Authority for the Management of State Assets (AAAS), to challenge the enforced amounts. Provisions for litigations represent the amounts collected by the Company through bailiffs and later challenged by AAAS

The provision for litigations can be analyzed as follows:

In LEI	**31st December 2019**	**31st December 2018**
On 1st January	**2.565.455**	**2.565.455**
Setup	286.274	-
Reversal	(2.483.241)	-
On 31st December	**368.488**	**2.565.455**

24. LIABILITIES RELATED TO DEFERRED PROFIT TAX

Liabilities related to deferred profit tax on 31st December 2019 are generated by the elements presented in the table below:

In LEI	**Assets**	**Liabilities**	**Net**
Financial assets at fair value through other comprehensive income	761.798.529	-	761.798.529
Tangible assets	4.245.184	-	4.245.184
Investment property	3.453.683	-	3.453.683
Provisions for litigations and other provisions	-	(935.474)	(935.474)
Liabilities related to profit-share and other benefits	-	(1.142.950)	(1.142.950)
Total	769.497.396	(2.078.423)	767.418.973
Net time differences - 16% rate			767.418.973
Liabilities related to deferred profit tax			**122.787.036**

Liabilities related to deferred profit tax on 31st December 2018 are generated by the elements presented in the table below:

In LEI	**Assets**	**Liabilities**	**Net**
Financial assets at fair value through other comprehensive income	444.160.567	-	444.160.567
Tangible assets	5.395.751	-	5.395.751
Investment property	(9.126)	-	(9.126)
Provisions for litigations and other provisions	-	(2.565.455)	(2.565.455)
Liabilities related to profit-share and other benefits	-	(14.836.003)	(14.836.003)
Total	449.547.192	(17.401.458)	432.145.734
Net time differences - 16% rate			432.145.734
Liabilities related to deferred profit tax			**69.143.317**

Deferred profit tax directly recognized through the lowering of equity is 122.688.083 lei on 31st December 2019 (31st December 2018: 71.929.011 lei), being generated by property, plant and equipment evaluated at fair value through other comprehensive income for which the Company's holding interest is below 10% for a period of time under one year and property, plant and equipment.

25. a) FINANCIAL LIABILITIES AT AMORTISED COST

In LEI	**31st December 2019**	**31st December 2018**
Suppliers	977.331	801.143
Payments made for entities in the portfolio	-	10.700.000
Other financial liabilities	38.790	639.387
Total	**1.016.121**	**12.140.530**

On 31st December 2018, payments made for entities in the portfolio, amounting to 10,7 mil lei represented subscriptions to the capital increase of companies in the portfolio, not paid-up (mainly subscription to the share capital of Străuleşti Lac Alfa S.A. of 9,3 mil lei) that have been paid up in 2019.

25. b) LIABILITIES WITH PROFIT TAX AND OTHER LIABILITIES

In LEI	**31st December 2019**	**31st December 2018** **Restated*
Liabilities with current profit tax	7.912.060	1.669.219
Taxes and levies	1.236.415	1.463.423
Liabilities related to the benefits and other employees' rights	1.142.950	1.904.927
Other liabilities	136.586	240.613
Total	**10.428.011**	**5.278.182**

*** See explanatory note 30.**

Liabilities regarding the benefit plan represent the amounts that are to be offered as profit-share, to the employees in compliance with the provisions of the Collective employment contract and managers in compliance with the management contracts, as cash or shares.

Current liabilities, including those with deferred profit tax have been paid by the Company on time.

26. CAPITAL AND RESERVES

a) Share capital

The structure of the Company's shareholding on 31st December 2019, namely 31st December 2018 is presented in the tables below:

31st December 2019	**No. shareholders**	**No. shares**	**Nominal value (Lei)**	**(%)**
Natural individuals	5.750.798	365.208.586	36.520.859	36%
Companies	188	636.970.590	63.697.059	64%
Total	**5.750.986**	**1.002.179.176**	**100.217.918**	**100%**

31st December 2018	**No. shareholders**	**No. shares**	**Nominal value (Lei)**	**(%)**
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%**

26. CAPITAL AND RESERVES *(continued)*

a) Share capital (continued)

All shares are ordinary and have been subscribed and are paid in full on 31st December 2019. All shares have the same vote right and a nominal value of 0,1 lei/share. The number of shares authorized to be issued is equal to the number of issued shares.

