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MOLDOVA

Financial Investment Company

Current report according to:	Law No 297/2004, Romanian National Securities Commission Regulation No 1/2006 and No 15/2004
Date:	March 18, 2009
Issuer:	SIF Moldova SA
Registered Office:	Bacau, str. Pictor Aman 94C, 600164
Telephone/Fax No.:	0040234/576740 / 0040234/570062
Website/E-mail:	www.sim.ro / sifm@sifm.ro
Fiscal code:	RO 2816642
Incorporation No. in Trade Register:	J04/2400/1992
Registered No. in RNSC Register:	PJR09SIIR/040001/December 14, 2005
Subscribed and paid-up share capital:	RON 54,884,926.80
Regulated market on which the issued shares are traded:	Bucharest Stock Exchange

2008 ANNUAL REPORT OF SIF MOLDOVA BOARD OF DIRECTORS¹

1. Analysis of the Company's activities

1.1. a) Description of the main activity of the Company

SIF Moldova is a closed-end financial investment company, incorporated in accordance with the provisions of Law no. 133/1996 regarding the transformation of the Private Property Funds in financial investment companies, classified as "other undertakings for collective investment in transferable securities" (non UCITS) hereinafter referred to as A.O.P.C., with a diversified investment policy, certified by the National Securities Commission (CNVM) with the certificate no. 258/December 14, 2005.

The purpose and the activity of the Company (according to its articles of association)

The Company's goal is the management of its assets.

According to CAEN Rev. 2, which represents the classification of the activities of the national economy, and taking into consideration as well the disposals regarding the financial investment companies provided by Law no. 297/2004, regarding the capital market, further amended and supplemented, as well as those provided in Law no. 133/1996 which refers to the transformation of the Private Property Funds into financial investment companies – the activities of SIF Moldova are included in the **6499 CAEN code** "Other financial intermediations not classified somewhere else".

The object of the Company is as follows:

- management and administration of financial instruments; derivative financial instruments and other CNVM regulated instruments;
- management and administration of shares/bonds and other rights arising from these securities of non-traded or closed companies
- other auxiliary and associated activities, in compliance with legal regulations in force.

Further, there are presented the results recorded in the financial year 2008 regarding the management of portfolio holdings, portfolio structure and its profitability.

¹ This report was approved by the Board of Directors in the meeting of March 18, 2009

1.1.a.1) The management of the holdings of SIF Moldova portfolio

Between January 1, 2008 and December 31, 2008, the objectives of the management and administration of the shares portfolio were pursued, as set forth in SIF Moldova activity program.

SIF Moldova continued the policy of reconfiguration and optimization of its portfolio, in order to increase its yield, aiming at increasing the value of participations in profitable companies or in companies with advantageous trading opportunities and decreasing participations in companies in difficult economic and financial situations or without perspective.

Evolution of the portfolio according to the nominal value

SIF Moldova, on December 31, 2008, held holdings in companies totalling 344,371,200 RON in nominal value. Between January 1, 2008 and December 31, 2008, the nominal value SIF Moldova portfolio recorded an increase, of 29,629,687 RON in absolute value, representing 9,41% of the portfolio's nominal value as of December 31, 2007.

The influences on the portfolio value are presented in the table below:

- RON -

	The nominal value of the portfolio as of December 31, 2008	314,741,514
1.	Increasing the share capital to companies through the inclusion of the reserves	19,120,685
2.	Aquisitions (operations on the capital market)	15,882,013
3.	Participation in the share capital increase by contribution in cash	5,897,127
4.	Input from companies resulting from division	50
	Total increases	40,899,875
5.	Sales	-10,336,669
6.	Removed from the portfolio (completed liquidations)	-928,738
7.	Division	-4,782
	Total reduction	-11,270,188
	Absolute increases	29,629,687
	The portfolio's nominal value as of December 31, 2008	344,371,200

➤ **Factors that have led to the increase of the nominal value of the portfolio:**

1) **Increasing the share capital** to 16 companies, from internal reserves recorded in the books of the issuers, totalling 19.120.684 RON in nominal value, represents 46,7% of the total increase. The most important operations of increasing the share capital were recorded at: Banca Transilvania, Mecanica Ceahlau, Biofarm, Bermas, Imotrust, Albalact, Casa Romana de Compensatie.

2) **Strengthening and/or the increase of the holdings** in profitable companies and with growth potential, through:

- **aquisitions** – were subject of 36 companies' holdings, with a nominal value of 15.882.013 RON, representing 30% of the total absolute increase of 29.629,687 RON. It were purchased shares issued by: Fondul Proprietatea, Transelectrica Bucuresti, Banca Transilvania, Petrom, Transgaz, Ceramica Iasi, Erste Bank, Argus Constanta, Albalact;

- **direct investments** – represents primary investment through the participation to the share capital increase of 20 companies. Through these operations were obtained shares with a nominal value of 5,897,127 RON contributing to an absolute increase of 14.41%. The most important participation in the share capital increases were made to: Ceramica Iasi, Banca Transilvania, Galgros, Transtec, Depozitarul Central. In 2008 were made subscriptions to 2 companies, worthing 1,141,827 RON in nominal value. The shares will be registered in 2009, as the requirements for the registration in the Trade Register Office will be accomplished.

➤ **Factors that have led to the decrease of the nominal value of the portfolio:**

1) Sales of shares – it was recorded the selling of the participations (fully or partially) from 52 companies, in nominal value of 10,336,669 RON, representing 91.71% of the total reduction. Sale of shares is one of the important directions in the restructuring portfolio strategy and it generates the most important source of revenue and making profits, as the sales are executed with a high yield (profits reported at cost of acquisition). It is to be mentioned the sale of full package held to 23 issuers, of which: Intfor Galati, Scudas Pascani, Vinicola Averesti 2000, Mecanex Botosani, Rosar Radauti. In the meantime it were subject of the partial sale 29 issuers, including: Banca Transilvania, Turism Felix, BRD-GSG, Petrom, Transelectrica, Antibiotice, Erste Bank;

2) Removal of the 12 companies who has completed the liquidation procedure, under the law 85/2006, led to the output of the portfolio of 928,738 RON in nominal value, representing 8,25 of the total reduction. Among these companies it may be enumerate: Agro-Ovinex, Tesatoria de Bumbac Suveica, Orezicola Smardan, Icefs;

3) Division – as a result of the share capital decrease of 4,782 RON, in nominal value, of the mother company (Romlux Targoviste) and the appearance of a new company (Romlux Lighting Company);

On December 31, 2008, 82 companies of Company' portfolio were in various stages of insolvency proceedings, judicial liquidation or reorganization. The total value held by SIF Moldova in these companies is 55,324,365 RON and represents 16% of total equity, in nominal value. Of the 6 issuers entered in insolvency (by worsening its economic and financial situation) it is to be mentioned Fortus Iasi and Nicolina Iasi.

Evolution of the portfolio according to the number of the holdings

Shares of Companies – Performing the restructuring operations during 2008 has led to a reduction in the number of portfolio companies, so that, on December 31, 2008, the portfolio included 243 companies compared to 264 companies at December 31, 2007.

Numarul societatilor comerciale aflate in diverse stadii ale procedurii de insolventa, reorganizare sau lichidare judiciara, a scazut de la 88 la 82 in cursul anului 2008.

In 2008, the number of the companies, which were in various stages of insolvency, reorganization or liquidation declined from 88 to 82.

Securities issued by UCITS/non UCITS

- 3,120 securities of Fondul Oamenilor de Afaceri, representing 8,468 RON in nominal value and 4,861 in market value;
- 200,000 securities of BT MAXIM, representing 2,000,000 RON in nominal value and 892,000 RON in market value;
- 100 securities of BT INVEST 1, representing 1,000,000 RON in nominal value and 783,789 RON in market value.

The detailed status of investments, according to CNVM Regulation no 15/2004, annex 17, is presented in the annex 8.2 of this report.

Evolution of the portfolio according to the trading market

Portfolio reconfiguration and optimization between January 1, 2008 and December 31, 2008, led to the following structure according to the trading market:

Portfolio structure	Total nominal value of the holdings				Total market value* of the holdings			
	December 31, 2007		December 31, 2008		December 31, 2007		December 31, 2008	
	thousand RON	%	thousand RON	%	thousand RON	%	thousand RON	%
Securities								
Traded shares	176,081	55.95	145,834	42.35	1,513,023	85.80	437,319	49.01
of which:								
Companies listed on BVB	95,227	30.25	79,619	23.12	1,312,711	74.44	360,508	40.41
Companies listed abroad	-	-	-	-	-	-	737	0.08
Unlisted companies traded through BVB system	11,698	3.72	11,695	3.40	12,6	0.72	8,915	1.00
Companies listed on Rasdaq	21,462	6.81	25,79	7.49	80,208	4.55	27,858	3.12
Companies listed on Rasdaq - XMBS	47,694	15.17	28,73	8.34	107,504	6.09	39,301	4.40
Untraded shares	138,66	44.05	198,537	57.65	250,348	14.20	454,902	50.99
of which:								
Closed-end companies	124,496	39.55	130,446	37.88	233,721	13.25	370,081	41.48
Listed and not traded companies	119	0.04	0	0.00	1	0.00	0	0.00
Listed companies and not traded in the last 90 days	14,045	4.46	68,091	19.77	16,626	0.95	84,821	9.51
Total	314,741	100.00	344,371	100.00	1,763,371	100.00	892,221	100.00

It can be observed a pronounced decline of the percentage of the share holdings traded on BVB compared to the previous year, and an increase of the percentage of the untraded shares, following the crisis facing the capital market.

* Market value is determined according to CNVM Regulation no. 15/2004.

Thus, the value is calculated in accordance with the provisions of art. 202 of CNVM Regulation 15/2004: “(2) The evaluation of securities and monetary market instruments admitted or traded on a regulated market in Romania, in a member or non-member state and recorded in the non UCITS accounting, incorporated by Articles of Association as financial assets or current assets is done using:

- the average weighted price method calculated for the last 90 days in the case of securities and monetary market instruments traded in the specified timeframe;
 - the average weighted price calculated from the date of an event involving a change in the par value of the share, the distribution of free shares or in other such circumstances influencing the market value of securities or monetary market instruments mentioned in letter a), if the event occurred in the period specified in letter a);
 - the procedure set forth in paragraph (3) for securities not traded in the timeframe specified in letter a);
- (3) The evaluation of shares not admitted for trading in a regulated market in Romania, held by anon UCITS (AOPC) incorporated by Articles of Association, for an issuer, is based on the value of the owner's equity of the issuer as reported in the latter's latest financial report, transmitted to the Public Finances Ministry (M.F.P.). In the case of credit institutions, the calculation is based on the value of the owner's equity as stated in the reports sent to the National Bank of Romania (B.N.R.).

The calculation method is as follows:

- for holdings of a non UCITS incorporated by Articles of Association representing over 50% of the issuer's share capital, by applying the respective share held by the non UCITS to the issuer's Owners' Equity;
- for holdings of a non UCITS incorporated by Articles of Association representing between 33 - 50% of the issuer's share capital, by applying 85% of the value obtained from the application of the respective share of the issuer's share capital held by the non UCITS to the issuer's Owners' Equity;

c) for holdings of a non UCITS incorporated by Articles of Association representing between 5 - 33% of the issuer's share capital, by applying 75% of the value obtained from the application of the respective share of the issuer's share capital held by the non UCITS to the issuer's Owners' Equity;

d) for holdings of a non UCITS incorporated by Articles of Association representing under 5% of the issuer's share capital, by applying 50% of the value obtained from the application of the respective share of the issuer's share capital held by the non UCITS to the issuer's Owners' Equity.

(4) The shares of companies undergoing judicial reorganization or liquidation are included in the net assets of non UCITS established by Articles of Association with a null value, up to the conclusion of the procedure.

(5) The shares of companies in the non UCITS portfolio established by Articles of Association with negative values of the owner's equity are included in the calculation of the net assets with a null value.

