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Half yearly report according to: Law 297/2004, CNVM Regulations no. 1 and 31/2006 and 15/2004
Date of report: June 30, 2010
Name of issuing company: Moldova Financial Investment Company
Company head office: Bacau, Pictor Aman street no. 94 C, post code 600164
Telephone/Fax no.: 0234 576 740, 0234 570 062
Web/e-mail: www.sifm.ro ; sifm@sifm.ro sifm@sifm.ro
Unique registration number in the Trade Register: RO 2816642
Incorporation Number in the Trade Register: J04/2400/92
CNVM Register No.: PJR09SIIR/040001/14.12.2005
Subscribed and paid-in share capital: 51908958.8 RON
Regulated market trading issued securities: BVB (Bucharest Stock Exchange) - 1st Tier

FACTS ABOUT THE COMPANY

- Moldova Financial Investment Company SA - the successor of the Private Ownership Fund II - Moldova, reorganized and transformed according to the provisions of Law no. 133/1996 and of Law no. 164/1999 - according to the articles of association, of Law no. 31/1990 R amended by Law no. 441 / 2006, Law no. 297 / 2004 and NSC regulations;
- The Financial Investment Company Moldova SA is authorized by CNVM as a financial investment company (Decision no. 1902 / Aug 30, 1999) and is attested as part of the non-UCITS (AOPC) category with a diversified investment policy (Attestation no. 258 / Dec 14, 2005);
- The subscribed and paid-in registered capital is 51.908.958,8 RON, divided into 519.089.588 shares with a par value of 0,1 RON;
- The shares are listed on the Bucharest Stock Exchange in the 1st tier, beginning Nov 1, 1999, with the symbol BSE - SIF2 and ISIN : ROSIFBACNORO;
- The record of shares and shareholders is maintained according to legal specifications, by Central Depository (S.C. Depozitarul Central S.A.);
- Asset depository services are performed by Romanian Development Bank (BRD) – Groupe Societe Generale S.A. Bucharest – depository contract approved by NSC in Approval no. 113/14.12.2005, and Approval no. 25 Jul 13, 2010;
- The company's financial auditor is Deloitte Audit LLC București.

I. Realization of the financial objectives

In accordance with the Activity program approved by the General Assembly of Shareholders of Apr 30, 2010, SIF Moldova acted in the first half of 2010 towards **strategic objectives** involving:

- increasing the effectiveness of assets management, to the aim of increasing the value and quality of the managed assets portfolio;
- developing the risk management processes;
- increasing the role of SIF Moldova in the processes related to the evolution of the domestic capital market.

Towards these strategic objectives, the **action programs** implemented in the reporting period were aimed at:

- share portfolio restructuring;
- investments in foreign markets;



- participating in share capital increases;
- approaching new types of financial instruments;
- a balanced liquidity policy that would ensure: the exploitation of investment opportunities, the payment of dividends and the continuation of activity.

The dynamics of the economic and financial results, compared to the first half of 2009, the year 2009 and the 1st quarter of 2010 is presented in the following table:

| Indicator | (mil. RON) | | | |
|---|------------|------------|------------|------------|
| | 30/06/2009 | 31/12/2009 | 31/03/2010 | 30/06/2010 |
| Net profit | 89 | 101 | 11 | 57 |
| Revenue from ceded financial investments | 62 | 97 | 16 | 56 |
| Revenue from dividends due to SIF Moldova | 72 | 72 | 0 | 12 |
| Revenue from interest | 5 | 13 | 2 | 4 |
| Investments in securities | 3 | 52 | 20 | 89 |

In relation to objectives set forth for the year 2010, the percentage of realization as of the first quarter is the following:

| Indicator | 2010 Program (mil. RON) | % realized in 2010 |
|---|-------------------------|--------------------|
| Net profit | 55 | 104 |
| Revenue from ceded financial investments | 104 | 54 |
| Revenue from dividends due to SIF Moldova | 8 | 151 |
| Revenue from interest | 5 | 76 |
| Investments in securities | 140 | 64 |

We mention that in setting targets for the year 2010, it was taken into account that the contribution of revenue from dividends and interest will be considerably reduced compared to previous years, in the context of the declining financial performance of companies in the portfolio and of the decreasing interest for deposits offered by commercial banks.

Concomitantly, the investment target was set at the most ambitious level in the history of SIF Moldova, the latter undertaking the effort to secure the sources of financing for investment programs, mainly from trading operations.

Keeping in mind these considerations and despite the difficult market conditions, the reported figures attest to the fact that SIF Moldova exceeds as of the end of the first half of 2010 all the budgeted indicators (in some cases exceeding the yearly targets), specifying that in accordance with the initial forecasts, the revenue was generated mainly by trading operations.

On the other hand, the portfolio optimization process was a dynamic and consistent one, in terms of volume of investments as well as of the diversification of investment targets.

1.1. Presentation of the economic and financial status

The financial statements were drafted and presented in compliance with Accounting Regulations compliant with the European Economic Community 4th Directive applicable to institutions regulated and supervised by the National Securities Commission („CNVM”), approved by CNVM President Order no. 75 / Dec 16, 2005 with subsequent modifications and additions, approved by the CNVM President Order no. 11 / Mar 11, 2009.



These statements were reviewed by Deloitte Audit SRL Bucuresti.

The principles, policies and accounting methods forming the basis for drafting the 2009 financial statements are explained in the Notes to the Financial Statements - annexed (Note 6).
The reporting currency for the financial statements is RON.

I.1.1. Balance sheet

| Items | 30/06/2009 | | 31/12/2009 | | 31/03/2010 | | 30/06/2010 | |
|--------------------------|--------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|
| | RON | % | RON | % | RON | % | RON | % |
| securities | 283.191.796 | 60 | 349.068.806 | 67 | 403.323.082 | 72 | 398,432,368 | 73 |
| other non-current assets | 19.048.723 | 4 | 18.788.533 | 4 | 18.681.448 | 4 | 18,572,451 | 3 |
| receivables | 171.306.182 | 36 | 138.923.912 | 27 | 117.755.864 | 21 | 114.189.015 | 21 |
| current financial assets | 1.315.897 | 0 | 10.712.458 | 2 | 16.825.665 | 3 | 11.588.342 | 3 |
| other current assets | 585.048 | 0 | 319.117 | 0 | 1.140.984 | 0 | 913,638 | 0 |
| Total assets | 475.447.646 | 100 | 517.812.826 | 100 | 557.727.043 | 100 | 543,695,814 | 100 |
| current liabilities | 38.519.696 | 8 | 17.724.478 | 3 | 17.118.787 | 3 | 43,623,801 | 8 |
| provisions | 37.111.204 | 8 | 44.071.216 | 9 | 43.973.169 | 8 | 43,120,574 | 8 |
| owners' equity | 399.816.746 | 84 | 456.017.132 | 88 | 496.635.087 | 89 | 456,951,439 | 84 |
| Total liabilities | 475.447.646 | 100 | 517.812.826 | 100 | 557.727.043 | 100 | 543,695,814 | 100 |

The financial statements are drafted based on historical cost, less adjustments for devaluation calculated for June 30, 2010. Relevant considerations:

- The greatest weight in the total assets is held by *securities* - 73%. Securities are recorded at historical cost, less adjustments for devaluation set for June 30, 2010;
- The *other non-current assets* category - 3% of the total assets, comprises tangible and intangible assets held by the Company;
- The *receivables* category - 21% of the total assets, consists 97% of monetary investments in bank deposits and government securities, with associated interest.
- *Current financial investments* - 3% of the total assets, include securities of UCITS / non UCITS.
- The Company's *current liabilities* - 8% of the total liabilities, consist 83% of dividends payable towards the Company's shareholders.
- *Provisions* - 8% of the total assets, include provisions for taxes corresponding to reserves from the value of securities, revaluation reserves and reserves constituted from fiscal aid.
- *Owners' equity* - represents 84% of the total liabilities. The value of the owners' equity as of June 30, 2010 recorded a 0,2% increase compared to December 31, 2010.