Thus, the share capital on 31st December 2019 its nominal value was 100.217.918 lei (31st December 2018: 101.317.918 lei).
The 420.786.844 lei difference between the carrying value of the share capital of 521.004.761 lei and its nominal value, is the inflating difference generated by the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" up to 1st January 2004.

The shareholding right, limited to 1% of the Company's share capital was modified by Law no. 11 of 6th January 2012 (that came into force on 13th January 2012), to 5% of the share capital, that is 50.108.959 shares on 31st December 2019.

In January 2020 Law no. 243 of 20th December 2019 on the regulation of alternative fund managers came into force, it foresees the obligation to submit the modification of the Memorandum of Association for GMS approval, the elimination of the holding limit for shares in SIF Moldova's share capital to 5%.

In October 2019 we registered the operation regarding the company's share capital reduction from 526.723.352 lei to 521.004.761 lei, the source being the annulment of 11.000.000 own shares with a nominal value of 0,10 RON/shares, acquired by the Company in compliance with EGMS resolution 2 of 27th April 2018 and according to art. 207 line(1) letter c) of updated Companies Law no. 31/1990.

The buy-back of the 11.000.000 shares was made from the distributable profit included in the Company's individual financial statements on 31st December 2017, drafted in compliance with Accounting Regulations compliant with the International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervision Authority in the Field of Financial Investments approved by FSA Norm 39/2015.

(b) Reserves from the revaluation of financial assets at fair value through other comprehensive income

This reserve includes the cumulated net fair value modifications of financial assets evaluated at fair value through other comprehensive income on the date of their classification in this category until the date these were derecognized.

Reserves from the revaluation of financial assets valuated at fair value through other comprehensive elements are registered at value net of deferred tax. The value of the recognized deferred tax directly recognized in equity is presented in explanatory note 17 e).

(c) Legal reserves

According to legal requirements, the Company sets up legal reserves of 5% of the registered profit in compliance with statutory accounting regulations, up to 20% of the share capital. The value of the legal reserve on 31st December 2019 is 20.763.584 lei (31st December 2018: 20.763.584 lei).

Legal reserves cannot be distributed to shareholders.

d) Dividends

In the General Meeting of Shareholders on 18th April 2019, the Company's shareholders 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.

26. CAPITAL AND RESERVES *(continued)*

(e) Own shares

The total number of own shares held by the Company on 31st December 2019 is 22.021.613 shares representing 2,20% of the share capital (31.12.2018: 22.065.237 shares, representing 2,18% of the share capital) total value: 30.335.310 lei (31.12.2018: of 28.598.935). lei).

In 2019 the employees and managers were assigned a number of 4.131.180 shares (0,408% of share capital), total value 5.354.456 lei, through the "stock option plan" (SOP) benefit plan of 2017 (SOP 2017).

In 2019 a number of 11.000.000 shares were annulled at a price of 1,818 lei, shares that lowered the share capital.

the redemption program approved by the Resolution of the Extraordinary General Meeting of Shareholders of SIF Moldova no. 3/18.04.2019 approving the redemption of a maximum no. of 20.300.000 shares, we have run the public purchase offer for own shares, completed in July 2019, offer approved through FSA Resolution no. 810/12.06.2019 with the following main characteristics.
,

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

The purpose of the program is to reduce share capital by annulling bought-back shares according to 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).

The evolution of the no. of shares (and their value) during 2019, namely 2018 is the following:

Own shares	Balance on 1st January 2019	Purchases during the period	Annulments during the periods	Assignments during the period (managers and employees)	Balance on 31st December 2019
Buy-back program approved by EGMS on 18th April 2019	-	15.087.556	-	-	15.087.556
Buy-back program approved by EGMS on 27.04.2018	11.000.000	-	- (11.000.000)	-	-
Buy-back program approved by EGMS on 25.04.2016	9.581.936	-	-	(2.647.879)	6.934.057
Buy-back program approved by EGMS on 01.04.2015	1.483.301	-	-	(1.483.301)	-
Total no. of shares	**22.065.237**	**15.087.556**	**(11.000.000)**	**(4.131.180)**	**22.021.613**
Total share value (Lei)	**28.598.935**	**27.088.832**	**(19.998.000)**	**(5.354.456)**	**30.335.310**

