



Moldova Financial Investment Company

Company Presentation

(based on audited financial statements as of June, 30th, 2010)

Established: 1992
Address: 94C, Pictor Aman St., 600164, Bacau, Bacau County, Romania
Phone: 004 0234 576740;
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E-mail: sifm@sifm.ro;
Web-site: www.sifm.ro

Branches: 7

No. of Employees: 79

Share capital: 51,908,958.80 RON

Ownership Structure: 100% - Private

Free float: 100%

The threshold for an individual investor or for a group that acts in concert is 1% out of the share capital Bucharest Stock Exchange: SIF2; ISIN: ROSIFBACNORO

BOARD OF MANAGING DIRECTORS

CEO & Chairman	Mr. Costel CEOCEA
Deputy CEO & Deputy Chairman	Mr. Claudiu Liviu DOROS
Non-Executive Members	Ms. Elena ANDREI
	Mr. Emilian BADICA
	Mr. Dumitru BONTAȘ
	Mr. Alexandru MATEI
	Ms. Iosefina MOROSAN

REGISTRY:	Depozitarul Central S.A.
EXTERNAL AUDITOR:	Deloitte Audit S.R.L.
DEPOSITORY:	BRD-Groupe Societe Generale

BRIEF HISTORY

SIF Moldova – one of the five Romanian Financial Investment Companies - is a public limited company that operates according to its articles of incorporation, Law of Companies no. 31/1990 republished and adjusted, Law no. 297/2004 regarding the Romanian capital market and the regulations of the Romanian National Securities Commission.

The roots of the five SIFs began in 1992 with the start of Romania's mass privatization program. Ownership of most of the state property was split 70% in favour of the State Ownership Fund and 30% towards the five Private Ownership Funds, which later became the SIFs, closed-end investment funds (non UCITS). The shares are listed at the Bucharest Stock Exchange in the first category, beginning with November, 1st, 1999.

Now, SIF Moldova is one of the most liquid blue chips of the Bucharest Stock Exchange (BVB) having the symbol SIF2.

MAIN ACTIVITIES

The Company's goal is the management of its assets; the Company's main field of activity is investing in financial assets.



I. Realization of the financial objectives

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

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

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

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

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

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

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

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

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

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

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



Moldova Financial Investment Company

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

I.1. Presentation of the economic and financial status

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

These statements were reviewed by Deloitte Audit SRL Bucuresti.

I.1.1. Balance sheet

Items	30/06/2009		31/12/2009		31/03/2010		30/06/2010	
	RON	%	RON	%	RON	%	RON	%
securities	283.191.796	60	349.068.806	67	403.323.082	72	398.432.368	73
other non-current assets	19.048.723	4	18.788.533	4	18.681.448	4	18.572.451	3
receivables	171.306.182	36	138.923.912	27	117.755.864	21	114.189.015	21
current financial assets	1.315.897	0	10.712.458	2	16.825.665	3	11.588.342	3
other current assets	585.048	0	319.117	0	1.140.984	0	913.638	0
Total assets	475.447.646	100	517.812.826	100	557.727.043	100	543.695.814	100
current liabilities	38.519.696	8	17.724.478	3	17.118.787	3	43,623,801	8
provisions	37.111.204	8	44.071.216	9	43.973.169	8	43,120,574	8
owners' equity	399.816.746	84	456.017.132	88	496.635.087	89	456,951,439	84
Total liabilities	475.447.646	100	517.812.826	100	557.727.043	100	543.695.814	100

I.1.2. Income statement

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

Items	30/06/2009		31/12/2009		31/03/2010		30/06/2010	
	RON	%	RON	%	RON	%	RON	%
revenue from financial non-current assets	71.995.293	48	72.017.626	37	-	-	12.065.437	13
revenue from ceded financial investments	62.193.633	42	96.631.878	50	16.464.735	80	56.246.186	60
revenue from interest	5.421.636	4	12.721.785	7	2.305.314	11	3.860.178	3
revenue from provisions, reactivated claims	7.625.050	5	7.986.213	4	674.635	4	12.068.519	13
other revenue	1.617.149	1	3.059.365	2	1.038.592	5	10.141.558	11
Total revenue	148.852.761	100	192.416.867	100	20.483.276	100	94.381.878	100
expenses related to ceded financial investments	24.312.676	44	38.096.855	45	2.462.884	31	7.735.557	27
depreciations, provisions	22.702.978	41	30.675.053	37	480.889	6	5.163.195	18
other expenses with operations	7.377.078	13	12.699.010	15	2.608.170	33	12.375.777	44
expenses with commissions and fees	829.456	1	1.990.194	2	468.824	5	1.178.615	4
other expenses, of which:	499.216	1	609.059	1	1.952.612	25	1.987.143	7



