



SIF MOLDOVA

SOCIETATE DE INVESTITII FINANCIARE

Report of the Board of Directors – H1 2013

Periodic report according to:
Date of report:
Name of issuing company:
Company head office:

Telephone no.:
Web/e-mail:
Unique Trade Register Office
registration code:
Incorporation Number in the
Trade Register:
CNVM Registry No.:
Subscribed and paid-in share
capital:
Regulated market trading
issued securities:

Law 297/2004, CNVM Regulation no. 1/2006
Aug 2, 2013
Financial Investment Company Moldova S.A.
Bacau, Pictor Aman street no. 94 C, Bacau
county

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www.sifm.ro, sifm@sifm.ro

RO 2816642

J04/2400/1992
PJR09SIIR/040001/14.12.2005

51.908.958,8 RON

Bucharest Stock Exchange - 1st Tier



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Dear shareholder,

we would like to present you the main details in the evolution of SIF Moldova in H1 2013 and the projections of the operations that we intend to carry out in the next period.

Portfolio structure

In the framework of the multiannual strategic directives, the creation of an asset portfolio containing mainly listed assets (81.3% of the total value of assets) was maintained as a main objective, thus ensuring a high degree of liquidity of the assets managed.

The investment process

Considering the unfavorable economic context, the investment objectives were set in a prudent manner. At the same time, the approval during the OGMS of Apr 5, 2013 of a gross dividend / share of 0.24 RON (the dividend distributed representing 142% of the liquidities existing as of Dec 31, 2012) imposed the revision of the strategy for the management of liquidities necessary for the implementation of the investment programs. Thus, despite the pressure on liquidities caused by the payment of dividends to shareholders, approaches were identified that allowed the conduct of the investment process, based on the diversification principle, to a level of 80 mil. RON (increasing by 60% compared to the program approved in the GAS of Apr 5, 2013).

Net assets value

The application of portfolio management according to the standards accepted in the field, a fact noted by investors, was reflected in the discount of the SIF2 share from the NAV of 40%, this being the lowest value recorded in the specific field (SIFs, PF).

Financial performance

The profit recorded as of H1 2013 (83 mil. RON) is more or less conforming to the target set for the entire 2013 (93% of the REB for 2013), recording, in the context of the exploitation of favorable market moments, the achievement of revenues from ceded financial investments of 115 mil. RON (84% of the REB for 2013).

Corporate governance

The decisions adopted by the Board of Directors implement the principles set forth in the Corporate Governance Code and attest to the fact that the best practices in the field are being implemented in SIF Moldova's management structure. Thus, the Board of Directors has approved the constitution of consultative committees: the Auditing Committee, the Investment Policies and Strategies Committee and the Nomination Committee. These exclusively consist of non-executive and independent members that supervise the specific activity of the acting leaders and of the executive management, submitting recommendations to the Board of Directors. Thus, a clear division of supervision and control activities is ensured in regular operations, in relation to the responsibilities of the executive management.

All of these are assisted by the conduct of a project aimed at developing integrated computer applications regarding the measurement and evaluation of performance during the application of the provisions of the SIF Moldova Corporate Governance Code.

The optimization of the organizational structure

The finalization of the ample restructuring / reorganization process carried out in the previous term of office of the Board of Directors led to a decrease in staff expenses by 38% in H1 2013 compared to H1 2012, the company operating with 47 permanent employees (compared to 68 as of Jun 30, 2012).

The organizational optimization process continues in the current term of office of the Board of Directors and derives from the necessity to structure and implement a successful model that would ensure: performance, the exploitation of the expertise of managers and employees, the increased capacity to react to opportunities, individual and collective responsibility, conformity, etc.

Shareholder communications

In order to attain the multiple objectives presented, the shareholders' opinion and feedback to our communications is very important and useful in order to structure future operational and development dimensions.

Thus, we would like to remind you that the adoption of decisions that would lead to an increase in the performance of the SIF2 share (some of them being the first in the field), such as: multiannual investment strategies; a predictable dividend policy, the conclusion and publication of director / management contracts; submission for the approval of shareholders of a program for share buy-back; the increase in share capital through contribution in cash; the modification of the Articles of Association that would lead to the elimination of the ownership limit and to the decrease in the quorum for assemblies and for the adoption of decisions by future GMS, etc. was initiated and proposed (repeatedly) to shareholders.

Faithful to the policy of transparent communication with shareholders, we inform you that, complementary to the fulfillment of the information and reporting obligations, we will publish, in the following period, the information regarding the stage of development of the "in house" computer applications for the measurement and evaluation of performance for the application of the provisions of the SIF Moldova Corporate Governance Code. The purpose aimed at is to permanently increase the effectiveness of the SIF Moldova activity, with a direct influence on the increase in performance and added value, reflected in the value of the share and implicitly in shareholder satisfaction.

Respectfully,

Costel Ceoccea, PhD
President & CEO



TRANSPARENCY
QUALITY
PERFORMANCE

Synthesis / Relevant data

✓ Financial results

Net profit 83 mil. RON	97% of the 2013 budget
Revenue from transactions 115 mil. RON	85% of the 2013 budget
Profit from transactions 56 mil. RON	53% of the 2013 budget

✓ Investment

The investment policy remains focused on two main pillars and on the diversification of the asset portfolio.

Investment limits are maintained for the main issuers in the portfolio structure, aiming at a general level of exposure / issuer of **10%** of the total assets, with a temporary possibility for overrun in order to exploit all investment opportunities.

80 mil. RON	160% of the 2013 program
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✓ Structure of assets (main categories)

Listed shares: 81,3% of the total value of assets	H1 2012: 77,2% 2012: 83%
Monetary instruments: 6,7% of the total value of assets	H1 2012: 13,3% 2012: 7,7%
Fund units: 3,4% of the total value of assets	H1 2012: 3,1% 2012: 3,9%

✓ Exposure by main sectors

Financial and banking: 42,8% of the total value of assets	H1 2012: 44,3% 2012: 47,3%
Energy: 23,4% of the total value of assets	H1 2012: 20,5% 2012: 22,5%

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¹ The structure of the report complies with the provisions of CNVM Regulation no. 1 / 2006 regarding issuers and operations with securities. We specify that in order to ensure the comparability and continuity at the level of the information provided to shareholders / investors, the structure of the report complies with the main points of the yearly report (annex 32 to CNVM Regulation no. 1 / 2006), an approach that covers all information provided in the model for the half year report (annex 31).

1

Analysis of activity

1.1 Description of the primary activity

TYPE OF THE INVESTMENT COMPANY

SIF Moldova is a non-UCITS, mainly focused on the Romanian market, operating as a closed fund with investments mainly in shares, having a medium level of risk and liquidity investments in fixed income instruments.

The legal framework – SIF Moldova is a financial investment company of the closed type, constituted in accordance with the provisions of Law no. 133 / 1996 for the transformation of Private Property Funds into financial investment companies, classified in the “non-UCITS - Undertakings for Collective Investment in Transferable Securities (A.O.P.C.) category, with a diversified investment policy”, attested by the National Securities Commission (CNVM) with Attestation no. 258 / Dec 14, 2005.

Purpose – creation of value for shareholders through diversification.

Object of activity:

- Management of financial instruments designated as such by CNVM regulations;
- Other associated activities, in compliance with legal regulations in force;
- According to the classification of activities in the NACE Rev. 2, the activities conducted by SIF Moldova are included in the 6499 class “Other financial intermediary services not classified somewhere else.”

1.2 . General information

*Related information in
**The SIF Moldova
Corporate Governance
Code***

*Chapter 2. About us.
Defining the operating
framework*

Subscribed and paid-in share capital: 51.908.958,8 RON

No. of outstanding shares: 519.089.588

Nominal value: 0,1 RON /share

Shareholding structure: 100% private

Free float: 100%

Regulated market trading issued securities:

Bucharest Stock Exchange – Tier I

International identifiers: Bucharest Stock Exchange: SIF2
ISIN: ROSIFBACNOR0

Bloomberg: BBGID BG000BMN5F5
Reuters: SIF2.BX

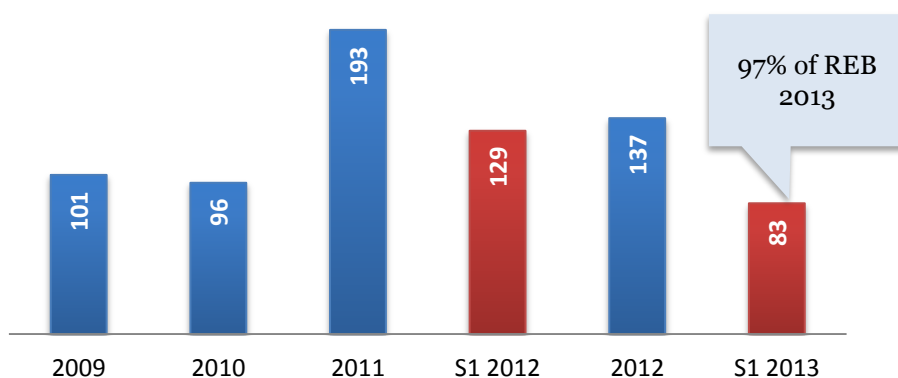
1.3 Evaluation of activity

1.3.a. Achievement of objectives

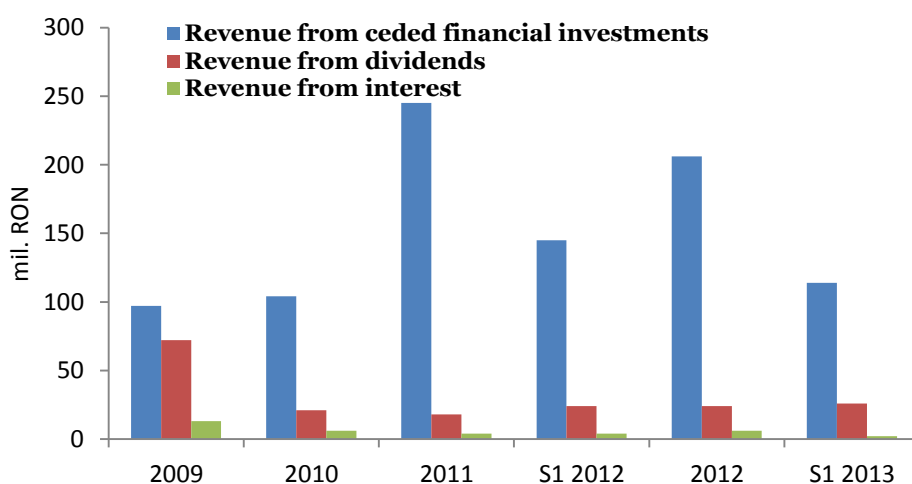
1.3.a.1 Financial objectives

Indicator (mil. RON)	2009	2010	2011	H1 2012	2012	H1 2013	H1 2013/ H1 2012 (%)
Net profit	101	96	193	129	137	83	64

Evolution of net profit (mil. RON)



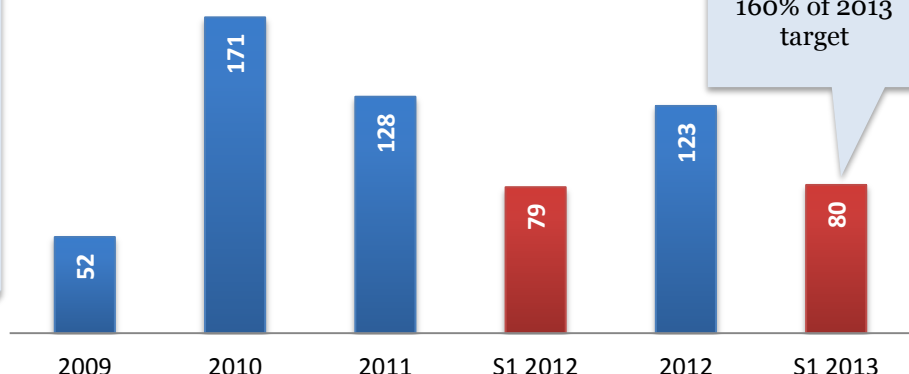
Indicator (mil. RON)	2009	2010	2011	H1 2012	2012	H1 2013	H1 2013/ H1 2012 (%)
Revenue from ceded financial investments	97	104	245	145	206	115	79
Revenue from dividends	72	21	18	24	24	26	108
Revenue from interest	13	6	4	4	6	2	50



Indicator (mil. RON)	2009	2010	2011	H1 2012	2012	H1 2013	H1 2013/ H1 2012 (%)
Securities investment	52	171	128	79	123	80	101



Securities investment (mil. RON)



Investments in securities – 1st half of 2013:

- ✓ 83% - 67 mil. RON - shares
- ✓ 7% - 5,4 mil. RON - fund units
- ✓ 10% - 7,9 mil. RON - bonds

The financial dimensions of the objectives of the investment activity were set in a prudent manner, considering the characteristics of the economic context.

1.3.a.2. Structural objectives

The main objective of the strategic direction:
Creating a portfolio of mainly assets listed on regulated markets

Creating a portfolio of mainly assets listed on regulated markets has been the main objective of the strategic multiannual orientation, ensuring a high level of asset liquidity.

The dynamics of the main categories of assets:

In compliance with the “Activity program and Investment Policy, 2013”, approved in the GAS of Apr 5, 2013.

Objective (% of total assets value)	2010	2011	2012	H1 2013
Maintaining the main weight in listed securities	60,9	82,0	83,0	81,3
Decrease in the weight of the financial sector, while keeping it as a main sector <i>Objective: no more than 50% in total assets, with a temporary possibility for overrun</i>	61,8	52,4	47,3	42,8
Increase in the weight of the energy sector <i>Objective: 25% of total assets, with a margin of variation of + / - 10%.</i>	13,2	17,2	22,5	23,4
Exposure to gold mining companies in order to decrease the risk generated by the volatility of financial markets	0,5	1,2	1,4	1,1
Continuing the investment process on foreign markets, maintaining a majority weight in the Romanian securities asset portfolio	0,5	21,2	28,4	23,1
The weight of holdings in non-UCITS and UCITS should not exceed 5% of the total value of assets (excepting the FP holding)	2,6	2,0	3,9	3,4
Decreasing the weight of listed / unlisted investments with no fundamental growth potential / or that are non-liquid	5,5	5,0	5,1	4,6
Maintaining a minimum level of liquidities in order to ensure the resumption of investment activities and the normal conduct of activity <i>Objective: 5% – 10% of total assets</i>	4,7	11,2	7,7	6,7

The weight of listed securities is 81,3 %.

