



SOCIETATEA DE INVESTIȚII FINANCIARE

ROMÂNIA, BACĂU - Cod: 600164 Strada Pictor Aman 94C, Capital social: 51.908.958,8 lei
CUI: 2816642-R; Of.Reg.Com.: J04/2400/92; Autorizare CNVM: 1902/30.08.99; Nr.inreg-ANSPDCP - 3449
Reg.CNVM: PJR09SIIR/040001/14.12.05; Depozitar: B.R.D.-G.S.G., București
Telefon: 0234-57.67.40*; Fax: 0234-57.01.01; 57.00.62; 57.64.91; E-mail: sifm@sifm.ro; Web site: www.sifm.ro

FIC MOLDOVA S.A.

PRELIMINARY NON-AUDITED FINANCIAL STATEMENTS ON DECEMBER 31, 2006

**DRAFTED IN COMPLIANCE WITH
ACCOUNTING LAW NO. 82 / 1991 - REPUBLISHED
NATIONAL SECURITIES COMMISSION
ORDER NO. 75 / 2005**

| CONTENTS | PAGE |
|---|-------------|
| BALANCE SHEET | 1 - 5 |
| INCOME STATEMENT | 6 - 8 |
| INFORMATIVE DATA | 9 - 10 |
| STATEMENT OF CHANGES IN EQUITY | 11 - 13 |
| CASH FLOW STATEMENT | 14 - 15 |
| NOTES TO THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES | 16 - 50 |

FIC MOLDOVA
BALANCE SHEET
ON DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

| | Row | Balance | |
|--|----------|-----------------|-------------------|
| | | January 1, 2006 | December 31, 2006 |
| A | B | 1 | 2 |
| A. NON-CURRENT ASSETS | | | |
| I. INTANGIBLE ASSETS | | | |
| 1. Constitution expenses (acc. 201 - 2801) | 01 | - | - |
| 2. Development expenses (acc. 203 - 2803 - 2903) | 02 | - | - |
| 3. Grants, patents, licences, trademarks, similar rights and values and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908) | 03 | 96.375 | 128.439 |
| 4. Goodwill fund (acc. 2071 - 2807 - 2907) | 04 | - | - |
| 5. Advances and pending intangible assets (acc. 233 + 234 - 2933) | 05 | 138.103 | - |
| TOTAL: (row 01 to 05) | 06 | 234.478 | 128.439 |
| II. TANGIBLE ASSETS | | | |
| 1 Land and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912) | 7 | 8.801.686 | 8.501.896 |
| 2. Equipment (acc. 213 - 2813 - 2913) | 8 | 487.948 | 311.586 |
| 3. Furniture and fixture (acc. 214 - 2814 - 2914) | 9 | 159.953 | 120.699 |
| 4. Advances and pending tangible assets (acc. 231 + 232 - 2931) | 10 | - | - |
| TOTAL: (row 07 to 10) | 11 | 9.449.587 | 8.934.181 |
| III FINANCIAL ASSETS | | | |
| 1. Shares held in affiliated entities (t. 261 - 2961) | 12 | - | - |
| 2. Loans granted to affiliated entities (acc. 2671 + 2672 -2965) | 13 | - | - |
| 3. Securities in the form of investments (acc. 263 - 2963) | 14 | - | - |
| 4. Loans granted to entities in which the company is an investor (acc. 2675 + 2676 - 2967) | 15 | - | - |
| 5. Securities and other financial instruments as assets (acc. 262 + 264 + 265+ 266 - 2696 - 2962 - 2964) | 16 | 257.719.356 | 321.282.334 |
| 6. Other claims (acc. 2673 + 2674 + 2678 + 2679 - 2966 -2969) | 17 | 120.463 | 102.350 |
| TOTAL: (row 12 to 17) | 18 | 257.839.819 | 321.384.684 |
| TOTAL NON-CURRENT ASSETS (row 06 + 11 + 18) | 19 | 267.523.884 | 330.447.304 |

