

**SIF MOLDOVA SA**

**SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE SIX MONTHS' PERIOD ENDED ON  
30<sup>th</sup> JUNE 2020**

Prepared in compliance with IAS 34 Interim Financial Reporting and applying the Financial Supervision Authority („FSA”) Norm no. 39/2015 on the approval of the accounting regulations compliant with the International Financial Reporting Standards applicable to entities which are authorized, regulated and supervised by the FSA in the Financial Instruments and Investments Sector

**UNAUDITED**

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**SIF MOLDOVA S.A.**  
**SIMPLIFIED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 6 MONTHS' PERIOD CONCLUDED ON 30<sup>th</sup> JUNE 2020**  
**(all amounts are presented in „Lei”, if not otherwise specified)**

<i>In LEI</i>	<i>Note</i>	<b>6 months' period ended 30<sup>th</sup> June 2020</b>	<b>6 months' period ended 30<sup>th</sup> June 2019</b>
<b>Revenue</b>			
Gross dividend revenue	6	8.575.673	93.697.915
Interest revenue		1.922.205	1.327.067
Other operating revenue	7	101.157.367	66.964.881
Net gain / (net loss) from financial assets at fair value through profit or loss	8	(44.336.135)	26.438.573
Net gain / (net loss) from the sale of non-financial assets		29.108	(932)
Net gain / (Net loss) from the re-evaluation of investment property		(497.500)	1.908.835
<b>Expenditures</b>			
(Losses)/ loss reversal of assets impairment		(3.602.156)	534.179
Reversal of provisions for risks and charges		83.857	1.168.214
Expenditures for wages, remunerations and other similar expenditures	9	(15.056.350)	(14.443.127)
Other operating expenditures	10	(78.482.196)	(52.970.491)
<b>Operating Profit/(loss)</b>		<b>(30.206.127)</b>	<b>124.625.114</b>
Financing expenditures		(409.922)	(1.405.879)
Share of associates' earnings		4.966.106	(694.215)
<b>Profit/(Loss) before taxation</b>		<b>(25.649.943)</b>	<b>122.525.020</b>
Profit tax	11	(522.012)	(12.518.031)
<b>Net Profit/(Loss) of the period</b>		<b>(26.171.955)</b>	<b>110.006.989</b>
<b>Other comprehensive income elements</b>			
Change in the reserve from the revaluation of property, plant and equipment, net of deferred tax		29.680	1.336.859
Net gain /(net loss) from the revaluation of equity instruments at fair value through (FVTOCI)	13 e	(250.121.226)	178.744.908
<b>Other comprehensive income elements – elements that will not be reclassified in profit or loss</b>		<b>(250.091.546)</b>	<b>180.081.767</b>
Net gain / (loss) from the revaluation of FVTOCI bonds		(54.958)	-
<b>Other elements of comprehensive income – elements that will be reclassified in profit or loss</b>		<b>(54.958)</b>	<b>-</b>
<b>Other comprehensive income elements - Total</b>		<b>(250.146.504)</b>	<b>180.081.767</b>
<b>Total comprehensive income of the period</b>		<b>(276.318.459)</b>	<b>290.088.755</b>
<b>Basic and diluted earnings per share – net profit / (net loss) per share</b>	21	<b>(0,0266)</b>	<b>0,1107</b>
<b>Basic and diluted earnings per share (including gain from the sale of FVTOCI financial assets)</b>	21	<b>(0,0241)</b>	<b>0,1340</b>

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

**SIF MOLDOVA S.A.**  
**SIMPLIFIED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 6 MONTHS' PERIOD CONCLUDED ON 30<sup>th</sup> JUNE 2020**  
**(all amounts are presented in „Lei”, if not otherwise specified)**

<i>In LEI</i>	<b>6 months' period ended 30<sup>th</sup> June 2020</b>	<b>6 months' period ended 30<sup>th</sup> June 2019</b>
Net profit/(loss) attributable to company's shareholders	(26.044.604)	109.826.611
Net profit /(loss) attributable to non-controlling interests	(127.351)	180.378
<b>Total net profit/(loss)</b>	<b>(26.171.955)</b>	<b>110.006.989</b>
 <i>Corresponding comprehensive income</i>		
Company's shareholders	(273.107.975)	289.842.484
Non-controlling interests	(3.210.484)	246.271
	<b>(276.318.459)</b>	<b>290.088.755</b>

The simplified consolidated financial statements have been approved by the Board of Directors on 15<sup>th</sup> September 2020 and have been signed on its behalf by:

**Claudiu Doros**  
CEO

**Mihaela Moleavin**  
CFO

**SIF MOLDOVA S.A.**  
**SIMPLIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE 6 MONTHS' PERIOD CONCLUDED ON 30th JUNE 2020**

**2020**

**(All amounts are presented in Lei, if not otherwise specified)**

<i>In LEI</i>	<i>Note</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
<b>Assets</b>			
Cash and current accounts		11.900.785	7.438.398
Bank deposits	<i>12</i>	52.453.940	128.922.875
Financial assets at fair value through profit or loss	<i>13 a</i>	288.170.920	309.778.000
Financial assets assigned at fair value through other comprehensive income	<i>13 b</i>	1.410.005.525	1.675.707.206
Investments accounted for using the equity method	<i>13 f</i>	42.812.614	37.846.509
Bonds at amortized cost	<i>13 c</i>	17.331.360	24.530.592
Bonds at fair value through other comprehensive income		3.944.373	3.942.270
Investment property		93.188.278	77.571.274
Intangible assets		5.153.911	5.220.227
Plant, property and equipment		54.637.879	54.539.148
Assets representing right of use for leasing contract support assets		2.070.714	1.854.037
Non-current assets held for sale		6.275.819	6.347.819
Stocks	<i>14 b</i>	33.062.279	92.673.464
Other financial assets at amortized cost	<i>14 a</i>	16.010.732	18.590.469
Other assets		2.392.044	2.933.156
<b>Total assets</b>		<b>2.039.411.173</b>	<b>2.447.895.444</b>
<b>Liabilities</b>			
Loans	<i>15</i>	11.612.954	27.362.225
Lease liabilities		2.017.978	1.794.687
Dividends payable	<i>16</i>	49.164.133	31.273.268
Provisions for risks and charges		924.800	1.008.657
Liabilities regarding deferred profit tax	<i>17</i>	85.090.461	129.210.914
Liabilities regarding deferred profit tax	<i>18 b</i>	489.077	8.360.107
Financial liabilities at amortized cost	<i>18 a</i>	12.986.444	29.564.496
Other liabilities	<i>18 b</i>	3.795.834	4.530.970
<b>Total liabilities</b>		<b>166.081.681</b>	<b>233.105.324</b>
<b>Equity</b>			
Share capital	<i>19</i>	521.004.761	521.004.761
Retained earnings		813.554.596	896.184.750
Reserves from the revaluation of plant, property and equipment		15.597.073	15.647.343
Reserves from the revaluation of financial assets at fair value through other comprehensive income	<i>13 e</i>	520.043.691	772.618.267
own shares	<i>19 e</i>	(27.948.000)	(30.335.310)
Benefits offered to employees as equity instruments	<i>19 f</i>	13.077.647	20.142.446
Other equity elements		2.292.914	610.568
<b>Total equity assignable to the shareholders of the company</b>		<b>1.857.622.682</b>	<b>2.195.872.825</b>
Non-controlling interests	<i>20</i>	15.706.810	18.917.295
<b>Total equity</b>		<b>1.873.329.492</b>	<b>2.214.790.120</b>
<b>Total liabilities and equity</b>		<b>2.039.411.173</b>	<b>2.447.895.444</b>

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CEO

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CFO

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

**SIF MOLDOVA S.A.**  
**SIMPLIFIED CONSOLIDATED STATEMENT OF EQUITY MODIFICATIONS**  
**FOR THE 6 MONTHS' PERIOD CONCLUDED ON 30<sup>TH</sup> JUNE 2020**  
**(all amounts are presented in Lei if not otherwise specified)**

<i>In LEI</i>	Share capital	Reserve from the revaluation of property, plant and equipment	Reserves from the revaluation of FVTOCI	Retained earnings	Benefits offered to employees of equity instruments	Treasury shares	Other equity elements	Total attributed to the shareholders of the company	Non-controlling interests	Total
<b>Balance on 31<sup>st</sup> December 2019</b>	<b>521.004.761</b>	<b>15.647.343</b>	<b>772.618.267</b>	<b>896.184.750</b>	<b>20.142.446</b>	<b>(30.335.310)</b>	<b>610.568</b>	<b>2.195.872.824</b>	<b>18.917.295</b>	<b>2.214.790.119</b>
<b>Comprehensive income</b>										
<i>Loss of the period ended 30<sup>th</sup> June 2020</i>				(26.044.603)				(26.044.603)	(127.352)	(26.171.955)
<i>Other comprehensive income elements</i>										
Revaluation of tangible assets, net of deferred tax		29.680						29.680		29.680
Transfer of reserve from the revaluation of retained earnings following the derecognition of property, plant and equipment		(79.949)		79.949				-		-
Revaluation at fair value of FVTOCI equity instruments, net of deferred tax			(250.121.226)					(250.121.226)		(250.121.226)
Revaluation at fair value of FVTOCI bonds			(54.958)					(54.958)		(54.958)
Gain corresponding to the transfer to retained earnings following the sale of FVTOCI equity instruments			(2.398.392)	2.398.392				-		-
Dividends distributed to non-controlling interests								-	(3.083.133)	(3.083.133)
<b>Total comprehensive income of the period</b>	<b>-</b>	<b>(50.269)</b>	<b>(252.574.576)</b>	<b>(23.566.263)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(276.191.108)</b>	<b>(3.210.484)</b>	<b>(279.401.593)</b>
<b>Transactions with shareholders directly recognized in equity</b>										
Own redeemed shares						(2.742.258)	(6.857)	(2.749.115)		(2.749.115)
Own shares assigned to managers and employees					(6.818.771)	5.129.568	1.689.204			-
Dividends distributed from the profit of 2019 financial year				(59.063.889)				(59.063.889)		(59.063.892)
Other elements					(246.029)			(246.029)		(246.029)
<b>Total transactions with shareholders directly recognized in equity</b>				<b>(59.063.890)</b>	<b>(7.064.800)</b>	<b>2.387.310</b>	<b>1.682.348</b>	<b>(62.059.034)</b>		<b>(62.059.034)</b>
<b>Balance on 30<sup>th</sup> June 2020</b>	<b>521.004.761</b>	<b>15.597.073</b>	<b>520.043.691</b>	<b>813.554.596</b>	<b>13.077.647</b>	<b>(27.948.000)</b>	<b>2.292.915</b>	<b>1.857.622.682</b>	<b>15.706.810</b>	<b>1.873.329.492</b>

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**SIF MOLDOVA S.A.**  
**SIMPLIFIED CONSOLIDATED STATEMENT OF EQUITY MODIFICATIONS**  
**FOR THE 6 MONTHS' PERIOD CONCLUDED ON 30TH JUNE 2020**  
**(all amounts are presented in Lei, if not otherwise specified)**

<i>In LEI</i>	Share capital	Reserve from the revaluation of property, plant and equipment	Reserves from the revaluation of FVTOCI	Retained earnings	Benefits offered to employees of equity instruments	Treasury shares	Other equity elements	Total attributed to the shareholders of the company	Non-controlling interests	Total
<b>Balance on 31<sup>st</sup> December 2018 - reported</b>	<u>526.723.352</u>	<u>8.461.454</u>	<u>500.578.766</u>	<u>724.085.787</u>	<u>-</u>	<u>(28.598.935)</u>	<u>107.733</u>	<u>1.731.358.157</u>	<u>16.402.261</u>	<u>1.747.760.418</u>
Error correction					12.931.076		-	12.931.076		12.931.076
Balance on 31 <sup>st</sup> December 2018 - corrected	<u>526.723.352</u>	<u>8.461.454</u>	<u>500.578.766</u>	<u>724.085.787</u>	<u>12.931.076</u>	<u>(28.598.935)</u>	<u>107.733</u>	<u>1.744.289.234</u>	<u>16.402.261</u>	<u>1.760.691.495</u>
<b>Comprehensive income</b>										
<i>Profit of the period ended 30<sup>th</sup> June 2019</i>				109.826.611				109.826.611	180.378	110.006.989
<i>Other comprehensive income elements</i>										
Revaluation of property, plant and equipment, net of deferred tax		1.270.966						1.270.966	65.893	1.336.859
Reserve transfer from the revaluation to retained earnings following the derecognition of property, plant and equipment		(126.566)		126.566				-		-
Revaluation at fair value of FVTOCI equity instruments, net of deferred tax			178.744.908					178.744.908		178.744.908
Gain corresponding to the transfer to retained earnings following the sale of FVTOCI equity			(23.160.751)	23.160.751				-		-
<b>Total comprehensive income of the period</b>		<u>1.144.400</u>	<u>155.584.157</u>	<u>133.113.928</u>				<u>289.842.485</u>	<u>246.271</u>	<u>290.088.756</u>
<b>Transactions with shareholders, directly recognized in equity</b>										
Own bought-back shares							(53.079)	(53.079)		(53.079)
Own shares assigned to managers and employees					(5.866.276)	5.354.456	511.820	-		-
Dividends distributed from the profit of 2018 financial year				(30.256.347)				(30.256.347)		(30.256.347)
<b>Total transactions with shareholders directly recognized in equity</b>				<u>(30.256.347)</u>	<u>(5.866.276)</u>	<u>5.354.456</u>	<u>458.741</u>	<u>(30.309.426)</u>	<u>-</u>	<u>(30.309.426)</u>
<b>Balance on 30<sup>th</sup> June 2019 - corrected</b>	<u>526.723.352</u>	<u>9.605.855</u>	<u>656.162.923</u>	<u>826.943.368</u>	<u>7.064.800</u>	<u>(23.244.479)</u>	<u>566.474</u>	<u>2.003.822.293</u>	<u>16.648.532</u>	<u>2.020.470.824</u>

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**SIF MOLDOVA S.A.**  
**SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENT OF CASH-FLOWS**  
**FOR THE FINANCIAL YEAR CONCLUDED ON 30th JUNE 2020**  
**(All amounts are presented in Lei if not otherwise specified)**

<i>In LEI</i>	<i>Note</i>	<b>6 months' period ended 30<sup>th</sup> June 2020</b>	<b>6 months' period ended 30<sup>th</sup> June 2019</b>
<b>Operating activities</b>			
Profit / (Loss) before taxation		(25.649.943)	122.525.020
<i>Adjustments:</i>			
Losses/(reversal of) losses from assets impairment		3.602.156	(534.179)
(Net gain) /net loss from the revaluation of investment property		497.500	(1.908.835)
(Net gain)/net loss from financial assets at fair value through profit of loss	8	44.336.135	(26.438.573)
Setup/ (reversal) of provisions for risks and expenses		(83.857)	(1.168.214)
Gross revenue from dividends	6	(8.575.673)	(93.697.915)
Interest income		(1.922.205)	(1.327.067)
Financing expenses		409.922	1.405.879
Other adjustments		(3.364.426)	1.328.904
<b>Modifications of assets and liabilities corresponding to operating activities</b>			
Acquisition of financial assets at fair value through profit or loss		(22.729.055)	(9.524)
Collections from the sale of financial assets at fair value through profit or loss		-	44.354.447
Acquisitions of financial assets at fair value through other comprehensive income		(29.321.897)	(12.746.762)
Collections from the sale of financial assets at fair value through other comprehensive income elements		3.951.428	87.861.109
Acquisitions of bonds		-	(108.846)
Collections from bonds		7.808.719	-
Modifications of deposits with maturity over 3 months		2.155.458	(896.500)
Modifications of other assets		63.533.431	(18.238.872)
Modifications of other liabilities		(17.313.187)	20.312.520
Collected dividends		4.098.393	83.140.493
Collected interest		1.683.873	1.030.159
Paid profit tax		(11.480.551)	(2.817.404)
<b>Net cash used in operating activities</b>		<b>11.636.221</b>	<b>202.065.840</b>
<b>Investment activities</b>			
Payments for the purchase of tangible and intangible assets		(1.635.691)	(3.008.718)
Payments for the purchase of investment property		(16.114.504)	-
Collections from the sale of investment property and fixed assets held for sale		141.280	93.255
<b>Net cash used in investment activities</b>		<b>(17.608.915)</b>	<b>(2.915.463)</b>
<b>Financing activities</b>			
Paid dividends		(44.256.157)	(21.790.007)
Collections from loans		2.563.457	15.332.142
Loan repayment		(18.312.728)	(4.155.740)
Payments related to leasing contracts		(405.556)	(164.224)
Paid loan interests		(383.377)	(1.366.472)
Interest paid related to leasing contracts		(26.545)	(39.407)
Own bought-back shares		(2.749.115)	-
<b>Net cash used for financing activities</b>		<b>(63.570.021)</b>	<b>(12.183.709)</b>
<b>Net modification of cash and cash equivalents</b>		<b>(69.542.715)</b>	<b>186.966.668</b>
Cash and cash equivalents on 1 <sup>st</sup> January		119.036.922	96.228.666
<b>Cash and cash equivalents on 30<sup>th</sup> June</b>		<b>49.494.207</b>	<b>283.195.334</b>

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



**SIF MOLDOVA S.A.**  
**SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENT OF CASH-FLOWS**  
**FOR THE FINANCIAL YEAR CONCLUDED ON 30th JUNE 2020**  
**(All amounts are presented in Lei if not otherwise specified)**

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*In LEI*

	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2019</b>
Cash in the cash register	17.789	642.384
Current bank accounts	11.882.996	40.389.535
Bank deposits with a maturity under 3 months	37.593.421	242.163.415
<b>Cash and cash equivalents</b>	<b>49.494.206</b>	<b>283.195.334</b>

The simplified consolidated financial statements have been approved by the Board of Directors on the 15<sup>th</sup> September 2020 and have been signed on its behalf by:

**Claudiu Doros**  
**CEO**

**Mihaela Moleavin**  
**CFO**

**SIF MOLDOVA S.A.**  
**EXPLANATORY NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE 6 MONTHS' PERIOD CONCLUDED ON 30th JUNE 2020**  
**(all amounts are presented in Lei, if not otherwise specified)**

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## **1. REPORTING ENTITY**

SIF Moldova SA („**the Company**” or „**SIF Moldova**”) is setup as a Romanian private-law legal entity, organized as public limited company, investment company, classified according to applicable regulations as Alternative Investment Fund destined for retail investors, self-managed and authorized by FSA as alternative investment fund manager (with *Certificate no. 20/23.01.2018 issued by FSA*).

The headquarters of the Company is located in Pictor Aman street, no. 94C, Bacau municipality, Bacau district, Romania.

According to its 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;
- risk management;
- other collective management auxiliary and related activities.

The Company is self-managed.

The shares of the Company have been registered on Bucharest Stock Exchange, 1<sup>st</sup> category (referred to as Premium category since January 2015), with indicative SIF2, since the 1<sup>st</sup> November 1999.

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

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 FSA.

The consolidated financial statements of the Company for the 6 months period ended on 30<sup>th</sup> June 2020 include the Company and its subsidiaries (hereinafter referred to as “**Group**”) as well as the Group's investments in associates.

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

**SIF MOLDOVA S.A.**  
**EXPLANATORY NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE 6 MONTHS' PERIOD CONCLUDED ON 30th JUNE 2020**  
**(all amounts are presented in Lei, if not otherwise specified)**

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## **2. DRAFTING GROUNDS**

### **(a) Statement of compliance**

**The consolidated** interim, simplified **financial statements** for the six months' period ended 30<sup>th</sup> June 2020, have been prepared in compliance with IAS 34 "Interim Financial Reporting", applying the provisions of Norm 39/2015 for the approval of Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by FSA from the field of Financial Instruments and Investments (Norm 39/2015).

These consolidated interim simplified financial statements must be read along with the annual consolidated financial statements for the financial year ended 31<sup>st</sup> December 2019, available on the Company's internet page: [www.sifm.ro](http://www.sifm.ro). These interim financial statements will be available on the same page starting on 15<sup>th</sup> September 2020.

These interim financial statements do not include all the information required for a complete financial statement set, but the selected explanatory notes are included to explain the events and transactions that are significant to understand the modifications of the Group's financial position and performance in comparison to the latest published annual financial statements.

The accounting records and financial statements of some of the Group's subsidiaries are prepared in lei, in compliance with statutory accounting regulations applicable to them, namely Order no. 1802 from the 29<sup>th</sup> December 2014 for the approval of Accounting regulations for annual individual financial statements and annual consolidated financial statements ("RAS"). For the drafting of the Group's consolidated financial statements, this financial information is restated, when necessary, to reflect the differences between RAS and the International Financial Reporting Standards adopted by the European Union.

The most important modifications of the financial statements prepared in compliance with RAS to align them to the IFRS requirements adopted by the European Union are:

- adjustment of investment property to evaluate them at fair value, in compliance with IAS 40 „Investment Property” (according to RAS, the result from the revaluation of real-estate investments is registered in revaluation reserve);
- adjustments for the recognition of receivables and liabilities regarding deferred profit tax, in compliance with IAS 12 “Profit Tax” (according to RAS, deferred profit tax is not recognized);
- reversal of adjustments for hyperinflationary economies, and
- presentation requirements in compliance with IFRS, that in some cases differ from RAS requirements.