As of Jun 30, 2013, the portfolio mainly consists of **securities listed** on regulated markets, according to the provisions included in the "Activity Program and Investment Policy for 2013".

The weight of non-listed securities decreased to 4,6%.

The weight of **shares not listed or traded** from the legacy portfolio decreased from 5,1% (2012) to 4,6% (H1 2013). In the portfolio restructuring process, investments from the legacy portfolio were sold at a profit, namely Comcereal Tulcea and Auto Moldova SA.

At the same time, the other issuers are continuously monitored, so that favorable market moments can be exploited. As the results of these companies are released, the growth potential is reviewed and a decision on whether to consolidate or restructure exposure is grounded.

The financial and banking sector continued its decrease in the portfolio.

The banking sector incurred a decrease in exposure from 47.3% (2012) to 42.8% (H1 2013), in a context in which there was continued:

- modest evolution of loans – reflecting the current stage of the economic cycle and the increased level of the credit risk
- adjustment of balances in the financial sector;
- revaluation of collateral and pledges, in preparation for the increase in provisions and its influence on the capital adequacy indicators.

Trading operations involving the main issuers in the sector ensured an optimal balance between the favorable moments on the market, corroborated with the evolutions of the specific economic and financial indicators, in compliance with the necessary volume of liquidities of the company

In this context, **sale operations were carried out involving some issuers in the banking sector.**

The sale operations carried out led to the recording of profit and to the optimal exploitation of price fluctuations.

In the case of the **BRD** issuer, the disinvestment was achieved as a consequence of fundamental and technical analyses, taking into consideration the risks regarding the means of substitution of the cheap financing from Societe Generale with other sources of financing and the decrease in the cost of risk in the context of the necessity of increasing the rate of coverage of non-performing credits. The sales were carried out at an average price of over 9 RON / share, in the context of the closing price as of Jun 28, 2013 being of 7,48 RON / share.

The operations involving the EBS issuer took into consideration the negative evolutions of underperforming credits belonging to Eastern European subsidiaries and were aimed at exploiting the profits generated by the increased risk of the security, which recorded a decreasing trend in the period under analysis.



The sales were carried out at an average level of over 107 RON / share, in the context of the closing price as of Jun 28, 2013 being of 93,3 RON / share.

The largest exposures in total assets in the **financial sector** are: Erste Bank (21,4%: H1-2013; decreasing from 25,25% as of the end of last year), together with BRD (9,99%:H1-2013) and Banca Transilvania (9,85%:H1-2013).

The increase in exposure to the energy sector increased the attractiveness of the SIF Moldova portfolio, being appreciated by investors and materialized in the decrease in the discount of SIF2 compared to the book value of shares.

The energy sector represents the main pillar in the portfolio consolidation operation, being allocated 70% of the total investments carried out in the 1st half of 2013. Allocations to strategic issuers were pursued, such as: OMV Petrom, Transgaz, Fondul Proprietatea, Transelectrica, Conpet, Electromagnetica, CEZ AS and Rompetrol Well Services.

Exposure to this sector increased from 22,5% (Dec 31, 2012) to 23,4% (H1 – 2013), while some issuers in the energy sector recorded profit. Trading operations were aimed at sequential profit marking, through a mechanism for regulating the exposure in certain favorable market circumstances.



Sale operations involving the OMV Petrom issuer were carried out at an average price of over 0,46% RON / share, in the context of the closing value as of the end of the half year was of 0,4212 RON / share. In the same period, a package of 50 mil. SNP shares was acquired in the accelerated private investment initiated by the PF at a unit price of 0,39 RON / share.



Operations involving the Property Fund issuer included acquisition as well as sale. The total amount of transactions was of over 25 mil. RON, carrying out sales at an average price of 0,6498 RON and acquisitions at an average price of 0,5847 RON. The FP share increased in value by 12.7% in H1 2013.

The acquisition of Transgaz shares, in the secondary public offer for the sale of 15% of the share capital, offered the opportunity to add to the package held and to consolidate the energy pillar. The investment was aimed at: the issuer's privileged position in the national economy, through operating an energy infrastructure of strategic importance; a perspective for growth offered by the connection with similar systems in Bulgaria, Hungary, Moldova; the economic and financial performance.

Other investments

Accumulation operations were aimed at the **high technology and health sectors**, recording increases in exposure in total assets for the issuers: Aerostar, from 1,64% (Dec 31, 2012) to 2,28% (H1 – 2013) and Biofarm, from 2,40% (Dec 31, 2012) to 2,99% (H1-2013).

From the other sectors, the mechanical industry sector was granted attention, in the 1st half of 2013, 1,3 mil. shares being acquired in Compa Sibiu. Investments amounting to approximately 5 mil. RON were made in Gabriel Resources.

Investments amounting to 5,4 mil. RON in OPCs were aimed at shares funds and fixed revenue instruments, mainly aiming at attaining a rate of return superior to that of bank interest and specifically at portfolio diversification.

Projects

In the reporting period, mainly **projects in the renewable energy field** were analyzed. These are affected by the modification of the system for promoting the production of energy from renewable energy sources (E-SRE), set forth in Law no. 220 / 2008 through the issuance, in June of the current year, of the Government Emergency Order no. 57 / 2013 and 79 / 2013. Additional conditions for solar energy come from the temporary postponement, in the Jul 1, 2013 – Mar 31, 2017 period, of the granting of 2 green certificates for 1 MWh produced, as green certificates will be granted only for the energy produced in solar power stations not located on agricultural lands as of Dec 31, 2013.

Other areas of interest were high-tech (high-performance hydraulic equipment), health (private hospital) and services, with investments in shares, bonds and fund units.

TRANSPARENCY

QUALITY

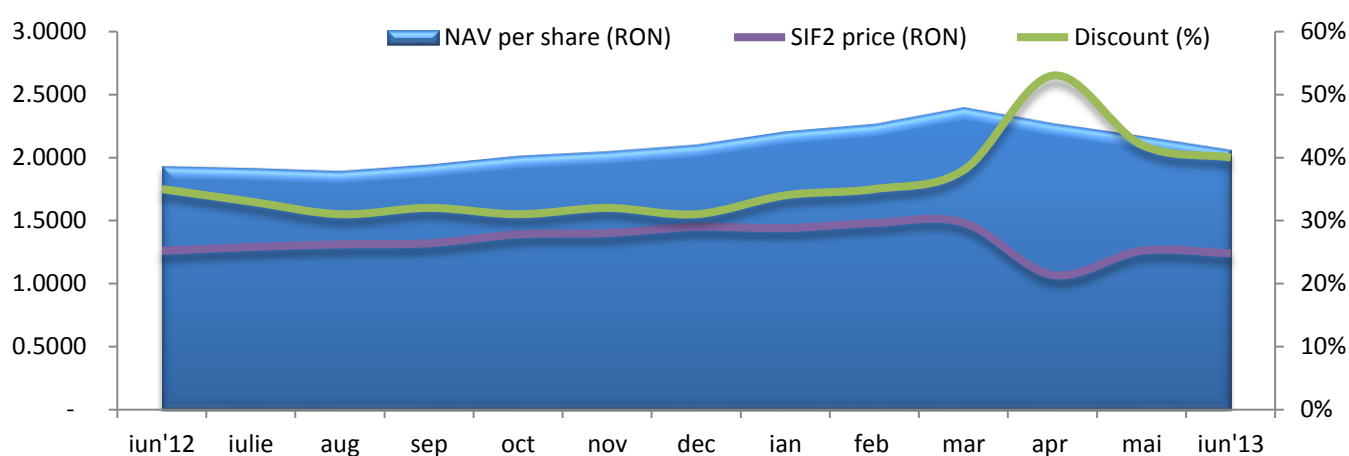
PERFORMANCE

1.3.b. Evolution and structure of the assets managed

1.3.b.1. Evolution of asset value (CNVM regulation approach ²)

Indicator (mil. RON)	2009	2010	2011	H1 2012	2012	H1 2013	H1 2013/ H1 2012 (%)
Total assets	1.199	1.171	1.154	1.130	1.144	1.189	105
Net assets	1.181	1.142	1.096	1.002	1.090	1.066	106
NAV / share	2,27	2,20	2,11	1,93	2,10	2,05	106
Market price	1,14	1,16	1,08	1,26	1,45	1,24	98
Discount (%)	50	47	49	39	31	40	
Market price / NAV per share							

BVS evolution / SIF2 price / Discount (June 2012 – June 2013)

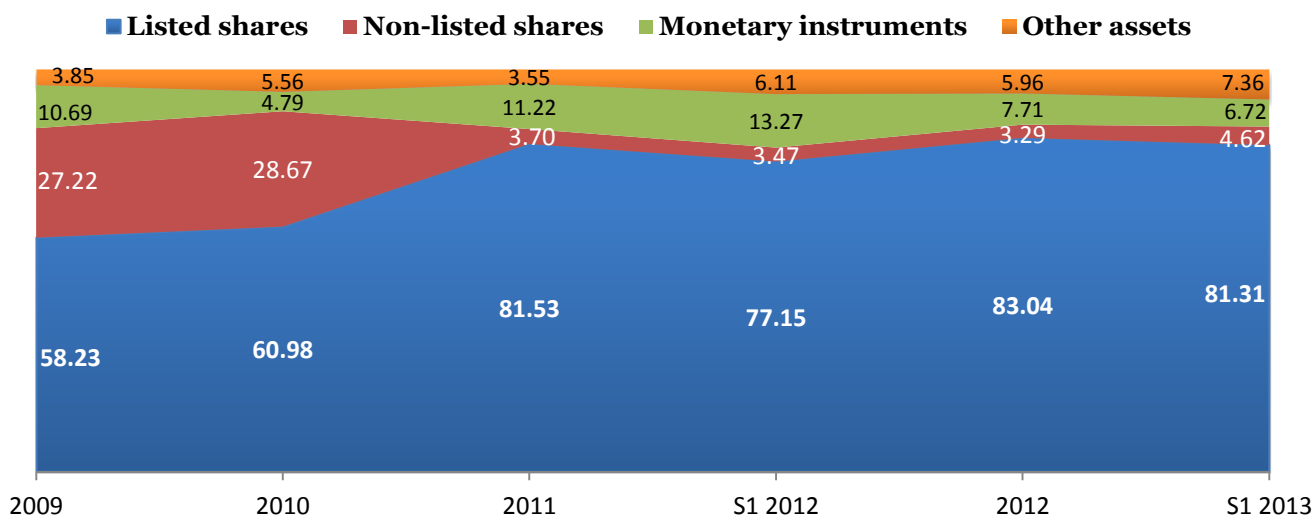


1.3.b.2. Evolution of the structure of assets (operational approach ³)

Structure of assets (% of the total value of assets)	2009	2010	2011	H1 2012	2012	H1 2013
Shares, of which:	85,46	89,65	85,23	80,62	86,33	85,93
- listed	58,23	60,98	81,53	77,15	83,04	81,31
- unlisted	27,22	28,67	3,70	3,47	3,29	4,62
UCITS + non-UCITS securities (fund units)	1,23	1,54	1,28	2,30	3,34	3,12
Monetary instruments (deposits, liquidities)	10,69	4,79	11,22	13,27	7,71	6,72
Bonds (municipal, corporate, fund units, bonds)	0,15	1,24	0,66	0,95	0,88	1,29
Other assets	2,47	2,78	1,61	2,86	1,74	2,94

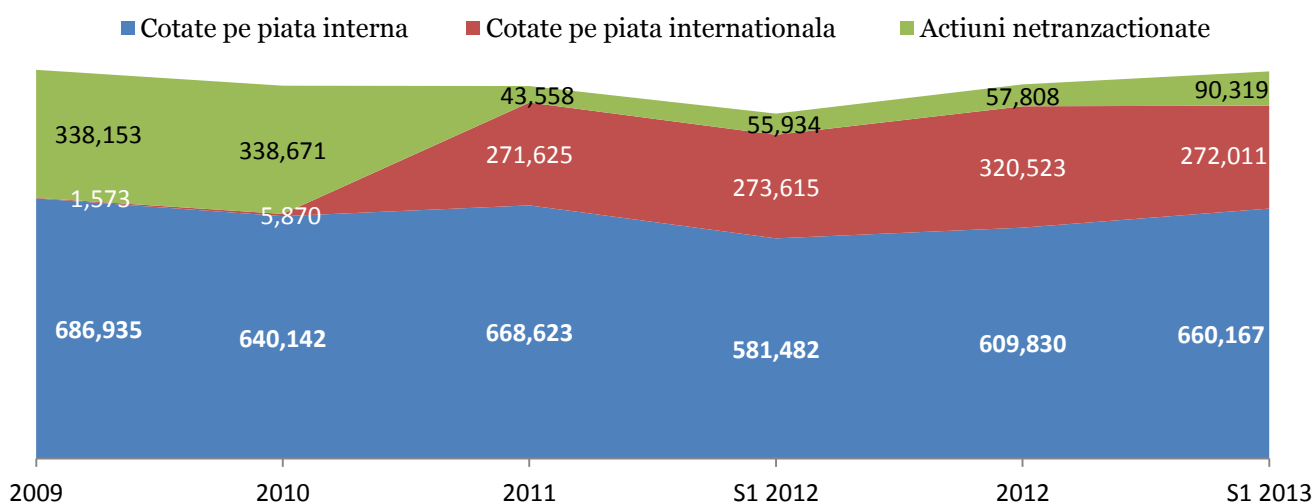
² Annex 1 to the report features: (1) situation of net assets as of Jun 30, 2013 (annex 16) as well as (2) detailed situation of SIF Moldova assets as of Jun 30, 2013 (annex 17) – drafted in accordance with CNVM Regulation no. 15/2004 and CNVM DM no. 23 / 2012.

³ In correlation with the information presented in the continuation to the report regarding the various components of the assets portfolio, the following choices were made: (1) to include Fondul Proprietatea shares in the 'listed shares' category – an approach differing from the CNVM regulations that includes PF shares in the non-UCITS category and (2) the inclusion of fund units issued by bonds funds in the 'bonds' category.”.