I.1.2. Income statement

The Company's financial performance is reflected in the income statement:

| Items | 30/06/2009 | | 31/12/2009 | | 31/03/2010 | | 30/06/2010 | |
|---|------------|----|------------|----|------------|----|------------|----|
| | RON | % | RON | % | RON | % | RON | % |
| revenue from financial non-current assets | 71.995.293 | 48 | 72.017.626 | 37 | - | - | 12.065.437 | 13 |
| revenue from ceded financial investments | 62.193.633 | 42 | 96.631.878 | 50 | 16.464.735 | 80 | 56.246.186 | 60 |
| revenue from interest | 5.421.636 | 4 | 12.721.785 | 7 | 2.305.314 | 11 | 3.860.178 | 3 |
| revenue from provisions, | 7.625.050 | 5 | 7.986.213 | 4 | 674.635 | 4 | 12.068.519 | 13 |



| Items | 30/06/2009 | | 31/12/2009 | | 31/03/2010 | | 30/06/2010 | |
|---|--------------------|------------|--------------------|------------|-------------------|------------|-------------------|------------|
| reactivated claims | | | | | | | | |
| other revenue | 1.617.149 | 1 | 3.059.365 | 2 | 1.038.592 | 5 | 10.141.558 | 11 |
| Total revenue | 148.852.761 | 100 | 192.416.867 | 100 | 20.483.276 | 100 | 94.381.878 | 100 |
| expenses related to ceded financial investments | 24.312.676 | 44 | 38.096.855 | 45 | 2.462.884 | 31 | 7.735.557 | 27 |
| depreciations, provisions | 22.702.978 | 41 | 30.675.053 | 37 | 480.889 | 6 | 5.163.195 | 18 |
| other expenses with operations | 7.377.078 | 13 | 12.699.010 | 15 | 2.608.170 | 33 | 12.375.777 | 44 |
| expenses with commissions and fees | 829.456 | 1 | 1.990.194 | 2 | 468.824 | 5 | 1.178.615 | 4 |
| other expenses, of which: | 499.216 | 1 | 609.059 | 1 | 1.952.612 | 25 | 1.987.143 | 7 |
| exchange rate differences | 475.856 | | 560.648 | | 1.945.287 | | 1.963.512 | |
| Total expenses | 55.721.404 | 100 | 84.070.171 | 100 | 7.973.379 | 100 | 28.440.287 | 100 |
| Gross margin | 93.131.357 | | 108.346.696 | | 12.509.897 | | 65.941.591 | |
| profit tax | 3.741.848 | | 7.013.872 | | 1.959.300 | | 8.701.751 | |
| Net profit | 89.389.509 | | 101.332.824 | | 10.550.597 | | 57.239.840 | |

Total revenue - recorded a 37% decrease compared to the corresponding period of the previous fiscal year, in the context of the revenue for the first half of 2009 being influenced by a significant transaction - the sale of the Bancpost stock.

- **Revenue from financial non-current assets** - recorded a 83% decrease determined by the fact that the main sources of dividends in the banking field were decreasing (in the context of the financial crisis). Revenue from financial non-current assets - represents 13% of the total revenue realized in the first half of 2010.
- **Revenue from ceded financial investments** - recorded a 10% decrease and represent 60% of the total revenue realized in the 1st half of 2010.
- **Revenue from provisions, reactivated receivables** - recorded a 58% increase and represent 13% of the total revenue realized in the 1st half of 2010.
- **Revenue from interest** - recorded a 29% decrease - as a consequence of the decrease in interest rates on monetary investments. The annualized rate of return realized in the 1st half of 2010 is 10,0% for investments in RON and 4,6% for investments in foreign currency. Revenue from interest represents 4% of the total revenue realized in the 1st half of 2010.
- **Revenue from exchange rate differences** - represents 4% of the total revenue realized in the 1st half of 2010.

Total expenses - decreased by 49% compared to the corresponding period of the previous fiscal year. Expenses with a significant weight in the total recorded in the 1st half of 2010 are:

- **Expenses with ceded financial investments** - recorded a 68% decrease compared to the 1st half of 2009 and represent 27% of the total expenses realized in the 1st half of 2010.
- **Expenses with depreciations, provisions, losses from reactivated receivables and various debtors** - recorded a 77% decrease compared to the 1st half of 2009 and represent 18% of the total expenses realized in the 1st half of 2010.
- **Other expenses with operations** - recorded a 68% increase compared to the 1st half of 2009. This category of expenses mainly includes administrative expenses.



I.1.3. Cash flows

The cash flows are calculated by the direct method.

| Explanation / period | January – June 2009 | January – June 2010 |
|--------------------------------|---------------------|---------------------|
| | RON | RON |
| cash at beginning of period | 42.784.466 | 124.948.835 |
| A. operations | (8.099.331) | (16.106.868) |
| cash inflows | 1.560.885 | 1.084.307 |
| cash outflows | 9.660.216 | 17.191.175 |
| B. investment activity | 134.312.627 | 4.516.458 |
| cash inflows, of which: | 137.334.082 | 80.903.602 |
| interest | 5.810.020 | 9.579.640 |
| dividends | 69.228.099 | 9.412.583 |
| sale of shares | 62.195.447 | 61.911.379 |
| cash outflow, of which: | 3.021.455 | 76.387.144 |
| purchase of shares, securities | 2.270.957 | 75.026.897 |
| C. financing activity | (186.524) | (5.257.080) |
| cash inflows | 2.963 | 4.547 |
| cash outflows (dividends) | 189.487 | 5.261.627 |
| total cash flow | 126.026.772 | (16.847.490) |
| cash at end of period | 168.811.237 | 108.101.345 |

- ➔ Cash as of June 30, 2010 presents a 36% decrease compared to the corresponding period of the previous fiscal year, mainly influenced by the increase in investments in financial instruments, concomitantly with the decrease in cash inflows from dividends.

