
Societatea de Investitii Financiare Moldova

Quarterly report according to: **Law 297/2004, CNVM Regulations no. 1/2006 and 15/2004**

Date of report: **September 30, 2010**

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General information

Name of issuing company:	<i>Societatea de Investitii Financiare Moldova</i>
Date of incorporation	<i>1992</i>
Company head office:	<i>Bacau, str.Pictor Aman nr. 94 C, post code 600164</i>
Telephone/Fax no:	<i>0234 576 740; 0234 570 062</i>
Web/e-mail:	<i>www.sifm.ro; sifm@sifm.ro</i>
Unique registration number in the Trade Register:	<i>RO 2816642</i>
Incorporation Number in the Trade Register:	<i>J04/2400/1992</i>
CNVM Register No.:	<i>PJR09SIIR/040001/14.12.2005</i>
Subscribed and paid-in share capital:	<i>51.908.958,8 RON</i>
Shareholding structure:	<i>100% private</i>
Free float:	<i>100%</i>
Regulated market trading issued securities:	<i>Bursa de Valori Bucuresti – Categoria I: SIF 2; ISIN: ROSIFBANORO</i>
Board of Directors:	
President General Manager	<i>Costel CEOCEA</i>
Vicepresident Assistant General Manager	<i>Claudiu Liviu DOROS</i>
Directors (non-executive)	<i>Elena ANDREI Emilian BADICA Dumitru BONTAS Alexandru MATEI Iosefina MOROSAN</i>
Book-keeping of shares and shareholders:	<i>Depozitarul Central SA</i>
Asset depository services:	<i>Banca Romana pentru Dezvoltare - GSG SA Bucuresti</i>
Financial Auditor:	<i>Deloitte Audit SRL Bucuresti</i>



RESPONSABILITY
PROFESSIONALISM
INTELLIGENCE
DIVERSITY
OPTIMISM
COURAGE

I. Achievement of the financial objectives

In accordance with the statement of principles regarding the investment policy - as part of a flexible and dynamic strategy launched in 2007 - and in accordance with the activity program approved by the General Meeting of Shareholders of Apr 30, 2010, SIF Moldova elaborated and implemented, in the given market conditions, an investment / disinvestment policy focused in the following directions:

INCREASING THE VALUE OF ASSETS

- The sale of investments in the historical portfolio (with closed companies as a priority);
- Allocation of resources on the capital market with a view to increasing the liquidity of the portfolio;
- Accelerating the assets turnover (speculative operations).

OPTIMIZING THE STRUCTURE OF ASSETS

- Decreasing the weight of the banking sector in the total portfolio
- Increasing the weight of the energy and utilities sector - (TRANSGAZ, CEZ, FONDUL PROPRIETATEA);
- Investment in issuers whose field of activity is related to the development of the capital market (BVB, Sibex, Depozitarul Central);
- Diversification of assets (bonds, fund units, structured products, derivatives);
- Diversification of the internal and external markets targeted.

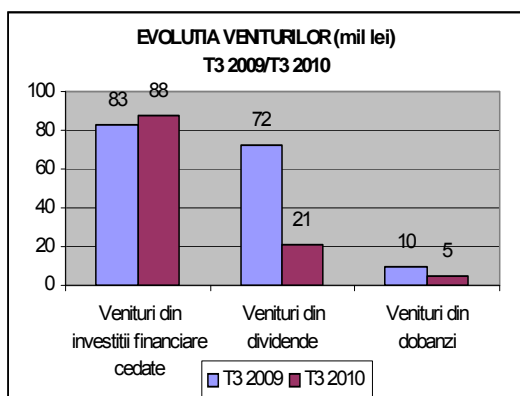
MANAGEMENT OF LIQUIDITIES

- Allocation of resources for the achievement of investment objectives
- Allocation of resources for the payment of dividends towards shareholders
- Optimization of cash flows

Dynamics of results as well as the degree of fulfilment of objectives for the year 2010 are presented in the following table:

(million RON)

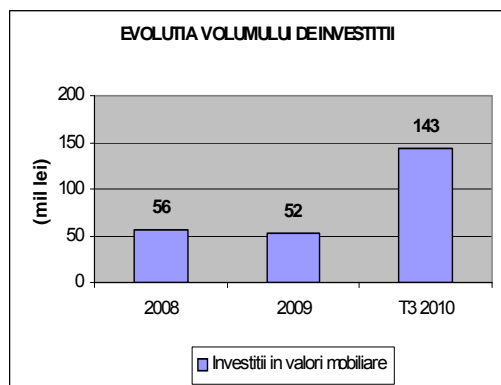
Indicator	2008	Q3 2009	2009	Q1 2010	H1 2010	Q3 2010	Forecast ed for 2010	% realized for 2010
Net profits	94	107	101	11	57	94	55	171
Revenue from ceded financial investments	51	83	97	16	56	88	104	85
Revenue from dividends due to SIF Moldova	46	72	72	0	12	21	8	263
Revenue from interest	5	10	13	2	4	5	5	100
Investitii in valori mobiliare	56	20	52	20	89	143	140	102



The forecasts from the moment of drafting the activity program for 2010 were confirmed, so that the contribution of revenue from dividends and interest was considerably reduced in 2010 compared to previous years.

In this context and contrary to the difficult market conditions, the figures presented confirm the fact that

SIF Moldova exceeds at the end of the 3rd quarter of 2010 all budgeted indicators, specifying that revenues were generated mainly by trading operations.



Simultaneously, we must concede that the investment program, set at the most ambitious level in the history of SIF Moldova, was exceeded – the main source of financing being the revenue generated by trading operations.

The portfolio structure optimization process was a dynamic and consistent one, in terms of the volume of investments as well as of the diversification of investment targets, exploiting to a high degree the opportunities offered by internal and external markets.

I.1. Presentation of the economic and financial situation

Financial statements as of September 30, 2010 are drafted and presented in compliance with Accounting Law no. 82 / 1991 – republished, Accounting Regulations harmonized with European Economic Community 4th Directive applicable to institutions regulated and supervised by the National Securities Commission („NSC” / „CNVM”), approved by CNVM President Order no. 75 / Dec 16, 2005 and CNVM Order no. 11 / 2009 „regarding the modification and updating of Order no. 75 / 2005”. The statements are expressed in RON.

These financial statements are not audited, considering that the regulations do not require auditing quarterly statements.

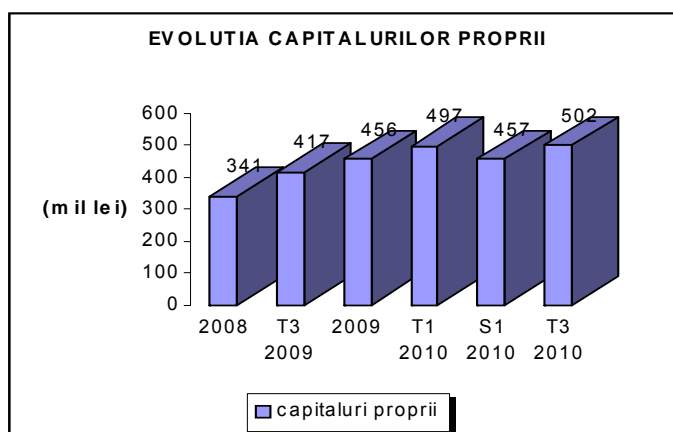
I.1.1. Balance sheet

Items	(RON)						
	2008	Q3 2009	2009	Q1 2010	H1 2010	Q3 2010	% Q3 2010
securities	321,161,220	296,020,207	349,068,806	403,323,082	398,432,368	454,849,133	79
other non-current assets	18,908,305	18,921,898	18,788,533	18,681,448	18,572,451	18,894,454	3
receivables	60,562,312	160,443,188	138,923,912	117,755,864	114,189,015	89,258,880	15
current financial assets	776,581	1,954,310	10,712,458	16,825,665	11,588,342	13,771,623	2
other current assets	935,812	146,956	319,117	1,140,984	913,638	600,869	1
Total assets	402,344,230	477,486,559	517,812,826	557,727,043	543,695,814	577,374,959	100
current liabilities	19,252,348	23,847,348	17,724,478	17,118,787	43,623,801	32,270,777	6
provisions	42,432,257	36,945,018	44,071,216	43,973,169	43,120,574	42,799,061	7
Shareholders equity	340,659,625	416,694,193	456,017,132	496,635,087	456,951,439	502,305,121	87
Total liabilities	402,344,230	477,486,559	517,812,826	557,727,043	543,695,814	577,374,959	100

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

- The greatest weight in the total assets is held by *securities* - 79%. Securities are recorded at historical cost, less adjustments for devaluation set for September 30;

- The *other non-current assets* category - 3% of the total assets, comprises tangible and intangible non-current assets held by the Company;
- The *receivables* category - 15% of the total assets, consists 84% of monetary investments in bank deposits and government securities, with associated interest calculated up to September 30, 2010.
- *Current financial investments* - 2% of the total assets, include securities of UCITS / non UCITS.
- The Company's *current liabilities* - 6% of the total liabilities, consist 72% of dividends payable towards the Company's shareholders.
- *Provisions* - 788% 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 87% of the total liabilities. The value of the owners' equity as of September 30, 2010 recorded a 10% increase compared to December 31st, 2009.