FIC MOLDOVA
BALANCE SHEET
ON DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

| A | Row B | Balance | |
|--|----------|----------------------|------------------------|
| | | January 1, 2006 1 | December 31, 2006 2 |
| B. CURRENT ASSETS | | | |
| I. INVENTORY | | | |
| 1. Consumables (acc. 302 + 303 +/- 308 + 351 -392 -395) | 20 | 18.040 | 19.193 |
| 2. Work in progress (acc. 332 - 394) | 21 | - | - |
| 3. Advances for inventory purchase (acc. 4091) | 22 | - | 13.365 |
| TOTAL: (row 20 to 22) | 23 | 18.040 | 32.558 |
| II. RECEIVABLES (Amounts to be received in more than one year have to be presented separately for each item.) | | | |
| 1. Notes receivable (acc. 2675* + 2676*+2678*+2679* – 2966* – 2969* + 4092 + 411 + 413 + 418 – 491) | 24 | 105.283.804 | 58.612.587 |
| 2. Receivables from companies in the group (acc. 4511 + 4518 - 4951) | 25 | - | - |
| 3. Receivables from participation interest (acc. 4521 + 4528 - 4952) | 26 | - | - |
| 4. Other Receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187) | 27 | 19.449.074 | 2.042.496 |
| 5. . Receivables from subscribed and unpaid capital (acc. 456 - 4953) | 28 | - | - |
| TOTAL: (row 24 to 28) | 29 | 124.732.878 | 60.655.083 |
| III. SHORT TERM FINANCIAL INVESTMENT | | | |
| 1. Shares held in affiliated entities (acc. 501 - 591) | 30 | - | - |
| 3. Other short term financial investments (acc. 5031 + 5032 + 505 + 5061 + 5062 + 5071 + 5072 + 5081 + 5082 + 5088 + 5089 - 593 - 595 - 596 - 597 - 598 + 5113 + 5114) | 31 | 5.624.145 | 5.020.619 |
| TOTAL: (row 30 to 31) | 32 | 5.624.145 | 5.020.619 |
| IV. CASH AND BANK ACCOUNTS (acc. 5112 + 5121 + 5122 + 5123 + 5124 + + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542) | 33 | 73.806 | 3.250.105 |
| TOTAL CURRENT ASSETS (row 23 + 29 + 32 + 33) | 34 | 130.448.869 | 68.958.365 |
| C. PREPAID EXPENSES (acc. 471) | 35 | 48.654 | 116.815 |

FIC MOLDOVA
BALANCE SHEET
ON DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

| | Row | Balance | |
|--|-----|-----------------|-------------------|
| | | January 1, 2006 | December 31, 2006 |
| A | B | 1 | 2 |
| D. CURRENT LIABILITIES | | | |
| 1. Loans from bonds issues (acc. 1614 + 1615 + 1617 + 1618 + 1681 - 169) | 36 | - | - |
| 2. Notes payable (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198) | 37 | - | - |
| 3. Precollected revenue (acc. 419) | 38 | - | - |
| 4. Accounts payable (acc. 401 + 404 + 408) | 39 | 248.435 | 400.879 |
| 5. Commercial papers payable (acc. 403 + 405) | 40 | 22.749.096 | 5.083.848 |
| 6. Liabilities to companies in the group (acc. 1661 + 1685 + 2691 + 4511 + 4518) | 41 | - | - |
| 7. Liabilities involving participation interest (acc. 1662 + 1686 + 2692 + 2693 + 4521 + 4528) | 42 | - | - |
| 8. Other liabilities, including taxes payable and social security liabilities (acc. 1623 + 1626 + 167 + 1687 + 2698 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 4551 + 4558 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197) | 43 | 17.939.473 | 23.975.448 |
| TOTAL: (row 36 to 43) | 44 | 40.937.004 | 29.460.175 |
| E. CURRENT ASSETS LESS NET CURRENT LIABILITIES (row 34 + 35 - 44 - 60.2) | 45 | 87.830.625 | 39.604.447 |
| F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 19 + 45 - 60.1) | 46 | 355.354.509 | 370.051.751 |
| G. NON-CURRENT LIABILITIES | | - | - |
| 1. Loans from bonds issues (acc. 1614 + 1615 + 1617 + 1618 + 1681 - 169) | 47 | - | - |
| 2. Long term loans (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198) | 48 | - | - |
| 3. Precollected revenue (acc. 419) | 49 | - | - |
| 4. Trade debt (acc. 401 + 404 + 408) | 50 | - | - |
| 5. Commercial papers payable (acc. 403 + 405) | 51 | - | - |
| 6. Liabilities to institutions or companies in the group (acc. 1661 + 1685 + 2691 + 4511 + 4518) | 52 | - | - |