I.1.4. Degree of realization of the Revenue and Expenses Budget

- RON -

| Indicators | Target for 2010 | Realized as of 31/03/2010 | Realized as of 30/06/2010 | % realized as of 30/06/2010 |
|---------------------------|-----------------|---------------------------|---------------------------|-----------------------------|
| total revenue, of which: | 125.344.528 | 20.483.276 | 94.381.878 | 75 |
| financial revenue | 117.000.000 | 19.679.582 | 80.580.173 | 69 |
| revenue from operations | 8.344.528 | 803.694 | 13.801.706 | 165 |
| total expenses, of which: | 60.840.916 | 7.973.379 | 28.440.287 | 47 |
| financial expenses | 33.555.000 | 4.713.498 | 14.614.294 | 44 |
| expenses with operations | 27.285.916 | 3.259.881 | 13.825.992 | 51 |
| gross margin | 64.503.612 | 12.509.897 | 65.941.591 | 102 |
| profit tax | 9.695.612 | 1.959.300 | 8.701.751 | 90 |
| net profit | 54.808.000 | 10.550.597 | 57.239.840 | 104 |

I.1.5. Net assets

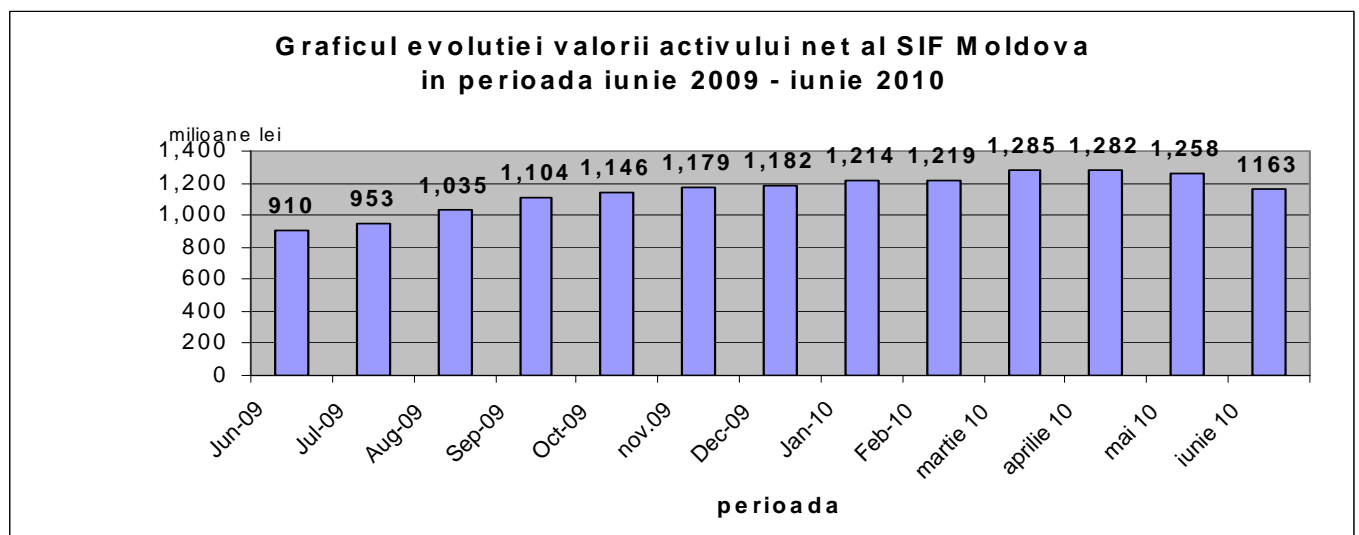
SIF Moldova's net assets, calculated based on CNVM Regulation no. 15 / 2004, have decreased by 2% compared to the beginning of the year 2010 and increased by 28% compared to the corresponding period of the previous year

In the structure of assets administered as of June 30, 2010, listed shares represent a 56% percentage, followed by unlisted shares, with a 31% percentage and investments in bank deposits with a 7% percentage.



| SIF Moldova PORTFOLIO | June 30, 2009 | | December 31, 2009 | | March 31, 2010 | | June 30, 2010 | | % Variation H1 2010/H1 2009 |
|----------------------------|----------------|-------------------------------|-------------------|-------------------------------|----------------|-------------------------------|----------------|-------------------------------|--------------------------------------|
| | value (RON) | weight in assets (%) | value (RON) | weight in assets (%) | value (RON) | weight in assets (%) | value (RON) | weight in assets (%) | |
| Government securities | 18.486.829 | 2 | - | - | | | 22.854.969 | 2 | 24 |
| Liquidities | 1.065.939 | 0 | 329.566 | 0 | 231.791 | 0 | 471.693 | 0 | -56 |
| Receivables | 2.894.147 | 0 | 10.896.275 | 1 | 950.666 | 0 | 3.621.111 | 0 | 25 |
| Bank deposits | 149.830.693 | 16 | 127.847.158 | 11 | 116.600.984 | 9 | 85.161.229 | 7 | -43 |
| Municipal bonds | 532.364 | 0 | 811.187 | 0 | 678.374 | 0 | 686.806 | 0 | 29 |
| Corporate bonds | 696.139 | 0 | 957.560 | 0 | 1.082.521 | 0 | 1.019.973 | 0 | 47 |
| Listed stock | 440.870.963 | 46 | 698.534.990 | 58 | 799.042.390 | 61 | 676.598.406 | 56 | 53 |
| Unlisted stock | 313.700.846 | 33 | 326.553.139 | 27 | 342.512.855 | 26 | 373.218.089 | 31 | 19 |
| non UCITS securities | 1.850.983 | 0 | 14.724.614 | 1 | 21.489.212 | 2 | 24.001.995 | 2 | 1.196 |
| Other assets | 19.249.985 | 3 | 18.907.229 | 2 | 19.572.110 | 2 | 18.793.765 | 2 | -2 |
| Total assets | 949.178.888 | 100 | 1.199.561.718 | 100 | 1.302.160.903 | 100 | 1.206.428.036 | 100 | 27 |
| Total liabilities | 38.519.696 | 4 | 17.724.478 | 1 | 17.118.788 | 1 | 43.623.801 | 4 | 13 |
| Net assets | 910.150.341 | 96 | 1.181.826.860 | 99 | 1.285.031.848 | 99 | 1.162.794.080 | 96 | 28 |
| BVS (book value of shares) | 1,7533 | | 2,2767 | | 2,4755 | | 2,2401 | | |

As of June 30, 2010, the book value of shares (BVS) recorded the value of 2,2401 RON / share, increasing by 28% compared to the value reported for June 30, 2009 (1,7534 RON / share) and decreasing by 2% compared to the value reported for December 31, 2009 (2,2767 RON / share).



I.1.6. Risk management. Compliance of the portfolio with ownership limits.

The SIF Moldova Board of Directors recognizes that risk management should be realized within a consistent methodological framework and that their management constitutes an important component of the strategy to maximize profitability, attain the targeted level of profit while maintaining an acceptable exposure to risk and compliance with legal regulations. The formalization of risk management procedures decided by the Board of Directors is an integral part of SIF Moldova's strategic objectives.

By nature of its activities, SIF Moldova is exposed to various risks that include:

a) Market risk - in order to effectively manage the market risk, technical and fundamental analysis methods are used, as well as prognoses regarding the evolution of economic sectors and financial markets, taking into account:

- profitability evaluations corresponding to the share portfolio;
- setting limits for the concentration of assets in the same market, geographical position or economic sector;
- setting limits for the presence on new markets;
- setting acceptable risk limits;
- tolerance to risk concentrations;
- strategic allocation of long term investments, based on the principle according to which the market will correctly determine the fundamental value;
- tactical short term allocation, assuming short term variations of the market, combining SIF Moldova expectations through speculative activity with profit and cash flows.

Issuer-specific analyses are drafted:

- fundamental analyses - determining the issuer's capacity to generate profit;
- comparative analyses - determining the relative value of an issuer compared to the market or to other similar companies;
- statistical analyses - determining tendencies and correlations using the history of prices and volumes traded.