(6) In the case of shares held by non UCITS established by Articles of Association in credit institutions of insurance, insurance-reinsurance or reinsurance companies, the value recorded in the non UCITS assets is the value calculated by applying the weight held by the non UCITS in the registered capital of the issuer to the owner's equity of the issuer, irrespective of the weight of the specified holding." (extract from CNVM Regulation no 15/2004)

1.1.a.2) The structure and the profitability of the portfolio of SIF Moldova

The structure and the evolution of the portfolio by field of activity

The structure of the portfolio by field of activity according to the nominal value and the calculated value of the investments are presented as follows:

Sector	Number of companies		The nominal value (thousand RON)		% of the nominal value		The market value (thousand RON)		% of the market value	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Banks and insurances	9	9	135,719	151,594	43.12	44.02	1,317,394	702,749	74.71	78.76
Machinery	24	21	53,689	52,735	17.06	15.31	108,824	35,598	6.17	3.99
Textiles	43	37	24,886	24,279	7.91	7.05	70,942	33,608	4.02	3.77
Agriculture	60	51	19,212	17,565	6.10	5.10	9,865	8,193	0.56	0.92
Chemicals	9	7	15,806	15,682	5.02	4.55	4,013	670	0.23	0.08
Metallurgy	8	6	17,640	15,742	5.60	4.57	55,877	10,690	3.17	1.20
Commerce. restaurants	19	18	8,577	8,893	2.73	2.58	31,006	17,992	1.76	2.02
Food	19	17	4,292	4,281	1.36	1.24	7,262	3,653	0.41	0.41
Others	73	77	34,920	53,600	11.10	15.56	158,188	79,068	8.97	8.86
Total	264	243	314,741	344,371	100.00	100.00	1,763,371	892,221	100.00	100.00

The first 10 companies from the portfolio after the market value of SIF Moldova's holdings on December 31, 2008 are presented in the lower chart:

- thousand RON -

Company	City	Sector	The market value of the holdings	
			on Dec 31, 2007	on Dec 31, 2008
BCR	Bucuresti	Banking	180,498	299,775
BRD GSG	Bucuresti	Banking	885,899	288,393
BANCA TRANSILVANIA	Cluj	Banking	219,205	66,468
BANCPOST	Bucuresti	Banking	26,986	42,19
PETROM	Bucuresti	Extraction, processing oil	43,751	18,996
TESATORIILE REUNITE	Bucuresti	Textiles, Real Estate	38,334	15,165
MECANICA CEAHLAU	Piatra- Neamt	Machinery	47,596	13,143
BIOFARM	Bucuresti	Pharmaceuticals	67,348	11,734
TRANSELECTRICA	Bucuresti	Electricity transmission	7,518	9,861
SNTGN TRANSGAZ	Medias	Gas transmission	864	7,596

It is worth mentioning the decrease of the market value of the issuers listed on the Bucharest Stock Exchange (based on the reduction registered in the last period of both volume and price of trading in most issuers) and the increase of the values of BCR and Bancpost, calculated under CNVM Regulation 15/2004. In two of the issuers (Mecanica Ceahlau and Tesatoriile Reunite), SIF Moldova holds the position of majority shareholder.

The structure and the evolution of the portfolio by holdings percentage owned in the shares capital of the issuers

SIF Moldova holdings in the share capital of the issuers from the portfolio	2007			2008		
	companies	The nominal value (thousand RON)	%	companies	The nominal value (thousand RON)	%
Insignificant holdings: < 10%	121	181,555	57.7	123	220,487	64.03
Significant holdings: [10%-33%)	115	102,93	32.7	95	91,924	26.69
Control holdings: [33 % -50 %)	18	11,297	3.58	17	11,682	3.39
Majority holdings: \geq 50 %	10	18,959	6.02	8	20,279	5.89
Total holdings:	264	314,741	100	243	344,371	100.00

The analysis of the portfolio structure lead to the following observations:

- the total number of the held companies decreased from 264 (in 2007) to 243 (in 2008) with a percentage of 7,95%;
- the nominal value of the held portfolio increased from 314,741 thousand RON (in 2007) to 344,371 thousand RON (in 2008) with an absolute value of 29,630 thousand RON; respectively an increase with 9,41%;
- the category that has registered increases is represented by the companies in which SIF Moldova owns insignificant holdings (less than 10%)
- the categories that recorded decreases of the total number and value, are the companies in which the percentages of holdings are significant (between 10% and 33%) and majority.

1.1.a.3) The analysis of SIF Moldova portfolio profitability

SIF Moldova SA continued to improve the management and monitoring of its portfolios, with the aim to increase the profitability and the value of the holdings in companies. The measures taken in this regard, concerned, priority, the involvement in the General Meetings of the Shareholders and in the Board of Directors at the companies where SIF Moldova SA owns majority or control holdings, as well as at those in which the Company made capital investments. The involvement is needed in order to impose efficient management policies that lead to the development of the companies and to obtaining profit, or, to impose crisis policies that will ensure the recovery of the companies.

The active implication was mainly in the programs of developing the companies by supporting funding programs from SIF Moldova own sources or by participation to the increase of the share capital, implementation of corporate governance, strengthening the cooperation with the main shareholders in order to maximize the profits and to list the companies to the higher categories of BVB, etc.

The analysis of portfolio profitability on December 31, 2008, is made based on the financial results achieved by companies in the financial year 2007, on the balance and on the estimates of other models.

Overall profitability of the portfolio is presented in the table below:

- thousand RON -

Specification	No of issuers	Net result	Market value	Rate of return
Companies that registered profit (except banks)	122	34,792	159,234	21.8%
Companies that registered loss (except banks)	25	-20,148	30,200	-
in insolvency, reorganization	82	-	0	-
With no information	6	-	39	-
Subtotal 1	235	34,792	189,473	18.4%
Banks that registered profit	8	89,158	702,748	12.7%
Subtotal 2	8	89,158	702,748	12.7%
Total as of Dec 31, 2008	243	123,950	892,221	13.9%

The net result represents the quota afferent to SIF Moldova's percentage of the net profit or loss recorded by the portfolio companies as of December 31, 2008.

The rate of return – of 13.9% - represents the net profit per the market value of the portfolio, calculated in accordance with CNVM Regulation 15/2004.

1.1.a.4) The deserved/collected dividends from the companies of SIF Moldova portfolio

The situation of the deserved and received dividends between 1996 and 2007 is as follows:

- Deserved dividends	231,163,869 RON
- Collected dividends	230,814,172 RON
- Not collected dividends	349,697 RON
- Percentage of collecting achieved	99.85 %

The deserved dividends for the financial years 1996-2007 and not collected until December 31, 2008, are worthing 349,697 RON and represents 0.15% of the total dividends deserved for the entire period. To recover the amounts deserved from not collected dividends SIF Moldova has made friendly efforts but when it was not possible so resolve this issue amicably the debtors were prosecuted, asking them penalization interests at legal interest. For the overdue amounts there are obtained civil final verdicts; there are as well in the court some processes in progress (disputes in progress), or, there are notices sent to conciliation.

On December 31, 2008, out of the total of 349,697 RON, representing overdue dividends, the amount of 155,094 RON is observed outside the balance and it is related to the companies which are in insolvency and which have submitted applications for the declarations of the claims.

The situation of the dividends deserved by the Company and recorded in 2008, related to the results achieved by the portfolio companies in 2007, compared with the previous years:

- RON -

Branch of the national economy	2006		2007		2008	
	Deserved dividends for 2005	Collected dividends	Deserved dividends for 2006	Collected dividends	Deserved dividends for 2007	Collected dividends
Financial Banking	29,250,368	29,250,368	31,575,304	31,575,304	38,716,451	38,716,451
Industry	1,728,416	1,728,416	2,575,469	2,571,633	2,541,755	2,541,755
Textiles	340,671	340,671	317,480	317,480	417,720	417,720
Commerce	288,800	288,800	277,043	277,043	3,248,211	3,248,211
Services	-	-	222,574	222,574	331,433	331,433
Construction	68,140	68,140	578,048	578,048	109,061	109,061
Tourism	401,376	401,376	455,624	455,624	617,917	617,917
Food industry	476,798	476,798	91,811	91,811	24,115	24,115
Agriculture	62,606	62,606	76,254	76,254	49,698	49,358
Transports	124,187	124,187	6,616	6,616	5,822	5,822
Pharmaceuticals	23,666	23,666	48,344	48,344	70,665	70,665
Other fields	10,065	10,065	-	-	76,159	76,159
Research	4,311	4,311	4,585	4,585	5,943	5,943
Total	32,779,404	32,779,404	36,229,152	36,225,316	46,214,950	46,214,610

The deserved dividends for 2008, from the portfolio companies, of 46,214,950 RON, represent an increase of 27,57% compared with the dividends deserved for 2007.

The main percentage in the total deserved dividends is held by the financial banking sector, with 83.77%

The dividends from the financial banking sector increased by 22.62%, compared to 2007.

For the deserved dividends related to the 2006 – 2008 financial years, the degree of collection was of 99.99%

1. 1. b) Specification of the date of incorporation of the Company, general information, shareholding structure

The Company was incorporated as a financial investment company on February 20, 1997. The name of the company is Moldova Financial Investment Company SA; it has the legal form of a public limited company and it operates according to the Articles of Association, of Law no 31/1990 republished and adjusted, Law no 297/2004 and CNVM regulations. The company is the successor of the Private Ownership Fund II – Moldova, reorganized and transformed according to the provisions of Law no 133/1996 and Law no 164/1999.

The subscribed and paid-up share capital is of 51,908,958.8 RON, divided into 519,089,588 shares, with a nominal value of 0.1 RON/share.

The shares are listed at the Bucharest Stock Exchange, in the first tier, beginning with November 1, 1999.

The record of the shares and shareholders is maintained according to legal specifications, by Central Depository (S.C. Depozitarul Central S.A.)

Asset depository services are performed by BRD-GSG Bucuresti – depository contract approved by CNVM in Approval no 113/14.12.2005.

The company's financial auditor is Deloitte Audit S.R.L. București.

Moldova Financial Investment Company is registered at:

- Bacau Chamber of Commerce, Industry and Agriculture – fiscal registration code RO 2816642;
- CNVM Decision no. 1902/Aug. 30, 1999 of permanent authorization;
- Securities Registry – Registration Certificate no. 418/Sep 7, 1999;
- CNVM Decision no. 1841/Jun 16, 2005 of authorizing the members of the Board of Directors
- CNVM Decision no. 3368/Dec 14, 2005 of authorizing the modification of the Articles of Association comprised in the Additional Act authenticated under no 531/Oct 14, 2005;
- CNVM Approval no. 113/Dec 14, 2005 of approving the actual leadership
- CNVM Certificate no. 257/Dec 14, 2005 – registration of SIF Moldova in CNVM Registry at no. PJR09SIIR / 040001;
- CNVM Certificate no. 258/Dec 14, 2005 – inclusion of SIF Moldova in the category - “other undertakings for collective investment in transferable securities” (non UCITS) hereinafter referred to as A.O.P.C., with a diversified investment policy,
- CNVM Approval no. 51/05.11.2008 of approving SIF Moldova leadership

Shareholder structure as of December 31, 2008:

Shareholders	Natural Persons			Legal Persons			Total		
	No of shareholders	No of shares	% share capital	No of shareholders	No of shares	% share capital	No of shareholders	No of shares	% share capital
Residents, of which:	5,856,500	268,566,806	51.74%	483	96,761,492	18.64%	5,856,983	365,328,298	70.38%
<i>deceased</i>	53,207	44,077,577	8.49%			0.00%	53,207	44,077,577	8.49%
<i>holdings <= 5 shares</i>	5,420,901	27,095,068	5.22%	5	24	0.00%	5,420,906	27,095,092	5.22%
<i>holdings > 5 shares</i>	382,392	197,394,161	38.03%	478	96,761,468	18.64%	382,870	294,155,629	56.67%
Non-residents	1,297	7,466,570	1.44%	106	146,294,720	28.18%	1,403	153,761,290	29.62%
TOTAL	5,857,797	276,033,376	53.18%	631	237,652,078	45.78%	5,858,386	519,089,588	100.00%

No individual holdings were recorded over 1% of the share capital as of Dec 31, 2008

In accordance with CNVM Instruction no 1/2007 of implementing the art 286¹ of the Law 297/2004, SIF Moldova reports to CNVM the situation of the concerted holdings, based on the information provided by Central Depository on consolidated holdings at the end of each month.

On December 31, 2008, the reported holdings were the following: Raiffeisen group, Danske group and the group presumed as acting in concert together with Mr. Chelu Catalin Constantin, regarding SIF Moldova (CNVM Certificate no 341/Nov 13, 2008 and CNVM Ordinance no 663/Dec 13, 2008)

No	Grup	No of shares on December 31, 2008	% share capital
1	Raiffeisen	5,223,293	1.006%
2	Danske	9,744,000	1.877%
3	Chelu Catalin Constantin	45,281,221	8.723%

1.1. c) Description of any merger or significant reorganization of the Company, of its branches or of the companies under its control, during the financial year

During the 2008 fiscal year no mergers or significant reorganizations took place in SIF Moldova or in companies under its control.

1.1.d) Description of the acquisition and/or the transfers of the assets

1.1.d.1) Investing activity

Investing in shares – on the primary market

In the Jan 1, 2008 – Dec 31, 2008 period primary investments of 9,960,641 RON (of which 3,748,224 RON was paid in the previous year and registered in 2008) were made by participating in the increase of the share capital of 20 issuers. The main investments were in Ceramica Iasi, Banca Transilvania, Galgros, Transtec, Depozitarul Central

In 2008 were performed subscriptions/payments to 2 companies (Sibex Depository, Chimcomplex Borzesti) totalling a value of 1,141,827 RON. The shares will be registered in the portfolio in 2009 as the requirements for registration in the Trade Register Office will be accomplished.

In 2008 were completed the payments of 598,400 for the subscriptions finalized in 2007 at Casa SA Bacau.

Investment activity in 2008 resulted in total payments of 7,952,644 RON, representing 57% of the level achieved in 2007

Investing in shares – on the secondary market

The pronounced decline of the financial markets and the accelerated deterioration of the macro-economic environment have caused a dramatic decline of the prices of the national stock market. These evolutions and the high level of uncertainty regarding future evolutions, led SIF Moldova to opt for a prudent approach to purchases, focusing its investments to issuers with strong fundamentals and solid prospects of recovering after the crisis of various sectors (energy, utilities, industry, pharmaceuticals, food, etc.).

In these conditions, the purchasing operations carried out in the market in 2008, had a total value of acquisition (including the transaction fees) of 47,606,974 RON; the investments were by about 5% lower than in 2007.

It is to be mentioned that in the case of some issuers, the acquisition performed in previous years have produced effects consisting in receiving free shares (significant examples: Banca Transilvania, Biofarm, Mecanica Ceahlau) respectively, in conferring the right to subscribe in some operations of increasing the share capital (significant examples: Banca Transilvania, Ceramica Iasi)

Investing in other financial instruments

For reasons associated with the necessity for a diversified portfolio and the fructification of some short opportunities the Company performed transactions on the financial derivatives market (BMFMS). The amount made available for this activity is of 326,351 RON and registered throughout the year 2008 a profit of 187,335 RON.

1.1. d. 2) Disinvesting activity (sales)

In 2008 it were recorded revenues from sales of securities in the amount of 51,135,627 RON and a profit (calculated to the average costs of acquisition) of 35,206,857 RON. 2008/2007 comparative analysis of the results of the sales operations indicate a slight decline of about 8% of the revenues from securities sales and a reduction of 2.2% regarding the profit related to these operations.

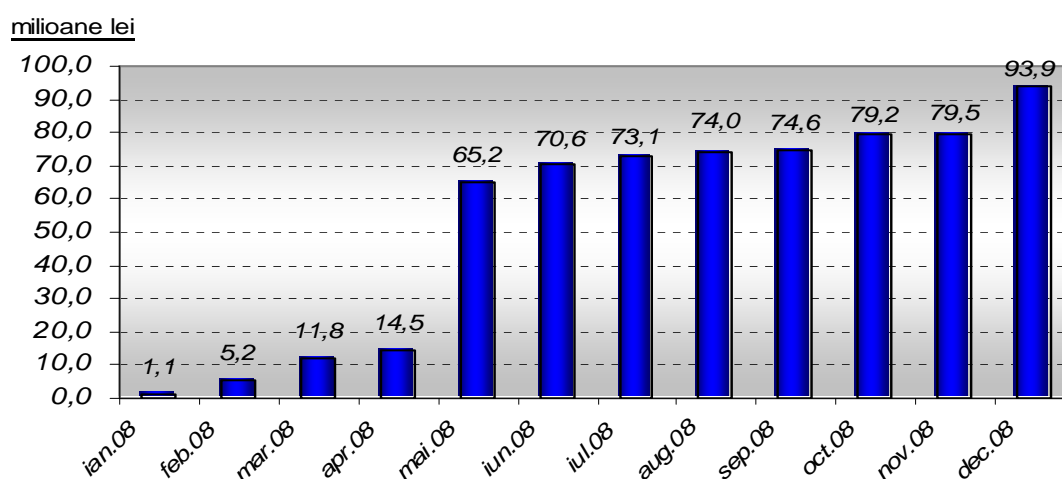
1.1. e) Description of the main results of the evaluation of the Company' activity in comparision with the 2008 Activity Program

As the Romanian capital market was seriously affected by the global financial crisis (BET - BSE official index - losing over 70% of its value) a financial investment company takes quite promptly the shock of the damage caused to the economic-financial environment, in the area in which is developing its activity. The indicators obtained from the reference end of the financial year 2008, by SIF Moldova, incorporates, largely, the effects of the global crisis. Thus, with respect to commitments, are the following achievements:

- **The net profit** achieved by the end of 2008 is 93,932,658 RON, a result of implementing CNVM Order 11/2009 and changing the accounting policies, in order to register the value adjustments stipulated in section 5.7, paragraph (1) and (2) of CNVM Order 75/2005 and the free received shares directly, in the equity capital.

The value of the net financial result for 2008 is higher by 43.25% compared to that recorded at the end of 2007 and is higher by 25.24% compared to the forecasted budget (net profit forecasted in 2008 = 75 million RON).

The net profit in 2008 had the following monthly evolution:



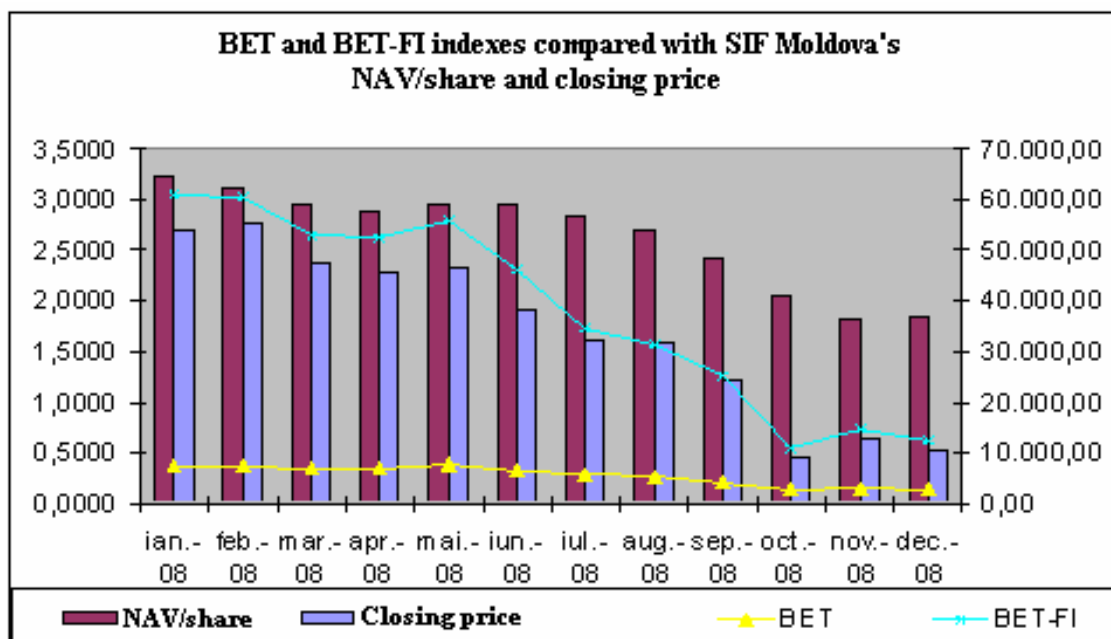
- **Net Asset Value per Share**, forecasted with an increase of 20%, recorded in the current economic situation the amount of 1.8413 RON/share as of December 31, 2008, compared to 3.4702 RON/share on December 31, 2007.

The internal and external stock exchange had a strong influence on NAV/share indicator, affecting the price of the shares, in cascade, on the external markets, on the BVB platform, and implicitly, the values of the assets. Thus, the total assets reached the end of 2008 amounted to 975.049.046 RON, representing 53.20% of the last year's value. These decreases were a direct consequence of the listed shares' depreciation and of the portfolio percentage reduction, from 83.45% to 52.64%.

From the evolution of trading prices, *SIF2* symbol, during 2008, was not correlated with the evolution of the net asset value per share.

The trading discount of *SIF2* price comes mainly from the decreases in prices on BVB, during the entire year.

On the other hand, the decreases of all the trading prices have influenced the net asset value per share through the evaluation of the listed shares.



- **The investment objective was 70.000.000 RON** and targeted shares and financial products ensuring profitabilities greater than those of monetary products. Under 2008 stock exchange context, the policy of risk management has adjusted, prudentially, the level of realization of this objective, by limiting it to 80%, the invested amount being of 55,885,971 RON (less with 13,834,718 RON than 2007 investments)

The main source of liquidity to support the investing program was represented by the revenues obtained from the holdings' sales of the issuers who are subject of the initial portfolio as well as of the newly created portfolio.

Achieving the investment objective has led to the restructuring of the portfolio, being a consequence of the prudential and flexible policy of restructuring, which was based on the macroeconomic situation and the countering of the general trend of BVB stocks' evolution.

1.1.1. General evaluation items:

Execution of 2008 revenues and expenses budget

The current context of financial crisis determined that certain financial instruments no longer to be traded or to be traded at very low values. CNVM Order 11/11.03.2009 on amending and supplementing CNVM Order no. 75/2005, regarding the approving of of the accounting' regulations, in accordance with the Directive IV of the European Communities applicable to the entities authorized, regulated and supervised by the National Securities Commission, allowed the option to register the value adjustments calculated at the annual inventory, directly, in the equity capital.

SIF Moldova has opted to implement the provisions mentioned above, including the recognition of increase/decrease of share capital made by the issuers in which SIF Moldova holds shares directly in the equity capital. This resulted in the following execution of the revenues and expenses budget for the financial year 2008.

Indicators	2007 Achievements	2008		The degree of achievement (%) compared to:	
		Forecasted	Achieved	Achived in 2007	Forecasted in 2008 budget
Total revenues	122.303.569	142,879,594	141,263,791	115.50	98.87
Total expenses	51.980.996	57,553,143	42,954,697	82.63	74.63
Gross profit	70.322.573	85,326,451	98,309,094	139.80	115.22
Net profit	65.573.287	75,000,004	93,932,658	143.25	125.24
The result per share (basis)	0,1263	0,1444	0,1810	143.31	125.25

a. Profit

The gross profit realized in the financial year 2008 is 98,309,094 RON, and the net profit is 93,932,658 RON, exceeding by 15.22%, respectively by 25.24% the net profit from the budget of revenues and expenses approved by the General Meeting of the Shareholders.

b. Turnover

The turnover of 141,263,791 RON, obtained in 2008, has the following structure:

	RON	% of total
- Revenues from financial fixed assets	46,282,258	32.76
• Revenues from financial investments transferred	51,135,627	36.20
• Revenues from provisions and various debtors	36,060,918	25.53
• Revenue from exchange rate variations	593,213	0.42
• Revenue from interest	4,938,017	3.50
• Other revenue	2,253,758	1.59
TOTAL	141,263,791	100.00

The structures of current revenues, by category of activity, as well as the degree of fulfillment of the objectives from the revenues and expenses budget approved for the 2008 fiscal year, is as follows:

Revenues from operations	2008 budget	2008 achieved	Diferences	Percentage realized (%)
1	2	3	4=3-2	5=(3/2)*100
• dividends	28,000,000	46,282,258	18,282,258	165.29
• free securities	-	19,120,684	19,064,684	-
• interest	1,500,000	4,938,017	3,438,017	329.20
• financial investments transferred	107,670,000	51,135,627	(56,534,373)	47.49
- revenues from other sources	5,709,594	38,907,889	33,198,295	681.45

The data presented reveals an improvement in the contribution of the revenues from dividends that SIF Moldova had to receive from the profit attained in 2007 by companies in the portfolio. A significant overfulfillment of the provisions in the budget approved for 2008 can be observed as well in the case of the revenues from other sources, resulting mainly from cancellation of provisions constituted in the previous periods and the reactivation of receivables as a result of favorable court sentences to the company.

The execution of the revenues and expenses budget for the 2008 fiscal year is shown in the annex 8.4 of the yearly report.

c. Export

SIF Moldova did not realize in the 2008 fiscal year any exporting operations and did not act on international capital markets.

d. Costs

Total costs related to the revenues realized in 2008 amount to 42,954,697 RON, of which:

	RON	% of total
• expenses from financial investments transferred	15,872,442	36.95
• expenses from exchange rate variations	445,156	1.04
• expenses with commissions and fees	2,479,020	5.77
• depreciations, provisions, losses from receivables and various debtors	7,520,286	17.51
• expenses with the personnel	14,717,693	34.26
• other expenses	1,920,100	4.47
Total	42,954,697	100.00

The weight of expenses in total revenue realized is 30.41 %.

Total cost of 166,170,471 RON, includes the amount of 113,009,866 RON, adjustments for depreciation of securities, resulting in the annual inventory.

Eliminating from the total cost, the adjustments for depreciation of the securities of the portfolio, on the current context of financial crisis, the company would be registered expenses of only 53,160,605 RON. These expense in the realized total revenues is 30.83%.

e. % owned of the market

The weight of SIF Moldova net assets as of Decembre 31, 2008 in the sum of the net assets of the SIFs, UCITSs and non UCITSs is 14%.

f. cash

Cash availables in balance as of Decembre 31, 2008 amount to 42,786,192 RON and represents 8.30 % of the total assets in the balance, of which:

	- RON -
• RON in bank deposits with a maturity term	40,389,101
• RON in bank accounts with interest facilities	847,605
• RON at cash desk	3,975
• Other liquidities	1,726
• material guarantees deposit – Directors/managers	244,975
• foreign currency in banks	7,051
• government bonds	1,291,759
Total	42,786,192

The structure of the cash flows, calculated through the direct method and detailed by activities, is presented in Chapter 5 item c).

1.1.2. Evaluation of the technical level of the Company

SIF Moldova has the technical equipment required for the conduct of activity in good conditions, holds performance IT equipment and latest generation computer programs.

1.1.3. Evaluation of the technical and material supply activity (domestic sources, import sources)

The technical and material supply related to materials and products required for the conduct of the administrative activity is done from domestic sources, the weight in the Company's expenses being insignificant.

1.1.4. Evaluation of the sales activity – the data is presented in item 1.1.d) – disinvestment activity.

1.1.5. Evaluation of matters related to the Company's employees/staff

a) Specification of the number and training level of the Company's employees as well as the degree of unionization of the workforce

As of December 31, 2008, the number of employees was 85, of which: 64 employees with higher education and 21 employees with medium level education.

From the employees with higher education 4 are PhDs and PhDs students, 16 are masters and 2 master students.

The average number of employees with which the company conducted its activity in 2008 was 84.

The company does not have a union; the employees are represented in the negotiation of the collective work contract by employee representatives, elected in compliance with the law.

b) Description of the relation between the managers and employees as well as any conflicts present in these relations

Relations between managers and employees are formalized in a set of internal rules, regulations and procedures. These overlap on the unwritten elements associated to the organizational culture.

The extension of the function of managers' organization is the function of coordination. Motivational attitude of managers is generating performance. Positive correlation between performance and organizational culture is taken seriously by managers, treating the problems of external adaptation and internal integration, as an expression of desire for change. Features of the value system created in this way are: openness, integrity, courage, trust and mutual respect, responsibility towards the company.

Relations between the managers and employees are based on communication, involvement and team spirit, respecting work procedures, the job description and the Internal Regulations. There are no conflicting elements.

1.1.6. Evaluation of the matters related to the impact of the issuer's primary activity on the environment

According to its object of activity, SIF Moldova does not conduct activities with an impact on the environment.

1.1.7. Evaluation of the research and development activity

The company has not committed spending of research/development.

1.1.8. Evaluation of the Company's activity regarding the risk management

By the nature of its activities, SIF Moldova is exposed to various risks, of which the most important are: price risk; currency exchange risk; economic environment risk, interest risk, liquidity risk and tax risk. The management aims to reduce the potential adverse effects associated with these risk factors on the financial performance of SIF Moldova.

Price risk

SIF Moldova is exposed to the price risk; there is the possibility that the value of the financial instruments to fluctuate as a result of the market prices changing.

SIF Moldova has no formal policy for hedging the price risk.

Currency exchange risk

Most financial assets and liabilities of the SIF Moldova are expressed in the national currency and the exchange rate fluctuations do not affect the activity of the company significantly.

The exposure to the fluctuations of the currency exchange rate is due mainly to the receivables from the denominated promissory note in USD and EUR.

Economic environment risk

The Romanian economy continues to present specific emerging economy features and there is a significant degree of uncertainty regarding the development of the politics, economics and social environment, in the future. The Company's management is making efforts to anticipate the nature of the changes that can occur in the Romanian economic environment and their effect on the financial situation and on the Company's operational and treasury results.

Among the characteristics of the Romanian economy is a currency not entirely convertible outside its borders, a low degree of liquidity of the capital market and wide ranges of variation in the national currency exchange rates.

SIF MOLDOVA has no formal policy for covering the economic environment risk.

Interest risk

Most financial assets and liabilities of the SIF Moldova don't have interest, and, therefore, fluctuations in market interest rates do not affect the activity of the Company. Surplus cash availability or other similar money is invested in securities of short-term investments with maturity of up to 1 or 6 months.

Credit risk

SIF Moldova este expusa riscului de credit aferent instrumentelor financiare, ce decurge din posibila neindeplinire a obligatiilor de plata pe care o terta parte le are fata de societate.

SIF Moldova nu are o politica formala de acoperire a riscului de credit.

SIF Moldova is exposed to the credit risk related to financial instruments that arise from the possible default of payment obligations to the Company by a third party.

SIF Moldova has no formal policy for hedging the credit risk.

Liquidity risk

SIF Moldova's financial instruments may include investments in shares which are not traded on a regulated market, and subsequently may have a low liquidity. Therefore, the Company can encounter difficulties if it decides to rapidly liquidate the investments in such instruments at a value close to the one based on the calculation model for the financial companies net asset value, provided in CNVM Regulation 15/2004 issued in order to fulfill its own liquidity requirements.

SIF MOLDOVA has no formal policy for covering the liquidity risk.

Tax risk

The Romanian fiscal system is subject to various interpretations and permanent changes, which may be retroactive. In certain situations, the fiscal authorities may adopt a different position from Company's position and may calculate certain interest and tax penalties.

Fiscal legislation in Romania, as well as the fiscal measures enforcement, change frequently and are subject to interpretations, sometimes different, of various authorities. The Government of Romania subordinates a number of agencies authorized to control both Romanian and foreign entities operating in Romania. These controls are largely similar to those carried out in many other countries, but may extend over legal or regulated areas in which the Romanian authorities may be interested. Furthermore, these

authorities seem to be less submitted to strict regulations, and the companies under control seem to be less protected than in other countries.

Statements regarding the taxes can be subject to control and review over a period of five years, in general, after their submission. In compliance with the Romanian legal regulations in force, the periods subject to control may be additionally controlled in the future.

The Company's management considers that it recorded correct values in the accounts related to the taxes and other debts to the state, although there is a risk that the authorities have a different view on these issues. The latest check of Ministry of Public Finance covered the period until September 30, 2004. Therefore, SIF Moldova's debts from that date until December 31, 2008, may be subject to a later check.

Portfolio risk

As of December 31, 2008, according to the net assets – the intermediary form, calculated and certified by the depository company BRD - GSG Bucuresti, the portfolio exposure (according to art. 188 of CNVM Regulation no 15/2004 regarding the legal regulations relating to the holdings levels allowed) is the following:

a) *The weight of securities and monetary market instruments not accepted for trading, may not exceed 20% of the total assets (closed shares, closed bonds and deposit certificates)*

Type of asset	Asset value (RON)	Percentage in total assets	Imposed limit
Closed shares (excepting BCR and Bancpost, according to the provisions of art 275 paragraf (2))	28,115,528.60	2.883	
TOTAL	28,115,528.60	2.883	< or = 20%

b) *The percentage of securities and monetary market instruments registered or traded on the Stock Exchange (per one issuer) may not exceed 10% of the total assets*

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

As of December 31, 2008, the 10% level mentioned in art 188, letter b), is exceeded in the following holdings:

- BRD Bucuresti - 29,577% of total assetse

For which is valid the following paragraph:

In compliance with art 275 paragraf (2) of CNVM no 15/2004, BRD-GSG is excluded from the calculation regarding the holdings limitations stipulated in the art 188, letter b).

c) *The percentage of financial instruments issued by entities belonging to the same group may not exceed 50% of the total assets*

Group name	Asset value (RON)	Percentage in total assets	Imposed limit
BT GROUP , of which:			
TLV shares	66,467,851.48	6.816	
BT Maxim and BT Invest 1 securities	1,675,789.00	0.172	
TOTAL GRUP	68,143,640.48	6.988	< or = 50%

The total holding in BT GROUP does not exceed the imposed limit.

d) *The percentage of the derivative financial instruments outside the regulated markets may not exceed 20% of the total assets – not applicable.*

e) *The percentage of current accounts and of the cash may not exceed 10% of the total assets*

On Dec 31, 2008 the percentage thereof was 0.094% (915,260.94 RON / 975,049,046.36 RON).

f) *The percentage of bank deposits at the same bank may not exceed 30% of the total assets*
 Total holdings in bank deposits amount to 4,197 % (40,925,800.59 RON / 975,049,046.36 RON).

g) *Total holdings in derivative financial instruments may not exceed the total net asset value*
 The value of the derivative financial instruments = - 42,900.70 RON < net asset value = 955,785,906.36 RON.

h) *The percentage of non UCITS may not exceed 50% of total assets*

non UCITS	Asset value (RON)	Percentage in total assets	Imposed limit
XFOA shares	4,860.65	0.000	
BT Invest 1 securities	783,789.00	0.080	
TOTAL non UCITS	788,649.65	0.080	< or = 50%

The imposed limit is not exceeded

1.1.9. Elements of perspective regarding the Company's activity

a) Presentation and analysis of trends, items, events or factors of uncertainty that affects or could affect the liquidity of the company compared to the same period of the last year

At this time are expected, for the next period, major factors of uncertainty factors that may affect the liquidity of the company, in close connection with the estimates of key macroeconomic indicators of the country. Domestic and international analysts have for Romania a wide range of views that provide different possibilities of the evolution, between economic growth and a possible recession.

The National Commission for Prognosis estimates for Romania, in February 2009, the following:

- economic growth: 2.5% of GDP (compared with 7.9 in 2008)
- the nominal value of GDP: 579 billion RON,
- an average exchange rate: 4RON per 1 EUR,
- average inflation: 5.3%
- average gross wage: 1,820 RON (1,720 RON in 2008)

b) Presentation and analysis of the effects of capital expenses, current or forecasted, on the Company's financial status compared to the corresponding period of the previous year

In 2008 fiscal year, the Company did not modify its share capital and did not record expenses of this nature.

For the year 2009, the company did not anticipate to realize capital expenses

c) Presentation and analysis of the events, transactions and economic changes that significantly affect the revenues from the primary activity

Revenues from the Company's primary activity, in 2009, may be significantly affected by the evolution of the capital markets in which the issuers in the portfolio are listed and in general by the economic results obtained by companies in which SIF Moldova holds shares.

Romanian capital market was seriously affected, as 2008 marked a year of enhanced and generalized decreases, all coming after eight years of growth. Thus, the official stock index, BET, based on the price variations of the ten most important shares listed on the regulated market, lost 70.47% in value in 2008, thus cancelling the increase of 2007, 2006 and 2005 (in part).

Analyzing the evolution of the stock exchange it is to be observed large decreases of the BVB indices, including the two new indices official launched in 2008, respectively BET-XT - expanded index of the

most important listed 25 companies, including the financial investments companies and BET-NG - index companies of energy; the recorded losses were the following:

BET	- 70,47%
BET-C	- 70,34%
BET-FI	- 84,05%
BET-XT	- 76,26%
BET-NG	- 72,31%

At the end of 2008, BET was down for over 17 months, the longest period of regression in the index history, from its launch in 1997.