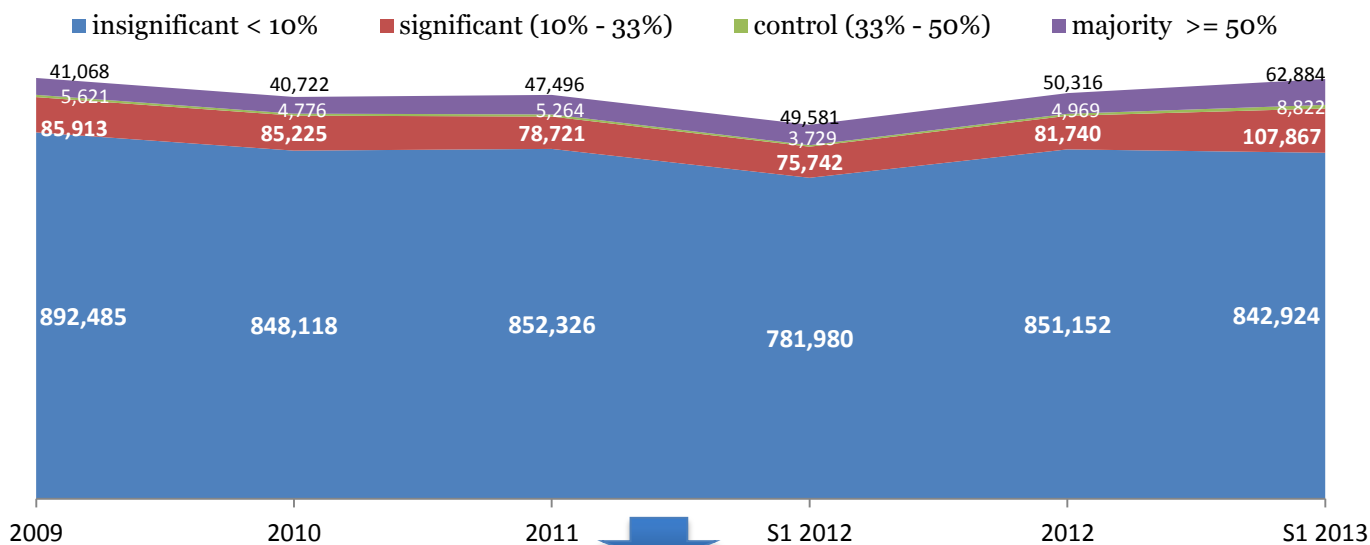
Evolution of the share portfolio

- depending on trading market (thousand RON)



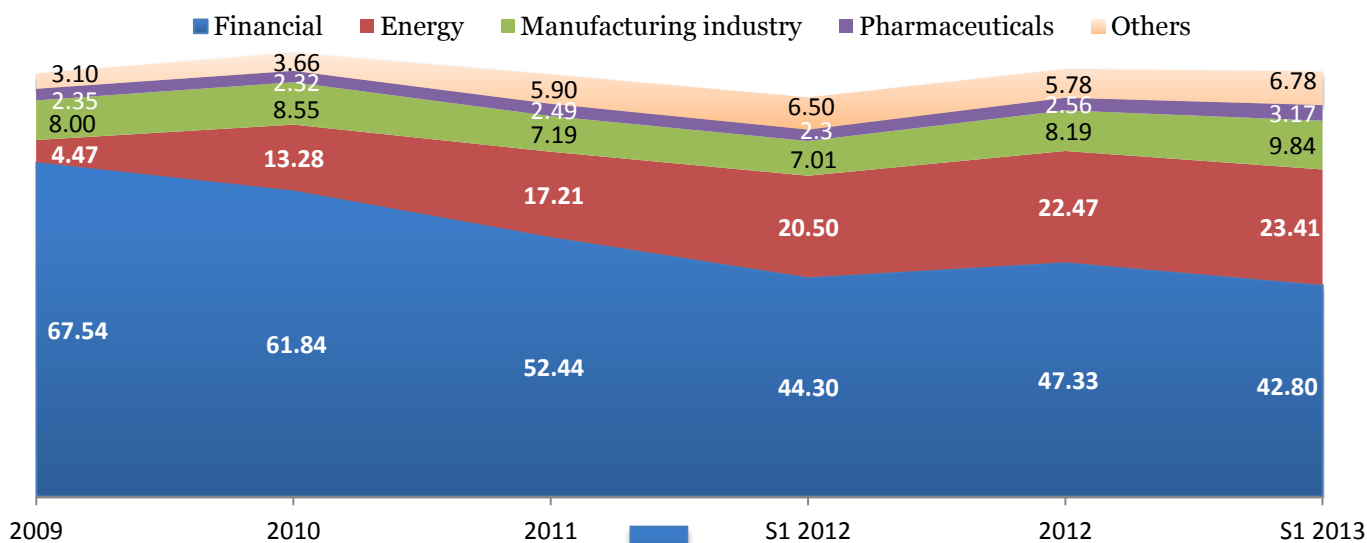
Relative to market value (thousand RON)	2009	2010	2011	H1 2012	2012	H1 2013	H1'13/ H1'12(%)
Traded stock (domestic and foreign markets), of which:	688.508	646.012	940.248	855.097	930.353	932.178	109
Listed on the domestic market, of which:	686.935	640.142	668.623	581.482	609.830	660.167	113
Listed (REGS)	602.702	556.394	594.626	523.059	441.609	484.448	92
Listed (RGSB)	25.580	28.489	18.940	16.139	15.718	16.741	103
Unlisted (UNLS)	7.489	6.341	5.519	4.103	5.533	7.819	190
Listed (XMBS)	49.591	41.588	47.262	36.272	35.800	32.982	90
Listed (SBX)	-	1.460	2.276	1.909	1.672	1.103	58
Listed UCITS	-	-	-	-	109.498	117.075	-
Listed - international market	1.573	5.870	271.625	273.615	320.523	272.011	99
Temporary shares	-	27	-	-	-	-	-
Non-traded shares, of which:	338.153	338.671	43.558	55.934	57.874	90.319	161
Closed companies	326.553	329.418	37.209	39.170	37.663	55.014	140
Traded companies - non-traded 90/30 days	11.600	9.253	6.349	16.764	20.161	35.305	210
Total	1.025.088	978.840	983.806	911.031	988.177	1.022.497	112

• **by the weight of shares held in the issuer share capital (thousand RON)**



Holdings	2009		2010		2011		H1 2012		2012		H1 2013		H1 '13 /H1'12
(market value – thousands RON)	Co. No.	Mkt. value	Co. No.	Mkt. value	Co. No.	Mkt. value	Co. No.	Mkt. value	Co. No.	Mkt. value	Co. No.	Mkt. value	(%Mkt. value)
Not significant: < 10%	123	892.485	130	848.118	125	852.326	117	781.980	111	851.152	106	842.924	108
Significant: (10% - 33%)	84	85.913	72	85.225	64	78.721	63	75.742	60	81.740	59	107.867	142
Control: (33% - 50%)	14	5.621	13	4.776	13	5.264	13	3.729	12	4.969	12	8.822	236
Majority: >= 50%	8	41.068	8	40.722	8	47.496	8	49.581	5	50.316	5	62.884	126
Total investments	229	1.025.080	223	978.840	210	983.806	201	911.031	188	988.177	182	1.022.497	112

• **by sector (% of total assets value)**



REPORT OF THE BOARD OF DIRECTORS – H1 2013

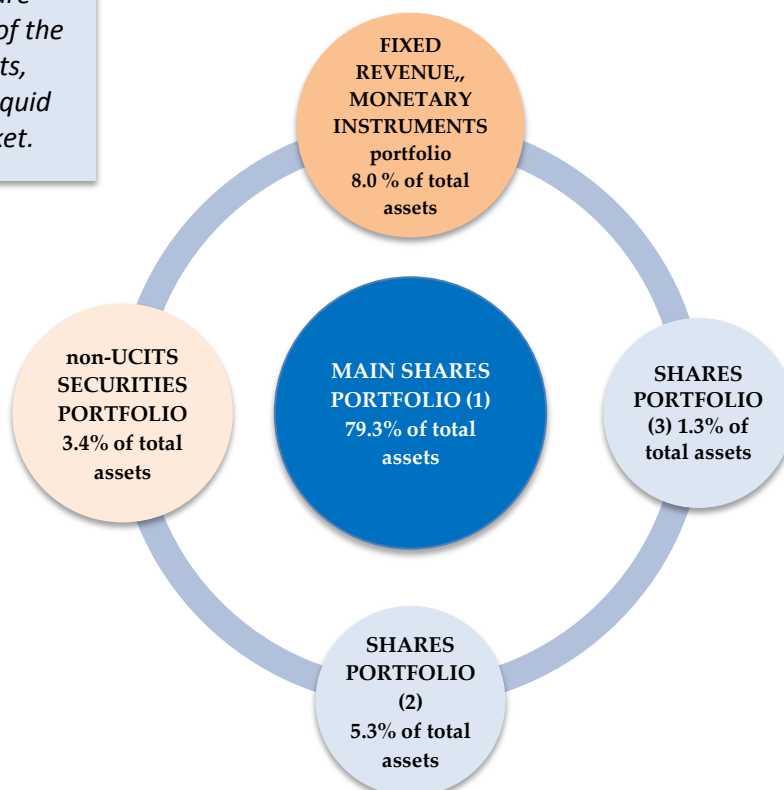
Weight in total assets (%)	2009	2010	2011	H1 2012	2012	H1 2013	H1 2013 – H1 2012
Financial	67,54	61,84	52,44	44,30	47.33	42,80	-1,50
Energy	4,47	13,28	17,21	20,50	22.47	23,41	+2,91
Manufacturing	8,00	8,55	7,19	7,01	8.19	9,84	+2,83
Pharmaceuticals	2,35	2,32	2,49	2,30	2.56	3,17	+0,87
Commerce	0,49	0,37	2,21	2,03	1.78	2,49	+0,46
Agriculture	0,40	0,85	1,24	1,53	1.27	0,72	-0,81
Construction	0,20	0,16	0,96	1,15	0.91	1,04	-0,11
Others	2,01	2,28	1,49	1,79	1.82	2,53	+0,74

Top companies in the portfolio

30/06/2013	Percentage held in the issuer's share capital %	weight in total assets > 1%
ERSTE BANK	0,70	21,40
BRD	2,28	9,99
BANCA TRANSILVANIA	5,00	9,85
FONDUL PROPRIETATEA	1,37	9,84
OMV PETROM	0,35	7,06
SNTGN TRANSGAZ	2,01	3,58
BIOFARM	13,20	2,28
AEROSTAR	14,53	2,38
TESATORIILE REUNITE	92,01	2,22
MECANICA CEAHLAU	55,10	1,61
TRANSELECTRICA	1,66	1,34
REGAL	93,01	1,12
TOTAL		73,26

The top companies in the portfolio by exposure represents over 73% of the total value of assets, including the most liquid shares on the market.

1.3.c. Asset portfolio as of the Jun 30, 2013 – qualitative selections



**MAIN SHARES
PORTFOLIO (1)**

Represents 79,2% of the total value of assets, with a value of 942,8 mil. RON (212 mil. euro), increasing compared to H1 2012, by approx. 3,1% (H1-2012:76,13%), the equivalent of 83 mil. RON (H1-2012: 860 mil. RON). In the total value of assets managed, holdings in the financial sector represent 42,8% and the energy sector has a percentage of 23,2%. Holdings from the financial sector with a significant weight in the total assets managed are ERSTE Bank and BRD (31,4% - H1 2013; 34,9% - H1 2012).

Companies in this portfolio were selected based on the following criteria:

- ✓ liquidity;
- ✓ valuable patrimony not always reflected in market value or in the accounting value of the share for unlisted companies (implicitly in the registration value in the SIF Moldova net assets);
- ✓ perspective for business;
- ✓ dividend rate of return;

For closed companies in the portfolio there are reserves for the increase of the price per share at the moment of SIF Moldova exit.

With a few notable exceptions (Aerostar, Tesatoriile Reunite, Mecanica Ceahlau and BRD) and a few less significant ones (Regal, Conted, Concivia, Elerom, Rulmenti, unlisted companies), this portfolio is the result of strategies applied by SIF Moldova in the last few years, with the objective of restructuring the historical portfolio and replacing it with a liquid portfolio consisting of companies traded on domestic and foreign stock exchanges (Banca Transilvania, Erste Bank, Fondul Proprietatea, OMV Petrom, Electromagnetica, Transelectrica, Transgaz, Bursa de Valori Bucuresti, SSIF Broker, Gabriel Resources, Newmont Mining Corp., Barrick Gold Corp., Goldcorp Inc., OMV AG, CEZ AS).

**SHARES
PORTFOLIO (2)**

Represents 5.3% of total assets value, around 63,4 mil. RON (about 14,2 mil. euro), increasing by 2,1% (H1-2012:3,2%), the equivalent of 27,4 mil. RON (H1-2012:36 mil. RON).

The companies in this sub portfolio are part of historical investments (in many cases, holdings are important as a percentage held in the share capital). The companies in this portfolio were selected based on the following criteria:

- Low liquidity in the case of listed companies;

- The market price does not reflect the value of companies;
- The patrimony may be valuable, without being reflected in all cases in the market value or in the accounting value of the share for unlisted companies (implicitly in the registration value in SIF Moldova's net assets);
- Have profitable assets but with low performance, presenting potential for improvement after the recovery from recession;
- Need restructuring and financing plans for development;
- There are reserves for the growth of the price / share at the moment of exit.

SHARES PORTFOLIO (3)

This portfolio represents 1,3 % of total assets value, with a value of 15,3 mil. RON (3,5 mil. euro).

Although SIF Moldova holdings are important (as percentages of the issuers' share capital), we consider that the growth probability of this portfolio is low within a medium timeframe (1-3 years).

The companies in this portfolio were selected based on the following criteria:

- Companies whose shares are not liquid (in the case of listed companies)
- Companies without special perspective;
- Patrimony without an immediate potential for capitalizing, requiring a discount for sale.

Companies in the (3) shares portfolio are being monitored and are the object of analysis to the end of disinvestment, motivated by the lack of perspectives for growth. Analyses, evaluations were conducted to the end of offer for sale through auctions – the case of closed companies, or on regulated markets – the case of listed companies.