The term 'market risk' denotes not only the potential gain, but also the potential loss.

b) Price Risk - SIF Moldova is exposed to the price risk, being vulnerable to the value of securities fluctuating as a result of changing market prices.

c) Exchange rate risk - Most of the Company's financial assets and liabilities are expressed in the domestic currency, therefore the exchange rate fluctuations do not affect operations significantly. Exposure to the exchange rate fluctuations is mainly caused by liquidities in foreign currency.

d) Economic environment risk - The Romanian economy continues to present specific emerging economy features and there is a significant degree of uncertainty regarding the future political, economic and social environment development. The Company's management is making efforts to foresee the nature of changes that can occur in the Romanian economic environment and their effect on the financial situation and on the Company's operational and treasury results. Among the characteristics of the Romanian economy is a currency not entirely convertible outside its borders, a low degree of liquidity of the capital market and wide ranges of variation in the national currency exchange rates.

e) Interest rate risk - Most of the Company's financial assets and liabilities do not bear interest, therefore the market interest rate fluctuations do not significantly affect SIF Moldova's operations. The surplus of cash or equivalents available is invested in short term investment securities with maturity of up to 1 or 6 months.



f) **Credit risk** - SIF can be exposed to the credit risk related to financial instruments, generated by the possible failure of a third party to pay its liabilities to the Company.

g) **Liquidity risk** - SIF Moldova's financial instruments may include investments in shares which are not traded on an organized market, and subsequently may have a low liquidity. Therefore, the Company can encounter difficulties if it decides to rapidly liquidate investments in such instruments at a value close to the one determined based on the calculation model for the financial companies net asset value, provided in Regulation 15 / 2004 issued by the National Securities Commission (CNVM) in order to fulfill own liquidity requirements. The objective of the liquidity risk management is maintaining a sufficient liquidity level for the compensation of the fluctuation of positions in the balance sheet and covering the growth requirements for SIF Moldova. The structure and periodicity of payment obligations are determining factors for the management of the liquidity risk.

h) **Tax related risk** - The Romanian fiscal system is subject to various interpretations and permanent changes, which may be retroactive. In certain situations, the fiscal authorities may adopt a position which differs from SIF Moldova's position and may calculate certain fiscal raises and penalties. Fiscal legislation in Romania, as well as the fiscal measures enforcement, change frequently and are subject to interpretations, sometimes different, of various authorities. The Government of Romania subordinates a number of agencies authorized to control both Romanian and foreign entities operating in Romania. These controls are to a high extent similar to those effected in many other countries, but they may extend over legal or regulation areas in which the Romanian authorities may be interested. Furthermore, these authorities seem to be less bound by strict regulations, and the companies under control seem to be less protected than usual in other countries. Statements regarding taxes can be subjected to control and review over a period of five years, in general, after their submission. In compliance with the legal regulations in force in Romania, periods subject to control may be later additionally reviewed. The Company's management considers that it recorded correct values in the accounts related to taxes and other debts to the state, although there is a risk that the authorities have a different view on these issues.

i) **Portfolio risk - compliance with legal regulations related to ownership limits - art. 188 of CNVM Regulation no. 15 / 2004**

i.1. Securities and monetary market instruments not accepted for trading

- allowed limit: 20% of the total assets (closed shares, closed bonds, deposit certificates and bank deposits) .

| Type of asset | Value of asset according to CNVM Regulation no.15/2004 -RON- | Weight in total assets -%- | Weight in net assets -%- |
|--|--|----------------------------|--------------------------|
| • Shares held in closed type issuers * | 72.202.768 | 5,98 | 6,21 |
| • Bank deposits | 85.161.229 | 7,06 | 7,32 |
| • Municipal bonds | 216.295 | 0,02 | 0,02 |
| TOTAL | 157.580.292 | 13,06 | 13,55 |

* the calculation has not taken into consideration (according to art. 275 (2) of CNVM Regulation no. 15 / 2004 the holding in the Romanian Commercial Bank SA Bucuresti; including it, the weight is 38,01 % .

i.2. The weight of securities and monetary market instruments registered or traded on the Stock Exchange (issuer level) - allowed limit - 10% of the total assets:

"The 10% may be increased up to a maximum of 40%, on the condition that the total value of the securities and monetary market instruments held by the Company in each of the issuers in which it holds a share of over 40% should not exceed 80% of the value of its assets".

As of Jun 30, 2010, the 10% level provided is exceeded in the BRD Bucuresti holding (31,795 %) of the total assets, for which the provisions of the following paragraph apply: "In



compliance with art. 275 para.(2) of CNVM Regulation no. 15 / 2004, BRD-GSG is excluded from the calculation regarding ownership limitations provided in art. 188, b)” .

i.3. Financial instruments issued by entities belonging to the same group - allowed limit: 50% of the total assets

In the case of the group SAI belongs to, the allowed limit is 40%.

| Group name | Value of asset according to CNVM Regulation no.15/2004 -RON- | Weight in total assets -%- | Weight in net assets -%- |
|--|--|----------------------------|--------------------------|
| Banca Transilvania group, of which: | | | |
| • Banca Transilvania shares | 69.391.237 | 5,75 | 5,97 |
| • Banca Transilvania bank deposits | 41.344.230 | 3,43 | 3,56 |
| • BT Clasic securities | 1.097.758 | 0,09 | 0,09 |
| • BT Invest 1 securities | 936.143 | 0,08 | 0,08 |
| • BT Maxim securities | 1.400.000 | 0,12 | 0,12 |
| GROUP TOTAL | 114.169.368 | 9,46 | 9,82 |
| The BRD-GSG group, of which : | | | |
| • BRD – GSG shares | 383.586.905 | 31,80 | 32,99 |
| • BRD bank deposits | 19.625.767 | 1,63 | 1,69 |
| • BRD Concerto securities | 1.086.257 | 0,09 | 0,09 |
| GROUP TOTAL | 404.298.929 | 33,51 | 34,77 |
| The ERSTE BANK - BCR group, of which : | | | |
| • BCR shares | 301.015.321 | 24,95 | 25,89 |
| • Erste Bank shares | 3.052.437 | 0,25 | 0,26 |
| • BCR bank deposits | 13.006.194 | 1,08 | 1,12 |
| • BCR Obligatiuni securities | 5.295.122 | 0,44 | 0,46 |
| • ESPA BOND DANUBIA securities | 6.145.525 | 0,51 | 0,53 |
| GROUP TOTAL | 328.514.599 | 27,23 | 28,25 |
| The OTP group, of which: | | | |
| • OTP Green Energy securities | 490.925 | 0,04 | 0,04 |
| • OTP Wise RO securities | 420.154 | 0,03 | 0,04 |
| GROUP TOTAL | 911.078 | 0,07 | 0,08 |

- **from the BRD-GSG group** – according to art.275(2) of CNVM Regulation no. 15 / 2004 – the stock held in BRD is excluded, **the weight in this group becoming 1,72% from 33,51%.**
- **from the ERSTE BANK-BCR group** – according to art.275(2) in CNVM Regulation no. 15 / 2004 – the stock held in BCR is excluded, **the weight in this group becoming 2,28% from 27,23%.**

i.4. Exposure to counterpart risk in a transaction with derivative financial instruments outside regulated markets - not applicable.

i.5. The weight of current accounts and cash - allowed limit: 10% of the total assets.

