



1.

REPORT OF THE BOARD OF DIRECTORS OF SIF MOLDOVA FOR THE YEAR 2009

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Yearly report according to:	Law 297/2004, CNVM Regulations no. 1/2006 and 15/2004
Date of report:	December 31, 2009
Name of issuing company:	Moldova Financial Investment Company
Company head office:	Bacau, Pictor Aman street no. 94 C, post code 600164
Telephone/Fax no.:	0234/576740, 0234/570062
Web/e-mail	www.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) - 1 st Tier

1. Analysis of the Company's activity

1.1. a) Description of the Company's primary activity

SIF Moldova is a financial investment company of the closed type, constituted in accordance with the provisions of Law no. 133 / 1996 for the transformation of Private Property Funds in financial investment companies, classified in the "Association of Collective Investment Organizations – A.C.I.O (A.O.P.C.) category, with a diversified investment policy", attested by the National Securities Commission (CNVM) with Attestation no. 258 / Dec 14, 2005.

The Company's *goal* is the management of its assets.

The Company's *field of activity* is the following:

- Management of financial assets, derivative financial instruments and other instruments designated as such by CNVM regulations;
- Management of shares / bonds and other rights derived from them in non-traded or closed companies;
- Other auxiliary and associated activities, according to legal regulations in force. Investing in financial assets – according to the CAEN Code in force up to Dec 31, 2007 - CAEN code 6523.

According to the classification of activities in the national economy CAEN Rev. 2, the activities conducted by SIF Moldova are included in the **6499** class "Other financial intermediary services not classified somewhere else" .

1.1.a.1) The management of investments in the SIF Moldova portfolio

Portfolio management had as main objectives (1) *optimization of the share portfolio*, (2) *diversification of financial instruments* (3) *a balanced liquidity policy in the context of the increase of the risk level in the financial crisis*. In this operational context, the overall structure of the assets portfolio and its dynamics (2009 / 2008) is presented in the following table. We notice that in the structure of assets administered as

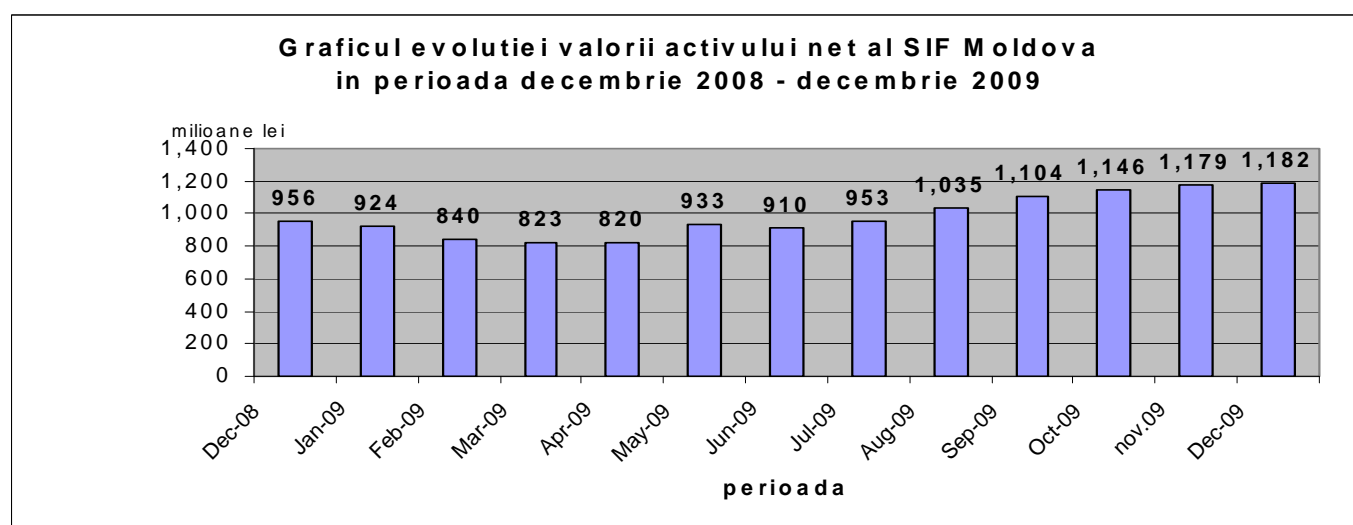
of Dec 31, 2009, the listed shares represent 58,23%, followed by unlisted shares with 27,22% and bank deposits representing 10,66%.

SIF Moldova Portfolio	31/12/2008		31/12/2009		Variation 2009 / 2008 (%)
	value (RON)	weight in assets(%)	value (RON)	weight in assets(%)	
Government securities, treasury certificates	1.320.330	0,14	-	-	-
Liquidities	915.261	0,09	329.566	0,03	(64,00)
Receivables	18.309.294	1,88	10.896.275	0,91	(40,49)
Bank deposits	40.925.801	4,20	127.847.158	10,66	212,38
Municipal bonds	723.155	0,07	811.187	0,07	12,17
Corporate bonds	-	-	957.560	0,08	
Listed shares	436.974.232	44,82	698.534.990	58,23	59,85
Unlisted shares	454.838.651	46,65	326.553.139	27,22	(28,20)
AOPC/OPCVM securities	1.680.650	0,17	14.724.614	1,23	776,13
Other assets	19.361.672	1,98	18.907.229	1,57	(2,34)
Total assets	975.049.046	100	1.199.561.718	100	23,03
Total liabilities	19.252.348	1,98	17.724.478	1,48	(7,94)
Precollected revenue	10.792	0,00	10.380	0,00	(3,82)
Net Assets*	955.785.906	98,02	1.181.826.860	98,52	23,65
BVS (book value of shares)	1,8413		2,2767		23,65

* The net assets are calculated based on CNVM Regulation no. 15 / 2004

** In the Bank Deposits section, we specify that the amount of 127.847.158 RON includes the value of the principal (124.470.510RON) as well as the value of interest due (3.376.648 RON) that will be collected at the maturity of the deposits (subsequent to the conclusion of the fiscal year).

Compared to Dec 31, 2008, as of Dec 31, 2009, the net assets increased by 23,65 %.





a. The share portfolio

Evolution of the portfolio at nominal value

As of Dec 31, 2009, SIF Moldova holds investments in companies totaling 344.257.391 RON in nominal value. In the Jan 1 - Dec 31, 2009 period, the nominal value of the SIF Moldova portfolio recorded a decrease in absolute value of 225.098 RON, representing 0,07% of the nominal value of the portfolio as of Dec 31, 2008.

The influences on the value of the portfolui, by cause, are presented in the following table:

- RON -	
Nominal value of the portfolio as of Dec 31, 2008	344.468.507
Increase in share capital in companies by inclusion of reserves	7.580.164
Acquisitions - capital market operations (registered at nominal value)	34.682.564
Participation in share capital increase in liquidities	1.695.947
Total increase	43.958.675
Sales (registered at nominal value)	-42.369.717
Write-offs (finalization of liquidations)	-1.814.056
Total decreases	-44.183.773
Net decrease	225.098
Nominal value of the portfolio as of Dec 31, 2009	344.257.391

Observation: the difference between the nominal value of the portfolio as of Dec 31, 2008 and that registered as of Dec 31, 2009 is 211.116 RON; in addition to this there is an exchange rate difference resulting from the calculation of the value of the Erste share in 2009 compared to 2008, of 13.982 RON, resulting the value of the net decrease of the nominal value of the portfolio as of Dec 31, 2009 of 225.098 RON.

- Factors having led to the increase in the nominal value of the portfolio:

1) Increasing the share capital in 3 companies, from internal reserves available registered in the issuers' accounting, amounting to 7.580.164 RON, representing 17,2% of the total increase. These increase operations were registered with: BancPost, Artrom and the Romanian Compensation House (Casa Romana de Compensatie).

2) Consolidation and / or increase of holdings in profitable companies with growth potential, by:

- **Acquisitions** - involving stock in 38 companies, 34.682.564 RON, representing 78,9% of the total increases of 43.958.675 RON. Shares were acquired from: Fondul Proprietatea, Casa Romana de Compensatie, Bursa Monetara Financiara si de Marfuri, BRD, Transgaz, Tesatoriile Reunite, Depozitarul Central, Bursa de Valori Bucuresti, etc;
- **Direct investments** - representing primary investments by participation in the increase in share capital in 5 companies. By these operations shares were obtained with a nominal value of 1.695.947 RON, contributing to a net increase of 3,8%. The most important participations in share capital increases were in: Depozitarul Sibex, Turism Lotus Felix (newly incorporated company), Chimcomplex Onesti. In 2009 there were subscriptions in 3 companies, for the nominal value of 4.499.419 RON. The respective shares will be registered in 2010, as the registration requirements for the Trade Register are fulfilled.

- Factors having led to the decrease in nominal value of the portfolio:

1) Sale of shares - the sale of holdings (full or partial) held in 37 companies was recorded, amounting to 42.369.717 RON in nominal value, representing 95,9% of the total decreases. Sales of shares represent one of the important directions in the portfolio restructuring strategy, at the same time generating the most important source of revenue and profit, the sales having a high rate of return (profit compared to acquisition price). It is worth mentioning that the full share packages in 13 issuers were sold, including: BancPost, STX RO Offshore Braila, Romania Leasing, Prodvinalco Galati, Comcereal Suceava, Ceprorex Braila, Catex Calarasi. Concomitantly, 24



issuers were subjected to partial sale, among which Banca Transilvania, BRD-GSG, Dafora, OMV Petrom, Rompetrol Rafinare, Condmag, Transilana Ghimbav;

2) **Write-off** of 12 companies in which the liquidation procedure was finalized according to Law 85 / 2006, resulting a decrease of the portofolio amounting to 1.814.056 RON in nominal value, representing 4,1% of the total decrease. Among the respective companies are: Sircovtex Siret, Prodagro Zorleni, Tigris Comp. Topoloveni, Avicola Botosani, Bere Delta Tulcea.

As of Dec 31, 2009, 77 of the companies in the portfolio were in various stages of the insolvency, reorganization or judicial liquidation procedures. This group includes companies active in fields like agriculture, textiles that were ‘inherited’ from the historic portfolio and are mostly of the closed type. The total value inherited by SIF Moldova in these companies amounts to 53.271.798 RON and represents 15,47% of the total investments, at nominal value. During 2009, 8 issuers became insolvent, due to the worsening economic and financial situation, including: Mes Suceava, Tex-Med Medias, Mondex Sibiu.

Evolution of the portfolio according to number of holdings

Company stocks - Carrying out restructuring operations throughout the year has led to a decrease in the number of companies in the portfolio, so that as of Dec 31, 2009, the portfolio comprised 229 companies, compared to 243 as of Dec 31, 2008.