FIC MOLDOVA
BALANCE SHEET
ON DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

| | Row | Balance | |
|--|------|-----------------|-------------------|
| | | January 1, 2006 | December 31, 2006 |
| A | B | 1 | 2 |
| 7. Liabilities involving participation interest (acc. 1662 + 1686 + 2692 + 2693 +4521+4528) | 53 | - | - |
| 8. Other liabilities, including tax debt and social security debt (acc. 1623 + 1626 + 167 + 1687 + 2698 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 4551 + 4558 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197) | 54 | - | - |
| TOTAL: (row 47 to 54) | 55 | - | - |
| H. PROVISIONS | | | |
| 1. Provisions for pensions and similar obligations (acc.1515) | 56 | - | - |
| 2. Provisions for taxes (acc. 1516) | 57 | 43.135.744 | 41.437.613 |
| 3. Other provisions (acc.1511+1512+1513+1514+1518) | 58 | 38.620.278 | 20.272.909 |
| TOTAL PROVISIONS: (row 56 +57 + 58) | 59 | 81.756.022 | 61.710.522 |
| I. PRECOLLECTED REVENUE (row60.1+60.2) of which: | 60 | 1.729.894 | 10.558 |
| 1. Subsidies for investments (acc. 131) | 60.1 | - | - |
| 2. Precollected revenue (acc. 472) | 60.2 | 1.729.894 | 10.558 |
| J. EQUITY AND RESERVES | | | |
| I. EQUITY (row 62 to 63) of which: | 61 | 51.908.959 | 51.908.959 |
| 1. Subscribed and unpaid capital (acc. 1011) | 62 | - | - |
| 2. Subscribed and paid capital (acc. 1012) | 63 | 51.908.959 | 51.908.959 |
| II. SHARE PREMIUM (acc. 104) | 64 | - | - |
| III. REVALUATION RESERVES (acc. 105) | | | |
| Balance C | 65 | 6.235.347 | 6.229.774 |
| Balance D | 66 | - | - |
| IV. RESERVES (row 68 to 73 -74) | 67 | 236.255.284 | 259.293.957 |
| 1. Legal reserves (acc. 1061) | 68 | 9.300.275 | 10.325.933 |
| 2. Statutory or contractual reserves (acc. 1063) | 69 | - | - |
| 3. reserves constituted from free shares/notes (acc. 1065*) | 70 | 87.559.073 | 94.158.350 |
| 4. reserves from fair value evaluation (acc.1066) | 71 | - | - |

FIC MOLDOVA
BALANCE SHEET
ON DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

| | Row | Balance | |
|---|-----|-----------------|-------------------|
| | | January 1, 2006 | December 31, 2006 |
| A | B | 1 | 2 |
| 5. reserves representing surplus from revaluation reserves (acc.1067) | 72 | 1.986.012 | 1.991.956 |
| 6. other reserves (acc.1068) | 73 | 137.409.924 | 152.817.718 |
| 7. treasury shares (acc.109) | 74 | - | - |
| V. REPORTED RESULT (acc. 117) | | | |
| Balance C | 75 | - | - |
| Balance D | 76 | 20.801.103 | 56.407.027 |
| VI. RESULT OF FISCAL YEAR (acc. 121) | | | |
| Balance C | 77 | 48.585.106 | 48.341.224 |
| Balance D | 78 | - | - |
| Profit appropriation (acc. 129) | 79 | 48.585.106 | 1.025.658 |
| TOTAL EQUITY (row 61 + 64 + 65 - 66 + 67 + 75 - 76 + 77 - 78 - 79) | 80 | 273.598.487 | 308.341.229 |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
INFORMATIVE DATA - DECEMBER 31, 2006