SHARES PORTFOLIO (4)

Represents 0,075% of the total value of assets, respectively 0,893 mil. RON (200 thousand EUR) and includes the shares of 60 companies in various stages of: administrative liquidation 4, judicial reorganization 4, insolvency 7, and bankruptcy 45.

These securities are recorded in managed assets with a nil value, according to the provisions of CNVM Regulation no. 15 / 2004, art. 202 (4). These companies originate in the legacy portfolio, being an effect of the allocation through the legislation that formed the basis of the incorporation of SIF Moldova and not the result of a selection based on portfolio management principles. The evolution of these companies is monitored, without significant allocation of human resources.

SIF Moldova is analyzing options for the optimization of the **portfolio of companies in judicial liquidation, insolvency and reorganization** and is aiming at the **initiation of procedures for the gradual cession of shares**.

FUND UNITS PORTFOLIO

As of Jun 30, 2013, the updated value of the fund units portfolio (UCITS, except for the Property Fund) is of 40,5 mil. RON, representing 3,4% of the total assets managed.

The acquisitions of fund units in the 1st half of 2013 were aimed at the diversification of the portfolio risk and at the achievement of rates of return superior to those of banking products. These were mainly aimed at: investment funds with a history of attractive rates of return (FDI Carpatica Bonds, Carpatica Stock); conservative funds, with a low degree of risk (FDI Stabilo- SAI Pioneer); closed funds with an investment strategy focused on top issuers on the BVB and on high-class strategic investors (BET FI Index Invest- SAI Broker and FAPT – Globinvest)

Due to the increased liquidity requirements for the current year for the payment of dividends approved by the shareholders in the 2013 GAS, the strategy was also aimed at conducting total / partial sales and the corresponding profit marking in funds that had a favorable evolution and / or that incorporated an important volume of liquidities. Examples: FDI BCR Obligatiuni; ING Invest Emerging Europe, ING Invest Global Opportunities, ING Romanian Equity, ING Global High Dividend; FDI Napoca; FDI Transilvania- Globinvest; STK Emergent; FDI OTP Obligatiuni, OTP AvantisRO and OTP ComodisRO.

These sales resulted in revenue amounting to 9,08 mil. RON and profit amounting to 1,06 mil. RON. The maturity of the OTP Green Energy closed fund generated revenue amounting to 869 thousand RON and a participation in the fund's results of approx.. 86,8 thousand RON.

Regarding the fund units portfolio, we will continue to pursue during this year the identification of partial / total exit opportunities and likewise the rigorous selection of possible new investments.

**FIXED REVENUE
AND MONETARY
INSTRUMENTS
PORTFOLIO**

The fixed revenue and monetary instruments portfolio - this category includes investments in the portfolio with a reduced degree of risk, that have a weight of approximately 8% of the total value of the assets managed - Bonds funds, Municipal / city bonds, Corporate bonds, Bank deposits, government securities, liquidities.

Investment funds in this sub portfolio have a low level of risk and attractive rates of return.

A detailed presentation of each section of the asset portfolio as of Jun 30, 2013, is available in annex 3.

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*Related information in the
**Corporate governance
code of SIF Moldova***

***Chapter 11.1. The
implementation process for
the investment decision***

1.4. The mechanism for the justification of investment decisions. Risk management policy. Compliance with prudence limits.

The decision mechanism is formalized and comprises the stages of justification of the decision, of conduct of the selection and of updating the context. The limits of investment are permanently corroborated with the prudential ownership limits and in tight connection with the stage of achievement of the objectives pre-set through investment policies. The decision-making process is set forth in procedures and corresponds to the requirement to manage opportunities within an optimal timeframe.

In this context we specify that the role of the Investment Policies and Strategies Committee (CPIS) was strengthened through the responsibilities granted to the “CPIS President” in the investment process.

Risk management policy

In grounding investment decision we allocate an important role to identifying and reviewing potential risks, by always looking to rebalance the portfolio according to risk/return criteria. The evaluation of the probability and the impact of the market risk on investment objectives is performed through an IT risk management application that provides measures on exposure to market risk of the financial instruments portfolio and allow comparing the company’s own portfolio with a reference one.

The risk management application is an internally developed application that presents internal scoring and portfolio optimization models based on financial indicators and statistical risk/return indicators.

The Risk Management application allows our company to:

- Analyze, review and optimize financial instruments portfolios;
- Dynamically allocate assets according to restrictions imposed through the investment strategies of portfolio management;
- Measure and review (through performance/risk indicators calculated) the own portfolio by sub-portfolios created according to the asset type, the fields of activity, currency, investment term, liquidity margin;
- Carry out simulations in our own portfolio to determine the influence of investment/divestment proposals within the

*Related information in the
**Corporate governance
code of SIF Moldova***

***Chapter 13. Risk
management policy***

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risk/return features of the total portfolio and the specific sub-portfolio;

- Optimize holdings from own portfolio depending on imposed investment objectives. The optimization process takes into account the improvement of the risk/performance ratio;
- Estimating the trends of the market and of the fields of activity that are included in the capital market, using quantitative analysis and trend analysis;
- Comparing SIF Moldova's portfolio features of risk/return with those of a reference portfolio;

Listed securities portfolio rate of return and risk – comparison H1 2012/ H1 2013:

INDICATOR CATEGORY ⁴	INDICATOR NAME	Relevant portfolio * SIF2		BET C H1 2013 (71 assets)
		H1 2012 (33 assets)	H1 2013 (31 assets)	
Performance measurement	Alfa	(0,02)	0,03	0,01
	Sharpe (12M)	0,05	(0,05)	0,15
	Dy (%)	2,83	2,61	3,17
Performance quality measurement	Skewness	(0,03)	0,01	0,94
	Kurtosis	0,58	1,74	2,07
Risk measurement	Volatility (12M)	23,19%	15,19%	11,59%
	Beta	1,27	1,14	1,00
	VaR (%/day)	3,65	2,81	2,68
Drawdown (maximum decrease against year start)%		12,90	11,06	8,09
Market value as of Jun 30, 2013 - mil. RON		744,54	853,70	

* issuer portfolio showing daily average liquidity during the analysis period > 50,000 shares; by title of exception we have maintained issuers TGN, TEL, BVB, SBX, SEM and ARS –the restrictions by holding limits at sector level were considered (energy and financial-banking), at trading market level (foreign markets) and at issuer level (holdings in CS – ARS).

The data presented indicates the following:

- A beta higher than the reference index of the stock market where the portfolio is traded
- The achievement, during the 1st half of 2013, of performance per unit of risk lower than in the 1st half of the preceding year;
- Considered as a whole, from the point of view of the protection of the portfolio at market volatility, potential maximal daily losses remain at a low level compared to the level of performance realized (VaR 2,81%/d);
- It is also apparent, from the values of the Skewness and kurtosis indicators, that there is better polarization in H1

⁴ Alfa=coefficient measuring actual return against market return, indicates effectiveness of company management; Sharpe(12L) = return expected per risk unit; Kurtosis = flattening of the distribution coefficient; Exces Mu (%) = excess return on top of the rfr; Vol (12L)* = annual return volatility; Dy(%) = return by dividend; Beta = price sensitivity to market movements; Skewness = asymmetry of the distribution coefficient; VaR (%) = maximum expected loss; * annualized standard deviation of daily returns

REPORT OF THE BOARD OF DIRECTORS – H1 2013

2012 of positive rates of return towards the area wherein they are easier to mark;

- The relevant portfolio presented in the 1st half of 2013 a potential for depreciation larger than in the 1st half of 2012, due to a negative Sharpe ratio.

Listed financial instruments portfolio return and risk – current period, by sub-portfolios, according to fields of activity:

INDICATOR CATEGORY	DENUMIRE INDICATOR	Results as of 30.06.2013 (analysis for H1 2013)				
		Relevant portfolio (31 assets)	Financial-banking sub portfolio (8 assets)	Sub-portfolio energy (8 assets)	BET C (71 assets)	ROTX (9 assets)
Performance measurement	Alfa	0,03	0,05	0,01	0,01	0,01
	Sharpe (12L)	(0,05)	(0,32)	0,22	0,15	0,07
	Dy (%)	2,61	0,63	5,65	3,17	2,91
Performance quality measurement	Skewness	0,01	(0,17)	0,61	0,94	0,63
	Kurtosis	1,74	1,19	1,40	2,07	2,61
Risk measurement	Volatility (12L)	15,19%	21,40%	12,95%	11,59%	12,45%
	Beta	1,14	1,36	0,93	1,00	1,00
	VaR (%/day)	2,81	3,06	2,15	2,68	2,30
Drawdown (maximum decrease against year start)%		11,06	13,59	6,42	8,09	7,88
Market value as of Jun 30, 2013 - mil. RON		853,70	501,47	270,41		

* for comparison purposes, the table also features the performance/risk indicators of the BET C market and the ROTX

The data presented indicates:

- the “kurtosis” indicator indicates that the positive returns of the issuers have been marked at the right time, as they were exploited during favorable periods;
- the structure of the energy sub portfolio certifies the existence of an optimal portfolio in relation to all the other industry sectors, with low risk vulnerability (volatility and low drawdown);
- the volatility of the portfolio indicates that the value of the relevant portfolio has fluctuated over the last 6 months with an annualized average of plus / minus 15,19%.

The synthetic risk and rate of return indicator calculated based on the annualized volatility of the weekly BVS in the last five years of existence, **classes SIF Moldova in a medium risk profile.**

The classification in risk classes was realized using as a reference the annualized volatility interval table from CNVM Instruction no. 5 / 2012 regarding the form, contents and presentation model for the document regarding the key information meant for investors in UCITS.

According to the Strategy for the Management of Significant Risks of SIF Moldova, classes 1-3 were included in the low-risk category, classes 4-6 in the medium risk category and class 7 in the high risk category.

Compliance with prudence limits

Against the net assets calculated for June 2013, the categories of assets in the portfolio of SIF Moldova comply with the legal prudential limits (article 188 of CNVM regulation no.15/2004).

a) Securities and monetary market instruments not admitted for trading - allowed limit: **20%** of total assets (closed shares, closed bonds, deposit certificates, bank deposit)

Asset type	Market value according to CNVM regulation no. 15/2004 (RON)	Weight in total SIF Moldova assets as of 28.06.2013 (%)
Shares in closed issuers	55.013.920	4,62
Closed bonds	8.156.942	0,69
Bank deposits	79.564.112	6,69
TOTAL	142.694.416	12,00

b) Securities (shares and bonds) and monetary market instruments (government securities) registered or traded at Stock Exchange value (issuer level) – *allowed limit - 10% of total assets, the limit can be increased to 40% subject to the issuer total holdings of no more than 40% not to exceed 80% of total assets.*

SIF Moldova's holding and/or monetary market tool issued by the same issuer registered or traded on a regulated market exceeding the allowed level of 10% of total assets is ERSTE Bank - 21,38 %.

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

Group name	Asset market value as per CNVM regulation no. 15/2004 (RON)	Weight in total SIF Moldova assets as of 28.06.2013 (%)
GRUP ERSTE BANK-BCR	257.608.092	21,65
GRUP BANCA TRANSILVANIA	168.606.843	14,17
GRUP BRD-GSG	143.873.722	12,09
GRUP AVIVA INVESTORS	7.569.586	0,64
GRUP FINANCIAR CARPATICA	1.354.587	0,11

d) Exposure to counterpart risk with derivative financial instruments traded outside of regulated markets – N/A.

e) Value of current accounts and cash – allowed limit: **10%** of total assets

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In the net assets as of Jun 30, 2013, the value of current accounts and of cash is 298.476 RON, amounting to 0.03% of total assets.

f) Bank deposits started and held with the same bank – allowed limit: 30% of total assets

Bank name	Deposits value as per CNVM regulation no.15/2004 (RON)	Weight in total SIF Moldova assets as of 28.06.2013 (%)
Banca Transilvania	38.259.394	3,21
B.R.D. - G.S.G.	24.931.017	2,10
Unicredit	16.373.701	1,38
Total deposits	79.564.112	6,69

g) Global exposure to derivate financial instruments – not to exceed total assets value – N/A.

h) Holdings of NON – UCITS securities – allowed limit: 50% of total assets.

NON – UCITS name	Market value of asset category as per CNVM regulation no.15/2004 (RON)	Weight in total SIF Moldova assets as of 28.06.2013 (%)
Fondul Proprietatea	117.074.466	9,84
BT Invest 1	4.622.109	0,39
Certinvest Properties RO	2.731.075	0,23
Certinvest Arta Romaneasca	1.765.315	0,15
FII BET-FI Index Invest	999.950	0,08
FII Multicapital Invest	1.966.473	0,17
Fondul de Actiuni Privat Transilvania	1.162.416	0,10
Fondul Oamenilor de Afaceri	3.120	0,00
STK Emergent	664.920	0,06
iFOND Financial Romania	928.319	0,08
iFOND Gold	168.300	0,01
NON-UCITS TOTAL	132.086.463	11,10

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2

Financial and accounting status

2.a. Balance sheet

The individual financial statements were drafted and presented in compliance with Accounting Regulations harmonized with European Economic Community 4th Directive applicable to institutions regulated and supervised by the National Securities Commission („CNVM”) / ASF, approved by Order no. 13 / 2011 for the approval of Regulation no. 4 / 2011. The reporting currency for the financial statements is the RON. Details regarding the balance sheet and the income statement can be consulted in the Notes to the financial statements attached. The individual financial statements as of Jun 30, 2013 are revised by the financial auditor Deloitte Audit SRL.