At the end of last year, the inflation rate was down to 6.3%, below BNR forecast of 6.7%, but significantly above the institution's target, of 3.8% plus or minus one percentage point (2, 8-4,8%).

National and international macroeconomic forecasts offers BVB in 2009 valences of illiquid, dispersed, heterogeneous market, or in other words, in a dedicated concept - an inefficient market, which, unfortunately, can not be a real stake for investors and will need a longer period of consolidation.

2. The tangible assets of the company

On 31 December 2008, SIF Moldova SA owned in its patrimony tangible assets for developing activities with a gross value of 20,986,533 RON, a net value of 18,525,122 RON, with the following composition:

- RON -

Tangible assets	Value	
	Gross	Net
Lands	3,986,220	3,961,788
Buildings	14,668,470	14,113,111
Equipments, of which:	2,061,329	364,007
• technological equipments	1,380,501	333,916
• vehicles	680,828	30,091
Other tangible assets	269,961	85,663
Pending tangible assets	553	553
TOTAL	20,986,533	18,525,122

Land and buildings were revalued on 31.12.2007.

The net value of the tangible assets represents 4.60% of total assets recorded at historical cost.

2.1. Specifying the location and characteristics of the main tangible assets owned by the company

The main tangible assets owned by the company are the buildings. The company owns a total of 13 buildings, headquarters and field offices, located in the following locations:

	Address	Description
Headquarters	- str. Pictor Aman nr. 94 C, Bacau	- building with basement, ground floor and 3 floors
Bucuresti branch office	- str. Nerva Traian, nr. 12, bl. 1437, sect. 3, Bucuresti	- ground-floor block
Galati branch office	- str. Brailei, bloc BR 5 A, Sc.3, ap.1, Galati	- ground-floor block
Braila branch office	- str. Ghiocilor, bloc A 14, parter, Braila	- ground-floor block
Iasi branch office	- str. Grigore Ureche, nr. 3, bloc Gh. Sontu, Iasi	- ground-floor block
Suceava branch office	- str. Stefan cel Mare, nr. 28, bloc IRE, Suceava	- mezzanine block
Neamt branch office	- B-dul Decebal, bloc I 3, Neamt	- ground-floor and mezzanine block
Tulcea Field office	- strada Unirii, nr.4, bloc D, Sc. B	- ground-floor block

The company owns properties in spaces used for rental, as follows:

Bacau	- strada Pictor Aman nr. 94 C	- building with basement, mezzanine and 3 floors
Bacau	- strada Marasesti, nr. 4	- ground-floor block
Botosani	- strada Cuza Voda, nr. 2, bloc 7 F	- ground-floor+ floors block
Vaslui	- strada Miron Costin nr.8	- building
Bucuresti	- strada Unirii, Splai nr.6, sector 4	- ground-floor+ mezzanine block
Tulcea	- strada Unirii, nr.4, bloc D, Sc. B	- ground-floor block
Galati	- str. Brailei, bloc BR 5 A, Sc.3, ap.1, Galati	- ground-floor block
Braila	- str. Ghiocilor, bloc A 14, parter, Braila	- ground-floor block

2.2. Description and analysis of the rate of wear for the properties of the company

Category	Rate of wear %	Estimated useful life (years)
• buildings	3.61	40
• equipment	75.81	2 -12
• vehicles	95.58	4 - 8
• other tangible assets	68.27	4 - 9

The rate of wear of tangible assets is within normal limits. For the fixed assets like equipment, vehicles, other assets, the wear values are higher because they are partially replaced depending on the depreciation. The fixed assets are amortized linearly throughout the estimated useful life.

2.3. Presentation of the potential problems of ownership of the tangible assets of the company

There are no issues related to the ownership of the tangible assets of the company, except the building from the street Trotus no. 5 Bacau, claimed on the basis of Law no. 10/2001.

3. The market for the securities issued by the company

3.1. Specifying the markets in Romania and other countries where the securities issued by the company are traded

The shares issued by SIF Moldova SA are admitted and traded on the Bucharest Stock Exchange in the tier 1, since November, 1, 1999.

The registration of shares and shareholders is held under the law, by the independent registry SC Central Depository SA, headquartered in Bucharest, str Fagaras no. 25, sector 1 - company authorized by CNVM foundation decision no. 1407/20.06.2006.

3.2. Description of the policy of the company regarding the dividends. Indication of payable / paid / accrued dividends in the last 3 years.

In the past 3 years, General Meetings of Shareholders approved by majority vote to make available the dividends payable to the shareholders within 60 days from the date of the General Meetings.

According to the current legislation, expenditure on payment of dividends have been borne by the shareholders, proportionally to the amounts due.

The dividends' distribution and payment for the fiscal year 2007 to shareholders was held in accordance with the decisions adopted by OGMS of April, 24, 2008. It were made dividends payments in cash (for

shareholders – natural person), banking transfer (to shareholders - natural persons and legal entities) and by postal order (for natural person shareholders with more than 95 shares and less than 30,000 shares). If deceased shareholders, dividends were paid after the transfer of shares on behalf of heirs, at their request, by bank transfer, cash or money order.

All information relating to the dividends' payment (OGMS' decisions, methods and procedures, period) was communicated to the shareholders according to information requirements (press, website, electronic system of the BVB and the CNVM, posters).

The status of dividends paid for the past 3 years, on December, 31, 2008, is as follows:

Payment made:	2005 Dividend		2006 Dividend		2007 Dividend	
	<i>(0,0670 RON/share)</i>		<i>(0,0630 RON/ share)</i>		<i>(0,0500 RON/ share)</i>	
	No. of shareholders	RON	No. of shareholders	RON	No. of shareholders	RON
After the 2006 OGSM	121,470	27,707,157.94				
After the 2007 OGSM	7,397	478,076.31	92,858	26,732,535.78		
After the 2008 OGSM	3,764	225,640.36	5,895	410,294.99	75,947	20,817,184.13
Total payments until December, 31, 2008	132,631	28,410,874.61	98,753	27,142,830.77	75,947	20,817,184.13
Dividend due		34,779,003.00		32,702,644.04		25,954,480.00
% paid		81.69%		83.00%		80.21%

3.3. Description of any activities of the company of purchasing own shares

Up to December, 31, 2008 the company has not purchased its own shares.

3.4. In case the company has commercial subsidiaries, stating the number and nominal value of shares issued by the parent-company and owned by subsidiaries

On December, 31, 2008, SIF Moldova SA has in portfolio holdings, which gives the majority position (status of branch) in 8 companies. These companies do not hold SIF Moldova's shares and are included in the list of companies in Annex 8.2. - The detailed situation of investment, drawn in accordance with Regulation No. CNVM. 15/2004 - Annex 17.

3.5. In case the company issued bonds and / or other debenture, present the way in which the company paid its obligations to holders of such securities

SIF Moldova SA has not issued bonds and / or other debt securities, thus not having obligations of such nature.

4. The Management of the company

4.1. Presentation of the list of administrators of the company and the following information for each administrator:

The Board of Directors of SIF Moldova SA was elected by the OGMS' resolution of April, 23, 2005, for a term of 4 years (2005 - 2009), numbering 6 members, authorized by the CNVM decisions nr.1841/June, 16, 2005 and 1884/June, 21, 2005.

Following the resignation of a member due to incompatibility between his function and the capacity of SIF Moldova SA's administrator's (according to Law no. 7 / 2006 on the status of a public parliamentary) another member was elected by OGMS' resolution of April, 29, 2006, Mr. Doros Liviu Claudiu, authorized by CNVM Decision no. 40/28.06.2006.

In the OGMS of April, 28, 2007, the Board of Directors was empowered to appoint a seventh administrator, interim, in the person of Mr. Dorel Serbu, the candidate who obtained the highest number of votes after the second round of election, with term until the first General Meeting.

CNVM has endorsed changing the composition of the Board following the election of Mr. Dorel Serbu as interim administrator, with the CNVM Opinion No. 31/11.07.2007

In the meeting on July, 16, 2008, the Board of Directors notes the resignation of Mr. Sorin Mihail Turtoescu from the position of Chairman of the Board and CEO. Following this resignation, Mr. Sorin Mihail Turtoescu remains in the position of administrator in the Board of Directors.

By Board of Directors Decision No 11 of 16.07.2008, is appointed Chairman of the Board and CEO Mr. Chelu Catalin Constantin, requesting the CNVM' approval for effective leadership.

CNVM Decision no. 1853/16.09.2008 rejects SIF Moldova's request for the approval of the actual management and the appointment of Mr. Catalin Constantin Chelu as leader of the company and authorizes the following effective leadership:

Cecea Costel - Deputy General Manager
Matei Alexandru - Director

By CNVM Ordinance No. 540/16.09.2008, the Board of SIF Moldova has an obligation to convene the Ordinary General Meeting of Shareholders to adopt decision regarding the opportunity of maintaining Mr. Catalin Constantin Chelu as a member of the Board of Directors.

By Board of Directors Decision No 2 of 19.09.2008, is appointed Chairman of the Board and CEO Mr. Cecea Costel, requesting the CNVM' approval for effective leadership.

By Board of Directors Decision No 10 of 30.09.2008, is appointed Vice-Chairman of the Board and Deputy General Manager Mr. Matei Alexandru and Manager in the Management Committee as Mr. Doros Liviu Claudiu, requesting the CNVM' approval for their effective leadership.

CNVM approves the leadership of SIF Moldova SA with opinion no. 51/05.11.2008, based on the Board of Directors decision no. 10/30.09.2008.

1. Cecea Costel - Chairman & CEO
2. Matei Alexandru - Vice-Chairman & Deputy General Manager
3. Doros Liviu Claudiu - member, Manager in the Management Committee

CNVM issued Ordinance No. 751/23.12.2008 by which SIF Moldova SA has an obligation to register on the agenda of the first General Meeting of Shareholders, as a result of the decision no. 1 of the Ordinary General Meeting of 15.11.2008 (when shareholders have decided as inopportune the maintenance of Mr. Catalin Constantin Chelu in the membership of the Board of Directors of the company), and of the rejection by the CNVM of the request to approve Mr. Dumitru Tudor in the position of administrator of the Board of SIF Moldova SA (Decision 2 of Ordinary General Meeting of 15.11.2008) by CNVM Decision no. 2414/23.12.2008.

On 31.12.2008, the Board of Directors of SIF Moldova was composed of:

1. Cecea Costel - Chairman & CEO
2. Matei Alexandru - Vice-Chairman & Deputy General Manager
3. Doros Liviu Claudiu - member, Manager in the Management Committee
4. Turtoescu Sorin Mihail - member
5. Bontas Dumitru - member

a) CV (name, age, qualifications, professional experience, seniority and position)

No.	Surname, name	Age	Qualification	Professional Experience	Position	Seniority
1	Ceocea Costel	52	Economist, specialized in Economics of Industry, Construction and Transportation Post – graduate courses Master degree – Business Administration PhD – Risk management in the capital market Investment Consultant Business management Probationer financial auditor Assessor and liquidator of companies Acquisitions manager Qualified accountant	Economist, CCI Bacau Chief of Department, SIF Moldova, Manager in the Management Committee Vice-chairman, Deputy General Manager, SIF Moldova	Chairman-CEO, CNVM Approval no.51/05.11.2008	Board of Directors member since 2005
2	Matei Alexandru	62	Engineer, specialized in Industrial chemistry Post – graduate courses Securities and Stock Market Transactions Investment Consultant Financial Consultant Assessor	Engineer, Chief of department, Sofert Bacau, CSP, ANP, FPS Inspector Vicepresident of PPF II Moldova, Chairman-CEO, SIF Moldova Director in the Management Committee	Vice-Chairman & Deputy General Manager CNVM Approval no.51/05.11.2008	Board of Directors member since 2005
3	Doros Liviu Claudiu	39	Economist, specialized in Tourism services MBA – Management and Business Administration Investment Consultant Specialist in technical analysis and trading strategies Financial broker	Economist CCI Bacau Director of SVM Gelsor SA, SC Sfera SRL, SC Saga SA, Administrator of SC Mecanica Ceahlăul SA	Manager in the Management Committee CNVM Approval no.51/05.11.2008	Board of Directors member since 2006
4	Turtoescu Sorin Mihail	52	Engineer, specialized in Electronics and Communications Post – graduate courses – Securities and Stock Market Transactions Investment Consultant Business management Commercial company evaluator	Engineer in Masini Unelte, Bacau ANP Inspector Chief of Departament PPF II Moldova Vice-chairman of BD, SIF Moldova, Deputy General Manager Chairman&CEO of SIF Moldova SIF Moldova Consultant	member	Board of Directors member since 2005
5	Bontas Dumitru	62	Engineer, specialized in Machinery and tools Doctor in Management Knowledge regarding the stock market and management	University assistant, Chief of department, Technical manager of IMU Bacău, Subprefect, Prefect, University Lecturer, Dean – the Management Faculty , "George Bacovia" University	member	Board of Directors member since 2005

b) any approval, agreement, or family connection between the respective director and another person due to which the person was named as a member of executive management – not applicable.

c) shares owned by the directors in the capital of the company

On 31.12.2008, the directors owned the following:

No.	Name	First name	No. of shares	% of Share capital
1	Ceocea	Costel	160,418	0.031%
2	Matei	Alexandru	429,293	0.083%
3	Doros	Liviu Claudiu	40,000	0.008%
4	Turtoescu	Sorin Mihail	517,524	0.100%
5	Bontas	Dumitru	135,000	0.026%
Total holdings			1,282,235	0.247%

d) list of persons affiliated with the Company - not applicable.