| Item | Row | December 31, 2005 | December 31, 2006 |
|--|-----------|-------------------|--------------------|
| A | B | 1 | 2 |
| A. REVENUE FROM OPERATIONS | | | |
| TOTAL (row 02 to 11) | 1 | 90.559.196 | 151.022.844 |
| • Revenue from financial assets (acc. 761) | 2 | 30.253.988 | 32.828.453 |
| 1. Revenue from short term financial investments (acc. 762) | 3 | - | - |
| 2. Revenue from receivables as assets (acc. 763) | 4 | 12.630.196 | - |
| 3. Revenue from ceded financial investments (acc. 758* + 764) | 5 | 31.782.098 | 47.700.647 |
| 4. Revenue from services performed (acc.704) | 6 | - | - |
| 5. Revenue from provisions, reactivated claims and various receivables (acc. 754 + 781 + 786) | 7 | 9.017.648 | 59.793.650 |
| 6. Revenue from exchange rate changes (acc. 765) | 8 | 1.647.357 | 2.440.757 |
| 7. Revenue from interest (acc.766) | 9 | 286.382 | 6.012.774 |
| 8. Revenue from non-current assets production (acc. 721 + 722) | 10 | - | - |
| 9. Other revenue from operations (acc.768 + 706 + 708 + 767) | 11 | 4.941.527 | 2.246.563 |
| B. EXPENSES WITH OPERATIONS | | | |
| TOTAL (row 13 to 20) | 12 | 37.042.254 | 97.698.428 |
| 1. Losses related to claims resulting from investments (acc. 663) | 13 | - | - |
| 2. Expenses related to ceded financial investments (acc. 658* + 664) | 14 | 5.124.025 | 12.516.902 |
| • Expenses with exchange rate differences (acc. 665) | 15 | 1.487.494 | 5.408.711 |
| • Expenses related to interest (acc. 666) | 16 | - | - |
| • Expenses with commissions and fees (acc. 622) | 17 | 1.495.609 | 1.881.634 |
| • Expenses with banking and similar services (acc. 627) | 18 | 33.268 | 37.558 |
| • Depreciations, provisions, losses from claims and various receivables (acc. 654 + 681 + 686) | 19 | 18.515.375 | 53.727.518 |

FIC MOLDOVA
INFORMATIVE DATA - DECEMBER 31, 2006

| Item | Row | December 31, 2005 | December 31, 2006 |
|---|------------|--------------------------|--------------------------|
| A | B | 1 | 2 |
| 1. Other expenses with operations (row 21 + 22 + 23 + 26 + 27) | 20 | 10.386.483 | 24.126.105 |
| a. Expenses with materials (acc. 602 + 603 + 604) | 21 | 645.881 | 511.140 |
| b. Expenses with electricity and water (acc. 605) | 22 | 167.320 | 195.948 |
| c. Expenses with staff, of which: (row 24 + 25) | 23 | 5.975.816 | 8.917.451 |
| c1. Salaries (acc. 621 + 641 + 642) | 24 | 4.526.452 | 7.218.804 |
| c2. Expenses related to social security (acc. 645) | 25 | 1.449.364 | 1.698.647 |
| d. Expenses related to external services (acc. 611 + 612 + 613 + 614 + 623 + 624 + 625 + 626 + 628 + 658** + 667 + 668) | 26 | 3.440.699 | 14.292.133 |
| e. Expenses with other taxes and similar payments (acc. 635) | 27 | 156.767 | 209.433 |
| C. OPERATIONAL RESULT | | | |
| -profit (row 01-12) | 28 | 53.516.942 | 53.324.416 |
| -loss (row 12-01) | 29 | | |
| D. GAINS (acc.771) | 30 | | |
| E. LOSSES (acc.671) | 31 | | |
| F. RESULT | | | |
| -profit (row 30-31) | 32 | 0 | - |
| -loss (row31-30) | 33 | 0 | - |
| 1. TOTAL REVENUE (row 01 + 30) | 34 | 90.559.196 | 151.022.844 |
| 2. TOTAL EXPENSE (row 12 + 31) | 35 | 37.042.254 | 97.698.428 |
| G. GROSS MARGIN | | | |
| - profit (row 34 - 35) | 36 | 53.516.942 | 53.324.416 |
| - loss (row 35 - 34) | 37 | | |
| 21. PROFIT TAX | | | |
| - tax expense (acc. 691) | 38 | 5.309.747 | 4.983.192 |
| 22. Other tax expense (acc. 698) | 39 | -377.911 | |