Items (RON)	2009	2010	2011	H1 2012	2012	H1 2013
Non-current assets						
I. Intangible assets	474.133	826.339	1.277.508	1.168.513	1.066.169	991.508
II. Tangible assets	18.038.896	15.852.118	15.098.349	14.950.907	15.111.256	15.130.287
III. Financial assets, of which:	349.344.310	478.980.497	535.133.689	557.763.421	632.641.936	636.823.013
Securities and other financial instruments held as non-current assets	312.487.787	440.639.903	495.655.369	521.997.409	594.001.279	601.372.759
Non-current assets – Total	367.857.339	495.658.954	551.509.546	573.882.841	648.819.361	652.944.808
Current assets						
I. Inventory	37.899	33.805	27.904	24.136	38.032	15.185
II. Receivables, of which:	138.923.912	65.391.991	130.726.672	159.132.912	91.121.580	79.299.531
Trade receivables *	127.932.287	55.645.324	129.136.710	149.829.030	88.261.750	80.413.170
III. Short term financial investments	10.712.458	15.514.286	8.204.380	13.051.561	17.890.430	14.487.562
IV. Cash and bank accounts	214.543	411.029	476.554	481.283	311.980	311.748
Current assets – Total	149.888.812	81.351.111	139.435.510	172.689.892	109.362.022	94.114.026
Prepaid expenses	77.055	116.391	63.441	207.949	98.409	169.460
Current liabilities	17.724.478	26.126.305	57.284.930	128.118.382	53.556.106	123.612.255
Current assets less net current liabilities	132.231.009	55.331.267	82.204.541	44.770.203	55.315.822	-29.337.576
Total assets minus current liabilities	500.088.348	550.990.221	633.714.087	618.653.044	704.135.183	623.607.232
Provisions	44.071.216	52.086.852	67.558.684	51.824.522	73.579.872	49.873.027
Deferred revenue	10.380	9.930	9.480	9.256	9.032	8.807
Equity and reserves						
1. Subscribed and paid-in share capital	51.908.959	51.908.959	51.908.959	51.908.959	51.908.959	51.908.959
2. Revaluation reserves	15.170.030	13.323.302	13.387.079	13.419.147	13.382.229	13.413.967
3. Total reserves, of which:	263.998.022	315.194.457	235.526.597	221.700.006	277.054.266	274.210.088
Legal reserves	10.381.792	10.381.792	10.381.792	10.381.792	10.381.792	10.381.792
Reserves constituted from adjustments for devaluation of financial non-current assets - debtor balance	94.601.896	125.728.526	175.343.070	186.022.412	135.619.216	151.324.561
- Reserves constituted from the value of securities / shares received free of charge	102.144.382	118.009.632	86.598.381	82.833.172	82.963.401	82.449.169
- Reserves representing surplus from revaluation reserves	2.418.666	2.717.003	2.717.331	2.717.331	2.786.785	2.786.785
- Other reserves	243.655.078	309.814.556	311.172.163	311.790.123	316.541.504	329.916.903
4. Reported result	23.607.297	22.182.702	72.410.172	150.983.863	151.133.057	151.133.057
5. Result of fiscal year	101.332.824	96.293.949	192.922.595	128.816.548	137.076.800	83.068.134
Owners' Equity - Total	456.017.132	498.903.369	566.155.402	566.828.523	630.555.311	573.734.205

*Owners' equity decreased by 9% compared to 01.01.2013.
Financial non-current assets at cost and reduced by amortization
adjustments increased by 0,7% compared to 01.01.2013.*

Structure of financial non-current assets As of 30/06/2013 (RON)	Gross value	Adjustments for devaluation	Net accounting value
Financial non-current assets, of which:	819.780.328	182.957.315	636.823.013
Shares held in affiliated entities	25.523.554	59.377	25.464.177
Participation interest	36.682.089	27.419.046	9.263.043
Securities held as non-current assets	756.851.651	155.478.892	601.372.719
Other receivables	723.034	-	723.034

Gross *trade receivables* include short term bank deposits amounting to 79.430.247 RON, (January 1st 2013: 87.511.953 RON) and associated interest, calculated up to Jun 30, 2013, of 337.084 RON (January 1st 2013: 433.962 RON), of which for bonds 185.025 RON (January 1st 2013: 75.800 RON).

Current assets decreased by 14,5% compared to 01.01.2013.
Provisions created decreased by 32,2% compared to 01.01.2013 and consist of:

• AVAS litigations provisions:	11.301.917
• Tax provisions	38.571.110
<i>Total:</i>	49.873.027

2.b. Income statement

Items (RON)	2009	2010	2011	H1 2012	2012	H1 2013
A. Revenue from operations total, of which:	192.416.867	175.914.315	336.996.156	207.237.684	275.466.615	170.730.976
1. financial non-current assets	72.017.626	21.301.365	18.099.092	23.973.119	24.205.357	25.838.846
2. ceded financial investments	96.631.878	103.983.529	244.792.448	144.948.864	206.642.958	115.016.737
3. interest	12.721.785	6.200.045	3.719.234	3.769.783	6.235.712	1.963.474
4. provisions, reactivated claims	7.986.213	32.310.035	15.850.022	25.789.729	26.614.018	23.990.576
5. other revenue	3.059.365	12.119.341	54.535.360	8.756.189	11.768.570	3.921.343
B. Expenses with operations total, of which:	84.070.171	65.232.372	104.998.413	63.076.033	117.313.839	80.313.887
1. ceded financial investments	38.096.855	16.904.427	33.503.524	35.590.831	56.387.307	59.127.941
2. losses related to receivables from investments				235.220	260.220	19.995
3. exchange rate variations	560.648	3.840.779	2.021.989	710.026	3.241.418	2.719.812
4. commissions and fees	1.990.194	2.618.267	4.420.372	1.697.717	3.647.208	1.775.924
5. depreciations, provisions, losses from various debtors	30.675.053	22.683.490	44.193.983	1.597.901	23.832.038	929.886
6. banking and similar services	48.411	42.206	50.209	46.846	107.186	17.435
7. materials	304.207	227.662	323.396	133.925	303.986	186.473
8. electricity and water	199.525	190.963	244.049	138.541	298.649	184.522
9. expenses with staff	10.967.482	16.180.859	17.465.660	20.569.099	25.410.604	12.649.893
10. external services	823.583	2.231.683	2.182.261	2.079.350	3.418.835	2.559.175
11. taxes and similar payments	404.213	312.036	592.970	276.577	406.388	142.831
C. Gross profit	108.346.696	110.681.943	231.997.743	144.161.651	158.152.776	90.417.089
D. Profit tax	7.013.872	14.387.994	39.075.148	15.345.103	21.075.976	7.348.955
E. Net profit	101.332.824	96.293.949	192.922.595	128.816.548	137.076.800	83.068.134

Revenues from operations have decreased by 17,6%, compared to H1 2012.

The main weight in total revenues is held by ceded financial investments, 67,4% specifically. Amounts obtained following the divestment program have been directed to supporting investment programs.

Operating expenses have increased by 27,3% compared to H1-2012. The main weight in total costs is due to ceded investment costs, 73,6% respectively.

Staff costs have decreased by 38,5% compared to H1 2012, a decrease influenced by the restructuring process finalized in 2012. As of Jun 30, 2013, the company has 47 permanent staff (Jun 30, 2012: 68), 2 management contracts and 7 director contracts (Jun 30, 2012: 2 management contracts and 7 director contracts).

2.c. Management of expenses

TOTAL EXPENSES (A+B+C+D+E+F)	80.313.887
A. Financial expenses	62.339.884
B. Expenses with ceded assets	5.238
C. Expenses with depreciation, provisions, losses from receivables and various receivables	926.197
D. Expenses with commissions and fees imposed by applicable regulations	897.199
E. Management expenses	6.819.358
E.1. Expenses with materials	186.473
E.2. Expenses with energy and water	184.522
E.3. Expenses with staff, of which:	4.378.138
Salary rights and indemnities	3.420.957
Expenses with insurance and social security	942.433
Expenses with professional training	14.748
E.4. Expenses with external services	1.927.394
E.5. Expenses with taxes, fees and similar disbursements	142.831
F. Expenses compensated by revenue from provisions (do not affect the financial result of the reporting period)	9.326.011

Expenses with ceded financial investments hold the highest weight in the total financial expenses.

➤ **Financial expenses account for 77,6% of total expenses.** These include expenses directly related to the investment / disinvestment activity realized in the reporting period and those generated by the holdings in financial instruments of SIF Moldova.

- In financial expenses, *the weight of expenses with financial investments amounting to 59.147.936 RON is 94,9%.* These

expenses consist of the cost of financial investments sold in the reporting period.

- *Expenses with exchange rate differences amount to 2.719.812 RON and represent 4,4% of financial expenses.* These expenses are partially compensated with revenue from exchange rate differences realized in the reporting period, amounting to 2.645.984 RON. Exchange rate differences are mainly generated by foreign currency liquidities holdings.
- *Commissions for transactions paid to financial investment services companies amount to 233.162 RON and represent 0.4% of financial expenses.* These expenses vary with the volume of transfer transactions carried out and with the level of commissions negotiated with the financial investment services companies through which the transactions are carried out;
- *Other financial expenses, amounting to 238.974 RON, mainly include the negative price differences related to current financial investments and represent 0.3% of financial expenses.*

➤ ***Expenses with ceded assets*** are compensated by the revenue obtained from the sale of these non-current assets.

➤ ***Expenses with depreciation, provisions, losses from receivables and various receivables represent 1,2% of total expenses.***

Expenses with commissions and fees imposed to the company as an entity regulated by CNVM and as an issuer listed on the BVB.

➤ ***Expenses with commissions and fees imposed by applicable regulations represent 1,1% of total expenses.*** These expenses are imposed through regulations applicable to financial investment companies and are carried out to the end of implementing corporate obligations. The value of these expenses cannot be optimized through internal decisions and directly influences performance indicators.

Management expenses represent 8,5% of total expenses

➤ ***Management expenses represent 8,5% of total expenses*** and include expenses directly related to the company's operations.

- in management expenses, the weight of *staff expenses (salaries, indemnities and social security)* amounting to 4.378.138 RON is of 64,2% of management expenses;
- *expenses with external services amount to 1.927.394 RON and represent 28.3% of the management expenses for the period.* These include: litigation and legal

*Related information in the
**SIF Moldova Corporate
Governance Code***

*Chapter.17.2 The
management of
functioning / management
expenses*

assistance expenses, postal expenses and subscriptions, expenses with maintenance and repairs, professional consultancy expenses, expenses with collaborators and other expenses with external services. Litigation and legal assistance expenses are generated by litigations in which SIF Moldova is involved in order to protect its interests in the portfolio companies and in order to recover the amounts foreclosed by AVAS. As a consequence of the conduct of litigations with AVAS, SIF Moldova has recovered as of the reporting date (in previous fiscal years) the amount of 23,14,409 RON. The amounts recovered influence the revenue and profit of the respective period. The amounts submitted for foreclosure from the AVAS debt and not collected as of the reporting date are of 24,336,051 RON and the AVAS debt that is to be foreclosed amounts to 1.253.398 RON;

- *expenses with materials, energy and water amount to 370.995 RON and represent 5.4% of the management expenses for the period.* Expenses with energy and water are partially recovered through revenue realized from the billing of dwellers for expenses related to the real estate rented;
- *expenses with taxes and associated disbursements amount to 142.831 RON and represent 2,1% of the management expenses for the period.* These expenses are represented mainly by taxes paid by the company for property in the patrimony. Expenses with local taxes are recovered from revenue from rent obtained by renting the associated real estate. The volume of revenue from rents recorded in the reporting period also ensures the full recovery of expenses with the depreciation of tangible and intangible non-current assets in the SIF Moldova patrimony.

- **Expenses compensated by revenue from provisions amount to 9.326.011 RON and represent 11,6% of total expenses.** These consist of expenses that have affected the financial result of previous fiscal years. In the reporting period, together with the recording of expenses, the related provisions were re-included in revenue, so that the result of the current fiscal year is not affected.

***The average monthly
percentage of
management expenses
represents 0,10% of the
value of total assets***

In the reporting period, **the average monthly percentage of management expenses represents 0.10% of the total assets value**, being lower than the level recorded in 2012, of 0.1%. This percentage is within the 0.1 – 0.4% range of

commissions paid to management companies by investment funds.

(sources: public documents of the main investment funds in the domestic market, pension fund management companies, professional organizations – AAF⁵)

2.d. Performance indicators

Liquidity indicators

The analysis of liquidity indicators determines the company's capacity to fulfill, at a given moment, the payment obligations undertaken based on current assets. The liquidity deadline indicates an asset's ability to be turned to money with a minimal loss of value.

Items (RON)	2009	2010	2011	2012	H1 2013
Liquidity indicators (ratios)					
- Current ratio = current assets / current liabilities	8,45	3,11	2,43	2,02	0,76
- Quick ratio = (current assets - inventories)/current liabilities	8,45	3,11	2,43	2,02	0,76

Activity indicators

Activity indicators express the company's efficiency in using its assets.

Items (RON)	2009	2010	2011	2012	H1 2013
Activity indicators (ratios)					
- Non-current assets turnover = revenue from operations / non-current assets	0,52	0,35	0,61	0,42	0,26
- Total assets turnover = revenue from operations / total assets	0,37	0,30	0,49	0,36	0,23
- Trade receivables turnover = average receivables balance / turnover x no. Of days in the reporting period	28	22	6	3	1

Profitability indicators

Profitability indicators reflect the efficiency of the activities carried out by a company to the end of its capacity to generate profit from available resources.

Items (RON)	2009	2010	2011	2012	H1 2013
Profitability indicators					
-Return on working capital=profit before interest and profit tax/working capital*100 (%)	23,76	22,19	40,98	25,08	15,76
- Earnings per common share (RON/share)	0,1952	0,1855	0,3717	0,2640	0,1600

⁵ **O.P.C.V.M.** are **Organizations for Collective Investment in Securities** (Eng. UCITS - Undertaking for Collective Investment in Transferable Securities), the legal term for open investment funds.