Evolution of the portfolio according to trading market

In the Jan 1, 2009 – Dec 31, 2009 period, portfolio reconfiguration and optimization led to the following structure according to the trading market:

Portfolio structure Securities	Total nominal value of the package				Total market value* of the package			
	31/12/2008		31/12/2009		31/12/2008		31/12/2009	
	Thousand RON	%	Thousand RON	%	Thousand RON	%	Thousand RON	%
Traded stock, of which:	145.932	42,36	179.260	52,07	436.974	49,00	686.935	67,01
Listed (REGS)	79.619	23,11	118.029	34,29	360.508	40,42	602.702	58,80
Listed (RGSB)	25.791	7,49	19.263	5,60	27.858	3,12	25.580	2,50
Unlisted (UNLS)	11.695	3,39	13.086	3,80	8.914	1,00	7.489	0,73
Listed (XMBS)	28.730	8,34	28.769	8,36	38.956	4,37	49.591	4,84
Listed on the international market	97	0,03	114	0,03	737	0,08	1.573	0,15
Untraded stock, of which:	198.537	57,64	164.997	47,93	454.839	51,00	338.153	32,99
Closed companies	130.446	37,87	141.969	41,24	370.019	41,49	326.553	31,86
Listed, not traded in last 90 days companies	68.091	19,77	23.029	6,69	84.820	9,51	11.600	1,13
Total	344.469	100,00	344.257	100,00	891.813	100,00	1.025.088	100,00

* The market value is determined according to CNVM Regulation no. 15/2004

The following observations can be made:

- Traded stock recorded a 57,2% increase in market value as of Dec 31, 2009, compared to Dec 31, 2008, as a result of the acquisitions made on the regulated market and of the increase in market prices.
- Concurrently, a significant decrease in the weight of closed companies is recorded, mostly caused by the sale of Bancpost stock;



Within this category, BCR holds the greatest weight, of 280.395 thousand RON, representing 23,7% of the net assets of SIF Moldova. In the context of major turbulence on the local and international financial markets, Erste Bank and the 5 SIF's, as BCR shareholders, have announced in September 2009 the finalization of negotiations regarding the postponement of the listing of BCR stock on the Bucharest Stock Market, by signing the "Agreement regarding the postponement of listing BCR"

- Lastly, the portfolio optimization process has resulted in the increase in weight of the traded shares from 49,00% (Dec 31, 2008) to 67,01% (Dec 31, 2009).

1.1.a.2) Structure and profitability of the SIF Moldova portfolio

Structure and evolution of the portfolio by field of activity

The structure of the portfolio by field of activity according to nominal value and calculated value of investments presents as follows:

Field	No. of companies		Nom. val. (thousand RON)		% of nominal value		Market value (thousand RON)		% of market value	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Financial services, of which:	16	17	158.525	165.027	46,02	47,94	706.460	810.231	79,22	79,04
Banks	9	8	151.691	124.864	44,04	36,27	702.749	793.483	78,80	77,41
Others	7	9	6.834	40.163	1,98	11,67	3.712	16.748	0,42	1,63
Processing industry, of which:	117	113	135.215	129.286	39,25	37,56	116.288	124.211	13,04	12,12
Food and beverages industry	21	19	5.760	5.323	1,67	1,55	5.248	6.033	0,59	0,59
Textiles and footwear	35	33	23.450	22.831	6,81	6,63	32.548	33.510	3,65	3,27
Chemical substances and products manufacture	5	6	12.935	13.493	3,76	3,92	599	865	0,07	0,08
Pharmaceutical products and preparations manufacture	3	3	12.951	12.977	3,76	3,77	13.090	28.281	1,47	2,76
Constructions materials manufacture	7	8	6.010	6.013	1,74	1,75	13.256	11.138	1,49	1,09
Metallurgy and metallic products industry	10	10	16.646	16.764	4,83	4,87	11.657	11.724	1,31	1,14
Machinery and equipment manufacture	12	12	36.608	36.599	10,63	10,63	21.666	18.653	2,43	1,82
Vehicles and aircraft manufacture	10	8	16.631	10.932	4,83	3,18	15.812	11.068	1,77	1,08
Others	14	14	4.225	4.354	1,23	1,26	2.412	2.939	0,27	0,29
Extraction industry	3	4	9.519	9.682	2,76	2,81	19.142	25.305	2,15	2,47
Transportation and storage	9	9	5.518	5.435	1,60	1,58	13.402	19.06	1,50	1,86
Production and supply of electricity and heating, gas	1	1	7.407	7.407	2,15	2,15	9.861	9.195	1,11	0,90
Real estate transactions	6	6	3.159	3.159	0,92	0,92	6.025	11.840	0,68	1,16
Wholesale and retail commerce; vehicle repair	13	13	2.797	2.402	0,81	0,70	6.220	5.903	0,70	0,58
Agriculture, forestry and fishing	46	39	14.880	13.694	4,32	3,98	4.748	4.751	0,53	0,46
Professional, scientific and technical activities	4	3	2.530	2.557	0,73	0,74	2.577	2.079	0,29	0,20
Construction	18	14	1.575	1.523	0,46	0,44	1.612	2.386	0,18	0,23
Administrative services activities	1	1	597	597	0,17	0,17	502	580	0,06	0,06
Water distribution, garbage disposal	3	3	32	32	0,01	0,01	0	0	0,00	0,00
Others	6	6	2.713	3.456	0,79	1,00	4.975	9.548	0,56	0,93
Total	243	229	344.469	344.257	100,00	100,00	891.813	1.025.088	100,00	100,00



The top 10 companies in the portfolio by market value of the SIF Moldova stock as of Dec 31, 2009, are presented in the following table:

- Thousand RON -

Company	City	Field of Activity	Market value of share	
			as of 31.12.2008	as of 31.12.2009
BRD GSG	Bucuresti	Banking	288.393	428.699
BCR	Bucuresti	Banking	299.775	280.395
BANCA TRANSILVANIA	Cluj	Banking	66.468	77.436
BIOFARM	Bucuresti	Pharmaceuticals	11.734	26.404
OMV PETROM	Bucuresti	Oil extraction and processing	18.996	24.756
TESATORIILE REUNITE	Bucuresti	Textiles, real estate	15.165	20.621
FONDUL PROPRIETATEA	Bucuresti	Other financial services	3.087	14.550
SNTGN TRANSGAZ	Medias	Pipeline transportation	7.596	12.412
MECANICA CEAHLAU	Piatra- Neamt	Agricultural machinery manufacture	13.143	9.598
TRANSELECTRICA	Bucuresti	Electricity transportation	9.861	9.195

An increase is noted in the market value of issuers listed in the BVB (in the context of increases recorded in the last period of the volume as well as of the trading prices of most issuers), as well as the decrease in value of BCR as calculated through CNVM Regulation 15 / 2004. It is worth mentioning that in two of the issuers (Mecanica Ceahlau, Tesatoriile Reunite), SIF Moldova holds the position of majority shareholder.

Structure and evolution of the portfolio by the weight of the share held in the issuer share capital

SIF Moldova investments according to % held in the share capital of issuers in the portfolio	31/12/2008			31/12/2009		
	No. of companies	Nominal value (Thousand RON)	%	No. of companies	Nominal value (Thousand RON)	%
Insignificant shares: < 10%	123	220.584	64,04	123	222.365	64,60
Significant shares: (10% - 33%)	95	91.924	26,69	84	90.275	26,22
Control shares: (33% - 50%)	17	11.682	3,39	14	11.136	3,23
Majority shares >= 50%	8	20.279	5,88	8	20.481	5,95
Total shares	243	344.469	100,00	229	344.257	100,00

From the point of view of the portfolio structured according to category of holding, a 8,10% increase in the companies of which SIF holds less than 10% was recorded in 2009 compared to the previous year. Stock held in BRD and Banca Transilvania is included in this category, representing an important share of the Company's assets, as well as other issuers listed on the BVB, whose price has had an ascending evolution towards the end of 2009, thus partially recovering the price decreases previously recorded.

The decrease during 2009 of the number of holdings in the 'significant' category by 11 issuers as well as the number of holdings in the 'control' category by 3 issuers resulted from the full sale of holdings as well as from the write-off of 12 companies in the portfolio, as a consequence of the liquidation proceedings started in the previous years.

The issuers in which SIF Moldova holds majority shares are subjected to close monitoring and analysis by SIF Moldova analysts, in order to ensure a competitive management as well as solid bases for



development programs and the accomplishment of set goals. To this purpose, during 2009, various efforts were undertaken, consisting mainly of:

- In depth analysis, by SIF Moldova specialists, of revenue and expense budgets and of investment programs of these companies;
- Ensuring high performance management - to this end, management contracts were signed in all companies in which SIF Moldova has a majority holding, objectives and stimulating performance criteria being set for the development of the activity of these companies;
- Monitoring management performance, in agreement with the commitments undertaken;
- Initiating changes in the management teams of two companies in the portfolio that recorded performance under the set parameters;
- Solutions towards alleviating the effects of the economic crisis, mainly consisting of: increasing cost efficiency, decreasing staff, developing new activities concomitantly with the main activity, etc.

SIF Moldova has granted special attention to all issuers in its portfolio throughout 2009, consisting of: participating in general meetings through its own representatives, meetings held together with the companies' management and some of their important shareholders, the timely identification of the risks / opportunities encountered by companies, the identification of potential buyers for the shares held in the companies on the sales list, identifying potential buyers for the shares held in the companies on the sales list, promoting good corporate governance practices.

1.1.a.3) Analysis of the SIF Moldova portfolio profitability

SIF Moldova continued to improve its portfolio administration and monitoring activity, to the aim of increasing the value and profitability of investments held in companies. Measures taken to this purpose involved as a priority the implication through General Assemblies of Shareholders and Boards of Directors in companies in which SIF Moldova holds majority or control positions, as well as in those in which capital investments were made, in order to impose effective management policies to ensure development of the company and attainment of profit, or crisis policies to ensure the recovery of the company.

At the same time, active involvement in programs for their development was pursued, by supporting financing programs from its own sources or by participating in share capital increases, by the implementation of corporate governance principles, by increasing the degree of collaboration with the main shareholders in order to carry out common actions to the aim of maximizing profit.

The analysis of the profitability of the portfolio as of Dec 31, 2009 is realized based on financial results obtained by companies in the 2008 fiscal year. The 13,6% rate of return represents the net profit divided by the market value of the portfolio calculated in accordance with CNVM regulation no. 15/2004.

1.1.a.4) Dividends due / received from companies in the SIF Moldova portfolio

The status of dividends due and received related to the 2007 – 2009 fiscal years presents as follows:

- RON -

CATEGORY/YEAR	2007	2008	2009
Dividends due	36.187.198	46.282.258	72.017.626
Dividends collected	36.138.199	46.214.610	71.536.592
Dividends not collected	48.999	67.648	481.034
Percentage collected	99,86	99,85	99,33



Dividends not collected in the fiscal years in which they were due, were collected in the following years, so that as of Dec 31, 2009, the balance of uncollected dividends is 485.127 RON. For the recovery of amounts due from uncollected dividends, SIF Moldova undertook amiable efforts, and in the cases where this approach was not viable, the debtors were called to court, requesting punitive interest at the level of the legal interest. For the amounts due, permanent civil rulings have been obtained; legal action is initiated (litigation in progress) or conciliation notifications are sent.

