



# Financial Investment Company MOLDOVA SA

Half year report according to: Law 297/2004, NSC Regulations no. 1/2006 and 15/2004 and BSE Code

Date of report: Jun 30, 2008

Name of issuing company: Financial Investment Company Moldova S.A.

Company head office: Bacau, Pictor Aman street no. 94 C, Bacau County

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Web/e-mail: [www.sifm.ro](http://www.sifm.ro), [sifm@sifm.ro](mailto:sifm@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 registered capital: 51908958.8 RON

Regulated market trading issued securities: BVB (Bucharest Stock Exchange)

## FIC MOLDOVA BOARD OF DIRECTORS' ACTIVITY REPORT FOR THE 1ST HALF OF 2008

### FACTS ABOUT THE COMPANY

\* 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 amended by Law no. 441 / 2006, 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;

\* The shares are listed at the Bucharest Stock Exchange in the 1st tier, beginning Nov 1, 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 – J04/2400/92;

\* 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.

## I. GENERAL OBJECTIVES, SPECIFIC INDICATORS

The 2008 Activity Program approved by the shareholders during the Ordinary General Meeting of Shareholders of Apr 24, 2008 was drafted based on the directives of the "FIC Moldova development strategy for 2007-2009" and on the decisions of the Board of Directors and provides the following levels for performance indicators:

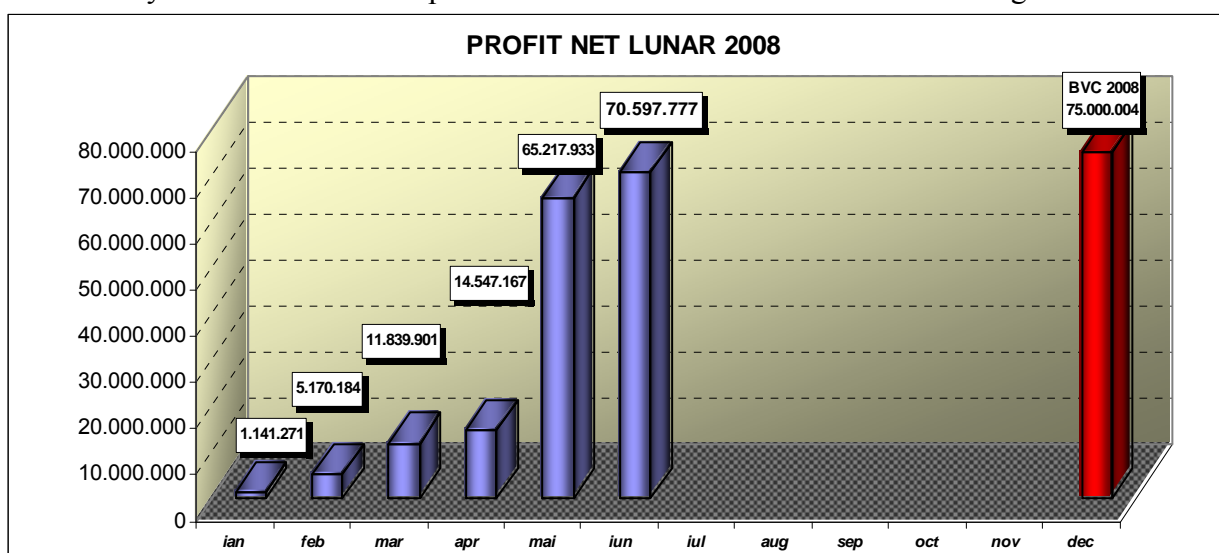
### 1. NET PROFIT<sup>2008</sup> = 75.000.004 RON

Compared to the "2007-2009 Strategy" which provided an increase in net profits of 12% from the provision for the year 2007, respectively 49 million RON, the OGMS of April 24, 2008 approved at the proposal of the Board of Directors a target for the net profits for the 2008 fiscal year of 75 million RON.

After the first half of the year, the net profit realized by FIC amounts to **70.597.777 RON**, 51,45% more than the result in the corresponding period of the year 2007.

Compared to the amount provided on the Revenue and Expense Budget for 2008, at the half of the year 94,13% of the budgeted profit was realized.

The monthly evolution of the net profit in the 1st half of 2008 was the following:



### 2. Book Value of Shares<sup>2008</sup> = 4,1642 RON

The annual increase provided for the BVS indicator was set as +20% compared to the value for the previous year (BVS<sub>31.12.2007</sub> = 3,4702 RON). This increase is forecasted to be realized, save for the occurrence of major incidents that may intervene in the Company's activity and in the external environment.

**The book value of shares attained as of June 30, 2008 is 2,9475 RON / share.**

Independently from the Company's activity, in the 1st half of 2008, the external environment had a strong influence on the book value of shares, affecting as a consequence the price of shares on external markets, of those on the Bucharest Stock Market (BVB) and implicitly the net asset values.

The macroeconomic context eliminates in 2008 the correlation between the profitability trend and the evolution of the net assets, desynchronizing the two indicators:

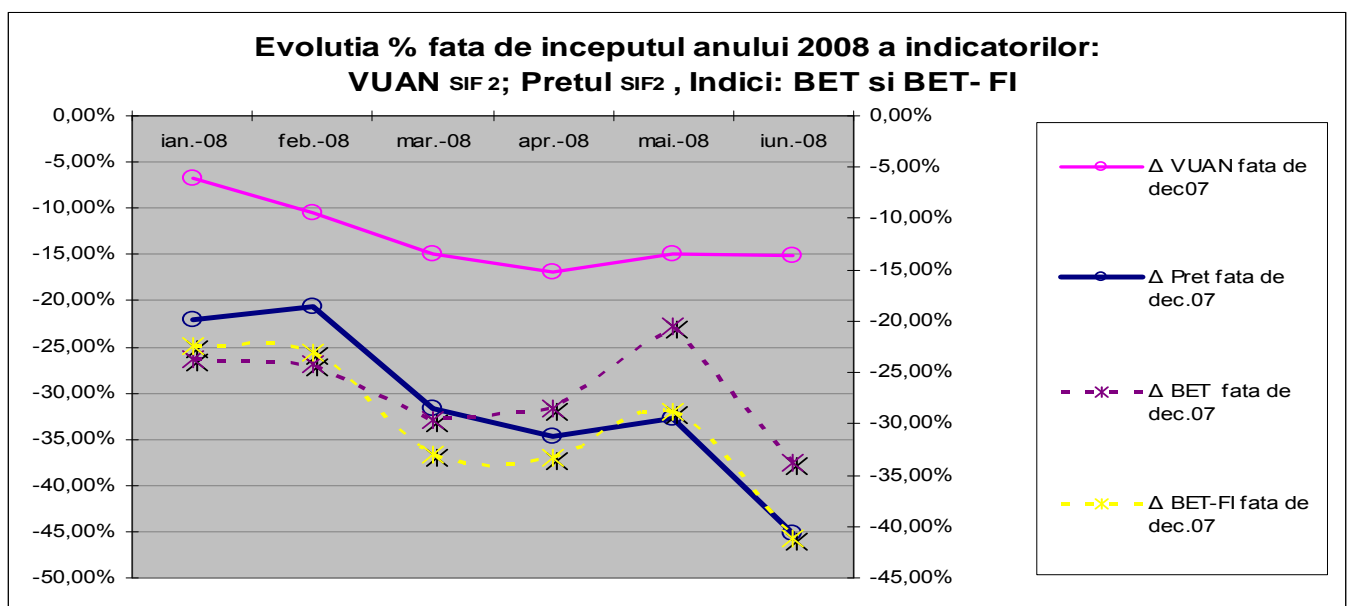
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1 <sup>st</sup> half of 2008	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008
NET PROFIT	1.141.271	5.170.184	11.839.901	14.547.167	65.217.933	<b>70.597.777</b>
Book value	3,2374	3,1050	2,9492	2,8807	2,9518	2,9475

<i>Book value variation compared to Dec 31, 2007</i>	-6,71%	-10,52%	-15,01%	-16,99%	-14,94%	-15,06%
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Even though FIC Moldova’s profitability is recording a positive evolution, attaining solid profit values, the indirect part of the effects of the financial crisis on the main global markets, which has grown to “contaminate” even real economies, has created the premises of corrections to the detriment of the proposed value for the BVS (Book Value of Shares) indicator at the end of this year, corrections that are correlated to the evolution of domestic stock market indicators.

The percentage difference compared to the beginning of the year 2008 of the book value of shares and of the price of FIC Moldova, compared to the stock market indicators mentioned is the following:

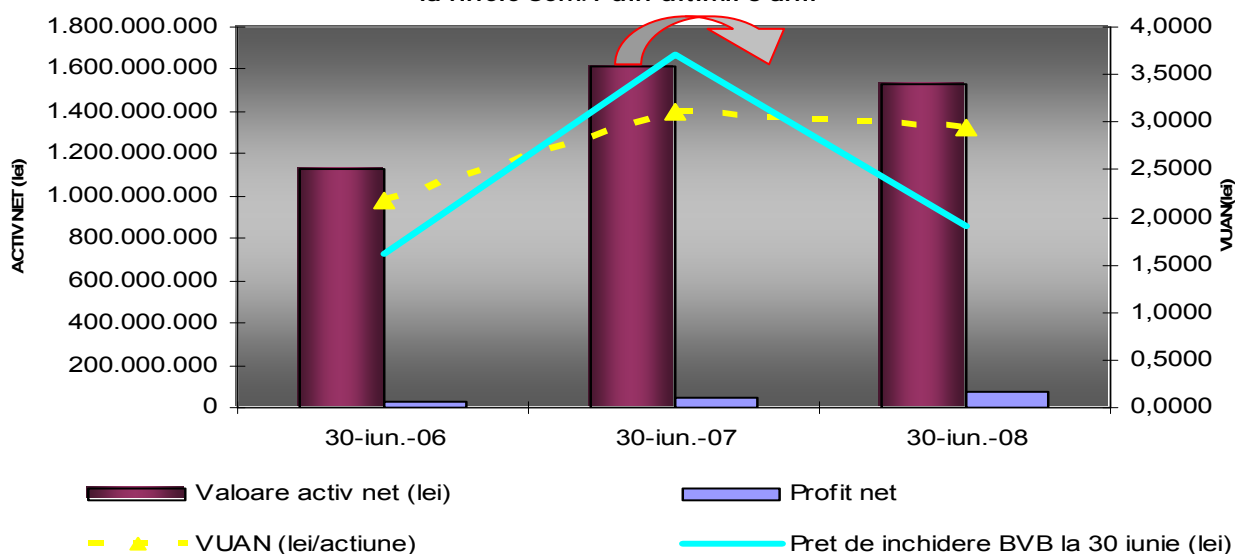


Thus, even if the BVS indicator recorded a decreasing trend in the first quarter of this year, it maintains well over the adjustments in the BSE stock market indices. In this context, it is apparent that due to the consistent implementation of the policy of continuous reconfiguration and optimization of the financial asset portfolio, the BVS recorded as of June 30, 2008 less than half of the actual depreciation of BET-FI, remaining after six months of downward general trend above the decreases recorded by stock market indicators as follows:

Percentage variation compared to Dec 31, 2008					
DATE	BVS SIF2 %	BET %	BET C %	BET FI %	ROTX %
31.01.2008	- 6,71 %	-23,72%	-22,47%	-22,43%	-23,67%
29.02.2008	-10,52 %	-24,24%	-21,95%	-23,04%	-24,26%
31.03.2008	-15,01 %	-29,57%	-25,51%	-32,99%	-27,87%
30.04.2008	-16,99%	-28,55%	-24,57%	-33,27%	-24,40%
31.05.2008	-14,94%	-20,56%	-17,66%	-28,81%	-17,50%
30.06.2008	-15,06%	-33,82%	-30,43%	-41,18%	-31,61%

The moment of stock market decline outlined previously started a calendar year before, as shown in the following graph which represents the evolution of the main indicators in the last three years:

**Evolutie ACTIV NET, PROFIT NET, VUAN, PRET INCHIDERE SIF2  
la finele sem.1 din ultimii 3 anii**



In this context, the evolution of stock market indicators for the FIC2 title at the end of the first halves of the last three consecutive years, is:

FIC2	date	BSE closing price	Half year stock market capitalization*	EPS <sup>1</sup>	PER <sup>2</sup>	P/BV <sup>3</sup>
		(RON)	(RON)	(RON/share)		(RON/share)
FIC 2	Jun 30, 08	1,9100	991.461.113	0,14	14,04	0,65
FIC 2	Jun 30, 07	3,7000	1.920.631.476	0,09	41,20	1,19
FIC 2	Jun 30, 06	1,6200	840.925.133	0,06	28,34	0,98

source : <http://www.bvb.ro/IndicesAndIndicators>

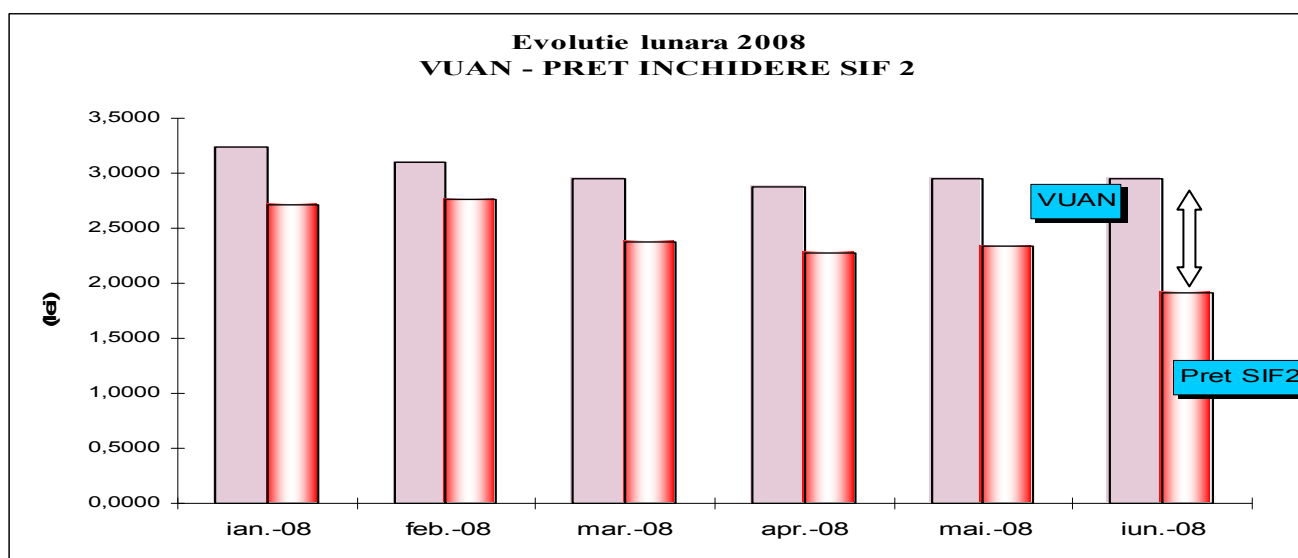
As seen from the presented data, the price of FIC2 securities as of June 30, 2008 is on a decreasing trend that is closer to the value recorded on the same date in 2006 than from that on June 30, 2007.

As a reference for investors, we point out the value of the PER indicator, of 14,04 recorded on Jun 30, 2008; value that lies in an optimum investment interval, which corroborated with the increasing trend of the profit per share and with the net advantage of the price compared to the value make the FIC2 security more attractive.

<sup>1</sup> *EPS current (earning per share) = ratio between the Company current profit and the total number of shares*

<sup>2</sup> *PER = co-ratio between the share closing price in the period analyzed and the profit for a share*

<sup>3</sup> *P/BV (price to book value ratio)= ratio between the closing price and the accounting value per share. The indicator shows how much the investors are paying for the Company's net assets*



The evolution of the closing price at the end of the last trading session of the 1st half of 2008 compared to the book value of shares shows that FIC2 securities are traded at the end of the period under analysis at a 35,20% discount.

The compared structure of asset items in the FIC Moldova portfolio, calculated according to the provisions of NSC Regulation no. 15/2004, as of June 30, 2008, compared to the corresponding period of the previous year, show a decrease in the value of the portfolio of 6,72% and a decrease of the BVS of 5,35%, as follows:

ASSET ITEMS calculated in accordance with NSC Regulation no. 15/2004	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
	(RON)		(% )	
Listed stock	1.344.465.867	1.222.937.912	80,17%	80,86%
Unlisted stock	245.774.076	248.798.402	15,05%	14,85%
Bank deposits	56.062.819	46.487.013	3,41%	2,23%
Municipal bonds	1.187.838	851.614	0,08%	0,06%
OPCVM securities; AOPC	4.792.765	3.502.542	0,28%	0,25%
Other asset items	27.941.939	44.665.454	1,00%	1,76%
<b>TOTAL ASSETS</b>	<b>1.680.225.304</b>	<b>1.567.242.937</b>	<b>100,00%</b>	<b>100,00%</b>

### 3. INVESTMENTS<sup>31.12.2008</sup> = 70.000.000 RON

For the year 2008, the level of investments in shares and other financial products from the previous year was maintained; investments that ensure profitabilities superior to monetary products, conditioned by the market evolution and according to the compliance with the investment policy imposed through regulations. The source of liquidities for the support of the investment program was provided from revenue from sales, related to the investments in issuers in the initial portfolio and the newly created portfolio, component that will increase its weight in the general holding structure.

**Investments** made as of Jun 30, 2008 are worth **41.487.639 RON**, representing 59% of the annual volume, of which **32.463.221 RON** represent investments already finalized and recorded in the assets, the rest being shares subscribed within the registered capital increase processes not already completed.

## II. ACHIEVEMENT OF OBJECTIVES IN THE ACTIVITY PLAN

### II.1. ACHIEVEMENT OF FINANCIAL OBJECTIVES IN THE 1ST HALF OF 2008

#### II.1.1. SHARE PORTFOLIO MANAGEMENT

##### II. 1.1.a. Share portfolio restructuring

Between Jan 1, 2008 and Jun 30, 2008, share portfolio management objectives were pursued, as set forth in the FIC Moldova activity program for first half of 2008.

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:

The modification of participations by carrying out legal operations of increasing / decreasing the registered capital or of writing off, as follows:

- **the increase in registered capital** in 4 companies from reserves, 53.096,80 RON in nominal value (Albalact, Bursa Monetara Financiara si de Marfuri, Nexal Grup, Agroindustriala Consul);
- **write-off** of 5 companies in which the liquidation procedure was finalized in compliance with Law 85 / 2006, resulting in the elimination from the portfolio of participations held, 632.332,50 RON in nominal value (Icefs, Agro-Ovinex, Agribas, Indforest, Orezicola).

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

- **sales** – the sale of participations (full or partial) in 28 companies, 5.430.625,36 RON in nominal value was recorded (ex. Banca Transilvania, Vinicola Averesti 2000, Donaris Tulcea, Remat Neamt – withdrawal from the company, Transelectrica Bucuresti, SSIF Broker, Condmag Brasov);
- **acquisitions** – involving stock in 26 companies, 6.654.198 RON in nominal value (ex. Transelectrica Bucuresti, Petrom Bucuresti, Transgaz Medias, Banca Transilvania, Artego Tg. Jiu, Albalact Alba Iulia);
- **direct investment** (primary investment) – in 15 companies, 4.299.576,40 RON in nominal value (ex. Favil, Albalact, SSIF Broker, Transgaz – from allocation rights, Prospectiuni, Ceramica Iasi).

##### 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 issuers in which shares are held

Restructuring operations throughout the year led to a decrease of the number of companies in the portfolio, therefore on Jun 30, 2008 the portfolio comprises:

**Shares** totalling 319.693.895,05 RON in nominal value, in 255 companies. (compared to 264 on Dec 31, 2007 and respectively 281 companies as of Jun 30, 2007). Of these, 90 companies, in which FIC Moldova holds shares 54.207.421,10 RON in nominal value, representing 16,95% 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 14.783 RON in market value;
- 200.000 titles of BT MAXIM, 2.000.000 RON in nominal value and 2.252.000 RON in market value;
- 100 securities of BT INVEST 1, 1.000.000 RON in nominal value and 1.235.758 RON in market value.

The detailed status of investments according to Regulation 15 / 2004 annex 17 issued by the NSC is presented in annex IV.2.

## Evolution of the portfolio according to trading market

In the Jan 1, 2008 – Jun 30, 2008, 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		%	
	01.01.08	30.06.08	01.01.08	30.06.08	01.01.08	30.06.08	01.01.08	30.06.08
<b>Securities</b>								
<b>Traded stock,</b> Of which:	<b>176.081</b>	<b>183.762</b>	<b>55,95</b>	<b>57,48</b>	<b>1.513.023</b>	<b>1.220.820</b>	<b>85,80</b>	<b>82,95</b>
Companies listed at BSE	95.227	98.278	30,25	30,74	1.312.711	1.054.337	74,44	71,64
Unlisted companies, traded through the BSE system	11.698	13.102	3,72	4,10	12.600	12.633	0,72	0,86
Comp. listed in BVB- BER*	21.462	25.514	6,81	7,98	80.208	65.380	4,55	4,44
Comp. listed in BVB- BER – extra stock market*	47.694	46.868	15,17	14,66	107.504	88.470	6,09	6,01
<b>Untraded stock,</b> Of which:	<b>138.660</b>	<b>135.923</b>	<b>44,05</b>	<b>42,52</b>	<b>250.348</b>	<b>250.916</b>	<b>14,20</b>	<b>17,05</b>
Closed companies	124.496	123.610	39,55	38,67	233.721	236.166	13,25	16,05
Listed, not traded companies	119	2	0,04	0,00	1	1	0,00	0,00
Listed, not traded in last 90 days companies	14.045	12.311	4,46	3,85	16.626	14.749	0,95	1,00
<b>Total</b>	<b>314.741</b>	<b>319.685</b>	<b>100,00</b>	<b>100,00</b>	<b>1.763.371</b>	<b>1.471.736</b>	<b>100,00</b>	<b>100,00</b>

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

Regarding the market value of the portfolio, we point out that its considerable decrease in the period under analysis, of approximately 20% compared to the beginning of the year, was a direct

consequence of the decrease in the quotations of the shares traded on the capital market, subject to the influence of the descending trend of the international capital markets and of the negative macroeconomic signals at a national level.

\* 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 a n 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)

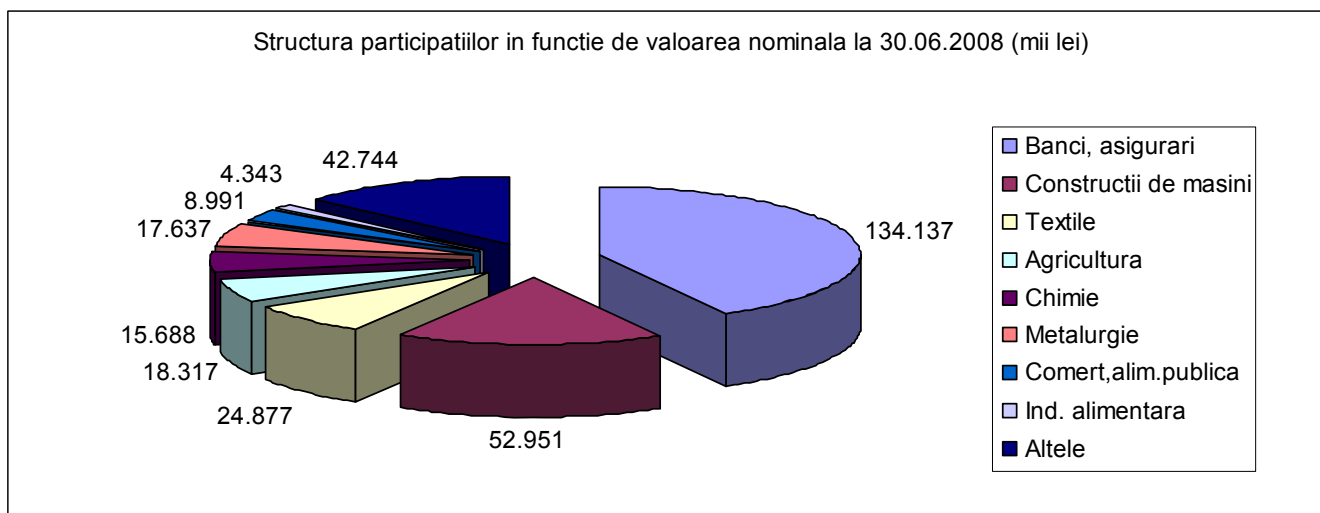
### **Structure and evolution of the portfolio by field of activity**

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	
	01.01.08	30.06.08	01.01.08	30.06.08	01.01.08	30.06.08	01.01.08	30.06.08	01.01.08	30.06.08
<b>Banking, insurance*</b>	9	8	135.719	134.137	43,12	41,96	1.317.394	1.104.248	74,71	75,03
<b>Machinery manufacture</b>	24	23	53.689	52.951	17,06	16,56	108.824	71.553	6,17	4,86
<b>Textiles &amp; Garments</b>	43	42	24.886	24.877	7,91	7,78	70.942	64.453	4,02	4,38
<b>Agriculture</b>	60	56	19.212	18.317	6,10	5,73	9.865	14.255	0,56	0,97
<b>Chemicals</b>	9	7	15.806	15.688	5,02	4,91	4.013	3.680	0,23	0,25
<b>Metallurgy</b>	8	7	17.640	17.637	5,60	5,52	55.877	33.674	3,17	2,29

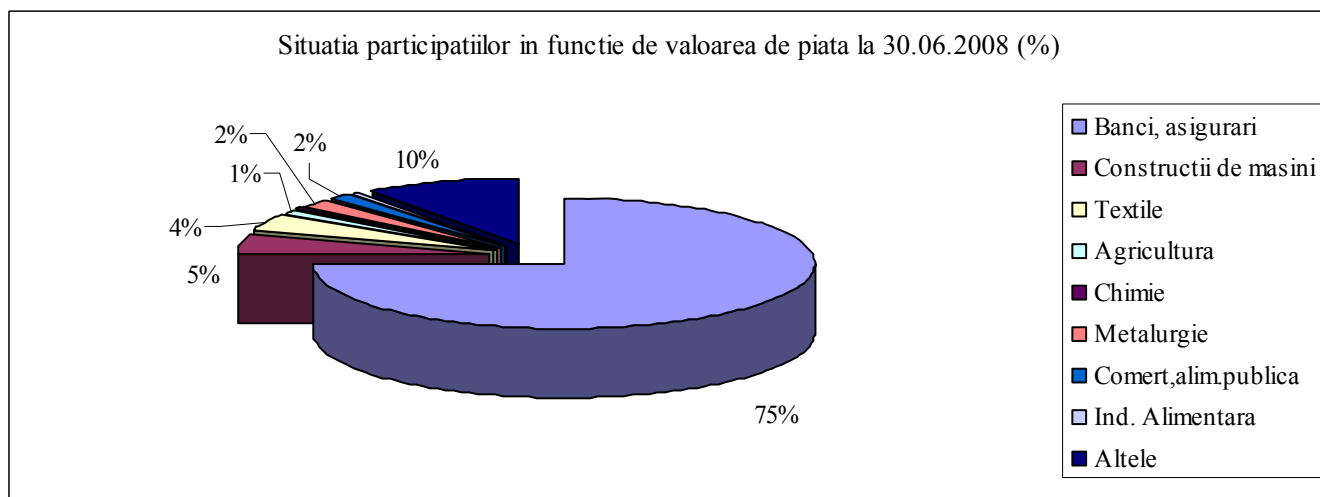
<b>Commerce, restaurants</b>	19	19	8.577	8.991	2,73	2,81	31.006	26.098	1,76	1,77
<b>Food industry</b>	19	18	4.292	4.343	1,36	1,36	7.262	5.632	0,41	0,38
<b>Others</b>	73	75	34.920	42.744	11,10	13,37	158.188	148.143	8,97	10,07
<b>Total</b>	<b>264</b>	<b>255</b>	<b>314.741</b>	<b>319.685</b>	<b>100,00</b>	<b>100,00</b>	<b>1.763.371</b>	<b>1.471.736</b>	<b>100,00</b>	<b>100,00</b>

To the banking companies, Erste Bank was added in the first half of the year; the shares acquired in it do not influence the nominal value, only the market value.



Regarding the nominal value of participations held, the banking / insurance sector is slightly decreasing, from 43,12% in 2007 to 41,96% on Jun 30, 2008.

Also, a slight increase of the weight in the market value of this dominant field of activity was recorded, from 74,71% to 75,03%.



The top 10 companies in the portfolio classified by the market value of the FIC Moldova share as of Jun 30, 2008 are presented in the following table:

Company	City	Field of Activity	Market value of FIC share on 01.01.2008 (thousand RON)	Market value of FIC share on 30.06.2008 (thousand RON)
BRD GSG	Bucuresti	Banking	885.899	758.106
BCR	Bucuresti	Banking	180.498	182.458

BANCA TRANSILVANIA	Cluj	Banking	219.205	131.572
PETROM	Bucuresti	Services related to oil extraction	67.348	44.237
TESATORIILE REUNITE	Bucuresti	Textiles	43.751	35.783
BIOFARM	Bucuresti	Pharmaceuticals	38.334	35.384
MECANICA CEHLAU	Piatra Neamt	Machinery manufacture	47.596	30.490
BANCPOST	Bucuresti	Banking	26.986	27.609
ARCELORMITTAL TUBULAR PRODUCTS ROMAN	Roman	Metallurgy	38.524	19.382
AEROSTAR	Bacau	Machinery manufacture	21.999	16.114

The decrease in market value of all issuers listed in BSE is recorded (in the context of decreases recorded in the latest period, in volume as well as trading prices in the majority of issuers), as well as the increase in value of BCR and Bancpost, as calculated according to NSC Regulation no. 15 / 2004. It is worth noting that in two of the issuers (Mecanica Ceahlau, Tesatoriile Reunite), FIC Moldova is a majority shareholder.

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

Specification	01.01.2008		30.06.2008	
<b>Insignificant shares: % SIF &lt; 10%</b>				
Number of companies	121		122	
Nominal value (thousand RON) / percentage	181.555	57,70	187.860	60,76
<b>Significant shares: 10% ≤ % FIC &lt; 33%</b>				
Number of companies	115		106	
Nominal value (thousand RON) / percentage	102.930	32,70	95.275	29,66
<b>Control shares: 33 % ≤ % SIF &lt; 50 %</b>				
Number of companies	18		18	
Nominal value (thousand RON) / percentage	11.297	3,58	11.297	3,69
<b>Majority shares: % SIF ≥ 50 %</b>				
Number of companies	10		9	
Nominal value (thousand RON) / percentage	18.959	6,02	18.959	5,89
<b>Total shares:</b>				
Number of companies	264		255	
Nominal value (thousand RON) / percentage	314.741	100,00	313.391	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 category in which the FIC Moldova investment is between 10-33%.

#### **II.1.1.b. Investing-disinvesting activity**

##### **Investing in shares - on the primary market**

In the first half of 2008, subscriptions were made by participating in the increase of registered capital of 15 issuers and involved an investment effort of 7.179.603 RON (registering shares partly in the first half of the year and partly in the following period).

### **Investing in shares - on the secondary market**

In the first quarter of 2008, acquisition operations were targeted at the shares of 19 issuers in which 8.825.639 RON were invested (an amount approximately 34% less than the corresponding period of 2007 – in accordance with the prudent attitude imposed by the evolution of the capital market).

### **Investing in shares - on the secondary market**

In the context of the prolonged crisis affecting the internal and external capital markets, FIC Moldova has opted in favour of the identification and exploitation of investment opportunities combining the descending trend of the prices and the fundamentally positive characteristics of issuers listed on the BSE.

In these conditions, in the first half of 2008, acquisition operations carried out on the BSE were targeted at shares with a total acquisition value (including trading commissions) of 34.294.296 RON – increasing by 36% compared to the corresponding period of the preceding year.

We specify that in the case of some issuers, the acquisition programs continued / initiated in the first half of 2008 are producing results consisting of the receipt of free shares (Transilvania Bank, Biofarm, Bermas, Imotrust, Iproeb, Comcm, Vrancart), respectively in the granting of the right to subscribe (at prices below the market quotation) in registered capital increase operations (Banca Transilvania, Ceramica, Broker, Comcm, Transilvania Constructii, Banca Carpatica, Prefab, Prospectiuni).

### **Investment in derivative financial instruments**

In the context of the portfolio diversification policy as well as in order to exploit opportunities, transactions were made on the derivatives market (BMFMS), the allocated amount being 226.351 RON, a profit of 131.870 RON being recorded as of the end of June 2008.

### Degree of fulfillment of the objectives

In relation to the objectives set forth by the General Meeting of Shareholders by the approval of the FIC Moldova development strategy for the 2007 – 2009 period – respectively a yearly investment level of 70 mil. RON, the investments made in the first half year (including those pending registration in the case of subscriptions) amounting to 41.487.639 RON - represent approx. 59% of the annual objective.

### **Disinvesting activity**

As of the end of the first half of 2008 revenue from the sale of securities was recorded amounting to 34.357.171 RON (increasing by 90% compared to the 1<sup>st</sup> half of 2007), with a related profit of 23.710.079 RON (increasing by 85% compared to that recorded in the corresponding period of the preceding year).

### Degree of fulfillment of the objectives

In relation to the objectives set forth for the year 2008: revenue from sales of securities amounting to 107,67 mil. RON, respectively a profit of 82 mil. RON – the degree of fulfillment is 32% of the revenue level, respectively 29% of the profit level.

## II.1.2. PRESENTATION OF THE ECONOMIC AND FINANCIAL STATUS

Financial statements provide information regarding the financial status and performance of the company. These were examined, in view of issuing a revision report, by Deloitte Audit SRL Bucuresti.

Financial statements are drawn up in RON and drafted according to the requirements of Romanian accounting norms, namely: Accounting Law no. 82 / 1991 republished and National Securities Commission Order no. 75 / 2005.

Financial statements recognize investments in the portfolio as of Jun 30, 2008 according to Finance Ministry Order no. 1752 / 2005 based on the historic cost less accumulated adjustments for value losses at the date of the balance sheet in 2007.

**The financial status is reflected in balance sheet items:**

	Row no.	Balance	
		January 1, 2008	June 30, 2008
A	B	1	2
<b>A. NON-CURRENT ASSETS</b>			
<b>I. INTANGIBLE ASSETS</b>			
1. Constitution expenses	01	-	-
2. Development expenses	02	-	-
3. Grants, patents, licenses, trademarks, similar rights and values and other intangible assets	03	63.097	35.731
4. Goodwill fund	04	-	-
5. Advances and pending intangible assets	05	-	-
<b>TOTAL: (row 01 to 05)</b>	<b>06</b>	63.097	35.731
<b>II. TANGIBLE ASSETS</b>			
1. Land and buildings	07	18.602.307	18.338.603
2. Equipment	08	781.757	554.863
3. Other equipment, furniture and fixture	09	127.992	108.334
4. Advances and pending tangible assets	10	-	-
<b>TOTAL: (row 07 to 10)</b>	<b>11</b>	19.512.056	19.001.800
<b>III. FINANCIAL ASSETS</b>			
1. Shares held in affiliated entities	12	-	-
2. Loans granted to affiliated entities	13	-	-
3. Securities in the form of investments	14	-	-
4. Loans granted to entities in which the company is an investor	15	-	-
5. Securities and other financial instruments as assets	16	397.415.727	423.363.956
6. Other claims	17	244.081	276.052
<b>TOTAL: (row 12 to 17)</b>	<b>18</b>	397.659.808	423.640.008
<b>NON-CURRENT ASSETS – TOTAL (row 06 + 11 + 18)</b>	<b>19</b>	417.234.961	442.677.539
<b>B. CURRENT ASSETS</b>			
<b>I. INVENTORY</b>			
1. Consumables	20	22.331	24.887
2. Work in progress	21	-	-
3. Advances for purchase of inventories	22	1.553	8.266
<b>TOTAL: (rd. 20 la 22)</b>	<b>23</b>	23.884	33.153
<b>II. RECEIVABLES (Amounts to be received in more than one year have to be presented separately for each item.)</b>			
1. Trade receivables	24	35.455.334	52.468.100

	Row no.	Balance	
		January 1, 2008	June 30, 2008
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
2. Receivables from companies in the group	25	-	-
3. Receivables from participation interest	26	-	-
4. Other receivables	27	4.701.597	18.174.530
5. Receivables from subscribed and unpaid capital	28	-	-
<b>TOTAL: (row 24 to 28)</b>	<b>29</b>	<b>40.156.931</b>	<b>70.642.630</b>
<b>III. SHORT TERM FINANCIAL INVESTMENTS</b>			
1. Shares held in affiliated entities	30	-	-
3. Other short term financial investments	31	1.070.514	865.114
<b>TOTAL: (row 30 to 31)</b>	<b>32</b>	<b>1.070.514</b>	<b>865.114</b>
<b>IV. CASH AND BANK ACCOUNTS</b>			
<b>CURRENT ASSETS - TOTAL (rd. 23 + 29 + 32 + 33)</b>	<b>34</b>	<b>44.011.868</b>	<b>72.586.370</b>
<b>C. PREPAID EXPENSES</b>	<b>35</b>	<b>72.039</b>	<b>114.041</b>
<b>D. CURRENT LIABILITIES</b>			
1. Loans from bonds issues	<b>36</b>	-	-
2. Notes payable	<b>37</b>	-	-
3. Precollected revenue	<b>38</b>	-	-
4. Accounts payable	<b>39</b>	455.655	65.360
5. Commercial papers payable	<b>40</b>	-	-
6. Liabilities to companies in the group	<b>41</b>	-	-
7. Liabilities involving participation interest	<b>42</b>	-	-
8. Other liabilities, including taxes payable and social security liabilities	<b>43</b>	23.331.654	37.130.798
<b>TOTAL: (row 36 to 43)</b>	<b>44</b>	<b>23.787.309</b>	<b>37.196.158</b>
<b>E. CURRENT ASSETS LESS NET CURRENT LIABILITIES (row 34 + 35 - 44 - 60.2)</b>	<b>45</b>	<b>20.285.356</b>	<b>35.493.236</b>
<b>F. TOTAL ASSETS LESS CURRENT LIABILITIES (rd. 19 + 45 - 60.1)</b>	<b>46</b>	<b>437.520.317</b>	<b>478.170.775</b>
<b>G. NON-CURRENT LIABILITIES</b>			
1. Loans from bonds issues	<b>47</b>	-	-
2. Long term loans	<b>48</b>	-	-
3. Precollected revenue	<b>49</b>	-	-
4. Trade debt	<b>50</b>	-	-
5. Commercial papers payable	<b>51</b>	-	-
6. Liabilities to institutions or companies in the group	<b>52</b>	-	-
7. Liabilities involving participation interest	<b>53</b>	-	-
8. Other liabilities, including tax debt and social security debt	<b>54</b>	-	-
<b>TOTAL: (row 47 to 54)</b>	<b>55</b>	-	-
<b>H. PROVISIONS</b>			
1. Provisions for pensions and similar obligations	<b>56</b>	-	-
2. Provisions for taxes	<b>57</b>	36.355.161	36.014.891
3. Other provisions	<b>58</b>	12.612.155	4.827.751
<b>TOTAL PROVISIONS: (row 56 +57 + 58)</b>	<b>59</b>	<b>48.967.316</b>	<b>40.842.642</b>
<b>I. PRECOLLECTED REVENUE (row60.1+60.2) of which:</b>	<b>60</b>	<b>11.242</b>	<b>11.017</b>
1. Subsidies for investments	<b>60.1</b>	-	-
2. Precollected revenue	<b>60.2</b>	11.242	11.017

	Row no.	Balance	
		January 1, 2008	June 30, 2008
A	B	1	2
<b>J. EQUITY AND RESERVES</b>			
<b>I. EQUITY (row 62 to 63) of which:</b>	<b>61</b>	51.908.959	51.908.959
1. Subscribed and unpaid capital	<b>62</b>	-	-
2. Subscribed and paid capital	<b>63</b>	51.908.959	51.908.959
<b>II. SHARE PREMIUM</b>	<b>64</b>	-	-
<b>III. REVALUATION RESERVES</b>			
Balance C	<b>65</b>	15.541.203	15.540.394
Balance D	<b>66</b>	-	-
<b>IV. RESERVES (row 68 to 73 -74)</b>	<b>67</b>	255.638.137	299.281.003
1. Legal reserves	<b>68</b>	10.381.792	10.381.792
2. Statutory or contractual reserves	<b>69</b>	-	-
3. reserves constituted from free shares/notes	<b>70</b>	101.685.269	99.478.235
4. reserves from fair value evaluation	<b>71</b>	-	-
5. reserves representing surplus from revaluation reserves (acc.1067)	<b>72</b>	1.997.417	1.998.709
6. other reserves (acc.1068)	<b>73</b>	141.573.659	187.422.267
7. treasury shares (acc.109)	<b>74</b>	-	-
<b>V. REPORTED RESULT (acc. 117)</b>			
Balance C	<b>75</b>	-	-
Balance D	<b>76</b>	52.726	-
<b>VI. RESULT OF FISCAL YEAR (acc. 121)</b>			
Balance C	<b>77</b>	65.573.287	70.597.777
Balance D	<b>78</b>	-	-
Profit appropriation (acc. 129)	<b>79</b>	55.859	-
<b>TOTAL EQUITY (row 61 + 64 + 65 - 66 + 67 + 75 - 76 + 77 - 78 - 79)</b>	<b>80</b>	388.553.001	437.328.133

In the first half of 2008, from the **total assets worth** 515.366.933 RON, recorded at historical cost, the weight of **financial non-current assets** (mainly securities of companies in the portfolio) represent 82,20 %. The value of investments is recorded at historical cost, less cumulated adjustments for losses as of the date of the 2007 balance sheet and record a 6,53 % increase, compared to the beginning of the fiscal year.

	<u>January 1, 2008</u>	<u>June 30, 2008</u>	<u>± %</u>
• Investments in companies	397.415.727	423.363.956	6,53
• Other financial instruments	244.081	276.052	13,10
<b>Total</b>	<b><u>397.659.808</u></b>	<b><u>423.640.008</u></b>	<b><u>6,53</u></b>

**Current assets** represent 14,08 % of the total assets and consist 72,28 % of trade receivables, including monetary investments as short term bank deposits and government securities.

**Cash and liquidities** represent 10,39 % of total assets and consist of:

	<b>January 1, 2008</b>	<b>June 30, 2008</b>	<b>± %</b>
• Cash and bank accounts	2.759.891	1.042.601	(62,22)
• Other assets	648	2.872	343,21
• Bank deposits	35.289.949	46.312.833	31,24
• Deposits for material pledges	226.318	233.955	3,37
• Government securities	-	5.954.932	100,00
<b>TOTAL</b>	<b>38.276.806</b>	<b>53.547.193</b>	<b>39,89</b>

**The company's current liabilities as of Jun 30, 2008** amount to 515.366.933 RON, of which:

	<b>January 1, 2008</b>	<b>June 30, 2008</b>	<b>± %</b>
• Non-current liabilities	23.787.309	37.196.158	56,37
• Provisions for risks and expenses	48.967.316	40.842.642	(16,59)
• Owners' equity	388.553.001	437.328.133	12,55

**The company's liabilities as of Jun 30, 2008** represent 7,22 % of the total liabilities and owners' equity and have the following structure:

<b>LIABILITIES</b>	<b>January 1, 2008</b>	<b>June 30, 2008</b>	<b>Due date under 1 year</b>
Trade payables	455.655	65.360	65.360
Commercial papers payable	-	-	-
Other liabilities	23.331.654	37.130.798	37.130.798
<b>TOTAL, of which:</b>	<b>23.787.309</b>	<b>37.196.158</b>	<b>37.196.158</b>
• Suppliers	455.655	65.360	65.360
• to SARA for promissory notes	-	-	-
• Liabilities to government and special funds	1.888.936	3.384.555	3.384.555
• Dividends payable	20.224.011	33.038.433	33.038.433
• Various payables	52.419	71.096	71.096
• Other liabilities to staff and social insurance	340.924	402.130	402.130
• Material pledges	226.964	234.584	234.584
• Payments due for financial investments	598.400	-	-

For the listed liabilities no guarantees were made or mortgages granted. FIC has no outstanding loans.

**Provisions constituted for risks and expenses** represent 7,22 % of the total liabilities and owners' equity and include:

	<b>January 1, 2008</b>	<b>June 30, 2008</b>	<b>± %</b>
• Provisions for deferred tax	36.355.161	36.014.891	(0,93)
• Provisions for the employees and directors' participation in the benefit plans for the 2007 fiscal year	4.827.751	4.827.751	-

• Other provisions	7.784.404	-	(100)
<b>Total</b>	<b>48.967.316</b>	<b>40.842.642</b>	<b>(16,59)</b>

Continuing to apply the prudence principle in the first half of 2008, **provisions and amortization adjustments were created and cancelled**, as follows:

Name of provision	January 1, 2008	Transfers		June 30, 2008
		Incoming	Outgoing	
	1	2	3	4=1+2-3
Provisions for taxes	36.355.161	80.599	420.869	36.014.891
Other provisions	12.612.155	-	7.784.404	4.827.751
Adjustments for receivable devaluation	752.945	3.836	-	756.781
5.a)				
Adjustments for debtors devaluation (note 5.a)	35.360.965	(490)	8.411.711	26.948.764
Adjustments for materials devaluation	523	-	-	523
Adjustments for tangible non-current assets depreciation (note 1)	76.245	-	1.466	74.779
Adjustments for financial non-current assets devaluation (note 11)	63.696.050	-	1.136.074	62.559.976
<b>TOTAL</b>	<b>148.854.044</b>	<b>83.945</b>	<b>17.754.524</b>	<b>131.183.465</b>

• adjustments for receivable devaluation as of June 30, 2008	756.781
• litigations for unpaid dividends	127.864
• bad debts	889
• various	628.028
• adjustments for debtors devaluation as of June 30, 2008	26.948.764
• devaluation provisions for debtors from money orders	26.827.453
• unreceived dividends with irrevocable court decisions	118.835
• various rents with irrevocable decisions	2.476
• <b>Other provisions for:</b>	4.827.751
• benefit participation	4.827.751
• of which: - directors	1.056.015
- employees	3.520.052
- company contribution to FNUASS	251.684

**The adjustments for devaluation and provisions constituted** amounting to 83.945 RON, influenced expense and owner's equity accounts thus:

	<u>Expenses</u>	<u>Owner's Equity</u>
• provisions for taxes	-	80.599
• adjustments for receivable devaluation	3.836	-
• adjustments for debtors devaluation	(490)	-
<b>TOTAL</b>	<b>3.346</b>	<b>80.599</b>

The cancellation of adjustments for devaluation and of provisions amounting to 17.754.524 RON, influenced revenue and owner's equity accounts thus:

	<u>Revenue</u>	<u>Owner's Equity</u>
• provisions for taxes	-	420.869
• other provisions	7.784.404	-
• adjustments for debtors devaluation	8.411.711	-
• adjustments for tangible non-current assets depreciation	1.466	-
• adjustments for financial non-current assets devaluation	-	1.136.074
<b>TOTAL</b>	<b><u>16.197.581</u></b>	<b><u>1.556.943</u></b>

Owners' equity increased in the first half of 2008 by 12,55 %.

The company's financial performance is reflected in the income statement.

Item name	Row no.	June 30, 2007	June 30, 2008
A	B	1	2
<b>A. REVENUE FROM OPERATIONS</b>			
<b>TOTAL (row 02 to 11)</b>	<b>01</b>	<b>68.758.573</b>	<b>99.836.865</b>
1. Revenue from financial assets	<b>02</b>	36.188.916	46.212.524
2. Revenue from short term financial investments	<b>03</b>	-	-
3. Revenue from receivables as assets	<b>04</b>	-	-
4. Revenue from ceded financial investments	<b>05</b>	17.843.545	34.507.164
5. Revenue from services performed	<b>06</b>	-	-
6. Revenue from provisions, reactivated claims and various receivables	<b>07</b>	9.125.663	16.202.165
7. Revenue from exchange rate changes	<b>08</b>	2.750.438	11.825
8. Revenue from interest	<b>09</b>	2.150.662	1.878.743
9. Revenue from non-current assets production	<b>10</b>	-	-
10. Other revenue from operations	<b>11</b>	699.349	1.024.444
<b>B. EXPENSES WITH OPERATIONS</b>			
<b>TOTAL (row 13 to 20)</b>	<b>12</b>	<b>20.239.087</b>	<b>26.176.588</b>
1. Losses related to claims resulting from investments	<b>13</b>	-	-
2. Expenses related to ceded financial investments	<b>14</b>	5.172.371	10.656.567
3. Expenses with exchange rate differences	<b>15</b>	3.651.113	433.698
4. Expenses related to interest	<b>16</b>	-	-
5. Expenses with commissions and fees	<b>17</b>	820.891	1.101.523
6. Expenses with banking and similar services	<b>18</b>	20.073	15.587
7. Depreciations, provisions, losses from claims and various receivables	<b>19</b>	2.492.163	7.993.928
8. Other expenses with operations	<b>20</b>	8.082.476	5.975.285
9. (row 21 + 22 + 23 + 26 + 27)			
a. Expenses with materials	<b>21</b>	278.748	312.667
b. Expenses with electricity and water	<b>22</b>	87.746	99.054
c. Expenses with staff, of which:	<b>23</b>	7.263.144	4.964.047
c1. Salaries	<b>24</b>	6.318.746	3.873.040
c2. Expenses related to insurance and social security	<b>25</b>	944.398	1.091.007

Item name	Row no.	June 30, 2007	June 30, 2008
A	B	1	2
d. Expenses related to external services	26	379.668	463.509
e. Expenses with other taxes and similar payments	27	73.170	136.008
<b>C. OPERATIONAL RESULT</b>			
-profit (row 01-12)	28	48.519.486	73.660.277
-loss (row 12-01)	29	-	-
<b>D. GAINS</b>	30	-	-
<b>E. LOSSES</b>	31	-	-
<b>F. RESULT</b>			
-profit (row 30-31)	32	-	-
-loss (row 31-30)	33	-	-
<b>18. TOTAL REVENUE (row 01 + 30)</b>	34	68.758.573	99.836.865
<b>19. TOTAL EXPENSE (row 12 + 31)</b>	35	20.239.087	26.176.588
<b>G. GROSS MARGIN</b>			
- profit (row 34 - 35)	36	48.519.486	73.660.277
- loss (row 35 - 34)	37	-	-
<b>21. PROFIT TAX</b>			
- tax expense	38	1.905.424	3.062.500
20. Other tax expense	39	-	-
- profit (row 36 - 38 - 39)	40	46.614.062	70.597.777
- loss (row 37 + 38 + 39 ) or (row 38 + 39 -36)	41	-	-

The structure of revenue and expenses in the first half of 2008, compared to the structure of revenue and expenses in the first half of 2007, presents as follows:

REVENUE	First half of 2007	First half of 2008
• financial non-current assets	52,63 %	46,29 %
• ceded financial investments	25,95 %	34,56 %
• interest	3,13 %	1,88 %
• provisions, reactivated claims	13,27 %	16,23 %
• other revenue	5,02 %	1,04 %
<b>TOTAL</b>	<b>100,00 %</b>	<b>100,00 %</b>
<b>EXPENSES</b>	<b>First half of 2007</b>	<b>First half of 2008</b>
• ceded financial investments	25,56 %	40,71 %
• exchange rate variations	18,04 %	1,66 %
• commissions and fees	4,06 %	4,20 %
• depreciations, provisions	12,31 %	30,54 %
• materials	1,38 %	1,19 %
• electricity and water	0,43 %	0,38 %
• expenses with staff	35,89 %	18,96 %
• external services	1,88 %	1,77 %
• taxes and similar payments	0,36 %	0,52 %
• banking services	0,09 %	0,07 %
<b>TOTAL</b>	<b>100,00 %</b>	<b>100,00 %</b>

As seen in the data presented for the first half of 2008, the largest weight in the total revenue is held by revenue from financial non-current assets ceded financial investments 46,29 % and revenue from ceded financial investments 34,56 %.

In the first half of 2008, the largest weight in the total expenses is held by expenses with ceded financial investments 40,71 %, expenses with depreciations and provisions 30,54 %, expenses with staff 18,96 %.

In order to achieve comparability of data, we specify that in the first half of 2008, unlike in the first half of 2007, no costs were incurred related to the directors' and employees' participation in benefit plans. In the context of revenues and expenses being influenced by the cancellation of the provision and its transformation in a certain expense (4.827.751) RON, the compared structure of revenue and expenses presents as follows:

<b>REVENUE</b>	<b>First half of 2007</b>	<b>First half of 2008</b>
• financial non-current assets	52,63 %	44,15
• ceded financial investments	25,95 %	32,97
• interest	3,13 %	1,80
• provisions, reactivated claims	13,27 %	20,10
• other revenue	5,02 %	0,98
<b>TOTAL</b>	<b>100,00 %</b>	<b>100,00 %</b>
<b>EXPENSES</b>	<b>First half of 2007</b>	<b>First half of 2008</b>
• ceded financial investments	25,56 %	34,37
• exchange rate variations	18,04 %	1,40
• commissions and fees	4,06 %	3,55
• depreciations, provisions	12,31 %	25,78
• materials	1,38 %	1,01
• electricity and water	0,43 %	0,32
• expenses with staff	35,89 %	31,58
• external services	1,88 %	1,50
• taxes and similar payments	0,36 %	0,44
• banking services	0,09 %	0,05
<b>TOTAL</b>	<b>100,00 %</b>	<b>100,00 %</b>

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

• first half of 2007	29,44 %
• first half of 2008	26,22 %

**Net sales** realized by FIC Moldova from the securities trading activity amount to **23.850.597 RON**.

**Gross total revenue** realized amounts to 99.836.865 RON.

Expense items recorded exceeding 20% of net sales are:

• Depreciations, provisions, losses from receivables and various debtors	7.993.928
○ depreciations	601.811
○ provisions	3.346
○ losses from receivables and various debtors	7.388.771

Losses from receivables and various debtors arise from the liquidation of companies whose debts to FIC could not be settled and for which devaluation adjustments were constituted in previous fiscal years. The registration of these expenses does not influence the size of the net profit for the first half of 2008.

• Expenses with staff	4.964.047
○ Salaries	3.873.040
○ Expenses with insurance and social security	1.091.007

In the first half of 2007, provisions were constituted which influenced expenses with 3.346 RON and revenue, by cancellations of adjustments, by 16.197.581 RON.

**Dividends** declared by FIC Moldova for the 2007 fiscal year amounted to 25.954.480 RON, of which as of June 30, 2008, 9.072.790 RON have been paid to shareholders.

## CASH FLOW STATEMENT

ITEM / PERIOD	First half of 2007	2007	First half of 2008
<b>1. Cash at beginning of period (a+b)</b>	<b>61.344.938</b>	<b>25.348.344</b>	<b>38.276.158</b>
<b>a. Current accounts</b>	3.245.281	12.018.895	2.759.890
<b>b. Financial investments - DEPOSITS</b>	58.099.657	13.329.449	35.516.268
<b>A. Operations (2-3)</b>	<b>(11.649.528)</b>	<b>(325.158)</b>	<b>(8.745.555)</b>
<b>2. Cash inflows</b>	<b>991.578</b>	<b>824.997</b>	<b>2.047.345</b>
- rent + utilities	740.459	128.124	1.010.173
- various debtors, restitution of advances	32.302	681.593	615.095
- inflows from sale of merchandise	71.515	10.216	66.615
- amounts pending discount	21.800	-	-
- amounts pending resolution	1	-	1.884
- restitution of taxes	255	-	-
- suppliers	0	2.000	401
- other inflows	93.688	2.000	348.305
- receipt of material pledges	31.559	1.063	4.872
<b>3. Cash outflows</b>	<b>12.641.106</b>	<b>1.150.155</b>	<b>10.792.900</b>
- Expenses with employees + collaborators / material pledges	6.093.627	794.156	4.885.587
- suppliers	1.799.564	294.473	2.182.999
- profit tax	4.269.981	-	2.941.880
- local taxes	67.855	-	106.083
- VAT	107.382	20.267	146.896
- discount advances	109.169	24.624	84.750
- banking commissions	20.069	2.731	15.587
- wares supply	47.992	11.374	66.249
- restitution of pledges	78.852	-	-
- amounts pending discount	23.697	-	1.071
- amounts pending resolution	-	-	1.884
- other payments	3.500	-	347.334
- exchange rate variations	616	31	79
- sponsorships	18.800	2.500	12.500
<b>B. Investment activity (4-5)</b>	<b>21.714.970</b>	<b>15.697.846</b>	<b>34.704.402</b>
<b>4. Cash inflow</b>	<b>51.652.559</b>	<b>16.442.946</b>	<b>67.302.080</b>
- deposit interest	1.986.617	68.500	1.663.040
- checking account interest	229.745	41.555	92.830
- government securities interest	90.799	-	34.368
- bonds interest + coupon	237.954	-	171.713
- receipt from sale of shares	5.234.296	2.252.535	4.604.813

ITEM / PERIOD	First half of 2007	2007	First half of 2008
- receipt from BSE transactions	10.067.977	14.024.056	20.571.987
- dividends from portfolio companies	33.805.172	56.300	40.163.329
<b>5.Cash outflow</b>	<b>29.937.589</b>	<b>745.100</b>	<b>32.597.678</b>
- acquisitions of fixed assets	31.205	-	134.456
- acquisitions of securities by capital increases	8.371.593	128.198	6.153.035
- acquisitions of securities through BSE	21.534.792	616.902	26.310.187
<b>C. Financing activity (6-7)</b>	<b>(12.583.685)</b>	<b>(2.444.874)</b>	<b>(10.690.684)</b>
<b>6. Cash inflow</b>	<b>6.056</b>	-	<b>2.513</b>
- return of dividends	6.056	-	2.513
<b>7.Cash outflow</b>	<b>12.589.741</b>	<b>2.444.874</b>	<b>10.693.197</b>
- shareholder dividends	12.589.741	700.820	10.693.197
- dividend tax	-	1.744.054	-
<b>TOTAL CASH FLOW (A+B+C)</b>	<b>(2.518.243)</b>	<b>12.927.814</b>	<b>15.268.163</b>
<b>CASH AT END OF PERIOD</b>	<b>58.826.695</b>	<b>38.276.158</b>	<b>53.544.321</b>
<b>a. cash office - RON</b>	4.773	4.099	3.393
<b>b. banks – RON</b>	2.970.076	2.982.102	1.032.739
<b>c. banks - foreign currency</b>	9	8	6.469
<b>d. deposits</b>	55.851.837	35.289.949	46.312.833
<b>e. deposit pledges</b>	-	-	233.955
<b>f. government securities</b>	-	-	5.954.932

## II.1.3. RISK MANAGEMENT

### II.1.3.a. Description of the Company's exposure to risk

By nature of its activities, FIC Moldova is exposed to various risks, among which there are the exchange rate risk, the economic environment risk, the interest risk, the credit risk, the liquidity risk and the tax risk. The management aims at reducing the potentially adverse effects, associated to these risk factors, on the financial performance of the company.

#### a) Exchange rate risk

Most of the Company's financial assets and liabilities are expressed in the domestic currency, therefore the exchange rate fluctuations do not affect operations significantly. Exposure to the exchange rate fluctuations is mainly caused by the debts and receivables generated by the promissory notes denominated in US dollars and Euros.

#### b) 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.

#### c) Interest rate risk

Most of the Company's financial assets and liabilities do not bear interest, therefore the market interest rate fluctuations do not significantly affect FIC Moldova's operations. The surplus of cash or

equivalents available is invested in short term investment securities with maturity of up to 3 or 6 months.

**d) Credit risk**

FIC can be exposed to the credit risk related to financial instruments, generated by the possible failure of a third party to pay its liabilities to the Company.

FIC does not have a formal policy to cover the credit risk.

**e) Liquidity risk**

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

FIC does not have a formal policy to cover the liquidity risk.

**f) 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 and penalties.

Fiscal legislation in Romania, as well as the fiscal measures enforcement, change frequently and are subject to interpretations, sometimes different, of various authorities. 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 reviewed.

The Company's management considers that it recorded correct values in the accounts related to taxes and other debts to the state, although there is a risk that the authorities have a different view on these issues. The 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 June 2008, may be subject to a later check.

**II.1.3.b. Compliance with legal regulations regarding ownership limitations**

**Compliance with the provisions of art. 188 of National Securities Commission Regulation no. 15/2004**

Portfolio exposure as of Jun 30, 2008, according to the net asset value calculated and certified by the depository, BRD – GSG Bucuresti, was 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))	26.097.971,29	1,665	
<b>TOTAL</b>	<b>26.097.971,29</b>	<b>1,665</b>	<b>&lt; or = 20%</b>

**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 Jun 30, 2008, the 10% threshold provided is exceeded in the following holdings:

- o BRD Bucuresti – 48,372% of total assets

for which the provisions of the following paragraph apply:

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

**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
<b>BT GROUP</b> , of which:			
TLV shares	131.572.219,32	8,395	
BT Maxim and BT Invest 1 shares	3.487.758,00	0,222	
<b>GROUP TOTAL</b>	<b>135.059.977,32</b>	<b>8,617</b>	<b>&lt; or = 50%</b>

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

**d) The weight of derivative financial instruments, excepting those traded 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.**

As of 30.06.2008 the weight thereof was 0,088% (1.376.249,46 RON/1.567.242.936,89 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 2,966 % (46.487.012,81 RON/1.567.242.936,89 RON).

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

The value of the derivative financial instruments = 24.612,40 RON < net assets value = 1.530.035.761,89 RON.

**h) The weight of total participations in the Association of Collective Investment Organizations (AOPC) may not exceed 50% of the total assets.**

AOPC name	Asset value (RON)	Weight in total assets (%)	Limit imposed
XFOA shares	14.783,50	0,001	
BT Invest 1 securities	1.235.758,00	0,078	
<b>TOTAL AOPC</b>	<b>1.250.541,50</b>	<b>0,079</b>	<b>&lt; or = 50%</b>

The actual weight does not exceed the limit imposed.

## **II.2. ACHIEVEMENT OF NON-FINANCIAL OBJECTIVES IN THE 1ST HALF OF 2008**

### **II.2.1. STATUS OF LITIGATIONS**

In the first half of 2008, 211 litigations were recorded with various objects, of which 39 cases were solved and 172 cases remained in court as of Jun 30, 2008. Of the 211 litigations recorded in the Jan 1 - Jun 30, 2008 period, in 178 cases FIC Moldova was a plaintiff and in 33 cases it was a defendant.

Also during this half year, 132 legality approvals were granted and 30 files were constituted involving juridical consultancy and assistance for various projects undertaken by the Company or by FIC Moldova departments.

As a consequence of diligences undertaken, in the period under review, receivables were recovered amounting to 1.480.128,77 RON.

#### **I. Litigations in which FIC Moldova is a plaintiff**

- total litigations = 178 cases, of which 151 cases are in court in various judicial stages and 27 cases are solved;
- value of litigations in RON = 25.246.830,40 RON, of which:
  - the amount of 188.919,77 RON - recovery of overdue dividends;
  - the amount of 20.274.402,52 RON - insolvency procedure;
  - the amount of 4.783.508,11 RON - claims.
- value of litigations in foreign currency = 22.775.397,89 USD by category of object, as follows:
  - the amount of 2.650.303,66 USD - insolvency procedure;
  - the amount of 3.737.611,44 USD - 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 = 70 cases, of which 51 cases in court in various stages of litigation and 19 finalized during the 1<sup>st</sup> half of 2008 (annex IV.6.1).

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 = 6 cases, of which one was finalized during this half year, 5 cases remaining in court or in the foreclosure phase and pending resolution. (annex IV.6.2).

From the cases in court, three cases were promoted during this half year. As a consequence of efforts undertaken in the first half year, in these cases receipts were made amounting to 98.830,22 RON.

3. Litigations involving the insolvency procedure = 26 cases in court (annex IV.6.3).

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. The majority of these litigations are pending resolution in lower court.

4. Litigations involving various monetary claims = 22 cases in court (annex IV.6.4).

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.

The foreclosure procedure was initiated against natural persons liable for the prejudices incurred by FIC as well as against juridical persons guaranteeing the banking liabilities of issuers of promissory notes endorsed by the former Private Property Fund II Moldova.

As a consequence of efforts undertaken, receipts were made during the judicial procedure amounting to 1.381.298,55 RON.

5. Litigations with various objects = 10 cases, of which two were solved during this half year and eight are still in court (annex IV.6.5).

As a consequence of efforts undertaken, receipts were made amounting to 581.525,00 RON, completely recovering the receivable from the debtor Asociatia PAS Tranzitour.

6. Litigations involving draft oppositions and contestations to the foreclosure of promissory notes endorsed by FPP II Moldova = 26 cases.

Litigations involving draft oppositions have no monetary value, the cases involving matters of form of the issuance of the promissory notes.

Most of the litigations involving contestations to the foreclosure by the State Assets Recovery Agency - SARA (AVAS) based on promissory notes are in the lower court or the appeal phase.

Up to Jun 30, 2008, in 6 cases rulings favourable to FIC Moldova were pronounced, the rulings being appealed against by SARA, and in 7 cases FIC's dispute was rejected, these decisions being appealed against by FIC Moldova. The rulings are not final. (annex IV.6.6).

7. Criminal litigations = 7 cases in court in preliminary investigations or in criminal prosecution (annex IV.6.7).

## **II. Litigations in which FIC MOLDOVA is a defendant**

- total litigations = 33 cases, of which:
  - 21 cases are in court in various judicial stages;
  - 12 cases were solved.
- value of litigations in court:
  - 52.028,80 RON - claims;
  - 1.940.000 USD - SARA direct actions;

### **Litigations in this category are classified thus:**

1. Litigations with various objects and claims files = 20 cases in court in various judicial stages and 4 cases solved (annex IV.6.8).

There are 16 cases involving various issues, referring to requests by third parties to establish the nullity of sale contracts, obligations to do or financial claims.

Besides the cases mentioned above there are 3 more, involving goods not in FIC Moldova's patrimony, involving the claim of 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 = 9 cases, against SARA București, of which 8 cases solved (annex IV.6.9).

Except for the case involving S.C. Symbol Electronica S.R.L. Bacau in which SARA prevailed, the other cases received final and irrevocable rulings in favour of FIC Moldova.

## **II.2.2. RELATIONS WITH SHAREHOLDERS AND CAPITAL MARKET INSTITUTIONS**

### **COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

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, 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 2008 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](http://www.sifm.ro).

- annual report on Dec 31, 2007 – transmitted to NSC and BSE (according to the financial calendar), posted on the company website ([www.sifm.ro](http://www.sifm.ro)) and available in written form, according to the press release regarding the provision to shareholders (the “Bursa” newspaper of Apr 29, 2008), in compliance with Law 297 / 2004 and NSC regulations no. 15 / 2004 and 1 / 2006.

