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

FACTS ABOUT THE COMPANY

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

I. Realization of the financial objectives

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

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

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

- share portfolio restructuring;
- investments in foreign markets;



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

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

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

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

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

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

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

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

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

1.1. Presentation of the economic and financial status

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



These statements were reviewed by Deloitte Audit SRL Bucuresti.

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

I.1.1. Balance sheet

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

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

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

I.1.2. Income statement

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

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



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

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

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

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

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



I.1.3. Cash flows

The cash flows are calculated by the direct method.

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

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

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

- RON -

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

I.1.5. Net assets

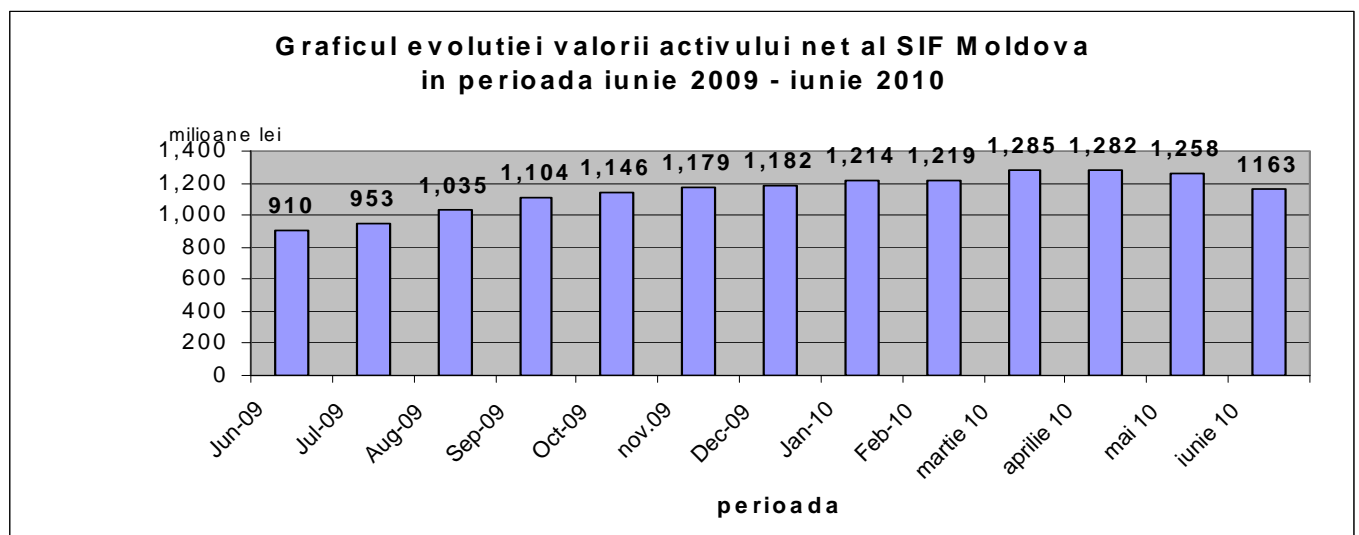
SIF Moldova's net assets, calculated based on CNVM Regulation no. 15 / 2004, have decreased by 2% compared to the beginning of the year 2010 and increased by 28% compared to the corresponding period of the previous year

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



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

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



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

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

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

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

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

Issuer-specific analyses are drafted:

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

I.2. Asset portfolio management

I.2.1. Share portfolio

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

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

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

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

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

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

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

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

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

The following observations can be made:

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

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

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



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

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

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

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

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



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

The following observations can be made:

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

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

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

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

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

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

I.2.3. The bonds portfolio

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

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

I.2.4. Monetary market products portfolio

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

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

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

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

II. Realization of non-financial objectives

II.1. Status of litigations

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

I. Litigations in which SIF Moldova is a PLAINTIFF:

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

Litigations in this category are classified thus:

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

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

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

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

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

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

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

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

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

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

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

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

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

II. Litigations in which FIC MOLDOVA is a defendant:

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

Litigations in this category are classified thus:

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

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

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

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



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

II.2. Relations with shareholders and capital market institutions

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

In relations with shareholders, SIF Moldova permanently aims at:

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

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

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

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

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

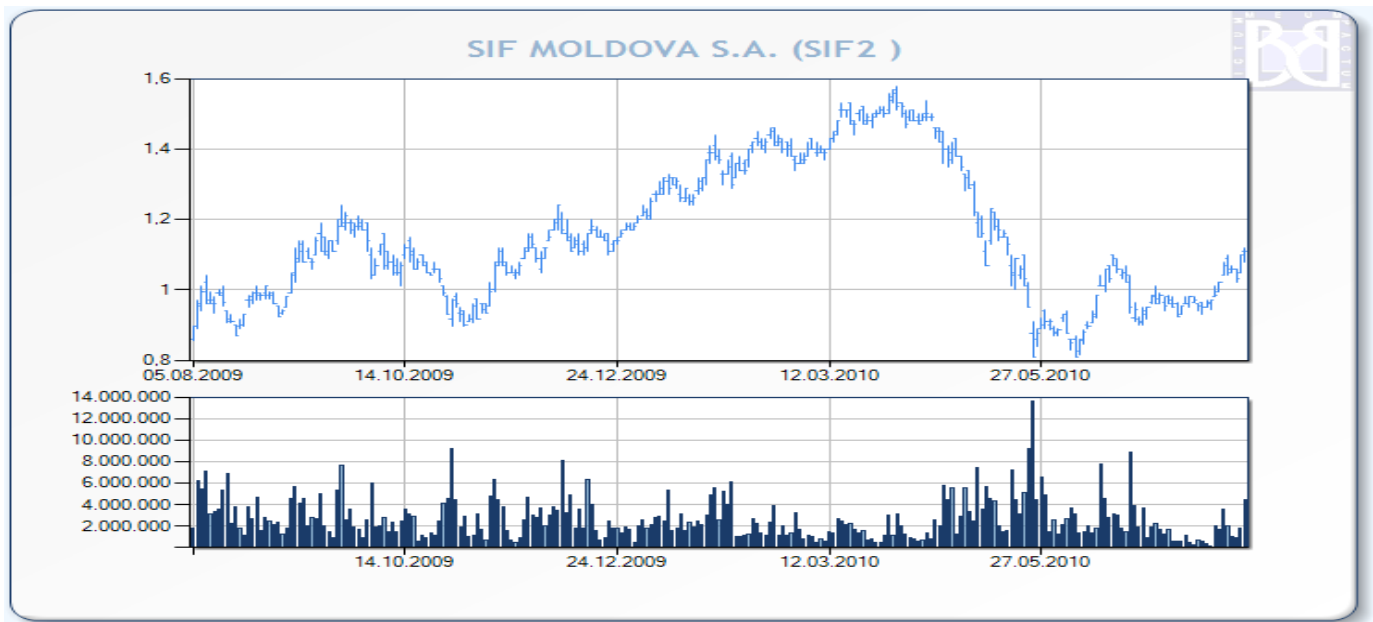
a. *In relation to capital market institutions*

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

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

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

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



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

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

II.4. The internal auditing and control activity

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

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

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

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

- ➔ Controls regarding compliance with:



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

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

III. Important events

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

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

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

IV. Annexes:

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



President General Manager
Costel CEOCEA

Financial Manager
Liana MARIN

Internal Control
Nicolae RADULESCU