



SIF MOLDOVA
SOCIETATE DE INVESTITII FINANCIARE

BD Report Q1 2013

Report of the Board of Directors – Mar 31, 2013

Periodic report according to:	Law 297/2004, CNVM Regulation no. 1/2006
Date of report:	May 15, 2013
Name of issuing company:	Financial Investment Company Moldova S.A.
Company head office:	Bacau, Pictor Aman street no. 94 C, Bacau county
Telephone no.:	0234 576 740; Fax 0234 570 062
Web/e-mail:	www.sifm.ro , sifm@sifm.ro
Unique Trade Register Office registration code:	RO 2816642
Incorporation Number in the Trade Register:	Jo4/2400/1992
CNVM Registry No.:	PJR09SIIR/040001/14.12.2005
Subscribed and paid-in share capital:	51.908.958,8 RON
Regulated market trading issued securities:	Bucharest Stock Exchange - 1 st Tier



Dear shareholder,

the significant progress, recognized by the market, recorded in the application of proven methods of portfolio management and of corporate governance principles, in decision making as well as in shareholder communication, was a main factor in maintaining performance at a constantly high level in the 1st quarter of 2013.

Portfolio structure

The creation of an asset portfolio containing mainly assets listed on regulated markets (81.8% of the total value of assets) was maintained as a main objective, to the end of transparent transaction management, concomitantly ensuring a high degree of asset liquidity.

The investment process

The financial landmarks of the objectives of the investment activity were set in a prudent manner, considering the unfavorable economic context, the maintenance of a high level of uncertainty and as a consequence the difficulty of achieving relevant forecasts for the medium / long term. At the same time, the approval during the OGAS of Apr 5, 2013 of a gross dividend / share of 0.24 RON (increasing by over 40% compared to the proposal of the Board of Directors) imposes the revision of the strategy for the management of liquidities necessary for the implementation of the investment programs, with a possible influence on the forecasted performance of the assets managed.

Net assets value

The application of portfolio management according to the standards accepted in the field led as of the end of Q1 2013 to an increase in net assets (by 18% compared to the end of 2012, respectively by 7% compared to Q1 2012), which has been duly noted by investors and reflected in the discount from the NAV / share (38% - the lowest in the field)

Financial performance

The profit recorded as of Q1 / 2013 is more or less conforming to the target set for 2013 (23%), recording an increase in revenues from ceded financial investments of 31% compared to the corresponding period of 2012, in the context of exploiting favorable market opportunities.

Corporate governance

The notification of shareholders in the OGAS of Apr 5, 2013 regarding the elaboration and implementation of the Corporate Governance Code of SIF Moldova represented an important step towards a new stage, namely the development of integrated applications regarding the continuous evaluation of management performance.

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 Q1 2013 compared to Q1 2012, the company operating with 45 permanent employees

(compared to 69 on March 31, 2012). The organizational optimization process, correlated with the developments in the specific operational environment, will continue, in new dimensions resulted from the implementation of applications for the measurement of performance at organization level and collectively and the scoring evaluation of Corporate Governance.

Shareholder consultation

In order to attain the many objectives set forth, your feedback is very useful. To this end, we would like to remind you that we have launched for the Apr 4, 2013 – May 20, 2013 a new process of shareholder consultation, regarding the means of implementation of Corporate Governance in the current activity and in structuring the directions of development for SIF Moldova. The questionnaire may be filled in by accessing the [www.sifm.ro/ CHESTIONAR](http://www.sifm.ro/CHESTIONAR) Cod Guvernanta Corporativa webpage.

Respectfully,
Costel Ceocca, PhD
President & CEO

TRANSPARENCY
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Synthesis / Relevant data

✓ Financial results

Net profit 20 mil. RON	23% of the 2013 budget
Revenue from transactions 50 mil. RON	37% of the 2013 budget
Profit from transactions 26 mil. RON	25% 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.*

19,2 mil. RON	38% of the 2013 budget
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✓ Structure of assets (main categories)

Listed shares: 81,8% of the total value of assets	Q1 2012: 84,5% 2012: 83%
Monetary instruments: 8,5% of the total value of assets	Q1 2012: 8,2% 2012: 7,7%
UCITS and NON UCITS : 3,4% of the total value of assets	Q1 2012: 2,6% 2012: 3,9%

✓ Exposure by main sectors

financial and banking: 44,9% of the total value of assets	Q1 2012: 51,6% 2012: 47,3%
energy: 22,1% of the total value of assets	Q1 2012: 19,8% 2012: 22,6%

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 - b. Evolution of the value and structure of the assets managed
 - c. Asset portfolio as of Mar 31, 2013 – qualitative selections
- 1.4. Decision grounding mechanism. Compliance with prudential limits.

2. Financial and accounting status

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3. The SIF2 share on the Bucharest Stock Exchange

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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 quarterly report (annex 30).

Annexes

1. Annex 1 – Net assets as of Mar 31, 2013
 - Annex 1.1. Balance sheet of SIF Moldova (CNVM regulation no. 15/2004- Annex 16)
 - Annex 1.2. Status of assets and detailed status of investments of SIF Moldova (CNVM regulation no. 15/2004- Annex 17)
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5. Annex 5 - BSE, CNVM reporting as of Mar 31, 2013
- Annex 6 – Shareholders consultation

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TYPE OF THE INVESTMENT COMPANY

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

Analysis of activity

1.1 Description of the primary activity

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

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

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

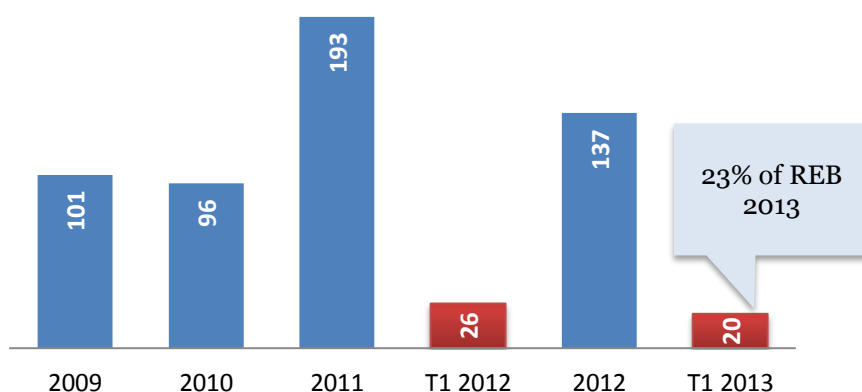
1.3 Evaluation of activity

1.3.a. Achievement of objectives

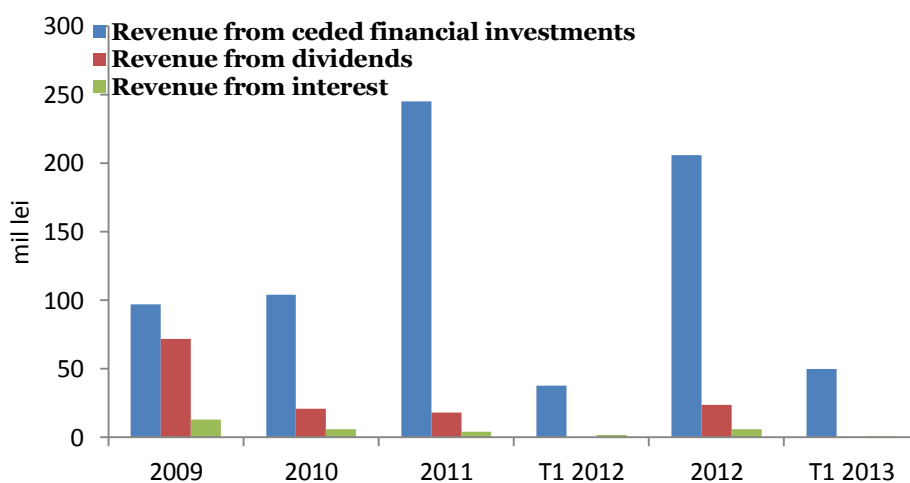
1.3.a.1 Financial objectives

Indicator (mil. RON)	2009	2010	2011	Q1 2012	2012	Q1 2013	Q1 2013/ Q1 2012 (%)
Net profit	101	96	193	26	137	20	78

Evolution of net profit (mil. RON)



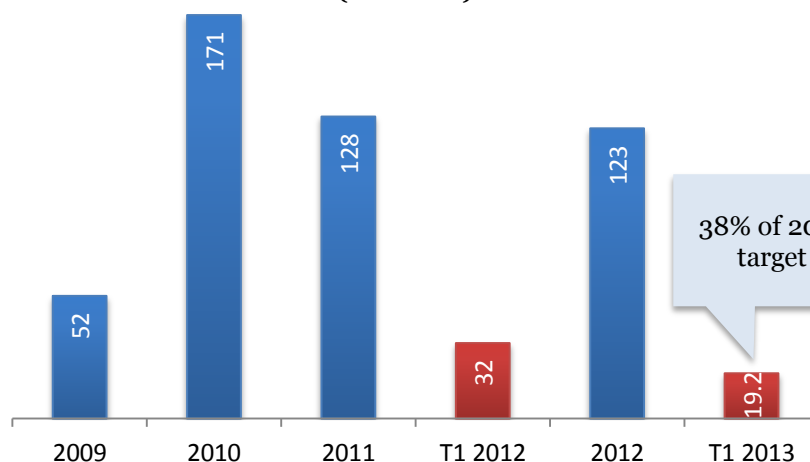
Indicator (mil. RON)	2009	2010	2011	Q1 2012	2012	Q1 2013	Q1 2013/ Q1 2012 (%)
Revenue from ceded financial investments	97	104	245	38	206	50	131
Revenue from dividends	72	21	18	0	24	0,4	
Revenue from interest	13	6	4	2	6	0,8	40



The financial dimensions of the objectives of the investment activity were set forth in a prudent manner, considering the unfavorable economic environment, the persistence of a high level of uncertainty and consequently the difficulty in making pertinent medium/long term forecasts.

Indicator (mil RON)	2009	2010	2011	Q1 2012	2012	Q1 2013	Q1 2013/ Q1 2012 (%)
Securities investment	52	171	128	32	123	19,2	60

Securities investment (mil. RON)



Investments in securities were targeted as follows:
- 77 % - 14,8 mil lei
investments in shares
- 23 % - 4.4 mil lei
investments in UCITS

1.3.a.2. Structural objectives

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

Creating a portfolio of mainly assets listed on regulated markets has been the main objective of the strategic multiannual orientation towards transparent transaction management (as compared to an orientation towards closed companies), whilst ensuring a high level of assets liquidity. The implementation of the strategy has made possible the easy evaluation of the market value of the portfolio and implicitly contributed to the development of the capital market – an objective of SIF Moldova.