### **(b) Functional and presentation currency**

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

### **(c) Evaluation grounds**

The consolidated financial statements are prepared based on the fair value convention for financial assets and liabilities measured at fair value through profit or loss, and financial assets measured at fair value through other comprehensive income

**SIF MOLDOVA S.A.**  
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## **2. DRAFTING GROUNDS (continued)**

Other financial assets and liabilities are presented at amortized cost, while non-financial assets and liabilities are presented at amortized cost, revaluated value or historic cost.

### **(d) Use of estimates and judgments**

The drafting of the consolidated, interim, simplified financial statements 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 reasonable 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 sources of information. The results obtained may differ from the value of these predictions.

The judgments and hypothesis that lay at their base are periodically revised. The revisions of accounting predictions are recognized in the period when the prediction is reviewed if the revision affects that period only or in the period when the prediction is reviewed and the following period if the prediction 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 predictions, 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 note 13 (d))
- Fair value hierarchy and unobservable inputs used in the evaluation (Level 3) (see explanatory note 13 (d))
- Classification of financial instruments (see explanatory note 5)
- Adjustments for the impairment of assets valued at amortized cost / credits and receivables (see explanatory note 14 (a))
- Analysis of the criteria in IFRS 10 Consolidated Financial Statements, regarding investment entities

Following the analysis of the criteria that should be met in order for a company to be classified as investment company, it was concluded that the Company is not an investment entity since it holds holdings in its portfolio for an indefinite term, for which there are no disinvesting strategies and in whose operations it is actively involved, with the possibility to offer finance or carry out other operations not compatible with investment entities.

### **(e) Subsidiaries**

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

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

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**2. DRAFTING GROUNDS (continued)**

The list of consolidated subsidiaries on 30<sup>th</sup> June 2020, namely the 31<sup>st</sup> December 2019 is the following:

<i>Subsidiary</i>	<i>Activity field</i>	<i>30<sup>th</sup> June 2020</i>	<i>31<sup>st</sup> December 2019</i>
Casa SA	Rental of spaces	99,32%	99,32%
Mecanica Ceahlău SA	Manufacture and sale of agricultural machines	73,30%	73,30%
Regal SA	Rental of own real-estate property	93,02%	93,02%
Țesătoriile Reunite SA	Real-estate development	99,99%	99,99%
Asset Invest SA	Business and management consultancy	99,99%	99,99%
Agroland Capital SA	Purchase and sale of own real-estate property	99,99%	99,99%
Agrointens SA	Cultivation of fruit-bearing plants, strawberries, nut trees and other fruit-bearing trees	99,99%	99,99%

(f) Impact of the COVID 19 epidemic on the Group's financial position and performance

The coronavirus epidemic („COVID-19”), declared a pandemic by the World Health organization on the 11<sup>th</sup> March 2020 has significantly affected world economy, including financial markets who registered significant drops, reflected in the evolution of the most important stock indexes.

Following this event, on the 30<sup>th</sup> June 2020 the Group registered a drop in its financial position and performance, caused mainly by fair value modification, that is the drop of investments in shares and fund units in the portfolio (see explanatory notes 8 and 13 a) and b)), and by the reduction of dividend income and income from the manufacture and sale of agricultural machines and equipment. Since up to the drafting date of the present financial statements the available information is still dynamic, the accurate quantification of the impact of this event is difficult.

In the second half of 2020, international financial markets, like Bucharest Stock Exchange, continued to reflect a high volatility, but have partially recovered from the significant drop on the 31<sup>st</sup> March 2020 (in comparison to the start of 2020).

In the context of COVID 19 epidemic, it is to be expected that there will continue to be a high volatility of market quotes on Bucharest Stock Exchange, market on which most of SIF Moldova's portfolio is exposed. Although on the short term the management of SIF Moldova has taken into consideration impaired quotations with impact on the value of the Group's assets, on the average and long term, it is expected that the markets resorb the effects of this crisis. The measures taken in states all over the world and in Romania as well, both as a response to the epidemic itself and the economy are meant to reestablish trust in the economic and social context, in particular in financial and commodities market.

The management of SIF Moldova does not estimate difficulties in honoring its engagements towards shareholders and obligations towards third parties, the liquidities available, both present and anticipated, being in line with the limits imposed by regulations and sufficient to cover current payments and the distribution of dividends.

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied for these interim simplified financial statements are consistent with those in the Group's annual financial statements for the financial year ended 31<sup>st</sup> December 2019 and have been applied consistently for all periods covered by these simplified financial statements.

To ensure the consistency with the information in the current period, the Group has reclassified in the simplified consolidated statement of comprehensive income, the simplified consolidated statement of cash-flows, the simplified consolidated statement of equity modifications and in the corresponding explanatory notes, certain elements for the comparative period (period ended 30th June 2019).

### **4. SEGMENT REPORTING**

A segment is a distinctive component of the Group involved in operating activities that generate income and expenditures (including income and expenditures generated by the interaction with other components of the Group) whose operational results are periodically revised by the individual with decision-making responsibilities within the entity concerning the resources that are to be assigned to the segment, evaluating its performance, for which financial information is available.

The basic criteria based on which the Group determines its operating segments in compliance with IFRS 8 "*Operating segments*" are:

- The reported revenue of the operating segment, including sales to external clients and sales or transfers between segments represents 10% or more of combined, internal and external revenue of all operating segments;
- The absolute value of the profit or loss of the reported operating segment is 10% or more of the highest value, in absolute value, between (i) the reported combined profit for all operating sectors that have not reported a loss, and (ii) the combined loss reported from all operating sectors that have reported a loss;
- The assets of the operating segment represent 10% or more of the combined assets of all operating segments;
- Should Management consider that an operating sector identified as reportable during the immediately previous period maintains its importance, the information for this segment will be reported separately in the current period, irrespective whether it still meets the reporting criteria or not.

The Group carries out its activity in mainly the following fields: financial investment services, manufacture and sale of agricultural machines and tools, real-estate development, rental and sale of own real-estate property, cultivation of fruit-bearing plants (blueberries), business and management consultancy. Information reporting on segments is presented depending on activities of the Group and mother company. Transactions between operating segments are made under normal market conditions.

Assets and liabilities on segments include both the elements directly attributable to the segments, and elements that may be assigned using a reasonable base.

The Group is comprised of the following operating segments:

- Financial investment services
- Manufacture and sale of agricultural machines
- Real-estate development (apartments, including parking spaces)
- Other: The Group incorporates in this category services and products offered by the companies within the Group in the following fields: rental and sale of own real-estate property, cultivation of fruit-bearing trees (blueberries) and business and management consultancy. Although the Group monitors the performances of its subsidiaries on individual level, certain operating segments whose elements represent a lower percentage of the Group's total operations have been classified in the "Other" category for the purpose of presenting the reporting note on segments.

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**4. SEGMENT REPORTING (continued)**

**(a) Segmentation of income, expenditures and result**

<i>In LEI</i>	Group 30 <sup>th</sup> June 2020	Financial investment services 30 <sup>th</sup> June 2020	Manufacture of agricultural machines and equipment 30 <sup>th</sup> June 2020	Real-estate development (apartments) 30 <sup>th</sup> June 2020	Other 30 <sup>th</sup> June 2020
<b>Revenue</b>					
Gross dividend revenue	8.575.673	8.565.711	-	-	9.962
Interest revenue	1.922.205	1.594.873	208.669	55.404	63.259
Other operating revenue	101.157.367	636.763	9.335.050	90.329.468	856.086
Net gain/(net loss) from financial assets at fair value through profit or loss	(44.336.135)	(44.336.965)	3.262		(2.432)
Net gain /(Net loss) from the sale of non-financial assets	29.108	-	-	-	29.108
Net gain/(net loss) from the revaluation of property investment	(497.500)	-	-	-	(497.500)
<b>Expenditures</b>					
(Losses) / loss reversal from assets impairment	(3.602.156)	(26.694)	658.018	(4.219.545)	(13.935)
(Setup)/reversal of provisions for risks and charges	83.857	(17.000)	100.857	-	-
Expenditures for wages and remunerations	(15.056.350)	(8.261.196)	(3.411.465)	(1.103.588)	(2.280.101)
Other operating expenditures	(78.482.196)	(3.986.575)	(7.021.964)	(67.315.275)	(158.382)
<b>Operating Profit / (Loss)</b>	<b>(30.206.127)</b>	<b>(45.831.083)</b>	<b>(127.573)</b>	<b>17.746.464</b>	<b>(1.993.935)</b>
Quota of the associated entities' result	4.966.106	4.966.106	-	-	-
Financing expenditures	(409.922)	(13.537)	(29.539)	(93.196)	(273.650)
<b>Profit / (Loss) before taxation</b>	<b>(25.649.943)</b>	<b>(40.878.514)</b>	<b>(157.112)</b>	<b>17.653.268</b>	<b>(2.267.585)</b>
Profit tax	(522.012)	1.657.121	(212.461)	(2.157.095)	190.423
<b>Net profit / (Net loss) of the period</b>	<b>(26.171.955)</b>	<b>(39.221.393)</b>	<b>(369.573)</b>	<b>15.496.173</b>	<b>(2.077.162)</b>

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**4. SEGMENT REPORTING (continued)**

**(a) Segmentation of income, expenditures and result (continued)**

<i>In LEI</i>	<b>Group</b>	<b>Financial investment services</b>	<b>Manufacture of agricultural machines and equipment</b>	<b>Real-estate development (apartments)</b>	<b>Other</b>
	<b>30<sup>th</sup> June 2019</b>	<b>30<sup>th</sup> June 2019</b>	<b>30<sup>th</sup> June 2019</b>	<b>30<sup>th</sup> June 2019</b>	<b>30<sup>th</sup> June 2019</b>
<b>Revenue</b>					
Gross dividend revenue	93.697.915	93.694.935	-	-	2.980
Interest revenue	1.327.067	1.265.779	159	13	61.116
Other operating revenue	66.964.881	543.185	15.879.437	49.069.771	1.472.488
Net gain from financial assets at fair value through profit or loss	26.438.573	26.438.573	-	-	-
Net gain/(Net loss) from the sale of non-financial assets	(932)	-	6.000	-	(6.932)
Net gain from the revaluation of investment property	1.908.835	-	-	-	1.908.835
<b>Expenditures</b>					
(Losses) / Loss reversal from assets impairment din	534.179	(9.302)	573.693	-	(30.212)
(Setup)/reversal of provisions for risks and charges	1.168.214	980.094	188.120	-	-
Expenditures for wages and remunerations	(14.443.127)	(7.816.888)	(3.551.911)	(883.999)	(2.190.329)
Other operating expenses	(52.970.491)	(4.318.823)	(12.279.755)	(34.913.635)	(1.458.278)
<b>Operational Profit / (Loss)</b>	<b>124.625.114</b>	<b>110.777.553</b>	<b>815.743</b>	<b>13.272.150</b>	<b>(240.332)</b>
Quote of the associated entities' result	(694.215)	(694.215)	-	-	-
Financing expenditures	(1.405.879)	(39.407)	(83.781)	(1.150.037)	(132.654)
<b>Profit / (Loss) before taxation</b>	<b>122.525.020</b>	<b>110.043.931</b>	<b>731.962</b>	<b>12.122.113</b>	<b>(372.986)</b>
Profit tax	(12.518.032)	(11.344.942)	(243.228)	(925.022)	(4.840)
<b>Net profit / (net loss) of the period</b>	<b>110.006.988</b>	<b>98.698.989</b>	<b>488.734</b>	<b>11.197.091</b>	<b>(377.826)</b>