Dividends due for the 2009 fiscal year recorded a 55,61% increase compared to the 2008 fiscal year. The main weight in the volume of dividends due is held by the financial and banking sector - 95,04%.

b. The investment titles (fund units) in AOPC and OPCVM portfolio

As of Dec 31, 2009, the AOPC and OPCVM securities portfolio represents 1,23% of the total value of the assets managed, recording a significant increase compared to the previous year, as a consequence of the portfolio diversification policy. We specify that as of Dec 31, 2009, this portfolio included 13 securities with a total current value of 14.724.614 RON - the main holdings in terms of value being: FDI Napoca, BCR Obligatiuni, Raiffeisen Strategii Valutare, FDI Active Dinamic, BT Maxim.

c. The bonds portfolio

As of Dec 31, 2009, the bonds portfolio represents 0,15% of the total value of the assets managed. As of the end of 2009, SIF Moldova recorded in its portfolio 4 bonds issues (Banca Europeana de Investitii, Primaria Bacau, Primaria Timisoara, Primaria Horezu) with a total value of 1.768.747RON.

d. The monetary market products portfolio

As of Dec 31, 2009, the value of monetary investments in classic bank deposits amounts to 124.470.510 RON, of which :

- 56 % investments in RON;
- 44 % investments in foreign currency (EUR).

From the analysis of monetary investments in the Jan 1 - Dec 31, 2009 period, the following results became apparent:

- for investments in RON - an average rate of return of 14,1 %/year;
- for investments in foreign currency (EUR) - an average rate of return of 5,1 %/year;

1.1.b) Specification of the date of incorporation of the Company, general information, shareholding structure

- The Company was incorporated as a financial investment company on February 20, 1997. The title of the company is Moldova Financial Investment Company SA, it has the legal form of a joint stock company; it operates according to the Articles of Association, of Law no. 31/1990 R, Law no. 297/2004 and CNVM regulations. The company is the successor of the Private Ownership Fund II – Moldova, reorganized and transformed according to the provisions of Law no. 133/1996 and Law no. 164/1999.
- The subscribed and paid-in share 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 at the Bucharest Stock Exchange in the 1st tier, beginning Nov 1, 1999.



- 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 CNVM in Approval no. 113/14.12.2005.
- The company's financial auditor is Deloitte Audit LLC București.

Shareholding structure as of Dec 31, 2009:

Consolidated structure 31.12.2009	Natural Persons			Legal Persons			Total		
	Shareholders	Shares	% SC	Shareholders	Shares	% SC	Shareholders	Shares	% SC
1.Residents	5.846.285	278.023.838	53,50	438	96.512.173	18,593	5.846.723	374.536.011	72,152
2.Non-residents	1.356	6.989.628	1,347	91	137.563.949	26,501	1.447	144.553.577	27,848
TOTAL (1+2)	5.847.641	285.013.466	54,906	529	234.076.122	45,094	5.848.170	519.089.588	100,000

Starting from the consolidation of the shareholder registry on the reference date for the GAS 2010 (Apr 7, 2010), in accordance with the provisions of art. 4 of the CNVM Instruction no. 1 / 2007 for the application of art. 286 of Law 297 / 2004, SOF Moldova will commence the verification of individual or group holdings exceeding 1% of the share capital and suspending the voting rights, with the corresponding information of the Central Depository in order to record these suspensions in the register, so that the respective shareholders may not exercise in the GAS their positions held in violation of art. 2, paragraph (1) of the quoted Instruction.

Throughout 2009, the Central Depository has communicated to SIF Moldova the holdings exceeding 1% of the share capital in individual holdings. The notifications were posted on the SIF Moldova website and together with the monthly status of holdings for groups declared and presumed as acting in concert in relation to SIF Moldova, were included in reports towards CNVM, in accordance with CNVM Instruction no. 1 / 2007.

As of Dec 31, 2009, individual holdings exceeding 1% of the share capital are the following:

	Shareholder	No. of shares as of 31.12.2009	% SC
1	ING Luxembourg	8.709.400	1,678 %
2	Glintir Pankki OY	5.422.700	1,045 %

1.1.c) Description of any merger or significant reorganization of the Company, of its branches or of companies under its control, during the fiscal year

During the 2009 fiscal year there were no mergers.

During 2009, the Company management initiated, carried out and finalized a reorganization process of the functional structures, to the end of adapting them to the evolution of the external environment of SIF Moldova, as well as to future organizational development requirements. The principles and objectives that formed the basis of the development of the new organizational structure involve:

- The increase in specialization of the compartments imposed by the increase in complexity of the operations;
- Separating the analysis of investment opportunities from those of implementation of the programs for asset investment, respectively portfolio monitoring;



- Redefining the activities of the compartments by alignment to the analogous structures of institutions active on capital markets and in accordance with the new tasks assigned;
- Allocation of human resources according to the level of professional training and abilities to the new functional structure;
- Optimization of processes and staff structure by foregoing activities not essential to the good conduct of operations as well as dismissing the staff allocated to these activities.

The modifications carried out at an organizational and procedural level were formalized within the Internal regulations and General Work Procedures that were approved by CNVM by Approval no. 55/26.10.2009.

1.1.d) Description of asset acquisitions and / or transfers

1.1.d.1) Investing activity

Shares

29,3 mil. RON invested in shares, representing 56,6 % of the total amounts invested in securities during 2009

SIF Moldova has continued the policy of dynamic optimization of the share portfolio - regarding: (a) the increase in weight of listed shares, (b) the decrease of investments in non-listed companies, (c) the consolidation of holdings in performant companies having growth potential, (e) consolidating the holdings in operators on the internal capital market, (f) dynamic operations on a speculative sub-portfolio. Taking into consideration the criteria set forth and in accordance with market conditions, the *investment process* targeted:

- Issuers from various fields of activity - investments amounting to 21.927.588 RON - the most important targets being in the field of energy and associated activities (Transgaz, Condmag), the financial and banking field (Fondul Proprietatea, BRD-SG, Erste Bank), the pharmaceutical industry (Antibiotice), tourism (Casa de Bucovina), other industries (Electromagnetica, Iproeb, Alumil, Tesatoriile Reunite - case in which the holding was consolidated by acquiring shares from the market amounting to 4.191.831 RON, resulting in an increase in the percentage held from 71,2% to 88,1%);
- Continuing the position consolidation process in the capital market institutions (BVB, BMFMS, the Romanian Compensation House, the Central Depository) - acquisition of shares amounting to 2.325.848 RON;
- Participating in capital increase operations (amount invested in 2009 - 5.053.539 RON) to the following destinations:
 - Mainly, for supporting the companies in which we hold the majority share (for example. Mecanica Ceahlau – 4.406.744 RON – used for improving the cash flow of the company as well as for developing a new activity concomitantly with the primary activity);
 - Consolidating / maintaining the holding of SIF Moldova in the shareholding structure of companies - ex Condmag, Banca Carpatica, Bursa Romana de Marfuri, Turism Lotus Felix (in the latter case participation in the company's incorporation);

Securities of AOPC and OPCVM (fund units)

20,4 mil. RON invested in fund units, representing 39,5% of the total invested in securities

The main criterion for the selection of investment funds / fund units was the structure of the latter's portfolio - the structure ensuring an attractive assumed risk / expected rate of return ratio (examples presented in the "Portfolio management" chapter).

Bonds

**2,0 mil RON invested in bonds, representing 3,9%
of the total invested in securities**

Corporate and municipal bonds that ensure in the medium / long term rates of return exceeding those offered by bank deposits were targeted in the portfolio diversification policy, in accordance with the offer and size of the market.

1.1.d.2) Disinvesting activity

The revenue generated by the sale of financial instruments amounted to 96,6 mil. RON, with a corresponding profit of 58,5 mil. RON, realized 99,49% from the total or partial disinvestment in share packages.

1.1.e) Description of the main results of the evaluation of the activity of the Company compared to the Activity Program for 2009

The results for the year 2009 confirm the continuation of the ascending trend for SIF Moldova's financial performance (fig 1.1). It must be stressed that this performance was attained in a macroeconomic environment severely affected by the economic crisis, conditions that led to the application of a policy sustained in the following strategic coordinates:

- ***Continuous optimization of the assets portfolio structure*** - to the end of transforming into liquidities high risk assets, in the context of an important decrease in the value of assets, as well as resuming the investment cycle as a consequence of the prognoses regarding resuming economic growth;
- ***Diversification of financial instruments*** - object to investing / disinvesting operations - process based on analyzing the risk / rate of return ratio and adapted to the current market conditions;
- ***Reducing operational costs*** - dynamic process carried out concurrently with the ***revenue maximization*** process;
- ***Optimizing the internal organizational structure, respectively the increase in the professional quality of human resources*** - process imposed by the necessity to adapt to evolutions on the capital market, regarding risk management as well as a requirement for the increase in complexity of operations undertaken.

The implementation of these policies was dependent upon the current level of development of the local capital market (the size, diversity of instruments, the risk aversion, the degree of uncertainty, restrictive regulations imposed on SIF's, etc.) and had as a ***main objective the fulfillment of shareholder expectations*** concurrently with ***ensuring a solid basis for a healthy future development of SIF Moldova*** - process that also serves shareholders.

SIF Moldova's financial and non-financial performance, generated by the financial and resources and human resources management process, is reflected, in synthesis, by the degree of attainment of the targets

budgeted in the Yearly Activity Program, approved by the GAS of April 25, 2009. The targets were quantified at the level of indicators:

1. *profit generated by the entire activity;*
2. *revenue and profit from sales of securities;*
3. *value of dividends collected;*
4. *level of investments in shares, monetary products, other instruments.*

Regarding these objectives, we record the following results:

Net profit

**ESTIMATED IN 2009 REB
50,1 mil RON**

**REALIZED IN 2009
101,3 mil RON**

**PERCENTAGE REALIZED
202 %**

2009 has seen a continuation of the ascending trend of the financial performance, fact attested to by the presentation of the multiannual evolution of the profit indicator:

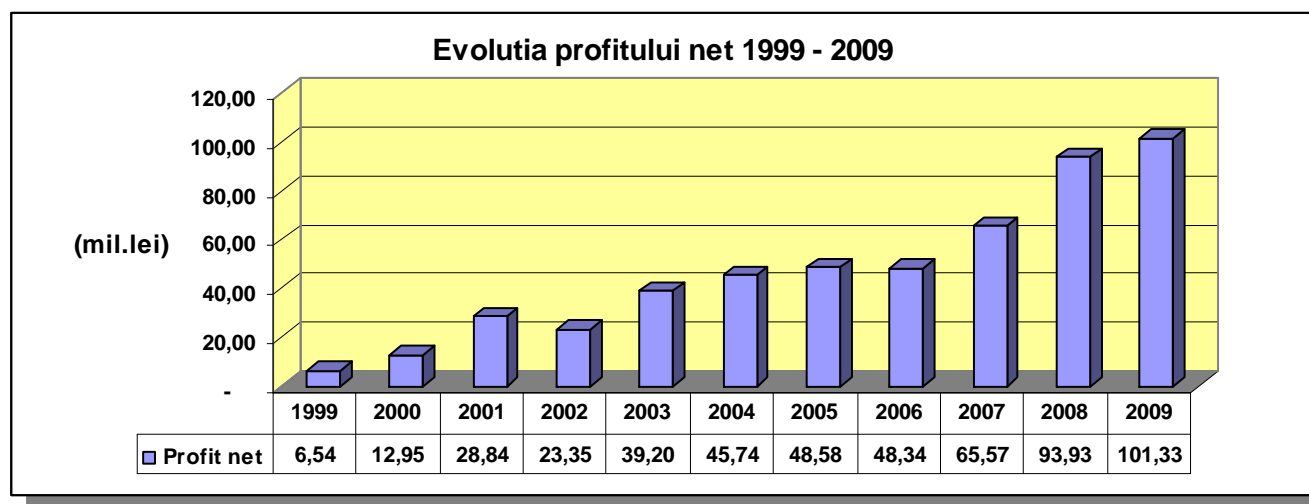


Fig. 1.1. Financial performance trend

Revenue - Ceded financial investments

2009 PROGRAM

**Revenue: 30,0 mil RON
Profit: 20,0 mil RON**

REALIZED IN 2009

**Revenue: 96,6 mil RON
Profit: 58,5 mil RON**

PERCENTAGE REALIZED

**Revenue: 322 %
Profit: 292 %**

Revenue - Dividends due to SIF Moldova

**ESTIMAT BVC 2009
40,0 mil RON**

**REALIZED IN 2009
72,0 mil RON**

**PERCENTAGE REALIZED
180 %**



The comparative analysis of the weight of revenue from financial assets (Dividends due to SIF Moldova), respectively from ceded financial investments, reveals the fact that during 2009, the main element was the sale of securities - operations having generated 50,2% of the total revenue, as revenue from dividends has reached a maximum regarding the value of dividends collected (a 37,4% increase compared to 2008), a level attained also as a consequence of the continuous share portfolio optimization process.

At the same time, the level and structure of total revenue obtained has owed to complex and significant disinvesting operations in the context of the market at the time of their conclusion, from which we point out: SC BANCPOST SA Bucuresti with a total transaction value of 12.708.524 EURO, respectively SC STX RO Offshore Braila SA with a total transaction value of 2.162.962 USD.

Investments

<p style="text-align: center;">2009 PROGRAM</p> <p>Shares: within the limit of amounts realized from the sale of securities</p> <p>Other investments: depending on market opportunities</p> <p>Monetary investments:</p>	<p style="text-align: center;">REALIZED IN 2009</p> <p style="text-align: center;">Shares + Other investments</p> <p style="text-align: center;">51,7 mil RON</p> <p style="text-align: center;">Monetary investments:</p> <p style="text-align: center;">as of 31.12.2009</p> <p style="text-align: center;">124,4 mil RON</p>	<p style="text-align: center;">PERCENTAGE REALIZED</p> <p style="text-align: center;">Shares + Other investments</p> <p style="text-align: center;">(compared to a 30,0 mil. RON limit)</p> <p style="text-align: center;">172,3 %</p>
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The strategic portfolio securitization process, in the context of the severe financial crisis we are undergoing and of uncertainties regarding the near future, has led to an increase in the weight of liquidities in the total assets as well as maintaining the level of investments at a reasonable level, specifying that they had as a declared objective the diversification of the financial instruments / targets.

1.1.1. General evaluation items:

Execution of the revenue and expense budget – 2009

INDICATOR	PROVIDED FOR 2009	REALIZED IN 2009	% REALIZED
Total revenue	80.016.993	192.416.867	240
Total expenses	29.201.476	84.070.171	288
Gross profit	50.815.517	108.346.696	213
Profit tax	(640.000)	(7.013.872)	1.095
Net profit	50.175.517	101.332.824	202

a) Profit

The gross profit realized in the 2009 fiscal year amounts to 108.346.696 RON and the net profit amounts to 101.332.824 RON, realizing a 113%, respectively 102% increase compared to the provisions of the Revenue and Expense Budget approved by the General Assembly of Shareholders.

b) Turnover

Specific financial and accounting regulations show that the turnover, in the case of financial investment companies, is the equivalent of “total revenue from operations”. The 192.416.867 RON turnover attained in 2009 has the following structure:

-RON-

INDICATORS	December 31, 2008	December 31, 2009
Revenue from financial instruments	46.282.258	72.017.626
Revenue from ceded financial investments	51.135.627	96.631.878
Revenue from reactivated claims and various debtors	4.417.765	5.417.344



Revenue from provisions	31.643.153	2.568.869
Revenue from exchange rate variations	593.213	609.821
Revenue from interest	4.938.017	12.721.785
Other revenue from operations	2.253.758	2.449.544
Revenue from operations	141.263.791	192.416.867

c) Export

SIF Moldova did not carry out any exporting operations in the 2009 fiscal year and did not carry out transactions on international capital markets.

d) Costs

Total costs related to revenue realized in 2009 amount to 84.070.171 RON, of which:
- RON -

INDICATORS	December 31, 2008	December 31, 2009
Expenses with ceded financial investments	15.872.442	38.096.855
Expenses with exchange rate variations	445.156	560.648
Expenses with commissions and fees	2.479.020	1.990.194
Expenses with banking and similar services	38.068	48.411
Losses from receivables and various debtors	3.819.702	124.227
Expenses with depreciations and provisions	3.700.584	30.550.826
Other expenses with operations	16.599.725	12.699.010
Expenses with operations	42.954.697	84.070.171

The weight of expenses in total revenue realized in 2009 is 43,7 %.

In the "Other expenses with operations" chapter, **staff expenses** are found, decreasing from 14,7 mil. RON in 2008 to 10,9 mil. RON in 2009 - a **25,8% decrease**

e) % of total net assets of OPCVM, AOPC (including SIFs) – The weight of the SIF Moldova net assets as of Dec 31, 2009 in the sum of Organizations for Collective Investment in Securities (OPCVM) and Associations of Collective Investment Organizations (AOPC) (including 5 SIFs) net assets is 10,8%.

f) liquidity (available in account, etc.)

Cash availables in balance as of Dec 31, 2009 amount to 124.948.835 RON and represent 24,13% of the total assets in the balance, of 517.812.826 RON, of which:

INDICATORS	December 31, 2008	December 31, 2009
CASH AT END OF PERIOD	42.784.466	124.948.835
a. cash office – RON	3.975	2.979
b. banks – RON	847.605	209.991
c. banks - foreign currency	7.051	114
d. deposits	40.389.101	124.470.510
e. deposit pledges	244.975	265.251
f. government securities	1.291.759	-

The structure of cash flows, calculated through the direct method and detailed by activity, is presented in Chapter 5 item c).



1.1.2. Evaluation of the Company technical level

SIF Moldova has the technical equipment required for the conduct of activity in good conditions, holds performance IT equipment and latest generation computer programs.

1.1.3. Evaluation of the technical and material supply activity (domestic sources, import sources)

The technical and material supply related to materials and products required for the conduct of administrative activity is done from domestic sources, the weight in the Company's expenses being insignificant.

1.1.4. Evaluation of the sales activity – the data is presented in item 1.1.d) – disinvestment activity.

1.1.5. Evaluation of matters related to the Company's employees / staff

a) Specification of the number and training level of the Company's employees as well as the degree of unionization of the workforce

Average number corresponding to the January - December 2009 period: 80 permanent employees (Dec 31, 2008: 84), 2 management contracts and 3 collaborators (Dec 31, 2008: 9). During the process of optimization of the internal organizational structure, an emphasis was placed on the increase in professional quality of the human resource - a target imposed by the necessity to adapt to evolutions on the capital market, in risk management as well as a requirement for the increase in complexity of operations undertaken. In this context, we specify that the operative staff have continued their training in 2009 in areas such as: technical analysis, portfolio management, risk management, etc.

b) Description of the relations between the manager and employees as well as any conflicts present in these relations

Human resources have been a central concern for the Board of Directors, considered as a main force that can ensure the responsible management of the effects of the crisis, the maintenance of performance in order to ensure the provisions of the REB as well as the exploitation of opportunities and market trends in the period of recovery from the crisis. The relations between managers and employees are based on communication, involvement and team spirit, respecting work procedures, the job description and internal regulations. **There are no conflicts.**

The staff professional training has a continuous component, in order to maintain the expertise accrued throughout several years of specialization, by ensuring logistical and administrative conditions and partially / fully bearing the corresponding costs (investment consultant, technical expert, financial auditor, property evaluator, etc.)

Concurrently, the changes that have occurred in the Company's organization and correspondingly, in the Internal Regulations (CNVM Approval no. 55/26.10.2009), the necessity to implement the computer program realized by consultancy contract starting with 2008, has imposed the introduction in the continuous training program of courses aiming at the development of abilities for the use of the integrated computer system. At the same time, an increase in the degree of specialization was imposed to allow the exploitation of the capabilities of the computer system by constructing simulations in order to support the option for a decision alternative adopted under uncertain and risky conditions and aiming at their minimization (for example, the conduct of technical analysis courses, the elaboration of simulations based on mathematical models - courses that are to be continued throughout 2010).



Also, information and real-time access was ensured to Company databases as well as to databases provided by specialized institutions of the capital market in Romania and foreign countries (the implementation of a computer program regarding the means of calculation of the net assets, allowing the possibility of analyzing and interpreting the various elements involved in the calculation of assets, program analysis and the implementation of the reports), all of them ensuring alternative and complementary options for the support of decisions corresponding to each functional compartment.

In this period, in the context of the economic and financial crisis that has directly affected SIF through the decrease of the market price of assets held as well as by imposing limits in the attainment of activity performance indicators, a necessity has arisen to increase the continuous communication between all of the organization's hierarchical levels (actual leaders, directors, department managers as well as their employees - introducing mandatory weekly meetings through the internal work procedures, etc.). Also, the necessity has arisen to periodically analyze functional positions and the way in which they respond to the requirements to cover the general assignments of the departments within the organizational chart, as well as improving the means for the periodic evaluation of each employee's activity.

Also, in this period, it became a permanent necessity for each employee of SIF Moldova to be consulted and directly involved in the support of decisions subjected to the approval of the Board of Directors regarding the adoption of the draft Revenue and Expense Budget, in order to ensure a balance between these categories and the obligations assumed through the provisions of the Collective Work Contract. Thus, in 2009, preceding the drafting of the REB to be approved by the GAS of Apr 24/25, 2009, and as an immediate response to the influence of the crisis on the Company's assets, the negotiation undergone has aimed at the conclusion of an additional act that provided the waiving of some financial rights, which has been reflected in the savings attained in 2009.

In this context and in the perspective of 2010, the conditions for continuing the professional training must be ensured, as well as those for the revision and continuous harmonization of internal regulations, work procedures and job descriptions - a process meant to ensure the increase in responsibility as well as stimulating the reaction time to some events that impose the adoption of a decision in a short timeframe. This approach will be corroborated with the continuation of the process of implementing the computer programs as a complementary technical instrument for the elaboration of decisions.