The dynamics of the main categories of assets:

Objective (% of total assets value)	2010	2011	2012	Q1 2013
Maintaining the main weight in listed securities	60,9	82,0	83,0	81,8
Decrease in the weight of the financial sector, while keeping it as a main sector	61,8	52,4	47,3	44,9
Increase in the weight of the energy sector	13,2	17,2	22,6	22,3
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	24,3
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	4,2
Maintaining a minimum level of liquidities in order to ensure the resumption of investment activities and the normal conduct of activity	4,7	11,2	7,7	7,7

As of the end of Q1 2013, the weight of **titles listed** on regulated markets is 81,75% of total assets, within the 82% +/- 5% limit

The weight of listed titles is 81,8 %.

stated in the “Activity and Investment Policy Program of SIF Moldova”.

The weight of **shares not listed or traded** from the legacy portfolio has decreased from 5,1% (2012) to 4,2% (Q12013). In the portfolio restructuring process during the first semester, an investment from the legacy portfolio was sold at a profit, namely Comcereal Tulcea – a low liquidity issuer.

It needs to be mentioned that the main 11 issuers (representing more than 1% each of the total value of assets) account for over 71% of the total assets value, many of these shares having been acquired to the end of diversification. Focusing on strategic issuers, mainly on the capital market, especially the Romanian one, is the result of the adaptation of the investment strategy favored by central bank policies by maintaining very low interest rates, the massive liquidities support and especially the new measures promoted in complex and innovative monetary policies.

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 47.34% to 44.871%, in a context in which, according to analysts' studies, the sector will be challenged in 2013 by a decreased demand for credit, with interest rates remaining low as well as low consumption. At the same time, the sector will also face the negative influence of the prolonged economic instability in some European countries and the negative implication of the evolution of bad debts. Concomitantly, it is possible that the new proposals of international organizations, issued in February, regarding the accounting of losses from the amortization of financial assets of banking companies will affect the balance sheets of banking companies.

Taking into consideration the negative news regarding the taxation of bank deposits in Cyprus, the pessimism regarding the means of implementation of reforms in some European states, the increase in volume of insolvencies, the slowing of economic recovery, the decrease in the volume of investments, in the demand for credit, in the volume of transactions, in the level of interest and the impact of these factors on the volatility of the price of the shares of banking companies, sale operations were carried out for the issuers in this sector. The sale operations

carried out led to profit and to the optimal exploitation of the price fluctuations of issuers.

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 and with investment opportunities.

In the case of the BRD issuer, the disinvestment was realized as a consequence of the fundamental sector and individual analyses and of the surveillance of the issuer's trend, at an average price of over 9 RON / share, in the context of the closing price of the quotation in 2012 was of 8.11 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.



Operations involving each security are also permanently supported by a detailed technical and fundamental analysis indicators (P/BV, P/E, capital adequacy indicators, NPL ratio and NPL coverage), compared to the sector's global indicators.

The largest exposures in total assets in the **financial sector** were, as of Mar 31, 2012, Erste Bank (21,86%, decreasing from 26,50% as of the end of last year), together with BRD (10,83 %) and Banca Transilvania (10,62 %).

The increase in exposure to the energy sector and the continuation of the diversification process granted the portfolio new valences, its attractiveness 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 over 57% of the total investments carried out during 2013. Allocations to strategic issuers were pursued, such as: Fondul Proprietatea, Transelectrica, Rompetrol Well Services, CEZ and Conpet. Exposure to this sector was relatively constant during the 1st quarter of 2013 (from 22.6% to 22.3%), while some issuers in the energy sector recorded profit. Trading operations were aimed at a self-regulating mechanism for the exposure in certain favorable market circumstances.

Trading operations are aimed at maintaining an optimal ratio between cash necessities for the continuation of investment programs and shareholder expectations regarding dividends.

Thus, OMV Petrom shares were sold on the increasing trend of the issuer, marked in the graph on the right.



Operations involving the acquisition as well as sale. The total amount of transactions was of 13.1 mil. RON, recording a positive spread between the sale price and the acquisition price. The FP share increased in value by 14.9% in Q1 2013.

Property Fund issuer included



Other investments

Accumulation operations were aimed at the **high technology and health** sectors and increased investments in Aerostar from 1.6% weight in total assets as of Dec 31, 2012 to 2% as of Mar 31, 2013 – the weight in share capital slightly exceeding the 14% level and in Biofarm, which increased in terms of exposure by 0.16% in total assets, up to 2.56%.

Investments amounting to 4.4 mil. RON in UCITS were aimed at shares funds as well as at fixed revenue instrument funds and are aimed mainly at obtaining a rate of return higher than the bank interest and also at a diversification of the portfolio.

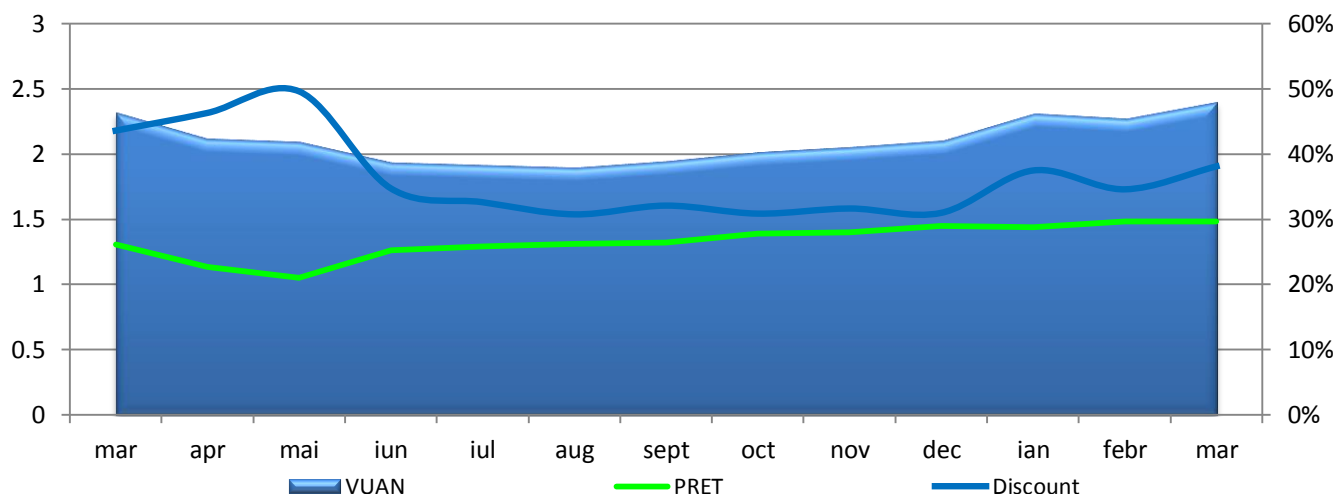
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1.3.b. Evolution of the value and structure of the assets

1.3.b.1. Evolution of asset value (CNVM regulation approach²)

Indicator (mil. RON)	2009	2010	2011	Q1 2012	2012	Q1 2013	Q1 2013/ Q1 2012 (%)
Total assets	1.199	1.171	1.154	1.230	1.144	1.291	105
Net assets	1.181	1.142	1.096	1.201	1.090	1.243	103
BVS	2,27	2,20	2,11	2,31	2,10	2,39	103
Market price	1,14	1,16	1,08	1,30	1,45	1,48	114
Discount (%)	50	47	49	44	31	38	
Price market / BVS							

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

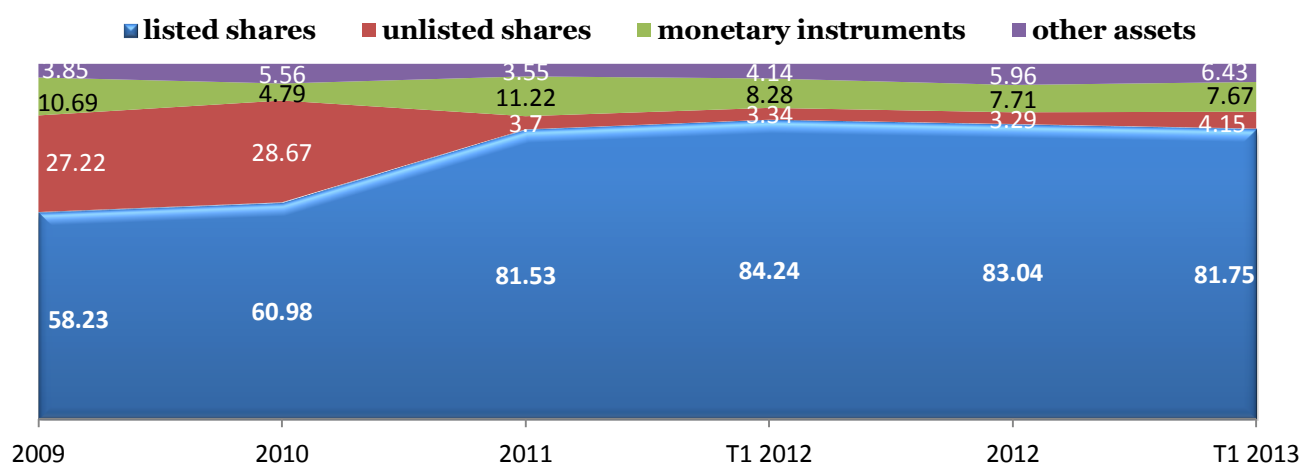


1.3.b.2. Evolution of the structure of assets (operational approach³)

Structure of assets (% of the total value of assets)	2009	2010	2011	Q1 2012	2012	Q1 2013
Shares, of which:	85,46	89,65	85,23	87,58	86,33	85,90
- listed	58,23	60,98	81,53	84,24	83,04	81,75
- unlisted	27,22	28,67	3,70	3,34	3,29	4,15
UCITS + non-UCITS securities (fund units)	1,23	1,54	1,28	1,89	3,34	3,37
Monetary instruments (gov't securities, deposits, liquidities)	10,69	4,79	11,22	8,28	7,71	7,67
Bonds (municipal, corporate, fund units, bonds)	0,15	1,24	0,66	0,86	0,88	0,83
Other assets	2,47	2,78	1,61	1,39	1,74	2,23