Own shares	Balance on 1st January 2018	Purchases during the period	Annulments during the period	Assignments during the period (managers and employees)	Balance on 31st December 2018
Buy-back program approved by EGMS on 27.04.2018	-	11.000.000			11.000.000
Buy-back program approved by EGMS on 04.04.2017	25.000.000	-	(25.000.000)	-	-
Buy-back program approved by EGMS on 25.04.2016	9.581.936	-	-	-	9.581.936
Buy-back program approved by EGMS on 01.04.2015	6.418.064	-	-	(4.934.763)	1.483.301
Total no. shares	**41.000.000**	**11.000.000**	**(25.000.000)**	**(4.934.763)**	**22.065.237**
Total share value (Lei)	**37.436.693**	**19.998.000**	**(25.000.000)**	**(3.835.758)**	**28.598.935**

(f) Benefits offered to employees as equity instruments

Benefits offered to employees as equity instruments represent the value of benefits regarding the profit-share of managers, directors and employees in the SOP program, part offered in shares. The following SOP programs are outstanding on 31st December 2019, namely 31st December 2018:

In LEI

	31st December 2019	31st December 2018
SOP 2017	-	5.866.276
SOP 2018	7.064.800	7.064.800
SOP 2019	13.077.646	-
Total	**20.142.446**	**12.931.076**

The shares corresponding to SOP 2017, share number: 4.131.180, have been assigned in 2019 for a price of 1.42 lei /share (closing price on 26.04.2018.
The shares corresponding to SOP 2017, share number 6.064.210 will be assigned in 2019 for a price of 1.1650 lei/share (closing price on 17.04.2019).
The shares corresponding to SOP 2019, share number: 13.077.646 will be assigned in 2021 for a price to be set by the General Meeting of Shareholders.

27. EARNINGS PER SHARE

The calculation of the earnings per basic share was made based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares in circulation (without redeemed shares):

In LEI	**31st December 2019**	**31st December 2018**
Net profit attributable to the Company's shareholders	127.369.627	50.159.948
Weighted average number of ordinary shares in circulation	987.203.887	995.548.251
Earnings per basic share (net profit per share)	**0,1290**	**0,0504**
Net profit attributable to Company's shareholders	127.369.627	50.159.948
Gain reflected in retained earnings attributable to company's shareholders (from the sale of financial assets at fair value through other comprehensive income)	70.835.265	43.201.285
Weighted average no. of ordinary shares	987.203.887	995.548.251
Earnings per basic share (including earning from the sale of FVTOCI financial assets)	**0,2008**	**0,0938**

Diluted earnings per share are equal to the earning per basic share since the Company has not registered potential ordinary shares.

28. CONTINGENT ENGAGEMENTS AND LIABILITIES

(a) Court Proceedings

On 31st December 2019, SIF Moldova was involved in litigations as plaintiff or respondent.

For litigations where SIF Moldova acts as plaintiff/respondent whose object influence the Company's patrimony, litigations provisions were setup.

Most trials where SIF Moldova acts as plaintiff are those against The Authority for State Assets Management ("AAAS"). For amounts claimed by the Company and won through definitive sentences, receivables on AAAS were registered, for most of them the enforcement procedure being already initiated. Impairment adjustments were recorded for these receivables. (see Explanatory note 20 a)).

Contingent liabilities corresponding to the litigations where the Company acts as respondent are detailed below:

In LEI	**2019**	**2018**
1st January	**3.053.639**	**20.130.992**
Litigations started during the period		28.633
Litigations solved during the period	(3.053.639)	(17.105.986)
31st December	**-**	**3.053.639**

Of total contingent assets registered on 31st December 2019 of 3.657.655 lei, the amount of 3.644.554,43 lei represents the value of shares as per Law 151/2014, following SIF Moldova's withdrawal from the shareholding of Vastex company.

(b) Contingents related to the environment

Regulations regarding the environment are currently being developed in Romania, and the Group has not registered any obligations on 31st December 2019 and 31st December 2018 for any kind of anticipated cots, including legal and consultancy fees, location surveys, design and implementation of remedy plans relating to the environment

The management of the Company does not consider expenses related to possible environment issue to be of significance.

(c) Transfer Price

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

29. TRANSACTIONS AND BALANCES WITH PARTIES IN SPECIAL RELATIONSHIPS

During the course of its activity the Company has identified the following parties in special relationships:

List of subsidiaries and holding percentage:

	31st December 2019	31st December 2018
Agrointens SA	99,99%	99,99%
Agroland Capital SA	99,99%	99,99%
Asset Invest SA	99,99%	99,99%
Casa SA	99,32%	99,32%
Mecanica Ceahlău SA	73,30%	73,30%
Regal SA	93,02%	93,02%
Ţesătoriile Reunite SA	99,99%	99,99%

Associates of the Company

The Company has an associate on 31st December 2019 and 31st December 2019, Străuleşti Lac Alfa S.A., with a holding percentage of 50%.

Between 01st January 2019 – 31st December 2019 the Company participated to the share capital increase of Agrointens SA with a cash contribution of 3.840.000 lei and made payments for capital increases in 2018, as follows:

- Agrointens SA - 470.000 lei
- Tesătoriile Reunite SA - 910.000 lei
- Strauleşti Lac Alfa SA - 9.320.000 lei

In February 2019, the Company transferred to its subsidiary, Asset Invest SA, 13 minority packages from its SELL portfolio, worth 1.955.294 lei. The sale was made at fair value, as ascertained by a ANEVAR certified independent auditor.

At the end of the reporting period, the following balances correspond to transaction within the group:

In LEI	31st December 2019	31st December 2018
ASSET INVEST SA		
financial liabilities	50.178	39.212
CASA SA		
other financial assets at amortized cost	42.874	-
Financial liabilities	29.070	16.276
TESATORIILE REUNITE SA		
Financial liabilities	-	910.000
STRAULESTI LAC ALFA		
Bonds at amortized cost	16.536.901	
Financial liabilities	-	9.320.000
AGROINTENS SA		
financial liabilities	-	470.000

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

In the reporting period the following transactions were made within the group, represented mainly by dividends, rents and delivery of management, archiving and mandate services.

In LEI	**2019**	**2018**
AGROLAND SA		
Other operational revenue	1.538	1.509
ASSET INVEST SA		
Other operational revenue	30.474	31.213
Other operational expenses	752.126	858.290
CASA SA		
Other operational revenue	365.412	310.437
Other operational expenses	292.239	211.585
REGAL SA		
Revenue from dividends	2.656.694	2.125.079

Key management staff

31st December 2019

On 31st December 2019 and 31st December 2018, the members of SIF Moldova's Board of Directors were Mr Costel Ceocea (Board of Directors' President), Mr Octavian Claudiu Radu (vice-president of the Board of Directors), Mr Claudiu Doroş (CEO), Mr Cătălin Jianu Dan Iancu (deputy CEO), Mr Horia Ciorcilă (non-executive manager).

The key management staff includes the members of the Board of Directors, the Management Committee and coordinators of the Company's departments and its subsidiaries.

The wages, indemnities and other benefits offered to key-staff in 2019 are presented in the table below:

	31st December 2019	**31st December 2018**
Board of Directors	18.558.820	11.975.870
Management Committee	3.105.527	2.610.319
Department coordinators	2.399.627	2.360.862
Total, of which:	**24.063.974**	**16.947.051**
Share-based payment	*11.521.170*	*5.543.116*

Detailed information regarding the indemnities and benefits offered to the members of the Board of Directors and Management Committee are presented under explanatory note 12.

The Company does not offer key staff benefits following employment or benefits for the cease of work contract.

30. CORRECTIONS

On 31st December2019, the company reconsidered the accounting treatment previously used for the benefits regarding the profit-share of managers, directors and employees as shares, registering the expense (in the period of time when the services were delivered), in correspondence with an increase of equity, in compliance with IFRS 2 *Share-based payment*. Previously, the Company registered this expense (in the period of time when the services were delivered), in correspondence with a liability, in compliance with IAS 19 *Employee Benefits*.