Also, by continuing negotiations with employee representatives and in the spirit of the provisions of the CWC concluded in 2009, in force until May 2010, ensuring the conditions for stimulating staff involvement has been pursued by re-introducing benefit packages within the maximum limits allowed by the legal framework, of the CWC as well as of those found for staff working in financial institutions with a similar activity in the capital market, as well as conditioning performance and the degree of involvement of the staff, by offering the possibility of participating in the Company's benefit plans, in the same conditions and at maximum levels, as they were provided in the previous periods (2005-2009, excepting the year 2008) and that proved to be an effective stimulus. Thus, in the 2010 REB proposed to the GAS, a 14% salary increase is targeted, that would allow the renegotiation of some salaries, specifying that they were **frozen in the 2008 - 2009 period.**

1.1.6. Evaluation of matters related to the impact of the issuer's primary activity on the environment

According to the object of activity SIF Moldova does not conduct activities with an impact on the

environment.

1.1.7. Evaluation of the research and development activity - The Company has not borne research / development expenses.

1.1.8. Evaluation of the Company's activity regarding risk management

In the 2009 fiscal year, harmonizing the recommendations of the internal and external audit, as well as from the perspective of the harmonization of SIF Moldova activity with the institutions active on the financial market, the Board of Directors has decided to organize a service for risk monitoring, integrated for the beginning with the Economic Department. The objectives of the creation of this service are: the definition of risks, the establishment of means of identification, evaluation, monitoring and control of risks; establishing the structures responsible for risk management; establishing the general framework for the subsequent drafting of regulations, procedures and other regulation acts for SIF Moldova's risk management process.

The SIF Moldova Board of Directors admits 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 incorporates 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 submitted to 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. The latest check of The Public Finance Ministry covered the period until September 30, 2004. Therefore, SIF Moldova's debts from that date till the 30th of June 2009, may be subject to a later check.

i) The portfolio risk - As of December 31, 2009, according to the net assets, calculated and certified by the depository company BRD - GSG Bucuresti, the portfolio exposure (according to art. 188 of CNVM Regulation no. 15 / 2004 regarding compliance with legal regulations regarding ownership limitations) is the following:

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)* .



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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 *	46.158.012	3,85	3,91
Bank deposits	127.847.158	10,66	10,82
Closed bonds	204.819	0,02	0,02
TOTAL	174.209.989	14,53	14,75

*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 37,90 %** .

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: “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 Dec 31, 2009 the 10% level provided is exceeded in the BRD Bucuresti holding (35,738 %) of the total assets, for which the provisions of the following paragraph are provided: “In compliance with art. 275 para.(2) of CNVM Regulation CNVM 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	77.435.760	6,46	6,55
- BT Maxim securities	1.452.000	0,12	0,12
- BT Invest 1 securities	999.719	0,08	0,08
- BT Clasic securities	1.066.265	0,09	0,09
- bank deposits	47.496.300	3,96	4,02
GROUP TOTAL	128.450.044	10,71	10,86
The Banca Comerciala Romana group, of which :			
- Banca Comerciala Romana shares	280.395.127	23,37	23,73
- bank deposits	11.853.084	0,99	1,00
GROUP TOTAL	292.248.211	24,36	24,73
The Erste Bank, group, of which:			
- Erste Bank shares	1.572.807	0,13	0,13
- BCR Obligatiumi securities	2.119.340	0,18	0,18
GROUP TOTAL	3.692.148	0,31	0,31
The BRD-GSG, group, of which:			
- BRD – GSG shares	428.699.259	35,74	36,27
- BRD Concerto securities	1.056.487	0,09	0,09
- bank deposits	20.498.161	1,71	1,73
GROUP TOTAL	450.253.907	37,54	38,09
The OTP, group, of which:			
- OTP Green Energy securities	600.000	0,05	0,05
- OTP Wise RO securities	437.604	0,04	0,04
GROUP TOTAL	1.037.604	0,09	0,09
The Raiffeisen Bank, group, of which:			
- Raiffeisen Bank shares	1.518.833	0,13	0,13
- Raiffeisen Strategii Valutare securities	2.116.994	0,18	0,18
- bank deposits	21.754.676	1,81	1,84
GROUP TOTAL	25.390.503	2,12	2,15

i.4. Exposure to 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 Dec 31, 2009, the value of current accounts and cash is 213.084 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 124.470.510 RON, representing 10,66 % of the assets value.

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

The value of the derivative financial instruments = 2.732 RON, for net assets worth 1.181.826.860 RON .

i.8. The weight of ACIO securities - *allowed limit: 50% of total assets .*

ACIO name	Value of asset according to CNVM Regulation no. 15/2004–RON-	Weight in total assets -%-	Weight in net assets -%-
- BT Invest 1	999.719	0,08	0,08
- Raiffeisen Strategii Valutare	2.116.994	0,18	0,18
- Fondul Oamenilor de Afaceri	5.064	0,00	0,00
- OTP Green Energy	600.000	0,05	0,05
- OTP WiseRO	437.604	0,04	0,04
- STK Emergent	274.574	0,02	0,02
TOTAL ACIO	4.433.956	0,37	0,37

1.1.9. Future considerations regarding the Company's activity

In the medium / long term, we consider that a continuation of the assets structure optimization process, as well as maintaining the ascending trend of the financial performance - as effects of a professional administration - will maintain the interest of all investors (including large, institutional investors) at high levels and will have as a main result the continuation of the ascending trend for the market price of the share.

Due to the initial structure of the SIF Moldova portfolio, it is mainly focused on shares. In this context, the future investment orientation is based on the *expected gain / assumed risk ratio* and is aimed at:

- (a) *the dynamic optimization of the structure of the share portfolio* - process in which the main approaches involve: the increase in the weight of listed (liquid) shares and the decrease in the weight of unlisted shares, the maintenance or consolidation of holdings in profitable companies, the gradual initiation of trading operations aimed at issuers listed on border regional markets, the consolidation of holdings in operators on the internal capital market, dynamic operations on a speculative portfolio;
- (b) *portfolio diversification* by increasing the weight in operations with financial instruments - other than shares - in accordance with the profitabilities ensured by the latter and the degree of development of markets specific to these instruments;
- (c) *balanced liquidities policy* - that would ensure the fulfillment of shareholder expectations as well as resuming investment cycles.

Regarding the perspective of activity in 2010, this will be influenced by the shaping and implementation of financial policies by banks in the SIF Moldova portfolio. We specify that starting with the last period of 2009 an up to the present time (the date of the convocation of the SIF Moldova GAS), several work meetings were realized with the executive management of the main commercial banks in the portfolio of the financial investment companies (BCR, BRD, Banca Transilvania, Banca Carpatica), including correspondence with the BNR leadership regarding the BNR strategy and that of the leaders of commercial banks regarding the management of the effects of the crisis in the 2010 - 2011 fiscal year, establishing policies in order to maintain the financial balance and in order to comply with the



recommended / imposed performance indicators (for some banks in which the quality of the portfolio imposes superior profitability and risk provisioning levels).

Up to this date, it is foreseen that, taking into consideration the forecasts regarding the status of the market in 2010, the economic recovery will not be visible before the second half of 2010, and that in these conditions there is the possibility that some commercial banks, taking into consideration the BNR recommendation to take into account that for the general assemblies of shareholders for the approval of the distribution of the net profit for 2009, would propose the profit to not be distributed, which would have a direct and significant influence in SIF Moldova's policy to support the REB for 2010 (see the materials in item 6 on the agenda - the REB draft, that takes into consideration increases in financial revenue amounting to 50,5 mil. RON compared to those provided for 2009, the major component in the increase in revenues being revenue from trading, from 30 mil. RON to 114 mil. RON).

The SIF Moldova management is aiming at the continuation of efforts undertaken to maintain permanent contact with the leadership of commercial banks and to react rapidly in order to provide a basis for decisions, so that the minimization of negative influences from the possible decisions of banks is ensured, as well as the complementation of the Company's strategy with diversified investment policies that will try to cover these influences, to diversify investments and the portfolio and to spread out and cover the risks associated with this portfolio.

Concomitantly, in order to ensure close contact with market evolutions, the work meetings with capital market specialists (CNVM, BVB, BMFMS, SSIFs, etc) are made regular, as well as with representatives of investment funds and the participation in international meetings focused on stock market operations in emerging markets.

2. The Company's tangible assets

As of Dec 31, 2009, SIF Moldova holds tangible assets required for the conduct of its activity with a gross value of 21.029.124 RON, respectively a net value of 18.038.896 RON, with the following components:

- RON -

CATEGORIES OF FIXED ASSETS	VALUE	
	Gross	Net
Land	3.986.220	3.961.788
Buildings	14.670.020	13.587.213
Equipment, of which:	2.109.226	438.541
• technological equipment	1.289.156	139.490
• vehicles	820.070	299.051
Other non-current assets	253.482	41.178
Pending non-current assets	10.176	10.176
TOTAL	21.029.124	18.038.896

Land and buildings were revaluated on Dec 31, 2007. Tangible assets at net value represent 3,48 % of the total assets recorded at historical cost.



2.1. Specification of the location and characteristics of the main production facilities in the Company's property

The main tangible assets held by the company are buildings. The Company holds 12 buildings, respectively the head office and field offices, in the following locations:

ASSET	ADDRESS	DESCRIPTION
Head office	- strada Pictor Aman nr. 94 C, Bacau	- building S + P + 3 etaje
Bacau	- strada Marasesti, nr. 4	- in apartment building P
Bucuresti	- strada Unirii, Splai nr.6, sector 4	- in apartment building P+M
Bucuresti	- str. Nerva Traian, nr. 12, in apartment building 1437, sector 3, Bucuresti	- in apartment building P
Galati	- str. Brailei, in apartment building BR 5 A, Sc.3, ap.1, Galati	- in apartment building P
Braila	- str. Ghiocelor, in apartment building A 14, parter, Braila	- in apartment building P
Iasi	- str. Grigore Ureche, nr. 3, in apartment building Gh. Sontu, Iasi	- in apartment building P
Botosani	- strada Cuza Voda, nr. 2, in apartment building 7 F	- in apartment building P+E
Vaslui	- strada Miron Costin nr.8	- imobil
Tulcea	- strada Unirii, nr.4, in apartment building D, Sc. B	- in apartment building P
Suceava	- str.Stefen cel Mare, nr. 28, in apartment building IRE, Suceava	- in apartment building M
Neamt	- B-dul Decebal, in apartment building I 3, Neamt	- in apartment building P+M

We specify that some of the real estate held is exploited by total or partial rental.

2.2. Description and analysis of the degree of wear and tear of the Company's property

CATEGORY	DEGREE OF WEAR AND TEAR %	ESTIMATED USEFUL LIFE (YEARS)
• buildings	3,61	40
• equipment	75,81	2 -12
• vehicles	95,58	4 - 8
• other non-current assets	68,27	4 - 9

The degree of wear and tear of tangible assets is within normal limits. For non-current assets in the equipment, vehicles, other non-current assets categories, the degree of wear and tear has higher values, since these are partially replaced as they are amortized. Tangible non-current assets are amortized by a linear method, throughout the estimated useful life.

2.3. Specification of the potential problems related to the property rights over the Company's tangible assets - There are no problems related to the property rights over the Company's tangible assets.

3. The market for securities issued by the Company

3.1. Specification of markets in România and other countries in which securities issued by the Company are traded - Shares issued by SIF Moldova are admitted and traded on the Bucharest Stock Market in the 1st tier, from Nov 1, 1999. The register of shares and shareholders is maintained in compliance with legal provisions by the Central Depository ("S.C. Depozitarul Central S.A.") independent depository company.

The position of investors / shareholders is relevant for the evaluation of a company's performance. In this context, we have detected during 2009 a real interest in the SIF2 share, justified by the fact that SIF Moldova holds an asset portfolio in a dynamic optimization process, governed by prudence rules, with a transparent management (in accordance with the listed company status) and whose financial performance was maintained at a high level - in the context of a marked decline (major crisis) at a macro- and micro

economic level. Essentially, despite the hostile environment in which the Company operated during 2009, SIF2 shares have offered satisfaction to investors from the point of view of the earnings derived from the increase in share price, as well as from the dividend policy.

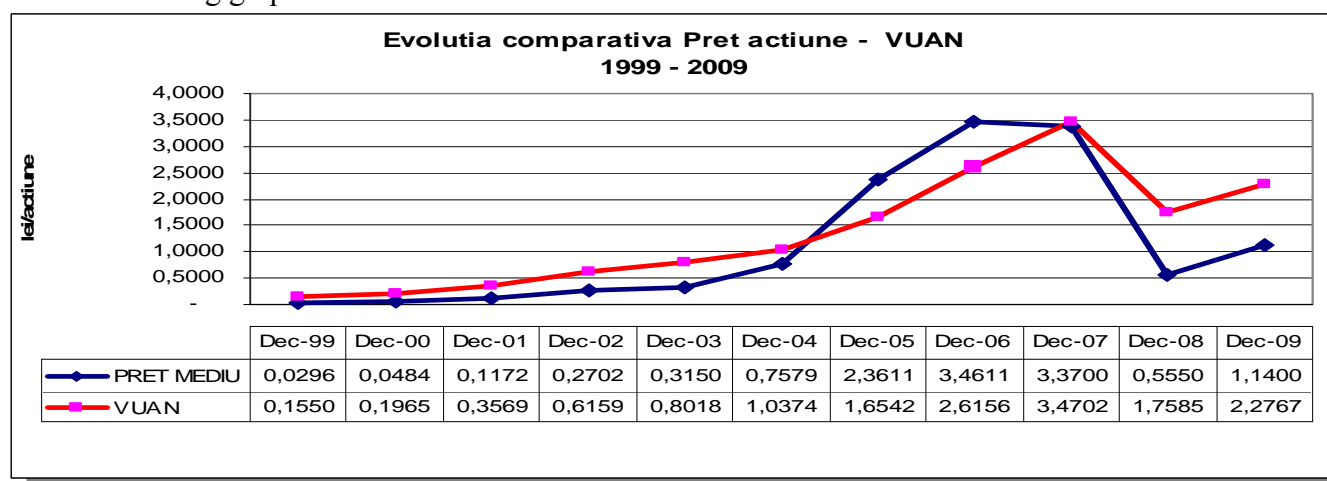
- The evolution of “SIF2” share prices



- The “SIF2” shares main market indicators

INDICATORS	VALUES
Book value of shares - BVS (VUAN)	2,2767
BVS variation in 2009 (%)	23,19
Profit/share 31.12.2009 (RON)	0,1952
Closing price 31.12.2009 (RON)	1,1400
Variation in closing price in 2009 (%)	476,9
% Premium / discount (-)	-49,92
Capitalization (RON)	591.762.130
Total net assets (RON)	1.177.520.257
No. of shares traded in 2009	753.370.473
No. of transactions in 2009	121.643

- From the point of view of the premium / discount - an important element in investors’ decision regarding the acquisition of a security - the multiannual data of the SIF2 share are presented in the following graph:





3.2. Description of the Company's policy regarding dividends. Specification of dividends due / paid / accumulated in the last three years

The distribution and payment of dividends related to the 2008 fiscal year towards shareholders took place in compliance to the decisions adopted in the OGAS of Apr 25, 2009. The Board of Directors of SIF Moldova decided the payment of dividends through the services of Compania Nationala Posta Romana and Banca Romana de Dezvoltare – Groupe Societe Generale. The status of dividend payments for the last three years, as of Dec 31, 2009 is the following:

Dividend payments		Dividend for 2006	Dividend for 2007	Dividend for 2008
		payment for 2007, 2008, 2009 (0.0630 RON/share)	payment for 2008, 2009 (0.0500 RON/ share)	payment for 2009 (0.0450 RON/ share)
1	Total dividend payable	32,702,644.04	25,954,480.00	23,359,032.00
2	Total paid up to 31.12.2009	27,243,300.82	21,325,977.92	17,065,957.87
3	% paid	83.31%	82.17%	73.06%

3.3. Description of any activities conducted by the Company to the end of acquiring its own shares

- Up to Dec 31, 2009, the Company did not acquire its own shares.

3.4. In case the Company has branches, the specification of the number and nominal value of shares issued by the mother Company and held by the branches

As of Dec 31, 2009, SIF Moldova has in its portfolio investments that grant it majority positions (they have branch status) in 8 companies. The respective companies do not hold shares in SIF Moldova and are included in the list of companies in the annex - detailed status of investments, drafted in accordance with CNVM Regulation no. 15/2004 – annex 17.

3.5. In case the Company has issued bonds and / or other securities, the presentation of the means through which the Company settles its liabilities towards the owners of such securities -

SIF Moldova did not issue bonds and / or other securities, thus it does not have liabilities of this nature.

4. The Company leadership

4.1. Presentation of the list of Company directors and of the following information for each director:

The Company is led by a Board of Directors consisting of 7 members, elected by the General Assembly of Shareholders of Apr 25, 2009, for a 4 year term, respectively 2009 – 2013, having as members:

1. Cecea Costel – President General Manager
2. Doros Liviu Claudiu – Vicepresident Assistant General Manager
3. Andrei Elena - Member
4. Bontas Dumitru – Member
5. Badica Emilian – Member
6. Morosan Iosefina – Member
7. Matei Alexandru – Member

The National Securities Commission has approved the membership of the Board of Directors, by issuing CNVM Approval no. 22/14.05.2009.

It should be noted that throughout 2009, the affidavits of directors were updated on two occasions (following those submitted on occasion of the election by the GAS on Apr 25, 2009). This was aimed at



ensuring a continual information of directors and initiated persons in the executive regarding the framework of relevant regulations concerning their activity and their relations with the company activity as well as with entities in the portfolio (mostly concerning the reporting obligations and incompatibility conditions). Based on these declarations and requests made throughout 2009, the Internal Audit and the Internal Control have undertaken efforts to verify compliance with all incident provisions, reporting their findings to the Board of Directors. **We specify that no violations of legal provisions were found regarding their behavior and their relation to the company.**

a) Resume (surname, name, age, qualification, professional experience, position and duration in position)

No. crt.	Surname, name	Age – years	Qualification	Professional Experience	Position in the SIF Moldova BD	In position since
1	Cecea Costel	54	Higher education <ul style="list-style-type: none"> • Doctor in Industrial Engineering, with a doctoral thesis in “Risk in management activity” MBA - Management and Business Administration Economist, specialized in Economics of Industry, Construction and Transportation Specializations in the capital market: <ul style="list-style-type: none"> • Investment consultant • Business management • Intern financial auditor • Company evaluator • Company liquidator • Acquisitions manager • Accounting expert 	<ul style="list-style-type: none"> • Economist, CCI Bacau, • FPP II Moldova • Chief of Department SIF Moldova • Manager in the Managing Committee of SIF Moldova • Vicepresident - Assistant General Manager SIF Moldova 	President – General Manager	Member in the BD 2001-present
2	Doros Liviu Claudiu	40	Higher education <ul style="list-style-type: none"> • MBA - Management and Business Administration • Economist, specialized in Tourism- services Specializations in the capital market: <ul style="list-style-type: none"> • Investment consultant • Technical analysis and trading strategies specialist • Agent for financial investment services 	<ul style="list-style-type: none"> • Economist CCI Bacau • Manager SVM Gelsor SA, SC Sfera SRL, SC Saga SA, • Director SC Mecanica Ceahlaul SA Manager in the Managing Committee of SIF Moldova	Vicepresident - Assistant General Manager	Member in the BD 2006-present
3	Andrei Elena	51	Higher education: <ul style="list-style-type: none"> • Bachelor’s degree in economic sciences, Academia de Studii Economice, Bucuresti Specializations, qualifications: <ul style="list-style-type: none"> • Agent for financial 	<ul style="list-style-type: none"> • Researcher in the Industrial Economy Institute • Chief of department Banking Strategies and Policies at Eximbank • SIF Transilvania – Bucuresti field office 	Director	Member in the BD 2009-present

			investment services	<ul style="list-style-type: none"> • manager • PGM SSIF Worldrom Securities SA I • PGM SSIF Financiara Stock Agency FINAREX SA • BCR Securities General Manager 		
4	Morosan Iosefina	57	<p>Higher education:</p> <ul style="list-style-type: none"> • Doctor in economy, • Bachelor's degree in economic sciences, • Bachelor's degree in law 	<ul style="list-style-type: none"> • Ministry of Finance – general secretary 1998 • Ministry of Finance – state secretary 1998-2000 	Director	Member in the BD 1994 – 2001 2004 – 2005, 2009-present
5	Badica Emilian	54	<p>Higher education:</p> <ul style="list-style-type: none"> • Bachelor's degree in economic sciences, Academia de Studii Economice, Bucuresti <p>Specializations, qualifications:</p> <ul style="list-style-type: none"> • Capital markets and stock markets, authorized accounting expert, evaluator 	<ul style="list-style-type: none"> • Ministry of Finance (head of department) • SIF Moldova - Bucuresti field office manager • FPS- Manager • Director EXIMBANK 1993- present 	Director	Member in the BD 2009-present
6	Matei Alexandru	63	<p>Higher education:</p> <p>Engineer, specialized in Industrial chemistry</p> <ul style="list-style-type: none"> • Post – graduate courses Securities and Stock Market Transactions <p>Specializations in the capital market:</p> <ul style="list-style-type: none"> • Investment consultant • Financial consultant • Business managementul • Company evaluator 	<ul style="list-style-type: none"> • Engineer, Head of Department Sofert Bacau • Inspector in CSP, ANP, FPS • Vicepresident FPP II Moldova • President – General Manager SIF Moldova • Manager in the Managing Committee of SIF Moldova • Vicepresident - Assistant General Manager SIF Moldova 	Director	Member in the BD 1992-present
7	Bontas Dumitru	64	<p>Higher education:</p> <ul style="list-style-type: none"> • PhD in Management <p>Engineer, specialized in Machinery and tools</p>	<ul style="list-style-type: none"> • University assistant • Head of department • Technical manager IMU Bacau • Subprefect Bacau • Prefect Bacau • University lecturer • Dean - Faculty of Management - George Bacovia University Bacau 	Director	Member in the BD 2001-present

b) any accord, agreement, or family bond between the respective director and another person that led to that person being appointed as director - not applicable.



c) participation of directors in the Company share capital

Nr. crt.	Surname	Name	No. of shares	% SC
1	Ceocea	Costel	180,418	0.035%
2	Doros	Liviu Claudiu	0	0.000%
3	Andrei	Elena	1,000	0.000%
4	Bontas	Dumitru	135,000	0.026%
5	Badica	Emilian	45,500	0.009%
6	Morosan	Iosefina	30	0.000%
7	Matei	Alexandru	429,293	0.083%
TOTAL			791,241	0.153%

d) list of persons affiliated with the Company - not applicable.

4.2. Presentation of the list of members of the Company's executive management. For each, the presentation of the following information:

The Company's executive management is ensured by two actual leaders, elected from the members of the board of directors, that were approved by the CNVM by Approval no. 28/11.06.2009, respectively:

1. Ceocea Costel – President – General Manager
2. Doros Liviu Claudiu – Vicepresident - Assistant General Manager

The General Manager and the Assistant General Manager have concluded management contracts for a four year period.

4.3. For all persons presented in 4.1. and 4.2., the specification of possible litigations or administrative procedures in which they were involved, in the last five years, regarding their activity in the issuer, as well as those regarding the respective person's capacity to fulfill responsibilities within the issuer- From the date of election / appointment none of the persons presented in 4.1. and 4.2. had litigations or were involved in certain administrative procedures with the company. No events and / or actions were recorded that could question the respective persons' capacity to fulfill the tasks they have to carry out within the Company, according to the position and / or quality in which they conducted or are conducting their activity.

5. Financial and accounting status

The financial statements were drafted and presented in compliance with Accounting Regulations harmonized with European Economic Community 4th Directive applicable to institutions regulated and supervised by the National Securities Commission („CNVM” / „CNVM”), approved by CNVM President Order no. 75 / Dec 16, 2005 with subsequent modifications and additions. These statements were examined, to the end of issuing an auditing opinion, 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 comparability of this data is ensured for 2007, 2008 and 2009 fiscal years. The reporting currency is RON.

a) Balance sheet items

- RON -

	2007	2008	2009
Non-current assets			
I. Intangible assets	63.097	120.945	474.133
II. Tangible assets	19.512.056	18.525.122	18.038.896
III. Financial assets, of which:	397.659.808	321.423.458	349.344.310



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• Securities and other financial instruments held as non-current assets	397.415.727	288.589.765	312.487.787
Non-current assets – Total	417.234.961	340.069.525	367.857.339
Current assets			
I. Inventory	23.884	27.561	37.899
II. Receivables, of which:	40.156.931	60.562.312	138.923.912
• Trade receivables	35.455.334	42.288.268	127.932.287
III. Short term financial investments	1.070.514	776.581	10.712.458
IV. Cash and bank accounts	2.760.539	860.357	214.543
Current assets - Total	44.011.868	62.226.811	149.888.812
Prepaid expenses	72.039	58.686	77.055
Current liabilities	23.787.309	19.252.348	17.724.478
Current assets less net current liabilities	20.285.356	43.022.357	132.231.009
Total assets minus current liabilities	437.520.317	383.091.882	500.088.348
TOTAL ASSETS	461.307.626	402.344.230	517.812.826
Provisions	48.967.316	42.432.257	44.071.216
Deferred revenue	11.242	10.792	10.380
Equity and reserves			
1. Subscribed and paid-in registered capital	51.908.959	51.908.959	51.908.959
2. Revaluation reserves	15.541.203	15.122.842	15.170.030
3. Total reserves, of which:	255.638.137	179.695.166	263.998.022
• Legal reserves	10.381.792	10.381.792	10.381.792
• Reserves constituted from adjustments for devaluation of financial non-current assets Balance D	-	143.630.350	94.601.896
4. Reported result Balance D	(52.726)		23.607.297
5. Result of fiscal year	65.573.287	93.932.658	101.332.824
6. Profit appropriation	(55.859)	-	-
Owners' Equity - Total	388.553.001	340.659.625	456.017.132
TOTAL LIABILITIES AND EQUITY	461.307.626	402.344.230	517.812.826

For the 2009 fiscal year, from the total assets worth 517.812.826 RON, recorded at historical cost less amortization, the weight of **financial non-current assets** (mainly investment titles held in companies in the portfolio) is 67,4 %. The shares held in affiliated entities represent 4,1%, securities held as participation interests represent 3,0% and securities held as non-current assets represent 60,4% of the total assets. The value of securities is recorded at historical cost adjusted for value loss depreciations and registers a 8,7% increase compared to the preceding fiscal year.

Current assets represent 28,9 % of the total assets and consist 85,4% of trade receivables including monetary investments as short term bank deposits.

Current liabilities (company liabilities that have to be paid in less than 1 year) represent 3,6% of the total liabilities worth 517.812.826 RON.

Owners' equity represent 88,1% of the total liabilities and increased in the 2009 fiscal year by 33,9% compared to the preceding fiscal year.



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Continuing to apply the prudence principle in the 2007 fiscal year, provisions and amortization adjustments were created and cancelled, as follows:

- RON -

Name of provision	Balance on Jan 1, 2009	Transfers		Balance on Dec 31, 2009
		incoming	outgoing	
	1	2	3	4=1+2-3
Provisions for taxes	40.515.264	302.593	3.791.169	37.026.688
Other provisions	1.916.993	7.044.528	1.916.993	7.044.528
TOTAL	42.432.257	7.347.121	5.708.162	44.071.216

Provisions constituted, amounting to **7.347.121** RON, have influenced the owners' equity and expense accounts thus:

- RON -

Name of provision	Expense	Owners' equity
- Provision for participation of employees and directors in benefit plans (including company contributions)	7.044.528	-
- Provisions for deferred taxes	-	302.593
TOTAL	7.044.528	302.593

Provisions constituted for participation in benefit plans include:

- For directors: 1,5% of the net profits realized before the constitution of the provision - 1.625.660 RON
- For employees: 5% of the net profits realized before the constitution of the provision - 5.418.868 RON.

Cancellation of provisions amounting to **5.708.162** RON, influenced the revenue and owner's equity accounts, as follows:

Name of provision	Revenue	Owners' equity
- Provisions for taxes	199	3.790.970
- Other provisions	1.916.993	-
TOTAL	1.917.192	3.790.970

b) Income statement

- RON -

EXPLANATION / PERIOD	2007	2008	2009
A. Revenue from operations total, of which:	122.303.569	141.263.791	192.416.867
1. financial non-current assets	36.187.198	46.282.258	72.017.626
2. ceded financial investments	55.518.113	51.135.627	96.631.878
3. interest	3.790.782	4.938.017	12.721.785
4. provisions, reactivated claims	20.680.303	36.060.918	7.986.213
5. other revenue	6.127.173	2.846.971	3.059.365
B. Expenses with operations total, of which:	51.980.996	42.954.697	84.070.171
1. ceded financial investments	19.558.152	15.872.442	38.096.855
2. exchange rate variations	3.957.942	445.156	560.648
3. commissions and fees	2.426.194	2.479.020	1.990.194
4. depreciations, provisions, losses from various debtors	12.535.122	7.520.286	30.675.053
5. banking and similar services	35.998	38.068	48.411
6. materials	489.818	496.986	304.207



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7. electricity and water	214.229	216.289	199.525
8. expenses with staff (salaries, indemnities, food stamps, social security, participation in benefit plans)	11.687.045	14.717.693	10.967.482
9. external services	905.279	914.891	823.583
10. taxes and similar payments	171.217	253.866	404.213
C. Operational result - profit	70.322.573	98.309.094	108.346.696
D. Gross profit	70.322.573	98.309.094	108.346.696
E. Profit tax	4.749.286	4.376.436	7.013.872
F. Net profit	65.573.287	93.932.658	101.332.824

Total revenue - increased by 36,2% compared to the same period of the previous fiscal year. The evolution of revenue with a significant contribution is recorded in:

- *Revenue from financial non-current assets* - presents a 55,6% increase and represents the dividends receivable from companies in the portfolio, mainly from the BCR and BRD banking companies;
- *Revenue from ceded financial investments* - presents a 88,9% increase. The important transaction with Bancpost shares has had a positive influence on this category of revenue;
- *Revenue from interest* - presents a 157,6% increase - influenced by the volume of liquidities invested - as a result of the collection of dividends and of the Bancpost transaction, as well as the increase in the rate of interest.

Total expenses – increased by 95,7% compared to the same period of the previous fiscal year. The evolution of expenses with a significant contribution is recorded in:

- *Expenses with ceded financial investments* – record a 140,0 % increase. The evolution and dynamics of these expenses are influenced by the sale transactions carried out and by the cost corresponding to the recognition of securities in the financial statements;
- *Expenses with depreciations, provisions, losses from reactivated claims* - record a 307,9% increase, 23.154.767 RON in absolute value. The significant influence in the increase of this category of expenses is the recording of devaluation adjustments for SARA litigations involving the recovery of the amount of 25.159.715 RON, foreclosed by the latter in 2006;
- *Expenses with commissions and fees* - record a 19,7 % decrease. In the context of the financial crisis, the decreased value of the net assets compared to the corresponding period of the year 2008 led to the decrease of the commissions paid by the Company for the CNVM.
- *Other expenses with operations* - record a 23,5% decrease. This category of expenses mainly includes administrative expenses (staff expenses - 25,8 % decrease).

The structure of revenues in 2009, compared to the structure of revenues in previous fiscal years:

EXPLANATION / PERIOD	2007 (%)	2008 (%)	2009 (%)
• financial non-current assets	29,59	32,76	37,43
• ceded financial investments	45,39	36,20	50,22
• interest	1,46	3,50	6,61
• provisions, reactivated claims	16,91	25,53	4,15
• other revenue	6,65	2,01	1,59
Total	100,00	100,00	100,00

In the 2009 fiscal year, the greatest weights in the total revenue realized is held by: revenue from financial non-current assets 37,4 %, revenue from ceded financial investments 50,2 % and revenue from interest 6,6 %.



The structure of expenses in 2009, compared to the structure of expenses in previous fiscal years:

EXPLANATION / PERIOD	2007 (%)	2008 (%)	2009 (%)
- ceded financial investments	37,62	36,95	45,32
- exchange rate variations	7,61	1,04	0,66
- commissions and fees	4,67	5,77	2,37
- depreciations, provisions	24,11	17,51	36,49
- banking and similar services	0,07	0,09	0,06
- materials	0,94	1,16	0,36
- electricity, water	0,41	0,50	0,24
- expenses with staff	22,48	34,26	13,05
- external services	1,74	2,13	0,98
- taxes and similar payments	0,35	0,59	0,47
Total	100,00	100,00	100,00

In the 2009 fiscal year, the greatest weights in the total expenses realized is held by expenses with ceded financial investments, amounting to 38.096.855 RON and have corresponding entries in Revenue of 96.631.878 RON. The rate of return of ceded financial investments is 60,6 %.

The weight of total expenses in total revenue realized is as follows:

- 2007 42,5 %
- 2008 30,4 %
- 2009 43,7%

c) Cash flows

Cash flows, calculated by the direct method present as follows:

- RON -

EXPLANATION / PERIOD	2007	2008	2009
1. Cash at beginning of period (a+b)	61.344.928	38.276.158	42.784.466
<i>a. Current accounts</i>	3.245.271	2.759.890	858.632
<i>b. Financial investments - DEPOSITS</i>	58.099.657	35.516.268	41.925.834
A. Operations (2-3)	(22.627.020)	(19.665.403)	(19.886.897)
<i>2. Cash inflows</i>	4.145.066	5.379.672	3.488.509
<i>3. Cash outflows</i>	26.772.086	25.045.075	23.375.406
B. Investment activity (4-5)	27.314.978	47.355.314	119.861.599
<i>4. Cash inflow</i>	96.287.711	92.533.971	172.390.244
<i>5. Cash outflow</i>	68.972.733	45.178.657	52.528.645
C. Financing activity (6-7)	(27.756.728)	(23.181.603)	(17.810.333)
<i>6. Cash inflow</i>	2.312.260	2.342.353	1.627.173
<i>7. Cash outflow</i>	30.068.988	25.523.956	19.437.506
TOTAL CASH FLOW (A+B+C)	(23.068.770)	4.508.308	82.164.369
CASH AT END OF PERIOD	38.276.158	42.784.466	124.948.835
<i>a. cash office - RON</i>	4.099	3.975	2.979
<i>b. banks – RON</i>	2.755.783	847.605	209.991
<i>c. banks - foreign currency</i>	8	7.051	114
<i>d. deposits</i>	35.289.949	40.389.101	124.470.510
<i>e. deposit pledges</i>	-	1.291.759	-
<i>f. government securities</i>	226.319	244.975	265.251



Cash flows are calculated by the direct method. From the analysis of the presented flows for the date of December 31, 2009, an increase is apparent in the volume of liquidities of 192,0%, due mainly to:

- revenue from ceded financial investments - realized mainly by the sale of Bancpost;
- dividends collected during 2009, as an effect of distributing a volume exceeding that of the preceding year, especially in the banking sector;
- interest received from investments in the financial market;
- reducing the cash flow related to the payment of SIF Moldova shareholders.

d) Profit distribution

- RON -

DESTINATION	2008	2009
NET PROFIT TO DISTRIBUTE (row 02 to 08)	93.932.658	101.332.824
For constitution of legal reserves	55.859	
Other reserves or distributions provided in law	46.966.329	
For dividends	23.359.032	
NON-DISTRIBUTED PROFIT	23.607.297	101.332.824

The Company leadership proposes appropriating the profit amounting to **101.332.824 RON**, to the following destinations:

- RON -

NET PROFIT TO DISTRIBUTE	101.332.824
- dividends	31.145.375
- other reserves	70.187.449

The gross dividend proposed by the Board of Directors amounts to 0,06 RON / share. Recording the profit appropriation is done based on the approval of the General Assembly of Shareholders.

6. Non-financial information

6.1. Status of litigations

Up to Dec 31, 2009, 244 litigations were recorded with various objects, of which 82 cases were solved and 162 cases remain in court. In 197 cases SIF Moldova is a plaintiff and in 47 cases it is a defendant. During 2009 there were 80 new cases in which the company was a defendant or plaintiff.

I. Litigations in which SIF Moldova is a PLAINTIFF:

- total litigations = 197 cases, of which 131 cases are in court in various judicial stages and 66 cases are solved;
- value of litigations in court:
 - 45.265.263,62 RON by category, as follows:

- the amount of 11.236.623,07 RON - insolvency procedure;
- the amount of 34.028.639,57 RON - claims;
- 8.071.424,68 USD by category, as follows:
 - the amount of 432.110,68 USD - insolvency procedure;
 - the amount of 199.314,00 USD - claims;
 - the amount of 7.440.000,00 USD - contestations for fulfillment.

Litigations in this category are classified thus:

- 1) *Litigations involving the repealment of illegal resolutions of General Assemblies of Shareholders in the SIF Moldova portfolio* = 67 cases, of which 31 cases in court in various stages of litigation and 36 finalized up to Dec 31, 2009.
- 2) *Litigations involving various monetary claims* = 34 cases in court, 10 solved
- 3) *Litigations involving the insolvency procedure* = 24 cases in court and one solved
- 4) *Litigations with various objects* = 24 cases, of which 7 were solved and 17 are still in court
- 5) *Litigations involving draft oppositions and contestations to the foreclosure of promissory notes endorsed by FPP II Moldova* = 32 cases of which 12 cases were solved.
- 6) *Criminal litigations* = 5 cases in court according to annex IV. 6.4, of which 2 in preliminary investigations and 3 in lower court.

II. Litigations in which SIF MOLDOVA is a DEFENDANT:

- total litigations = 47 cases, of which:
 - 31 cases are in court in various judicial stages;
 - 16 cases were solved;
- value of litigations in court:
 - 52.028,80 RON - claims;

Litigations in this category are classified thus:

- 1) *Litigations with various objects and claims files* = 14 cases in court in various judicial stages and 13 cases solved.
- 2) *24 new cases recorded in 2009, of which 18 involve the cancellation of SIF Moldova GAS decisions* from 15.11.2008 and 25.04.2009. In three of these cases, the action was rejected permanently and irrevocably.

The detailed status of litigations is presented in the annex.

6.2. Ensuring transparency and disseminating information

SIF Moldova, as a company listed in the Bucharest Stock Exchange, respects the corporate governance principles and recommendations, applied to the Company's leadership and management.

The contents of SIF Moldova's internal regulations (*approved by CNVM through Approval no. 55/26.10.2009*) implement in the Company's current activity the main aspects of corporate governance. We emphasize the following:

- 1. The rights of holders of financial instruments issued by SIF Moldova.** In the relation with shareholders the following issues are permanently taken into consideration:
 - Protecting and ensuring shareholders' rights: 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;



- Ensuring compliance with obligations to inform and report to the shareholders and capital market institutions (through continual and continuous reporting) – details in the CNVM, BVB 2009 Reports Annex;
- In depth communication (written, telephone and electronic correspondence) with shareholders, responding - in the conditions imposed by legal regulations - to their information requirements;

2. Transparency, financial reporting, internal control and SIF Moldova risk management

- The Board of Directors has created an auditing committee, consisting of 3 of its members, that assists it in the fulfillment of its responsibilities in financial reporting and internal control.
- The Board of Directors has drafted the consolidated financial statements for the 2008 fiscal year, for the information of the Company's shareholders. (current report of Aug 27, 2009)

6.3. Internal auditing and control activity

The **internal auditing activity** is carried out on the basis of the engagement plan agreed in compliance with the company's objectives.

The plan for the internal auditing activities and the necessary resources are validated by the Auditing Committee and approved by the Board of Directors. The schedule for the internal auditing missions is based on the evaluation of risks forming the basis of defining the priorities of the internal auditing activity. Risk-based planning is the basis of the definition of priorities for the internal auditing activity, according to SIF Moldova's objectives.

The internal audit is carried out in the following forms:

- evaluation of the management and internal control systems – system audit;
- evaluation of results regarding the objectives set and examination of the actual impact – performance audit;
- ensuring conformity of procedures and operations with legal norms – regularity audit.

In the Jan 1 - Dec 31, 2009 period, consultancy and assurance missions were undertaken regarding:

- the negotiation of the collective work contract – consultancy mission;
- the responsibilities of the Board of Directors delegated to actual leaders - consultancy mission;
- the reorganization of SIF Moldova activity - consultancy mission;
- drafting the half year financial statements - assurance mission;
- the stage of implementation of the Board of Directors' decisions - assurance mission;
- the elaboration of the circuit of documents within SIF Moldova - consultancy mission;
- securities transactions carried out in the May 22, 2009 - Dec 10, 2009 period and the legal acts concluded by actual leaders in that period - assurance mission.

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.

Internal control activity - in compliance with the provisions of art. 37-41 of CNVM Regulation no. 15 / 2004 and Investigations Plan for the year 2009, approved in the the Board of Directors' meeting of Feb 12, 2009, the activity of the Internal Control Department for the Jan 1 - Dec 31, 2009 period consisted of the following:

1. Compliance with CNVM regulations regarding the calculation of net assets;
2. Compliance with the provisions of art. 225 of Law no. 297/2004 and of art. 113, letter(G) para.(3) of CNVM Regulation no. 1 / 2006;
During 2009, SIF Moldova concluded with an involved person a Fondul Proprietatea shares cession contract with a value exceeding 50.000 EUR. According to the provisions of art.225 of Law no. 297/2004 and of art. 113, letter(G) para.(3), the event was reported within the legal deadline towards CNVM and BVB and was published in the CNVM Bulletin.
3. Compliance with the legal regulations regarding the calculation and payment of commissions, taxes and other amounts due from SIF to CNVM and capital market entities;
4. Compliance with CNVM regulations regarding the SIF Moldova investment policy;
5. Compliance with CNVM regulations regarding privileged information;
6. Compliance with CNVM regulations regarding the evaluation of assets held;
7. Compliance with CNVM and BSE regulations regarding reporting requirements;
8. Permanent activities:
 - 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;
 - Examination and approval of informative and advertising materials;
 - Analysis and approval of 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.

The internal control reports were presented to the Auditing Committee for approval and to the Board of Directors for debate and approval.

The Board of Directors took the appropriate measures in order to correct discrepancies and to implement opinions, recommendations and proposals included in the internal control reports.

7. Important events having occurred after the end of the fiscal year

- By Commercial Ruling no. 97/12.06.2009 issued by the Bucuresti Court of Appeals - the 6th Commercial section in case 2833/2/2009, SIF Moldova's request to reverse foreclosure was granted and AVAS was forced to return the amount of 8.285.046,23 RON. By Commercial Decision no. 563/11.02.2010 issued by the High Court for Cassation and Justice - the Commercial Section, the appeal by AVAS against Commercial Ruling no. 97/12.06.2009 was rejected as unfounded. The ruling is final and irrevocable.



- By Commercial Ruling no. 119/20.10.2009 issued by the Bucuresti Court of Appeals - the 5th Commercial section in case 7573/2/2009, SIF Moldova's request to reverse foreclosure was granted and AVAS was forced to return the amount of 2.665.840 RON. By Commercial Decision no. 816/02.03.2010 issued by the High Court for Cassation and Justice - the Commercial Section, the appeal by AVAS against Commercial Ruling no. 119/20.10.2009 was rejected as unfounded. The ruling is final and irrevocable.

8. Annexes

1. Net assets status as of la 31.12.2009
2. Status of litigations 2009
3. CNVM, BVB reports for 2009

**President General Manager,
Costel CEOCEA**

**Economic Manager,
Liana MARIN**

**Internal control,
Nicolae RADULESCU**

**Internal audit,
Virginia SOFIAN**