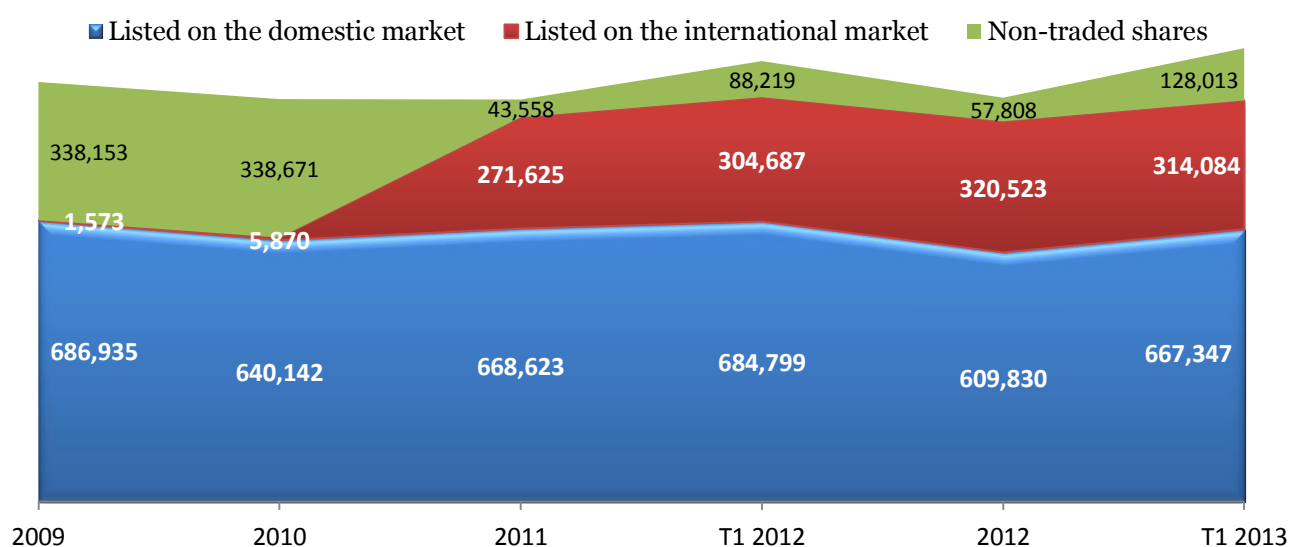
² Annex 1 to the report features: (1) situation of net assets as of 31.12.2012 (annex 16) as well as (2) detailed situation of SIF Moldova assets as of the 31.12.2012 (annex 17) – drafted in accordance with Law 297/2004 and CNVM regulation no. 15/2004.

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 Fomdul 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

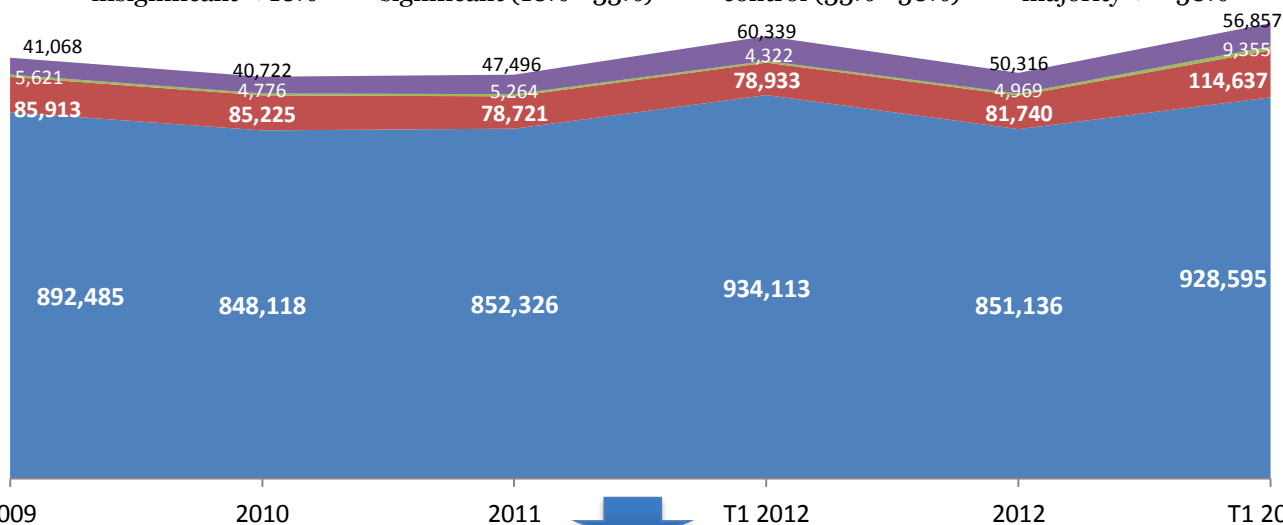
- depending on trading market (thousand RON)



Relative to market value (thousand RON)	2009	2010	2011	Q1 2012	2012	Q1 2013	Q1'13/ Q1'12(%)
Traded stock (domestic and foreign markets), of which:	688.508	646.012	940.248	989.486	930.353	981.431	99,20
Listed on the domestic market, of which:	686.935	640.142	668.623	684.799	609.830	667.347	97,45
Listed (REGS)	602.702	556.394	594.626	645.693	441.609	504.052	78,06
Listed (RGSB)	25.580	28.489	18.940	19.143	15.718	15.499	80,96
Unlisted (UNLS)	7.489	6.341	5.519	3.617	5.533	7.434	205,52
Listed (XMBS)	49.591	41.588	47.262	14.268	35.800	8.086	56,67
Listed (SBX)	-	1.460	2.276	2.078	1.672	1.504	72,37
Listed UCITS	-	-	-	-	109.498	130.772	-
Listed - international market	1.573	5.870	271.625	304.687	320.523	314.084	103,08
Temporary shares	-	27	-	-	-	-	-
Non-traded shares, of which:	338.153	338.671	43.558	88.219	57.808	128.013	145,10
Closed companies	326.553	329.418	37.209	37.554	37.647	53.842	143,37
Listed, not traded in last 90 days companies	11.600	9.253	6.349	50.665	20.161	74.171	146,33
Total	1.025.088	978.840	983.806	1.077.706	988.161	1.109.444	102,90

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

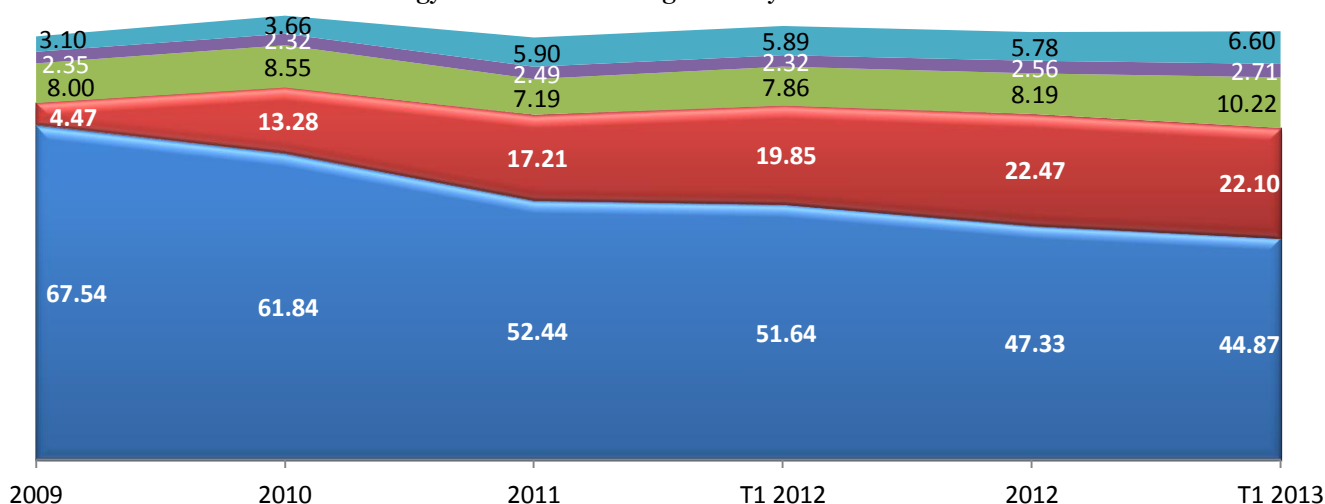
■ insignificant < 10% ■ significant (10% - 33%) ■ control (33% - 50%) ■ majority >= 50%



Holdings	2009		2010		2011		Q1 2012		2012		Q1 2013		Q1 '13 / Q1 '12
(market value – thousands RON)	Count	Mkt. value	Count	Mkt. value	Count	Mkt. value	Count	Mkt. value	Count	Mkt. value	Count	Mkt. value	(% - Mkt. value)
Not significant: < 10%	123	892.485	130	848.118	125	852.326	124	934.113	111	851.136	110	928.595	99.35
Significant: (10% - 33%)	84	85.913	72	85.225	64	78.721	63	78.933	60	81.740	59	114.637	145.56
Control: (33% - 50%)	14	5.621	13	4.776	13	5.264	13	4.322	12	4.969	12	9.355	225.00
Majority: >= 50%	8	41.068	8	40.722	8	47.496	8	60.339	5	50.316	5	56.857	95.00
Total investments	229	1.025.080	223	978.840	210	983.806	208	1.077.706	188	988.162	186	1.109.444	102.90

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

■ Financial ■ Energy ■ Manufacturing industry ■ Pharmaceuticals ■ Others



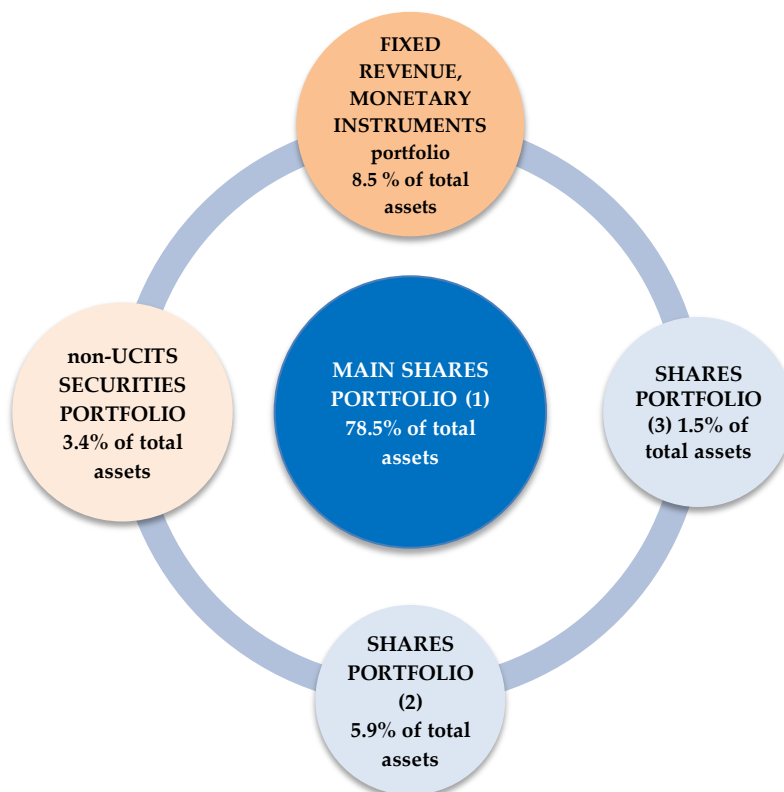
REPORT OF THE BOARD OF DIRECTORS – Q1 2013