Moldova Financial Investment Company

Items	30/06/2009		31/12/2009		31/03/2010		30/06/2010	
exchange rate differences	475.856		560.648		1.945.287		1.963.512	
Total expenses	55.721.404	100	84.070.171	100	7.973.379	100	28.440.287	100
Gross margin	93.131.357		108.346.696		12.509.897		65.941.591	
profit tax	3.741.848		7.013.872		1.959.300		8.701.751	
Net profit	89.389.509		101.332.824		10.550.597		57.239.840	

I.1.3. Cash flows

The cash flows are calculated by the direct method.

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

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

- RON -

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

I.1.5. Net assets

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



Moldova Financial Investment Company

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

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

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

I.2. Asset portfolio management

I.2.1. Share portfolio

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

The share portfolio represents 87 % of the total assets managed and calculated at market value. In the first half of 2010, SIF Moldova continued the share portfolio reconfiguration policy in view of increasing its profitability. The main *investments* carried out in the first half of 2010 were concentrated on shares in listed and liquid issuers in the financial and banking field (BRD – SG; Banca Transilvania - reporting significant transaction on Apr 16 2010; Erste Bank, SSIF Broker), in shares in the energy and related fields (Transgaz, Armax Gaz, Condmag), as well as in shares in the capital market institutions (Sibex, BVB).



Moldova Financial Investment Company

In the investment strategy in this year, the accumulation of new stock belonging to the Property Fund was included (reporting a significant transaction on May 19, the current year), in view of the imminent listing of the latter on the BVB as well as of exploiting the opportunity of receiving dividends.

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

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

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

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

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

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

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



Moldova Financial Investment Company

FIC Moldova investments according to % held in the registered capital of issuers in the portfolio	30/06/2009			31/12/2009			31/03/2010			30/06/2010		
	No. of co.	Nominal value (thousand RON)	%	No. of co.	Nominal value (thousand RON)	%	No. of co.	Nominal value (thousand RON)	%	No. of co.	Nominal value (thousand RON)	%
Insignificant shares: < 10%	118	190.238	61	123	222.365	65	131	231.944	66	129	295.247	71
Significant shares: (10% - 33%)	89	90.449	29	84	90.275	26	81	85.388	24	79	85.245	20
Control shares: (33% - 50%)	15	11.436	4	14	11.136	3	15	11.347	3	14	10.585	3
Majority shares >= 50%	8	20.277	6	8	20.481	6	8	24.888	7	8	24.889	6
Total shares	230	312.401	100	229	344.257	100	235	353.567	100	230	415.966	100

1.2.1.4 Structure and evolution of the portfolio by field of activity

Field	No. of companies				Market value (thousand RON)				% of market value			
	30/06/2009	31/12/2009	31/03/2010	30/06/2010	30/06/2009	31/12/2009	31/03/2010	30/06/2010	30/06/2009	31/12/2009	31/03/2010	30/06/2010
Financial services and insurance, of which:	16	17	17	17	579.759	810.231	895.650	803.448	77	79	78	77
Banking	8	8	8	8	576.302	793.483	876.849	762.252	76	77	77	73
Others	8	9	9	9	3.456	16.748	18.801	41.196	0	2	2	4
Industry, of which:	112	113	115	112	100.596	124.211	142.478	126.972	13	12	12	12
Food industry	19	19	20	20	5.306	6.033	5.984	5.655	1	1	1	1
Textiles and footwear	34	33	33	30	18.905	33.510	28.632	21.322	3	3	3	2
Chemicals	5	6	8	6	2.699	865	4.808	6.372	0	0	0	1
Pharmaceuticals	3	3	3	3	20.335	28.281	30.098	25.937	3	3	3	2
Construction materials	7	8	8	8	10.774	11.138	10.088	9.871	1	1	1	1
Metallurgy	10	10	10	10	10.203	11.724	17.183	13.042	1	1	2	1
Machinery manufacture	12	12	12	12	20.122	18.653	27.383	22.510	3	2	2	2
Vehicle manufacture	8	8	8	8	10.446	11.068	13.940	17.473	1	1	1	2
Others	14	14	13	15	1.807	2.939	4.361	4.791	0	0	0	0
Mining industry	3	4	4	4	19.626	25.305	28.251	30.452	3	2	2	3
Transport and storage	8	9	10	10	15.278	19.060	24.015	27.017	2	2	2	3
Energy production	1	1	1	2	8.610	9.195	12.764	16.881	1	1	1	2