4.2. Presentation list of executive members of the company. For each, the presentation of the following information:

a) the period for which the person is part of the executive management

- the executive managers (effective directors):

1. Ceocea Costel - Chairman & CEO
2. Matei Alexandru - Vice-chairman, Deputy General Manager
3. Doros Liviu Claudiu - Manager in the Management Committee

The SIF Moldova SA leadership was validated by the CNVM Approval no. 51/05.11.2008, based on the decision of Board of Directors no. 10/30.09.2008.

The mandate for which they were elected members of the Board is four years, between 2005 – 2009.

The deadline for the individuals mentioned to be part of executive leadership is April 2009, the Ordinary General Meeting of Shareholders date for electing the administrators.

The executive managers have signed management contracts. The delegation of competence was made in accordance with the provisions of the Articles of Incorporation of SIF Moldova and the Law 31/1990 republished, modified by Law 441/2006.

- Members of the executive management:

4. Marin Liana - Head of the Economic and Human Resources Department
5. Marin Maria - Head of the Portofolio Management Department
6. Chirila Luminita - Head of the Transactions Department

The departments managers have individual work contracts with the company for an undetermined period.

b) any approval, agreement, or family connection between the respective director and another person due to which the person was named as a member of executive management – not applicable.

c) shares owned by the members of the executive management in the capital of the company

No.	Name	First name	No. of shares	% of share capital
1	Ceocea	Costel	160,418	0.031%
2	Matei	Alexandru	429,293	0.083%
3	Doros	Liviu Claudiu	40,000	0.008%
4	Marin	Liana	317,793	0.061%
5	Marin	Maria	25,138	0.005%
6	Chirila	Luminita	112,217	0.022%
Total holdings			1,084,859	0.209%

4.3. Litigation and administrative procedures in case of the executive management

For all persons listed in paragraphs 4.1. and 4.2., indicating any litigation or administrative procedures that they were involved in past 5 years, regarding their work in the issuer, as well as those concerning the person's ability to perform tasks within the issuer.

Since the date of election / appointment, none of the persons listed in paragraphs 4.1. and 4.2. have had litigation and were not involved in certain administrative procedures with the company. There were no recorded events and / or actions which put in doubt the ability of these persons to perform the tasks they have done in the company, according to function and / or capacity in which they conducted or are conducting their activity.

5. Financial accounting situation

The financial statements have been prepared and presented in accordance with accounting regulations, in accordance with the Fourth Directive of the European Economic Community, applied to institutions regulated and supervised by the National Securities Commission (CNVM), approved by CNVM President Order no. 75/16.12.2005, further amended and supplemented and approved by the Order of CNVM President no 11/11.03.2009.

These financial statements have been examined in order to issue an audit opinion by Deloitte Audit SRL Bucharest

Accounting principles, policies and methods which formed the basis of preparation of the 2008 financial statements are explained in the Notes to the Financial Statements - attached. (Note 6)

The influences of the changes in the accounting policies are detailed in notes to the attached financial statements (Note 17).

Comparability of data is provided for the fiscal years 2006, 2007 and 2008. Reporting currency for the financial results is the „leu”.

The financial situation is reflected by assets and liabilities statement, prepared in accordance with accounting regulations harmonized with the Fourth Directive of the European Community.

The financial position is reflected in the assets and liabilities statement.

a) Assets and liabilities statement

- RON -

	2006	2007	2008
Non-current assets			
I. Intangible assets	128,439	63,097	120,945
II. Tangible assets	8,934,181	19,512,056	18,525,122
III. Financial assets	321,384,684	397,659,808	321,423,458
Out of which:			
• Securities and other financial instruments held as fixed assets	321,282,334	397,415,727	288,589,765
Total non-current assets	330,447,304	417,234,961	340,069,525
Current assets			
I. Inventories	32,558	23,884	27,561
II. Receivables	60,655,083	40,156,931	60,562,312
Of which:			
• Trade receivables	58,612,587	35,455,334	42,288,268
III. Short term financial investments	5,020,619	1,070,514	776,581
IV. Petty cash and cash in banks	3,250,105	2,760,539	860,357
Total current assets	68,958,365	44,011,868	62,226,811
Accrued expenses	116,815	72,039	58,686
Short term liabilities	29,460,175	23,787,309	19,252,348
Current assets, less current liabilities	39,604,447	20,285,356	43,022,357

Total assets less current liabilities	370,051,751	437,520,317	383,091,882
TOTAL ASSETS	399,511,926	461,307,626	402,344,230
Provisions	61,710,522	48,967,316	42,432,257
Deferred income	10,558	11,242	10,792
Capital and reserves			
1. Subscribed and paid in share capital	51,908,959	51,908,959	51,908,959
2. Revaluation reserves	6,229,774	15,541,203	15,122,842
3. Reserves, out of which:	259,293,957	255,638,137	179,695,166
• Legal reserves	10,325,933	10,381,792	10,381,792
4. Retained earnings	-	-	(143,630,350)
5. Profit for the period	(56,407,027)	(52,726)	
6. Profit allocation	48,341,224	65,573,287	93,932,658
Total shareholders' Equity	(1,025,658)	(55,859)	-
TOTAL LIABILITIES	308,341,229	388,553,001	340,659,625

For the fiscal year 2008, out of the total assets of **402,344,230** RON, recorded at historical cost less depreciation adjustments, the share held by **financial assets** (mainly securities held to the companies from the portfolio) is 79.82%. Owned shares in affiliated entities represent 4.35%, the securities held as participation interests represent 3.75% and securities held as fixed assets represent 71.72% of total assets. The securities' value is recorded at historical cost adjusted with depreciation for the loss of value and it registers a decrease of 19.19% compared with the beginning of the fiscal year.

Current Assets represent 15.47% of total assets, and are composed in proportion of 67.96% of trade receivables, including investment money in the form of short term government bonds and bank deposits.

Current Liabilities (debts to be paid by the company in a period of up to 1 year), represent 4.79% of total liabilities of 402,344,230 RON.

The Equity Capital, have diminished in the fiscal year 2008, with 12.33% compared to beginning of the fiscal year.

Continuing to apply the prudence principle in the 2008 fiscal year, provisions and amortization adjustments were created and cancelled, as follows:

The provision	Balance on	Transfers		Balance on
	01.01.2008 (RON)	Incoming (RON)	Outgoing (RON)	31.12.2008 (RON)
	1	2	3	4=1+2-3
Provisions for taxes	36,355,161	12,572,232	8,412,129	40,515,264
Other provisions	12,612,155	1,916,993	12,612,155	1,916,993
TOTAL	48,967,316	14,489,225	21,024,284	42,432,257

The incorporated provisions, in the amount of **14,489,225** RON have influenced the equity capital and the expenses accounts as follows:

	Expenses (RON)	Equity Capital (RON)
- provisions for participation of employees and Directors to the benefits plan (including company' contributions)	1,916,993	-
- provision for postponed tax	-	12,572,232
TOTAL	1,916,993	12,572,232

The incorporated provisions for the benefit plan include:

- for Directors, 0.5% of the net profit achieved before the formation of the provision - 479,248 RON
- for employees 1.5% of the net profit achieved before the formation of the provision – 1,437,745 RON.

The cancellation of the provisions, in the amount of **21,024,284** RON, has influenced the revenues and equity capital accounts, respectively the reserve accounts, as follows:

	Revenues	Equity Capital
- provisions for taxes	-	8,412,129
- other provisions	12,612,155	-
TOTAL	12,612,155	8,412,129

Financial performance is reflected in the profit and loss statement:

b) Profit and loss

	RON		
	2006	2007	2008
A. Total revenues from ordinary activities	151,022,844	122,303,569	141,263,791
Out of which:			
1. financial assets	32,828,453	36,187,198	46,282,258
2. financial investments transferred	47,700,647	55,518,113	51,135,627
3. interests	6,012,774	3,790,782	4,938,017
4. provisions, receivables reactivated	59,793,650	20,680,303	36,060,918
5. other revenues	4,687,320	6,127,173	2,846,971
B. Total expenses with ordinary activities	97,698,428	51,980,996	42,954,697
Out of which:			
1. financial investments transferred	12,516,902	19,558,152	15,872,442
2. exchange rate differences	5,408,711	3,957,942	445,156
3. commissions and fees	1,881,634	2,426,194	2,479,020
4. amortizations, provisions, various debtors losses	53,727,518	12,535,122	7,520,286
5. banking services and similar	37,558	35,998	38,068
6. materials	511,140	489,818	496,986
7. energy, water	195,948	214,229	216,289
8. personnel costs (salaries, allowances, meal tickets, social security, participation in benefit plans)	8,917,451	11,687,045	14,717,693
9. external services	14,292,133	905,279	914,891
10. taxes, fees and similar payments	209,433	171,217	253,866
C. Operational result - profit	53,324,416	70,322,573	98,309,094
D. Profit before taxes	53,324,416	70,322,573	98,309,094
E. Income tax	4,983,192	4,749,286	4,376,436
F. Net profit for the period	48,341,224	65,573,287	93,932,658

Income structure in the fiscal year 2008, compared with previous fiscal years:

	2006 (%)	2007 (%)	2008 (%)
- financial assets	21.74	29.59	32.76
- financial investments transferred	31.59	45.39	36.20
- interests	3.98	1.46	3.50
- provisions, receivables reactivated	39.59	16.91	25.53
- other revenues	3.10	6.65	2.01
Total	100.00	100.00	100.00

From the data presented for the fiscal year 2008, total revenues increased by 15.50% compared with the previous fiscal year and the most important weights in total revenue produced are held by the financial fixed assets: 32.76%, income from financial investments transferred: 36.20% and income from provisions, receivables reactivated: 25.53%.

Expense structure in the fiscal year 2008, compared with previous fiscal years:

	2006 (%)	2007 (%)	2008 (%)
- financial investments transferred	12.81	37.62	36.95
- exchange rate differences	5.54	7.61	1.04
- commissions and fees	1.93	4.67	5.77
- amortization and provisions	55.00	24.11	17.51
- banking services and similar	0.04	0.07	0.09

- materials	0.52	0.94	1.16
- energy, water	0.20	0.41	0.50
- personnel costs	9.13	22.48	34.26
- external services	14.63	1.74	2.13
- taxes, fees and similar payments	0.20	0.35	0.59
Total	100.00	100.00	100.00

In the fiscal year 2008, the largest weight in the total expenses is held by the expenses on financial investments transferred, in the amount of 15,872,442 RON, and has an income correspondence of 51,135,627 RON. Activity yield in terms of financial investment transferred is of 222%.