Weight in total assets (%)	2009	2010	2011	Q1 2012	2012	Q1 2013	Q1 2013 – Q1 2012
Financial	67,54	61,84	52,44	51,64	47,33	44,87	-6,71
Energy	4,47	13,28	17,21	19,85	22,47	22,10	+2,25
Manufacturing	8,00	8,55	7,19	7,86	8,19	10,22	+2,36
Pharmaceuticals	2,35	2,32	2,49	2,32	2,56	2,71	+0,39
Commerce	0,49	0,37	2,21	1,98	1,78	2,91	+0,93
Agriculture	0,40	0,85	1,24	1,14	1,27	0,69	-0,45
Construction	0,20	0,16	0,96	1,02	0,91	0,95	-0,07
Others	2,01	2,28	1,49	1,75	1,82	2,05	+0,30

Top companies in the portfolio

31.03.2013	Percentage held in the issuer's share capital (%)	weight in total assets > 1%
ERSTE BANK	0,74	21,86
BRD	2,28	10,83
BANCA TRANSILVANIA	5,00	10,62
FONDUL PROPRIETATEA	1,50	10,13
OMV PETROM	0,29	5,80
TRANSGAZ	1,38	2,71
BIOFARM	12,84	2,56
TESATORIILE REUNITE	92,00	2,51
AEROSTAR	14,06	2,00
MECANICA CEAHLAU	55,10	1,35
TRANSELECTRICA	1,66	1,29
TOTAL		71,66

1.3.c. Asset portfolio as of the Mar 31, 2012– qualitative selections



MAIN SHARES PORTFOLIO (1)

Represents 78.50% of the total value of assets, with a value of 1,013,6 mil. RON (230 mil. euro), increasing compared to H1 2012, by approx. 9%. In the total value of assets managed, holdings in the financial sector represent 44.63% and the energy sector has a percentage of 22.03%. ERSTE Bank and BRD represent 22.6%, decreasing compared to the corresponding period of 2012 by approx. 13%.

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, Carpatex, 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 5.88% of total assets value, around 75.9 mil. RON (about 17.3 mil. euro), increasing compared to H1 2012 by 40.2 mil. RON (9.2 mil. EUR).

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 1.48 % of total assets value, with a value of 19.1 mil. RON (4.3 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.

SHARES PORTFOLIO (4)

This portfolio includes the shares of 58 companies in various stages of: administrative liquidation 1, judicial reorganization 5, insolvency 3, bankruptcy 46 and functional, but which will enter insolvency shortly 1. 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.

FUND UNITS PORTFOLIO

Represent 3.37% of the total value of assets. The allocation of resources for this type of assets was aimed at attaining performance by the dispersion of the risk associated with the assets portfolio, in volatile market conditions and obtaining rates of return superior to those of monetary investments.

**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 8.43% of the total value of SIF Moldova assets - Bonds funds, Municipal / city bonds, Corporate bonds, Bank deposits, government securities, liquidities.

Investment funds in this subportfolio have the following characteristics: a low level of risk; attractive rates of return.

A detailed presentation of each section of the asset portfolio as of Mar 31, 2013, is available in annex 3.

1.4. The mechanism for the justification of investment decisions. 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.

For the application of corporate governance principles and for increasing the level of expertise, the Investment Policies and Strategies Committee was created (a consultative committee within the Board of Directors) as well as an inter-department committee at the level of the executive (the investment committee).

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 that provides measures on exposure to market risk of the financial instruments portfolio and allow to compare 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 statistic risk/return indicators.

The Risk Management application allows to:

- ✓ Analyze, review and optimize financial instruments;
- ✓ 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 their own portfolio to determine the influence of investment/divestment proposals within the risk/return features of the total portfolio and the specific sub-portfolio;
- ✓ Optimize holdings from own portfolio against imposed investment objectives. The optimization process takes into account the improvement of the risk/performance ratio ;
- ✓ Establishing the trend of the market, of the sectors of the stock market by using quantitative and trend analysis;
- ✓ Comparing SIF Moldova's portfolio features of risk/return against a reference portfolio;

Listed securities portfolio return and risk – comparison Q1 2012/Q1 2013:

INDICATOR CATEGORY ⁴	INDICATOR NAME	Relevant portfolio * SIF2		BET C Q1 2013
		Q1 2012 (49 assets)	Q1 2013 (34 assets)	
Performance measurement	Alfa	(0,19)	(0,04)	(0,08)
	Sharpe (12L)	2,09	1,00	1,63
	Dy (%)	2,80	2,01	3,33
Performance quality measurement	Skewness	0,01	0,83	-
	Kurtosis	0,23	1,39	-
Risk measurement	Vol. (12L)	14,49%	9,78%	8,57%
	Beta	1,27	1,14	1,00
	VaR (%/day)	3,51	2,62	2,53
Drawdown (maximum decrease against year start)%		5,79	5,76	5,22
Year-end market value-mil. RON		961,73	961,73	935,08

* 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).

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

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 quarter of 2013, of performance per unit of risk lower than the 1st quarter of the preceding year;
- the decrease in the portfolio (the drawdown values) compared to the beginning of the year was higher in the 1st quarter of 2013 compared to the 1st quarter of 2012;
- 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 2.62%/day);
- It is also apparent, from the values of the Skewness and kurtosis indicators, that there is better polarization in Q1 2012 of positive rates of return towards the area wherein they are easier to mark;
- The relevant portfolio presented in the 1st quarter of 2013 a potential for depreciation considerably smaller than in the 1st quarter of 2012, also due to a positive Sharpe ratio, combined with a lower global volatility.

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

INDICATOR CATEGORY	INDICATOR NAME	Results as of la 31.03.2013 (analysis for Q1 2013)				
		Relevant portfolio (34 assets)	Financial-banking sub portfolio (8 issuers)	Sub-portfolio energy (9 issuers)	BET C (72 issuers)	ROTX (11 issuers)
Performance measurement	Alfa	(0,04)	(0,03)	(0,06)	(0,08)	(0,02)
	Sharpe (12L)	1,00	0,52	1,93	1,63	1,56
	Dy (%)	2,01	0,08	5,26	3,33	0,00
Performance quality measurement	Skewness	0,83	0,52	1,05	-	-
	Kurtosis	1,39	0,20	2,65	-	-
Risk measurement	Vol. (12L)	9,78%	13,40%	8,41%	8,57%	8,69%
	Beta	1,14	1,40	0,81	1,00	1,00
	VaR (%/day)	2,62	2,91	1,96	2,53	2,20
Drawdown (%)		5,22	6,88	2,10	2,26	3,01
Market value as of 31.03.2013-mil. RON		934,68	935,08	571,58	280,67	

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

Data presented indicates that:

- the “kurtosis” indicators indicates that the positive returns of the issuers have been marked at the right time, as they were fructified during favorable periods;
- the structure of the energy sub portfolio certifies the existence of an optimal portfolio against 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 3 months with an annualized average of plus/minus 9,78%.

Compliance with prudence limits

Against the net assets calculated for December 2012, the categories of assets in the portfolio of SIF Moldova complies 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 29.03.2013 (%)
Shares in closed issuers	53.842.374	4,17
Bank deposits	98.639.053	7,64
TOTAL	152.481.426	11,81

b) Securities (shares and bonds) and monetary market instruments (state titles) registered or traded at Stock Exchange value (issuer level) – *allowed limit- 10% din 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 holdings and/or monetary market tools issued by the same issuer registered or traded on a regulated market exceeding the allowed level of 10% of total assets are:

- BRD-GSG Bucuresti: 10,83 %
- ERSTE BANK: 21,86 %
- FONDUL PROPRIETATEA: 10,13 %
- BANCA TRANSILVANIA: 10,62 %

The total value of the four holdings, which individually exceed the 10% allowed level, represents 53.44% of total assets (< 80%).

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 29.03.2013 (%)
GRUP BANCA TRANSILVANIA	194.262.358	15,04
GRUP ERSTE BANK-BCR	288.085.401	22,31
GRUP BRD-GSG	180.812.890	14,00
GRUP OTP	4.059.956	0,31
GRUP AVIVA INVESTORS	7.565.274	0,59
GRUP FINANCIAR CARPATICA	1.349.181	0,10
GRUP ING INVESTMENT MANAGEMENT	1.901.750	0,15

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

In the net assets as of the Mar 29, 2013, the value of current accounts and of the cash is 416.092 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 29.03.2013 (%)
Banca Transilvania	51.091.261	3,96
B.R.D. - G.S.G.	40.973.771	3,17
Unicredit	4.502.100	0,35
Bancpost	2.071.921	0,16
Total deposits	98.639.053	7,64

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

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

NON – UCITS name	Market value as per CNVM regulation no.15/2004 (RON)	Weight in total SIF Moldova assets as of 29.03.2013 (%)
BT Invest 1	4.628.452	0,36
Certinvest Arta Romaneasca	1.712.855	0,13
Certinvest Properties RO	2.696.789	0,21
FII Multicapital Invest	2.035.884	0,16
Fondul de Actiuni Privat Transilvania	1.211.788	0,09
Fondul Oamenilor de Afaceri	3.713	0,00
OTP Green Energy	934.185	0,07
STK Emergent	835.674	0,06
iFOND Financial Romania	964.204	0,07
iFOND Gold	247.500	0,02
Fondul Proprietatea	130.772.402	10,13
TOTAL AOPC	146.043.446	11,31

2

Financial and accounting status

2.a. Balance sheet

The financial statements were drafted and presented in compliance with Accounting Regulations harmonized with European Economic Community 4th Directive applicable to institutions regulated and supervised by the National Securities Commission („CNVM”), 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.

Items (RON)	2009	2010	2011	Q1 2012	2012	Q1 2013
Non-current assets						
I. Intangible assets	474.133	826.339	1.277.508	1.223.918	1.066.169	1.080.022
II. Tangible assets	18.038.896	15.852.118	15.098.349	14.895.569	15.111.256	15.288.612
III. Financial assets, of which:	349.344.310	478.980.497	535.133.689	594.746.146	632.641.936	656.277.251
Securities and other financial instruments held as non-current assets	312.487.787	440.639.903	495.655.369	557.141.331	594.001.279	620.118.077
Non-current assets – Total	367.857.339	495.658.954	551.509.546	610.865.633	648.819.361	672.645.885
Current assets						
I. Inventory	37.899	33.805	27.904	16.833	38.032	31.016
II. Receivables, of which:	138.923.912	65.391.991	130.726.672	102.267.738	91.121.580	108.403.745
Trade receivables *	127.932.287	55.645.324	129.136.710	101.842.246	88.261.750	99.331.515
III. Short term financial investments	10.712.458	15.514.286	8.204.380	13.825.457	17.890.430	20.240.399
IV. Cash and bank accounts	214.543	411.029	476.554	180.939	311.980	435.771
Current assets – Total	149.888.812	81.351.111	139.435.510	116.290.967	109.362.054	129.110.931
Prepaid expenses	77.055	116.391	63.441	240.645	98.409	218.393
Current liabilities	17.724.478	26.126.305	57.284.930	29.657.867	54.135.609	47.383.489
Current assets less net current liabilities	132.231.009	55.331.267	82.204.541	86.864.377	55.315.822	81.936.916
Total assets minus current liabilities	500.088.348	550.990.221	633.714.087	697.730.010	704.135.183	754.582.801
Provisions	44.071.216	52.086.852	67.558.684	66.911.191	73.579.872	73.198.767
Deferred revenue	10.380	9.930	9.480	9.368	9.032	8.919
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	13.403.017	13.382.229	13.398.151
3. Total reserves, of which:	263.998.022	315.194.457	235.526.597	274.235.825	277.054.266	307.814.008
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	136.282.321	135.619.216	105.204.226
- Reserves constituted from the value of securities / shares received free of charge	102.144.382	118.009.632	86.598.381	86.246.860	82.963.401	82.460.657
- Reserves representing surplus from revaluation reserves	2.418.666	2.717.003	2.717.331	2.717.331	2.786.785	2.786.765
- Other reserves	243.655.078	309.814.556	311.172.163	311.172.163	316.541.504	317.389.000
4. Reported result	23.607.297	22.182.702	72.410.172	265.332.767	151.133.057	288.209.857
5. Result of fiscal year	101.332.824	96.293.949	192.922.595	25.938.251	137.076.800	20.053.057
Owners' Equity - Total	456.017.132	498.903.369	566.155.402	630.818.819	630.555.311	681.384.032

Owners' equity has increased 8% against 01.01.2012.

Financial non-current assets at cost and reduced by amortization adjustments have increased by 4% against 4%.

REPORT OF THE BOARD OF DIRECTORS – Q1 2013

Structure of financial non-current assets As of 31.03.2013 (RON)	Gross value	Adjustments for devaluation	Net accounting value
Financial non-current assets, of which:	793.194.798	136.917.547	656.277.251
Shares held in affiliated entities	25.519.915	27.296	25.492.619
Participation interest	36.681.087	26.501.445	10.179.642
Securities held as non-current assets	730.506.883	110.388.806	620.118.077
Other receivables	486.913	-	486.9123

Gross *trade receivables* include short term bank deposits amounting to 98,444,901 RON, (January 1st 2012: 128,286,397 RON) and associated interest, calculated up to Mar 31, 2013, of 353,497 RON, of which for bonds 138,932 RON (January 1st 2012: 53,332 RON).

Current assets decreased by 18% against January 1st 2012. *Provisions* created decreased by 0.5% against January 1st 2012 and are composed of:

- | | |
|---------------------------------|------------|
| • AAAS litigations provisions: | 23.078.952 |
| • Tax provisions | 39.637.194 |
| • 2012 participation to profit: | 10.482.621 |

Of which, for:

- | | |
|---------------|-------------------|
| - Directors | 3.104.650 |
| - employees | 7.377.971 |
| <i>Total:</i> | <i>73.198.767</i> |

2.b. Income statement

Items (RON)	2009	2010	2011	Q1 2012	2012	Q1 2013
A. Revenue from operations total, of which:	192.416.867	175.914.315	336.996.156	42.330.017	275.466.615	53.778.816
1. financial non-current assets	72.017.626	21.301.365	18.099.092	80.103	24.205.357	430.579
2. ceded financial investments	96.631.878	103.983.529	244.792.448	37.935.759	206.642.958	50.064.578
3. interest	12.721.785	6.200.045	3.719.234	1.970.975	6.235.712	867.119
4. provisions, reactivated claims	7.986.213	32.310.035	15.850.022	954.117	26.614.018	548.987
5. other revenue	3.059.365	12.119.341	54.535.360	1.389.063	11.768.570	1.867.553
B. Expenses with operations total, of which:	84.070.171	65.232.372	104.998.413	11.754.695	117.313.839	30.055.861
1. ceded financial investments	38.096.855	16.904.427	33.503.524	6.194.509	56.647.527	24.391.313
2. exchange rate variations	560.648	3.840.779	2.021.989	384.164	3.241.418	1.313.777
3. commissions and fees	1.990.194	2.618.267	4.420.372	672.143	3.647.208	892.148
4. depreciations, provisions, losses from various debtors	30.675.053	22.683.490	44.193.983	375.085	23.832.038	264.973
5. banking and similar services	48.411	42.206	50.209	16.479	107.186	8.373
6. materials	304.207	227.662	323.396	74.693	303.986	124.279
7. electricity and water	199.525	190.963	244.049	81.051	298.649	99.465
8. expenses with staff	10.967.482	16.180.859	17.465.660	3.080.671	25.410.604	2.152.930
9. external services	823.583	2.231.683	2.182.261	649.839	3.418.835	656.805
10. taxes and similar payments	404.213	312.036	592.970	226.061	406.388	131.803
C. Gross profit	108.346.696	110.681.943	231.997.743	30.575.322	158.152.776	23.722.956
D. Profit tax	7.013.872	14.387.994	39.075.148	4.637.071	21.075.976	3.669.898
E. Net profit	101.332.824	96.293.949	192.922.595	25.938.251	137.076.800	20.053.057

Revenues from current activity have increased by 27%, compared to Q1 2012.

The main weight in total revenues is due to ceded financial investments, 93% specifically. Amounts obtained following the divestment program have been directed to supporting investment programs.

Operating costs have increased 156% against Q1-2012. The main weight in total costs is due to ceded investment costs, 81% respectively.

Staff costs have decreased by 30% compared to Q1 2012, a decrease influenced by the restructuring process continued and finalized in 2012. The average number corresponding to the January – March 2013 period is of 45 employees. As of Mar 31, 2013, the company has 45 permanent staff (Mar 31, 2012: 69), 2 management contracts and 7 director contracts (Mar 31, 2012: 2 management contracts and 6 director contracts).

2.c. Management of expenses

TOTAL EXPENSES (A+B+C+D)	30.055.861
A. Financial expenses	25.867.558
B. Expenses with depreciation and provisions	261.573
C. Expenses with commissions and fees imposed by applicable regulations	432.331
D. Management expenses	3.494.399
D.1. Expenses with materials	124.279
D.2. Expenses with energy and water	99.465
D.3. Expenses with staff, of which:	2.132.432
Salary rights and indemnities	1.667.275
Expenses with insurance and social security	465.157
D.4. Expenses with external services	1.006.420
D.5. Expenses with taxes, fees and similar disbursements	131.803

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

➤ **Financial expenses account for 86% 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 ceded financial investments amounting to 24.411.308 RON is 94,4%.* These expenses consist of the cost of financial investments sold in the reporting period and vary with

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the volume of ceded financial investments and with the cost of these investments. This cost can vary substantially from one disinvestment to another.

- *Expenses with exchange rate differences amount to 1,313,777 RON and represent 5.1% of financial expenses.* These expenses are partially compensated with revenue from exchange rate differences realized in the reporting period, amounting to 1,140,791 RON. Exchange rate differences are mainly generated by foreign currency liquidities holdings.
- *Commissions for transactions paid to financial investment services companies amount to 116.735 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 26,098 RON,* mainly include the negative price differences related to current financial investments and represent 0.1% of financial expenses.

➤ **Expenses with depreciation and provisions amount to 0.9% of total expenses.** These expenses include the depreciation of tangible and intangible non-current assets in the patrimony.

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

➤ **Expenses with commissions and fees imposed by applicable regulations represent 1.5% 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 commissions and fees due to CNVM, the depository company, the registry company, BVB and the external auditor vary with the value of the monthly net assets, the number of general assemblies of shareholders carried out, as well as with the services performed by the independent auditor according to applicable regulations (audit of financial statements according to national regulations and of financial statements according to the IFRS, separate and consolidated; half yearly revisions; transactions over 50,000 EUR carried out by the directors; etc.). The value of these expenses cannot be optimized through internal decisions and directly influences performance indicators.

Management expenses represent 11.6% of total expenses; salary expenses decreased by 38.3% compared to Q1 2012, as a consequence of the restructuring process carried out in 2012.

- **Management expenses represent 11.6% 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 2,132,432 RON is of 61% of management expenses. Expenses with the salaries of employees with individual work contracts decreased by 38.3% compared to Q1 2012, as a consequence of the restructuring process carried out in 2012 ;
 - *expenses with external services* amount to 1,006,420 RON and represent 28.8% of the management expenses for the period. These include: litigation and legal assistance expenses, professional consultancy expenses, postal expenses and subscriptions, expenses with maintenance and repairs, 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 1,190,653 RON;
 - *expenses with materials, energy and water* amount to 223,744 RON and represent 6.4% 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 131,803 RON and represent 3.8% 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.

*The average monthly percentage of management expenses represents **0,09%** of the value of total assets*

In the reporting period, **the average monthly percentage of management expenses represents 0.09% 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 honor, at a certain time, liabilities undertaken based on current assets. The maturity term indicates the ability of an asset to be transformed into money with a minimal loss of value.

Items (RON)	2009	2010	2011	2012	Q1 2013
Liquidity indicators (ratios)					
- Current ratio = current assets / current liabilities	8,45	3,11	2,43	2,02	2,72
- Quick ratio = (current assets - inventories)/current liabilities	8,45	3,11	2,43	2,02	2,72

Activity indicators

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

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.