O.P.C.V.M. are open funds and investment companies that fulfill the following conditions:

- have as a single purpose the undertaking of collective investment, investing the monetary resources attracted, only in financial instruments that are expressly specified in the regulations and norms issued by the National Securities Commission (CNVM) that is the regulatory authority and operate according to the principle of diversification of risk and of prudent management;

- have an obligation to continuously buy back the securities they issue, meaning during the entire functioning of the OPCVM in cause;

An OPCVM can be constituted based on a civil contract as an open investment fund or through articles of association, in which case it is an investment company;

A.O.P.C. are **"Other Organizations for Collective Investment"** (Eng. NON – UCITS), the term used in law for closed investment funds. AOPC are closed funds and are constituted based on a civil company contract and have the obligation to buy back the securities they issue, at preset time intervals or on certain dates, in accordance with constitution documents. Unlike open funds in which investment policies and diversification rules are rigorously regulated through CNVM regulations, in closed investment funds, these two elements are more permissive

2.e. Cash flows

Items (RON)	Jan - Dec 2009	Jan - Dec 2010	Jan - Dec 2011	Jan - Dec 2012	Jan – Jun 2013
1. Cash at beginning of period (a+b)	42.784.466	124.948.835	56.149.075	129.128.400	88.227.432
a. Current accounts	858.632	213.084	409.591	475.410	297.366
b. Financial investments - DEPOSITS	41.925.834	124.735.751	55.739.484	128.652.990	87.930.066
A. Operations (2-3)	(19.886.897)	(18.195.355)	(36.128.309)	(63.889.106)	(25.443.578)
2. Cash inflows	3.488.509	14.799.054	2.392.793	14.124.965	1.377.221
3. Cash outflows	23.375.406	32.994.409	38.521.102	78.014.071	26.820.799
Investment activity (4-5)	119.861.599	(27.590.377)	145.072.269	112.542.849	71.010.113
4. Cash inflow	172.390.244	148.190.875	278.312.716	239.536.610	145.762.486
5. Cash outflow	52.528.645	175.781.252	133.240.446	126.993.761	74.752.373
C. Financing activity (6-7)	(17.810.333)	(23.014.028)	(35.964.634)	(89.554.711)	(53.405.963)
6. Cash inflow	1.627.173	624.127	1.133.503	2.305.752	5.505
7. Cash outflow	19.437.506	23.638.155	37.098.137	91.860.463	53.411.468
TOTAL CASH FLOW (A+B+C)	82.164.369	(68.799.760)	72.979.326	(40.900.968)	(7.839.428)
CASH AT END OF PERIOD	124.948.835	56.149.075	129.128.400	88.227.432	80.388.004
a. cash office - RON	2.979	2.553	3.948	840	4.446
b. banks – RON	209.991	127.455	97.077	78.378	110.160
c. banks - foreign currency	114	279.583	374.385	218.148	186.879
d. deposits – RON and foreign currency	124.470.510	55.464.494	128.286.397	87.511.953	79.430.247
e. Deposits material pledges	265.241	274.990	366.593	418.113	656.272

2.f. Degree of achievement of the Revenue and Expense Budget

	Planned for 2013	Achieved as of H1 2013	Achieved as of H1 2013/ Planned for 2013(%)
A. Total revenue	177.482.621	170.730.976	96
B. Financial revenue	159.500.000	146.010.364	92
· Revenue from financial investments (dividends)	18.000.000	25.838.846	144
· Revenue from receivables (banking interest + bonds)	4.000.000	1.963.474	49
· Revenue from ceded financial investments	135.000.000	115.016.737	85
· Revenue from exchange rate differences	2.000.000	2.645.984	132
· Revenue from provisions	-	241.737	
- Other financial revenue	500.000	303.586	61
C. Revenue from operations	17.982.621	24.720.612	138
- Revenue from rents and associated activities	1.500.000	867.301	58
- Revenue from provisions	10.482.621	23.748.839	227
- Other revenue from operations	6.000.000	104.572	2
D. Total expenses	76.245.252	80.313.887	105
E. Financial expenses	33.450.000	62.666.974	187
· Expenses related to ceded financial investments	30.000.000	59.147.936	197
· Expenses related to commissions for transactions	700.000	233.162	33
· Expenses related to exchange rate diff,	2.000.000	2.719.812	136
· Expenses with banking services	150.000	17.435	12
- Expenses with provisions	-	323.402	
- Other financial expenses	600.000	225.227	38
F. Expenses with operations	42.795.252	17.646.913	41
G. Gross profit	101.237.369	90.417.089	89
H. Taxable profit	94.819.069	46.034.091	49
I. Profit tax	15.171.051	7.348.955	48
J. Net profit	86.066.318	83.068.134	97

2.g. Individual financial statements drafted in compliance with IFRS for the fiscal year ending Dec 31, 2012. (current report as of Jun 28, 2013)

RAS – IFRS comparison as of Dec 31, 2012:

	RAS 2012	IFRS 2012	Differences (IFRS – RAS)
a. Financial status			
Total assets	758.279.824	1.196.725.614	438.445.790
Total liabilities	124.724.513	146.178.996	21.454.483
Owners' equity	630.555.311	1.050.546.619	419.991.308
b. Global result			
Net profit of fiscal year	137.076.800	93.173.721	(43.903.079)
Other items of the global result	-	100.525.712	100.525.712
Global result related to the period	137.076.800	193.699.433	56.622.633

The analysis of IFRS / RAS differences reveals the following aspects for each significant position:

- „Total assets” – records an increase motivated mainly by the recording of fair value differences related to financial assets according to IFRS;
- „Total liabilities” – presents an increase motivated by the recalculation of the deferred profit tax related to the new fair value differences;
- „Net profit of fiscal year” – presents a decrease as a consequence of the application of the provisions of IAS 39 regarding the recognition of gains from the sale of „financial assets available for sale”.
- „Other items of the global result” – the result is mainly generated by increases in the reserve from the fair value revaluation of financial assets.

A more detailed description of the differences between RAS and IFRS is found in Notes 28 and 29 – an integral part of the explanatory notes accompanying the financial statements drafted in compliance with IFRS.

The individual financial statements drafted in compliance with IFRS have as a goal the accurate presentation of the global individual result, of the individual financial status, of the modification of owners' equity and of cash flows of SIF Moldova as of the end of the 2012 fiscal year.

The individual financial statements were accompanied by the “Report of the independent auditor” Deloitte Audit SRL; the opinion expressed is unreserved: *“In our opinion, the individual financial statements accurately represent, from all significant points of view, SIF Moldova’s individual financial status as of Dec 31, 2012 and its individual financial performance and cash flows for the year ending on that date, in compliance with International Financial Reporting Standards as adopted by the European Union.”*

2.h. Accounting policy

The accounting policy is set forth by the Board of Directors in accordance with the applicable specific regulations.

Related information in
The SIF Moldova
Corporate Governance
Code

Chapter.15. Accounting
and provision policy

The financial statements are the responsibility of the management of the Company and are drafted in accordance with the Accounting Regulations compliant with the 4th Directive of the European Economic Communities applicable to entities authorized, regulated and supervised by the National Securities Commission, approved by the Order of the President of the National Securities Commission no. 13 / Feb 3, 2011 for the approval of Regulation no. 4/2011 of the National Securities Commission, applicable together with Accounting Law no. 82 / 1991 (republished and modified).

The accounting policies adopted by SIF Moldova are presented in detail in Note 6 “Accounting principles, policies and methods” and are an integral part of the **Accounting policies manual**

The current Board of Directors analyzes the accounting policies set forth for the 2013 fiscal year and does not exclude the possibility to modify them, complying with legal provisions and with communication deadlines.

3

The SIF 2 share on the Bucharest Stock Exchange

30/06/2013

No. of shares: 519.089.588

Nominal value: 0,1 RON

Stock market capitalization:

643.671.089 RON

(145 mil EURO)

Price: 1,24 RON

EPS: 0,26 RON

PER: 4,7

P/BV: 1,13

P/BVS: 0,60

52 m: 1,0500 RON/share

52 M: 1,5680 RON/share

Shares issued by SIF Moldova are admitted and traded on the Bucharest Stock Market in the 1st tier, since Nov 1, 1999,

The register of shares and shareholders is maintained in compliance with legal provisions by "S.C. Depozitarul Central SA.

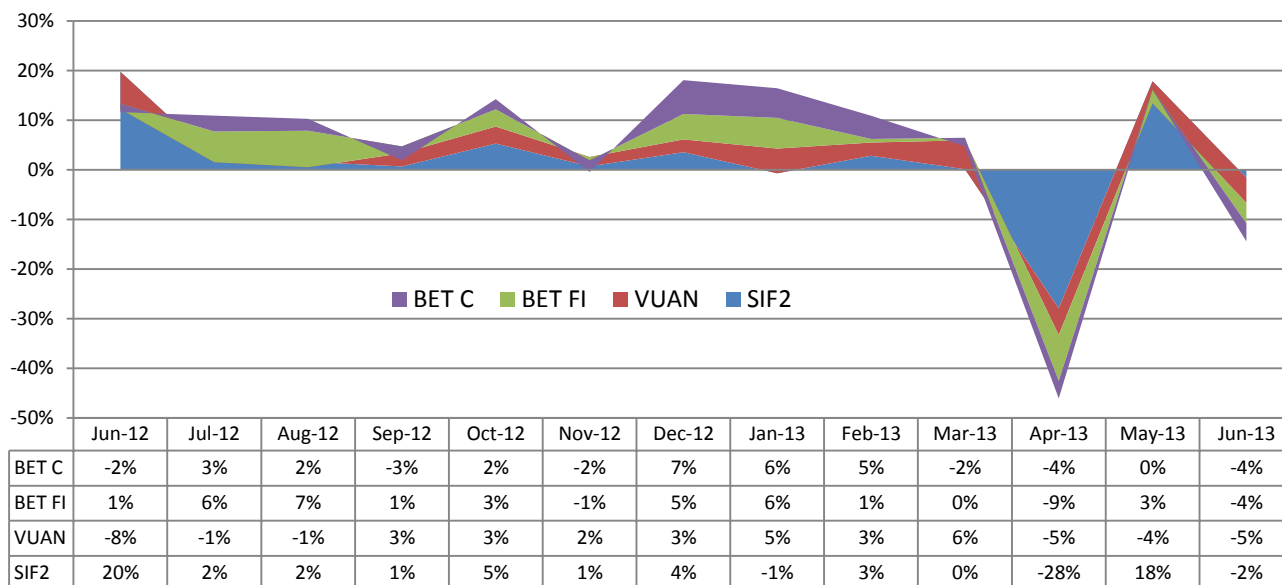
Evolution of the SIF 2 share: June 2012 – June 2013



(Source: Bloomberg Finance)

Comparative evolution of SIF2 / BET-FI / BVS

(Jun 2012 – Jun 2013 / variation compared to the previous month %)



Rates of return: the SIF 2 share, SIF 2 BVS, BET-FI

Rates of return as of 30.06.2013 (%)	SIF2 share	BVS SIF2	BET-FI
1 month	-1,59	-5,10	-4,12
3 months	-16,39	-14,19	-10,59
6 months	-14,48	-2,12	-3,89
12 months	-1,59	6,51	20,00

* For comparison purposes, the rate of return of the SIF2 share was calculated without the influence of the dividend.

** mention – in H1 2013, the evolution of the SIF2 share price was superior to the evolution of the BET-FI index on most trading days (51%).

Position in the sector

SIF / FP 30/06/2013	Banat Crisana	Moldova	Transilvania	Muntenia	Oltenia	Property Fund
NAV/share (RON / share)	2,5343	2,0541	0,9231	1,2659	2,5030	1,1514
Closing price (RON / share)	1,1400	1,2400	0,5200	0,6860	1,4320	0,6195
Discount %	55	40	44	46	43	46
Capitalization (RON)	625.688.165	643.671.089	567.914.532	553.627.049	830.797.302	8.535.713.973
Net assets (RON)	1.390.971.697	1.066.272.757	1.008.143.557	1.021.621.127	1.452.162.447	14.998.478.084
Profit (RON)	28.679.054	83.068.134	140.328.195	36.994.336	90.508.076	514.633.081

source: BVB; AAF

Related information in
**The SIF Moldova Corporate
Governance Code**

Chapter 16. The evaluation of
company performance and of
the SIF2 share

**The SIF2 share remains
at the lowest discount
from the NAV in the
sector (SIFs + PF)**

4

Promotion and protection of SIF Moldova interests

4.a. SIF Moldova interests protection– litigation status

The legal consultancy activity ensures compliance with corporate governance principles.

Assistance, consultancy and legal representation were achieved through:

- the continuous supervision of the stage of the 248 cases in court in various judicial stages, by creating and drafting requests and required defenses for the protection of SIF2 interests.
- approving the strategies proposed by collaborating attorneys in the cases our company is involved in.
- approving the strategies and positions of SIF Moldova in the general assemblies of shareholders in companies in the portfolio.

*Related information in
**The SIF Moldova
Corporate Governance
Code***

***Chapter.12.3. Protection of
SIF Moldova interests /
assets through judicial
procedures***

The following issues **arose** in the reporting period:

- **a significant decrease in cases in court** (approximately 50 cases were archived), as a consequence of the ruling by courts of final judicial rulings together with the strongly and legally justified waiving of some litigations by SIF Moldova.
- **provisions amounting to 11,3 mil. RON were cancelled**, as a consequence of the final resolution of cases involving disputes for foreclosure against AVAS Bucuresti.
- **the intensification of the legal consultancy activity for various projects carried out by the company or by the company's departments, a new necessary segment arising from this perspective**, mainly involving the creation and implementation of a complex contract architecture. The judicial consultancy thus constitutes a harmonious basis that adds to the investment projects in such a way that these are not limited but the legal security of SIF Moldova's interests is ensured.

- Total litigations - 190 cases, of which: 165 cases are in court in various judicial stages and 25 cases are solved;

- Value of litigations in court: 99,4 mil. RON (insolvency and claims); 800,000 USD – appeals from enforcement.

In summary, the status of litigations as of Jun 30, 2013 presents as follows:

Litigations in which SIF Moldova is a plaintiff:

1. Litigations involving the repealment of illegal resolutions of GASs in the SIF Moldova portfolio - 41 cases, of which 15 cases finalized up to Jun 30, 2013 and 26 in court in various stages of litigation;

2. Litigations involving claims - 81 cases, of which 3 cases were solved as of Jun 30, 2013, 78 cases remaining in court in various judicial stages;
3. Litigations involving the insolvency procedure - 22 cases, of which 20 cases in court in various judicial stages and 2 with final rulings;
4. Litigations with various objects - 30 cases of which 4 cases were solved as of Jun 30, 2013, 26 cases remaining in court in various judicial stages;
5. Criminal litigations - 16 cases, of which 15 in court and 1 case solved.

- Total litigations = 116 cases, of which: 83 cases are in court in various judicial stages and 33 cases were solved;

- Value of litigations in court: 1,5 mil. RON - claims; 34,9 RON – appeals from enforcement against AAAS.

Litigations in which SIF Moldova is a defendant

- Total litigations = 116 cases, of which: 83 cases are in court in various judicial stages and 33 cases are solved;
 - Value of litigations in court: 1,5 mil. RON - claims; 34,9 mil. RON – appeals from enforcement against AAAS Bucuresti.
1. Litigations with various objects and claims cases - 16 cases, of which 15 cases in court, in various judicial stages, and 1 case finalized;
 2. Litigations with contestations of foreclosure - 68 cases in court initiated by AAAS, as a consequence of foreclosures by SIF Moldova. As of Jun 30, 2013, 32 cases involving contestations of foreclosure were solved.

Note - details by category/ case are featured in annex 4.

Objectives:

- ✓ Increased speed and effectiveness of portfolio restructure and balance;
- ✓ - reducing the number of investments in companies in underperforming sectors;
- ✓ - promoting and observing corporate governance principles.

4.b. Promoting the interests of SIF Moldova – portfolio companies' management policy

The administration policy of companies in the portfolio complies with the specific legal framework that adapts to the provisions of the European Directive applicable to the specific field of activity.

An important objective was **the observance by companies in the portfolio of SIF Moldova of the Corporate Governance principles that ensure accuracy and transparency to the decisional process and allows equal access to relevant information to all shareholders.**

Exercising shareholder attributions

Exercising shareholders attribution specified by Law no. 31/1990R and CNVM regulations, has been achieved through representatives in GASs.

*Related information in the
**SIF Moldova Corporate
Governance Code***

*Chapter 12.1. Increasing the
performance of the asset
portfolio through an active
portfolio management*

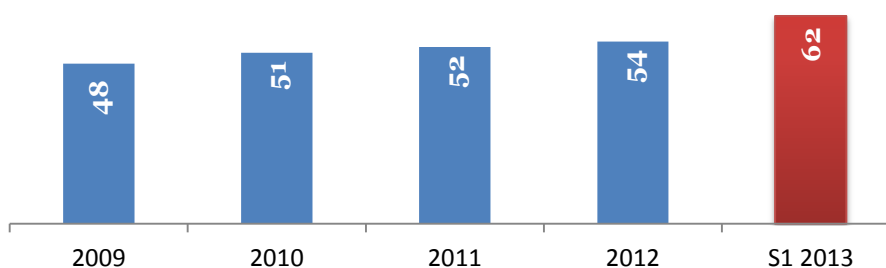
*Chapter 12.2. The voting
policy at general assemblies
in companies in the portfolio*

Grounding of the voting option is achieved following careful review of the documentation provided to the shareholders, to be carried-out by investment analysts, by taking into account the approaches/proposals of the boards of directors and in agreement with the interest of the shareholders.

In order to protect the interests of SIF Moldova in the companies in the portfolio and according to the strategy approved by the Board of Directors in order to increase the degree of involvement, GAS participation has evolved as follows:

	2009	2010	2011	2012	H1 2013
GASs convened	307	455	427	392	240
GASs attended by SIF Moldova	146	231	224	212	148
% participation	48	51	52	54	62

% participation in GAS convoked at portfolio companies



Monitoring the activity of companies in the portfolio

The activity of companies in the portfolio has permanently been monitored, the key objectives being:

- Gathering data and information in due time;
- Taking part in corporate events (GASs, other events)
- Reviewing actual potential of the companies;
- Reviewing investment requirements for operation;
- Improving financial and economical results;
- Promoting effective management;
- Establishing ways to capitalize on participations;
- Implementing adequate corporate governance rules:
 - Respecting the rights of shareholders and treating them fairly;
 - defining clear roles and responsibilities for the Board of Directors;
 - integrity and ethical behavior by the management team;
 - transparency and correct presentation of results and future perspectives and of the dividend policy

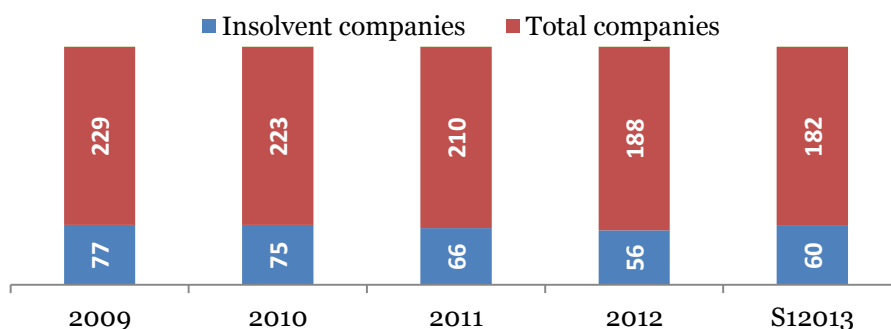
Companies in insolvency / bankruptcy / judicial reorganization

This portfolio includes the shares of 60 companies in various stages of: administrative liquidation 4, judicial liquidation 45, insolvency 7 and judicial reorganization 4. These securities are recorded in the assets managed at zero value, according to the provisions of CNVM regulation no. 15 / 2004 art. 202 (4), except for the shares issued by companies in administrative liquidation that are traded – 3. The numerical evolution of companies in this category, in the 2009 – H1 2013 is as follows:

	2009	2010	2011	2012	H1 2013
Total number of companies in the portfolio	229	223	210	188	182
Number of companies in insolvency, reorganization, bankruptcy	77	75	66	56	60
Percentage of companies in insolvency in total companies (%)	34	33	31	30	33

In the first half of 2013, the decreasing trend of the number of companies in insolvency, bankruptcy or liquidation has slowed.

The number of companies in this category has gradually decreased, and so the portfolio of SIF Moldova “has been cleaned” partially of companies in financial distress, their weight in the total portfolio decreasing from 34% in 2009 to 30% as of Dec 31, 2012.



The decrease in investments and non-performing sectors remains an important objective in the portfolio restructuring process.

In the meeting on Jun 28, 2013, the Board of Directors has analyzed the alternatives regarding **the optimization of the portfolio of companies in judicial liquidation, insolvency and reorganization** and decided to **initiate procedures for the gradual transfer of shares.**

The methods under analysis regarding the transfer of shares held in non-performing companies involve the contribution to the share capital and the cession of shares towards: **(1) a company in the portfolio controlled by SIF Moldova and / or (2) a newly constituted company controlled by SIF Moldova and / or (3) a third party.**

A final decision to this end will be adopted in Q3 2013, the transfer of shares being carried out, partially or fully, up to the end of 2013.

SIF Moldova approaches with a possible impact on performance

SIF Moldova carried out approaches to the competent institutions, or, depending on the case, analyzed relevant problems of the environment in which it carries out its activity, with a possible impact on its performance.

For example:

- The request by ASF to cancel the CNVM DM no. 11 / 2005 regarding forbidding the acquisition of shares of SIFs between these entities; currently we have the confirmation of ASF that SIF Moldova's request is under analysis.
- Supervising the legislative proposal regarding the clarification of the Status of the RASDAQ market and of the Non-listed Securities Market (registration no. in the Senate: B410/2013) and the evaluation of the consequences on the SIF Moldova portfolio.

Public positions regarding SIF Moldova's policy in relation to the management of its portfolio companies can be consulted on the website www.sifm.ro/media

5

Relations with shareholders and capital market institutions. Dividend policy.

*Related information in the
**SIF Moldova Corporate
Governance Code***

*Chapter3. The General
Assembly of Shareholders*

*Chapter4. Shareholder
rights*

In H1 2013, SIF Moldova **obligations for transparency, information and reporting were respected and ensured** through the issuance of press releases, publishing of mandatory reports and close communication with shareholders (through all means of communication).

For compliance with good corporate governance principles, sustained communication with shareholders represents a priority for SIF Moldova's management. To this aim, shareholders / investors were provided with additional information, some periodic (newsletter), conceived so as to allow daily updating regarding the Company's performance as well as transparency of management.

According to the provisions of the “*SIF Moldova Corporate Governance Regulations*”, relevant periodic and continuous information (financial and non-financial reporting) was publicized concomitantly in Romanian as well as English.

An important component of the relationship with shareholders is the direct communication activity – H1 2013: correspondence approx.. 160.000 addresses (letters; e-mails); telephone correspondence – over 5.300 calls.

Note – the details regarding each category of reports carried out in the reporting period are included in annex 5.

Shareholding structure as of 30.06.2013

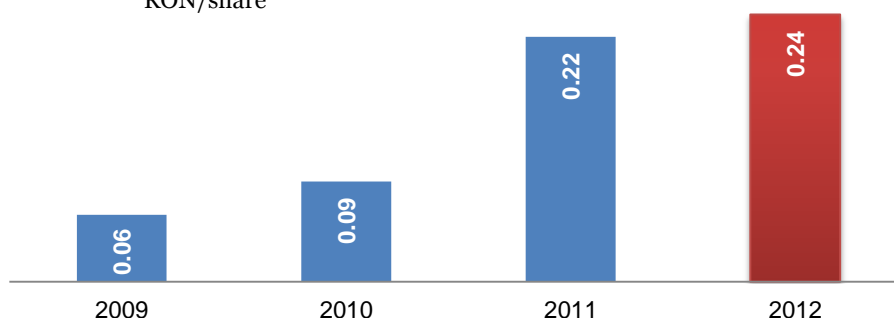
Consolidated registry as of 30/06/2013	Natural persons		Legal persons		TOTAL	
	Shareholders	% Co.	Shareholders	% Co.	Shareholders	% Co.
Residents	5.801.258	48,9	282	23,9	5.801.540	72,8
Non-residents	1.602	1,6	73	25,6	1.675	27,2
TOTAL	5.802.860	50,5	355	49,5	5.803.215	100,0

Dividend policy

Related information in the
**SIF Moldova Corporate
Governance Code**

Chapter.14.1 Dividend policy

gross dividend evolution
RON/share



TOTAL dividends 2009 – 2012: 316,6 mil RON

Regarding the dividend policy, the Ordinary General Assembly of Shareholders of Apr 5, 2013 decided on a gross dividend of 0,24 RON / share and the initiation of dividend payments at the company head office in no more than 60 days from the date of publishing the decisions in the Romanian Official Gazette, part IV (no. [2213/22.04.2013](#)) complying with the legal deadlines for their payment.

- The payment of dividends for 2012 began on Jun 17, 2013 (on request) and from Jul 3, 2013, the dividends due to legal person shareholders with holdings in the [30-30.000] interval are payable at the pay offices of Transilvania Bank and of the Romanian Post (the Central Depository Bucharest operator) up to Dec 31, 2013.
- The means of payment were communicated to shareholders through a release published in the Bursa newspaper (May 14, 2013) and were posted on the company website: www.sifm.ro and www.bvb.ro
- Up to the end of June 2013, the status of payments of dividends due is as follows:

Payment of dividends as of 30/06/2013	Dividend 2009	Dividend 2010	Dividend 2011	Dividend 2012
	0,06 RON / share	0,09 RON / share	0,22 RON / share	0,24 RON / share
Total dividend payable (RON)	31.145.375	46.718.063	114.199.710	124.581.501
Total paid as of 30.06.2013 (RON)	24.834.295	37.153.039	90.090.513	56.365.961
% paid as of 30.06.2013	79,74%	79,53%	78,89%	45,16%

- From the total of 45% of dividends from 2012 *paid on demand*, 31% are paid to legal person shareholders (domestic and foreign residents) and 14% are payments to natural person shareholders (domestic and foreign residents).

- 30% of the 2012 dividend was paid on request in the accounts of intermediaries (SSIF and custodians);

Status of dividend payments as of 2012	June (30.06.2013)		July (22.07.2013)		TOTAL	
Category of shareholders and payments:	No.	% dividend 2012	No.	% dividend 2012	No.	% dividend 2012
Foreign residents	66	17.74	11	0.40	77	18.14
Legal person residents	65	12.46	53	5.32	118	17.79
Natural person residents, of which:	1,674	13.44	287	0.92	1,961	14.37
<i>With holdings > 30.000 shares</i>	253	12.42	49	0.86	302	13.28
Submitted to operators (DC+BT)	29,252	1.52	76,929	3.96	106,181	5.47
TOTAL	31,057	45.16	77,280	10.60	108,337	55.76

Communication with shareholders

Communication with shareholders focused on structuring detailed responses to their queries. Thus, the main themes / responses were focused on the following aspects in SIF Moldova's activity:

- Introducing in activity reports **qualitative and quantitative analysis indicators for the investment activity**, as well as the analysis of the structure and weight of management expenses in the total expenses / the value of total assets.
- The institutional performance growth measures were added to by the initiation of an **ample organizational restructuring process**, started in the previous term of office and that complies with the objectives of the current term of office of the BD. We would like to remind you that a significant reduction of the number of positions occupied was achieved, from 228 (before the previous term of office) to 47 currently, a process accompanied by the optimization of the organizational structure, of decision flows and of operating expenses.
- **Increasing the transparency of the management act**, through sustained communication with shareholders:
 - a. there are schedules for periodic meetings with shareholders / investors and intermediaries in the capital market, which preceded some important decisions and the preparation of the GAS. In this category of actions we emphasize the **questionnaires for shareholders**, an instrument used in the last year in order for consultation in setting the issues on the agenda of the EGAS of April 2013 and for the means of implementation of the Corporate Governance principles in current activity and in structuring the directions for SIF Moldova's development;
 - b. the contents of the periodic activity reports offers **detailed information, additional to the requirements of CNVM / ASF** and of the BVB, structured so that they

- reveal the dynamics of performance and the decision-making process;
- c. the relevant periodic and continuous information are **simultaneously disseminated, in Romanian as well as in English**;
 - d. **The elaboration, adoption and implementation of the company's own Corporate Governance Code**, aligned with OECD principles and with the best existing practices in the field;
 - e. **the adoption of decisions** (some being the first in the field) **that would lead to an increase in the performance** of the SIF2 share **was initiated and proposed** repeatedly to shareholders:
 - **multiannual investment strategies** approved by the yearly General Assemblies, starting with 2007;
 - **a predictable dividend policy**, approved by the 2011 GAS; ex: payout ratio increased from 30% (2009), to 59%(2011), respectively to 90% (2012);
 - **the conclusion and publication of director and management contracts**; the approval of the general limits for the compensation and profit participation of directors and managers – GAS 2011 - 2013;
 - the submission for the approval of shareholders of a own **share buy-back program** (EGAS of **April 2013**);
 - submission to the approval of shareholders of the **increase of the share capital through contribution in cash** (AGA-E of **April 2012**) – with the potential advantages deriving from this operation for the company and for shareholders;
 - submission for the approval of shareholders of the modification of the articles of association that would lead to the **elimination of the ownership limitations** and to the **decrease of the quorum for assembly and for the adoption of decisions** of future GASs, which would facilitate the adoption of future important decisions with the key objective of the increase of SIF Moldova's performance (EGAS of April 2012 and EGAS of April 2013).