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**4. SEGMENT REPORTING (continued)**

**(b) Segmentation of assets and liabilities**

	<b>Group</b>	<b>Financial Investment Services</b>	<b>Manufacture of agricultural machines and equipment</b>	<b>Real-estate development (apartments)</b>	<b>Other</b>
<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2020</b>
<b>Assets</b>					
Cash and current accounts	11.900.785	352.989	2.683.263	6.557.222	2.307.311
Bank deposits	52.453.940	37.626.647	6.028.564	-	8.798.729
Financial assets at fair value through profit or loss	288.170.920	287.188.131	257.121	-	725.668
Financial assets at fair value through other comprehensive income	1.410.005.525	1.408.622.292	-	-	1.383.233
Investments accounted for using the equity method	42.812.614	42.812.614	-	-	-
Bonds at amortized cost	17.331.360	17.331.360	-	-	-
Bonds at fair value through other comprehensive income	3.944.373	3.944.373	-	-	-
Investment property	93.188.278	4.137.404	413.550	37.854.143	50.783.181
Intangible assets	5.153.911	46.634	80.855	349	5.026.073
Tangible assets	54.637.879	7.861.822	16.858.686	81.811	29.835.560
Assets representing use right of support assets in leasing contracts	2.070.714	779.225	1.090.363	-	201.126
Intangible assets held for sale	6.275.819	-	387.207	-	5.888.612
Inventory	33.062.279	160.368	21.518.374	7.881.117	3.502.420
Other financial assets at amortized cost	16.010.732	6.812.517	8.218.468	489.904	489.843
Other assets	2.392.044	278.568	565.424	4.422	1.543.630
<b>Total assets</b>	<b>2.039.411.173</b>	<b>1.817.676.375</b>	<b>57.536.451</b>	<b>52.864.546</b>	<b>108.941.757</b>
<b>Liabilities</b>					
Loans	11.612.954	-	2.109.331	-	9.503.623
Leasing contract liabilities	2.017.978	815.322	993.700	-	208.956
Dividends payable	49.164.133	48.558.378	390.576	-	215.179
Provisions for risks and charges	924.800	385.489	499.312	-	39.999
Liabilities related to deferred profit tax	85.090.461	79.884.575	508.673	2.634.040	2.063.173
Liabilities related to current profit tax	489.077	-	-	489.077	-
Financial liabilities at amortized cost	12.986.444	521.287	3.758.146	2.596.097	6.110.914
Other liabilities	3.795.834	2.122.702	718.565	501.952	452.615
<b>Total liabilities</b>	<b>166.081.681</b>	<b>132.287.753</b>	<b>8.978.303</b>	<b>6.221.166</b>	<b>18.594.459</b>

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**4. SEGMENT REPORTING (continued)**

**(b) Segmentation of assets and liabilities (continued)**

	Group	Financial investment services	Manufacture of agricultural machines	Real-estate development (apartments)	Other
<i>In LEI</i>	31 <sup>st</sup> December 2019	31 <sup>st</sup> December 2019	31 <sup>st</sup> December 2019	31 <sup>st</sup> December 2019	31 <sup>st</sup> December 2019
<b>Assets</b>					
Cash and current accounts	7.438.398	1.290.433	2.634.832	1.390.271	2.122.862
Bank deposits	128.922.875	97.168.512	18.961.176	2.199.986	10.593.201
Financial assets at fair value through profit or loss	309.778.000	309.496.242	253.859	-	27.899
Financial assets at fair value through other comprehensive income	1.675.707.206	1.673.935.677	-	-	1.771.529
Investments accounted for using the equity method	37.846.509	37.846.509	-	-	-
Bonds at amortized cost	24.530.592	24.530.592	-	-	-
Bonds at fair value through other comprehensive income	3.942.270	3.942.270	-	-	-
Investment property	77.571.274	4.137.404	413.550	21.739.638	51.280.682
Intangible assets	5.220.227	58.092	94.374	524	5.067.237
Tangible assets	54.539.148	7.907.094	17.388.026	85.584	29.158.444
Assets representing use right of support assets in leasing contracts	1.854.037	974.181	577.124	11.145	291.587
Intangible assets held for sale	6.347.819	-	387.207	-	5.960.612
Inventory	92.673.464	-	20.162.146	70.771.518	1.739.800
Other financial assets at amortized cost	18.590.469	3.809.574	9.906.409	4.652.706	221.780
Other assets	2.933.156	168.914	143.135	1.398.568	1.222.539
<b>Total assets</b>	<b>2.447.895.444</b>	<b>2.165.265.494</b>	<b>70.921.838</b>	<b>102.249.940</b>	<b>109.458.172</b>
<b>Liabilities</b>					
Loans	27.362.225	-	1.268.171	16.399.960	9.694.094
Leasing contract liabilities	1.794.687	1.002.104	492.317	11.520	288.746
Dividends payable	31.273.268	31.036.100	86.971	-	150.197
Provisions for risks and charges	1.008.657	368.489	600.169	-	39.999
Liabilities related to deferred profit tax	129.210.914	122.787.036	312.702	3.858.698	2.252.478
Liabilities related to current profit tax	8.360.107	7.912.060	-	202.526	245.521
Financial liabilities at amortized cost	29.564.496	1.016.121	6.460.745	19.719.194	2.368.436
Other liabilities	4.530.968	2.515.951	1.224.305	158.819	631.893
<b>Total liabilities</b>	<b>233.105.322</b>	<b>166.637.861</b>	<b>10.445.380</b>	<b>40.350.717</b>	<b>15.671.364</b>

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**5. FINANCIAL ASSETS AND LIABILITIES**

**Accounting classifications and fair values**

The table below summarizes the carrying values and fair values of financial assets and liabilities of the Group on 30<sup>th</sup> June 2020:

<i>In LEI</i>	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	-	-	11.900.785	11.900.785	11.900.785
Bank deposits	-	-	52.453.940	52.453.940	52.453.940
Financial assets measured at fair value through profit or loss	288.170.920	-	-	288.170.920	288.170.920
Financial assets at fair value through other comprehensive income	-	1.410.005.525	-	1.410.005.525	1.410.005.525
Bonds at amortized cost	-	-	17.331.360	17.331.360	17.331.360
Bonds at fair value through other comprehensive income	-	3.944.373	-	3.944.373	3.944.373
Other financial assets at amortized cost	-	-	16.010.732	16.010.732	16.010.732
<b>Total financial assets</b>	<b>288.170.920</b>	<b>1.413.949.898</b>	<b>97.696.816</b>	<b>1.799.817.635</b>	<b>1.799.817.635</b>
Loans	-	-	11.612.954	11.612.954	11.612.954
Dividends payable	-	-	49.164.133	49.164.133	49.164.133
Financial liabilities at amortized cost	-	-	12.986.444	12.986.444	12.986.444
Leasing contract liabilities	-	-	2.017.978	2.017.978	2.017.978
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>75.781.509</b>	<b>75.781.509</b>	<b>75.781.509</b>

For financial assets and 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 Group has analyzed the fair value of bonds on 30<sup>th</sup> June 2020 and concluded there are no significant differences between fair value and amortized cost.

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**5. FINANCIAL ASSETS AND LIABILITIES (continued)**

**Accounting classification and fair values (continued)**

The table below summarizes the carrying values and fair values of financial assets and liabilities of the Group on 31<sup>st</sup> December 2019:

<i>In LEI</i>	<b>Financial assets at fair value through profit or loss, on initial recognition</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Amortized cost</b>	<b>Total carrying value</b>	<b>Fair value</b>
Cash and current accounts	-	-	7.438.398	7.438.398	7.438.398
Bank deposits	-	-	128.922.875	128.922.875	128.922.875
Financial assets measured at fair value through profit or loss	309.778.000	-	-	309.778.000	309.778.000
Financial assets at fair value through other comprehensive income	-	1.675.707.206	-	1.675.707.206	1.675.707.206
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	-	-	18.590.469	18.590.469	18.590.469
<b>Total financial assets</b>	<b>309.778.000</b>	<b>1.679.649.476</b>	<b>179.482.333</b>	<b>2.168.909.810</b>	<b>2.168.909.810</b>
Loans	-	-	27.362.225	27.362.225	27.362.225
Dividends payable	-	-	31.273.268	31.273.268	31.273.268
Financial liabilities at amortized cost	-	-	29.564.496	29.564.496	29.564.496
Leasing contract liabilities	-	-	1.794.687	1.794.687	1.794.687
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>89.994.676</b>	<b>89.994.676</b>	<b>89.994.676</b>

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**6. GROSS DIVIDEND REVENUE**

<i>In LEI</i>	6 months' period ended on 30 <sup>th</sup> June 2020	6 months' period ended on 30 <sup>th</sup> 2019
SNTGN Transgaz	4.384.043	6.138.227
Aerostar	2.979.585	2.475.348
OMV Petrom	544.628	10.416.846
Bursa de valori Bucuresti	286.345	-
Banca Transilvania	-	58.847.200
SNGN Romgaz	-	13.658.426
ALRO	-	1.525.200
Other	381.072	636.668
<b>Total</b>	<b>8.575.673</b>	<b>93.697.915</b>

Dividend income is registered at gross value. The taxation rates for the dividends of the period ended the 30th June 2020 have been of 5% or 0% (2019: 5% or 0%). Dividend tax exemption is applied in case the Group's holding interest rate has been higher than 10% of the share capital of the company distributing the dividends, for an uninterrupted period of at least one year before distribution.

In the first half of 2020, the value of gross dividends distributed by the companies for which interest holding were classified as financial assets at fair value through other comprehensive income has been of 8.069.602 lei (6 months' period ended 30<sup>th</sup> June 2019: 91.740.123 lei).

**7. OTHER OPERATIONAL REVENUE**

<i>In LEI</i>	6 months' period ended 30 <sup>th</sup> June 2020	6 months' period ended 30 <sup>th</sup> June 2019
Revenue from production sale	5.728.018	8.424.398
Revenue from merchandise sale	3.661.552	6.924.978
Revenue from apartment sale	89.909.326	42.797.271
Revenue from service delivery	40.081	457.148
<b>Total revenue from client contracts</b>	<b>99.338.976</b>	<b>58.603.795</b>
Revenue from rents	1.322.770	1.716.984
Revenue from recovered receivables	39.276	5.397.177
Other operational revenue	456.343	1.246.925
<b>Total other categories of operational revenue</b>	<b>1.818.390</b>	<b>8.361.086</b>
<b>Total</b>	<b>101.157.367</b>	<b>66.964.881</b>

*Revenue from contracts entered with clients*

Within revenue from production sale, the highest weight in the first 6 months of 2020 has been held by Mecanica Ceahlău with the amount of 5.596.561 lei, namely 98% (6 months' period ended 30th June 2019: with the amount of 8.248.737 lei, namely 98%), representing revenue from the sale of the agricultural machines and equipment manufactured by this subsidiary, followed by Agriointens with the amount of 131.457 lei, namely 2% (6 months' period ended 30<sup>th</sup> June 2019: with the amount of 175.661 lei, namely 2%) representing revenue from the sale of agricultural products (blueberries).

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**7. OTHER OPERATIONAL REVENUE (continued)**

Within revenue from merchandize sale, the highest weight in the first half of 2020 is held by Mecanica Ceahlău with an amount of 3.568.076 lei, namely 97% (6 months' period ended the 30<sup>th</sup> June 2019: 6.924.128 lei, namely over 99%), representing the sale of products in distribution (trucks, herbicides, front loaders, etc.).

In the first half of 2020, as well as in the comparative period, revenue from apartment sale have been those of subsidiary Țesătoriile Reunite, following the sale of apartments (and corresponding parking lots) in the residential complex Baba Novac Residence, developed by this subsidiary.

The services delivered by the Group are generally connected to the products supplied (for example overhaul of the agricultural machines following the expiry of the guarantee period).

The balance of receivables from client contracts is included in Explanatory note 14 a).

**8. NET GAIN / (NET LOSS) RELATED TO ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

<i>In LEI</i>	<b>6 months' period ended 30<sup>th</sup> June 2020</b>	<b>6 months' period ended 30<sup>th</sup> June 2019</b>
Net gain / (net loss) from revaluation of financial assets at fair value through profit or loss	(44.336.135)	25.410.645
Net gain / (net loss) related to the sale of financial assets at fair value through profit or loss	-	1.027.928
	<hr/>	<hr/>
<b>Total</b>	<b><u>(44.336.135)</u></b>	<b><u>26.438.573</u></b>

The unattained net loss registered in the first half of 2020, amounting to a total of 44.336.135 lei (6 months' period ended 30<sup>th</sup> June 2019: net unattained gain of 25.410.645 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, net loss unattained was mainly generated by the modification of fair value, that is the decrease of investments in fund units, following the adverse effect that the crisis generated by COVID 19 epidemic has had on international and national financial markets, including on the pricing of financial instruments on Bucharest Stock Exchange.

In the previous period, the unattained net gain was generated mainly by the increase of fair value for fund unit investments.

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**9. 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 (referring both to the Management Committee of the Company and the subsidiaries' CEOs) and the Board of Directors (referring both to the Company's Board of Directors and the Board of Directors of subsidiaries).

<i>In LEI</i>	<b>6 months' period ended 30<sup>th</sup> June 2020</b>	<b>6 months' period ended 30<sup>th</sup> June 2019</b>
<b><i>Fixed remunerations</i></b>		
Management Committee	2.391.108	2.203.561
Board of Directors	5.048.238	4.789.053
Employees	7.041.624	7.082.518
<b><i>Total fixed remunerations</i></b>	<b><u>14.480.970</u></b>	<b><u>14.075.132</u></b>
<b><i>Variable remunerations</i></b>		
<b>Board of Directors, Management Committee</b>		
Bonuses for the current year	169.388	63.095
<b><i>Total variable remunerations. Board of Directors, Management Committee</i></b>	<b><u>169.388</u></b>	<b><u>63.095</u></b>
<b>Employees</b>		
Bonuses for the current year	71.034	89.586
<b><i>Total variable remunerations of employees</i></b>	<b><u>71.034</u></b>	<b><u>89.586</u></b>
<b>Total variable remunerations</b>	<b><u>240.422</u></b>	<b><u>152.681</u></b>
<b><i>Expenditures for social contributions and similar</i></b>	<b><u>334.958</u></b>	<b><u>215.314</u></b>
<b>Total wages, remunerations, contributions and similar expenditures</b>	<b><u>15.056.350</u></b>	<b><u>14.443.127</u></b>

The directors' allowances are approved by the Board of Directors through the management contracts.

The Group's average number of employees for the first half of 2020 has been 199 (6 months' period ended 30<sup>th</sup> June 2019: 224). The number of Group's employees for the first 6 months of 2020 has been 19 (6 months' period ended 30<sup>th</sup> June 2019: 13).

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**10. OTHER OPERATING EXPENDITURES**

<i>In LEI</i>	<b>6 months' period ended 30<sup>th</sup> June 2020</b>	<b>6 months' period ended 30<sup>th</sup> June 2019</b>
Expenditures for outsourced services	5.565.085	40.596.013
Expenditures for commissions and fees	1.458.589	1.740.836
Expenditures for protocol, advertising and publicity	112.017	150.369
Expenditures with the amortization of tangible and intangible assets	1.658.005	1.753.077
Expenditures with the amortization of assets related to leasing contracts use rights	371.999	197.401
Expenditures for sponsorships	771.211	161.505
Expenditures for merchandize	3.082.532	6.119.455
Inventory variations	59.695.121	(3.083.049)
Other operating expenditures	5.767.638	5.334.883
<b>Total</b>	<b>78.482.196</b>	<b>52.970.491</b>

Expenses for outsourced services mainly include expenses for services delivered by general contractor (for the development of Baba Novac Residence residential center by Țesătoriile Reunite subsidiary), expenditures for valuation, management, rent, maintenance, repairs and insurance.

Expenditures with fees and commissions mainly include the commission for the net asset owed to FSA, commissions for transactions with equity on the regulated market, commissions owed to the depository bank and commissions for registry services for the Central Depository owed by the Company, as well as fees for legal assistance and other consultancy fees.

Other operating expenditures include expenditures for travels, post and telecommunication, utilities, fuel, material and inventory objects, as well as taxes and other expenses.

Stock variation in the first half of 2020 mainly included stock decrease following the sale of apartments in residential real-estate center Baba Novac Residence developed by Țesătoriile Reunite subsidiary completed in 2019.



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**11. PROFIT TAX**

<i>In LEI</i>	<b>6 months' period ended 30<sup>th</sup> June 2020</b>	<b>6 months' period ended 30<sup>th</sup> June 2019</b>
<b>Current profit tax</b>	(3.380.635)	(6.022.212)
Current profit tax (16%)	(270.757)	(4.554.203)
Dividend tax (5%)	<u>(3.651.392)</u>	<u>(10.576.415)</u>
<b>Deferred profit tax</b>		
Financial assets	675.128	-
Investment property and property, plant and equipment	(43.921)	(1.811.311)
Stocks	539.915	-
Other elements (tax loss)	2.146.774	-
Other liabilities and provisions	(188.516)	(130.305)
	<u><b>3.129.381</b></u>	<u><b>(1.941.616)</b></u>
<b>Total</b>	<u><b>(522.012)</b></u>	<u><b>(12.518.032)</b></u>

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

<i>In LEI</i>	<b>6 months' period ended 30th June 2020</b>	<b>6 months' period ended 30th June 2019</b>
<b>Profit before tax</b>	(25.649.943)	122.525.020
<b>Tax in compliance with statutory taxation rate of 16% (6 months 2019: 16%)</b>	4.103.991	(19.604.003)
<b>Effect on profit tax of:</b>		
Non-deductible expenditures	(7.452.535)	(4.895.755)
Non-taxable income	3.898.113	17.709.150
Other elements	(1.107.473)	980.523
Effect of tax loss impact in the current period	(2.822.731)	(212.127)
Registration of time differences and impact of tax loss on deferred tax	3.129.380	(1.941.616)
Dividend tax (5%)	(270.757)	(4.554.203)
<b>Profit tax</b>	<u><b>(522.012)</b></u>	<u><b>(12.518.032)</b></u>

The effective profit tax rate in the first half of 2020 is 2%, due mainly to the registered loss (6 months of 2019: 10%).

On ascertaining the tax result expenses for management and administration, as well as other expenses are taken into account as non-deductible expenses, proportional to the weight of non-deductible revenue in total revenue registered by the Group.

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**11. PROFIT TAX (continued)**

The main non-deductible revenue are represented by revenue from dividends and revenue from the revaluation of financial assets at fair value through profit or loss (holdings over 10%), while non-deductible expenses include expenses from the revaluation difference of financial assets at fair value through profit or loss (holdings over 10%), as well as expenses assigned proportionally to non-taxable revenue.

**12. BANK DEPOSITS**

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
Term bank deposits	52.330.465	128.489.651
Attached claims	78.168	386.406
Collateral deposits (guarantees)	<u>52.055</u>	<u>52.055</u>
<b>Total bank deposits – gross value</b>	<b><u>52.460.688</u></b>	<b><u>128.928.112</u></b>
Expected credit loss	<u>(6.749)</u>	<u>(5.237)</u>
<b>Total bank deposits</b>	<b><u>52.453.940</u></b>	<b><u>128.922.875</u></b>

The bank deposits are constantly at the Group's disposal and are not restricted.

All Group's bank deposits are classified as Stage 1.

**13. FINANCIAL ASSETS**

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

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
Fund units	275.570.246	296.458.877
Shares	<u>12.600.675</u>	<u>13.319.123</u>
<b>Total</b>	<b><u>288.170.920</u></b>	<b><u>309.778.000</u></b>
<i>In LEI</i>	<u><b>30<sup>th</sup> June 2020</b></u>	<u><b>30<sup>th</sup> June 2019</b></u>
<b>1<sup>st</sup> January</b>	<b><u>309.778.000</u></b>	<b><u>267.187.022</u></b>
Purchases during the period	22.729.055	9.524
Sales during the period		(44.354.447)
Fair value modification	(44.336.135)	25.410.645
Gain from the sale of FVTPL financial assets	<u>-</u>	<u>1.027.928</u>
<b>30<sup>th</sup> June</b>	<b><u>288.170.920</u></b>	<b><u>249.280.672</u></b>

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**13. FINANCIAL ASSETS (continued)**

***b) Financial assets assigned at fair value through other comprehensive income***

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
Shares assigned at fair value through other comprehensive income	1.410.005.525	1.675.707.206
<b>Total</b>	<b><u>1.410.005.525</u></b>	<b><u>1.675.707.206</u></b>

On 30<sup>th</sup> June 2020 and 31<sup>st</sup> December 2019, the category of shares valued at fair value through other comprehensive income included mainly shares held in Banca Transilvania, SNGN Romgaz, Aerostar, SNTGN Transgaz.

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

The movement of shares valued at fair value through other comprehensive income in the period ended 30th June 2020 and 30th June 2019 is presented in the following table:

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2019</b>
<b>1<sup>st</sup> January</b>	<b><u>1.675.707.206</u></b>	<b><u>1.286.637.922</u></b>
Sales during the period	(3.952.005)	(58.584.947)
Purchases during the period	29.322.474	12.746.761
Fair value modifications	(291.072.150)	184.652.203
<b>30<sup>th</sup> June</b>	<b><u>1.410.005.525</u></b>	<b><u>1.425.451.939</u></b>

In the first 6 months of 2020, shares valued at fair value through other comprehensive income have registered a significant drop (fair value modification being in terms of the drop), following the negative impact that the start of the COVID 19 epidemic has had on the international and national markets, including on the pricing of financial instruments on Bucharest Stock Exchange.

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**13. FINANCIAL ASSETS (continued)**

**c) Bonds**

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
Corporate bonds	17.419.956	24.660.386
Municipal bonds	76.949	82.860
<b>Total bonds at amortized cost – gross value</b>	<b>17.496.905</b>	<b>24.743.246</b>
Expected credit loss	(165.545)	(212.654)
<b>Total bonds at amortized cost</b>	<b>17.331.360</b>	<b>24.530.592</b>
Corporate bonds	3.944.373	3.942.270
<b>Total bonds at fair value through other comprehensive income</b>	<b>3.944.373</b>	<b>3.942.270</b>

On 30th June 2020, the category of bonds at amortized cost included bonds issued by Bacau Town Hall and Straulesti Lac Alfa (31st December 2019: bonds issued by Bacau Town Hall, Banca Transilvania and Străulești Lac Alfa).

In May 2020 the bonds issued by Banca Transilvania reached maturity and their value was collected.

On 30th June 2020 and 31st December 2019, the category of bonds at fair value through other comprehensive income included bonds issued by Autonom Service SA, that are held by the Company within a business model whose objective is to keep financial assets both to collect contract cash flows and for their sale. Autonom Service bonds are listed on Bucharest Stock exchange.

All Company's bonds are classified as 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 (unobservable inputs).

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**13. FINANCIAL ASSETS (continued)**

**30<sup>th</sup> June 2020**

<i>In LEI</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	286.612.204	-	1.558.717	288.170.921
Financial assets measured at fair value through other comprehensive income	1.307.434.962	-	102.570.563	1.410.005.525
Bonds at fair value through other comprehensive income	3.944.373	-	-	3.944.373
<b>Total</b>	<b>1.597.991.539</b>	<b>-</b>	<b>104.129.280</b>	<b>1.702.120.819</b>

**31<sup>st</sup> December 2019**

<i>In LEI</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	307.976.781	-	1.801.219	309.778.000
Financial assets measured at fair value through other comprehensive income	1.572.034.085	-	103.673.122	1.675.707.206
Bonds at fair value through other comprehensive income	3.942.270	-	-	3.942.270
<b>Total</b>	<b>1.883.953.136</b>	<b>-</b>	<b>105.474.341</b>	<b>1.989.427.477</b>

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**13. FINANCIAL ASSETS (continued)**

Financial assets	Fair value on 30 <sup>th</sup> June 2020	Valuation technique	Unobservable inputs, value intervals	Relationship between unobservable inputs and fair value
Listed minority interest, without active market	3.754.591	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 EV/Sales multiple, 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	14.102.673	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.
Listed minority interest without active market	3.994.461	Income approach – discounted cash-flow method	Weighted average cost of capital: 10,49%  Constant long-term revenue increase rate: 3% Lack of control discount: 16,4%	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 liquidity discount, the higher the fair value.
Unlisted minority interest	2.911.842	Income approach – discounted cash-flow method	Weighted average cost of capital: 11,7% Constant long-term revenue increase rate: 2,85% Lack of control discount: 11,7%  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.

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**13. FINANCIAL ASSETS (continued)**  
**d) Fair value hierarchy (continued)**

Financial assets	Fair value on 30 <sup>th</sup> June 2020	Valuation technique	Unobservable inputs, intervals	value	Relationship between unobservable inputs and fair value
Listed minority interest, without active market (holding type)	76.226.723	Assets approach - asset accumulation method or adjusted net asset method	Equity market value reported to its carrying value: 1,2 Lack of control discount: 19,7% Lack of liquidity discount: 15,9%		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)	3.138.990	Assets approach - asset accumulation method or adjusted net asset method	Equity market value reported to its carrying value: 1,4  Lack of control discount: 22,6% Lack of liquidity discount: 10,8%		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.
<b>Total</b>	<b>104.129.280</b>				

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**13. FINANCIAL ASSETS (continued)**  
**d) Fair value hierarchy (continued)**

<b>Financial assets</b>	<b>Fair value on 31<sup>st</sup> December 2019</b>	<b>Valuation technique</b>	<b>Unobservable inputs, value intervals</b>	<b>Relationship between unobservable inputs and fair value</b>
Minority interest, without active markets	5.176.826	The market approach, comparable companies' method	invested capital value / turnover multiple: 0,9 Invested capital/EBITDA multiple: 6,6 Lack of liquidity discount: 18%	The lower the EV/Sales multiple, the lower the fair value. The lower the EV/EBITDA multiple, the higher 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 value / turnover multiple: 0,9 Invested capital value/EBITDA multiple: 7,6 Equity/ 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 higher 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.
Listed minority interest. Without active market	3.819.942	Revenue approach – discounted cash-flow method	Weighted average cost of capital: 9,9%  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	Revenue approach – discounted cash-flow method	Weighted average cost of capital: 12% Perpetual 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.



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**13. FINANCIAL ASSETS (continued)**  
**d) Fair value hierarchy (continued)**

Financial assets	Fair value on 31 <sup>st</sup> December 2019	Valuation technique	Unobservable inputs, intervals	value	Relationship between unobservable inputs and fair value
Listed minority interest, without active market (holding type)	77.038.214	Assets approach – asset accumulation method or Adjusted net asset method	Equity market value 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)	2.846.188	Assets approach – asset accumulation method or adjusted net asset method	Equity market value 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.
<b>Total</b>	<b>105.474.341</b>				

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**13. FINANCIAL ASSETS (continued)**

*Sensitivity analysis*

Although the Group considers that the 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 the Group's profit or loss and other comprehensive income elements on 30th June 2020 as follows:

<b>Modified hypothesis (Lei)</b>	<b>Impact on profit or loss (before taxation)</b>	<b>Impact on other comprehensive income (before taxation)</b>
WACC increase by 50 bps	-	(411.587)
WACC decrease by 50 bps	-	463.742
Increase of the perpetuity increase rate by 25 bps	-	155.640
Decrease of the perpetuity increase rate by 25 bps	-	(146.016)
Increase of (EBITDA, CA, P/E) multiple by 10%	180.122	1.732.592
Decrease of (EBITDA, CA, P/E) multiples by 10%	(180.122)	(1.732.592)

**d) Fair value hierarchy (continued)**

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 valuers 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 assessed 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).

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**13. FINANCIAL ASSETS (continued)**

**d) Fair value hierarchy (continued)**

*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.

*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.

**Level 3 fair value modification**

*In LEI*

	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2019</b>
<b>On 1<sup>st</sup> January</b>	<b>105.474.341</b>	<b>112.843.604</b>
Total gain/(loss) recognized in profit or loss	(271.358)	22.948
Total gain/(loss) recognized in other comprehensive	(1.225.025)	(211.332)
Purchases	150.745	9.524
Sales	577	(1.918.047)
Transfers		
<b>On 31<sup>st</sup> December</b>	<b>104.129.280</b>	<b>110.746.697</b>

On 30<sup>th</sup> June 2020 the Group classified as level 1 titles measured based on clearing prices on BVB market, on the last day of trading. Fund units valuated based on the unitary value of their net asset certified by the fund depositary are included in this level.

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**13. FINANCIAL ASSETS (continued)**

**d) Fair value hierarchy (continued)**

Interests classified as level 3 have been evaluated by independent evaluators based on the financial information supplied by departments with monitoring functions, using valuation techniques that increase the use of observable inputs and minimize the use of unobservable inputs, under the supervision and revision of management who makes sure that all data on which the valuation reports are based, are correct and proper. Holdings that have not been subjected to evaluation are also included in level 3, their value being insignificant.

**e) Reserve from the revaluation at fair value of financial assets, shares valued at fair value through other comprehensive income, net of deferred tax**

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2019</b>
<b>On 1<sup>st</sup> January</b>	<u><b>772.618.267</b></u>	<u><b>500.578.767</b></u>
Gross (loss)/gain from the revaluation of financial assets valued at fair value through other comprehensive income	(291.137.577)	208.199.993
Deferred tax corresponding to the gain from the revaluation of financial assets valued at fair value through other comprehensive income	40.961.393	(29.455.085)
<b><i>Net (loss) /gain from the revaluation of financial assets valued at fair value through other comprehensive income</i></b>	<u><b>(250.176.184)</b></u>	<u><b>178.744.908</b></u>
Net gain obtained related to the transfer to retained earnings following the sale of financial assets	(2.398.392)	(23.160.751)
<b>On 30<sup>th</sup> June</b>	<u><b>520.043.691</b></u>	<u><b>656.162.923</b></u>

The net gain obtained, of 2.398.392 lei, registered in the first half of 2020 was obtained mainly from the sale of URB Rulmenți and OMV Petrom shares.

**f) Investments accounted for using the equity method**

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
Shares	42.812.614	37.846.509
<b>Total</b>	<u><b>42.812.614</b></u>	<u><b>37.846.509</b></u>

Investments accounted for using the equity method are represented by the holding of shares in Străulești Lac Alfa, titles purchased in 2018.

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**14. a) OTHER FINANCIAL ASSETS AT AMORTISED COST**

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
Claims from various debtors	63.145.991	64.112.356
Commercial claims	17.490.641	20.214.073
Dividends to collect	4.206.523	-
Advances for suppliers	189.452	280.229
<b>Total other financial assets – Gross value</b>	<b>85.032.607</b>	<b>84.606.658</b>
Minus expected credit loss corresponding to other financial assets	(69.021.875)	(66.016.188)
<b>Total other financial assets</b>	<b><u>16.010.732</u></b>	<b><u>18.590.469</u></b>

Claims from various debtors mainly include amounts corresponding to final sentences, worth 55.122.293 lei (31st December 2019: 55.045.411 lei) of SIF Moldova.

For those values whose collection is uncertain, the Group has calculated adjustments for the corresponding expected credit loss.

On 30<sup>th</sup> June 2020, the claims from client contracts included in the table below in the commercial claim's category have been of 8.685.565 lei (31<sup>st</sup> December 2019: 10.801.515 lei).