This modification was registered by restating each affected line in the Financial Position Statement namely Other Liabilities and Benefits offered to employees as equity instruments.

The impact of these modifications on equity (on 31st December 2017 and 31st December 2018) has been presented distinctly in the Statement of Equity modification.

The tables below summarize this impact:

Statement of individual financial position

In LEI	**31st December 2018 (Reported)**	**Corrections**	**31st December 2018 (corrected)**
Liabilities			
Other liabilities	(16.540.039)	12.931.076	(3.608.963)
Equity			
Benefits offered to employees as equity instruments	-	(12.931.076)	(12.931.076)

In LEI	**31st December 2017 (reported)**	**Corrections**	**31st December 2017 (Corrected)**
Liabilities			
Other liabilities	(17.409.795)	10.110.171	(7.299.624)
Equity			
Benefits offered to employees as equity instruments	-	(10.110.171)	(10.110.171)

The correction has not had an impact on profit or loss, nor on result per share.

31. EVENTS FOLLOWING THE REPORTING PERIOD

In January 2020 Law no. 243 of 20th December 2019 on the regulation of alternative investment funds came into force, it foresees – with the obligation to submit the modifications of the Memorandum of Association for GMS approval, the elimination of the shareholding limit in SIF Moldova's share capital to 5%. The application of the law shall have the necessary explanations written in the Regulation that has been presented for public consultation.

31. EVENTS FOLLOWING THE REPORTING PERIOD

Starting in January 2020, SIF Moldova, through its management team and employees is running several preparatory activities for the General Meeting of Shareholders convened for 27/28th April 2020 when the financial results of 2019 as well as the Activity Report and Income and Expenditure Budget for 2020 will be presented to the shareholders. These activities are common for every year and consist mainly in discussing and fine-tuning various scenarios regarding the evolution of managed portfolios, depending on the evolution of macro-economic environment, political and social environment, financial markets and companies in the portfolio, so that the most probable and credible be suggested for the shareholder's approval and applied in the company assets management activities for best results in terms of yield and profit.

Occurance of COVID-19 epidemic. SIF Moldova's position
Following the challenge of 2019, when we had to face the turbulences of Romanian economy generated by the famous GEO 114/2018 we have successfully overcome by positioning our assets and absorbing the negative effects on Romanian market, a new threat is now testing our ability to adapt and continue our activity, as well as that of many companies in Romania and worldwide.

The occurrence of a new, very contagious virus without known treatment, at fist in a limited area in China, then the extension of epidemics in several countries in Europe, Asia and America, generated an extremely difficult situation on a global level, that lead to abrupt drops and extreme volatility on the financial and merchandize markets all over the world, including in Romania, where SIF Moldova Group's activity is dedicated through the strategy approved by the shareholders.

On 11th March 2020, the World Health Organization stated that the coronavirus epidemic ("COVID -19") is a pandemic, and Romania's President instituted the state of emergency on 16th March 2020.

The impact of the epidemic on macro-economic environment/financial assets
International financial markets have registered significant decrease reflected on the evolution of the most important stock-indices. From the start of the year, until 20th March 2020, in the US DJIA decreased by more than 32%, S&P500 decreased by 28%, NASDAQ by more than 23%. In Europe, registered a decrease of 32%, CAC40 dropped by 32%, while in Great Britain FTSE100 decreased by more than 31%. Bucharest Stock exchange was no exception, BET index registering on 20th March 2020, a decrease by more than 26% in comparison with 31st December 2019, while BET-FI dropped by 19%.

In particular, the national currency, RON, had a depreciation of only 1,36% with regard to EUR in comparison with the end of 2019. This perhaps due to the fact that BNR made the historic decision for quantitative relaxation deciding to purchase state titles in lei from the secondary market in order to consolidate structural liquidity in the bank system to contribute to the financing of real economy and public sector in good real economy conditions. At the same time, BNR decided to reduce the monetary policy interest rate by 0,50 percentage points, from 2,5% to 2,0% starting on 23rd March 2020. Other central banks in the region have started exceptional monetary policy and financing procedures in the context of the COVID-19 pandemic.