Moldova Financial Investment Company

and supply												
Real estate transactions	6	6	6	6	7.008	11.840	7.672	10.965	1	1	1	1
Commerce	13	13	13	14	5.687	5.903	4.745	4.973	1	1	0	0
Agriculture and forestry	41	39	39	38	5.025	4.751	4.677	10.755	1	0	0	1
Scientific and professional activities	4	3	4	4	1.863	2.079	2.996	2.940	0	0	0	0
Construction	16	14	15	13	1.219	2.386	3.025	3.023	0	0	0	0
Services	1	1	1	1	494	580	580	573	0	0	0	0
Water distribution, garbage disposal	3	3	3	3	0	0	0	0	0	0	0	0
Others	6	6	6	6	9.407	9.548	13.258	11.818	1	1	1	1
Total	230	229	234	230	754.572	1.025.088	1.141.555	1.049.816	100	100	100	100

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

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

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

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

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

I.2.3. The bonds portfolio

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

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

I.2.4. Monetary market products portfolio

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

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



Moldova Financial Investment Company

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

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

II. Relations with shareholders and capital market institutions

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

In relations with shareholders, SIF Moldova permanently aims at:

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

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

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

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

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

a. In relation to capital market institutions

- ➔ Periodic reports towards CNVM and BVB
- ➔ Continual reports towards CNVM and continuous reports towards BVB

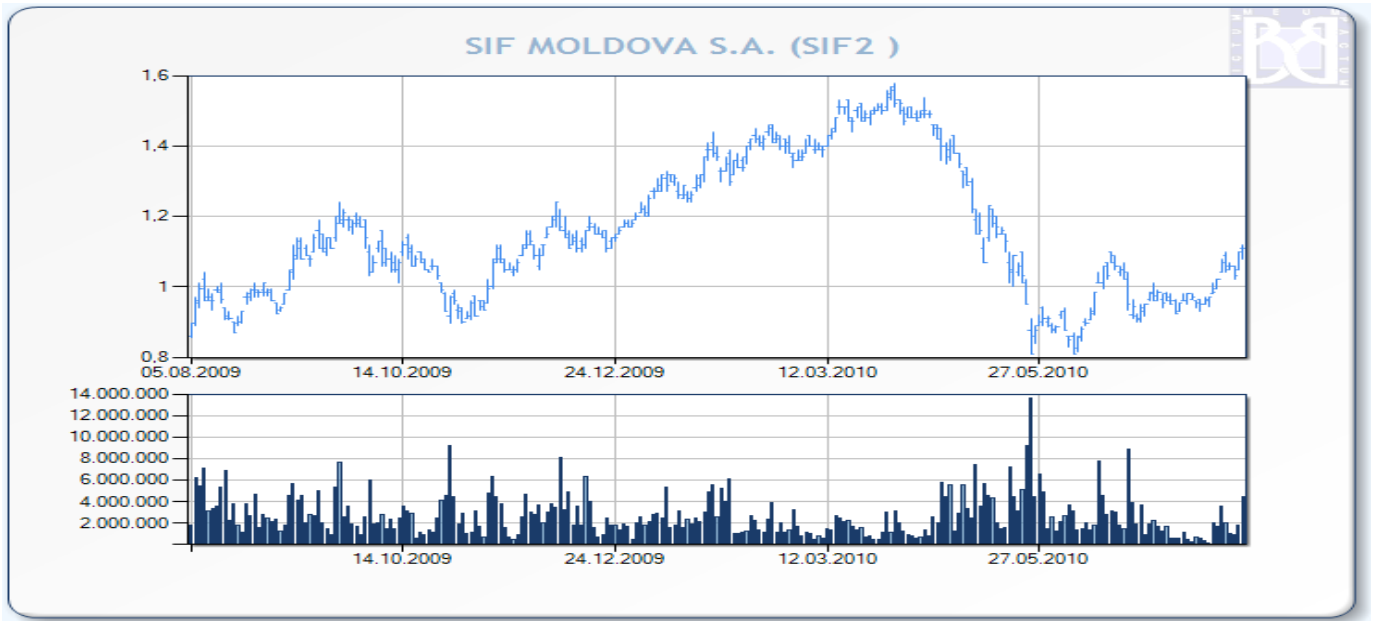
b. In relations with shareholders - Obligations to inform FIC Moldova shareholders were respected by the issuance of press releases, publishing of reports, information through the electronic system of the capital market and posted on the Company website, offering equal treatment to shareholders.

III SIF2 shares, listed on the Bucharest Stock Market, 1st Half

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



Moldova Financial Investment Company



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

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