In the net assets as of Jun 30, 2010, the value of current accounts and cash is 193.624 RON, representing 0,02% of the value of the assets

i.6. Bank deposits constituted and held in the same bank - allowed limit: 30% of the total assets.

Total holdings in bank deposits amount to 85.161.229 RON, representing 7% of the assets value.



i.7. Total holdings in derivative financial instruments - may not exceed the total net assets value.

The value of the margin of derivative financial instruments = 288.000 RON, for net assets worth 1.162.794.080 RON .

i.8. The weight of non UCITS securities - allowed limit: 50% of total assets .

| non UCITS name | Value of asset according to CNVM Regulation no. 15/2004-RON- | Weight in total assets -%- | Weight in net assets -%- |
|-------------------------------|--|----------------------------|--------------------------|
| • AI Properties | 2.085.003 | 0,17 | 0,18 |
| • BT Invest 1 | 936.143 | 0,08 | 0,08 |
| • Fondul Oamenilor de Afaceri | 8.198 | 0,00 | 0,00 |
| • OTP Green Energy | 490.925 | 0,04 | 0,04 |
| • OTP WiseRO | 420.154 | 0,03 | 0,04 |
| • STK Emergent | 51.297 | 0,00 | 0,00 |
| TOTAL non UCITS | 3.991.719 | 0,33 | 0,34 |

I.2. Asset portfolio management

I.2.1. Share portfolio

**77 mln. RON
in shares, representing
87%
of the total amount of 89 mln.
RON invested in securities in
the first semester of 2010.**

The share portfolio represents 87 % of the total assets managed and calculated at market value. In the first half of 2010, SIF Moldova continued the share portfolio reconfiguration policy in view of increasing its profitability. The main **investments** carried out in the first half of 2010 were concentrated on shares in listed and liquid issuers in the financial and banking field (BRD – SG; Banca Transilvania - reporting significant transaction on Apr 16 2010; Erste Bank, SSIF Broker), in shares in the energy and related fields (Transgaz, Armax Gaz, Condmag), as well as in shares in the capital market institutions (Sibex, BVB). In the investment strategy in this year, the accumulation of new stock belonging to the Property Fund was included (reporting a significant transaction on May 19, the current year), in view of the imminent listing of the latter on the BVB as well as of exploiting the opportunity of receiving dividends.

In order to exploit the volatility of the capital market, specific to this period, a special emphasis was placed on the speculative transactions, so that **profit markings** were made for a large share of the investments made in this period and / or previous periods. **Disinvestment** operations were targeted either at shares (ASCO - significant transaction reported on Jun 24, the current year, Rompetrol Refinery) or carrying out speculative operations with shares belonging to issuers BRD – SG, Condmag, Broker, Concefa, Alumil, Azomures, Dafora, Teraplast, Vrancart etc.

At the same time, we mention that during the 1st half of 2010, **investment programns** were initiated, targeted at issuers listed on **external markets** - Poland (Warsaw Stock Exchange) – Asseco (the IT field) and Tauron Polska Energy (the energy sector) respectively the Czech Republic (Prague Stock Exchange) – Cez (the energy sector).

I.2.1.1 Evolution of the portfolio according to number of investments

As of June 30, 2010, the portfolio comprises investments in 230 companies (Dec 31, 2009 - 229 companies), decreasing by 2% compared to Mar 31, 2010 when 235 were recorded. The variation in the number of companies in the portfolio was motivated by current investment / disinvestment operations, as well as the writing off of issuers.

I.2.1.2 Evolution of the share portfolio according to trading market

| Portfolio structure | Total market value ¹ of the package | | | | | | | |
|--|--|------------|------------------|------------|------------------|------------|------------------|------------|
| | 30/06/2009 | | 31/12/2009 | | 31/03/2010 | | 30/06/2010 | |
| Shares | thousand RON | % | thousand RON | % | thousand RON | % | thousand RON | % |
| Traded stock, of which: | 419.733 | 56 | 686.935 | 67 | 784.071 | 69 | 666.692 | 64 |
| Listed (REGS) | 365.703 | 49 | 602.702 | 59 | 691.384 | 61 | 580.599 | 55 |
| Listed (RGSB) | 22.269 | 3 | 25.580 | 3 | 30.921 | 3 | 28.450 | 3 |
| Unlisted (UNLS) | 10.499 | 1 | 7.489 | 1 | 9.513 | 1 | 6.132 | 1 |
| Listed (XMBS) | 20.293 | 3 | 49.591 | 4 | 44.968 | 4 | 43.217 | 4 |
| Listed (SBX) | | | | | | | 1.782 | 0 |
| Listed on the international market | 969 | 0 | 1.573 | 0 | 3.728 | 0 | 3.052 | 0 |
| Not traded stock, of which: | 334.838 | 44 | 338.153 | 33 | 357.484 | 31 | 383.124 | 37 |
| Closed companies | 313.701 | 42 | 326.553 | 32 | 342.513 | 30 | 373.218 | 36 |
| Listed, not traded in last 90 days companies | 21.137 | 3 | 11.600 | 1 | 14.971 | 1 | 9.906 | 1 |
| Total | 754.572 | 100 | 1.025.088 | 100 | 1.141.555 | 100 | 1.049.816 | 100 |

* The market value is determined in accordance with CNVM Regulation no. 15 / 2004

The following observations can be made:

- ➔ Traded shares have decreased their weight in the total market value by 3% compared to Dec 31, 2009, reaching 64% as of June 30, 2010. The weight of untraded shares increased in the same period by 4%.
- ➔ Shares of issuers in the portfolio listed on foreign markets doubled in total market value as of June 30, 2010 compared to the end of the year 2009, as a consequence of the increase in number of issuers / securities subjected to acquisition, of the increase in quotations and of the evolution of the exchange rate.

I.2.1.3 Structure and evolution of the portfolio by the weight of share held in the issuer registered capital

| FIC Moldova investments according to % held in the registered capital of issuers in the portfolio | 30/06/2009 | | | 31/12/2009 | | | 31/03/2010 | | | 30/06/2010 | | |
|---|------------|------------------------------|----|------------|------------------------------|----|------------|------------------------------|----|------------|------------------------------|----|
| | No. of co. | Nominal value (thousand RON) | % | No. of co. | Nominal value (thousand RON) | % | No. of co. | Nominal value (thousand RON) | % | No. of co. | Nominal value (thousand RON) | % |
| Insignificant shares: < 10% | 118 | 190.238 | 61 | 123 | 222.365 | 65 | 131 | 231.944 | 66 | 129 | 295.247 | 71 |



| | | | | | | | | | | | | |
|---------------------------------|------------|----------------|------------|------------|----------------|------------|------------|----------------|------------|------------|----------------|------------|
| Significant shares: (10% - 33%) | 89 | 90.449 | 29 | 84 | 90.275 | 26 | 81 | 85.388 | 24 | 79 | 85.245 | 20 |
| Control shares: (33% - 50%) | 15 | 11.436 | 4 | 14 | 11.136 | 3 | 15 | 11.347 | 3 | 14 | 10.585 | 3 |
| Majority shares >= 50% | 8 | 20.277 | 6 | 8 | 20.481 | 6 | 8 | 24.888 | 7 | 8 | 24.889 | 6 |
| Total shares | 230 | 312.401 | 100 | 229 | 344.257 | 100 | 235 | 353.567 | 100 | 230 | 415.966 | 100 |

Analyzing the structure of the portfolio as of June 30, 2010 compared to Dec 31, 2009, the following observations can be made:

- The nominal value of the portfolio has increased by 21% as a result of the new acquisitions;
- Insignificant investments have increased by 6 issuers and the nominal value has increased by 25%
- Significant investments have decreased by 5 issuers, as a consequence of the write off of 3 issuers, the total sale of an issuer and the transfer to another investment category of another issuer.
- The number of control investments has remained unchanged.
- Majority investments in the share portfolio remained at the level of 8 issuers, whose nominal value increased by 18%, mainly as a consequence of the increase in the investment in Mecanica Ceahlau by subscribing in the increase in registered capital.

I.2.1.4 Structure and evolution of the portfolio by field of activity

| Field | No. of companies | | | | Market value (thousand RON) | | | | % of market value | | | |
|--|------------------|------------|------------|------------|-----------------------------|------------|------------|------------|-------------------|------------|------------|------------|
| | 30/06/2009 | 31/12/2009 | 31/03/2010 | 30/06/2010 | 30/06/2009 | 31/12/2009 | 31/03/2010 | 30/06/2010 | 30/06/2009 | 31/12/2009 | 31/03/2010 | 30/06/2010 |
| Financial services and insurance, of which: | 16 | 17 | 17 | 17 | 579.759 | 810.231 | 895.650 | 803.448 | 77 | 79 | 78 | 77 |
| Banking | 8 | 8 | 8 | 8 | 576.302 | 793.483 | 876.849 | 762.252 | 76 | 77 | 77 | 73 |
| Others | 8 | 9 | 9 | 9 | 3.456 | 16.748 | 18.801 | 41.196 | 0 | 2 | 2 | 4 |
| Industry, of which: | 112 | 113 | 115 | 112 | 100.596 | 124.211 | 142.478 | 126.972 | 13 | 12 | 12 | 12 |
| Food industry | 19 | 19 | 20 | 20 | 5.306 | 6.033 | 5.984 | 5.655 | 1 | 1 | 1 | 1 |
| Textiles and footwear | 34 | 33 | 33 | 30 | 18.905 | 33.510 | 28.632 | 21.322 | 3 | 3 | 3 | 2 |
| Chemicals | 5 | 6 | 8 | 6 | 2.699 | 865 | 4.808 | 6.372 | 0 | 0 | 0 | 1 |
| Pharmaceuticals | 3 | 3 | 3 | 3 | 20.335 | 28.281 | 30.098 | 25.937 | 3 | 3 | 3 | 2 |
| Construction materials | 7 | 8 | 8 | 8 | 10.774 | 11.138 | 10.088 | 9.871 | 1 | 1 | 1 | 1 |
| Metallurgy | 10 | 10 | 10 | 10 | 10.203 | 11.724 | 17.183 | 13.042 | 1 | 1 | 2 | 1 |
| Machinery manufacture | 12 | 12 | 12 | 12 | 20.122 | 18.653 | 27.383 | 22.510 | 3 | 2 | 2 | 2 |
| Vehicle manufacture | 8 | 8 | 8 | 8 | 10.446 | 11.068 | 13.940 | 17.473 | 1 | 1 | 1 | 2 |
| Others | 14 | 14 | 13 | 15 | 1.807 | 2.939 | 4.361 | 4.791 | 0 | 0 | 0 | 0 |
| Mining industry | 3 | 4 | 4 | 4 | 19.626 | 25.305 | 28.251 | 30.452 | 3 | 2 | 2 | 3 |



| | | | | | | | | | | | | |
|--|-----|-----|-----|-----|---------|-----------|-----------|-----------|-----|-----|-----|-----|
| Transport and storage | 8 | 9 | 10 | 10 | 15.278 | 19.060 | 24.015 | 27.017 | 2 | 2 | 2 | 3 |
| Energy production and supply | 1 | 1 | 1 | 2 | 8.610 | 9.195 | 12.764 | 16.881 | 1 | 1 | 1 | 2 |
| Real estate transactions | 6 | 6 | 6 | 6 | 7.008 | 11.840 | 7.672 | 10.965 | 1 | 1 | 1 | 1 |
| Commerce | 13 | 13 | 13 | 14 | 5.687 | 5.903 | 4.745 | 4.973 | 1 | 1 | 0 | 0 |
| Agriculture and forestry | 41 | 39 | 39 | 38 | 5.025 | 4.751 | 4.677 | 10.755 | 1 | 0 | 0 | 1 |
| Scientific and professional activities | 4 | 3 | 4 | 4 | 1.863 | 2.079 | 2.996 | 2.940 | 0 | 0 | 0 | 0 |
| Construction | 16 | 14 | 15 | 13 | 1.219 | 2.386 | 3.025 | 3.023 | 0 | 0 | 0 | 0 |
| Services | 1 | 1 | 1 | 1 | 494 | 580 | 580 | 573 | 0 | 0 | 0 | 0 |
| Water distribution, garbage disposal | 3 | 3 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 6 | 6 | 6 | 6 | 9.407 | 9.548 | 13.258 | 11.818 | 1 | 1 | 1 | 1 |
| Total | 230 | 229 | 234 | 230 | 754.572 | 1.025.088 | 1.141.555 | 1.049.816 | 100 | 100 | 100 | 100 |

The following observations can be made:

- The financial, banking and insurance sector holds the largest weight in the portfolio, with a weight in the market value of 77%, decreasing by 3% compared to the end of the year 2009.
- The increase in weight of most sectors in the total market value of the portfolio. The exceptions are: metallurgy, agriculture and forestry, energy production and supply.
- The increase in market value by 28% compared to the corresponding period of the last year and by 2% compared to Dec 31, 2009.

I.2.2 Securities (fund units) portfolio in non UCITS (O.P.C. / other undertakings for collective investment in transferable securities)

As of Jun 30, 2010, the securities portfolio represents approximately 2% of the total assets managed.

12 mil. RON invested in fund units, representing 13% of the total 89 mil. RON invested in securities in the first half of 2010

The fund units purchased in the first half of 2010 were issued by FDI BCR Obligatiuni, FDI Napoca, FDI Transilvania, OTP Green Energy, OTPWise, Espa Bond. We specify that from the total amounts invested in fund units, more than 50% (approximately 1,5 mil. EUR) were allocated for the Mutual Fund ESPA BOND Vienna (a bonds fund in EUR - significant transaction on Apr 28 the current year)

In the same period, fund units sales operations generated cash inflows of 5 mil. RON with a profit of 0,4 mil. RON.

I.2.3. The bonds portfolio

As of June 30, 2010, the bonds portfolio represents 0,15% of the total assets managed, consisting of municipal bonds (the Bacau Mayor's Office, the Timisoara Mayor's Office, the Horezu Mayor's Office) and corporate bonds (the European Investment Bank).



There were no investments in bonds in the first half of 2010.