The shareholders equity

I.1.2. Income statement

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

Indicators	2008	Q3 2009	2009	Q1 2010	H1 2010	Q3 2010	% Q3 2010
revenue from non-current financial assets	46,282,258	71,995,689	72,017,626	-	12,065,437	21,306,895	15
revenue from ceded financial investments	51,135,627	82,887,738	96,631,878	16,464,735	56,246,186	88,025,133	60
revenue from interest	4,938,017	9,572,201	12,721,785	2,305,314	3,860,178	5,451,264	4
revenue from provisions, receivables	36,060,918	7,999,270	7,986,213	674,635	12,068,519	20,836,853	14
other revenue	2,846,971	2,274,199	3,059,365	1,038,592	10,141,558	10,957,474	7
Total revenue	141,263,791	174,729,097	192,416,867	20,483,276	94,381,878	146,577,619	100
expenses related to ceded financial investments	15,872,442	25,855,091	38,096,855	2,462,884	7,735,557	13,775,668	35
depreciations, provisions	7,520,286	22,998,326	30,675,053	480,889	5,163,195	5,491,499	14
other expenses with operations	16,599,725	10,032,829	12,699,010	2,608,170	12,375,777	15,167,322	38
expenses with commissions	2,479,020	1,319,227	1,990,194	468,824	1,178,615	1,827,290	4
other expenses, of which:	483,224	805,384	609,059	1,952,612	1,987,143	3,633,792	9
exchange rate differences	445,156	-	560,648	1,945,287	1,963,512	3,602,555	
Total expenses	42,954,697	61,010,857	84,070,171	7,973,379	28,440,287	39,895,571	100

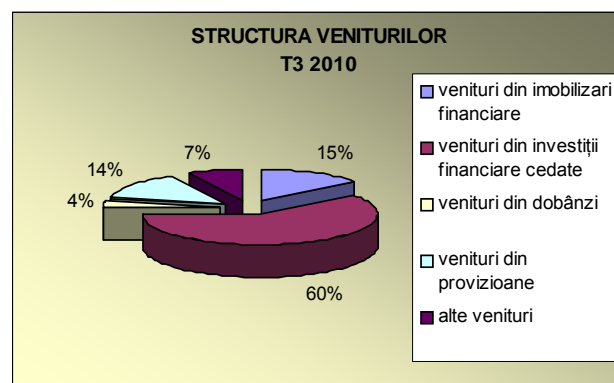
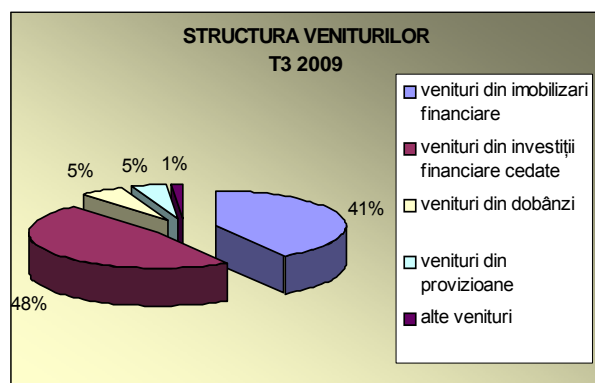
Gross margin	98,309,094	113,718,240	108,346,696	12,509,897	65,941,591	106,682,048
profit tax	4,376,436	6,778,357	7,013,872	1,959,300	8,701,751	12,405,903
Net profit	93,932,658	106,939,883	101,332,824	10,550,597	57,239,840	94,276,145

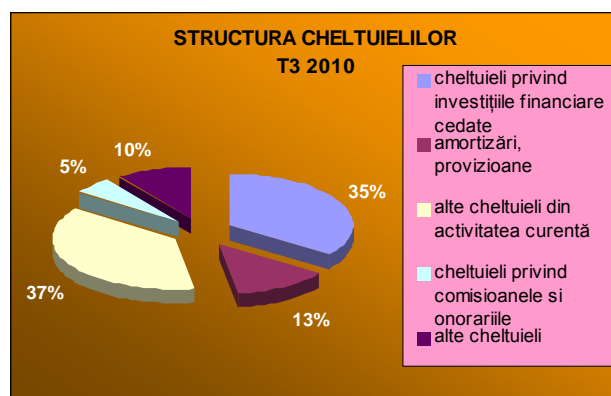
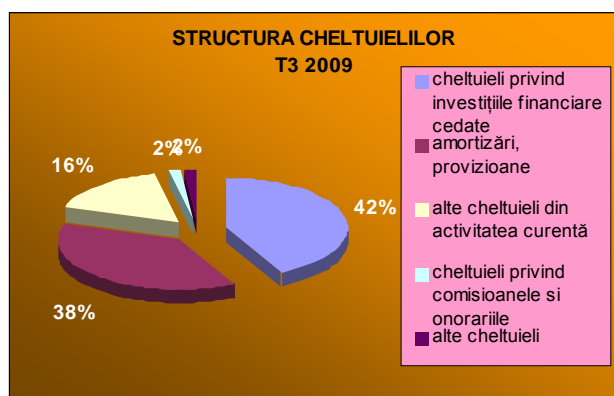
Total revenue - decreased by 16% compared to the same period of the previous fiscal year.

- **Revenue from ceded financial investments** - presents a 6% increase compared to the corresponding period of the previous fiscal year and represents 60% of the total revenue realized in the first three quarters of 2010.
- **Revenue from financial non-current assets** - recorded a 70% 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 15% of the total revenue realized in the first three quarters of 2010.
- **Revenue from provisions, reactivated receivables** - recorded a 160% increase and represents 14% of the total revenue realized in the first three quarters of 2010.
- **Revenue from interest** - recorded a 43% decrease - as a consequence of the decrease in interest rates on monetary investments. The annualized rate of return realized in the first three quarters of 2010 is 9,10% for investments in RON and 4,42% for investments in foreign currency. Revenue from interest represents 4% of the total revenue realized up to September 30, 2010.
- **Other revenue** - consists 34% of exchange rate differences and represents 7% of the total revenue realized up to September 30, 2010.

Total expenses - decreased by 35% compared to the corresponding period of the previous fiscal year. Expenses with a significant weight in the total recorded as of September 30, 2010 are:

- **Expenses with ceded financial investments** - recorded a 47% decrease compared to corresponding period of the previous fiscal year and represent 35% of the total expenses realized as of September 30, 2010
- **Expenses with depreciations, provisions, losses from reactivated receivables and various debtors** - recorded a 76% decrease compared to the corresponding period of the previous fiscal year and represent 14% of the total expenses realized as of September 30, 2010.
- **Other expenses with operations** - recorded a 51% increase compared to the corresponding period of the previous fiscal year and represent 38% of the total expenses realized as of September 30, 2010. This category of expenses mainly includes administrative expenses.





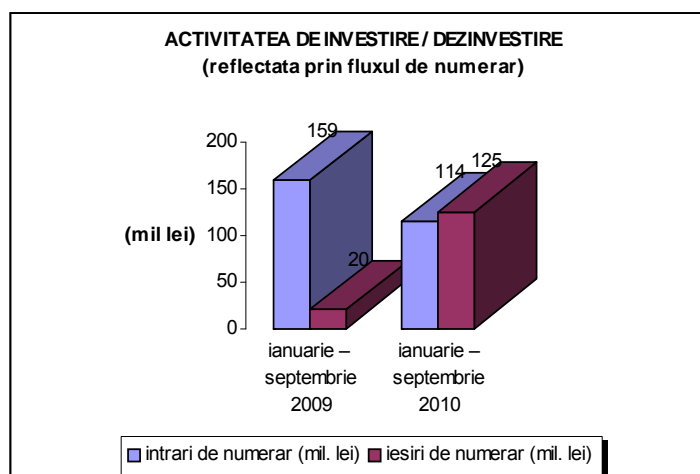
1.1.3. Economic and financial indicators

	2008	Q3 2009	2009	Q1 2010	H1 2010	Q3 2010
Liquidity indicators						
Current ratio	3,23	6,82	8,45	7,87	2,90	3,20
Quick ratio	3,23	6,82	8,45	7,87	2,90	3,20
Activity indicators						
Non-current assets turnover	0,42	0,55	0,52	0,05	0,23	0,31
Total assets turnover	0,36	0,37	0,37	0,04	0,17	0,25
Trade receivables turnover (days)	30	20	28	26	14	23
Profitability indicators						
Profitability of working capital (%)	28,86	27,29	23,76	2,52	14,43	21,24
Earnings per common share (RON per share)	0,1810	0,2060	0,1952	0,0203	0,1103	0,1816

I.1.4. Cash flows

The cash flows are calculated by the direct method.

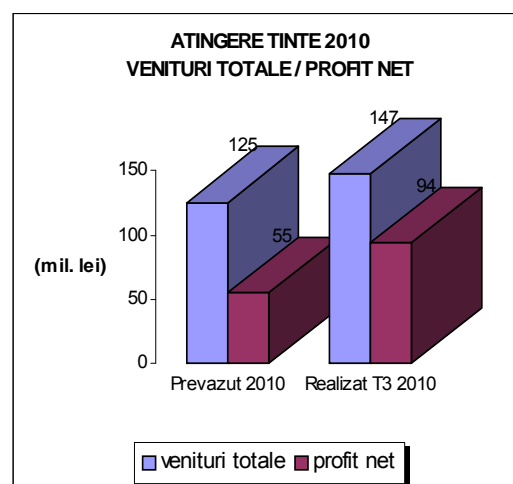
Explanation / period	(RON)	
	January - September 2009	January - September 2010
cash at beginning of period	42,784,466	124,948,835
A. operations	-14,088,137	-16,228,653
cash inflows	2,772,958	9,948,788
cash outflows	16,861,095	26,177,441
B. investment activity	138,773,834	-11,516,967
cash inflows, of which:	159,143,215	113,906,958
interest	8,668,087	8,294,986
dividends	71,462,367	11,527,811
sale of shares	78,912,245	90,967,293
cash outflow, of which:	20,369,381	125,423,925
purchase of shares, securities	19,514,617	121,920,547
C. financing activity	-15,214,008	-21,996,441
cash inflows	1,304,465	17,007
cash outflows (dividends)	16,518,473	22,013,448
total cash flow	109,471,689	-49,742,061
cash at end of period	152,256,155	75,206,774



Cash as of September 30, 2010 presents a 51% decrease compared to the corresponding period of the previous fiscal year, mainly influenced by the increase in investments in financial instruments.

I.1.5. Degree of achievement of the Revenue and Expenses Budget

Indicators	(RON)		
	Target for 2010	Realized as of Q3 2010	% Realized as of Q3 2010
total revenue, of which:	125,344,528	146,577,619	117
financial revenue	117,000,000	132,309,144	113
revenue from operations	8,344,528	14,268,475	171
total expenses, of which:	60,840,916	39,895,571	66
financial expenses	33,555,000	22,495,735	67
expenses with operations	27,285,916	17,399,836	64
gross margin	64,503,612	106,682,047	165
profit tax	9,695,612	12,405,903	128
net profit	54,808,000	94,276,145	172

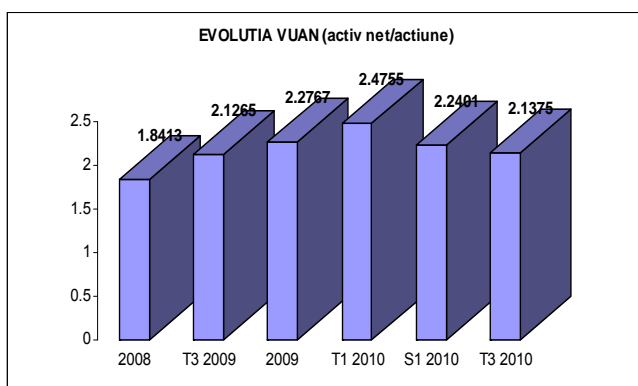
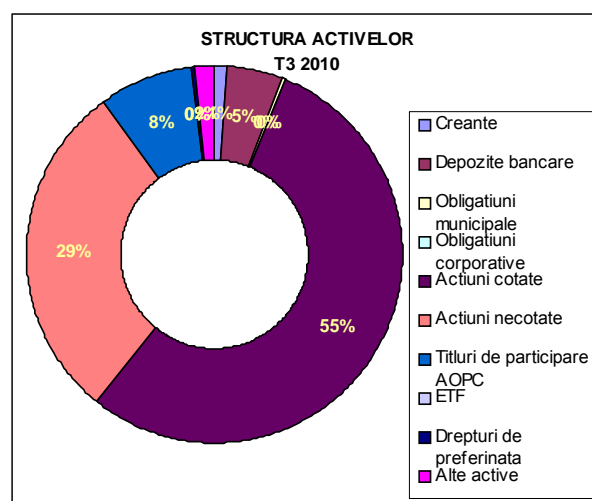
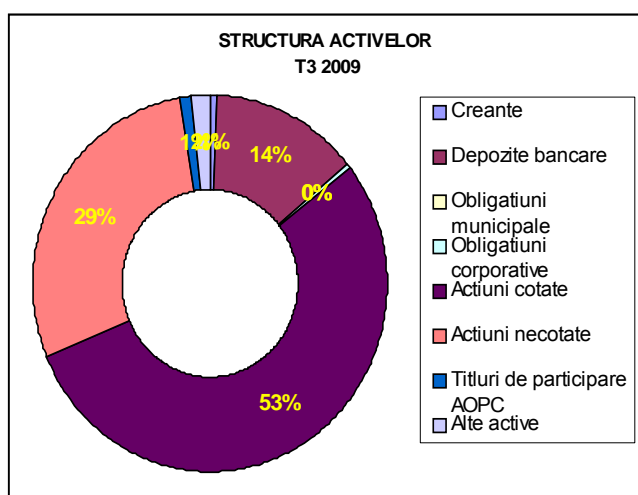


I.1.6. Net assets

SIF Moldova's net assets, calculated based on CNVM Regulation no. 15 / 2004, have decreased by 6% compared to the beginning of the year 2010 and increased by 1% compared to the corresponding period of the previous year.

In the structure of assets managed as of September 30, 2010, listed shares represent a 54% percentage, followed by unlisted shares, with a 29% percentage. Investments in bank deposits and government securities represent 7% of the total assets managed.

SIF Moldova PORTFOLIO	2008	Q3 2009	2009	Q1 2010	H1 2010	Q3 2010	% Variation Q3 2010/ Q3 2009
Government securities	1,320,330	-	-	-	22,854,969	22,552,659	
Liquidities	915,261	321,789	329,566	231,791	471,693	373,241	16
Receivables	18,309,294	6,890,135	10,896,275	950,666	3,621,111	13,849,797	101
Bank deposits	40,925,801	153,424,951	127,847,158	116,600,984	85,161,229	52,669,830	-66
Municipal bonds	723,155	596,259	811,187	678,374	686,806	536,304	-10
Corporate bonds	-	1,147,818	957,560	1,082,521	1,019,973	1,018,416	-11
Listed stock	436,974,232	610,757,097	698,534,990	799,042,390	676,598,406	611,567,252	0
Unlisted stock non UCITS securities	454,838,651	324,692,209	326,553,139	342,512,855	373,218,089	328,550,766	1
ETF	1,680,650	10,799,913	14,724,614	21,489,212	24,001,995	88,006,525	715
Options						1,457,739	
Other assets	19,361,672	19,222,131	18,907,229	19,572,110	18,793,765	19,306,496	0
Total assets	975,049,046	1,127,852,302	1,199,561,718	1,302,160,903	1,206,428,036	1,141,826,477	1
Total liabilities	19,252,348	23,847,348	17,724,478	17,118,788	43,623,801	32,270,777	35
Net assets	955,785,906	1,103,840,856	1,181,826,860	1,285,031,848	1,162,794,080	1,109,545,658	1
BVS (book value of shares)	1.8413	2.1265	2.2767	2.4755	2.2401	2.1375	



As of September 30, 2010, the book value of shares (BVS) recorded the value of 2,1375 RON / share, increasing by 1% compared to the value reported for September 30, 2009 (2.1265 RON / share) and decreasing by 6% compared to the value reported for December 31, 2009 (2,2767 RON / share).

I.1.7. Risk management. Compliance of the portfolio with ownership limits.

I.1.7.1 Risk management.

The Company's management 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, to obtain 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:

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;
- short-term tactical allocation, involves short term variations of the market, combining SIF Moldova expectations by 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.

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.

Currency risk - Most of the Company's financial assets and liabilities are expressed in national 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.

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.

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.

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.

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.

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.

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 last inspection by the Ministry of Public Finance that SIF was subjected to covered the period up to September 30, 2004.

Starting with August 2010, SIF Moldova is subjected to background checking by the Ministry of Public Finance for the January 1, 2005 – December 31, 2009 period and as a consequence, liabilities may be influenced by the results of the inspection.

I.1.7.2. Compliance of the portfolio with ownership limitations

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

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 -%-
A. Shares held in closed issuers*	98,146,192	8.60	8.85
B. Bank deposits	52,669,830	4.61	4.75
C. Municipal bonds	201,665	0.02	0.02
TOTAL	151,017,687	13.23	13.62

* 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 38,66 % .

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 September 30, 2010, the 10% level provided is exceeded in the BRD Bucuresti holding (28,189 %) 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)".

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	73,569,255	6.44	6.63
• Banca Transilvania bank deposits	29,907,688	2.62	2.70
• Banca Transilvania options	1,688,756	0.15	0.15
• BT Clasic securities	1,143,498	0.10	0.10
• BT Invest 1 securities	985,069	0.09	0.09
• BT Maxim securities	1,578,000	0.14	0.14
GROUP TOTAL	108,872,266	9.53	9.81
The BRD-GSG group, of which :			
• BRD – GSG shares	321,869,953	28.19	29.01
• BRD bank deposits	8,621,612	0.76	0.78
• ETF LYXOR ETF MSCI LATIN AMERICA	487,152	0.04	0.04
• ETF LYXOR ETF RUSSIA	171,103	0.01	0.02
• BRD Concerto securities	1,102,383	0.10	0.10
GROUP TOTAL	332,252,202	29.10	29.94
The ERSTE BANK - BCR group, of which :			
• BCR shares	290,423,212	25.43	26.17
• Erste Bank shares	1,257,942	0.11	0.11
	11,442,561	1.00	1.03

• BCR bank deposits	5,408,980	0.47	0.49
• BCR Obligatiuni securities	6,342,102	0.56	0.57
• ESPA BOND DANUBIA securities			
GROUP TOTAL	314,874,797	27.58	28.38
The OTP group, of which:			
• OTP Green Energy securities	635,969	0.06	0.06
• OTP Wise RO securities	594,321	0.05	0.05
GROUP TOTAL	1,230,290	0.11	0.11

- **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 0,91% from 29,10%.**
- **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 2,14% from 27,58%. .**

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

The weight of current accounts and cash - allowed limit: 10% of the total assets. In the net assets as of September 30, 2010, the value of current accounts and cash is 197.568 RON, representing 0,02% of the value of the assets.

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

Total holdings in bank deposits amount to 52.669.830 RON, representing 4,61% of the assets value.

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

The value of the margin of derivative financial instruments = 0 RON, for net assets worth 1.109.545.658 RON.

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- -lei-	Weight in total assets -%- -%-	Weight in net assets -%- -%-
AI Properties	2,090,883	0.18	0.19
BT Invest 1	985,069	0.09	0.09
Fondul Oamenilor de Afaceri	4,980	0.00	0.00
OTP Green Energy	635,969	0.06	0.06
OTP WiseRO	594,321	0.05	0.05
STK Emergent	284,292	0.02	0.03
iFOND Financial Romania	1,774,027	0.16	0.16
TOTAL non UCITS	6,369,541	0.56	0.58

I.1.8. Account consolidation

In accordance with the provisions of Accounting Law no. 82 / 1991 with subsequent amendments and additions and Decision no. 2492 / 2007 - issued by the National Securities Commission (CNVM), the Moldova Financial Investment Company has to draft Consolidated Financial Statements, in accordance with the International Financial Reporting Standards (IFRS).

Starting from 2008, SIF Moldova, together with the other financial investment companies, has been in communication with the National Securities Commission – a regulatory organ for the capital market, informing it on the difficulties encountered with obtaining the necessary information for drafting the consolidated financial statements as well as on the associated costs.

The efforts of SIF Moldova and the other Financial Investment Companies continued to point out that main aspect such as the ration between the costs of drafting these statements and the benefits obtained through their use; the absence of a gradual program to implement IFRS in Romania have not been established and analyzed.

In the context of the legal framework not having been improved as of the date of reporting (August 2010), the Board of Directors has mandated the drafting of Financial Statements compliant with the procedures provided in the regulations approved for Consolidated Financial Statements for the 2009 fiscal year, in an effort to provide possible users a minimum of information and to show the availability for drafting these documents, in the following conditions:

- drafting the SIF Moldova balance sheet and income statement in compliance with the IFRS;
- the type of consolidation – by the summation of balances
- consolidation technique: by level – involving the consolidation of each company by the company holding its securities;
- the method of consolidation: decentralized – each company in the perimeter to consolidate reevaluates its individual accounts, taking into consideration the presentation and evaluation rules used by the group;
- drafting the consolidated balance and income statement;
- not auditing these statements

Taking into account the context in which the efforts to draft the consolidated financial statements were undertaken:

- the consolidation perimeter: consisted of 46 companies (December 31, 2007) and 44 companies (December 31, 2008) – after eliminating companies subjected to severe long-term restrictions;
- companies that transmitted financial statements drafted in accordance with IFRS were: 3 branch offices and a company that was consolidated through the equivalence method;
- the absence of a coherent organization at the national level for the application of the IFRS;
- the absence of a legal framework that would coordinate the obligation of the owner company and of companies belonging to the group through their shareholding structure to draft financial statements in compliance with IFRS;
- the high costs implied by drafting these statements, including the training of staff, the evaluation of assets, independent external auditing.

The Board of Directors considered the consolidation efforts as an exercise and expressed its total disagreement that the statements presented in August 2010 represent a precise image of the Group, declaring that these statements are not meant as a support for taking decisions by its potential users. The Board of Directors' Report on the Consolidated Financial Statements for 2009 was the subject of a press release issued to the market on Aug 25, 2010.

I.2. Asset portfolio management

I.2.1. Share portfolio

The share portfolio represents 83 % of the total assets managed and calculated at market value.

The main investments carried out in the first nine months of 2010 were focused on shares in listed and liquid issuers in the financial and banking sector (BRD – SG; Banca Transilvania Erste Bank), on shares in the energy and related fields (Transgaz, Armax Gaz, Condmag), as well as in shares in the capital market institutions (Sibex, BVB).

125 mil. RON
invested in shares,
representing 87%
of the total 143
mil. RON invested
in securities in
2010

In the investment strategy in this year, the accumulation of new stock belonging to the Property Fund was included, in view of the imminent listing of the latter on the BVB as well as of exploiting the opportunity of receiving dividends. The target of the acquisition program was reaching a share of 1% of its share capital, the amount invested (47,7 mil. RON) representing 38% of the total amounts invested in shares up to this date.

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, Rompetrol Rafinare, Renav, Commet, Tauron Polska) 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 first nine months 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), the Czech Republic (Prague Stock Exchange) – Cez (the energy sector), respectively Canada (the Toronto Stock Market) – Gabriel Resources (the mining – gold deposits field).

