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FIC MOLDOVA BOARD OF DIRECTORS' REPORT
FOR THE YEAR 2007

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Financial Investment Company MOLDOVA SA

Yearly report according to:	Law 297/2004, NSC Regulations no. 1/2006, 31 / 2006 and 15/2004 and BSE Code
For the fiscal year:	2007
Date of report:	Apr 1, 2008
Name of issuing company:	Financial Investment Company Moldova S.A.
Company head office:	Bacau, Pictor Aman street no. 94 C, Bacau County
Telephone/Fax no.:	0234/576740, fax 0234/570062; 0234/570101
Web/e-mail	www.sifm.ro
Fiscal registration code:	RO 2816642
Serial Number in the Trade Registry:	J04/2400/92
NSC Registry No.:	PJR09SIIR/040001/14.12.2005
Subscribed and paid-in capital:	51908958.8 RON
Regulated market trading	
Issued securities:	BVB (Bucharest Stock Exchange)

FIC MOLDOVA BOARD OF DIRECTORS' ACTIVITY REPORT FOR THE YEAR 2007¹

1. Analysis of the Company's activity

1.1. a) Description of the Company's primary activity

FIC Moldova is a financial investment company of the closed type, constituted in accordance with the provisions of Law no. 133 / 1996 for the transformation of Private Property Funds in financial investment companies, classified in the "Association of Collective Investment Organizations – A.C.I.O (A.O.P.C.) category, with a diversified investment policy", attested by the National Securities Commission (NSC) with Attestation no. 258 / Dec 14, 2005.

Company goal, field and object of activity (according to the articles of incorporation)

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

The Company's main field of activity is investing in financial assets – according to the CAEN Code in force up to Dec 31, 2007 - CAEN code 6523.

According to the classification of activities in the national economy CAEN Rev. 2 – taking into account the provisions regarding financial investment companies, provided by Law no. 297 / 2004 regarding the capital market, with subsequent modifications and additions, as well as those provided in Law no. 133 / 1996 for the transformation of Private Property Funds into financial investment companies – the activities conducted by FIC Moldova are included in the **6499** class "Other financial intermediary services not classified somewhere else".

The Company's operational objectives are as follows:

- management of financial instruments, derivatives and other instruments devised by NSC regulations;

¹ The contents of the present report were approved by the Board of Directors, in the meeting on Mar 28, 2008.

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

In the following section are presented the results recorded in the 2007 fiscal year regarding the management of investments in the portfolio, the portfolio structure and its profitability.

1.1.a.1) The management of investments in the FIC Moldova portfolio

Between Jan 1, 2007 and Dec 31, 2007, share portfolio management objectives were pursued, as set forth in the FIC Moldova activity program for the year 2007.

FIC Moldova continued the portfolio reconfiguration and optimization policy in view of increasing its profitability, 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.

These objectives were realized by:

Modifying the participation by legal operations of increasing / decreasing the share capital or writing off, thus:

- **increasing the share capital** in 16 companies, totalling 10.727.900 RON in nominal value from reserves (ex. Banca Transilvania, Biofarm, Mecanica Ceahlau, Turism Felix);
- **decreasing the share capital** in 2 companies, totalling 162.631 RON in nominal value;
- **write-off** of 10 companies in which the liquidation procedure was finalized, resulting in the elimination from the portfolio of participations held, 12.230.442,50 RON in nominal value (ex. Dunacor Braila, Zahar Babadag, Galco Galati).
- **write-off** of a company absorbed through fusion, resulting in the elimination from the portfolio of participations held, 27.963 RON in nominal value and increase of participations in absorbing companies, 7.558 RON in nominal value.

The modification of FIC Moldova participations following transactions finalized by the transfer of property rights (sales / acquisitions), or by direct investment, as follows:

- **sales** – the sale of investments (full or partial) in 43 companies, 11.708.069 RON in nominal value (ex. Banca Transilvania, Prodplast, Asam Iasi, Argesana Pitesti, Comat Braila, Remar Pascani);
- **acquisitions** – involving stock in 35 companies, 6.263.554 RON in nominal value (ex. Banca Transilvania, Petrom, Transelectrica, Biofarm, Albalact, SSIF Broker);
- **direct investment** (primary placement) – FIC Moldova participated in the increase in registered capital of 20 companies, 13.422.526 RON in nominal value (ex. Biofarm, Banca Transilvania, Ceramica Iasi, Casa Bacau).

Administration of participations held

FIC Moldova continued to improve its portfolio administration and monitoring activity, to the aim of increasing the value and profitability of investments held in companies. Measures taken to this purpose involved as a priority the implication through General Meetings of Shareholders and Boards of Directors in companies in which FIC Moldova holds majority or control positions, as well as in those in which capital investments were made, in order to impose effective management policies to ensure development of the company and attainment of profit, or crisis policies to ensure the recovery of the company.

At the same time, active involvement in programs for their development was pursued, by supporting financing programs from its own sources or by participating in registered capital increases, by the implementation of corporate governance principles, by increasing the degree of collaboration with the main shareholders in order to carry out common actions to the aim of maximizing profit and listing the company in superior categories of the Bucharest Stock Exchange / BSE (BVB), etc.

Evolution of the portfolio according to nominal value and the number of the companies in which shares are held

Restructuring operations throughout the year led to a decrease of the number of companies in the portfolio, therefore on Dec 31, 2007 the portfolio comprises:

Shares totalling 314.741.514 RON in nominal value, in 264 companies. Of these, 88 companies, in which FIC Moldova holds shares 41.638.390 RON in nominal value, representing 13,2% of the total shares at nominal value, are in various stages of liquidation or judicial reorganization.

Securities issued by Association of Collective Investment Organizations (AOPC) / Organizations for Collective Investment in Securities (OPCVM)

- 3.120 securities of The Businesspersons' Fund ("Fondul Oamenilor de Afaceri") 8.468 RON in nominal value and 15.029 RON in market value;
- 200.000 titles of BT MAXIM, 2.000.000 RON in nominal value and 3.392.000 RON in market value;
- 100 titluri de participare la BT INVEST 1, 1.000.000 RON in nominal value and 1.424.999 RON in market value.

Allocation rights

- 2809 allocation rights of SNTGN Transgaz, 28.090 RON in nominal value and 863.870 RON in market value.

The detailed status of investments according to Regulation 15 / 2004 annex 17 issued by the NSC is presented in annex 8.2.

Evolution of the portfolio according to trading market

In the Jan 1, 2007 – Dec 31, 2007, portfolio reconfiguration and optimization led to the following structure according to the trading market:

Portfolio structure	Total nominal value of the package				Total market value* of the package			
	Thousand RON		%		Thousand RON		%	
	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07
Securities								
Traded stock, Of which:	136.843	176.081	44,36	55,95	1.058.700	1.513.023	79,97	85,80
Companies listed at BSE	75.224	95.227	24,39	30,25	937.429	1.312.711	70,81	74,44
Unlisted companies, traded through the BSE system	11.794	11.698	3,82	3,72	13.530	12.600	1,02	0,72
Comp. listed in BVB- BER*	29.157	21.462	9,45	6,81	73.371	80.208	5,54	4,55
Comp. listed in BVB- BER – extra stock market*	20.668	47.694	6,70	15,17	34.369	107.504	2,60	6,09
Untraded stock, Of which:	171.606	138.660	55,64	44,05	265.240	250.348	20,03	14,20
Closed companies	126.594	124.496	41,05	39,55	231.094	233.721	17,46	13,25
Listed, not traded companies	8.333	119	2,70	0,04	247	1	0,02	0,00
Listed, not traded in last 90 days companies	36.679	14.045	11,89	4,46	33.900	16.626	2,55	0,95
Total	308.449	314.741	100,00	100,00	1.323.940	1.763.371	100,00	100,00

An increase in the value and share of the investments in stock traded on the BSE is recorded, together with a decrease in unlisted stock.

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

Thus, the value is calculated applying the provisions of art. 202 of NSC 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 accounting of an ACIO incorporated by Articles of Incorporation as financial assets or current assets is done using:

a) 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;

b) 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);

c) 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 an Association of Collective Investment Organizations (AOPC) incorporated by Articles of Incorporation, 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:

a) for holdings of an ACIO incorporated by Articles of Incorporation representing over 50% of the issuer's registered capital, by applying the respective share held by the ACIO to the issuer's Owners' Equity;

b) for holdings of an ACIO incorporated by Articles of Incorporation representing between 33 - 50% of the issuer's registered capital, by applying 85% of the value obtained from the application of the respective share of the issuer's registered capital held by the ACIO to the issuer's Owners' Equity;

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

d) for holdings of an ACIO incorporated by Articles of Incorporation representing under 5% of the issuer's registered capital, by applying 50% of the value obtained from the application of the respective share of the issuer's registered capital held by the ACIO to the issuer's Owners' Equity.

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

(5) The shares of companies in the ACIO portfolio established by Articles of Incorporation 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 ACIO established by Articles of Incorporation in credit institutions of insurance, insurance-reinsurance or reinsurance companies, the value recorded in the ACIO assets is the value calculated by applying the weight held by the ACIO in the registered capital of the issuer to the owner's equity of the issuer, irrespective of the weight of the specified holding." (quoted from NSC Regulation no. 15 / 2004)

1.1.a.2) Structure and profitability of the FIC Moldova portfolio

Structure and evolution of the portfolio by field of activity

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

Field	Company No.		Nom. val. (thousand RON)		% of nominal value		Market value (thousand RON)		% of market value	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Banking, insurance	10	9	125.901	135.719	40,81	43,12	1.039.002	1.317.394	78,48	74,71
Machinery manufacture	27	24	54.917	53.689	17,80	17,06	60.580	108.824	4,58	6,17
Textiles & Garments	45	43	26.501	24.886	8,59	7,91	35.930	70.942	2,72	4,02
Agriculture	64	60	19.684	19.212	6,38	6,10	7.205	9.865	0,54	0,56
Chemicals	11	9	24.840	15.806	8,05	5,02	3.845	4.013	0,29	0,23
Metallurgy	9	8	17.793	17640	5,77	5,60	55.824	55.877	4,22	3,17
Commerce, restaurants	24	19	6.652	8.577	2,16	2,73	14.372	31.006	1,08	1,76
Food industry	23	19	8.094	4.292	2,62	1,36	5.071	7.262	0,38	0,41
Others	66	73	24.066	34.919	7,82	11,10	102.111	158.188	7,71	8,97
Total	279	264	308.449	314.741	100,00	100,00	1.323.940	1.763.371	100,00	100,00

A slight decrease was recorded in the market value of the banking / insurance field and the increase of the machinery manufacture and textiles fields.

The top 10 companies in the portfolio classified by the market value of the FIC Moldova share as of Dec 31, 2007 are presented in the following table:

Company	City	Field of Activity	Market value of FIC share on 31.12.2006 (thousand RON)	Market value of FIC share on 31.12.2007 (thousand RON)
BRD GSG	Bucuresti	Banking	665.384	885.899
BANCA TRANSILVANIA	Cluj	Banking	162.577	219.205
BCR	Bucuresti	Banking	179.955	180.498
BIOFARM	Bucuresti	Pharmaceuticals	32.206	67.348
MECANICA CEHLAU	Piatra-Neamt	Machinery manufacture	13.267	47.596
PETROM	Bucuresti	Services related to oil extraction	39.964	43.751
ARCELORMITTAL TUBULAR PRODUCTS ROMAN	Roman	Metallurgy	44.922	38.524
TESATORIILE REUNITE	Bucuresti	Textiles	11.144	38.334
BANCPOST	Bucuresti	Banking	26.630	26.986
AEROSTAR	Bacau	Machinery manufacture	10.540	21.999

A significant increase is noted in the market value of issuers listed in the BSE (BRD, Banca Transilvania, Biofarm, Mecanica Ceahlau, Tesatoriile Reunite, Aerostar), as well as the preservation of the value of BCR and Bancpost, as calculated through NSC Regulation 15 / 2004. It is worth mentioning that in two of the issuers (Mecanica Ceahlau, Tesatoriile Reunite), FIC Moldova holds the position of majority shareholder.

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

Specification	31.12.2006		31.12.2007	
Insignificant shares: % SIF < 10%				
Number of companies	116		121	
Nominal value (thousand RON) / percentage	169.373	54,91	181.555	57,70
Significant shares: 10% ≤ % FIC < 33%				
Number of companies	129		115	
Nominal value (thousand RON) / percentage	108.946	35,32	102.930	32,70
Control shares: 33 % ≤ % SIF < 50 %				
Number of companies	21		18	
Nominal value (thousand RON) / percentage	12.059	3,91	11.297	3,58
Majority shares: % SIF ≥ 50 %				
Number of companies	13		10	
Nominal value (thousand RON) / percentage	18.071	5,86	18.959	6,02
Total shares:				
Number of companies	279		264	
Nominal value (thousand RON) / percentage	308.449	100,00	314.741	100,00

An increase in value and numbers is noted in investments in which FIC Moldova holds a share lower than 10% and a corresponding decrease of the other categories.

1.1.a.3) Analysis of the FIC Moldova portfolio profitability

The share portfolio profitability measured by the evolution of the market value of the participations held:

- as of Dec 31, 2007, the market value is 1.763.371.062 RON, compared to 1.323.940.070 RON on Dec 31, 2006, resulting an increase of 33% of this value;
- the significant increase was recorded in the category of investments listed on the stock market, as opposed to the value of unlisted investments that recorded a slight increase.

The profitability of the share portfolio, measured through the evolution of the number of companies that recorded a profit, as well as through the level of profits recorded, presented an increase.

The profitability of the share portfolio, measured through the evolution of the value of dividends obtained:

- as of Dec 31, 2007 revenue from dividends due from companies in the portfolio related to the 2006 fiscal year amount to 36.161.816 RON, compared to 32.779.397 RON due before, resulting a 12% increase of their value;
- the banking field is worth mentioning, revenue from dividends recording an increase from 29.212.638 RON in 2006 to 31.551.491 RON in 2007, followed by the machinery construction field and the oil industry.

1.1.a.4) Dividends due / received from companies in the FIC Moldova portfolio

The status of dividends due and received related to the 1996 – 2006 fiscal years presents as follows: - RON -

Fiscal year	Dividends due	Dividends received	Remaining	Percentage realized
1996 – 2002	68.692.693	68.469.862	222.831	99,68
2003 – 2005	80.001.678	79.848.484	153.194	99,81
2006	36.187.198	36.138.199	48.999	99,86
Total	184.881.569	184.456.545	425.024	99,77

The sum of dividends due for the 1996 – 2006 fiscal years and not cashed as of Dec 31, 2007 is 425.024 RON, representing 0,23% of the total dividends due for the entire period.

For the recovery of the amounts due from dividends, FIC Moldova undertook efforts in amiable ways and in cases in which it was not possible through amiable methods the debtors were sued, also requesting penalty interest at the level of the legal interest. For the amounts due as dividends for the 1996 – 2006 fiscal years and not fully received as of Dec 31, 2007, final civil rulings were obtained, court actions are open (litigations in court) or notifications were sent for conciliation (for the 2006 fiscal year).

On the date of Dec 31, 2007, from the total of 425.024 RON – dividends overdue from the 1996 – 2006, the amount of 156.431 RON is recorded outside the balance sheet and is associated to the companies in insolvency, for which requests for the declaration of claims were filed.

The status of dividends related to the 2003 – 2006 fiscal years by structure of national economy branches is presented in the table:

- RON -

Branch of the national economy	Dividends due	Dividends received	Remaining	Percentage realized
Finances and banking	100.702.639	100.702.639	0	100
Industry	6.416.127	6.357.743	58.384	99,09
Textiles	2.159.676	2.140.209	19.467	99,10
Commerce	1.915.721	1.791.693	124.028	93,53
Services	1.406.169	1.406.169	0	100
Constructions	1.131.259	1.131.259	0	100
Tourism	984.796	984.796	0	100
Food industry	817.379	817.065	314	99,96
Agriculture	385.729	385.729	0	100
Transportation	130.802	130.802	0	100
Pharmaceutical industry	99.759	99.759	0	100
Other fields	20.059	20.059	0	100
Research and Development	18.763	18.763	0	100
Total	116.188.876	115.986.683	202.193	99,83

For the dividends related to the 2003 – 2006 fiscal year an improvement in the degree of collection was recorded, resulting from the new legal regulations setting due dated for the overdue payments (Law 31 / 1990 and Law 297 / 2004).

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 title of the company is Moldova Financial Investment Company SA, it has the legal form of a joint stock company; it operates according to the Articles of Incorporation, of Law no. 31/1990 R, Law no. 297/2004 and NSC 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-in registered capital is 51.908.958,8 RON, divided into 519,089,588 shares with a par value of 0,1 RON.

Shareholding structure as of Dec 28, 2007:

	Natural Persons			Juridical Persons			Total		
	Shareholders	Shares	% RC	Shareholders	Shares	% RC	Shareholders	Shares	% RC
Residents, of which:	6,229,638	275,757,790	53.123%	474	64,801,689	12.484%	6,230,112	340,559,479	65.607%
<i>deceased</i>	54,281	45,596,234	8.784%				54,281	45,596,234	8.784%
<i>holdings <= 5 shares</i>	5,772,985	28,858,404	5.559%	5	24	0.000%	5,772,990	28,858,428	5.559%
<i>holdings > 5 shares</i>	402,372	201,303,152	38.780%	469	64,801,665	12.484%	402,841	266,104,817	51.264%
Non-residents	1,261	5,679,720	1.094%	157	172,850,389	33.299%	1,418	178,530,109	34.393%
TOTAL	6,230,899	281,437,510	54.218%	631	237,652,078	45.782%	6,231,530	519,089,588	100.000%

No individual holdings were recorded over 1% of the registered capital as of Dec 28, 2007.

- * The shares are listed at the Bucharest Stock Exchange in the 1st tier, beginning Nov 01 1999;
- * The record of shares and shareholders is maintained according to legal specifications, by Central Depository (S.C. Depozitarul Central S.A.)
- * Asset depository services are performed by Romanian Development Bank (BRD) – Groupe Societe Generale S.A. Bucharest – depository contract approved by NSC in Approval no. 113/14.12.2005.
- * The company's financial auditor is Deloitte Audit LLC București.

Financial Investment Company Moldova S.A. is registered at:

- * Bacau Chamber of Commerce, Industry and Agriculture – fiscal registration code RO 2816642;
- * National Securities Commission – Decision no. 1902 / Aug. 30, 1999 of permanent authorization;
- * Securities Registry – Registration Certificate no. 418 / Sep 7, 1999;
- * National Securities Commission– Decision no. 1841 / Jun 16, 2005 authorizing the Board of Directors membership.
- * National Securities Commission– Decision no. 3368 / Dec 14, 2005 authorizing modification of the Articles of Incorporation comprised in the Additional Act authenticated under no. 531 / Oct 14, 2005;
- * National Securities Commission – Approval no. 113 / Dec 14, 2005 approving actual leadership;
- * National Securities Commission - Attestation no. 257 / Dec 14, 2005 – registration of FIC Moldova in NSC Registry at no. PJR09SIIR / 040001;
- * National Securities Commission - Attestation no. 258 / Dec 14, 2005 – inclusion of FIC Moldova in the Association of Collective Investment Organizations (Association of Collective Investment Organizations) category with a diversified investment policy.

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

During the 2007 fiscal year no mergers or significant reorganizations took place in FIC Moldova or in companies under its control.

1.1.d) Description of asset acquisitions and / or transfers

1.1.d.1) Investing activity

Investing in shares – on the primary market

In the Jan 1, 2007 – Dec 31, 2007 period direct investments were made by participating in the increase of registered capital of 20 issuers in the portfolio. Share investments totalling 13.422.526 RON in nominal value were recorded, at a price of 18.506.850 RON, as follows:

- o 15 listed companies, in which shares 11.164.123 RON in nominal value were subscribed at a price of 16.248.448 RON;

- 5 unlisted companies, in which the amount of 2.258.403 RON was subscribed for shares with an equal nominal value.

We specify that in the Jan 1, 2007 – Dec 31, 2007 period FIC Moldova subscribed shares 3.683.512 RON in nominal value in 7 more companies, for a price of 3.699.567 RON, these investments pending registration.

The subscriptions and disbursements carried out during 2007 total 14.587.943 RON in nominal value, for a price of 18.683.566 RON, an amount of 598.400 RON remaining to be disbursed in 2008.

Investing in shares - on the secondary market

The stock market was characterized in 2007 by contradictory evolutions with an ascending trend in the first part of the year in the context of investor “exuberance”, followed by a marked decrease generated by the turbulence in the international financial markets as well as by missing the internal macroeconomic targets. In this difficult context FIC Moldova continuously adapted its trading / market positioning strategies, succeeding in attaining most of its objectives set forth for the year 2007.

Acquisitions of shares from the market were targeted at 35 issuers / securities, involving an investment effort of 50.284.474 RON.

The implementation of acquisition programs (continued or initiated during 2007) led to positive effects as follows:

- The market value of shares subscribed during registered capital increase operations (Dec 21, 2007) amounts to 68.332.965 RON compared to the investment value amounting to 18.683.566 RON.
- The receipt of free shares, with a market value (Dec 21, 2007) of 79.022.211 RON.

As a whole, investments on the market and in the context of subscriptions amounts to 68.968.217 RON, increasing by 31% compared to 2006, indicating a constant preoccupation for the optimization of the portfolio, by increasing holdings in listed stock, liquid and with growth potential – in the circumstances of FICs being at a disadvantage compared to other investors due to the prohibition of investing in FIC, BRD-SG, etc. shares.

Investing in other financial instruments

For reasons associated with the necessity for a varied portfolio as well as the exploitation of opportunities and the implementation of arbitrage strategies as well as considering the size of financial derivative markets – FIC Moldova invested during 2007 the amount of 752.470 RON in the Sibiu Monetary, Financial and Wares Market (BMFMS), operations generating by the end of the year revenue amounting to 876.352 RON.

1.1.d.2) Disinvesting activity (shares)

Share packages of 43 issuers were subject to partial / total sale operations during 2007, leading to revenue being recorded from sales of securities amounting to 55.518.113 RON (increasing by 16,4% compared to 2006) - with an associated profit of 35.959.961 RON (increasing by 2,2% compared to 2006).

In the revenue from sale of securities category, the objective set forth for 2007 – 63.405.273 RON was attained 87,6%, while the profit target was attained 93,6%.

1.1.e) Description of the main results of the Company activity evaluation from the viewpoint of the 2007 Activity Program

Analyzing the reference indicators attained at the close of the 2007 fiscal year by FIC Moldova, compared to the strategic objectives undertaken through the activity program, leads to the following conclusions:

- The net profit had a growth objective of 12,00% compared to the value forecasted for the previous year, respectively from 39.200.000 RON to 43.904.000 RON. The value realized in practice as of Dec 31, 2007 of the net profit was 65.573.287 RON. The continuous process of portfolio structure optimization allowed the surpassing of the provisions of the revenue and expense budget approved by the General Meeting of Shareholders for the year 2007 by 49,36%.
- The book value of shares had as an objective a 20,00% increase compared to the value recorded at the end of the year 2006. The indicator surpassed its objective, attaining as of Dec 31, 2007 the value of 3,4702 RON, respectively a 32,67% annual increase.

The evolution of yearly reference indicators obtained by FIC Moldova in the 2003-2007 period is presented in the following table:

- RON -

INDICATORS	31.12.2003	31.12.2004	31.12.2005	31.12.2006	31.12.2007
Net profit	39.202.817	45.745.895	48.585.106	48.341.224	65.573.287
Net profit / share	0,0755	0,0881	0,0936	0,0931	0,1263
Net assets ¹⁾	416.201.581	538.508.200	859.338.860	1.357.737.578	1.801.346.478
Book value of shares	0,8018	1,0374	1,6555	2,6156	3,4702
Closing price	0,2986	0,7250	2,2500	3,2700	3,4800
Book value / closing price ratio	2,6289	1,4309	0,7358	0,7999	0,9972

1) Up to Jun 30, 2005 the provisions of NSC Instruction no..4 / 1999 were in force and from Jul 1, 2005 the net assets are calculated according to NSC Regulation no. 15 / 2004.

The data presented reveal a favourable evolution in the period under analysis. Therefore:

- the growth rate of the net profits recorded in 2007 the greatest value in the period under analysis, reaching the value of 35,65%;
 - in the last five years, the net assets recorded a fourfold increase;
 - the book value of shares maintained the growth tendency present in the entire period under analysis; in 2007 the growth rate being 32,67%;
 - the price of FIC2 securities increased almost 12 fold from its value in 2003; in 2007 FIC2 shares closed the last trading session with a premium compared to the book value of shares of +0,28%;
 - the book value of shares / yearly closing price ratio remained below 1, with the tendency to equalize the two indicators, maintaining the growth trend in the last three years.
- The investment objective was 70.000.000 RON and targeted shares and financial products ensuring profitabilities greater than those of monetary products. The degree of realization of this objective is 99,60%, the amount of 69.720.688 RON being actually invested. The portfolio restructuring policy led to the increase of the weight of listed stock and structure modifications compared to the 2006 portfolio are presented in the following table:

INDICATORS	31.12.2006	31.12.2007	31.12.2006	31.12.2007
Total assets (RON)	1.403.849.526	1.832.929.433	Weight in total assets	
Listed stock	1.092.845.918	1.529.650.397	77,85%	83,45%
Unlisted stock	231.094.153	233.720.665	16,46%	12,75%
Bank deposits	58.501.739	35.391.684	4,17%	1,93%
Other asset items	21.407.716	34.166.687	1,52%	1,86%

The main source of liquidities for supporting the investment program was represented by revenue from sales, related to investments in issuers in the initial portfolio and in the newly created portfolio.

The object of investment consisted mainly of listed stock but also other assets, such as: investment titles, derivatives, allocation rights.

1.1.1. General evaluation items:

Execution of the revenue and expense budget and of the income statement

- RON -

Indicators	Realized preceding year 2006	Current year 2007		% realized compared to	
		Provisions	Realized	Realized 2006	Provisions REB 2007
Total revenue	151.022.844	98.530.425	122.303.569	80,98	124,13
Total expenses	97.698.428	49.026.425	51.980.996	53,21	106,03
Gross profit	53.324.416	49.504.000	70.322.573	131,88	142,05
Net profit	48.341.224	43.904.000	65.573.287	135,65	149,36
Earnings per share (basic)	0,0931	0,0846	0,1263	135,66	149,29

From the data presented the following **conclusions** are drawn:

a) Profit

The gross profit realized in the year 2007, presents a 142,05 % level compared with the provisions of the budget approved by the General Meeting of Shareholders – 2007 and the net profit presents a 149,36 % level compared to the same provisions.

Compared to the accomplishments recorded in the preceding year, the gross as well as the net profit realized in the year 2007 were greater by 31,88 %, respectively 35,65 %.

The earnings per share recorded in the year 2007 was greater by 0,0332 RON / share, compared to the preceding year and by 0,0417 RON / share compared to that provided in the budget approved by the General Meeting of Shareholders 2007.

b) Turnover

Specific financial and accounting regulations show that the turnover, in the case of financial investment companies, is the equivalent of “total revenue from operations”.

In the 2007 fiscal year, FIC Moldova realized current revenue of 122.303.569 RON, of which:

	<u>RON</u>	<u>% of total</u>
• Revenue from financial instruments	36.187.198	29,59
• Revenue from ceded financial investments	55.518.113	45,39
• Revenue from provisions	20.680.303	16,91
• Revenue from exchange rate variations	4.598.080	3,76
• Revenue from interest	3.790.782	3,10
• Other revenue	1.529.093	1,25

The structure of current revenue, by category of activity as well as the degree of fulfillment of objectives in the budget approved for the 2007 fiscal year are the following:

	Budget 2007 - RON -	Realized 2007 - RON -	Differences - RON -	Percentage realized %
1	2	3	4=3-2	5=(3/2)*100
Revenue from operations				
• dividends	27.000.000	36.187.198	9.187.198	134,03
• interest	2.000.000	3.790.782	1.790.782	189,54
• financial investments and derivatives	63.405.273	55.518.113	(7.887.160)	87,56
• other sources of revenue	6.125.152	26.807.476	20.682.324	437,66

The data presented reveals an improvement in the contribution of revenue from dividends FIC Moldova had to receive from the profit attained in 2006 by companies in the portfolio and a significant overfulfillment of the provisions in the budget approved for 2007, in the case of other sources of revenue, resulting mainly from cancellation of provisions constituted in the previous periods as a consequence of company prudence policies.

The execution of the revenue and expense budget for the 2007 fiscal year is shown in annex 8.4. to the yearly report.

c) Export

FIC Moldova did not realize in the 2007 fiscal year any exporting operations and did not act on international capital markets.

d) Costs

Total costs related to revenue realized in 2007 amount to 51.980.996 RON, of which:

	RON	% of total
• Expenses with ceded financial investments	19.558.152	37,63
• Expenses with exchange rate variations	3.957.942	7,61
• Expenses with commissions and fees	2.426.194	4,67
• Depreciations, provisions, losses from receivables and various debtors	12.535.122	24,11
• Expenses with staff	11.687.045	22,48
• Other expenses	1.816.541	3,50

The weight of expenses in total revenue realized is 42,50 %, decreasing, compared to the previous fiscal year, of 64,69 %.

e) % of the market owned

The weight of the FIC Moldova net assets as of Dec 31, 2007 in the sum of FICs', closed Organizations for Collective Investment in Securities (OPCVM) and Associations of Collective Investment Organizations (AOPC) funds' net assets is 14,16%.

f) liquidity (available in account, etc.)

Cash availables in balance as of Dec 31, 2007 amount to 38.276.806 RON and represent 8,30 % of the total assets in the balance, of which:

	RON
• RON liquidities, in term bank deposits	35.289.949
• RON liquidities, in accounts with interest facilities	2.755.784
• liquidities in the pay office	4.099
• other assets	656
• pledge deposits	226.318

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

1.1.2. Evaluation of the Company technical level

FIC 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 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, 2007, the number of employees was 89, of which: 66 employees with higher education and 23 employees with medium level education.

From the employees with higher education 4 are doctors and doctoral students, 17 are masters and graduate students.

The average number of employees with which the company conducted its activity in 2007 was 95.

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 manager and employees as well as any conflicts present in these relations

Relations between the manager 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 matters related to the impact of the issuer's primary activity on the environment

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

1.1.7. Evaluation of the research and development activity

Within the Company there is a Strategy and Pursuit of Objectives service which elaborates investment strategies in the short, medium and long term in accordance with the object of activity and the objectives of the financial investment company. The strategies are considered in the yearly drafting of the revenue and expense budget and of the activity programs.

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

By nature of its activities, as a closed type investment company, the Company is exposed to various risks, of which the most important are:

- the economic environment risk;
- the liquidity risk;
- the tax risk
- the portfolio risk

Economic environment risk

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

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

FIC MOLDOVA does not have a formal policy for covering the economic environment risk.

Liquidity risk

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

Tax related risk

The Romanian fiscal system is subject to various interpretations and permanent changes, which may be retroactive. In certain situations, the fiscal authorities may adopt a position which differs from FIC Moldova's position and may calculate certain fiscal raises.

Fiscal legislation in Romania, as well as the fiscal measures enforcement, change frequently and are subject to interpretations, sometimes different, of various authorities. The Government of Romania subordinates a number of agencies authorized to control both Romanian and foreign entities operating in Romania. These controls are to a high extent similar to those effected in many other countries, but they may extend over legal or regulation areas in which the Romanian authorities may be interested. Furthermore, these authorities seem to be less submitted to strict regulations, and the companies under control seem to be less protected than usual in other countries.

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

The Company's management considers that it recorded correct values in the accounts related to taxes and other debts to the state, although there is a risk that the authorities have a different view on these issues. The latest check of The Public Finance Ministry covered the period until September 30, 2004. Therefore, SIF Moldova's debts from that date till the 30th of December, 2007, may be subject to a later check.

The portfolio risk

As of December 31, 2007, according to the net assets – the final form, calculated and certified by the depository company BRD - GSG Bucuresti, the portfolio exposure (according to art. 188 of NSC Regulation no. 15 / 2004 regarding compliance with legal regulations regarding ownership limitations) 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)	Weight in total assets	Limit imposed
Closed shares (excepting BCR and Bancpost, according to the provisions of art.275 para.(2))	26.236.451,33	1,431	
TOTAL	26.236.451,33	1,431	< or = 20%

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

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

As of Dec 31, 2007 the 10% level provided in art. 188, letter b), is exceeded in the following holdings:

- Transilvania Bank Cluj Napoca – 11,959% of total assets;
- BRD Bucuresti - 48,332% of total assets.

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

The amount exceeding that is taken into consideration (Transilvania Bsnk Cluj Napoca – 11,959%) complies with the 80% upper limit allowed.

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

Group name	Asset value (RON)	Weight in total assets (%)	Limit imposed
BT GROUP , of which:			
TLV shares	219.205.549,21	11,959	
BT Maxim and BT Invest 1 securities	4.816.999,00	0,263	
GROUP TOTAL	224.022.548,21	12,222	< or = 50%

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

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

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

On Dec 31, 2007 the weight thereof was 0,168% (3.081.289,65 RON / 1.832.929.432,71 RON).

f) *The weight of bank deposits constituted and held in the same bank may not exceed 30% of the total assets*

Total holdings in bank deposits amount to 1,931 % (35.391.683,79 RON / 1.832.929.432,71 RON).

g) *Total holdings in derivative financial instruments may not exceed the total net asset value*

The value of the derivative financial instruments = 31.485 RON < net asset value = 1.801.346.477,71 RON.

h) *The weight of ACIO securities may not exceed 50% of total assets*

ACIO name	Asset value (RON)	Weight in total assets (%)	Limit imposed
XFOA shares	15.029,35	0,001	
BT Invest 1 securities	1.424.999,00	0,078	
TOTAL ACIO	1.440.028,35	0,079	< or = 50%

The limitation imposed is not exceeded

1.1.9. Future considerations regarding the Company's activity

a) Presentation and evaluation of tendencies, elements, events or factors of uncertainty that affect or could affect the Company's liquidity compared to the corresponding period of the previous year

For the following period there are no tendencies, elements, events or major factors of uncertainty apparent as of this date that affect or could affect the Company's liquidity, compared to the accomplishments in 2007, in the context of specialists forecasting for Romania an economic growth of 6,1% for 2008, due to the positive contribution of construction, net taxes per product and unlike 2007, of agriculture.

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 the 2007 fiscal year, the company did not modify its registered capital and did not record expenses of this nature.

The current expenses incurred in the year 2007 were lower by 47,08 %, compared with those recorded in the previous year, while prepaid expenses were higher by 5,46 %. The decrease in current expenses took place as an effect of the decrease in the volume of provisions recorded in the 2007 fiscal year.

For the year 2008, revenue and expenses proposed to be realized are presented in the budget project submitted for approval to the General Meeting of Shareholders, together with the activity program.

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

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

2. The Company's tangible assets

As of Dec 31, 2007, FIC Moldova holds tangible assets required for the conduct of its activity with a gross value of 20.853.991 RON, respectively a net value of 19.512.056 RON, with the following components:

- RON -

Categories of fixed assets	Value	
	Gross	Net
Land	3.986.220	3.961.788
Buildings	14.668.470	14.640.519
Equipment, of which:	1.931.335	781.757
• technological equipment	1.250.507	362.450
• vehicles	680.828	419.307
Other non-current assets	267.966	127.992
TOTAL	20.853.991	19.512.056

Land and buildings were reevaluated on Dec 31, 2007.

Tangible assets represent 4,23 % of the total assets recorded at historical cost.

2.1. Specification of the location and characteristics of the main production facilities in the Company's property

The main tangible assets held by the company are buildings. The Company holds 13 buildings, respectively the head office and field offices, in the following locations:

	Address	Description
Head office	- street Pictor Aman no. 94 C, Bacau	- building S + P + 3 floors
Field office Bucuresti	- str. Nerva Traian, no. 12, bloc 1437, sector 3, Bucuresti	- building P
Field office Galati	- str. Brailei, building BR 5 A, Sc.3, ap.1, Galati	- building P
Field office Braila	- str. Ghiocelilor, building A 14, parter, Braila	- building P
Field office Iasi	- str. Grigore Ureche, no. 3, building Gh. Sontu, Iasi	- building P
Field office Suceava	- str.Stefen cel Mare, no. 28, building IRE, Suceava	- building M
Field office Neamt	- B-dul Decebal, building I 3, Neamt	- building P + M
Field office Tulcea	- strada Unirii, no.4, building D, Sc. B	- building P

The Company owns real estate exploited by renting, as follows:

Bacau	- street Pictor Aman no. 94 C	- building P + M + etaj 3
Bacau	- street Marasesti, no. 4	- building P
Botosani	- street Cuza Voda, no. 2, building 7 F	- building P + E
Vaslui	- street Miron Costin no.8	- building
Bucuresti	- street Unirii, Splai no.6, sector 4	- building P + M
Tulcea	- street Unirii, no.4, building D, Sc. B	- building P

2.2. Description and analysis of the degree of wear and tear of the Company's property

Category	Degree of wear and tear %	Estimated useful life (years)
• buildings	0,01	40
• equipment	71,02	2-12
• vehicles	38,26	4 - 8
• other non-current assets	52,24	4 - 9

The degree of wear and tear of tangible assets is within normal limits. For non-current assets in the equipment, vehicles, other non-current assets categories, the degree of wear and tear has higher values, since these are partially replaced as they are amortized.

Tangible non-current assets are amortized by a linear method, throughout the estimated useful life.

2.3. Specification of the potential problems related to the property rights over the Company's tangible assets

There are no problems related to the property rights over the Company's tangible assets, except for the building on Trotus street no. 5 Bacau, claimed based on Law no. 10 / 2001.

3. The market for securities issued by the Company

3.1. Specification of markets in România and other countries in which securities issued by the Company are traded

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

The register of shares and shareholders is maintained in compliance with legal provisions by the Central Depository ("S.C. Depozitarul Central S.A.") depository company, headquartered in Bucharest, Fagaras street no. 25, sector 1 – company authorized by NSC by Incorporation Decision no. 1407 / Jun 20, 2006.

3.2. Description of the Company's policy regarding dividends. Specification of dividends due / paid / accumulated in the last three years and, if applicable, of reasons for the possible decrease of dividends throughout the last three years.

In the last three years, the General Meetings of Shareholders approved with a majority of votes the payment to shareholders of dividends due within 60 days of the date of the General Meetings.

According to legislation in force, the expenses associated to the payment of dividends were borne by shareholders, proportionally with the amounts due.

The appropriation and payment of dividends related to the 2006 fiscal year towards shareholders took place in compliance to the decisions adopted in the OGMS of Apr 28, 2007. Payments of dividends were made through the pay office (shareholders – natural persons), bank transfer (natural and juridical persons) and by money order (shareholders – natural persons).

In the case of the deceased shareholders the dividends were paid after the transfer of shares to the heirs, at their request, by bank transfer, pay office or by money order.

All information related to the payment of dividends (GMS decisions, methods and procedures, periods) were communicated to shareholders according to information requirements (press, website, BSE and NSC electronic system, posters).

The status of dividend payments for the last three years, as of Dec 31, 2007 is the following:

Payment made in:	2004 Dividend		2005 Dividend		2006 Dividend	
	<i>(0,0600 RON / share)</i>		<i>(0,0670 RON / share)</i>		<i>(0,0630 RON / share)</i>	
	No. of shareholders	RON	No. of shareholders	RON	No. of shareholders	RON
2005	187.438	24.452.760,91				
2006	11.974	581.889,78	121.470	27.707.157,94		
2007	3.911	159.729,10	6.650	386.312,51	91.802	25.132.719,68
TOTAL paid up to Dec 31, 2007	203.323	25.194.379,79	128.120	28.093.470,45	91.802	25.132.719,68
Dividend due		31.145.375,28		34.779.003,00		32.702.644,04
% paid		80,89%		80,78%		76,85%

3.3. Description of any activities conducted by the Company to the end of acquiring its own shares

Up to Dec 31, 2007, the Company did not acquire its own shares.

3.4. In case the Company has branches, the specification of the number and nominal value of shares issued by the mother Company and held by the branches

The companies in which FIC Moldova holds majority or control positions do not hold shares in FIC Moldova.

3.5. In case the Company has issued bonds and / or other securities, the presentation of the means through which the Company settles its liabilities towards the owners of such securities

FIC Moldova did not issue bonds and / or other securities, thus not having liabilities of this nature.

4. The Company leadership

4.1. Presentation of the list of Company directors and of the following information for each director:

The FIC Moldova Board of Directors was elected by the OGMS Decision of Apr 23, 2005 for a 4 year term (2005 – 2009), numbering 6 members, authorized by NSC Decisions no. 1841 / Jun 16, 2005 and 1884 / Jun 21, 2005.

As a consequence of the resignation of a member due to the incompatibility of his function with the position of Director of FIC Moldova (according to Law no. 7 / 2006 regulating the status of the parliamentary public servant), by OGMS Decision of Apr 29, 2006 a new member was elected, namely Doros Liviu Claudiu, authorized by NSC by Decision no. 40 / Jun 28, 2006.

In the OGMS of Apr 28, 2007 the Board of Directors was mandated to appoint a seventh director, provisional, namely Serbu Dorel, the candidate garnering the largest number of votes in the second round of polling.

The membership of the Board of Directors of FIC Moldova as of Dec 31, 2007 is as follows:

- | | |
|-----------------------------|---|
| 1. Turtoescu Sorin Mihail | - President General Manager |
| 2. Ceocea Costel | - Vicepresident Assistant General Manager |
| 3. Matei Alexandru | - Member, Chief of the Management Committee |
| 4. Bontas Dumitru | - Member |
| 5. Chelu Catalin Constantin | - Member |
| 6. Doros Liviu Claudiu | - Member |
| 7. Serbu Dorel | - Member |

a) CV (surname, name, age, qualification, professional experience, position and duration in position)

No. crt.	Surname, name	Age – years	Qualification	Professional Experience	Position	In position
1	Turtoescu Sorin Mihail	50	Engineer, specialized in Electronics and Communications Post – graduate courses – Securities and Stock Market Transactions	Engineer Machine Tools Bacau ANP Inspector Chief of Department PPF II Moldova Vicepresident of BD FIC Moldova, Assistant General Manager Stock market: Investment consultant, Business management, Company evaluator	President – General Manager	since 2005
2	Ceocea Costel	50	Economist, specialized in Industry, Construction and Transportation Post – graduate courses Master's degree – specialized in Business Management Doctoral student – Risk management in the capital market	Economist, Chief of Department FIC Moldova, Manager in the Managing Committee Capital market: Investment consultant, Business management, Intern financial auditor, Company evaluator, Company liquidator, Acquisitions manager, Accounting expert	Vicepresident - Assistant General Manager	since 2005

3	Matei Alexandru	60	Engineer, specialized in Industrial chemistry Post – graduate courses Securities and Stock Market Transactions	Engineer, Chief of department Sofert Bacau, CSP, ANP, FPS Inspector Vicepresident of PPF II Moldova, President General Manager of FIC Moldova Capital market: Investment consultant, Financial consultant, Business manager Company evaluator	Member, Manager in the Managing Committee	since 2005
4	Bontas Dumitru	61	Engineer, specialized in Machinery and tools Doctor in Management	University assistant, Chief of department, Technical manager of IMU Bacău, Subprefect, Prefect, University Lecturer, Dean – the Management School of the "George Bacovia" University Capital market: competence in Management and the capital market	member	since 2005
5	Chelu Catalin Constantin	40	Engineer, specialized in domestic fishing	Shareholder, manager of several companies Capital market: Financial Management	member	since 2005
6	Doros Liviu Claudiu	37	Economist, specialized in Tourism-services Master's Degree - in Management and Business Management	Economist at CCI Bacau, Manager of Gelsor SA, Sfera SRL, Saga SA Capital market: Securities brokers, Financial investment services agents	member	since 2006
7	Serbu Dorel	39	Economist, specialized in Tourism and Commercial Management	D.S.V.Galati employee, Broker SVM Ascon, Realinvest, Tourism agency manager SC Karina, Delpiero, Suman, Economist in SSIF Elda Invest, SC City Invest Capital market Securities brokers Stock market brokers S.T.E.A. trading system, Horizon Investment consultant BMFMS Internal Control	member	since 2007

b) any accord, agreement, or family bond between the respective director and another person that led to that person being appointed as director – not applicable.

c) share of the director in the Company's capital

As of Dec 28, 2007 directors have the following holdings:

No. crt.	Surname	Name	No. of shares	% RC
1	Turtoescu	Sorin Mihail	517.524	0,100%
2	Ceocea	Costel	20.418	0,004%
3	Matei	Alexandru	429.293	0,083%
4	Bontas	Dumitru	135.000	0,026%
5	Chelu	Catalin Constantin	3.549.100	0,684%
6	Doros	Liviu Claudiu	0	0,000%
7	Serbu	Dorel	41	0,000%
Total holdings			4.651.376	0,896%

d) list of persons affiliated with the Company

FIC Moldova is a closed type investment company in the "Other Collective Investment Organizations" category and all investments held in the portfolio are available for sale. As of Dec 31, 2007 the Company holds in its portfolio investments granting it majority positions (have branch status) in 8 companies. The aforementioned companies are comprised in annex 8.2. drafted in compliance with NSC Regulation no. 15 / 2004 – annex 17.

4.2. Presentation of the list of members of the Company's executive management. For each, the presentation of the following information:

a) the duration of office for the respective person in the executive management

- executive managers:

1. Turtoescu Sorin Mihail - President General Manager
2. Ceocea Costel - Vicepresident Assistant General Manager
3. Matei Alexandru - Chief of the Management Committee

The three members of the Board of Directors were validated as members of the actual leadership by the NSC with Approval no. 113 / Dec 14, 2005.

In the Board of Directors meeting of Jun 15, 2007 the conclusion of management contracts with executive managers was approved – members of the management committee, for a two year term and the cessation of individual work contracts.

The delegation of responsibilities was done in compliance with the provisions of the Articles of Incorporation of FIC Moldova and of Law no. 31 / 1990 republished and modified by Law no. 441 / 2006.

- members of the executive leadership:

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

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

b) any accord, agreement, or family bond between the respective director and another person that led to that person being appointed as a member of the executive management - not applicable.

c) share of the members of actual and executive management in the Company's capital

No. crt.	Surname	Name	No. of shares	% RC
1	Turtoescu	Sorin Mihail	517.524	0,100%
2	Ceocea	Costel	20.418	0,004%
3	Matei	Alexandru	429.293	0,083%
4	Marin	Liana	312.093	0,060%
5	Marin	Maria	25.138	0,005%
6	Chirila	Luminita	112.217	0,022%
Total holdings			1.416.683	0,273%

4.3. For all persons presented in 4.1. and 4.2., the specification of possible litigations or administrative procedures in which they were involved, in the last five years, regarding their activity in the issuer, as well as those regarding the respective person's capacity to fulfill responsibilities within the issuer

From the date of election / appointment none of the persons presented in 4.1. and 4.2. had litigations or were involved in certain administrative procedures with the company. No events and / or actions were recorded that could question the respective persons' capacity to fulfill the tasks they have to carry out within the Company, according to the position and / or quality in which they conducted or are conducting their activity.

5. Financial and accounting status

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

These statements are not accompanied by the independent financial auditor's opinion (procedure underway).

The comparability of this data is ensured for 2005, 2006 and 2007 fiscal years.

Financial statements are drawn up in RON.

The financial status is reflected in balance sheet items, drafted in compliance with Accounting Regulations harmonized with European Community 4th Directive.

a) Balance sheet items

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Non-current assets			
I. Intangible assets	234.478	128.439	63.097
II. Tangible assets	9.449.587	8.934.181	19.512.056
III. Financial assets	257.839.819	321.384.684	397.659.808
Non-current assets – Total	267.523.884	330.447.304	417.234.961
Current assets			
I. Inventory	18.040	32.558	23.884
II. Receivables	124.732.878	60.655.083	40.156.931
III. Short term financial investments	5.624.145	5.020.619	1.070.514
IV. Cash and bank accounts	73.806	3.250.105	2.760.539
Current assets - Total	130.448.869	68.958.365	44.011.868
Prepaid expenses	48.654	116.815	72.039
Current liabilities	40.937.004	29.460.175	23.787.309
Current assets less net current liabilities	87.830.625	39.604.447	20.285.356
Total assets minus current liabilities	355.354.509	370.051.751	437.520.317
TOTAL ASSETS	396.291.513	399.511.926	461.307.626
Provisions	81.756.022	61.710.522	48.967.316
Deferred revenue	1.729.894	10.558	11.242

Equity and reserves			
1. Subscribed and paid-in registered capital	51.908.959	51.908.959	51.908.959
2. Revaluation reserves	6.235.347	6.229.774	15.541.203
3. Total reserves, of which:	236.255.284	259.293.957	255.638.137
• Legal reserves	9.300.275	10.325.933	10.381.792
4. Reported result	(20.801.103)	(56.407.027)	(52.726)
5. Result of fiscal year	48.585.106	48.341.224	65.573.287
6. Profit appropriation	(48.585.106)	(1.025.658)	(55.859)
Owners' Equity - Total	273.598.487	308.341.229	388.553.001
TOTAL LIABILITIES AND EQUITY	396.291.513	399.511.926	461.307.626

For the 2007 fiscal year, from the total assets worth 461.307.626 RON, recorded at historical cost, the weight of financial assets (mainly investment titles held in companies in the portfolio) is 86,20 %. The value of securities is recorded at historical cost adjusted for value loss depreciations and registers a 23,66 % increase compared to the preceding fiscal year.

Current assets represent 9,54% of the total assets and consist 80,56 % of trade receivables including monetary investments as short term bank deposits.

Current liabilities (company liabilities that have to be paid in less than 1 year) represent 5,16% of the total liabilities worth 461.307.626 RON.

Owners' equity increased in the 2007 fiscal year by 26,01 % compared to the preceding fiscal year.

Continuing to apply the prudence principle in the 2007 fiscal year, provisions and amortization adjustments were created and cancelled, as follows:

Name of provision	Balance on Jan 1, 2007	Transfers		Balance on Dec 31, 2007
		incoming	outgoing	
	1	2	3	4=1+2-3
Provisions for taxes	41.437.613	(4.876.843)	205.609	36.355.161
Other provisions	20.272.909	5.418.478	13.079.232	12.612.155
Adjustments for receivables devaluation (note 5.a)	964.210	50	211.315	752.945
Adjustments for bad debts (note 5.a)	38.041.635	3.827.723	6.508.393	35.360.965
Adjustments for materials devaluation	588	523	588	523
Adjustments for non-current assets depreciation (note 1)	72.862	11.283	7.900	76.245
Adjustments for shares devaluation	111.211	(6.406)	104.805	-
Adjustments for financial non-current assets devaluation (note 11)	92.110.688	6.600.181	35.014.819	63.696.050
TOTAL	193.011.716	10.974.989	55.132.661	148.854.044

• adjustments for receivable devaluation on December 31, 2007	752.945
• litigations for uncashed dividends	124.028
• bad debts	889
• various	628.028
• amortization adjustments for bad debts on December 31, 2007	35.360.965
• provisions for debts from promissory notes	35.216.351
• uncashed dividends with final rulings	118.835

• rents with various final rulings	25.779
• other provisions resulted as a consequence of :	12.612.155
• provisions for debts associated to PN	7.784.404
• participation in benefit plans	4.827.751
• of which: - Directors	1.056.015
- employees	3.520.052
- Company contribution to FNUASS	251.684

Adjustments for value depreciation and provisions constituted amounting to **10.974.989** RON, influenced the expense and owner's equity accounts as follows:

	<u>Expenses</u>	<u>Owner's Equity</u>
• provisions for taxes	-	(4.876.843)
• other provisions	5.418.478	-
• adjustments for receivable devaluation	50	-
• adjustments for bad debts	3.827.723	-
• adjustments for materials devaluation	523	-
• adjustments for non-current assets devaluation	11.283	-
• adjustments for other non-current securities devaluation	2.288.159	4.305.616
TOTAL	11.546.216	(571.227)

Cancellation of adjustments for devaluation amounting to 55.132.661 RON, influenced the revenue and owner's equity accounts, as follows:

	<u>Revenue</u>	<u>Owner's Equity</u>
• provisions for taxes	-	205.609
• other provisions	13.079.232	-
• adjustments for receivable devaluation	211.315	-
• adjustments for bad debts	6.508.393	-
• adjustments for materials devaluation	588	-
• adjustments for non-current assets devaluation	7.900	-
• adjustments for shares devaluation	104.805	-
• adjustments for financial non-current assets devaluation	768.070	34.246.749
TOTAL	20.680.303	34.452.358

The financial performance is reflected in the Income Statement:

b) Income statement

	<u>2005</u>	<u>2006</u>	<u>2007</u>
A. Revenue from operations total, of which:	90.959.196	151.022.844	122.303.569
1. financial non-current assets	30.253.988	32.828.453	36.187.198
2. ceded financial investments	31.782.098	47.700.647	55.518.113
3. interest	12.916.578	6.012.774	3.790.782
4. provisions, reactivated claims	9.017.648	59.793.650	20.680.303
5. other revenue	6.588.884	4.687.320	6.127.173
B. Expenses with operations total, of which:	37.042.254	97.698.428	51.980.996
1. ceded financial investments	5.124.025	12.516.902	19.558.152
2. exchange rate variations	1.487.494	5.408.711	3.957.942
3. commissions and fees	1.495.609	1.881.634	2.426.194
4. depreciations, provisions	18.515.375	53.727.518	12.535.122
5. banking and similar services	33.268	37.558	35.998

6. materials	645.881	511.140	489.818
7. electricity and water	167.320	195.948	214.229
8. expenses with staff (salaries, indemnities, food stamps, social security, participation in benefit plans)	5.975.816	8.917.451	11.687.045
9. external services	3.440.699	14.292.133	905.279
10. taxes and similar payments	156.767	209.433	171.217
C. Operational result - profit	53.516.942	53.324.416	70.322.573
D. Gross profit	53.516.942	53.324.416	70.322.573
E. Profit tax	4.931.836	4.983.192	4.749.286
F. Net profit	48.585.106	48.341.224	65.573.287

In the 2007 fiscal year, revenue has the following structure, compared to preceding fiscal years:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
- financial non-current assets	33,41	21,74	29,59
- ceded financial investments	35,10	31,59	45,39
- interest	14,26	3,98	1,46
- provisions, reactivated claims	9,96	39,59	16,91
- other revenue	7,27	3,10	6,65
Total	<u>100,00</u>	<u>100,00</u>	<u>100,00</u>

As seen in the data presented in the 2007 fiscal year, the largest weight in the total revenue is held by revenue from ceded financial investments - 45,39 % and revenue from financial non-current assets – dividends - 29,59 %.

The structure of expenses, compared to the preceding fiscal years, in the 2007 fiscal year, presents as follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
- ceded financial investments	13,83	12,81	37,62
- exchange rate variations	4,02	5,54	7,61
- commissions and fees	4,04	1,93	4,67
- depreciations, provisions	49,98	55,00	24,11
- banking and similar services	0,09	0,04	0,07
- materials	1,74	0,52	0,94
- electricity and water	0,45	0,20	0,41
- expenses with staff	16,13	9,13	22,48
- external services	9,29	14,63	1,74
- taxes and similar payments	0,43	0,20	0,35
Total	<u>100,00</u>	<u>100,00</u>	<u>100,00</u>

In the 2007 fiscal year, the largest weight in the total expenses is held by expenses with ceded financial investments – 37,62 %, expenses with depreciations and provisions – 24,11 %, expenses with staff - 22,48 %.

The weight of total expenses in total revenue realized presents as follows:

- 2005 40,90 %
- 2006 64,69 %
- 2007 42,50 %

c) Cash-flow

Cash flows, calculated by the direct method present as follows:

Explanations / period	2005	2006	2007
1. Cash at beginning of period (a+b)	151.242.721	104.017.729	61.344.928
a. Current accounts	56.892	55.529	3.245.271
b. Financial investments	151.185.829	103.962.200	58.099.657
Deposits	3.067.263	69.403.880	58.099.657
Deposit certificates	33.900.000	32.337.000	-
Government securities	114.218.566	2.221.320	-
A. Operations (2-3)	(21.279.000)	(56.203.136)	(22.627.020)
2. Cash inflows	3.802.434	2.941.894	4.145.065
- rent + utilities	1.150.863	1.718.959	1.446.935
- various debtors, restitution of advances	599.924	38.882	735.800
- transportation expenses	21.277	14.179	-
- inflows from sale of merchandise	115.235	141.680	140.994
- amounts pending resolution	19.641	1.306	1
- amounts pending discount	-	3.067	21.800
- restitution of taxes	40.038	-	255
- suppliers	19.889	1.423	3.757
- other inflows	1.856.844	291.524	1.568.815
- receipt of material pledges	-	263.883	53.965
- exchange rate variations	-	1.170	172.743
- litigation compensations	-	480.000	-
3. Cash outflows	25.081.434	59.145.030	26.772.085
- Expenses with employees + collaborators	8.531.188	8.879.981	11.356.584
-suppliers	2.497.443	3.017.510	3.620.861
-profit tax	6.580.765	2.340.542	5.991.069
- VAT	473.465	178.557	209.196
- local taxes	56.383	145.235	120.206
-discount advances	5.002.292	162.773	198.380
-banking commissions	33.265	37.203	35.533
-wares supply	104.290	159.206	145.867
- other payments	1.747.891	168.511	47.458
- restitution of auction pledges	-	145.677	81.104
- amounts pending discount	-	3.067	21.800
- amounts pending resolution	-	1.391	-
- payments to SARA	-	43.873.206	4.781.106
- exchange rate variations	-	9.569	117.621
- sponsorships	54.452	22.603	45.300
B. Investment activity (4-5)	(838.743)	40.665.422	27.314.977
4. Cash inflow	77.410.924	88.760.568	96.287.710
- deposit interest	14.470.716	4.518.585	3.400.399
- government securities interest	-	109.942	90.799
- checking account interest	7.454	172.495	511.721
- bonds interest + coupon	2.234.343	1.083.609	410.263
- receipt from sale of shares by contracts	28.173.297	13.604.638	10.465.972
- receipt from sale of shares in BSE	-	34.661.064	44.694.296
- dividends from portfolio companies	30.581.363	34.610.235	36.713.210
- sale of fixed assets	1.943.751	-	1.050
5. Cash outflow	78.249.667	48.095.146	68.972.733
- acquisitions of fixed assets	214.834	54.287	71.035

- acquisitions of securities	75.090.433	19.654.685	19.149.316
- acquisitions of bonds	2.944.400	-	-
- payment acquisitions of shares through BSE	-	28.386.173	49.752.382
C. Financing activity (5-6)	(25.107.249)	(27.135.078)	(27.756.727)
5. Cash inflow	2.116.222	2.367.741	2.312.260
- return of dividends	2.116.222	2.367.741	2.312.260
6. Cash outflow	27.223.471	29.502.819	30.068.987
- shareholder dividends	24.020.019	24.433.710	25.497.956
- dividend tax	3.203.452	5.069.109	4.571.031
Total cash flow (A+B+C)	(47.224.992)	(42.672.792)	(23.068.770)
Cash at end of period	104.017.729	61.344.937	38.276.158
a. cash office	5.219	3.150	4.099
b. banks RON	50.310	3.242.121	2.755.784
c. banks foreign currency	-	9	8
d. deposits	69.403.880	58.099.657	35.289.949
e. deposit certificates	32.337.000	-	-
f. government securities	2.221.320	-	-
g. deposit pledges	-	-	226.318

The Company's permanent aim is to hold enough funds in order to settle liabilities and provide funds for development. In the 2007 fiscal year, the negative cash flow is caused by a decision structure oriented towards investing on the capital market.

d) Profit appropriation

DESTINATION	Row no.	2006	2007
A. NET PROFIT TO APPROPRIATE(row 02 to 08)	01	48.341.224	65.573.287
1. For constitution of legal reserves	02	1.025.658	55.859
2. For statutory or contractual reserves	03	-	-
3. Reserves constituted as sources of financing	04	-	-
4. Other reserves or appropriations provided by law	05	-	-
5. For coverage of accounting loss from preceding years	06	1.129	52.726
6. For dividends	07	32.702.644	-
7. Other appropriations	08	-	-
B. UNAPPROPRIATED PROFIT	09	14.611.793	65.464.702

The Company leadership proposes appropriating the profit amounting to **65.464.702 RON**, in the „other reserves” item, as a source for the increase in registered capital by 519.089.588 shares (519.089.588 RON).

In case the increase in registered capital is not approved by the Extraordinary General Meeting of Shareholders, the Company leadership proposes the appropriation of the 65.464.702 RON profit to the following destinations:

- Dividends 25.954.480 RON
- Other reserves 39.510.222 RON

From the dividends declared for the 2006 fiscal year, amounting to 32.702.644,04 RON, the amount of 25.132.719,68 RON was paid to shareholders up to Dec 31, 2007.

6. Non-financial information

6.1. Status of litigations

During 2007, 270 litigations were recorded by FIC Moldova with various objects, of which 83 cases solved and 187 cases remaining in court as of Dec 31, 2007.

From the 270 litigations recorded during 2007, in 203 litigations FIC Moldova was a plaintiff and in 57 it is involved as a defendant.

Regarding the 83 cases solved in 2007, in 57 cases FIC Moldova was a plaintiff and in 26 cases it was a defendant.

Also during 2007, 227 legality approvals, juridical consultancy and assistance were granted for various projects undertaken by the Company or by FIC Moldova departments.

During 2007, as a consequence of diligences filed by the FIC Moldova Legal Department, receivables totalling 468.305,50 RON and 881.702,56 USD were recovered.

Litigations in which FIC Moldova is a plaintiff

- total litigations = 203 cases, of which 146 cases are in court in various judicial stages and 57 cases are solved;
- value of litigations in court:
- 26.499.079,10 RON by category of object, as follows:
 - the amount of 261.765,46 RON - recovery of overdue dividends;
 - the amount of 20.847.436,99 RON - insolvency procedure;
 - the amount of 5.389.849,65 RON - claims;
- 25.783.364,23 USD and 300.000 DEM by category of object, as follows:
 - the amount of 5.658.270,85 USD - insolvency procedure;
 - the amount of 3.737.611,44 USD and the amount of 300.000 DEM - claims;
 - the amount of 16.387.482,79 USD - contestations for fulfillment.

Litigations in this category are classified thus:

1. Litigations involving the repealment of illegal resolutions of General Meetings of Shareholders in the FIC Moldova portfolio = 85 cases, of which 28 were finalized during 2007, a number of 57 cases remaining in court in various stages of litigation.

The object of the GMS decisions contested in court mainly consists of increases in registered capital, modifications of articles of incorporation, decreases of registered capital, approval of investments and non-profitable loans for companies and also the withdrawal of companies from trading on the regulated market.

2. Litigations involving the recovery of overdue dividends = 11 cases, of which 8 were finalized in 2007, 3 cases remaining in court or in the foreclosure phase and pending resolution. As a consequence of efforts undertaken by FIC Moldova during 2007 245.114,91 RON were received during judicial procedures.

3. Litigations involving the judicial reorganization and bankruptcy procedure = 34 cases of which 29 litigations in court and five cases finalized.

The majority of cases under the incidence of the Law regarding insolvency procedure involve the bankruptcy of the respective companies, procedure in which FIC Moldova mostly has the quality of a priority creditor.

During the procedure, incurring joint personal liability for the statutory administrators or other persons liable for the state of bankruptcy of the respective companies was especially stressed.

Actions to incur joint personal liability were initiated in the cases of the following debtor companies undergoing the procedure provided in Law no. 85 / 2006: S.C. C.B. Investitii S.R.L. Bucuresti; S.C. Max Invest S.R.L. Bucuresti; S.C. Cona Impex S.R.L. Beresti-Tazlau; S.C. Editip S.A. Tulcea; S.C. Genexim S.R.L. Bacau; S.C. Pol Handel Impex S.R.L. Suceava si S.C. Aust Rom S.A. Tusnad Sat.

The actions to incur joint personal liability were admitted in the cases of the last three aforementioned debtors.

In the course of bankruptcy procedures the total amount of 147.170,11 RON and 581,54 USD was recovered.

4. Litigations involving various monetary claims = 20 cases, of which 11 in court and nine solved.

The object of these litigations mainly consists of actions for claims initiated by FIC Moldova against persons responsible for bringing the debtor companies into bankruptcy and for which the Company could not recover its claims.

During this year, the action against the former manager of S.C. Genexim S.R.L. Bacau, Puchianu Genovel, was solved in favour of FIC Moldova with a final and irrevocable ruling, forcing the aforementioned to pay the amount of 199.314 USD, amount for which we will begin foreclosure.

The foreclosure procedure was initiated for natural and juridical persons guaranteeing the banking liabilities of issuers of promissory notes endorsed by FIC Moldova.

The foreclosure files of debtors S.C. Simpex Comp S.R.L. Neamt and Tudor Gheorghe, were finalized, the total amount of 881.121,02 USD being recovered.

As a consequence of efforts by FIC Moldova, receipts during the judicial procedure were made amounting to 5.639,91 RON.

5. Litigations with various objects = 10 cases, of which two were solved during 2007 and eight are still in court.

6. Litigations involving draft oppositions and contestations to the foreclosure of promissory notes endorsed by FPP II Moldova = 34 cases, of which 32 cases in court in various judicial stages and two cases finalized.

In cases involving draft oppositions, the opposition regarding promissory notes issued by S.C. Exotic Com S.R.L. Piatra Neamt was ruled on finally and irrevocably in favour of FIC Moldova. Litigations involving draft oppositions do not have a monetary value, their object involving matters regarding the form in which the promissory notes were issued.

The litigations involving contestations to the foreclosure by the State Assets Recovery Agency - SARA (AVAS) based on promissory notes, most of these are in the dispute for cancellation phase.

Up to Dec 31, 2007, in three cases rulings favourable to FIC Moldova were pronounced, the rulings being appealed against by SARA.

7. Criminal litigations = 9 cases, of which six are in court and three are solved.

Litigations in which FIC MOLDOVA is a defendant

- Total litigations = 67 cases, of which;
 - 41 cases are in court in various judicial stages;
 - 26 cases were solved;
- value of litigations in court:
 - 52.028,80 RON - claims;
 - 4.630.140,00 USD – SARA direct actions;
 - 970.000,00 DEM - SARA direct actions;

Litigations in this category are classified thus:

1. Litigations with various objects and claims files = 33 cases in court in various judicial stages and 10 cases solved.

There are 19 cases involving various objects, referring to requests by third parties to establish the nullity of sale contracts, obligations to do or financial claims.

The litigation regarding the building in Bacau city, Oituz street, no. 17 with Filip Gelu in which he requests the court the write-off of a mortgage instituted on behalf of FIC Moldova is undergoing appeal at the High Court for Cassation and Justice as a consequence of FIC Moldova's appeal being admitted by the Bacau Court of Appeals.

The litigation regarding the building in Bacau city, Trotus street, no. 5, against Suceveanu Margareta, which claimed 785 m² of real estate and the razing of buildings erected on this land, is undergoing trial of the appeal filed by FIC Moldova with the Bacau Court of Appeals.

Besides the cases mentioned above there are three more, involving real estate in the property of other companies in the FIC Moldova portfolio. In these cases FIC Moldova is called as a guarantor by the companies actually holding the buildings claimed in order to compensate them in case the claim is admitted.

2. Litigations involving direct bill actions and appeals for cancellation = 10 cases, against Bankcoop.

From the 10 litigation files, three were solved in favour of FIC Moldova and seven were solved in favour of Bankcoop. The cases were finalized during 2007.

3. Litigations involving direct bill actions = 14 cases, against SARA București, of which eight cases in various courts and six cases solved.

Except the case regarding S.C. Symbol Electronica S.R.L. Bacau in which SARA prevailed up to this moment, the other cases were ruled in favour of FIC Moldova.

The rejection of the action was done by irrevocable ruling in the case of six files, our Company being exonerated from the obligation to pay the amount of 620.000 RON; 2.440.000 USD si 120.000 DEM arising from promissory notes issued by Agapia Turist S.R.L. Piatra Neamt, Vipp S.R.L. Barlad, Draman S.A. Constanta, Exotic Com Piatra Neamt, Moldova Botosani and S.C. Derby S.R.L. Bacau.

6.2. Ensuring transparency and disseminating information

In order to apply OECD principles in the code of management and administration, FIC Moldova, in its relation with shareholders and capital market institutions, focused on:

1. Protecting and ensuring shareholders' rights: property rights (protection by confidential code lists, transfer confirmations, updates), the right to participate in General Meetings of Shareholders (directly – by convocation, announcements, publishing – or by representation – provision of special proxies, ballots for voting by mail, lists of representatives, information), the right to information (directly, in writing, publishing, on the website) and the right to receive dividends (with or without an express request).

2. Equal treatment of shareholders, irrespective of holding level.

3. Ensuring compliance with obligations to inform and report to the market and capital market institutions (NSC, BSE) and to answer the requests of these institutions.

Communication obligations are regulated by specific requirements of NSC and BSE – NSC regulations no. 1 / 2006 and no. 15 / 2004, BSE Code, the provisions of Law no. 297 / 2004 regulating the capital market and the 2007 financial reporting schedule.

Relating to the aforementioned legislation, FIC Moldova fulfilled all obligations ensuing from legal provisions, as follows:

a. In relation to capital market institutions

a.1. Periodic reports towards NSC and BSE

- weekly and monthly reports – status of net assets, status of assets and detailed status of investments (Annexes 16 and 17 of NSC Regulation no. 15 / 2004), drafted and transmitted to BSE and NSC according to regulations in force;

- monthly report regarding holdings exceeding 1% of the registered capital of persons defined in art. 2, para. 1 of NSC Instruction no. 1 / 2007. The statements of persons defined in NSC Instruction no. 1 / 2007 are provided on the FIC Moldova website - www.sifm.ro ;

- annual report on Dec 31, 2006 – transmitted to NSC and BSE, posted on the company website (www.sifm.ro) and available in written form at the company head office. The availability of the report to shareholders was publicized in the “Bursa” newspaper of May 3, 2007, according to Law 297 / 2004 and NSC regulations no. 15 / 2004 and 1 / 2006.

- quarterly report on Mar 31, 2007 transmitted to NSC and BSE (according to the financial calendar), included in the www.sifm.ro website and available in written form for consultation at the company head office. In the Bursa newspaper of May 10, 2007 the issuance towards shareholders of the report was notified, according to Law 297 / 2004 and NSC Regulations no. 15 / 2004 and 1 / 2006.

- half year report on Jun 30, 2007, transmitted to NSC and BSE (according to the financial calendar), included in the www.sifm.ro website and available in written form for consultation at the company head office. In the Bursa newspaper of Aug 14, 2007 the issuance towards shareholders of the report was notified, according to Law 297 / 2004 and NSC Regulations no. 15 / 2004 and 1 / 2006.

- quarterly report on Sep 30, 2007 transmitted to NSC and BSE (according to the financial schedule), included in the www.sifm.ro website and available in written form for consultation at the company head office. In the Bursa newspaper of Nov 8, 2007 the issuance towards shareholders of the report was notified, according to Law 297 / 2004 and NSC Regulations no. 15 / 2004 and 1 / 2006.

a.2. Continual reports to NSC and continuous reports to BSE

- regarding the Ordinary General Meeting of Shareholders of Apr 27 / 28, 2007 – reports regarding the preparation, preliminary financial results, convocation, informative materials, decisions, notifications, etc.;

- significant transactions – sale / acquisition / subscription of shares of SC Comat Braila SA, SC Argesana SA Pitesti, Banca Transilvania, SC Remar SA Pascani, SC Pambac SA Bacau, SC Asam SA Iasi, SC Biofarm SA Bucuresti, SC Ceramica SA Iasi, IPO Societatea Nationala de Transport Gaze Naturale TRANSGAZ SA Medias, SC Prodplast SA Bucuresti, SC Remat SA Galati, SC Vigotex SA Barlad;

- transactions according to art. 225 of Law no. 297 / 2004 - SC Galgros SA Galati, SC SPIT Bucovina SA Suceava, SC Favil SA Rm. Valcea, SC Comat SA Galati, SC UPSS SA Botosani;

- exceedings or decreases under the ownership limits of voting rights provided in art. 116 of NSC Regulation no. 1 / 2006 modified by NSC Regulation no. 31 / 2006;

- notifications of the operations conducted on account of persons initiated according to art. 150 of NSC Regulation no. 1 / 2006;

- other important aspects communicated: financial calendar, payment of dividends, NSC approval of BD membership (provisional director), conclusion of management contract with executive managers, creation of the Audit Committee within the Board of Directors, debate on the perspectives of development of FIC Moldova, reporting of lawsuits involving the company in compliance with the provisions of art. 113, para. A, letter (j) in the NSC Regulation no. 1 / 2006 and art. 27 letters (l) and (m) of BSE Regulation no. 3 – notifications regarding notices / communications / foreclosures / SARA litigations; decision to cancel the dispute related to the OGMS Decision from Apr 29, 2006 to elect a member of the Board of Directors.

b. In relations with shareholders

Obligations to inform FIC Moldova shareholders were respected by the issuance of press releases, publishing of reports, information through the electronic system of the capital market and posted on the Company website, offering equal treatment to shareholders. Information in the reports was related to:

- the organization and conduct of the Ordinary General Meeting of Shareholders of Apr 27 / 28, 2007.

All steps were taken to inform shareholders and provide them with documents related to the organization and conduct of the General Meeting of Shareholders of Apr 27 / 28, 2007: press release regarding the convocation of the meeting (Bursa newspaper and Deșteptarea local newspaper of Feb 19, 2007, the Official Gazette part 4, no. 647 / Feb 22, 2007), preliminary financial results and information regarding the availability of unaudited financial statements on Dec 31, 2006 and the Board of Directors' report for the year 2006 at the company head office and on the company website, informative materials related to the agenda together with the unaudited financial statements (on Mar 9, 2007) and in the final draft (on Mar 30, 2007), drafted in compliance with the stages set forth in the GMS Convocation (according to Law 31 / 1990R modified by Law 441 / 2006, Law 297 / 2004 and NSC Regulations no. 1 / 2006 and no. 15 / 2004); the decisions of the General Meeting of Shareholders of Apr 28, 2007 (Bursa newspaper of May 3, 2007, the Official Gazette part 4, no. 1630 / May 25, 2007);

- reports of the Board of Directors : yearly report, the 1st quarterly report, the 1st half of 2007 and the 3rd quarter of 2007 report (informing shareholders of the publication of the respective reports by press releases published in the Bursa newspaper of May 3, 2007, May 10, 2007, Aug 14, 2007 and Nov 8, 2007);
- information regarding the payment of dividends (Bursa newspaper of Jan 12, 2007, May 15, 2007, Jun 21, 2007, Nov 27, 2007);
- significant transactions and transactions according to art. 225 of Law 297 / 2004;
- conclusion of management contract with executive managers (“Bursa” newspaper of Jun 20, 2007);
- other events.

All press releases related to the reports are found on the company website www.sifm.ro (modules – reports, notifications, GMS).

The organization of activity at the head office and field offices allows and ensures the operative resolution of requests by shareholders directly or by correspondence.

6.3. Internal auditing and control activity

The internal control activity

In compliance with the provisions of art. 37-41 of NSC Regulation no. 15 / 2004 and Investigations Plan of the Internal Control Department for the year 2007, the activity of the Internal Control Department in the Jan 1 – Dec 31, 2007 period consisted of controls regarding the following:

1. compliance with the legal regulations regarding the calculation, reporting and payment of commissions, taxes and other amounts due from FIC to NSC and capital market entities (period under review: Jan 1, 2006 – Dec 31, 2006)

The control concerned: a share of 0,1% of the monthly net assets due to NSC, according to Regulation no. 2 / 2005 regarding NSC revenues, art. 5 and paragraph 2 of the annex; Fees charged by NSC for the approval of BD members of FIC Moldova; Fees charged by NSC for holding the securities issued by FIC Moldova in the Registry of Securities; Monthly dues for the National Union of the Collective Investment Organizations; Depository commissions; fees for services of BSE; Commission for the quotation on the stock market of FIC Moldova shares; Trading commissions; Commissions for registry services; Commissions for receipts related to bonds.

2. compliance with NSC regulations regarding the FIC Moldova investment policy. Compliance with the provisions of art. 188 letters (a) – (h) of NSC Regulation no. 15 / 2004 regarding FIC Moldova investments in assets listed in art. 101 paragraph (1) and art. 102 para. (1) letter b) of Law no. 297 / 2004, as well as in assets mentioned in art. 187 letter a) and b) of the aforementioned regulation. was examined (period under review: Mar 1, 2006 – Mar 31, 2007).

3. information in the mass-media of Apr 5, 2007 and Apr 10, 2007 regarding the election of a director of FIC Moldova.

4. compliance by FIC Moldova with NSC regulations regarding privileged information (period under review: May 15, 2006 – Apr 30, 2007). The following were reviewed: a) The list of persons with access to privileged information; b) The method and deadline for the publication of privileged information (Reports regarding privileged information, provided in art. 226 para. (1) of Law 297 / 2004; Reports regarding information provided in art. 224 para. (5) of Law no. 297 / 2004; Quarterly reports; Half year reports; Yearly reports; Value of net assets); c) The notification of operations carried out on behalf of the initiated persons.

5. compliance with NSC regulations regarding the evaluation of assets held by FIC Moldova was examined (period under review: Jul 1, 2006 – Jun 30, 2007). Compliance with the provisions of art. 202 para. (1) – (10) of NSC Regulation no. 15 / 2004 was examined.

6. compliance by FIC Moldova with reporting requirements set forth by NSC and BSE regulations (period under review: Oct 1, 2006 – Sep 30, 2007).

The following aspects were analyzed: a) Reporting obligations according to Title IV, Chapter III, Section 2 of NSC Regulation no. 1/2006; b) Reporting obligations according to Title IV, Chapter III, Section 3 of NSC Regulation no. 1/2006; c) Transparency, information and reporting obligations

according to Title V, Chapter II, Section 6 of NSC Regulation no. 15/2004; d) Information and reporting obligations according to NSC Instruction no.1/2007 issued in compliance with the provisions of art. 286¹ of Law no. 297/2004; e) Reporting obligations according to Chapter III of NSC Regulation no. 7/2006.

7. compliance with NSC regulations regarding the calculation of the value of FIC MOLDOVA's net assets (period under review: Nov 1, 2006 – Oct 31, 2007). The following aspects were examined: a) the calculation of the value of the monthly net assets; b) calculation of the value of the weekly net assets.

8. compliance with legal regulations regarding the calculation, recording and payment of commissions, taxes and other amounts due by FIC Moldova to NSC and capital market entities.

9. permanent activities of the Internal Control Department: diligences for the prevention and proposals for the remedy of situations in which laws and regulations in force relevant to the capital market or internal regulations and procedures are broken by FIC Moldova or by its employees; informing FIC Moldova and its employees about the legal regulations applicable to the capital market; monitoring of compliance with prudence regulations; examining the effectiveness of the information system and of internal procedures; Analysis and approval of documents and reports sent to NSC and capital market entities; examination and approval of informative and advertising materials; analysis and approval of internal documents comprising operations subjected to the internal control visa; highlighting and supervising the resolution of complaints; examining the effectiveness of the risk control system.

The internal auditing activity

The audit plan for 2007 and the subsequent modifications were approved in the Board of Directors meetings of February 16, 2007 and of May 25, 2007.

The internal audit plan was drawn up with a view to covering all the activities and operations during three years and to providing for the audit continuity from the previous period.

FIC Moldova's main activities subjected to the internal audit in the year 2007, according to the internal auditing plan, are concerned with:

- acquisitions and transfers of securities;
- the yearly financial statements drafted on Dec 31, 2006;
- the inventory of assets and liabilities, the evaluation of asset and liability items on occasion of the inventory and in the balance sheet drawn up on Dec 31, 2006;
- the management of financial assets;
- the drafting of half year financial reports;
- the pursuit and cashing in of revenue from dividends due from companies in which FIC Moldova holds registered capital investments;
- litigations liable to affect the FIC Moldova patrimony.

The internal auditor's opinion, activity results, conclusions, recommendations and proposals, as well as the plan of actions applied in the course of the audit activity, were included in the periodic internal audit report presented to the Board of directors of FIC Moldova. Based on the conclusions and recommendations made by the internal audit, the Board of directors took the necessary measures in order to manage the identified risks.

The internal audit consider that the activities subjected to the audit during the year 2007 conform to the Company policies, programs and management, according to the legal provisions and internal regulations.

7. Important events having occurred after the end of the fiscal year (according to NSC Order no. 75 / 2005)

In the January 1 – February 29, 2008 period, the market value of financial investments held as of December 31, 2007 (note 11) decreased from 1.867.579.272 RON to 1.482.794.798 RON, in the context of the descending trend of the quotations, in the context of the international financial crisis.

8. Annexes

**President General Manager,
Sorin Mihail TURTOESCU**

**Financial Manager,
Liana MARIN**