Share of total expenses in total income produced is as follows:

- 2006 64.69 %
- 2007 42.50 %
- 2008 30.41 %

c) Cash-flows

Cash flow, calculated by the direct method, is as follows:

	RON		
	2006	2007	2008
1. Cash at beginning of period (a+b)	104,017,729	61,344,928	38,276,158
a. Current accounts	55,529	3,245,271	2,759,890
b. Financial assets - deposits	103,962,200	58,099,657	35,516,268
A. Operating activities (2-3)	(56,203,136)	(22,627,020)	(19,665,403)
2. Cash inflow	2,941,894	4,145,066	5,379,672
3. Cash outflow	59,145,030	26,772,086	25,045,075
B. Investment activity (4-5)	40,665,422	27,314,978	47,355,314
4. Cash inflow	88,760,568	96,287,711	92,533,971
5. Cash outflow	48,095,146	68,972,733	45,178,657
C. Funding activity (6-7)	(27,135,078)	(27,756,728)	(23,181,603)
6. Cash inflow	2,367,741	2,312,260	2,342,353
7. Cash outflow	29,502,819	30,068,988	25,523,956
Total cash-flow (a+b+c)	(42,672,792)	(23,068,770)	4,508,308
Cash at the end of period	61,344,937	38,276,158	42,784,466
a. cash office- lei	3,149	4,099	3,975
b. banks – RON	3,242,122	2,755,783	847,605
c. banks – foreign currency	9	8	7,051
d. deposits	58,099,657	35,289,949	40,389,101
e. government bonds	-	-	1,291,759
f. deposits – material guarantees	-	226,319	244,975

d) Profit allocation

	RON	
Destination	2007	2008
NET PROFIT TO BE ALLOCATED	65,573,287	93,932,658
Legal reserves	55,859	-
Coverage of previous loss	52,726	-
PROFIT NOT ALLOCATED	65,464,702	93,932,658

The company's Board proposes the allocation of the profit of 93,932,658 RON to the following destinations:

	RON
NET PROFIT TO BE ALLOCATED	93.932.658
dividends	23.359.032
other reserves	46.966.329
profit not allocated	23.607.297

The gross dividend proposed by the Board of Directors is 0.045 RON/share.

The registration of profit allocation is made in the approval of the General Meeting of Shareholders.

Out of the dividends declared for the 2007 fiscal year amounting to 25954480.00 lei, shareholders were paid until 31 December 2008 the amount of 20,817,184.13 lei, ie 80.21%.

6. Non-financial information

6.1. Status of litigations

In SIF Moldova's records for 2008, it was registered 231 cases of litigations with various objects, of which 68 cases were resolved, and 163 cases pending on 31 December 2008.

Out of the 231 litigations recorded until 31 December 2008, in 191 cases, SIF Moldova is listed as a plaintiff, and in 40 cases, it is listed as a defendant. During 2008, it has been recorded 44 new cases, where the company is registered either as a defendant or a complainant.

Until 31 December 2008, there were granted 143 legal notices and there were 44 cases with the legal object of counseling and legal assistance on various projects developed by the company or the company's departments.

Following the diligences submitted by the Juridical Service of SIF Moldova, in 2008 it have been recovered total debts of 1,483,994.85 RON and 855,015.37 USD in litigations that had as subject recovering outstanding dividends, insolvency proceedings and claims.

Litigations in which SIF Moldova is a plaintiff

- Total litigations = 191 cases, of which 139 cases are disputes pending in various procedural stages and 52 cases are completed litigation;
- value of litigation before courts:
 - 19,452,627.85 RON, on the following categories:
 - 180,196.77 lei - recovering outstanding dividends;
 - 11,238,438.43 lei - insolvency proceedings;
 - 8,033,992.65 lei - claims;
 - 17,488,324.93 USD, on the following categories:
 - 422,110.68 USD - insolvency proceedings;
 - 668,731.46 USD - claims;
 - 16,387,482.79 USD - appeals from enforcement.

Litigations in this category are classified as follows:

1. Litigations concerning the annulment of illegal decisions of the GM of the companies from SIF Moldova's portfolio = 76 cases, out of which 28 were solved during 2008, remaining on the role a number of 48 cases at various procedural stages.

GMS decisions that have been challenged include violations of the legal or statutory resolutions and mainly cover: increase of capital, changes in the Articles of Incorporation, reduction of share capital, approval of bad loans and investments for companies, asset sales and also, withdrawal of companies from trading on regulated market.

2. Litigations concerning the recovery of residual dividends = 5 cases, out of which 2 were solved in 2008, remaining on the role of the court or in the enforcement phase a number of 3 litigation to be resolved. Total amount received were of 100,444.30 RON.

3. Litigations concerning insolvency proceedings = 30 cases, out of which on the role of courts - a number of 23 cases and 7 cases solved.

Records under the law of insolvency proceedings concern the bankruptcy of companies from the portfolio of SIF Moldova. In this procedure, SIF Moldova has the capacity of chirografar creditor. Most of the litigations are pending in the court. In 4 of these litigations are promoted actions that attract personal economic liability of former directors who have contributed to the infliction of insolvency, respectively: SC Cona Impex SRL; S.C. Max Invest SRL; S.C. Editip S.A.; C.B. Investment SRL.

During this period, there were closed 3 files in this category without registering receipts in the receivables account held on the debtors. Up to 31.12.2008, it was collected the amount of USD 855,015.37 corresponding to these litigations from partial liquidation of debtor's assets, SC Max Invest SRL, mortgages in favor of SIF Moldova.

4. Litigations concerning various money claims = 21 cases before the court, while 6 cases solved.

The object of these litigations is to claim in civil court the damages produced to SIF Moldova by different natural or legal persons, including the claims initiated by SIF Moldova SA against persons responsible for bringing the debtor companies into bankruptcy and for which the Company could not recover its claims.

Also, these disputes concern the enforcement proceedings initiated against natural persons responsible for the damage produced to SIF Moldova SA and of legal persons who have guaranteed the obligations of issuers of bank notes endorsed by former FPP II Moldova.

Following the steps taken and proceedings triggered, until 31.12.2008 it have been cashing in the amount of 1,383,550.55 RON, out of which 581,525 RON were entirely collected from PAS Tranzitour Association.

5. Litigations with various objects = 14 cases, out of which 5 cases were solved during 2008, and 9 cases are still before the court instances.

There have been promoted two new litigations, contentiously with the Trade Register Office on Court near Bucharest, regarding the cancellation of inaccurate mentions that are to prejudice SIF Moldova's interests.

6. Litigations concerning drafts and opposition to the execution of appeals to notes of hand endorsed by FPP II Moldova = 32 cases

Litigations with opposition to the drafts are without an expressed value, the files subject is regarding the form in which notes of hand were issued.

The litigations concerning appeals from enforcement made by AVAS (The Authority for State Assets Recovery) during 2006 on SIF Moldova's assets based on the notes of hand, are mostly in fund or in appeal.

Up to 31.12.2008, 7 files have been solved definitively and irrevocably regarding the appeal to enforcement. In 5 cases, have pronounced definitive and irrevocable decision favorable to SIF Moldova, in total amount of 5,922,482.79 USD and in 2 cases were pronounced final and irrevocable decision favorable to AVAS in total amount of 1,150,000.00 USD. The difference between the amount won and lost is of 4,772,482.79 USD.

For the two cases in which AVAS won, there were initiated appeals to cancellation and / or reviews which are going to be solved during 2009.

We are also studying the possibility of referring the matter to the European Court of Human Rights for violating the right to a fair trial, considering the different practice of the High Court of Cassation and Justice which solved differently the same matter of law.

For the 5 notes of hand for which enforcement was canceled by the High Court of Cassation and Justice - Department of Trade, by final and irrevocable decisions, it has been transmitted to AVAS (by mail with acknowledgment of receipt) notices that require immediate repayment of the amounts enforced, for which the forms of enforcement have been removed permanently and irrevocably.

7. Penal litigations = 3 pending cases, of which 1 case in preliminary investigation phase, two going to the court. 4 cases are solved.

Litigations in which SIF MOLDOVA is a defendant:

- Total litigations: 40 cases, out of which:
 - 24 cases are in court in various judicial stages
 - 16 cases were solved
- Value of litigations on court:
 - 52,028.80 RON – claims
 - 1,940,000.00 USD – direct claims of AVAS

Litigations in this category are classified as follows:

1. Litigations with various objects and revendication files = 24 cases, on the role of courts in various procedural stages and 7 cases solved.

There are 20 cases with various objects and refers to claims of third parties with respect to acknowledge of invalidity of the sale / purchase contracts, the obligation "to do" or money claims.

The litigation on the property of Bacau, str Oituz no. 17 with Filip Gelu through which he asked the court to erase a mortgage inscription established in favor of SIF Moldova. High Court of Cassation and Justice rejected the plaintiff's appeal. In the litigation concerning the building from Bacau, str Trotus no. 5, with Suceveanu Margareta who claimed a land of 785 square meters and the constructions built on this land, the court of appeal upheld the SIF Moldova's appeal and rejected the plaintiff's request.

To those mentioned above we would like to add 4 cases concerning goods which are not in SIF Moldova's patrimony, files that have as object the revendication of real estate assets located in the patrimony of companies that are in SIF Moldova's portfolio. In these cases, SIF Moldova SA is called as warrant by the companies that actually own the buildings claimed, in order to indemnify them in case the request for recovery would be admitted.

2. Litigations concerning direct bills of exchange = 9 cases, contentiously with the AVAS, which were solved.

Excepting the file on SC Symbol Electronics SRL, Bacau, where AVAS gain cause, the other cases received final and irrevocable decision favorable to SIF Moldova.

6.2. Ensuring transparency and information dissemination

According to the principles of the European Organization for Cooperation and Development (OECD) on Corporate Governance in leadership and management, SIF Moldova SA, in its relationship with shareholders and capital market institutions, took into account especially:

1. Protecting and ensuring the shareholders' rights: the right to property (protecting it by list of confidential codes, transfer assurance, updates), the right of participating in GMS (directly – notices of meeting, announcements, publication, or by proxy – making available the special proxy, voting-by-mail ballots, lists of trustee, information), the right to information (directly, in writing, publications, website) and the right to receive dividends (with or without an express request);
2. Equal treatment to shareholders - regardless of the holdings;
3. Ensuring compliance of obligations of information and reporting to the market and capital market institutions (CNVM, BVB), of response to these institutions' requests.

Reporting obligations were governed by the specific requirements of the CNVM and BVB – CNVM's Regulations no. 1 / 2006 and no. 15/2004, BSE code, the provisions of Law no. 297/2004 on the capital market and of the financial reporting schedule in 2008 sent to BVB on 25.01.2008 and published on the company's website.

Referring to the regulations listed above, SIF Moldova fulfilled all the obligations of reporting as follows:

a. In relation to capital market institutions

a.1. Periodical reports to CNVM and BVB

- weekly and monthly reports on: the situation of net assets, asset status, and investments' detailed situation (Annexes 16 and 17 of Reg. CNVM no. 15/2004), drawn up and transmitted to BVB and CNVM according to the requirements and regulations in force;
- monthly reporting on the holding of more than 1% of the share capital by the persons defined in art. 2, para. 1 of instruction CNVM no 1 / 2007. The persons' statements defined in the CNVM Instruction 1 / 2007, the limitations of voting rights, are posted on SIF Moldova's website - ;
- the annual report on 31.12.2007, submitted to the CNVM and BVB (according to the financial reporting schedule), posted on www.sifm.ro and available in written form for consultation at company headquarters. In „Bursa” journal of 29.04.2008 was published the press release relating to making available the report to the shareholders, according to Law 297/2004 and CNVM Regulations 15/2004 and 1 / 2006;
- quarterly report on 31.03.2008, submitted to the CNVM and BVB (according to the financial reporting schedule), posted on www.sifm.ro and available in written form for consultation at company headquarters. In „Bursa” journal of 15.05.2008 was published the press release relating to making available the report to the shareholders, according to Law 297/2004 and CNVM Regulations 15/2004 and 1 / 2006;
- semestral report 30.06.2008 submitted to the CNVM and BVB (according to the financial reporting schedule), posted on www.sifm.ro and available in written form for consultation at company headquarters. In „Bursa” journal of 15.08.2008 was published the press release relating to making available the report to the shareholders, according to Law 297/2004 and CNVM Regulations 15/2004 and 1 / 2006;
- quarterly report on 30.09.2008, submitted to the CNVM and BVB (according to the financial reporting schedule), posted on www.sifm.ro and available in written form for consultation at company headquarters. In „Bursa” journal of 29.10.2008 was published the press release relating to making available the report to the shareholders, according to Law 297/2004 and CNVM Regulations 15/2004 and 1 / 2006’
- Preparation and submission of reporting regarding the statistics on the company's assets and liabilities to the National Bank of Romania and CNVM.