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6

Ensuring compliance

6. a. Internal audit activity

Internal audit is an independent and objective activity that provides assurance to the company in terms of control over operation, guides it in improving its operations and contributes to adding value.

The internal audit activity is carried-out based on the engagement plan established in accordance with the objectives of the company, Internal audit activities and resources are authorized by the Audit Committee and approved by the Board of Directors, Significant interim changes are also subject to authorization and approval. The audit plan for 2013 was approved in the Board meeting on Jan 30, 2013.

Within SIF Moldova, ensuring conformity is an integrated, procedural process, mainly aimed at Internal Auditing, Internal Control and legal assistance activities. The whole of this mechanism is used to justify, elaborate and adopt decisions.

The program of the internal audit assignments is based on the review of risks flagged as priorities for internal audit, as per the objectives of SIF Moldova. Internal audit activity is carried-out as per the procedure drafted for operation steering. A plan is drafted for each internal audit assignment, featuring the area, objectives, calendar and resource allocation.

Upon planning each assignment the following aspects are taken into consideration:

- The objectives of the activity being reviewed and the means through which the activity is controlled;
- Significant legal risks related to the activity and the means through which the potential risk impact is maintained at a tolerable level;
- Management systems adequacy and effectiveness and activity risks control, related to the control framework;
- Significant improvement opportunities for control and management systems and activity risks control.

Upon drafting the objectives of the assignment the likelihood of errors, irregularities, non-compliances and other significant exposures is considered.

- Internal audit is carried-out under the following formats:
- Evaluation of management systems and internal control – system audit;
- Evaluation of results against objectives and examination of actual impact– performance audit;
- Ensuring compliance of procedures and operations with legal standards – regularity audit.

The internal audit activity reviews exposures to risks associated to corporate governance, operations and IT systems regarding:

- reliability and integrity of financial and operational information;
- operations efficiency and effectiveness;
- assets protection;
- Legislation, regulations and contracts observance.

The internal auditing missions carried out in H1 2013 were aimed at:

- Human resources management, the conclusion and implementation of the Collective work contract and the compensation of staff;
- The drafting of the yearly individual financial statements as of Dec 31, 2012;
- Financial and accounting activity;
- The analysis of SIF Moldova's operating expenses in 2012;
- The analysis of SIF Moldova's operating expenses in the current term of the Board of Directors;
- The analysis of SIF Moldova's operating expenses, compared to the expenses recorded by other financial investment companies and with the commissions owed to investment management companies for the administration of investment funds and the Property Fund;
- The verification of conformity issues regarding the drafting of informative materials related to the items on the agenda of the ordinary and extraordinary general assemblies of SIF Moldova on Apr 4 / 5. 2013.
- Taking part in the financial auditor selection process, in order to appoint it and to set the duration of the financial audit contract by the ordinary general assembly of Apr 4 / 5, 2013;
- the verification of conformity issues on request by executive managers;
- the elaboration of opinions on request by directors and by executive managers.

Internal audit periodically reports to the Audit Committee and the Board of Directors about the purpose of the audit activity, the authority, responsibility or execution according to plan, Reports include significant risks and aspects related to control and management, as well as other matters requested by the Board of Directors, the Audit Committee or by the executive managers.

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 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 to manage the identified risks.

6.b. Internal control activity

In compliance with the provisions of art, 37-41 of CNVM Regulation no, 15 / 2004 and with the Investigations Plan approved in the Board of Directors' meeting of Jan 30, 2013 and transmitted to CNVM with address no. 984/05.02.2013, the activity of the Internal Control Department in the first half of 2013 consisted of the following:

- Control related to observance of the stock market regulations and of internal investment regulations and procedures of SIF Moldova;
- Current control regarding a shareholder's request to apply the cumulative voting method in order to elect the members of the Board of Directors;
- Current control regarding the companies in SIF Moldova's portfolio in which Chelu Catalin Constantin's group is a shareholder;
- inspection regarding compliance with the regulations of the capital market and of internal regulations and procedures regarding the regime of privileged information;
- inspection regarding compliance with the regulations of the capital market and of internal regulations and procedures regarding asset evaluation;
- Permanent activities of the Internal Control Department:
 - Regular checks and controls requested by the management bodies of SIF Moldova;
 - Mailings with the institutions of the stock market concerning applicable regulations;
 - 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 applicable prudential 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.

Recommendations and irregularities were remedied / implemented during controls

7

Corporate governance – transparency of management

7.a. Implementation of corporate governance principles

AGAO/05.04.2013

Decision 12

*“Notes the information regarding the **SIF Moldova Corporate Governance Code**, a document approved by the Board of Directors.”*

The decisions adopted by the Board of Directors implement the principles set forth in the Corporate Governance Code and attest to the fact that the SIF Moldova management structure implements the best practices in the field.

Thus, in accordance with legal provisions, with those of the „Corporate Governance Code of SIF Moldova” and considering the membership of the Board of Directors elected by OGAS on Apr 5, 2013, (CNVM approval no. 15/29.04.2013, the ASF address no. A/740/28.05.2013), the constitution of three **Consultative Committees** with the following membership was approved in the meeting of the Board of Directors of May 30, 2013:

1. **Auditing committee** - Hrebenciuc Andrei, Iancu Catalin Jianu-Dan, Hanga Radu
2. **Investment policies and strategies committee** - Ciorcila Horia, Hanga Radu, Hrebenciuc Andrei, Iancu Catalin Jianu-Dan, Radu Octavian-Claudiu
3. **Nominating committee** – Ciorcila Horia, Radu Octavian-Claudiu (*newly constituted committee*).

(Current report as of May 30, 2013)

In the meeting of the Board of Directors on Jun 28, 2013, the election of the presidents of the Consultative Committees of the Board of Directors was decided, namely:

1. The investment policies and strategies committee – president: **Iancu Catalin Jianu-Dan**; members: Ciorcila Horia, Hanga Radu, Hrebenciuc Andrei, Radu Octavian-Claudiu;
2. The auditing committee - president: **Hrebenciuc Andrei** members: Iancu Catalin Jianu-Dan, Hanga Radu;
3. The nomination committee - president : **Radu Octavian-Claudiu**; member: Ciorcila Horia.

The consultative committees exclusively consist of **non-executive and independent** members that supervise the specific activity of the acting leadership and of the executive, submitting recommendations to the Board of Directors. In the current activity, there is a **clear division of the supervision and control responsibilities** in relation to the responsibilities of the executive management. Thus, the last recommendation of the Corporate Governance Code included in the “Apply or

Explain” declaration was fulfilled. ([Current report as of Jul 1, 2013](#))

7.b. Objectives for the evaluation of management performance

The measurement and evaluation of performance during the application of the provisions of the Corporate Governance Code of SIF Moldova (CGC).

The purpose aimed at is that of permanently increasing the effectiveness of SIF Moldova’s activity, with a direct impact on the increase in performance and added value, which further reflects on the value of the share and implicitly in the shareholders’ satisfaction.

The evaluation of SIF Moldova’s activity is done in accordance with the provisions adopted in the CGC. These provisions specify in detail:

- The activities, compartments and processes that must be evaluated;
- The conditions and principles based on which this evaluation is to be done;
- The methodologies and standards used in the evaluation;
- The representation and interpretation of the results achieved;
- The measures that must be taken based on the results achieved, well-specified and clearly appropriated by class of responsibility.

The evaluation of performance within the CGC.

The supervision of the company’s results is correlated with a periodic evaluation carried out with the aid of relevant performance indicators, which are distributed on several levels.

In the evaluation, several categories of **performance indicators** are adopted, each class of indicators being allocated to the specifics of the organization and of the departments generating it as well as to general use, in case qualitative or quantitative performance is pursued that includes activities with complex hierarchical or inter-discipline structures.

Performance measurement at organization and department level based on scoring indicators.

The evaluation of performance in the company is based on a system of analysis that includes modules for the acquisition of data, of analysis based on statistical and comparative algorithms, primary reporting and interpretation and constitutes as a whole a Decision Support System (DSS).

The decision support system (DSS – Decision Support System) supports and assists the company management in planning and organizing current activities in the context of the business environment being susceptible to quick and

unpredictable change. The DSS will consist of:

- a. *A computer system* – includes specific information and procedures (the business model) that characterize and describe the information flows in the company (also known as Knowledge Based System - KBS). KBS is used for the identification and resolution of problems that may arise in the investment cycle.
- b. *An Organizational System* – that implements the procedures and information obtained from the information system.

*Related information in the
**SIF Moldova Corporate
Governance Code***

*Chapter.16. The evaluation
of company performance*

The evaluation of the implementation of the CGC is done as a **Report** that reflects the results achieved in the comparison between the provisions adopted in the CGC and the standard reporting form, a form that reflects:

- Quantitatively: the degree of achievement of the objectives proposed;
- Qualitatively:
 - The procedures, processes and methodologies set forth in the CGC should be complied with at company, department and personal level;
 - Degree of time compliance – compliance with the deadlines and procedures for monitoring;
 - The degree of monitoring of implementation – the permanent reporting of the fulfillment / implementation of the provisions of the CGC in current activity and the correlation of this implementation with the provisions of the procedures of implementing the operational risk strategy.

The classes from whose perspective these evaluations are to be done have as common considerations:

- *The issuer*, through self-evaluation – periodic adjustment;
- *External entities with experience in the CGC scoring field*, to the end of setting conformities in the procedures and processes adopted and the issuance of certificates;
- *The shareholders*, by providing them with a standardized and accepted set of necessary and relevant instruments and information in order to evaluate the quality of the dialog and performance realized by the company's management.

Note: The finalization and implementation of the project "System for the evaluation and implementation of the Corporate Governance Code of SIF Moldova" will be the subject of a detailed report addressed to shareholders / investors in Q3 2013.

*Related information in the
**SIF Moldova Corporate
Governance Code***

*Chapter 17.- The company's
restructuring /
reorganization process*

7.c. Optimization of organizational structure - Human resources management.

The organizational optimization process derives from the necessity to structure and implement a successful model – that would ensure: performance, the exploitation of the leaders' and employees' expertise, the increased capacity to react to opportunities, individual and collective responsibility, conformity (Internal Regulations, system, operating and working procedures, the specific legal framework).

In this context and as a measure for increasing institutional performance, the Board of Directors maintains as an objective organizational restructuring / optimization. To this end, in the meeting on Jun 28, 2013, the Board approved the following **modifications of the organizational chart** at the level of the executive departments:

1. The Economic Department – transforms into the Financial – Accounting Department;
2. The Investment Department maintains its current segmentation on three activities, with changes occurring in the groups of activities, these becoming: (a) Strategies. Investment policies, (b) Projects (c) Transactions and Sales.

The current organizational chart can be consulted on the webpage [www.sifm.ro/despre noi/Reglementari Interne](http://www.sifm.ro/despre_noi/Reglementari_Interne).

The internal regulations modified according to these decisions are pending approval at the ASF.

*Related information in the
**SIF Moldova Corporate
Governance Code***

*Chapter.18. Policies in the
field of human resources*

In the previous term of office of the Board of Directors as well as in the 2013-2017 term, special attention was granted to human resources, to the end of ensuring continuity of the professional development programs, to the end of preserving the expertise acquired over several years of specialization.

The training of staff for various fields of activity (investment consultant, evaluator, financial auditor, technical expert, etc.) has the role of ensuring the improvement of the organization's capacity to react to the effects of the prolonged financial crisis, an essential process for the justification of decisions under conditions of uncertainty (fundamental analysis, technical analysis, macro economy, etc.) and for compliance (internal auditing, internal control).

8

Events having occurred after the reporting date

SIF Moldova provided investors with the **Report of the financial auditor Deloitte Audit SRL** regarding the transactions reported according to art. 225 of Law no. 297 / 2004, in the 1st half of 2013, that was aimed at:

1. *the director contracts*, in the form approved through Decision no. 15 of the OGAS, concluded with directors Ceoce Costel, Doros Liviu-Claudiu, Ciorcila Horia, Hanga Radu, Hrebenciuc Andrei, Radu Octavian-Claudiu, Iancu Catalin Jianu-Dan;
2. *the management contract for the general manager*, in the form approved through Decision no. 16 of the OGAS, concluded with Mr. Costel Ceoce;
3. *the management contract for the assistant general manager*, in the form approved through Decision no. 16 of the OGAS, concluded with Doros Liviu-Claudiu.

We mention that SIF Moldova fulfilled all of its institutional obligations to communicate and report on the contracts concluded with the directors and managers of SIF Moldova, based on the provisions of art. 225 of Law no. 297 / 2004, through the current report of Apr 30, 2013, the publishing of the contracts in the CNVM Bulletin part 3, no. 15 / 2013 and the transmission of the present report of the financial auditor for publication in the ASF Bulletin part 3.

[\(Current report as of Jul 1, 2013\)](#)

In accordance with decision no. 8 - GAS / 05.04.2013 “*Approves the expiration of the dividends related to the 2009 fiscal year set through the OGAS of Apr 30, 2010, not collected up to the date of Jul 2, 2013 and their registration in “other revenue”*”, we inform you that the amount related to the 2009 dividend and expired is of 6,3 mil. RON.

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Annexes

1. Annex 1 - net assets situation as of Jun 30, 2013
 - Annex 1.1. situation of SIF Moldova assets and liabilities (CNVM regulation no. 15/2004- Annex 16)
 - Annex 1.2. situation of assets and detailed situation of SIF Moldova investments (CNVM regulation no. 15/2004- Annex 17)
2. Annex 2 – Financial statements as of Jun 30, 2013
3. Annex 3 - Asset portfolio – Jun 30, 2013 – qualitative selections
4. Annex 4 - Status of litigations as of Jun 30, 2013
5. Annex 5 - BVB, CNVM reports – Jun 30, 2013

Approved in the meeting of the Board of Directors of Aug 1, 2013

Signatures

President General Manager
Eng. Ec. PhD, Costel CEOCEA

Investments Manager
Liana MARIN

Chief Accountant
Cristina ANDRIES

Internal Control
Nicolae RADULESCU

Internal Audit
Virginia SOFIAN