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

As of September 30, 2010, the portfolio comprises investments in 228 companies (Dec 31, 2009 - 229 companies), decreasing by 0,9% compared to September 30, 2009 when 230 issuers were in the share portfolio. 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.

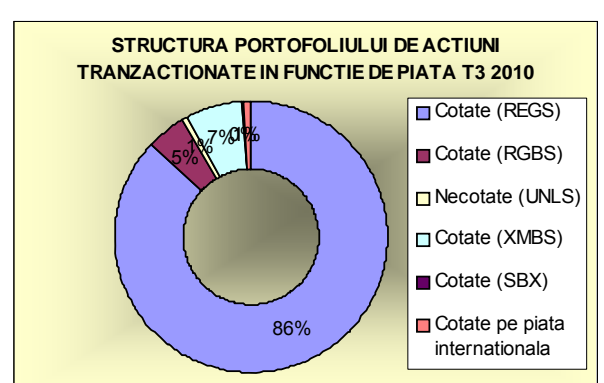
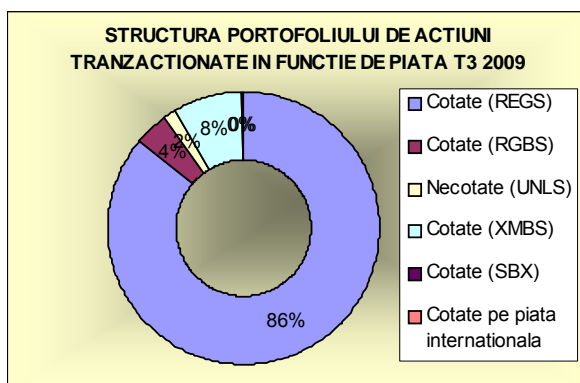
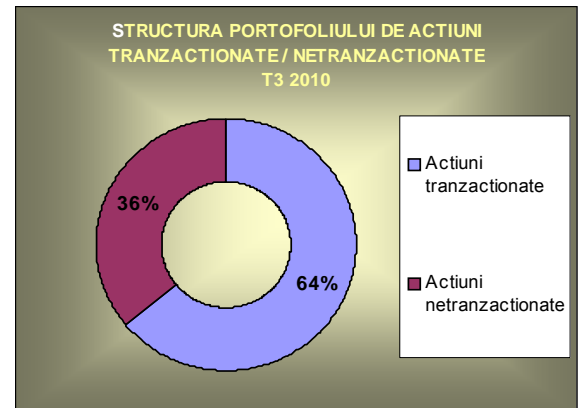
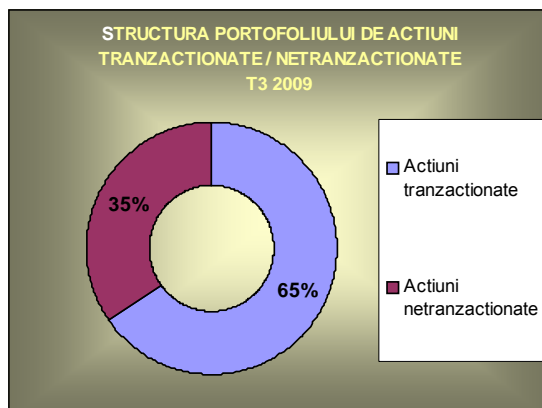
I.2.1.2 Evolution of the share portfolio according to trading market

(thousand RON)

Share portfolio structure	Total market value* of the package						% Variation Q3 2010/Q3 2009
	2008	Q3 2009	2009	Q1 2010	H1 2010	Q3 2010	
Traded stock, of which:	436.974	610.757	686.935	784.071	666.692	602.498	-1
Listed (REGS)	360.508	526.473	602.702	691.384	580.599	523.337	-1
Listed (RGSB)	27.858	23.545	25.580	30.921	28.450	28.283	20
Unlisted (UNLS)	8.914	9.316	7.489	9.513	6.132	4.615	-50
Listed (XMBS)	38.956	50.096	49.591	44.968	43.217	39.806	-21
Listed (SBX)					1.782	1.451	
Listed on the international market		1.326	1.573	3.728	3.052	5.006	278
Not traded stock, of which:	454.839	324.692	338.153	357.484	383.124	337.620	4
Closed companies	370.019	310.407	326.553	342.513	373.218	328.551	6
Listed, not traded in last 90 days companies	84.820	14.285	11.600	14.971	9.906	9.069	-37
Not traded stock, of which:	891.813	935.449	1.025.088	1.141.555	1.049.816	940.118	0

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

- The market value of traded shares decreased by 1% compared to the 3rd Quarter of 2009. The market value of non-traded shares increased in the same period by approximately 4% - mainly as a result of participating in the share capital increases conducted in the reporting period.
- The market value of shares listed on foreign markets increased by approximately 278% compared to the 3rd quarter of 2009, as a consequence of the increase in the number of issuers / securities subjected to acquisition, of the increase in prices and the variation of exchange rates.



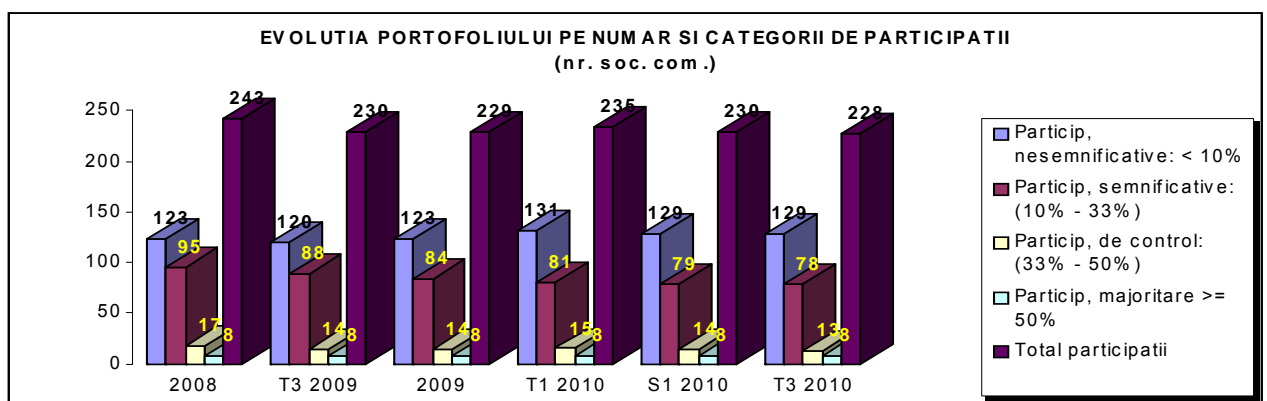
1.2.1.3 Structure and evolution of the portfolio by the weight of share held in the issuer registered capital

(thousand RON)

SIF Moldova investments according to % held in the registered capital of issuers in the portfolio	2008		Q3 2009		2009		Q1 2010		H1 2010		Q3 2010		
	No. of Co.	Market Value	No. of Co.	Market Value	No. of Co.	Market Value	No. of Co.	Market Value	No. of Co.	Market Value	No. of Co.	Market Value	%
Insignificant shares: < 10%	123	784.342	120	805.702	123	889.868	131	1.007.505	129	920.929	129	816.902	101
Significant shares: (10% - 33%)	95	66.477	88	83.292	84	80.358	81	86.313	79	87.612	78	79.126	95
Control shares: (33% - 50%)	17	5.137	14	4.889	14	3.804	15	3.857	14	5.320	13	5.105	4
Majority shares >= 50%	8	35.857	8	41.567	8	41.068	8	43.880	8	35.956	8	38.985	94
Total shares	243	891.813	230	935.449	229	1.015.098	235	1.141.555	230	1.049.816	228	940.118	100

Analyzing the structure of the portfolio, the following observations can be made:

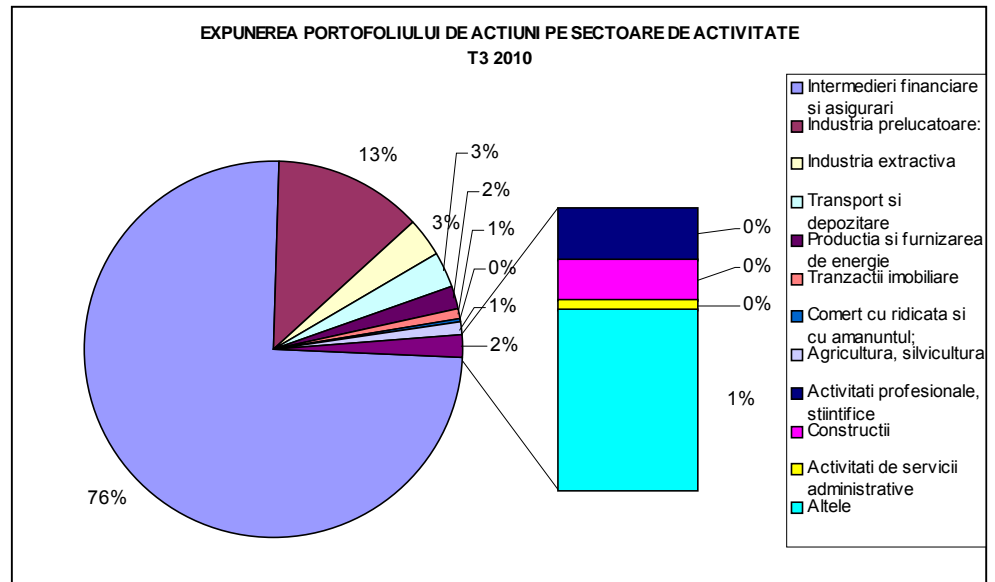
- The market value of the portfolio increased in absolute value by 4,7 mil. RON compared to the 3rd Quarter of 2009, as a result of operations aimed at: partial or total sales / acquisitions, variation in the price of shares, share capital increases (cash / free of charge), write-offs, variation in exchange rates;
- The number of insignificant shares increased by nine issuers and the market value of this category increased by 1% compared to the 3rd quarter of 2009;
- Significant shares decreased by 10 issuers, mainly as a consequence of the write-off of eight issuers, of the total sale of some investments, the acquisition of new shares and the transfer of existing issuers in other categories of holdings as a consequence of changes in the shareholding structure;
- The number of control investments decreased by 1 as a consequence of the write-off of a company;
- Majority investments in the share portfolio remained at the level of eight issuers, their market value decreasing compared to the 3rd quarter of 2009 by approximately 2,6 mil. RON as a consequence of the decrease in trading prices and of the decrease in equity in investments whose shares are not admitted for trading.



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

Field	No. of issuers							Market value (thousand RON)						
	2008	Q3 2009	2009	Q1 2010	S1 2010	T3 2010	% T3 2010	2008	Q3 2009	2009	T1 2010	S1 2010	T3 2010	% T3 2010
Financial services and insurance, of which:	16	17	17	17	17	16	7	706.460	718.656	810.231	895.650	803.448	701.287	76
Banking	9	8	8	8	8	8		702.749	713.411	793.483	876.849	762.252	692.353	
Others	7	9	9	9	9	8		3.712	5.245	16.748	18.801	41.196	8.935	
Industry, of which:	117	113	113	115	112	111	49	116.288	135.953	124.211	142.478	126.972	120.826	13
Food industry	21	19	19	20	20	20		5.248	6.148	6.033	5.984	5.655	5.244	
Textiles and footwear	35	34	33	33	30	30		32.548	37.315	33.510	28.632	21.322	27.373	
Chemicals	5	6	6	8	6	7		599	4.382	865	4.808	6.372	4.794	
Pharmaceuticals	3	3	3	3	3	3		13.090	29.519	28.281	30.098	25.937	25.403	
Construction materials	7	7	8	8	8	8		13.256	11.332	11.138	10.088	9.871	9.710	
Metallurgy	10	10	10	10	10	9		11.657	11.794	11.724	17.183	13.042	12.199	
Machinery manufacture	12	12	12	12	12	11		21.666	22.754	18.653	27.383	22.510	14.392	
Vehicle manufacture	10	8	8	8	8	8		15.812	10.386	11.068	13.940	17.473	15.989	
Others	14	14	14	13	15	15		2.412	2.323	2.939	4.361	4.791	5.721	
Mining industry	3	4	4	4	4	5	2	19.142	24.692	25.305	28.251	30.452	31.972	3
Transport and storage	9	8	9	10	10	9	4	13.402	16.289	19.060	24.015	27.017	29.427	3
Energy production and supply	1	1	1	1	2	2	1	9.861	9.649	9.195	12.764	16.881	16.196	2
Real estate transactions	6	6	6	6	6	5	2	6.025	7.601	11.840	7.672	10.965	7.867	1
Commerce	13	13	13	13	14	15	7	6.220	5.674	5.903	4.745	4.973	4.657	0
Agriculture, forestry and fishing	46	40	39	39	38	38	17	4.748	4.447	4.751	4.677	10.755	10.531	1
Scientific and professional activities	4	3	3	4	4	4	2	2.577	1.995	2.079	2.996	2.940	3.264	0
Construction	18	15	14	15	13	13	6	1.612	1.592	2.386	3.025	3.023	2.468	0
Services	1	1	1	1	1	1	0	502	580	580	580	573	573	0
Water distribution, garbage disposal	3	3	3	3	3	3	1	0	0	0	0	0	0	0
Others	6	6	6	6	6	6	2	4.975	8.320	9.548	13.258	11.818	11.049	1
Total	243	230	229	234	230	228	100	891.813	935.449	1.025.088	1.141.555	1.049.816	940.118	100

- The financial, banking and insurance sector holds the largest weight in the portfolio, with a weight in the market value of 76%, decreasing by 2% compared to the 3rd quarter of 2009
- The analysis of the market value of the portfolio reveals an increasing majority trend. The decrease in market value of the banking sector, a representative one for the share portfolio, is due to the sales undertaken in the reporting period.
- The total market value increased by 0,5% compared to the similar period of the preceding year.



I.2.2. The UCITS / non-UCITS securities portfolio

I.2.2.1 Fund units

16,5 mil. RON
invested in fund
units,
representing
12% of the total
143 mil. RON
invested in
securities in
2010

As of September 30, 2010, the securities portfolio represents approximately 8% of the total assets managed.

The fund units purchased in the reporting period were issued by FDI BCR Obligatiuni, FDI Napoca, FDI Transilvania, FDI Omnitrust, iFond Financial, OTP Green Energy, OTPWise, Espa Bond, STK, Aviva. We specify that from the total amounts invested in fund units, 36% (approximately 1,5 mil. EUR) were allocated for the ESPA BOND mutual fund (Vienna). In the same period, fund unit sales operations generated cash inflows amounting to 4,9 mil. RON with a 0,3 mil. RON profit.

1,5 mil lei
investite in ETF- uri,
reprezentand
1%
din totalul de **143**
mil lei investite in
valori mobiliare in
2010

I.2.2.2 The Exchange Traded Fund (ETF) type product portfolio

In accordance with the investment policy that provides for the diversification of the investment spectrum, SIF Moldova has elaborated and implemented investment strategies aimed at ETF-type financial products, thus exploiting the advantages offered by their characteristics (that are mainly related to: cost, means of trading, structure, exposure that is diversified into several markets and sectors).

- In September 2010, ETFs were acquired with an 1,5 mil. RON investment effort – included in a « core-satellite » trading strategy, aiming at obtaining profit in relatively controlled risk conditions. Exposures were aimed at emerging markets and varied sectors (for example gold, utilities).

I.2.3. The pre-emption rights portfolio

In the reporting period, pre-emption rights were traded for two issuers: Imotrust (sale of ARCVRO1 rights) and Sibex (acquisition of SBXR01 rights).

I.2.4. The bonds portfolio

As of September 30, 2010, the bonds portfolio (municipal and corporate) represents 0,15% of the total assets managed. During 2010, no investments in shares were made.