I.2.4. Monetary market products portfolio

Cash and liquidities as of June 30, 2010, as well as their dynamics, are presented in the following table:

| Type of investment | (RON) | | | | | | | |
|--|-------------|-----|-------------|-----|-------------|-----|-------------|-----|
| | 30/06/2009 | % | 31/12/2009 | % | 31/03/2010 | % | 30/06/2010 | % |
| Bank deposits | 108.531.281 | 64 | 91.050.268 | 73 | 60.620.635 | 53 | 56.758.530 | 53 |
| Bank deposits (currency) | 40.639.005 | 24 | 33.420.242 | 27 | 53.253.649 | 47 | 28.031.440 | 26 |
| Current accounts (banks and cash office) | 962.342 | 1 | 213.084 | 0 | 102.220 | 0 | 193.624 | 0 |
| Deposits for material pledges | 300.779 | 0 | 265.241 | 0 | 269.448 | 0 | 267.860 | 0 |
| Government securities | 18.377.830 | 11 | - | - | - | - | 22.849.891 | 21 |
| Total | 168.811.237 | 100 | 124.948.835 | 100 | 114.245.952 | 100 | 108.101.345 | 100 |

From the analysis of monetary investments in the Jan 1 - June 30, 2010 period, the following observations were drawn:

- For investments in RON - *an average return rate of 10 % / year;*
- For investments in foreign currency (Euro) - *an average rate of return of 4,6 % / year.*

II. Realization of non-financial objectives

II.1. Status of litigations

As of Jun 30, 2010, 202 cases were recorded with various objects, of which 27 cases were solved, 175 remaining in court.

I. Litigations in which SIF Moldova is a PLAINTIFF:

- ➔ total litigations = 162 cases, of which 139 cases are in court in various judicial stages and 23 cases are solved;
- ➔ value of litigations in court:
 - **60 mil. RON** by category, as follows:
 - the amount of 12 mil. RON - insolvency procedure;
 - the amount of 48 mil. RON - claims;
 - **4 mil. USD** - disputes for fulfilment.

Litigations in this category are classified thus:

1. Litigations involving the repealment of illegal decisions of General Assemblies of Shareholders of companies in the SIF Moldova portfolio = 43 cases, of which 5 cases were finalized up to Jun 30, 2010 and 38 cases remained in court in various stages of litigation.

The GMS decisions contested comprise violations of legal or statutory dispositions and are mainly aimed at: increases in registered capital, modifications of articles of association, decreases of registered capital, approval of investments and non-profitable loans for companies and also the withdrawal of companies from trading on the regulated market.

2. Litigations involving various monetary claims = 24 cases in court, 2 solved. The object of these litigations mainly consists of civil actions for damages to SIF Moldova by various natural or juridical persons among which claims initiated by SIF Moldova against persons responsible for bringing the debtor companies into bankruptcy or the recovery of damages representing judicial expenses borne by SIF as a consequence of litigation against AVAS.

Also, these litigations involve foreclosure procedures initiated against natural persons liable for damages to FIC Moldova as well as juridical persons guaranteeing the banking liabilities of issuers of promissory notes endorsed by the former Private Property Fund II Moldova.

As a consequence of efforts undertaken and of judicial procedures initiated, up to Jun 30, 2010, receipts were made amounting to 0,15 mil. RON.

Regarding the new litigations against AVAS Bucuresti, these involve the cancellation of foreclosure or damages for interests. These litigations were initiated as a consequence of the irrevocable and final admission of disputes for fulfillment submitted by SIF Moldova as a consequence of the foreclosure by AVAS based on promissory notes. During this half year, 7 cases were given final and irrevocable rulings, with the object of canceling the foreclosure, up to this moment partial receipts being made amounting to 0,07 mil. RON.

3. Litigations involving the insolvency procedure = 22 cases in court and 2 solved.

Cases under the incidence of the Law regarding insolvency procedure involve the bankruptcy of companies in the FIC portfolio. In this procedure, FIC Moldova usually has the quality of a priority creditor. The majority of these litigations are pending resolution in lower court.

4. Litigations with various objects = 17 cases, of which 9 were in court and 8 were solved.

5. Litigations involving draft oppositions and contestations to the foreclosure of promissory notes endorsed by FPP II Moldova = 20 cases.

Litigations involving draft oppositions have no monetary value, the cases involving matters of form of the issuance of the promissory notes.

Of the litigations involving contestations to the foreclosure by the State Assets Recovery Agency - (AVAS) during 2006 of the FIC Moldova patrimony, based on promissory notes, 9 are still in court and 6 were finalized as of Jun 30, 2010. In 5 of the 6 cases finalized, SIF Moldova prevailed, one having been ruled in favor of AVAS.

6. Criminal litigations = 10 cases, of which 7 in prior investigations and 3 in court.

II. Litigations in which FIC MOLDOVA is a defendant:

- ➔ total litigations = 40 cases, of which;
 - 32 cases are in court in various judicial stages;
 - 4 cases were solved;
- ➔ value of litigations in court:
 - 0,5 mil. RON - claims;
 - 8 mil. RON – disputes for fulfillment;

Litigations in this category are classified thus:

1. Litigations with various objects and claims cases = 14 cases in court in various judicial stages and 4 cases finalized.

Cases with various objects involve requests by third parties regarding the finding of nullity of sale contracts, obligations 'to do' or various monetary claims. In cases involving "claims", SIF Moldova is called as a guarantor by companies actually holding the buildings claimed in order to reimburse them in case the claim were admitted. Up to the present moment, these claims have been dismissed.

2. Litigations with contestations for fulfillment = 5 cases initiated by AVAS, as a consequence of foreclosures by SIF Moldova in litigations involving judicial expenses and the cancellation of foreclosure against AVAS.

3. Litigations involving the cancellation of decisions of General Assemblies of Shareholders of SIF Moldova of Nov 15, 2008 and Apr 25, 2009. Cases involving the cancellation of the Ordinary General Assembly of Shareholders of Nov 15, 2008 were solved in lower court and in appeals, SIF Moldova being given a favorable ruling. In cases involving the cancellation of the OGAS decision of Apr 35, 2009, in 5 of these cases the action was cancelled as not stamped, 2 cases are suspended and 2 are pending solution in lower court.



Details regarding litigations of SIF Moldova are presented in annex 3.

II.2. Relations with shareholders and capital market institutions

SIF Moldova respects corporate governance principles, applied to the leadership and management of the company. We emphasize the following:

In relations with shareholders, SIF Moldova permanently aims at:

- ➔ Protecting and ensuring the rights of shareholders: property rights, the right to participate in General Assemblies of Shareholders, the right to information and the right to receive dividends;
- ➔ Equal treatment of shareholders, irrespective of holding level.

Appropriation and payment of dividends from the 2009 fiscal year towards shareholders is being carried out according to decisions adopted by the Ordinary General Assembly of Shareholders of April 30, 2010. The status of amounts paid as of June 30, 2010 is the following:

| Payment of dividends: | | 2007 dividend | 2008 dividend | 2009 dividend |
|-----------------------|--|----------------------|----------------------|---------------------|
| | | (0.0500 RON / share) | (0.0450 RON / share) | (0.060 RON / share) |
| 1 | Total dividend payable | 25.954.480 | 23.359.032 | 31.145.375 |
| 2 | Total paid up to Jun 30, 2010 | 21.373.326 | 17.271.381 | 5.684.056 |
| 3 | Of which in the 1 st half of 2010 | 47.353 | 219.962 | 5.684.056 |
| 4 | % paid | 82 % | 74 % | 18 % |

All information regarding the payment of dividends (decisions, methods of payment, necessary documents) is posted on the company website www.sifm.ro.