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
Other financial assets – performing	24.206.357	24.552.035
Other financial assets – impaired	60.826.250	60.054.622
<b>Total other financial assets – gross value</b>	<b>85.032.607</b>	<b>84.606.657</b>
Adjustments for expected credit loss for other financial assets - performing	(8.280.156)	(5.965.092)
Adjustments for expected credit loss for other financial assets - impaired	(60.741.719)	(60.051.097)
<b>Total other financial assets</b>	<b><u>16.010.732</u></b>	<b><u>18.590.469</u></b>

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**14. a) OTHER FINANCIAL ASSETS AT AMORTISED COST (continued)**

<i>In LEI</i>	<u>30<sup>th</sup> June 2020</u>		<u>31<sup>st</sup> December 2019</u>	
	Expected credit loss	Gross value	Expected credit loss	Gross value
Outstanding for more than 365 days	(60.741.719)	60.810.506	(60.051.097)	60.119.061
<i>In LEI</i>	<u>30<sup>th</sup> June 2020</u>		<u>31<sup>st</sup> December 2019</u>	
	Expected credit loss	Gross value	Expected credit loss	Gross value
Not outstanding	(913.535)	13.623.288	(239.657)	12.924.596
Outstanding between 0 and 30 days	(64.978)	448.617	(35.027)	1.044.042
Outstanding between 31 and 60 days	(124.576)	574.474	(74.667)	294.430
Outstanding between 61 and 90 days	(384.045)	972.525	(53.383)	259.834
Outstanding over 90 days	(6.793.022)	8.603.198	(5.562.358)	9.964.694
<b>Total</b>	<b>(8.280.156)</b>	<b>24.222.102</b>	<b>(5.965.092)</b>	<b>24.487.596</b>

The movement of adjustments for expected credit loss for other financial assets at amortized cost can be analyzed as follows:

<i>In LEI</i>	<u>30<sup>th</sup> June 2020</u>	<u>30<sup>th</sup> June 2019</u>
<b>1<sup>st</sup> January</b>	<b>(66.016.188)</b>	<b>(60.466.264)</b>
Setups	(5.448.207)	(247.882)
Reversals	2.442.520	232.627
<b>30<sup>th</sup> June</b>	<b>(69.021.875)</b>	<b>(60.481.519)</b>

**14. b) STOCKS**

<i>In LEI</i>	<u>30<sup>th</sup> June 2020</u>	<u>31<sup>st</sup> December 2019</u>
Raw materials and materials	2.560.995	2.451.764
Production in progress	975.746	1.357.124
Semi-finished products	68.140	68.507
Finished products	23.800.547	83.306.181
Merchandize	5.656.851	5.489.889
<b>Total</b>	<b>33.062.279</b>	<b>92.673.464</b>

The highest value of stocks is held by subsidiaries Mecanica Ceahlău with 21.518.374 lei (31<sup>st</sup> December 2019: 20.162.146 lei) and Tesătoriile Reunite with 7.881.117 lei (31<sup>st</sup> December 2019: 70.771.518 lei).

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On 30<sup>th</sup> June 2020, the carrying value of pledged stocks, including the value of the apartments that are already completed or pending completion in the residential complex Baba Novac Residence, was 10.637.095 lei (31<sup>st</sup> December 2019: 64.941.775 lei).

**15. LOANS**

	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
<b>Long-term liabilities</b>	<b>10.643.051</b>	<b>7.981.037</b>
Long-term bank loans	10.643.051	7.981.037
<b>Short-term liabilities</b>	<b>969.903</b>	<b>19.381.189</b>
Short-term bank loans	969.903	19.381.189
<b>Total loans</b>	<b>11.612.954</b>	<b>27.362.225</b>

The tables below present detailed information regarding the loans contracted by the Group on 30<sup>th</sup> June 2020 and 31<sup>st</sup> December 2019:

**30<sup>th</sup> June 2020**

<i>In LEI</i>	<b>Credit type</b>	<b>Loan balance (Lei)</b>	<b>Contract currency</b>	<b>Annual interest rate (%)</b>	<b>Final loan maturity</b>
<b>Subsidiary</b>					
Agrointens	Partial financing Mandra project	3.981.250	Lei	ROBOR 1 month + 2,75%	8 <sup>th</sup> Aug 2024
Agrointens	Financing of Vistea project	647.543	Lei	ROBOR 1 month + 2,75%	15 <sup>th</sup> Apr 2021
Agrointens	Work capital	994.608	Lei	ROBOR 1 month + 2,5%	28 <sup>th</sup> Apr 2021
Agrointens	Financing of Popesti project	3.880.222	Lei	ROBOR 1 month + 2,9%	2 <sup>nd</sup> Jun 2026
Mecanica Ceahlău	Investments	969.903	Euro	EURIBOR 6 month +2,5%	20 <sup>th</sup> May 2024
Mecanica Ceahlău	Credit facility	1.139.428	Lei	EURIBOR 1a 3 months + 1,85% per year	31 <sup>st</sup> Dec 2020
<b>Total</b>		<b>11.612.954</b>			

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**15. LOANS (continued)**

31<sup>st</sup> December 2019

<i>In LEI</i>	Credit type	Loan balance (Lei)	Contract currency	Annual interest rate (%)	Final loan maturity
<b>Subsidiary</b>					
Agrointens	Partial financing of Mandra project	4.459.000	Lei	ROBOR 1 month + 2,75%	8 <sup>th</sup> Aug 2024
Agrointens	Financing of Vistea project	1.036.069	Lei	ROBOR 1 month + 2,75%	15 <sup>th</sup> Apr 2021
Agrointens	Work capital	961.542	Lei	ROBOR 1 month + 2,5%	30 <sup>th</sup> Apr 2020
Agrointens	Financing of Popesti project	3.237.483	Lei	ROBOR 1 month + 2,9%	2 <sup>nd</sup> Jun 2026
Mecanica Ceahlău	Investments	1.268.170	Euro	EURIBOR 6 months +2,5%	20 <sup>th</sup> May 2024
Tesatoriile Reunite	TL credit (credit for the financing of Baba Novac Residence project)	16.399.961	Lei	ROBOR 1 months + 2%	31 <sup>st</sup> May 2020
<b>Total</b>		<b>27.362.225</b>			

**16. DIVIDENDS PAYABLE**

<i>In LEI</i>	30 <sup>th</sup> June 2020	31 <sup>st</sup> December 2019
Dividends payable for 2012	641	641
Dividends payable for 2013	6.118	6.118
Dividends payable for 2014	190.873	190.789
Dividends payable for 2015	193.968	194.137
Dividends payable for 2016	10.539.820	10.582.911
Dividends payable for 2017	12.326.013	12.413.720
Dividends payable for 2018	7.782.112	7.884.951
Dividends payable for 2019	18.124.588	-
<b>Total dividends payable</b>	<b>49.164.133</b>	<b>31.273.268</b>

Dividends payable, not collected within 3 years from the date of their release, are prescribed according to the law, with the exception of amounts garnished by tax authorities.



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**17. LIABILITIES RELATED TO DEFERRED PROFIT TAX**

Liabilities related to deferred profit tax on 30th June 2020 are generated by the elements detailed in the following table:

<i>In LEI</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through other comprehensive income	505.065.576	-	505.065.576
Tangible assets and investment property	54.908.308	(419.088)	54.489.220
Other assets		(12.865.730)	(12.865.730)
Other liabilities and other provisions	-	(2.180.606)	(2.180.606)
Tax loss		(12.693.086)	(12.693.086)
<b>Total</b>	<b>559.973.884</b>	<b>(28.158.509)</b>	<b>531.815.375</b>
Net time differences - 16% rate			531.815.375
			<b>85.090.461</b>

**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:

<i>In LEI</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through other comprehensive income	761.798.529	-	761.798.529
Tangible assets and investment property	56.248.769	-	56.248.769
Other assets		(2.405.916)	(2.405.916)
Liabilities related to cash profit share, other benefits and other liabilities	-	(978.478)	(978.478)
Provisions for litigations and other provisions		(7.094.698)	(7.094.698)
<b>Total</b>	<b>818.047.298</b>	<b>(10.479.092)</b>	<b>807.568.206</b>
Net time differences - 16% rate			807.568.206
<b>Liabilities related to deferred profit tax</b>			<b>129.210.914</b>

Deferred profit tax directly recognized through the lowering of equity is 80.810.492 lei on 30<sup>th</sup> June 2020 (31<sup>st</sup> December 2019: 121.887.765 lei), being generated by financial assets valued at fair value through other comprehensive income for which the Group's holding percentage is below 10%, for a period under one year and property, plant and equipment.

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**18. a) FINANCIAL LIABILITIES AT AMORTISED COST**

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
Suppliers	5.742.569	10.629.237
Advances from clients	6.852.186	18.493.453
Other financial liabilities	391.689	441.805
<b>Total</b>	<b><u>12.986.444</u></b>	<b><u>29.564.496</u></b>

**18. b) LIABILITIES RELATED TO CURRENT PROFIT TAX AND OTHER LIABILITIES**

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
Liabilities with current profit tax	489.077	8.360.107
Liabilities with taxes and levies	2.586.535	2.246.453
Liabilities related to cash benefits and other rights of employees	445.081	1.835.490
Other liabilities	764.218	449.025
<b>Total</b>	<b><u>4.284.911</u></b>	<b><u>12.891.075</u></b>

Liabilities regarding the benefit plan represent mainly the amounts that are to be offered as profit participation, in cash, to the employees in compliance with the collective employment contract and to the managers, in compliance with the management contracts. Other wage rights include mainly the debt regarding untaken holiday leave.

Current liabilities, including those with deferred profit tax have been paid by the Group on time.

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**19. CAPITAL AND RESERVES**

***(a) Share capital***

The structure of the Group's shareholding structure on the 30<sup>th</sup> June 2020 and 31<sup>st</sup> December 2019 is the following:

<b>30<sup>th</sup> June 2020</b>	<b>No. of shareholder</b>	<b>No. of shares</b>	<b>Amount (Lei)</b>	<b>(%)</b>
Natural individuals	5.749.585	365.576.298	36.557.630	36%
Companies	185	636.602.878	63.660.288	64%
<b>Total</b>	<b>5.749.770</b>	<b>1.002.179.176</b>	<b>100.217.918</b>	<b>100%</b>

  

<b>31<sup>st</sup> December 2019</b>	<b>No. of shareholders</b>	<b>No. of shares</b>	<b>Amount (Lei)</b>	<b>(%)</b>
Natural individuals	5.750.798	365.208.586	36.520.859	36%
Companies	188	636.970.590	63.697.059	64%
<b>Total</b>	<b>5.750.986</b>	<b>1.002.179.176</b>	<b>100.217.918</b>	<b>100%</b>

All shares are ordinary and have been subscribed and paid in full on 30th June 2020 and 31st December 2019. All shares have the same vote right and a nominal value of 0,1 Lei/share. The number of shares authorized for issue is equal to the number of issued shares.

Thus, the share capital on 30<sup>th</sup> June 2020 and 31<sup>st</sup> December 2019 has a nominal value of 100.217.918 lei (31st December 2019: 100.217.918 lei).

The 420.786.843 difference between the carrying value of the share capital of 521.004.761 lei and its nominal value is the inflation difference generated by the application of IAS 29 "Financial reporting in hyper-inflationist economies" by 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 30th June 2020.