I.2.5. Monetary market products portfolio

Cash and liquidities as of September 30, 2010 represent 7% of the total value of the assets managed. Their dynamics are presented in the following table:

Type of investment	(RON)						
	2008	Q3 2009	2009	Q1 2010	H1 2010	Q3 2010	% Q3 2010
Bank deposits – RON	40,389,101	97,877,209	91,050,268	60,620,635	56,758,530	24,431,605	32
Bank deposits – Euro		53,893,447	33,420,242	53,253,649	28,031,440	27,987,294	37
Current accounts (banks and cash office)	858,631	186,183	213,084	102,220	193,624	197,568	0
Deposits for material pledges	244,975	299,317	265,241	269,448	267,860	270,763	1
Government securities	1,291,759	-	-	-	22,849,891	22,319,544	30
Total	42,784,466	152,256,156	124,948,835	114,245,952	108,101,345	75,206,774	100

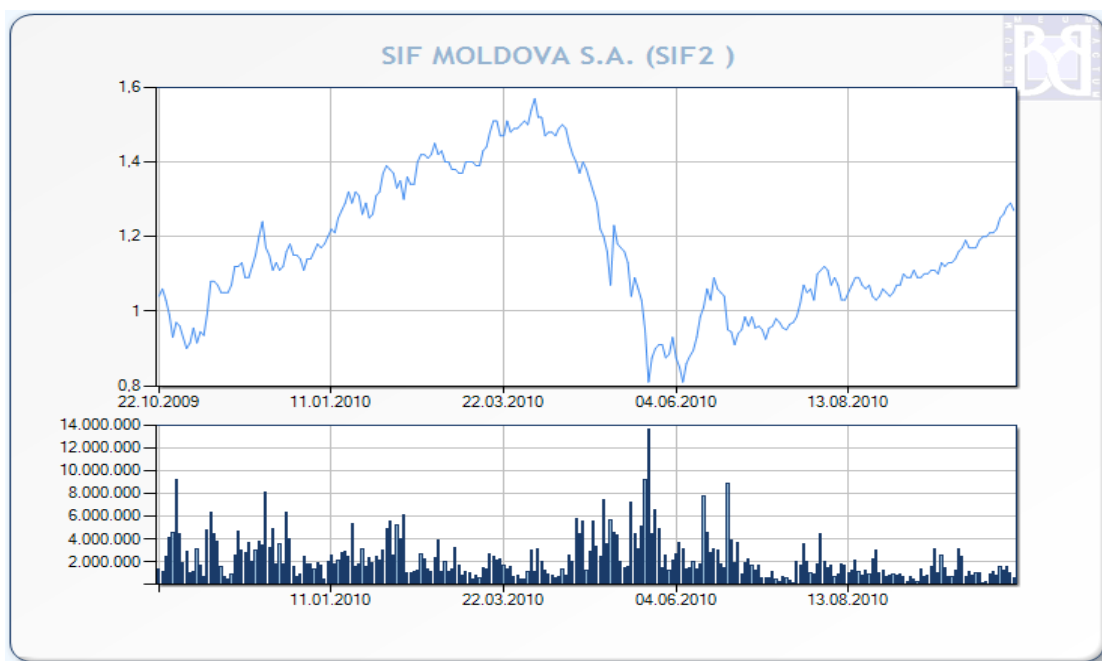
From the analysis of monetary investments in the Jan 1 - September 30, 2010 period, the following observations were drawn:

- For investments in RON - an average return rate of 9,1 % / year;
- For investments in foreign currency (Euro) - an average rate of return of 4,4 % / year.

I.3. SIF2 shares – listed on the Bucharest Stock Market - 1st tier

- The SIF2 share evolved in accordance with the general market trend, remaining in the focus of investors and being traded at a significant discount from the book value of shares.

- The evolution of quotations and of the volume of SIF2 shares traded in the last year. (source: BVB) (sursa BVB)



- SIF MOLDOVA in the context of the financial investment company sector (source: AAF)

SIF la 30.09.2009 (valori exprimate in lei)	Banat - Crisana	Moldova	Transilvania	Muntenia	Oltenia
Valoare unitara a activului net	2,4559	2,1375	1,3746	1,7460	2,6100
% in luna raportata	-1,33	0,21	-0,43	-0,37	3,34
% in anul 2010	-12,56	-5,77	-7,78	-4,64	-7,86
divid.brut/ actiune pt. 2009	0,05	0,06	0,03	0,04	0,16
Pret de inchidere luna raportata	1,140	1,190	0,585	0,650	1,510
% in luna raportata	8,6	14,4	7,3	5,7	14,4
% in anul 2010	0,9	4,4	-14,0	-8,5	18,9
% Prima / Discont (-)	-53,58	-44,33	-57,44	-62,77	-42,15
Capitalizare	625.688.166	617.716.610	638.903.849	524.573.735	876.050.228
Activ net total	1.347.895.412	1.109.545.658	1.501.246.484	1.409.095.064	1.514.259.392
% in anul 2010	-12,56	-5,77	-7,78	-4,64	-7,86
Rata de eficienta financiara %	3,29	8,50	2,11	2,01	4,84
Numar actiuni tranzactionate	17.442.445	26.985.935	24.711.926	7.585.026	32.843.440
% nr. actiuni tranzactionate in capital social	3,18	5,20	2,26	0,94	5,66
Numar de tranzactii	3.434	4.096	3.813	2.464	5.100



II. Realization of non-financial objectives

II.1. Status of litigations

As of Sep 30, 2010, 238 cases were recorded with various objects, of which 63 cases were solved, 175 remaining in court.

Of the 238 litigations recorded by the Legal Service as of Sep 30, 2010, SIF Moldova is a plaintiff in 194 cases and a defendant in 44 cases. During 2010, 71 new cases were recorded, in which the Company is a plaintiff or defendant.

As a consequence of diligences undertaken, as of Sep 30, 2010, receivables amounting to 8.454.178 RON were recovered in litigations involving claims.

I. Litigations in which SIF Moldova is a PLAINTIFF:

- total litigations = 194 cases, of which 137 cases are in court in various judicial stages and 57 cases are solved;
- value of litigations in court:
- **49.144.262 RON** by category, as follows:
 - the amount of **12.525.601 RON** - insolvency procedure;
 - the amount of **36.618.660 RON** - claims;
- **4.020.000 USD** - disputes for fulfilment.

Litigations in this category are classified thus

1. Litigations involving the annulment of illegal decisions of General Assemblies of Shareholders of companies in the SIF Moldova portfolio = 52 cases, of which 24 cases were finalized up to Sep 30, 2010 and 28 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 claims = 62 cases, of which 8 cases were solved as of Sep 30, 2010, 54 cases remaining in court in various judicial stages. 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 SIF Moldova as well as juridical persons guaranteeing the banking liabilities of issuers of promissory notes endorsed by the former Private Property Fund II Moldova.

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 fulfilment submitted by SIF Moldova as a consequence of the foreclosure by AVAS based on promissory notes. As of Sep 30, 2010, 11 cases were given

final and irrevocable rulings, with the object of cancelling the foreclosure with a total value of 25.098.510 RON. Of these 11 cases, in five cases the foreclosure was initiated, the amount of 8.348.115 RON being recovered as of the present time.

3. Litigations involving the insolvency procedure = 22 cases in court and 5 solved. Cases under the incidence of the Law regarding insolvency procedure involve the bankruptcy of companies in the SIF portfolio. In this procedure, SIF 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 = 19 cases, of which 10 were in court in various stages and 9 were solved.

5. Criminal litigations = 14 cases, of which 9 in prior investigations, 3 in court and 2 cases finalized.

6. 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. As of Sep 30, 2010, 3 cases are still in court and 2 cases were finalized. The ruling in these cases is to reject the action as lacking interest, taking into consideration that the dispute for fulfilment cases regarding the same promissory notes were irrevocably ruled in favour of SIF Moldova.

Of the litigations involving contestations to the foreclosure by the State Assets Recovery Agency - (AVAS) during 2006 of the SIF Moldova patrimony, based on promissory notes, 8 are still in court and 7 were finalized as of Sep 30, 2010. In 6 of the 7 cases finalized, SIF Moldova prevailed, one having been ruled in favour of AVAS.

II. Litigations in which SIF MOLDOVA is a defendant:

- total litigations = 44 cases, of which;
 - 38 cases are in court in various judicial stages;
 - 6 cases were solved;
- value of litigations in court:
 - 474.382 lei - claims;
 - 12.632.640 lei – disputes for fulfilment;

Litigations in this category are classified thus:

1. Litigations with various objects and claims cases = 13 cases in court in various judicial stages and 6 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 fulfilment = 8 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 favourable 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, 4 cases are suspended of which for 2, a deadline for prescription has been set.