Items (RON)	2009	2010	2011	2012	Q1 2013
Activity indicators (ratios)					
- Non-current assets turnover = revenue from operations / non-current assets	0,52	0,35	0,61	0,42	0,08
- Total assets turnover = revenue from operations / total assets	0,37	0,30	0,49	0,36	0,07
- Trade receivables turnover = average receivables balance / turnover x no. Of days in the reporting period	28	22	6	3	10

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	Q1 2013
Profitability indicators					
-Return on working capital=profit before interest and profit tax/working capital*100 (%)	23,76	22,19	40,98	25,08	3,48
- Earnings per common share (RON/share)	0,1952	0,1855	0,3717	0,2640	0,0386

2.e. Cash flows

Items (RON)	Jan - Dec 2009	Jan - Dec 2010	Jan - Dec 2011	Jan - Dec 2012	Jan - Mar 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)	(20.166.802)	(18.195.355)	(36.128.309)	(63.889.106)	(9.115.267)
2. Cash inflows	2.998.054	14.799.054	2.392.793	16.124.965	534.255
3. Cash outflows	23.164.856	32.994.409	38.521.102	78.014.071	9.649.522
Investment activity (4-5)	120.141.504	(27.590.377)	145.072.269	112.542.849	23.806.525
4. Cash inflow	172.880.700	148.190.875	278.312.716	239.536.610	45.241.383
5. Cash outflow	52.739.196	175.781.252	133.240.446	126.993.761	21.434.858
C. Financing activity (6-7)	(17.810.333)	(23.014.028)	(35.964.634)	(89.554.711)	(3.637.527)
6. Cash inflow	1.627.173	624.127	1.133.503	2.305.752	1.285
7. Cash outflow	19.437.506	23.638.155	37.098.137	91.860.463	3.638.812
TOTAL CASH FLOW (A+B+C)	82.164.369	(68.799.760)	72.979.326	(40.900.968)	11.053.731
CASH AT END OF PERIOD	124.948.835	56.149.075	129.128.400	88.227.432	99.281.163
a. cash office - RON	2.979	2.553	3.948	840	553
b. banks – RON	209.991	127.455	97.077	78.378	182.547
c. banks - foreign currency	114	279.583	374.385	218.148	233.011
d. deposits – RON and foreign currency	124.470.510	55.464.494	128.286.397	87.511.953	98.444.901
e. Deposits material pledges	265.241	274.990	366.593	418.113	420.150

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

	Planned for 2013	Attained for Q1 2013	Attained Q1 2013/ Planned for 2013(%)
A. Total revenue	177.482.621	53.778.816	30
B. Financial revenue	159.500.000	52.881.708	33
· Revenue from financial investments (dividends)	18.000.000	430.579	2
· Revenue from receivables (banking interest + bonds)	4.000.000	867.119	22
· Revenue from ceded financial investments	135.000.000	50.064.578	37
· Revenue from exchange rate differences	2.000.000	1.140.791	57
· Revenue from provisions	0	114.055	
- Other financial revenue	500.000	264.586	53
C. Revenue from operations	17.982.621	897.108	5
- Revenue from rents and associated activities	1.500.000	439.612	29
- Revenue from provisions	10.482.621	434.932	4
- Other revenue from operations	6.000.000	22.564	-
D. Total expenses	76.245.252	30.055.861	39
E. Financial expenses	33.450.000	25.867.558	77
· Expenses related to ceded financial investments	30.000.000	24.411.308	81
· Expenses related to commissions for transactions	700.000	116.375	17
· Expenses related to exchange rate diff,	2.000.000	1.313.777	66
· Expenses with banking services	150.000	8.373	6
- Expenses with provisions	0	(289)	
· Other financial expenses	600.000	18.014	3
F. Expenses with operations	42.795.252	4.188.303	10
G. Gross profit	101.237.369	23.722.955	23
H. Taxable profit	94.819.069	22.986.864	24
I. Profit tax	15.171.051	3.669.898	24
J. Net profit	86.066.318	20.053.057	23

TRANSPARENCY
QUALITY
PERFORMANCE

3

The SIF 2 share on the Bucharest Stock Exchange

31/03/2013
Stock market capitalization:
RON 769,809,859
(171 mil EURO)
Price: 1,4830 RON
EPS: 0,26 RON
PER: 5,7
P/BV: 1,31
P/VUAN: 0,62
52 m: 0,9810 RON/share
52 M: 1,5680 RON/actiune

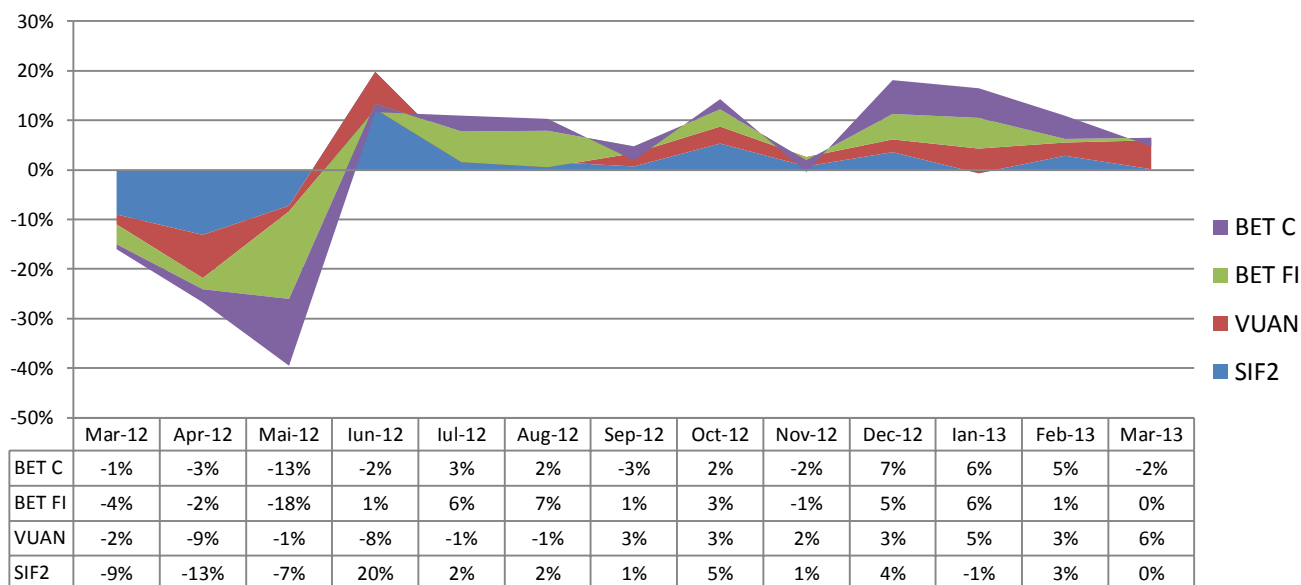
Shares issued by SIF Moldova are admitted and traded on the Bucharest Stock Market in the 1st tier, since Nov 1, 1999, The register of shares and shareholders is maintained in compliance with legal provisions by “S.C. Depozitarul Central S.A.”.

SIF 2 share evolution: March 2012 – March 2013



Comparative evolution of SIF2 / BET-FI /BVS

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



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

Rates of return as of 31.03.2013 (%)	SIF2* share	SIF2 BVS	BET-FI
1 month	0,14	5,63	0,50
3 months	2,28	14,07	7,48
6 months	12,35	23,27	16,10
12 months	13,64	3,57	9,23

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

Position in the sector

SIF / 31.03.2013	Banat Crisana	Moldova	Transilvania	Muntenia	Oltenia
BVS (RON / share)	2,5760	2,3962	1,1570	1,4648	2,6712
Closing price (RON / share)	1,2850	1,4830	0,7030	0,8820	1,4400
Discount %	50	38	39	39	46
Capitalization (RON)	705.271.309	769.809.859	767.776.762	711.806.206	835.438.628
Net assets (RON)	1.403.264.455	1.175.340.854	1.212.125.682	1.233.391.712	1.549.713.856
Profit (RON)	13.828.536	20.053.057	5.221.605	21.468.393	30.864.918

Source: AAF

TRANSPARENCY

QUALITY

PERFORMANCE

4

Promotion and protection of SIF Moldova interests

The objectives of the monitoring activities of the companies in the portfolio are observant of the key objectives of SIF Moldova:

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

Enacting an active management of companies in the portfolio, increased engagements in adopting decision in the best interest and for the benefit of SIF Moldova shareholders, is a key objective of the Board of Directors.

4.a. 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.**

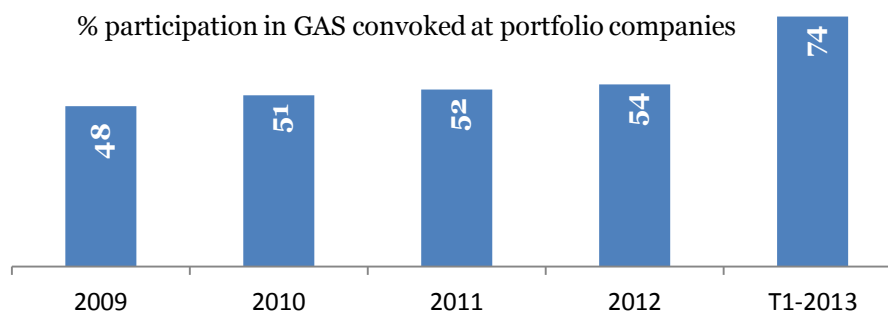
Exercising shareholder attributions

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

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 for 2009-2012, GMS participation has evolved as follows:

	2009	2010	2011	2012	Q1 2013
GASs summoned	307	455	427	392	31
GASs attended by SIF Moldova	146	231	224	212	23
% participation	47.5	50.7	52.4	54.1	74,2



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 an 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 56 companies in various stages of: administrative liquidation 1, judicial liquidation 46, insolvency 4 and judicial reorganization 5, These securities are recorded in the assets managed at zero value, according to the provisions of CNVM regulation no, 15 / 2004 art, 202 (4), These companies originate in the historical portfolio, being an effect of the allocation through legislation that formed the basis of the constitution of SIF Moldova and not of selection based on portfolio management principles, The evolution of these companies is being monitored, without a significant allocation of human resources.

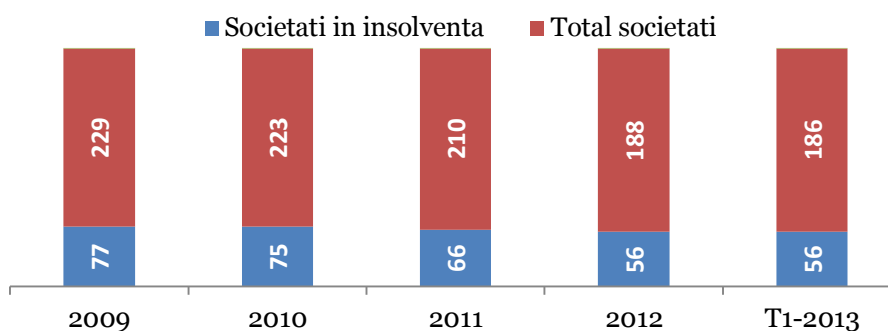
The numerical evolution between 2009-Q12013 of companies in this category is as follows:

	2009	2010	2011	2012	Q1 2013
Total number of companies in the portfolio	229	223	210	188	186
Number of companies in insolvency	77	75	66	56	56
Percentage of companies in insolvency in total companies	33,6	33,4	31,4	29,7	30,1

The number of companies in this category has 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 33,6% in 2009 to 29,7% as of Dec 31, 2012. In Q1

2013, the weight of companies in insolvency slightly increased due to the decrease of the total number of companies generated by divestment operations. The descending trend of the number of companies in insolvency, bankruptcy or liquidation has maintained despite the general economic background that generated an increase in bankruptcies during the recession, which highlights the effectiveness of the activities carried out in terms of asset portfolio management.

The evolution of participation in companies in insolvency against the total number in the portfolio



Reducing participations in underperforming sectors still is an important objective within the restructuring process, with the company carrying-out active actions to eliminate these companies from the portfolio.

4.b. SIF Moldova interests protection – litigation status

The legal consultancy activity reflects the compliance with corporate governance principles, with the effect of optimizing operational processes, with an emphasis on ensuring continuity and balance for the activity.

The legal consultancy activity is notably complex and diverse, in the circumstances of the legal assistance and representation activity involving mainly the continuous monitoring of the progress of the 293 cases in court in various procedural stages, together with the internal consultancy activity for various projects undertaken by the company or by the company's departments.

The main objectives were achieved by carrying out permanent operations, such as:

- ✓ preparing the defense of SIF Moldova's legitimate interests in judicial or arbitration courts, in front of criminal or administrative investigation organizations, in conciliation, mediation or foreclosure procedures, in front of public notaries as well as in front of any person, authority or local, national or international organization;
- ✓ diligent representation in all files in which our company is involved, regularly as the resolution dates for each individual case approach;
- ✓ an emphasis on ensuring legal consultancy, solving possible conflicts amiably, approaching alternative solutions to prevent / solve differences.

- ✓ Granting legality visas regarding legal acts in which the company is a party or in which it is directly involved.

In summary, the status of litigations as of Mar 31, 2013 is as follows:

Litigations in which SIF Moldova is a plaintiff:

- Total litigations - 181 cases, of which: 173 cases are in court in various judicial stages and 8 cases are solved;

- Value of litigations in court : 102 mn RON (insolvency and claims); 800,000 USD – appeals from enforcement.

1. Litigations involving the repealment of illegal resolutions of GASs in the SIF Moldova portfolio - 38 cases, of which 7 cases finalized up to Mar 31, 2013 and 31 in court in various stages of litigation;
2. Litigations involving claims - 81 cases, of which 1 case were solved as of Mar 31, 2013, 80 cases remaining in court in various judicial stages;
3. Litigations involving the insolvency procedure - 20 cases in court in various judicial stages;
4. Litigations with various objects - 28 cases of which 2 cases were solved as of Mar 31, 2013, 26 cases remaining in court in various judicial stages;
5. Criminal litigations - 16 cases in court.

Litigations in which SIF Moldova is a defendant

- Total litigations = 112 cases, of which: 99 cases are in court in various judicial stages and 13 cases are solved;

- Value of litigations in court: 1.4 mn RON - claims; 47.5 mn RON – appeals from enforcement against AAAS.

- ✓ Total litigations = 112 cases, of which: 99 cases are in court in various judicial stages and 13 cases are solved;
 - ✓ Value of litigations in court: 1.431.137,06 RON - claims; 47 mil. RON – appeals from enforcement against AAAS Bucuresti.
1. Litigations with various objects and claims cases - 14 cases in court in various judicial stages;
 2. Litigations with contestations of foreclosure - 85 cases in court initiated by AAAS, as a consequence of foreclosures by SIF Moldova in litigations involving judicial expenses and the cancellation of foreclosure against AAAS Bucuresti. As of Mar 31, 2013, 13 cases involving contestations of foreclosure were solved.

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

5

Relations with shareholders and capital market institutions. Dividend policy.

In Q1 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.

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

An important component of the shareholder relationship is represented by direct communication - Q1 2013: mail: 76.824; e-mail: 68.238; telephone correspondence: 2863.

Shareholding structure as of Mar 31, 2013

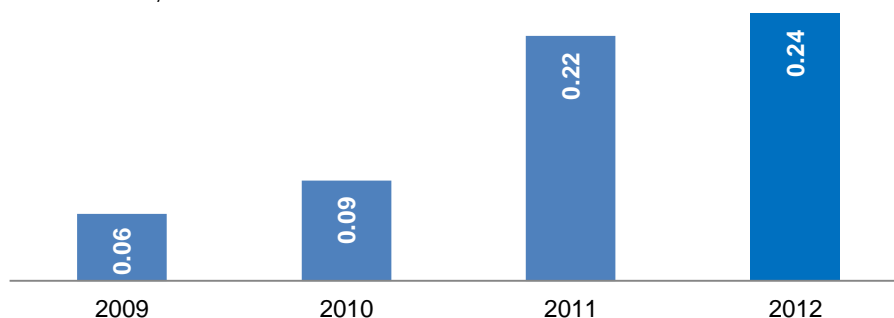
Consolidated as of 31.03.2013	Natural persons			Legal persons			TOTAL		
	Shareholders	Shares	% SC	Shareholders	Shares	% SC	Shareholders	Shares	% SC
Residents	5.804.175	252.800.329	48,7	295	120.195.167	23,1	5,804,470	372,995,496	71,9
Non-residents	1.595	8.660.054	1,7	71	137.434.038	26,5	1,666	146,094,092	28,1
TOTAL	5.805.770	261.460.383	50.4	366	257.629.205	49,6	5,806,136	519,089,588	100,0

Dividend policy

Dividend payment:	Dividend 2009	Dividend 2010	Dividend 2011	Dividend 2012
	0,06	0,09	0,22	0,24
	RON/share	RON/share	RON/share	RON/share
Total dividend payable (RON)	31.145.375	46.718.063	114.199.710	124.581.501
Total paid up to 31.03.2013 (RON)	24.737.971	36.827.674	89.056.755	
% paid up to 31.03.2013	79,43%	78,83%	77,98%	

TOTAL dividends 2009 – 2012: 316,6 mil RON

gross dividend evolution
RON/share



Regarding the dividend policy, the Ordinary General Assembly of Shareholders of Apr 5, 2013 decided:

Decision 4

“Approves the distribution by destination of the net profit attained in 2012

- | | |
|----------------------------|-----------------|
| ➤ Net profit to distribute | 137.076.800 RON |
| ➤ dividends | 124.581.501 RON |
| ➤ other reserves | 12.495.299 RON” |

Decision 5

“Approves the gross dividend of 0,24 RON/share.”

Decision 7

“Approves the commencement of dividend payments at the company head office in no more than 60 days from the publication of the decisions of the general assembly of shareholders in the Romanian Official gazette, part IV, complying with the legal deadlines for their payment.

Approves the authorization of the company management to set the means and procedures for payment, to appoint and contract specialized operators for the payment of dividends, as follows:

- *the payment of dividends due is done in instalments for a 6 month period;*
- *the costs related to the payment of dividends will be borne by the shareholders;*
- *in the case of deceased shareholders, the dividends will be paid on the heirs' request, only after the Central Depository Bucuresti transfers the shares to the heirs' names.*

The means of payment will be communicated to shareholders through a release by the company management that will be published at least in a national newspaper and will be posted on the company website: www.sifm.ro.”

6

Ensuring compliance

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 below is considered:

- 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 Q1 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 financial statements as of Dec 31, 2012;
- 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.

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 the actual managers.

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.

There were no cases in which the Board of Directors accepted a level of the residual risk considered as not acceptable for the Company.

Internal control activity

In compliance with the provisions of art, 37-41 of CNVM Regulation no, 15 / 2004 and with the Investigations Plan approved in the Board of Directors' meeting of Jan 31, 2012 and transmitted to CNVM with address no, 1040/07,02,2012, the activity of the Internal Control Department in 2012 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.
- 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.

7

Corporate governance – transparency of management

7.1. Implementation of corporate governance principles

OGAS/05.04.2013

Decision 12

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

The opinion of the auditor Deloitte Audit SRL regarding SIF Moldova’s Corporate Governance Code:

“From the analysis of SIF Moldova’s Corporate Governance Code, it follows that the latter was elaborated taking as an example the principles and the recommendations specified in the OECD Principles (...), the Corporate Governance Code of the Bucharest Stock Exchange (...), as well as a series of Corporate Governance Codes that include corporate governance structures, the rights of shareholders, the role and obligations of the Board of Directors, transparency, financial reporting, internal control and risk management, the management system (...).”

- SIF Moldova’s current organization, as a unitary system, fully complies with the basic principle of the dualist system, that of **separation of the management function from the verification function** and uses a low level of financial and human resources.
- **The unitary system ensures effective administration** carried out by a Board of Directors, collectively accountable for financial reporting and for the long term success of the company;
- SIF Moldova ensures a **clear division** of supervision and control responsibilities in relation to the attributions of the executive management;
- In the Board of Directors, **committees** are created, with specific responsibilities, exclusively consisting of non-executive members that evaluate the specific activity of the executive and which formulate recommendations to the Board of Directors;
- The constitution of **committees consisting of specialists** from within the company, with distinct responsibilities in: investments and transactions, the analysis and control of risk, the financial and accounting activity, including the General Manager and the Assistant General Manager and that take part in the adoption of decisions by equal vote together with the members of the commissions;
- **Managers draft reports monthly** to the Investment Committee, submitting it to the analysis and control of Consultative Committees and then to the Board of Directors
- **Ethical standards and the Code of Conduct** were adopted and implemented, these being permanently revised;
- **SIF Moldova’s organizational chart and the internal regulations clearly specify the division of management and control responsibilities**, an increased role for control compartments over the decision being ensured; thus, the possibility of abuses by the executive management are eliminated.

7.2. Objectives for the evaluation of management performance

In Q1 2013, the following stages in the process of constructing the application for measuring the organization level and collective performance were initiated and partially finalized:

- Setting the data sources used for constructing the trend and performance indicators;
- Setting the user interface (design, graphical messages etc)
- Correlating job specifications and evaluation forms with entrance data and interpreting the existing evaluations and those proposed in the evaluation application in a unified manner.

A new perspective created in Q1 2013 is the integration of the application “Measuring performance at organization and collective level” with the application “The scoring-based evaluation of Corporate Governance”

Decision making based on shareholders’ consultation

The implementation of the Corporate Governance Code – SIF Moldova SA includes the evaluation of the entire interaction between shareholders, the board of directors and the management.

The scoring concept for SIF Moldova’s Corporate Governance reflects the evaluation of the implementation of practices, policies and of the limits to which they serve the interests of SIF Moldova and on another hand **the performance of the investment activity**.

The implementation of the scoring of Corporate Governance assumes the use of methods for self-evaluating management performance based on scoring indicators selected according to **European level practices**.

The methodology for constructing the evaluation system assumes the implementation of algorithms for the measurement and evaluation of performance through a qualitative and quantitative scoring analysis.

- The **qualitative analysis** uses a comparison method that allows the evaluation of departments, activities and qualitative procedures that are directly or indirectly productive.
- The **quantitative analysis** uses the direct scoring method, based on the elaboration of numerical references / benchmarks that would allow the evaluation of management performance resulted from the implementation of the Corporate Governance Code at the level and within the framework of departments, activities and procedures.

The scoring formula combines in equal proportions a number of **management performance indicators** that will reflect the quantitative and the qualitative aspect. The analysis of performance in SIF Moldova is a continuous process, procedure and controlled by management through the Investment / Risk Committees and **based on mathematical modelling through software developed “in house”**.

7.3. Shareholders consultation process

Corporate governance,, featured mostly in the organizing and management of the company has as key purpose decision making

based on shareholders consultation, taking into account their will and interests.

Thus, when preparing GAS 2013, SIF Moldova has carried-out a shareholders consultation process in order to ground activity plans for 2013. Answers to the questionnaire supported SIF Moldova management in conducting analysis to inform the decision of the Board of Directors concerning the topics that were subject to shareholders review and approval in the GÁS of Apr 4 / 5, 2013.

We have launched for the Apr 4, 2013 – May 20, 2013 period a new process for the consultation of shareholders regarding the means of implementing Corporate Governance principles in current activity and in structuring the directions for development for SIF Moldova.

Consistent in this approach and in the context of elaborating and implementing the Corporate Governance Code (CGC), we grant special attention to the means of adoption of investment policy. This occurs in the context of SIF Moldova's main objective being the attainment of superior performance of investments for its shareholders. According to the approaches presented in the CGC, SIF Moldova is a medium and long term investor, the time horizon of investments being longer than one year. The investment policy complies with prudence rules, legal provisions and applicable regulations in force and is based on the adequate structuring of the portfolio in order to comply with a prudent and at the same time profitable management, offering investors a medium risk instrument.

7.3. Human resources management

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)..

After the completion of the ample restructuring and reorganization program carried out in the previous term of office of the Board of Directors (the significant decrease of the number of positions filled, from 228 to 45, accompanied by the optimization of the organizational structure and implicitly of the decisional flows and of the operating expenses), the complex evaluation of activity / performance at organization and department level is initiated (details in chapter 7.2).

8

Events occurring after the reporting date.

Ordinary General Meeting of Shareholders – 2013 April, 05. Resolutions adopted:

“Resolution 1

It is approved the election of the Ordinary General Meeting secretariat, composed of 3 persons from the company shareholders, in compliance with article 129, paragraph (21) of the Law 31/1990, respectively: Lupascu Gabriel, Nicolaescu George Catalin, Puscas Michaela.

Resolution 2

It is approved the Report of the Board of Directors for 2012.

Resolution 3

It is approved the individual financial statements for 2012, accompanied by the financial auditor's opinion:

• total revenues	RON 275,466,615
• total expenses	RON 117,313,839
• profit before tax	RON 158,152,776
• tax on profit	RON 21,075,976
• net profit	RON 137,076,800

Resolution 4

It is approved the distribution of the net profit achieved in 2012:

• net profit to be distributed	RON 137,076,800
• dividends	RON 124,581,501
• other reserves	RON 12,495,299

Resolution 5

It is approved the gross dividend of 0.24 RON/share.

Resolution 6

It is approved the participation of the managers and directors in the profit of the year 2012 at 2% of the net profit before setting the provision to which is added the company contributions. The participation of the managers and directors in the profit will be paid proportional to the total revenues realized by them in 2012.

Resolution 7

It is approved the beginning of the dividend payments at the registered office within 60 days after the release of the general meeting of shareholders resolutions in the Official Journal of Romania, Part IV, complying with the legal deadline.

It is approved the empowerment of the company's management to establish the methods and procedures for payment, to designate and contract specialized operators to pay dividends, as follows:

- a. the payment of the dividends due is made within a period of 6 months;*
- b. the dividend payment costs will be borne by the shareholders;*
- c. In case of deceased shareholders, the dividends are to be paid by request, only after Bucharest Central Depository will make the transfer of shares on behalf of the heirs.*

The payment methods will be made known to the shareholders through a press release of the company's management which will be published at least in a national newspaper and will be posted on the website of the company www.sifm.ro.

Resolution 8

It is approved the prescription of the dividends for 2009 established by the OGMS of April 30, 2010 and unclaimed until July 2, 2013 and their registration in "other income".

Resolution 9

It is approved the full discharge of the directors for 2012.

Resolution 10

It is approved the Activity Program for 2013 and the Investment Policy of SIF Moldova.

Resolution 11

It is approved the Revenues and Expenses Budget for 2013.

- | | |
|------------------|-----------------|
| • total revenues | RON 177,482,621 |
| • total expenses | RON 76,245,252 |
| • gross profit | RON 101,237,369 |
| • net profit | RON 86,066,318 |

Resolution 12

It is taken note of the information on the "Corporate Governance Code of SIF Moldova" which was approved by the Board of Directors.

Resolution 13

The following candidates are elected directors for a mandate of 4 years (2013-2017), taking into account the results of the secret vote after two rounds of elections and the bylaws provisions of SIF Moldova, namely: CEOCEA Costel, DOROS Liviu-Claudiu, CIORCILA Horia, HANGA Radu, HREBENCIUC Andrei, RADU Octavian-Claudiu, IANCU Catalin-Jianu-Dan.

Resolution 13(1)

The General Meeting of Shareholders takes note of the decisions adopted by the Board of Directors, at its first extraordinary session, concerning:

- 1. the election as President of the Board and Chief Executive Officer of Mr. Costel Ceoce;*
- 2. the election as Vice President and Deputy Chief Executive Officer of Mr. Claudiu Doros.*

Resolution 15

It is approved the maintaining of the monthly allowance for a director and additional allowance for the directors who are part of an advisory committee of the Board, at the same level as approved by the Ordinary General Meeting of Shareholders Resolutions no. 8 and no. 9 dated April 22, 2011 and published in the Official Journal of Romania, Part IV, no. 1493 of April 28, 2011. It is approved the administration contracts for the mandate period 2013-2017.

Resolution 16

It is approved the maintaining of the monthly allowance for the CEO and Deputy CEO at the same level as approved by the Ordinary General Meeting of Shareholders Resolution 10/April 22, 2011, published in the Official Journal of Romania, Part IV, no. 1493/April 28, 2011. It is approved the management contracts for the CEO and Deputy CEO for the 2013-2017 mandate.

Resolution 17

It is approved the monthly allowance for managers (others than the CEO or Deputy CEO) to be of 10 average wages calculated on the basis of the monthly payroll. It is approved the management contracts for the managers for the 2013-2017 mandate.

Resolution 18

It is approved the appointment of Deloitte Audit SRL as a financial auditor for a period of 2 years (2013-2015) given the

results of the secret vote and the bylaws provisions of SIF Moldova.

Resolution 19

It is approved the date of April 22, 2013, as the registration date of the shareholders to whom the resolutions adopted by the ordinary general meeting of shareholders of April 04/05, 2013 are applied.”

The resolutions adopted by the OGMS of April 5, 2013 were:

- reported to BVB and CNVM on April 5, 2013;
- published in the Official Gazette Part IV no. 2213/Apr 22, 2013;
- published in CNVM Bulletin no. 13/01 – Apr 5, 2013;
- published in the newspaper Bursa of April 8, 2013;
- posted on the company website www.sifm.ro starting with April 5, 2013.

The National Securities Commission, by the Approval no. 20/Apr 29, 2013 has endorsed the component of the Board of SIF Moldova, based on the Resolution no. 13/Apr 5, 2013 of the Ordinary General Meeting of Shareholders of SIF Moldova.

It is maintained the effective management component of SIF Moldova: Mr. Costel Ceoceca as President & CEO and Mr. Liviu-Claudiu Doros as Vice President & Deputy CEO - re-elected by the Decision no. 7/April 5, 2013 of the Board. As there are no changes in the composition of the effective management, the managers exercise their powers under the CNVM Approval no. 28/June 11, 2009 (Current report of April 5, 2013).

Hotararile adoptate de catre AGAO din 05.04.2013 au fost :

- raportate catre BVB, CNVM in 05.04.2013 ;
- publicate in Monitorul Oficial al Romaniei partea a IV-a nr. 2213/22.04.2013;
- publicate in Buletinul CNVM nr. 13/01 – 05.04.2013;
- publicate in ziarul Bursa din 08.04.2013;
- postate pe site-ul societatii www.sifm.ro incepand cu 05.04.2013.

TRANSPARENCY

QUALITY

PERFORMANCE

Annexes

1. Annex 1 - net assets situation as of 31.03.2013
 - 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 31.03.2013
3. Annex 3 - Asset portfolio – 31.03.2013 – qualitative selections
4. Annex 4 - Status of litigations as of 31.03.2013
5. Annex 5 - BVB, CNVM reports – 31.03.2013
6. Annex 6 – Shareholder consultation process

Approved in the meeting of the Board of Directors of May 14, 2013

Signatures

President General Manager
Costel CEOCEA, PhD

Financial Manager
Liana MARIN

Internal Control
Nicolae RADULESCU

Internal Audit
Virginia SOFIAN