Transparency and financial reporting - Institutional obligations for communication and reporting were respected by SIF Moldova, as follows:

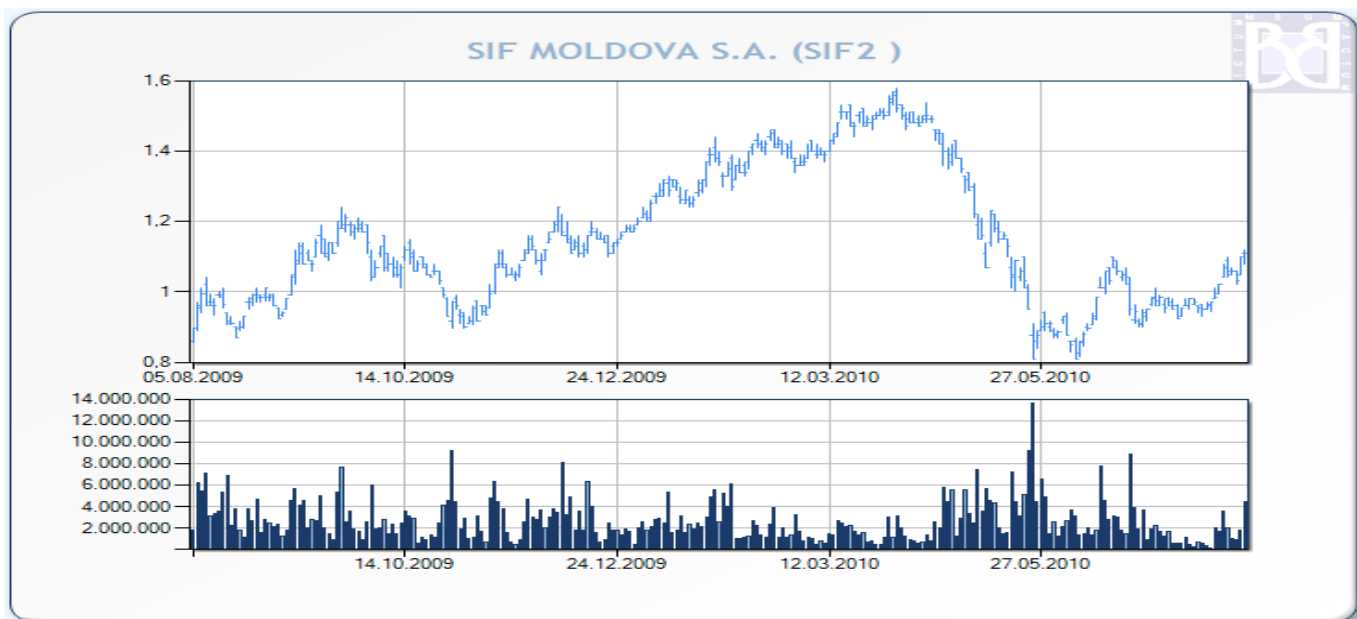
a. In relation to capital market institutions

- ➔ Periodic reports towards CNVM and BVB – (annex 4)
- ➔ Continual reports towards CNVM and continuous reports towards BVB – (annex 4)

b. *In relations with shareholders* - Obligations to inform FIC Moldova shareholders were respected by the issuance of press releases, publishing of reports, information through the electronic system of the capital market and posted on the Company website, offering equal treatment to shareholders.

II.3. SIF2 shares, listed on the Bucharest Stock Market, 1st Tier

- ➔ The SIF 2 share evolved in concert with the general market trend, continuing to remain in the focus of investors, being traded at a significant discount compared to the book value of shares.



➔ The main market indicators of “SIF2” shares as of Jun 30, 2010 are:

| Indicators | Value |
|--|---------------|
| The book value of net assets VUAN | 2,2401 |
| Variation of book value (VUAN) in 2010 (%) | - 1,25 |
| 30.06.2010 closing price (RON) | 0,9400 |
| Variation in closing price in 2010 (%) | - 17,5 |
| % Premium / discount (-) | -58,41 |
| Capitalization (RON) | 487.944.213 |
| Total net assets (RON) | 1.162.794.080 |
| No. of shares traded | 67.743.992 |
| % no. of shares traded in the registered capital | 13,05 |

II.4. The internal auditing and control activity

The **internal auditing** missions were aimed at the following activities in the reporting period:

- ➔ the organization of the meetings of the Board of Directors;
- ➔ the organization and conduct of the financial reporting process, for yearly financial statements drafted as of Dec 31, 2009;
- ➔ the analysis of transactions / operations carried out in the previous periods.

The internal auditor's opinion, activity results, conclusions, recommendations and proposals, as well as the plan of actions applied in the course of the audit activity, were included in the periodic internal audit report presented to the Auditing Committee and to the Board of Directors. Based on the conclusions and recommendations made by the internal audit, the Board of directors took the necessary measures in order to manage the identified risks. There were no cases in which the Board of Directors accepted a level of the residual risk considered as not acceptable for the Company.

The activity of the **Internal Control** Department for the first half of 2010 consisted of the following:

- ➔ Controls regarding compliance with:



- CNVM regulations regarding the calculation of net assets of SIF Moldova;
- legal regulations, contractual obligations and internal procedures regarding the calculation, recording and payment of commissions, taxes and other amounts due from SIF to CNVM and capital market entities;
- CNVM regulations and internal regulations and procedures regarding the SIF Moldova investment policy;
- CNVM regulations and internal regulations and procedures regarding the regime of privileged information;
- Controls regarding the organization of the meetings of the Board of Directors and analysis of the observations formulated during the latter;
- Permanent activities of the Internal Control Department:
 - Dilligences for preventing and proposals for correcting the situations of non-compliance with laws and regulations in force relevant to the capital market or internal regulations and procedures by SIF Moldova or its employees;
 - Informing SIF Moldova and its employees about the legal regulations applicable to the capital market;
 - Monitoring of compliance with prudence regulations;
 - Examining the effectiveness of the information system and of internal procedures;
 - Analysis and approval of documents and reports sent to CNVM and capital market entities; informative and advertising materials; internal documents comprising operations subjected to the internal control visa;
 - Record-keeping and supervising the resolution of complaints;
 - Examining the effectiveness of the risk control system.

Irregularities and recommendations were brought to the attention of the SIF Moldova leadership and remedied / implemented during the controls carried out.

III. Important events

Important events subject to current reporting in the 1st half of 2010 involved:

- the OGAS convocation of Apr 29 / 30, 2010 and the submission of materials subject to the debate of the GAS
- significant transactions related to operations carried out with BRD, TLV, ASCO, FONDUL PROPRIETATEA shares or ESPA BOND DANUBIA, RAIFFEISEN STRATEGII VALUTARE fund units;
- the communication of nine final and irrevocable court rulings through which AVAS is forced to restitute to SIF Moldova amounts totalling 14 mil. RON, respectively 3 mil. USD. The litigation to recover amounts owed by AVAS is pending.

Important events (including significant transactions) recorded in the first half of 2010 were subject to continual / continuous reporting, being brought to the attention of the market institutions and shareholders by: reporting, publishing in the national press and on the Company website www.sifm.ro, in compliance with legal regulations in force (annex 4).

IV. Annexes:

1. Status of net assets as of Jun 30, 2010
2. Financial statements as of Jun 30, 2010 and the Auditor's Report
3. Status of litigations as of Jun 30, 2010
4. Status of reports towards CNVM, BVB as of Jun 30, 2010



President General Manager
Costel CEOCEA

Financial Manager
Liana MARIN

Internal Control
Nicolae RADULESCU