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

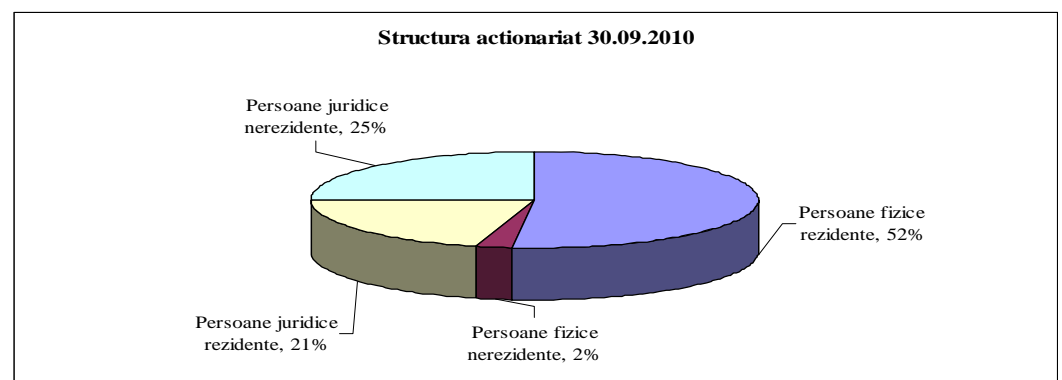
II.2. Relations with shareholders and capital market institutions

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.

The structure of the SIF Moldova shareholding determines various methods to approach the relation with shareholders and to pay dividends: on request (bank transfer, cash office, money order) or mail office (dividend payment contract with SC Depozitarul Central SA at mail offices throughout the country).



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 Sep 30, 2010 is the following:

The status of dividend payments as of Sep 30, 2010 is the following:

Payment of dividends:	Dividend for 2007 (0.050RON / share)	Dividend for 2008 (0.045RON / share)	Dividend for 2009 (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	21,514,900	17,767,811	19,629,144
3 Of which in the 1 st half of 2010	158,683	538,270	19,629,144
4 % paid	83%	76%	63%

Means of payment of dividends	Gross dividend for 2009 paid as of Sep 30, 2010	
	RON	%
Romanian natural person shareholders, of which:	6,723,110	21
- bank transfer on request	4,217,491	13
- cash office	175,036	1
- mail offices - Central Depository	2,330,580	7
Bank transfer for resident legal person shareholders	5,535,282	17
Bank transfer for non-resident natural person shareholders	290,600	1
Bank transfer for non-resident legal person shareholders	7,080,152	23
TOTAL	19,629,144	63

The option to provide to shareholders dividends through the services of the Central Depository was taken in order to unify the means of payment for shareholders in the rural and urban environments, taking into consideration the usage by the Central Depository of mail offices in the entire country and the cumulation of payment advantages in the banking system (computer system payments for offices in urban municipalities) with those in the postal system, using the largest network in the entire country (urban and rural environment), the lack of commissions for returns, ensuring publicity in payment offices, using payment procedures according to postal norms, etc.

On SIF Moldova's request to provide its shareholders with part of the registry services, the contract concluded also provided for the implementation of the personal information update service in all postal offices in the entire country – the Central Depository managing to permanently institute this service. All information regarding the payment of dividends (decisions, means of payment, required documents, the stage of payment of dividends) are published 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)
- Monthly reports towards CNVM in compliance with Instruction no. 1/2007
- Monthly reports towards BNR / CNVM in compliance with EC Regulation no. 958/2007

b. In relations with shareholders, for the first nine months of the year, obligations to inform SIF 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.

Communication with shareholders takes place through all methods at their disposal, as follows: written correspondence (279 letters received with replies sent), electronic mail (3240 e-mails received with replies sent) and telephone conversations (over 5600 requests for telephone information and answers).

Most of the correspondence is aimed at information related to the payment of dividends (amount, means of payment, procedures, deadlines, etc.), transfers occasioned by death (procedures, amount of dividends due, etc.), update of personal information, means of trading, financial reporting data (periodic reports, net assets, etc.), information related to tax regulations, tax regimes for non-residents (direct correspondence, custodians or other proxies), etc.

We are prompt, explicit and highly available in our relation with shareholders and intermediaries in the capital market.

II.3. The internal auditing and control activity

The internal auditing - is carried out on the basis of the engagement plan set forth 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 auditing plan for 2010 was approved in the meetings of the Board of Directors of February 24, 2010. The program for the internal auditing missions is based on the evaluation of risks that form the basis for defining the priorities for the internal auditing procedure, in compliance with the objectives of SIF Moldova.

For each internal auditing mission, a plan is drafted that comprises the field of applicability, the objectives, the schedule and the allocation of resources. In the planning of each mission, the following aspects are taken into consideration:

- the objectives of the activity under review and the means through which the activity is supervised;
- significant risks related to the activity and the means through which the potential impact of the risk is maintained at an acceptable level;
- the adequacy and effectiveness of the activity's risk management and control, referring to the control framework;
- opportunities to significantly improve the activity's risk management and control systems.

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 the yearly financial statements drafted on Dec 31, 2009;
 - the analysis of transactions / operations carried out in the previous periods;
 - the auditing of financial statements of Jun 30, 2010;
 - consultancy missions regarding the revision of internal procedures and of the internal regulation;
 - the elaboration of opinions, on the request of executive leaders.

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 President General Manager, the Auditing Committee and the Board of Directors. Based on the conclusions and recommendations made by the internal audit, the Board of Directors and the President General Manager 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 third 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 Moldova 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;
 - CNVM regulations and internal regulations and procedures regarding the evaluation of assets held by SIF Moldova SA;
 - transparency requirements and information and reporting obligations mandated by CNVM and BVB regulations.
- The control regarding the organization of the meetings of the Boards of Directors and the analysis of the observations formulated within them;
- Permanent activities of the Internal Control Department:
 - Diligences 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.

Discrepancies and recommendations were brought to the attention of the management of SIF Moldova SA and remedied / implemented during the controls undertaken.

II.4. Human resources management

Human resources were a main focus of the Board of Directors – as a main force that may ensure a responsible management of the effects of the crisis, maintaining performance in view of implementing the provisions of the REB as well as the premises for exploiting some opportunities and trends of the market in the period of recovery from the crisis.

The professional training of employees is a permanent concern of the management, in view of maintaining the expertise acquired in the course of several years of specialization. The optimal logistical conditions are ensured as well as the partial or full bearing of the costs corresponding to the professional training process (investment consultant, technical expert, financial auditor, property evaluator, etc).

The changes in the Company's organization and in internal regulations (approved by CNVM with Approval no. 55/26.10.2009) as well as the necessity to implement an integrated computer program imposed the introduction in the continuous training program of some courses aimed at developing the abilities to use the integrated computer system on a day to day basis.

The increase in the degree of specialization was emphasized, in order to allow the exploitation of the capabilities of the computer system, by constructing simulations that would form a basis for the option for a decision alternative that is to be adopted under conditions of uncertainty and risk. Thus, in the first nine months of 2010, most employees involved in the investment decision fundamentation process were involved in courses and seminars with specific subjects (ex: Technical Analysis, Portfolio Risk Evaluation and Management, Investor and Market Operator Risk Minimization, etc.) The amount used for the professional training is 80.000 RON.

In the context of the economic and financial crisis, that directly affected SIF Moldova by depreciating the market price of assets held as well as by imposing limits in attaining activity performance indicators, a necessity became apparent to increase the constant communication between all hierarchical levels of the organization (executive leaders, managers, department co-ordinators as well as their employees).

It has also become necessary to periodically analyze the functional positions and the ways in which they fulfil the requirements to cover the general responsibilities of the departments in the organizational chart.

Together with the position evaluation process, negotiations were continued with the employee representatives, in the spirit of the provisions of the Collective Work Agreement concluded in 2010, having as a main objective ensuring a stimulating framework regarding the involvement of the staff in the process to draft and implement decisions subsidiary and connected to the investment policy.

President General Manager
Costel CEOCEA

Financial Manager
Liana MARIN

Internal Control
Nicolae RADULESCU

Internal Audit
Virginia SOFIAN