FIC MOLDOVA
INFORMATIVE DATA – DECEMBER 31, 2006

| Item | Row | December 31, 2005 | December 31, 2006 |
|---|------------|--------------------------|--------------------------|
| A | B | 1 | 2 |
| H. NET INCOME | | | |
| - profit (row 36 - 38 - 39) | 40 | 48.585.106 | 48.341.224 |
| - loss (row 37 + 38 + 39) or (row 38 + 39 -36) | 41 | | |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
INFORMATIVE DATA - DECEMBER 31, 2006

| I. DATA REGARDING THE NET INCOME | Row | NO. OF UNITS | AMOUNTS |
|---|------------|---------------------|----------------|
| Units recording profit | 1 | 1 | 48.341.224 |
| Units recording loss | 2 | 0 | 0 |

| II. DATA CONCERNING OVERDUE PAYMENTS | Row | TOTAL (col.2+3) | OF WHICH: | |
|---|------------|------------------------|-----------------------------|--------------------------------|
| | | | FOR CURRENT ACTIVITY | FOR INVESTMENT ACTIVITY |
| | | 1 | 2 | 3 |
| Payments due - total(row 04 + 08 + 14 to 18 + 22). of which : | 3 | 11.236.615 | 11.236.615 | - |
| Suppliers - total(row 05 to 07). of which : | 4 | - | - | - |
| - over 30 days | 5 | - | - | - |
| - over 90 days | 6 | - | - | - |
| - over 1 year | 7 | - | - | - |
| Payments due to social security - total (row 09 to 13), of which : | 8 | - | - | - |
| - contributions to state social security by employers, employees and others | 9 | - | - | - |
| - contributions to health insurance funds | 10 | - | - | - |
| - contributions to additional pensions | 11 | - | - | - |
| - contributions to unemployment fund | 12 | - | - | - |
| - other social security liabilities | 13 | - | - | - |
| Overdue Liabilities to special funds and other funds | 14 | - | - | - |
| Liabilities to other creditors | 15 | 11.236.615 | 11.236.615 | - |
| Overdue taxes to state budget | 16 | - | - | - |
| Overdue taxes to local budgets | 17 | - | - | - |
| Overdue bank loans - total (row 19 to 21), of which: | 18 | - | - | - |
| - due in 30 days | 19 | - | - | - |
| - due in 90 days | 20 | - | - | - |
| - due in 1 year | 21 | - | - | - |
| Overdue interest | 22 | - | - | - |

| III. AVERAGE NO. OF EMPLOYEES | Row | DECEMBER 31, 2005 | DECEMBER 31, 2006 |
|--------------------------------------|------------|--------------------------|--------------------------|
| Average no. of employees | 23 | 113 | 110 |

FIC MOLDOVA
INFORMATIVE DATA – DECEMBER 31, 2006

| IV. PAYMENT OF INTEREST AND DUES | Row | AMOUNTS |
|--|------------|----------------|
| Gross revenue from interest paid by Romanian juridical pers. to non-resident natural pers. from EU member states, of which: | 24 | - |
| - taxes due to state budget | 25 | - |
| Gross revenue from interest paid by Romanian juridical pers. to associated non-resident juridical pers. from EU member states, of which: | 26 | - |
| - taxes due to state budget | 27 | - |
| Revenue from dues paid by Romanian juridical pers. to associated non-resident pers. from EU member states, of which: | 28 | - |
| - taxes due to state budget | 29 | - |

| V. . LIABILITIES DEFERRED ACCORDING TO PROVISIONS OF .ART.3(4) OF GOVT. EMERGENCY ORDNANCE 37/2004 REGARDING MEASURES TO DECREASE OVERDUE DEBTS, REPORTED IN EXTRA BALANCE SHEET ACCOUNTS | Row | AMOUNTS |
|--|------------|----------------|
| Deferred liabilities towards budgets | 30 | - |
| Deferred trade liabilities | 31 | - |

| VI. FOOD STAMPS | Row | AMOUNTS |
|--|------------|----------------|
| Cost of food stamps given to employees | 32 | 75.898 |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING December 31, 2006
(all amounts are in RON, unless specified otherwise)

| Owners' Equity Item | Balance on Jan 1, 2006 | Increases | | Decreases | | