

# **SIF HOTELURI SA ORADEA**

## **BOARD OF DIRECTORS' REPORT**

### **For 2019 Q3 Financial Reports**

**Prepared in accordance with Law 24/2017 and Regulation 5/2018**

<b>MAIN BALANCE SHEET ENTRIES (lei)</b>	31.12.2018	30.09.2019
Total assets, of which	115.725.196	118.003.992
Non-current assets	109.037.354	107.200.613
Current assets	6.617.469	10.357.980
Prepayments	70.373	445.399
Equity	98.574.878	99.448.109
<b>Total debts</b>	<b>17.150.318</b>	<b>18.555.883</b>

<b>FINANCIAL PERFORMANCE (lei)</b>	30.09.2018	30.09.2019
Turnover	16.850.041	20.120.075
Total income	17.564.245	21.433.092
Total expenses	19.254.361	19.887.962
Gross profit	-1.690.116	1.545.130
Net profit	-2.026.004	1.322.860

<b>INDICATORS (%)</b>	30.09.2018	30.09.2019
ROE (net profit / equity)	-0,0208	0,0133
ROA (net profit / total assets)	-0,0184	0,0112
Current cash	0,98	1,64

<b>SHARES AND NET ASSETS PERFORMANCE</b>	30.09.2018	30.09.2019
Result per share	-0,0630	0,0412
Value of the share capital	80.356.103	80.356.103
Nominal value per share	2,50	2,50
Net assets / share	3,05	3,09
Number of shares	32.142.441	32.142.441

<b>OPERATIONAL DATA</b>	30.09.2018	30.09.2019
Average number of employees	171	171
Number of business facilities	8	7

Indicator	Calculation method	Result
1. Current liquidity		1,64
2. Level of indebtedness		0,08
3. Turnover speed, for client debit items		9,19
4. Turnover speed, for fixed assets		0,19

## 1. „SIF HOTELURI” ACTIVITY ANALYSIS

### General information

During the financial year under review there were no significant mergers or reorganisations of the company.

#### General informations

Name	„SIF HOTELURI SA”
Type	Shared company
Adress	Piata Emanuil Gojdu nr 53 bloc A10
Phone / Fax	0259 413 939
Registration number at the Trade Registry Office	J05/126/1991
Unique registration code	56150
Fiscal Identification Code	RO 56150
Capital	80.356.102,50 lei
Nominal value of shares	2,50 lei/share
Number of shares	32.142.441

The company SIF HOTELURI S.A. (The "Company") is constituted as a joint stock company, being a Romanian legal entity that operates on the basis of Law 31/1990, with subsequent amendments and completions.

On 30 September 2019, the company is 98,9997% owned by SIF Banat - Crisana SA (31.820.906 shares), a percentage of 0.0321% owned by State Authority, a percentage of 0,9634% owned by natural persons (309.655 shares) and a percentage of 0,0048% by legal persons (1.551 shares).

SIF Hoteluri SA is based in Oradea, Piata Emanuil Gojdu no. 35, block A10, being registered with the Trade Register Office under no. J5 / 126/1991 and having the Unique Tax Registration Code 56150.

The main object of activity is "Bars and other beverage serving activities", the activity being mainly carried out by "Hotels and other similar accommodation facilities" CAEN 5510.

The financial auditor of the company is SC ACF Confident SRL from Oradea starting with the financial year 2015.

The number of the shares and shareholders is registered, according to law, with SC Depozitarul Central SA Bucharest.

The company's shares are listed at Bucharest Stock Exchange, category standard, CAOR indicative, starting from 11 May 2012.

#### *History of the company*

The company was established as a joint stock company in 1990 on the basis of Law 15/1990, with the name SC CALIPSO SA based in Oradea and started with a share capital of 15,582.20 lei. SC Calipso SA came from the "TRUSTUL ALIMENTAIA LOCALE PUBLICE ORADEA" (T.AP.L.) Established in 1952. As a result of the Decision of AGEA no 2 of 29.04.2014, the address of the registered office of SC Calipso S.A. has changed from Oradea Piata Independentei no. 53 block A10 to Oradea Piata Emanuil Gojdu no. 53 block A10, following the Decision of the Local Council no. 618 from August 14, 2013.

In 2014, SC CALIPSO SA changed its name, according to AGEA Decision no. 2 of 19.05.2014, in SIF HOTELURI S.A.

On 15.10.2015 ended the merging operation according to the merging project 133/24/03/2015 and Bihor Court's Decision no. 105/2015 dated 10.09.2015, whereby SIF Hoteluri SA absorbed other five companies that had the same majority shareholder: SC Beta Transport SA ClujNapoca, SC Transeuro Hotel SA Baia Mare, SC Hotel Mesesul SA Zalau, SC Rusca SA Hunedoara, SC Valy-Tim SA Timisoara. On 06.11.2015 they picked up the Resolution no. 11465 dated 03.07.2015 whereby the National Trade Register Office (NTRO) attached to Bihor Court admitted the registration of the submittal of the request for finding the merging legality. Based on the merging project, SIF Hoteluri SA company increased its share capital from 51.462.327,50 lei to 80.356.102,50 lei.

During the financial year 2019 there were no mergers or reorganizations of the Company.

On 30 September 2019, The Company owned Doubletree by Hilton Hotel of Oradea, and another four hotels, carrying out tourism activity.

On 30.09.2019 the company has the following points of work:

1. Headquarter, located in Oradea, Piata Emanuil Gojdu nr 53 bloc A10;
2. Hotelul Doubletree by Hilton, located in Oradea, Aleea Strandului nr 9;
3. Hotel si Autogara Beta, located in Cluj Napoca, str Giordano Bruno nr 1-3;
4. Hotel Rusca, located in Hunedoara, Bdul Dacia nr 10;
5. Eurohotel Baia Mare, located in Baia Mare, Bdul Bucuresti nr 23
6. Eurohotel Timisoara, located in Timisoara, str Mehadiei nr 5
7. Sediul secundar, located in Bucuresti Calea Floreasca nr 175

***Presentation of the company's assets:***

**Doubletree by Hilton Oradea Hotel** is located on Aleea Strandului nr 9, category: 4\*, height regime: B(basement)+G(ground floor)+8, 12.660 square meters spread area.

The Hotel has 147 rooms, of which: 44 Standard Rooms with "King Size"bed, 42 Standard Rooms with 2 beds (Twin), 51 "Deluxe" rooms with balcony or terrace, 3 rooms for people with disabilities, 7 "One Bedroom Suite" apartments,

Laurus Restaurant and two lounges: 180 seats capacity

*Cris Bar cafe:* 65 seats capacity

300 sq.m. Conference center, made of 5 rooms of different capacities,

SPA: covered pool, wet and dry sauna, jacuzzi, fitness room, treatment center with 7 rooms

**Beta ClujNapoca Hotel:** is located on Giordano Bruno street, no. 1-3

Category 2\*, height regime: G(ground floor)+5, 1,665 square meters spread area.

The Hotel has 30 rooms, of which: 2 master bedrooms, 23 Twin rooms. 1 single room, 4 triple rooms, 10 of the total number of rooms are classified as category 1\*.

Restaurant: 80 seats capacity - rented.

Conference room: capacity: 30 seats

Bus stop platform: 13 places capacity (for buses)

**Rusca Hunedoara Hotel:** is located on Dacia Ave., no. 10, the main road artery of the city.

Category: 3\*, height regime: G(ground floor)+4, 6163.44 square meters spread area.

The Hotel has 103 rooms, of which: 55 master bedrooms, 7 single rooms, 39 twin rooms, 2 apartments

Restaurant: category 3\*, capacity: 220 seats.

Day bar: category: 3 stars, area: capacity: 40 seats

Conference room: capacity: 70 seats

**Baia Mare Eurohotel:** is located on București Ave., no. 23, the main road artery of the city.

Category: 3\*, height regime: G(ground floor), useful surface: 3418 m<sup>2</sup>,

The Hotel has 64 rooms, of which: 21 master bedrooms, 5 single rooms, 35 double rooms, 3 studios. 22 of the total number of rooms are classified as category 2\*.

Restaurant: category: 3\*, area: 274 sq.m., capacity: 180 seats. The hotel restaurant, arranged on 2 levels, with a capacity of 180 seats and an interior stair which completes the special interior design, offers a rich variety of traditional and international cuisine, special beverages and desserts.

Day bar: category: 3 stars, area: 70 sq.m., capacity: 46 seats

Terrace: area: 60 sq.m., capacity: 44 seats

Conference rooms: Red Lounge: area: 136 sq.m., capacity: 170 seats

Multipurpose hall: area: 49 sq.m., capacity: 50 seats

Leisure time: fitness and body building halls (95 sq.m.), pool (80 sq.m.), sauna

Other services: massage, hairdresser and cosmetic salon, washing room, phone / fax

**Timisoara Eurohotel:** is located on Mehadia street, no. 5

3\* category, area: 1,905sq.m., height regime: G+4

The Hotel has 47 rooms, of which: 33 single rooms (king size bed), 11 double rooms (two beds), 3 apartments

Conference hall with a capacity of 15 persons

Breakfast room with a capacity of 58 seats

Bar.

SIF Hoteluri SA does not carry out activities that imply a significant impact on the environment. There are no and no disputes concerning the violation of the environmental legislation, the company having environmental permits for all work points.

The company does not carry out research and development activities.

#### **Legal status:**

The company, being the successor of ICSAP, has acquired, by means of law, the property right on the assets (law 15/1990 and Gov. Decision 834/1994). The constructions and lands are registered in cadastral books.

#### **Issues related to the company's employees / personnel**

The average number of personnel registered in 2019 was 171 people and the effective number of personnel on 30.09.2019 is 174. The company's employees do not have a union, they have representatives in collaboration with the management of the company.

The relations between manager and employees are relations of collaboration and mutual understanding. There was no major incident between the executive management and employees during the concluded financial year.

The short term obligations and benefits granted to employees are not up dated and they are recognized in case of the global result as the respective service is carried out.

The short term benefits of the employees include salaries, bonuses and contributions to social security. The short term benefits of the employees are recognized as expense when the services are carried out.

The company makes payments in the name of its employees to the pension system of the Romanian state, social security and unemployment fund, in the course of its normal activity.

All Company employees are members and they also have the legal obligation to make contributions (my means of social contributions) to the pension system of the Romanian state (a plan of established contributions of the Romanian state). All due contributions are acknowledged in the profit or loss account of the period when they are made.

The company is not engaged in any private pension system and, therefore, it has no other obligations in this sense. The company is not engaged in any post pension benefits system. The company has no obligations to perform further services to its former and current employees.

The company has no obligation to pay benefits to employees upon retirement.

## **Investment activity**

Between 01.01.2019 - 30.09.2019, assets amounting to 345.677 lei were purchased, representing equipments assets.

## **2. COMPANY'S TANGIBLE ASSETS**

### *2.1 Location and characteristics of the main production capacities*

The fixed assets of the company at 30.09.2019 at fair value, amounted to 107.200.613 lei, decreasing by 1.8 million lei compared to the beginning of the year. This decrease is determined by the adjustment of the value of the fund units Fii Optim invest (positive adjustment with 770 thousand lei, being registered in the profit and loss account according to IFRS 9), the derecognition of the concessioned land (-719 thousand lei) following the repeal of IAS 17, the recognition of the assets related to the right to use the assets taken into concession (leasing) at the level of the debt from the application of IFRS 16 C5b and C7 starting with January 1, 2019 (1.20 million lei), at the same time recording the depreciation related to the fixed assets on the first semester in the amount of 3.49 million lei. The buildings and lands are presented at fair value, the last reassessment being done on 31.12.2018, by Elf Expert SRL, independent evaluator, member of ANEVAR. The buildings in the company's patrimony are presented at revalued value, less accumulated depreciation, in accordance with the alternative accounting treatment accepted by Order 2844/2016. The reassessment report was prepared in order to establish all the real estate properties of SIF Hoteluri SA, for recording the fair value in accounting. The fair value represents the amount for which an asset could be exchanged or a debt settled, voluntarily, between two interested parties, who are aware of the cause, in a transaction carried out under objective conditions, with the objective determined price (IAS16). The

revalued amount represents the fair value of an asset at the revaluation date, less any depreciation accumulated previously and any accumulated impairment losses (IAS 16).

The other tangible assets are valued at historical cost, less accumulated depreciation.

Given the transition to the preparation of financial statements according to Order 881/2012, the tangible assets were divided into two major groups: tangible fixed assets directly managed and real estate investments. Real estate investments are composed of fixed assets (buildings, land, equipment, furniture ...) given for rent.

Starting with 2019, once IFRS 16 is applied, the assets related to the right to use concession (leasing) have been classified separately in the tangible assets.

### 3. THE MARKET OF ISSUED TRANSFERABLE SECURITIES

#### 3.1 *The Romanian market and the market from other countries where the transferable securities issued by the company are negotiated*

Starting with May 2012 the shares of SIF HOTELURI S.A. Oradea is listed on the Bucharest Stock Exchange, the shares being traded on the regulated market under the symbol CAOR.

The number of the shares and shareholders is registered, according to law, with SC Depozitarul Central SA.

#### **Information on share capital**

During the financial year 2019 the company did not buy back shares.

At 30.09.2019, the status of SIF Hoteluri SA is as follows:

Total number of issued shares (30.09.2018)	32,142,441
Nominal value	2.50 lei / share
Type of shares	common, ordinary, nominative, dematerialized, indivisible
Trading market	The open regulated market of Bucharest Stock Exchange (BVB), category standard - of 11 May 2012
BVB symbol	CAOR

#### 3.2 *Company's policy on dividends*

The dividend policy practiced by SIF Hoteluri SA aims to maintain a balance between the remuneration of the shareholders through the dividend and the need to finance new investments in order to maintain the future development potential of the company in order to increase the value created for the shareholders. For the last three financial years (2016, 2017, 2018) the General Meeting of Shareholders did not approve the distribution of dividends.

#### 3.3 *The activity of buying its own shares*

The company did not buy its own shares during the financial year 2019.

#### 3.4 *Company's subsidiaries*

The company does not have any subsidiaries.

#### 3.5 *Debentures and other type of receivables*

SIF Hoteluri S.A. has undertaken by merging some shares held in other companies, according to the table below:

#### **4. CORPORATE GOVERNANCE**

##### ***The compliance with the Corporate Governance Code of Bucharest Stock Exchange (CGC)***

The Board of Directors decided to voluntarily comply with the Corporate Governance Code of Bucharest Stock Exchange (CGC), decision taken by the Board of Directors, occasion on which it was approved the Corporate Governance Regulation of SIF Hoteluri SA Oradea.

SIF Hoteluri, as issuer, listed under BVB category II, considers the observance of the corporate governance principles from the Corporate Governance Code of Bucharest Stock Exchange.

The company has documents and regulations specific to corporate governance which are found in the company's "Articles of Incorporation", in the Organization and Operation Regulation (R.O.F.), in internal regulations and decisions, where are listed the functions and described the competences and responsibilities of the Board of Directors and of the executive management.

On the company's web-site, that is [www.sif-hoteluri.ro](http://www.sif-hoteluri.ro), there are disseminated informations concerning the corporate governance policy of SIF Hoteluri:

- the list of members of the Board of Directors and of the executive management;
- the updated Articles of Incorporation;
- the Corporative Governance Code

SIF Hoteluri attests that it has complied with the established principles. Non-compliance situations refer to:

(1) The management system, which in the case of SIF Hotels is a unitary system and not a dualistic one as recommended by the CGC, but which is in accordance with the company statute, specifically for Romanian companies.

(2) The audit committee is made up of only two members, not three, as recommended by the Corporate Governance Code.

##### **Company's management**

###### ***The Board of Directors***

According to the provisions of the Articles of Incorporation, SIF Hoteluri is managed by a board of directors (BD) made of 3 members, chosen by the General Meeting of Shareholders for a period of 4 years, with the possibility of being re-elected.

The Board of Directors has decisional competences regarding the company's administration in the interval between general meetings, except for decisions stipulated by law or by The Articles of Incorporation exclusively for the General Meeting of Shareholders.

The Board of Directors choses a president from its members.

As of 30.09.2019, no member of the Board of Directors has an executive function.

Pursuant to the provisions of Law 31/1990, annually, the General Meeting of Shareholders approves the remuneration policy for the managers and members of the executive management.

SIF Hoteluri SA complies with the rules regarding the behavior and obligations of reporting transactions with the shares issued by the company carried out on its own by the directors and other natural persons involved, these rules being respected by those concerned, in accordance with the ASF regulations. The



specific rules themselves are to be found in the Corporate Governance Regulation of SIF Hoteluri SA, which entered into force in 2013.

The list of people who have access to privileged information is constantly updated and sent to ASF. The trades made by initiated people shall be notified both by the people themselves and by intermediaries and the information is disseminated by means of Bucharest Stock Exchange web-site.

On 30.09.2019 the Board of Directors elected an audit committee consisting of Mr. Tic Chiliment Valentin and Mrs. Sferdian Teodora.

#### ADMINISTRATORS IN OFFICE on 30 September 2019

Surname and first name	Position	Elected by AGOA from	Expiration of the current mandate
Țic-Chiliment Valentin	President of the Board –nonexecutive administrator, independent	16.04.2018	2020
Sferdian Teodora	Member of the board – nonexecutive administrator, not independent	30.09.2016	2020
Avramoiu Octavian	Member of the board – nonexecutive administrator, independent	30.09.2016	2020

#### **Board of Directors' Activity on 2019**

During 2019, The Board of Directors of SIF Hoteluri SA had meetings according to the statutory provisions, the administrators' presence at the meeting being within the legal provisions.

The President of the Board of Directors presided over all meetings in 2019.

#### **Administrators' participation to the share capital of SIF Hoteluri SA**

On 30.09.2019 the members of the board of directors do not hold shares in SIF Hoteluri SA.

#### *Executive's management:*

BIRLEA VASILE RADU – General Manager – term: 30.03.2019  
 CIOPLEALA RODICA-DANIELA – Chief Accountant – term: 30.03.2019

Between 01.01.2019 - 31.05.2019 the position of chief accountant was held by Bonaci Tatiana Mariana; starting with 10.06.2019 the position of chief accountant was taken over by Mrs. Ciopleala Rodica-Daniela.

#### **Observance of shareholders' rights**

SIF Hoteluri SA observes the shareholders' rights, providing them a fair treatment. For the General Meeting of Shareholders that took place on 25.04.2019 details about the meetings were published in a section dedicated to the company's website [www.sif-hoteluri.ro](http://www.sif-hoteluri.ro), details concerning the meeting: notice of the GMS, materials afferent to the agenda as well as any other information concerning the agenda, forms for vote casting by means of a proxy and ballot paper for vote by mail, the participation and voting procedures which ensure the orderly and efficient procedure of the GMS works and which confers the right to every shareholder to freely express his opinion on the issues in debate, the decisions taken at the GMS and information concerning the vote result.

For the financial year 2019 it was posted on the site, within the legal term, information regarding the financial calendar, current reports, annual, half-yearly and quarterly reports.

At SIF Hoteluri SA there are three people trained in the field of relations with investors, this activity does not require for the time being the existence of a specialized department for this purpose within the company.

***Transparency in communication***

SIF Hoteluri SA gives a special importance to transparency in communication, and there are made continuous and periodical reports including all important aspects of the company's activity, its performance etc.

On the company's site, there is a presentation about the company and all its activities and also its relations with shareholders and investors. In "Notices" section there is disseminated information of interest for shareholders and investors and are presented current and periodical reports about the company's activity, in Romanian language.

***Financial reporting***

The 2019 H1 financial report were made based on International Financial Reporting Standards (IFRS) (Order no. 2844/2016 sub subsequent completions and amendments) and it offers a fair image, according to the reality, about the state of the assets, debentures, financial position, profit and loss account of SIF Hoteluri SA.

Pursuant to the legal provisions, the financial accounting statements were not audited.

***Internal control and risk management***

The internal control monitors and verifies regularly the application of the new legal provisions concerning the company's activity, verifies the observance of the company's internal regulations that were established by internal decisions and regulations, the completion of existent regulations or introduction of new regulations, specific to the company's activity, setting up or improvement of company's internal procedures.

SIF Hoteluri SA has concluded a contract for an Internal Audit with Dumitrescu Mariana practice, who performs periodic audits of the company's activity in order to provide relevant information about these activities, she makes recommendations for the improvement of activities, procedures, controls. The internal audit activity takes place based on the company's plan for the annual audit procedure.

Inside the company, there are people authorized to perform an internal control. Therefore, all documents entering the company are registered at the secretariat and submitted for endorsement to the general manager / hotel's manager, who divides them on departments. The invoices for services and investments are endorsed by the administrative office and afterwards by the chief accountant, who verifies them from the contractual point of view (quantity, value...). The acquisitions of goods and raw materials needed for the public food-service activity are made by the employees in the supply department, only based on orders priorly approved by the general manager / hotel's manager. The acceptance of the raw materials and goods from the point of view of quantity and value is made at every business facility in part. All documents present at the business facilities are registered in the local information system and they are transferred to the company's server via internet. The invoices for the acquisition of goods and materials are sent daily to the company's registered office where the head of the accounting office checks the physical documents against the accounting entries made at the respective business facility. At the end of the month, the head of accounting office compares the registered invoices with the sale purchase registers.

Monthly, the chief accountant presents to the general manager, who, in his turn analyses, the results of the concluded month together with the members of the board. The results presented by the economic manager for the ended month are: the status of accomplished activities, of the financial position, of the global result, cash-flow. Investments approved by the General Meeting, receivables and debts status based on maturity date.

The business facilities will conclude agreements concerning the income and expenses budgets for the next periods, paying attention every month not to exceed the initially set budget.

***The conflict of interests and trades with the people involved***

For the purpose of accurate identification and settlement of the conflict of interest cases which stipulate that all investments or sales of transferable securities shall be made only in the shareholders' interest and not for any other reasons, the Board of Directors adopted a standard settlement procedure for such cases in its Corporate Governance Regulation. In the event of a conflict of interest between the company's interest and the personal interest of a decision-making person (a member of the Board of Directors) or decision-making employee (executive management) the solution is the retirement of the person involved from the decision-making process.

The internal regulations impose the employees the interdiction of engaging in associated trades that might violate the A.S.F. regulations.

When a conflict of interests appear among managers, they inform the Board of Directors of this issue and restrain from debates and vote on the respective issue, according to the relevant legal provisions; these cases are recorded in the Minutes of the Board of Directors' meeting.

***Corporate information regimen***

The standard procedure concerning the internal circuit and dissemination to third parties of documents and information on the issuer, that might influence the market price of the transferable securities issued by the latter, was regulated by means of the Corporate Governance Regulation.

The persons vested with competences for this purpose draw up regularly notifications on the implications of the regulatory provisions concerning the management of privileged information (defined by Law 24/2017) within SIF Hoteluri SA, as well as concerning the obligations of initiated persons. The information is submitted to the Board of Directors for analysis and approval.

***Issuer's social responsibility***

SIF Hoteluri SA carries out activities concerning the company's social responsibility all the time, supporting every year directly or by means of foundations / specialized associations, the socially disadvantaged people from the local community where it carries out its activity.