- quarterly report on Mar 31, 2008 transmitted to NSC and BSE (according to the financial calendar), included in the [www.sifm.ro](http://www.sifm.ro) website and available in written form, according to the press release regarding the provision to shareholders (the “Bursa” newspaper of May 15, 2008), 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 and Extraordinary General Meetings of Shareholders of Apr 23 / 24, 2008 – reports regarding the preparation, preliminary financial results, non-audited financial statements and the Board of Directors’ Report for the year 2007, convocation, informative materials, decisions, notifications, etc.;

- significant transactions – sale / acquisition / subscription of shares of - SC TARA DE SUS SA Suceava; SC CONFARG SA Curtea de Arges, CNTEE TRANSELECTRICA SA Bucuresti, BANCA TRANSILVANIA SA Cluj-Napoca, SC TURISM FELIX SA Baile Felix, SC DONARIS SA Tulcea, SC MECANEX 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, notifications regarding notices / communications / foreclosures / SARA litigations.

### ***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.

- organization and conduct of the General Meeting of Shareholders of Apr 23 / 24, 2008:  
All steps were taken to inform shareholders and provide them with documents related to the organization and conduct of the Ordinary and Extraordinary General Meetings of Shareholders of Apr 23 / 24, 2008:
  - preliminary financial results (“Bursa” newspaper of 11.02.2008)
  - the convocation of the general meetings (“Bursa” newspaper and Deșteptarea local newspaper of Feb 25, 2008, the Official Gazette part 4, no. 1121/26.02.2008);

- informative materials related to the agenda accompanies by the Board of Directors' report for the year 2007 together with the unaudited financial statements (on Feb 27, 2008) and in the final draft (on Apr 1, 2008), drafted and provided in compliance with the stages set forth in the Convocation (according to Law 31 / 1990R modified by Law 441 / 2006, Law 297 / 2004 and NSC Regulations no. 1 / 2006 and no. 15 / 2004);
- A new possibility was created for shareholders to participate in general meetings by implementing the voting by electronic correspondence system, which enabled the expression and participation of shareholders regardless of the country of residence, language spoken or means of interaction (direct or through intermediaries).
- the decisions of the Ordinary General Meeting of Shareholders of Apr 24, 2008 (“Bursa” newspaper of Apr 25, 2008, the Official Gazette part 4, no. 2831/22.05.2008);
- reports of the Board of Directors : annual report and the 1st quarterly report of 2008 (shareholders were informed of the publishing of the aforementioned reports through press releases published in the Bursa newspaper of Apr 29, 2008 and May 15, 2008);
- information regarding the payment of dividends (Bursa newspaper of Jan 15, 2008 and Jun 3, 2008);
- significant transactions (press releases published in the “Bursa” newspaper);
- other events.

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

Information subject to shareholder information obligations are published on the Company website in Romanian and English language.

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.

**Appropriation and payment of dividends from the 2007 fiscal year towards shareholders** is being carried out according to decisions adopted by the Ordinary General Meeting of Shareholders of April 24, 2008: payment of dividends through the pay office (shareholders – natural persons), bank transfer – on request (natural and juridical persons) and by money order (for natural person shareholders holding more than 95 shares and less than 30.000 shares).

Status of amounts paid and pending payment (by money order) from the date of the GMS 2008 and up to **Jun 30, 2008** is as follows:

Payment:	Dividend for 2005		Dividend for 2006		Dividend for 2007	
	<i>(0.0670 RON/share)</i>		<i>(0.0630 RON/share)</i>		<i>(0.0500 RON/share)</i>	
	No. of shareholders	RON	No. of shareholders	RON	No. of shareholders	RON
after the GMS of 2006	121.470	27.707.157,94				
after the GMS of 2007	7.397	478.076,31	92.858	26.732.535,78		
after the GMS of 2008	12.384	509.915,52	16.435	753.701,92	72.388	9.072.789,65
<b>TOTAL paid up to 30.06.2008</b>	<b>141.251</b>	<b>28.695.149,77</b>	<b>109.293</b>	<b>27.486.237,70</b>	<b>72.388</b>	<b>9.072.789,65</b>
Dividend due		34.779.003,00		32.702.644,04		25.954.480,00
% paid		82,51%		84,05%		34,96%

All information regarding the payment of dividends (decisions, methods of payment, necessary documents, payment data) was published in the press and posted on the company website [www.sifm.ro](http://www.sifm.ro) .

## **II.2.3. INTERNAL AUDITING AND CONTROL ACTIVITY**

### ***The internal auditing activity***

The internal audit functions in direct subordination to the Board of Directors, exercising a distinct and independent function to the Company's activities. The internal auditing activity is carried out in the internal auditing department, by persons employed by FIC Moldova.

The internal auditing activity is carried out on the basis of the engagement plan agreed in compliance with the company's objectives. The plan for the internal auditing activities and the necessary resources are validated by the Auditing Committee and approved by the Board of Directors. Also, significant changes arising are subject to validation and approval.

The auditing plan for 2008 was approved in the meeting of the Board of Directors of Feb 22, 2008.

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.

The internal auditing activity is carried out based on specific procedures drafted for this purpose.

FIC Moldova's main activities subjected to the internal audit in the 1st half of 2008, according to the internal auditing plans for 2007 and 2008, are concerned with:

- non-current assets;
- the inventory of assets and liabilities, the evaluation of asset and liability items on occasion of the inventory;
- the drafting of yearly financial reports for Dec 31, 2007;
- the drafting of half year financial reports.

The internal audit reports regularly to the Audit Committee and to the Board of Directors about the purpose of the auditing activity, the authority, responsibility and execution according to its plan. The reports include significant risks and control and leadership issues, as well as other issues requested by the Board of Directors.

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 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 2008, approved in the meeting of the Board of Directors of FIC Moldova of Feb 22, 2008 and sent to NSC with no. 519 of Feb 29, 2008, the activity of the Internal Control Department in the first quarter of 2008 consisted of the following:

1. In the Jan 3, 2008 – Jan 23, 2008 period, a review was carried out regarding 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, 2007 – Dec 31, 2007)

2. In the Feb 25, 2008 – Apr 18, 2008 period, a review regarding compliance with NSC regulations regarding the FIC Moldova investment policy was carried out. Compliance with the provisions of art. 188 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: Apr 1, 2007 – Mar 31, 2008).

3. In the Apr 28, 2008 – May 23, 2008 period, a review was carried out regarding compliance by FIC Moldova with NSC regulations regarding privileged information.

The following issues were reviewed:

- a) The list of persons with access to privileged information;
- b) Reports regarding privileged information mandated by art. 226 para. (1) of Law no. 297/2004 regarding the capital market;
- c) Reports regarding the information mentioned in art. 224 para. (5) of Law no. 297/2004 regarding the capital market;
- d) Quarterly reports;
- e) Half year reports;
- f) Yearly reports;
- g) Monthly value of net assets;
- h) Other reports;
- i) Notification of operations carried out on account of initiated persons.

Period under review: May 1, 2007 – Apr 30, 2008.

4. In the Jun 2, 2007 – Aug 14, 2008 period, a review was carried out regarding compliance with regulations regarding the evaluation of assets held by FIC Moldova.

Compliance with the provisions of article 202 para. (1)-(10) of NSC Regulation no. 15/2004 and article 203 of NSC Regulation no. 15/2004.

Period under review: Jul 1, 2007 – May 31, 2008.

5. Permanent activities of the Internal Control Department :

- a) Dilligences for the avoidance and proposals for the remedy of situations of non-compliance with laws and regulations in force relevant to the capital market or internal regulations and procedures by FIC Moldova or its employees;
- b) Informing FIC Moldova and its employees about the legal regulations applicable to the capital market;
- c) Monitoring of compliance with prudence regulations;
- d) Testing the effectiveness of the information system and of internal procedures;
- e) Verification and validation of documents and reports transmitted to NSC and capital market entities;
- f) Verification and validation of informative and advertising materials;
- g) Analysis and approval of internal documents comprising operations subjected to the internal control visa;
- h) Highlighting and monitoring the resolution of complaints;
- i) Verification of the effectiveness of the risk control system.

Violations and recommendations were remedied / implemented during current controls.

### **III. IMPORTANT EVENTS**

Important events in the first half of 2008 were subject to current / continuous and periodic reports, being brought to the attention of market institutions and shareholders by reports, publication in national newspapers and on the company website [www.sifm.ro](http://www.sifm.ro), in compliance to legal regulations in force, as mentioned in chapter II.2.2.

In the 1st half of 2008 significant transactions were undertaken (worth more than \$500.000), reported to BSE / NSC published in the press and on the Company website [www.sifm.ro](http://www.sifm.ro) in the module Press releases / 2008.

	<b>Significant transaction</b>	<b>Transmitted to BSE / NSC</b>	<b>Published in the press on:</b>
1	Sale of shares SC TARA DE SUS SA Suceava	431/21.02.2008	Bursa newspaper 22.02.2008
2	Sale of shares SC CONFARG SA Curtea de Arges	869/04.04.2008	Bursa newspaper 07.04.2008
3	Purchase of shares CNTEE TRANSELECTRICA SA Bucuresti	1194/14.05.2008	Bursa newspaper 15.05.2008
4	Purchase of shares BANCA TRANSILVANIA SA Cluj-	1282/20.05.2008	Bursa newspaper

	Napoca		21.05.2008
5	Sale of shares SC TURISM FELIX SA Baile Felix	1395/30.05.2008	Bursa newspaper 02.06.2008
6	Purchase of shares CNTEE TRANSELECTRICA SA Bucuresti	1437/05.06.2008	Bursa newspaper 06.06.2008
7	Purchase of shares CNTEE TRANSELECTRICA SA Bucuresti	1462/10.06.2008	Bursa newspaper 11.06.2008
8	Sale of shares SC DONARIS SA Tulcea	1469/10.06.2008	Bursa newspaper 11.06.2008
9	Sale of shares SC MECANEX SA Botosani	1506/13.06.2008	Bursa newspaper 16.06.2008
10	Subscription of shares BANCA TRANSILVANIA SA Cluj-Napoca	1614/26.06.2008	Bursa newspaper 27.06.2008

**Vicepresident,  
Costel CEOCEA**

**Financial Manager,  
Liana MARIN**