a.2. Current reports to CNVM and continue to BVB

- Regarding the organization and conduct of ordinary and extraordinary General Meetings of Shareholders of 23/24.04.2008 - reports on the preparation, preliminary financial results, convening, information documents, resolutions, opinion, etc.;
- significant transactions - sales / purchase / subscription of shares - SC Tara de Sus SA Suceava, SC Confarg SA Curtea de Arges, CNTEE Transelectrica, Bucharest, Banca Transilvania SA Cluj-Napoca, SC Turism Felix SA Baile Felix, SC Donaris SA Tulcea, SC Mecanex SA Botosani, SC Intfor SA Galati, SC Scudas SA Pascani;
- exceeding or decreases under the threshold of the voting rights stipulated in art. 116 of CNVM Regulation 1 / 2006 amended by CNVM Regulation 31/2006;
- notification of operations performed to initiate persons' account according to art. 150 of CNVM Regulation 1 / 2006;
- reports on the regulations of the Board of Directors related to changes in company's management;
- reporting on signing a legal document with a member of the Board for the position of counselor;
- reporting on the Board of Directors resolution to convene the Ordinary General Meeting of Shareholders of SIF Moldova SA on 14/15.11.2008;
- reports on the convening, preparation, information documents, resolutions, opinion, etc. - regarding the organization and conduct of the Ordinary General Meeting of Shareholders on 14/15.11.2008;

- the other important issues: financial schedule, payment of dividends, the CNVM's approval of the Board of Directors, signing management contract with executive directors, reports on the company's litigations according to art. 113, section A, paragraph. (j) of the CNVM Regulation no. 1 / 2006 - information on notification / communications / recovery / litigation with AVAS; litigation regarding challenging the 15.11.2008 OGMS' resolutions;

b. In relation to the shareholders

Obligations to inform the shareholders of SIF Moldova were observed through press releases, published reports, information provided in the electronic system of capital market and included in the company's website, giving them equal treatment.

- organizing and conducting the General Meeting of Shareholders of 23/24.04.2008
- Have been completed all stages of information and making available for shareholders the documents relating to the organization and conduct of Ordinary and Extraordinary General Meetings of Shareholders of 23/24.04.2008:
- Preliminary financial results („Bursa” journal of 11.02.2008)
 - The convening of general meetings („Bursa” journal and local newspaper „Desteptarea” of 25.02.2008, MO Part IV, no. 1121/26.02.2008);
 - Informative documents related to the agendas supported by the Board's Report for 2007 and non-audited financial situations (on 27.02.2008) and in final form (on 01.04.2008), drawn and made available according to the stages mentioned in the Convening notice (according to Law 31/1990 R modified by Law 441/2006, Law 297/2004 and CNVM Regulations 1 / 2006 and 15/2004);
 - was created a new possibility for the participation of the shareholders at general meetings by implementing the voting system by electronic mail system that made possible the expression and participation of the shareholders regardless of country of residence, language spoken, or how to relate (directly or through intermediaries);
 - the resolutions of the Ordinary General Meeting of Shareholders of 24.04.2008 („Bursa” journal of 25.04.2008, MO Part IV, no. 2831/22.05.2008).
 - informing the shareholders on convening the Ordinary General Meeting of Shareholders for SIF Moldova on 14/15.11.2008 by press release („Bursa” journal and the local newspaper „Desteptarea” of 22.09.2008), in MO Part IV, no. 5221/22.09.2008 and CNVM Bulletin; making available for the shareholders all the informative documents related to the agenda, the special proxies and voting-by-mail ballots and voting procedures;
 - informing shareholders on the progress and resolutions of the Ordinary General Meeting of Shareholders of 15.11.2008 („Bursa” of 18.11.2008, MO Part IV, no. 6969/ 05.12.2008);
 - informing the shareholders on the resolutions of the Board of Directors related to changes in company management through the publication of current reports in the press and on website company (bulletins published in „Bursa” journal of 17.07.2008 and 01.10.2008);
 - reports of the Board: annual report, the 2008 first quarter report, the 2008 first half report and 2008 third quarter report (informing the shareholders on the availability of these reports by press releases published in „Bursa” journal of 29.04.2008, 15.05.2008, 15.08.2008 and 29.10.2008);
 - information on the payment of dividends (press releases published in „Bursa” journal on 15.01.2008, 03.06.2008, 14.07.2008 and 25.11.2008);
 - significant transactions (press releases published in “Bursa”);
 - other events.

All press releases regarding the reporting can be found on the company's website www.sifm.ro (links - reports, news, OGMS & EGMS).

The reports/releases subject to the requested information for shareholders are posted on the company's website in both Romanian and English.

The organized activities at headquarters and offices field allow and ensure the efficient resolution of the requests made by shareholders directly or by mail.

6.3. Internal audit and internal control activities

Internal audit

The audit plan for 2008 and interim changes were approved in the Board of Directors meetings of 22.02.2008 and 30.09.2008.

The internal audit' mission is based on risk assessment, carried out annually. Planning based on risks lie in defining the priorities for internal audit activities in accordance with the SIF Moldova objectives.

For each mission of internal audit, a plan is developed that includes the scope, objectives, timing and resource allocation.

In planning each mission are taken into account:

- The objects of the activity which is reviewed and the means by which it is controlled;
- Significant risks related to the activity and the means by which potential impact of risk is kept to an acceptable level;
- The adequacy and effectiveness of management and risk control systems, with reference to the control framework;
- Opportunities for significant improvement of the management and risk control systems.

In developing the mission's objectives, it is taken into account the likely probability of errors, irregularities, inconformity and other significant exposures.

Internal audit is exercised under the following forms:

- evaluation of management and internal control systems – the system audit;
- evaluation of results regarding the objectives and examining the actual impact - the performance audit;
- ensuring the procedures' and operations' compliance with legal norms - the regularity audit.

The main activities carried out by SIF Moldova which have been subject of internal audit in 2008 concern:

- fixed assets;
- inventory of assets and liabilities, evaluation of assets and liabilities during the inventory and in the balance sheet of 31.12.2007;
- preparing the annual financial statements of 31.12.2007;
- securities transactions;
- preparing the semestrial financial reports;
- stock portfolio's management;
- setting group policies - consulting assignment.

Internal audit reports periodically to the Audit Committee and Board of Directors on the purposes of audit, authority, responsibility and execution according to the plan. Reports include significant risks and control and management issues, and other issues requested by the Board.

The internal auditor's opinion, his activity's results, conclusions, recommendations and proposals and the measures applied during the audit activity were included in the audit reports which were submitted to the Audit Committee and Board of Directors. Based on the conclusions and recommendations made by internal audit, the Board has taken appropriate measures to manage the identified risks. There were not cases where the Board accepted a level of residual risk regarded as acceptable to the company.

Internal control

According to art. 37 - 41 of CNVM Regulation no. 15/2004 and investigation plan of the Internal Control compartment for 2008, approved by the Board of Directors of SIF Moldova of 22.02.2008, the Internal Control compartment activity for the period 01.01.2008 - 31.12.2008 has resulted in controls on:

1. compliance with legal provisions regarding the calculation, highlighting and payment of fees, charges and other amounts payable by SIF Moldova to CNVM and to other capital market entities;

Were checked: the rate of 0.1% on monthly net asset value owed to CNVM according to Regulation no. 2 / 2005 on CNVM's income, Article 5 and pnt.2 of the Annex; the rate charged by CNVM for approving the SIF Moldova Board of Directors' members; the rate charged by CNVM for approving the depositing contract concluded between SIF Moldova and BRD-GSG in accordance with Additional Act. no 1/29.06.2007: rate charged by CNVM for approving the changing of the Articles of Incorporation of SIF

Moldova; the rate charged by CNVM for publishing the current reports in the Official Bulletin of CNVM; the rate charged by CNVM for maintaining the securities issued by SIF Moldova at OEVM; the monthly fees for UNOPC membership; fees for storage / custody services, clearing / settlement, charges for services by BVB; commission to maintain SIF Moldova's shares at the stock exchange tier, trading fees, fees for register services (period subject to control : 01.01.2007 - 31.12.2007).

2. compliance with CNVM's regulations regarding investment policy of SIF Moldova. It was verified the compliance with the provisions of art. 188 of CNVM's Regulation nr.15/2004 regarding SIF Moldova's investments in assets mentioned in art. 101 para. (1) and art. 102 para. (1) b) of Law no. 297/2004 and assets mentioned in art. 187 points. a) and b) of the above regulation (period subject to the control: 01.04.2007 - 31.03.2008).

3. compliance with CNVM's regulations regarding privileged information (period subject to the control: 01.05.2007 - 30.04.2008). Were checked: a) a list of persons who have access to privileged information, b) reports on privileged information mentioned in art. 226 para. (1) of Law no. 297/2004 of the capital market, c) reports on information mentioned in art. 224 para. (5) of Law no. 297/2004 of the capital market; d) quarterly reports; e) semestrial reports; f) Annual Reports g) monthly net asset value, h) other reports i) notification of operations performed for the initiated persons.

4. compliance with CNVM's regulations regarding the valuation of assets held by SIF Moldova (period subject to the control: 01.07.2007 - 31.05.2008). It was verified the compliance with the provisions of art. 202 para. (1) - (10) and art. 203 of CNVM Regulation no. 15/2004.

5. compliance with CNVM's and BVB's regulations regarding the reporting requirements established (period subject to the control: 01.10.2007 - 30.09.2008);

It was verified:

- a) the reporting requirements according to CNVM Regulation no. 1/2006, Title IV, Chapter III, Section 2;
 - reports regarding the privileged information mentioned on art. 226 alin. (1) of Law no. 297/2004;
 - reports regarding the information mentioned la art. 224 align. (5) of Law no. 297/2004;
 - quarterly reports;
 - semestrial reports;
 - annual reports;
 - other reports.
- b) reporting obligations under Title IV, Chapter III, Section 3 of the CNVM Regulation no. 1 / 2006
- c) reporting obligations under Title V, Chapter VI of the CNVM Regulation no. 1 / 2006. Notification of transactions performed in the initiated persons account;
- d) obligations of transparency, information and reporting under Title V, Chapter II, Section 6 of the CNVM Regulation no. 15/2004;
- e) obligations of informing and reporting under CNVM Instruction No. 1 / 2007 issued in application of art. 286.1 of the Law no. 297/2004 amended and completed;
- f) reporting obligations under Chapter III of CNVM Regulation nr.7/2006.

6. compliance with CNVM's regulations regarding the calculation of net asset value of SIF Moldova (period subject to the control: 01.11.2007 - 31.10.2008). Were checked: a) calculation the monthly net asset value, b) the calculation of weekly net asset value.

7. Permanent activities of the Internal Control compartment: due diligence to prevent and proposals to remedy situations of violation of laws and regulations in force on the capital market or of internal regulations and procedures by SIF Moldova or by its employees; informing SIF Moldova and its employees on the legal regime applicable to capital market, prudential regulation compliance checking, verifying the effectiveness of information and internal procedures, verification and approval of documents submitted to the CNVM and to the entities on the capital market, checking and approving the informative

advertising documents; checking and approving the internal documents including operations under internal control's visa, verifying the effectiveness of the risk control system.

8. Important events occurred after the end of the fiscal year (according to CNVM's Order no. 75/2005)

In the period January 1, 2009 – March 20, 2009 the market value of financial investments, existing on 31 December 2008 (note 11) fell from 884,062,910 RON to 772,129,062 RON, against the background of the downward trend of stock in the context of international financial crisis.

The influence of changing the accounting policies (note 17 to the financial statements):

The current context of financial crisis determined that certain financial instruments no longer to be traded or to be traded at very low values. CNVM Order 11/11.03.2009 on amending and supplementing CNVM Order no. 75/2005, regarding the approving of of the accounting' regulations, in accordance with the Directive IV of the European Communities applicable to the entities authorized, regulated and supervised by the National Securities Commission, allowed the option to register the value adjustments calculated at the annual inventory, directly, in the equity capital. SIF Moldova has opted to implement CNVM Order 11/11.03.2009.

In previous financial years, the depreciation value were recognized in the profit and loss account, in accordance with the laws, and in the equity capital accounts for the initial portfolio of securities acquired by the former FPP (for which there was a reserve fund).

9. Annexes

**Chairman and CEO,
Costel CEOCEA**

**Head of Economic Department,
Liana MARIN**

**Internal Control
Nicolae RADULESCU**