Through Law no. 243 of 20<sup>th</sup> December 2019 on the regulation of alternative investment funds, the provisions of art. 286 index 1 Law no. 297/2004 on the capital market, regarding the limitation of the shareholding right to 5% of the share capital were annulled. The Extraordinary General Meeting of Shareholders on 27th April 2020 approved the elimination of the 5% holding limit of the Company's share capital, as regulated by art. 3 lines 8 and 9 of the Memorandum of Association and restrictions corresponding to this limit, resolution that produces effects starting on 24th July 2020 (according to FSA regulation no. 97 of 12.06.2020).

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**19. CAPITAL AND RESERVES (continued)**

***(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 valued 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 13 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 is included in reported result.

Legal reserves cannot be distributed to shareholders.

***(d) Dividends***

In the General Meeting of Shareholders on 27th April 2020, the Company's shareholders approved the distribution of a gross dividend of 0,06 lei/share (total 59.063.889 lei), corresponding to the statutory profit of 2019 financial year.

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

***(e) Own shares***

The total number of own shares owned by the Company on 30th June 2020 is 17.781.034 shares representing 1,77% of share capital (31st December 2019: 22.021.613 shares, representing 2,20% of share capital) total value of 24.885.840 lei (31st December 2019 of 30.335.310 lei).

The evolution of the number of shares (and their value) in the 1st half of 2020, namely 2019 is the following:

Own shares	Balance on 1 <sup>st</sup> January 2020	Purchases during the period	Assignments during the period (to managers and employees)	Balance on 30 <sup>th</sup> June 2020
Redemption program approved by EGMS on 18th April 2019	15.087.556	1.612.444	(5.853.023)	10.846.977
Redemption program approved by EGMS on 25.04.2016	6.934.057	-	-	6.934.057
<b>Total no. of shares</b>	<b>22.021.613</b>	<b>1.612.444</b>	<b>(5.853.023)</b>	<b>17.781.034</b>
<b>Total share value (Lei)</b>	<b>30.335.310</b>	<b>2.742.258</b>	<b>(5.129.568)</b>	<b>27.948.000</b>

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<b>Own shares</b>	<b>Balance on 1<sup>st</sup> January 2019</b>	<b>Purchases during the period</b>	<b>Assignments during the period (to managers and employees)</b>	<b>Balance on 30<sup>th</sup> June 2019</b>
Redemption program approved by EGMS on 27.04.2018	11.000.000	-	-	11.000.000
Redemption program approved by EGMS on 25.04.2016	9.581.936	-	(2.647.879)	6.934.057
Redemption program approved by EGMS on 01.04.2015	1.483.301	-	(1.483.301)	-
<b>Total no. of shares</b>	<b>22.065.237</b>	<b>-</b>	<b>(4.131.180)</b>	<b>17.934.057</b>
<b>Total share value (Lei)</b>	<b>28.598.935</b>	<b>-</b>	<b>(5.354.456)</b>	<b>23.244.479</b>

***(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 30th June 2020, namely 31<sup>st</sup> December 2019:

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>31<sup>st</sup> December 2019</b>
SOP 2018	-	7.064.800
SOP 2019	13.077.646	13.077.646
<b>Total</b>	<b>13.077.646</b>	<b>20.142.446</b>

The shares corresponding to SOP 2018, namely 6.064.210 shares have been assigned in the first half of 2020 for a price of 1.1650 lei/share (closing price on 17<sup>th</sup> April 2019).

Shares corresponding to SOP 2019 amount to 13.077.646 lei and will be assigned in 2021 for a price of 1.2850 lei/share (closing price on 24<sup>th</sup> April 2020).

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**20. NON-CONTROLLING INTERESTS**

Non-controlling interests represent the part of the profit or loss and of net assets, not held, neither directly or indirectly by the Group and are presented in the statement of consolidated comprehensive income statement and equity in the consolidated statement of financial position, separate from the capital of the mother company's shareholders.

The holdings in subsidiaries that do not result in control loss are accounted in as transactions between shareholders in their shareholders capacity.

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2019</b>
<b>On 1<sup>st</sup> January</b>	<b>18.917.295</b>	<b>15.934.335</b>
Profit / (loss) attributable to non-controlling interests	(127.351)	180.378
Reserves from the revaluation of tangible assets attributable to non-controlling interests	-	65.894
Dividends distributed to non-controlling interests	(3.083.133)	-
<b>On 30<sup>th</sup> June</b>	<b>15.706.810</b>	<b>16.180.607</b>

**21. EARNINGS PER SHARE**

The calculation of the earnings per basic share was made based on the profit/ (loss) attributable to ordinary shareholders and weighted average number of ordinary shares in circulation (without redeemed shares and including the shares offered to managers and employees through SOP programs):

<i>In LEI</i>	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2019</b>
Net profit / (net loss) attributable to Company's shareholders	(26.044.603)	109.826.611
<i>Average weighted number of ordinary shares in circulation</i>	<i>980.894.061</i>	<i>992.437.743</i>
<b>Earning per basic share (net profit / (net loss) per share)</b>	<b>(0,0266)</b>	<b>0,1107</b>
Net profit / (net loss) attributable to Company's shareholders	(26.044.603)	109.826.611
Gain reflected in reported result attributable to ordinary shareholders (from the sale of FVTOCI financial assets)	2.398.392	23.160.751
<i>Weighted average number of ordinary shares in circulation</i>	<i>980.894.061</i>	<i>992.437.743</i>
<b>Earnings per basic share (including earning from the sale of FVTOCI financial assets)</b>	<b>(0,0241)</b>	<b>0,1340</b>

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Diluted earnings per share are equal to the earning per basic share since the Company has not registered potential ordinary shares.

## **22. ERROR CORRECTIONS**

On 31st December 2019, the Group 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 Group 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.

The impact of these modifications on equity on 31<sup>st</sup> December 2018 was presented individually in the Equity Modification Statement.

The table below summarizes this impact:

<i>In LEI</i>	<b>31<sup>st</sup> December 2018 (reported)</b>	<b>Corrections</b>	<b>31<sup>st</sup> December 2018 (Corrected)</b>
<b>Equity</b>			
Benefits offered to employees as equity instruments	-	(12.931.076)	(12.931.076)

The correction has had no impact on the profit or loss account, cash-flow statements or earnings per share.

## **23. TRANSACTIONS AND BALANCES WITH PARTIES IN SPECIAL RELATIONSHIPS**

### ***Subsidiaries***

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

### ***Group's associates***

The Group holds one associate on the 30<sup>th</sup> June 2020 and 31<sup>st</sup> December 2019, Străulești Lac Alfa S.A., with a holding percentage of 50%.

In December 2019, the Company fully subscribed its corporate bonds in lei issued by Străulești Lac Alfa S.A., of 16.700.000 lei, with maturity on 9<sup>th</sup> December 2022 and fixed interest rate (coupon) of 8% per year. Their balance on 30<sup>th</sup> June 2020 was 17.254.466 lei (31<sup>st</sup> December 2019: 16.536.901 lei).

On 30<sup>th</sup> June 2019, the subscribed and unpaid capital of the Company to Straulești Lac Alfa SA, corresponding to a capital increase in 2018, was 9.320.000 lei.

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**23. TRANSACTIONS AND BALANCS WITH PARTIES IN SPECIAL RELATIONSHIP**  
**(continued)**

***Management staff***

**30<sup>th</sup> June 2020**

On 30<sup>th</sup> June 2020 and 30<sup>th</sup> June 2019 the members of the Board of Directors of SIF Moldova were Costel Ceocea (President of the Board of Directors), Octavian Claudiu Radu (Vice-President of the Board of Directors), Claudiu Doros̃ (CEO), Cătălin Jianu Dan Iancu (Deputy CEO) and Horia Ciorcilă (Non-Executive Director).

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, remunerations and other benefits offered to key management staff on the period of 6 months ended on 30<sup>th</sup> June 2020, namely on 30<sup>th</sup> June 2019 are presented in the table below:

	<b>30<sup>th</sup> June 2020</b>	<b>30<sup>th</sup> June 2019</b>
Wages, remunerations and other benefits in cash	8.705.398	8.163.315
<b>Total</b>	<b>8.705.398</b>	<b>8.163.315</b>

Detailed information regarding the remunerations and benefits offered to the members of the Board of Directors and Management Committee are presented under explanatory note 9.

The Group does not offer key staff benefits following employment or benefits for the cease of the employment contract.

**24. EVENTS FOLLOWING THE BALANCE DATE**

**Elimination of the 5% threshold**

The Extraordinary General Meeting of Shareholders from 27<sup>th</sup> April 2020 has approved the change of SIF Moldova's Memorandum of Association for the purpose of complying to the provisions of the Law no. 243/2019 on the regulation of alternative investment funds and for the modification and completion of normative documents, including the elimination of the 5% threshold of the Company's share capital and the restrictions related to this limit, resolution that produces effects starting with 24<sup>th</sup> July 2020.

The modification of the Company's Memorandum of Association, in compliance with EGMS resolution no. 2 of 27<sup>th</sup> April 2020 has been authorized by the Financial Supervision Authority in compliance with authorization no. 97 of the 12<sup>th</sup> June 2020, measures being taken to update the Memorandum of Association and its registration in the Trade Registry on the date these modifications come into force.



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## **24. EVENTS FOLLOWING THE BALANCE DATE**

### **Decrease of the share capital of the Company**

FSA authorized the changes brought to SIF Moldova's Memorandum of Association, following the decrease of the share capital from 100,217,917.60 lei la 98,947,917.60 lei, according to the General Meeting of Shareholders resolution no. 3/27.04.2020.

FSA issued the Registration Certificate of Financial Instruments no. AC-418-5/26.08.2020 related to the decrease of the share capital of the Company. The decrease of share capital was recorded with the Trade Register and Depozitarul Central.

### **Extension of the state of alert related to COVID-19**

On the 14<sup>th</sup> August 2020, Romania's government approved the resolution regarding the modification of the state of alert with another 30 days, this being the second 30 days' period (consecutive) since Romania is in the state of alert. Romania entered the state of alert on 15<sup>th</sup> May, after two months of a state of emergency, decreed by Romania's president on the 16th March 2020.

Because of the impact of the epidemic on financial markets and on economy in general, the management estimates that the financial position and performance of the Group in 2020 could be affected mainly because of the decrease of share prices for listed companies shares, the fair value modifications being reflected, depending on the classification of the financial instrument either in profit or loss or in other elements of comprehensive income; at the same time, the Group's financial performance could also be affected by the reduction of dividend income and revenue from the manufacture and sale of agricultural machines and equipment.

SIF Moldova carefully monitors the evolutions of the financial markets, and economic environment in general, as well as the effects of economic measures applied on the national and international level.

The simplified consolidated financial statements have been approved by the Board of Directors on 15<sup>th</sup> September 2020 and have been signed on its behalf by:

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**Claudiu Doros**  
CEO

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**Mihaela Moleavin**  
CFO