In this context, we have all reasons to believe that over the entire 2020 we will see a high volatility of Bucharest Stock Market quotation, this being the market on which a large part of SIF Moldova's portfolio is exposed. Although on the short-term we are taking into consideration impaired quotations, with impact on the value of our assets, we have reasons to believe that on the average term and until the end of this year, the markets will have absorbed the effects of this crisis. In particular, the strong measures that have been taken in all states of the world, and in Romania as well, both as actual answers to the epidemic and the economic ones, can regain the trust in the economic and social environment, in particular in the financial and merchandize markets.

31. EVENTS FOLLOWING THE REPORTING PERIOD (continued)

The analysis of the impact of turbulences in the economic environment/ financial markets on the Company
SIF Moldova does not have in its portfolio, or consolidation perimeter holdings in companies from the industries considered to be most affected (tourism and transport), but it is to be expected that this situation have a negative impact on all economy sectors and the high volatility of holdings in SIF Moldova's portfolio with potential impact on the profit or loss account, and on other elements of comprehensive income.

SIF Moldova has analyzed, based on the data available at this time, possible evolutions of the internal and international economic environment, and the management of SIF Moldova concluded that the activity and performance of SIF Moldova may be affected, by the continuity of activity is not threatened.

SIF Moldova's management does not estimate difficulties in honoring the engagements towards shareholders and obligations towards third parties, the current and future liquidities supply being within the limits set by regulations, sufficient to cover current payments over the year and the distribution of dividends.

Due to the impact of the epidemic on financial markets and the economy in general, the Management of the Company estimates that the financial position and performance of the Company in 2020 may be affected, especially due to the decrease of share price for listed companies, the fair value modifications being reflected, depending on the classification of financial instruments, either in profit or loss, or in other comprehensive income elements; at the same time, the Company's financial performance may be affected by the reduction of revenue from dividends, sale of apartments and agricultural activities, but up to the date the present financial statements are drafted, the information available being dynamic, the accurate quantification of the impact is difficult.

SIF Moldova closely monitors the evolutions in the economic environment and the effects of the economic measures applied on a national and international level. Thus, on 18th March 2020, Romania's Government has announced a program of economic and fiscal –budgetary measures to fight against the negative effects of COVID-19 outbreak on the economy. Other measures are expenses by the business environment, since the Finance Minister announced that the Government is considering measures that could reach 2% of GDP. We are also monitoring the measures adopted in other states with a potential positive effect on the economic environment and financial markets.

The COVID-19 epidemic is an event following the reporting date that does not involve adjustments of the financial statements on 31st December 2019, since it offers indications about conditions occurred after this date.

The individual financial statements have been approved by Board of Directors on 25th March 2020 and were signed on its behalf by:

Claudiu Doroş
CEO

Mihaela Moleavin
CFO

SIF MOLDOVA
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Nr. Registru ASF: PJR07¹AFIAA/040002
Cod LEI: 254900Y1O0025N04US14

STATEMENT

In accordance with article 63 paragraph 1 letter c) of Law no. 24/2017, the undersigned Claudiu DOROŞ - CEO and Mihaela MOLEAVIN as CFO - responsible for the preparation of the individual financial statements of SIF Moldova SA as at December 31, 2019, declare the following:

a) The individual financial statements have been prepared in accordance with the Accounting Regulations compliant with the International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority - Financial Instruments and Investments Sector, approved by the Financial Supervisory Authority Norm no. 39/2015;

b) The accounting policies used in preparing the annual financial statements are in accordance with the applicable accounting regulations;

c) SIF Moldova SA carries out its activity in conditions of continuity;

d) We are not aware, at the time of this statement, of other information, events, circumstances that significantly alter the above statements.

We confirm that the Individual Financial Statements, which comply with the legal regulations listed above, **provide a fair and realistic image of the financial position and performance (including the Company's assets, liabilities, profit and loss account) and that the Board's Report includes a correct analysis of the development, financial position and performance of the Company, as well as a description of the main risks and uncertainties specific to the activity carried out.**

Claudiu Doros
CEO

Mihaela Moleavin
CFO