***Other information***

On September 30, 2019, the company had before the courts by 14 litigation.

Detailed information on pending litigation is presented in Note 32 of the Financial Statements for the financial year ended 30.09.2019.

The management of the company will continue to ensure all due diligence to defend the legitimate interests of SIF Hoteluri SA and its shareholders in all these disputes, in accordance with the legal provisions.

**5. FINANCIAL-ACCOUNTING STATEMENTS**

Pursuant to Ministry of Finances Order 881/2012 and the Methodological Norms issued by The Ministry of Finance no. 1286/2012, all companies publicly traded since 1 January 2013, have to draw up financial reports according to IFRS.

The financial statements of "SIF HOTELS" on 30.09.2019 are prepared in accordance with the regulations in force. The financial statements are not audited, being not a legal requirement.

Statement of financial position on 30.09.2019:

Explications (all amounts are presented in RON)	Note	Period	
		31.12.2018	30.09.2019
A	B	1	2
<b>ASSETS - TOTAL, of which:</b>		<b>115.725.196</b>	<b>118.003.992</b>
NON-CURRENT ASSETS - TOTAL, of which:		109.037.354	107.200.613
<i>Intangible assets</i>	13	285.974	197.706
<i>Tangible assets managed by owner</i>	14	96.807.405	93.067.725
<i>Real estate investments</i>	15	800	197
<i>Assets used as concession (leasing) - IFRS 16</i>	16	0	1.205.725
<i>Financial assets available for sale</i>	17	4.575.803	5.345.839
<i>Other non-current assets</i>	18	7.367.372	7.383.421
CURRENT ASSETS - TOTAL, of which:		6.687.842	10.803.379
<i>Stocks</i>	19	297.479	252.621
<i>Trade receivables</i>	20	485.394	513.042
<i>Other receivables</i>	20	228.282	351.551
<i>Cash and cash equivalents</i>	21	5.606.314	9.240.766
<i>Prepayments</i>		70.373	445.399
<b>DEBTS - TOTAL, of which:</b>		<b>17.150.318</b>	<b>18.555.883</b>
CURRENT LIABILITIES - TOTAL, of which:	22	5.483.444	6.308.363
<i>Long term loans (credits below 1 year)</i>	24	698.682	711.295
<i>Short-term commercial debts</i>	22	1.364.304	2.117.127
<i>Other debts, including fiscal debts and social insurance debts</i>	22	3.393.458	3.452.941
<i>Provisions</i>	23	27.000	27.000
LONG-TERM DEBT - TOTAL, of which:		11.666.874	12.247.520
<i>Long term loans (credits below 1 year)</i>	24	8.122.055	7.745.790
<i>Other debts, including fiscal debts and social insurance debts</i>	22	3.544.819	4.501.730
<b>EQUITY - TOTAL, of which:</b>		<b>98.574.878</b>	<b>99.448.109</b>
Subscribed share capital	25	80.356.103	80.356.103
Other equity elements	26	-3.357.242	-3.357.242
Prime fusion		-7.167.078	-7.167.078
Reserves from the reevaluation of the tangible asset	27	20.982.762	20.982.762
Legal reserves	28	1.411.826	1.411.826
Other reserves	28	9.924.434	9.924.434
Carried forward result, except for the carried forwards result resulted from the adoption for the first time of IAS 29	29	-1.123.182	-3.810.535
Carried forward result resulted from the adoption for the first time of IAS 29	29	-215.021	-215.021
Profit or loss at the end of the reporting period		-2.237.724	1.322.860
<b>TOTAL EQUITY AND DEBTS</b>		<b>115.725.196</b>	<b>118.003.992</b>

The fixed assets recorded a decrease of 1.68%, as a result of adjusting the value of the fund units, at the same time registering the depreciation related to the fixed assets during the first half in the amount of 3,49 million lei. Within the fixed assets, the weight of 87% is the tangible assets.

The value of current assets increased compared to the beginning of the year by 4,11 million lei, due to the increase of the treasury by 3,6 million lei and to the increase of the expenses registered in advance (increase by 375 thousand lei).

<b>Note 19 Stocks analysis</b>	<b>31.12.2018</b>	<b>30.09.2019</b>
Other consumables	82.127	91.552
Packaging	2.729	3.055
<b>Raw materials and consumables</b>	<b>84.856</b>	<b>94.607</b>
Goods	208.111	136.277
Shopping advance payments	4.512	21.737
<b>Total stocks</b>	<b>297.479</b>	<b>252.621</b>

From the table above, it appears that the stocks have decreased compared to the beginning of the year by 45 thousand lei.

#### Receivables analysis

In the first nine months of 2019, trade receivables increased by 21% as of the end of 2018. Their growth was due to the larger volume of activity carried out by the five hotels.

<b>Note 20.1 Commercial receivables</b>	<b>31.12.2018</b>	<b>30.09.2019</b>
Customers	441.824	386.621
Doubtful customers or customers involved in litigations	174.625	197.108
Customers – invoices to be issued	43.570	126.421
Adjustments of impairment of receivables - customers	-174.625	-197.108
<b>Total commercial receivables</b>	<b>485.394</b>	<b>513.042</b>

<b>Note 20.2 Another Receivables</b>	<b>31.12.2018</b>	<b>30.09.2019</b>
Medical leave to be recovered from the state	22.490	85.075
Advances to staff	-	120
Profit tax to be recovered	81.902	56.080
VAT on receipt	10.153	-
Non-deductible VAT of non-billed suppliers	17.584	12.535
VAT at checkout	17.936	8.894
Unemployment subsidies	8.893	6.750
Auto tax to recover	24.416	-
Different debtors + other	25.855	155.578
Interests to be cashed	19.053	26.519
<b>Total alte creante</b>	<b>228.282</b>	<b>351.551</b>

<b>Total Receivables</b>	<b>713.676</b>	<b>864.593</b>
--------------------------	----------------	----------------

#### Liabilities analysis

- capital and funds;
- debts.

The equity increased with 0,89% in 2019 compared to 2018. An important percentage in the equity (approx. 81%) has the share capital.

As a result of the various revaluations in the history of SIF HOTELURI, there were registered reserves of the revaluation of tangible assets, which as of 30.09.2019 amounted to 21 million lei.

The legally reserve fund was made based on the legal regulations in force (5% from the accounting profit up to the competition of 20% of the share capital). The value of the legal reserve on 30.09.2019 was 1.411.826 lei.

The Company also has other reserves in the amount of 9.924.434 lei.

**Nota 22 Debts (lei)**

<b>a) Commercial debts</b>	<b>31.12.2018</b>	<b>30.09.2019</b>
Suppliers	768.363	1.413.296
Non-current assets suppliers	34.373	34.373
Suppliers-invoices to be received	413.466	527.836
Customers in debt	148.102	141.622
<b>Total commercial debts</b>	<b>1.364.304</b>	<b>2.117.127</b>
bs		
<b>b) Other short term debts</b>	<b>31.12.2018</b>	<b>30.09.2019</b>
Debts towards employees	817.123	817.282
Debts towards the state budget and social security budget	314.461	286.216
VAT to be paid	0	67.894
Specified tax / tax on profit	144.111	124.388
Other taxes	5.799	13.200
Sundry creditors + in the process of clarification	109.968	145.447
Non-exigible VAT on customers not invoiced	112	344
Guarantees retained from constructors and tenants	2.001.884	1.998.170
<b>Total short term debts</b>	<b>3.393.458</b>	<b>3.452.941</b>
<b>Short term loans</b>	<b>31.12.2018</b>	<b>30.09.2019</b>
Short term bank credits	698.682	711.295
<b>Total short term loans</b>	<b>698.682</b>	<b>711.295</b>
<b>Deferred income and provisions</b>	<b>31.12.2018</b>	<b>30.09.2019</b>
Provisions	27.000	27.000
<b>Total deferred income and provisions</b>	<b>27.000</b>	<b>27.000</b>
<b>c) Long term loans</b>	<b>31.12.2018</b>	<b>30.09.2019</b>
Long term bank credits	8.122.055	7.745.790
<b>Total long term loans</b>	<b>8.122.055</b>	<b>7.745.790</b>
<b>Other long term liabilities</b>	<b>31.12.2018</b>	<b>30.09.2019</b>
Future debts related to the contract for concession of the land for parking lot under the hotel	269.339	1.226.250
Delayed taxes	3.275.480	3.275.480
<b>Total delayed taxes</b>	<b>3.544.819</b>	<b>4.501.730</b>

**Principal 2019**

Initial sold on 01.01.2019		Reimbursements 01.01-30.09.2019		Final sold on 30 iunie 2019		Balance due for a period of less than one year		Balance due for a period between 1 and 5 years		Balance due for a period more than five years	
Eur	LEI	Eur	LEI	Eur	LEI	Eur	LEI	Eur	LEI	Eur	LEI
1.889.683	8.813.294	111.158	363.342	1.778.525	8.449.952	148.210	704.162	741.052	3.520.813	889.263	4.224.977
<b>1.889.683</b>	<b>8.813.294</b>	<b>111.158</b>	<b>363.342</b>	<b>1.778.525</b>	<b>8.449.952</b>	<b>148.210</b>	<b>704.162</b>	<b>741.052</b>	<b>3.520.813</b>	<b>889.263</b>	<b>4.224.977</b>

curs 31.12.18 4,6639 Curs 30.09.2019 1 eur = 4,7511 lei

**Interest 2019**

Interest rate	Initial sold		Expenses with interest 2019 - ian-iun		Payments ian-iun 2019		Final sold 30.09.2019	
	Eur	LEI	Eur	LEI	Eur	LEI	Eur	LEI
euribor 3M +1,8%	1.596	7.444	25.029	118.659	25.124	118.970	1.501	7.133
	<b>1.596</b>	<b>7.444</b>	<b>25.029</b>	<b>118.659</b>	<b>25.124</b>	<b>118.970</b>	<b>1.501</b>	<b>7.133</b>

**The Profit and Loss account at 30.09.2019**

Indicators name	Note	Reporting period	
		30.09.2018	30.09.2019
A	B	1	2
<b>Net turnover</b>	<b>1</b>	<b>16.850.041</b>	<b>20.120.075</b>
Income from the sold production	1	11.669.152	14.412.134
Income from the sale of goods	1	5.180.889	5.707.941
Other operating income	2	32.865	81.577
<b>OPERATING INCOME - TOTAL</b>		<b>16.882.906</b>	<b>20.201.652</b>
Raw materials and consumables	3	1.944.099	2.115.935
Expenses with goods	3	1.597.899	1.654.403
Third parties services	4	3.842.527	4.651.606
Personnel expenses	5	5.876.692	6.587.429
Taxes expenses	6	734.381	743.316
Depreciation expenses	7	3.778.166	3.494.155
Other operating expenses	8	4.132	73.253
Adjustments with provisions	9	35.363	0
<b>OPERATING EXPENSES - TOTAL</b>		<b>17.813.259</b>	<b>19.320.097</b>
<b>OPERATING PROFIT OR LOSS:</b>		<b>-930.353</b>	<b>881.555</b>
Interest income	10	113.573	212.734
Other financial income	10	567.766	1.018.706
<b>FINANCIAL INCOME - TOTAL</b>	<b>10</b>	<b>681.339</b>	<b>1.231.440</b>
Interest expenses	10	207.915	118.659
Other financial expenses	10	1.233.187	449.206
<b>FINANCIAL EXPENSES - TOTAL</b>	<b>10</b>	<b>1.441.102</b>	<b>567.865</b>
<b>FINANCIAL PROFIT OR LOSS:</b>		<b>-759.763</b>	<b>663.575</b>

<b>GROSS PROFIT OR LOSS (before taxation)</b>		<b>-1.690.116</b>	<b>1.545.130</b>
Tax on current profit	11	119.718	25.822
Tax specific to some activities	12	216.170	196.448
<b>NET RESULT OF THE REPORTING PERIOD:</b>		<b>-2.026.004</b>	<b>1.322.860</b>

The main variations of the revenues, respectively of the operating expenses during the first semester of 2019 are the following:

- Increased in accommodation revenues (26%)
- Increased revenues from the sale of goods (10%)
- Increased revenues from other activities (SPA, parking, fitness) (4%)
- Increased costs with utilities (13%)
- Increased expenditure on goods (6%)
- Increased expenditure with third parties (20%)
- Increased wage costs (12%)
- Increased expenses with local taxes and taxes (1%)

Compared to the results for the same period of 2018, on 30.09.2019 the turnover increased by 19,4%, the operating profit became positive, around 881 thousand lei, compared with loss form 30.09.2018 of 930 thousand lei.

The financial income includes interest income (213 thousand lei) related to bank deposits and the loan granted to SIFI BH Retail SA, the gain from the assessment at the fair value of the financial assets (evaluated according to IFRS 9) in the amount of 930 thousand lei, as well as the favorable differences of exchange rate in the amount of 76 thousand lei.

The financial expenses represent the expenses with the bank interest related to the bank loan (in the Q3 of the year 2019 there were registered interest expenses in the amount of 119 thousand lei), the losses from the valuation at the fair value of the financial assets (evaluated according to IFRS 9) in the amount of 149 thousand lei and expenses with foreign exchange differences in the amount of 300 thousand lei.

Taking into account the Law 170/2016 regarding the specific tax for certain activities, SIF Hoteluri SA registered for the first six months of 2019 a specific tax in the amount of 196 thousand lei and a tax on profit of 26 thousand lei, amounts that diminish the result of the exercise.

On 30.09.2019 the company recorded a net profit of 1.322.860 lei.

Attached to this report:



1. the Q3 Accounting Report was prepared in accordance with International Financial Reporting Standards (IFRS) (Order no. 2844/2016 with subsequent additions and modifications) and the full explanatory notes - not audited.

The Q3 Report was approved by the Board of Directors in the meeting of 08.11.2019

**Signatures:**

PRESIDENT	Tic-Chiliment Valentin
GENERAL MANAGER	Birlea Vasile – Radu
CHIEF ACCOUTANT	Cioleala Rodica – Daniela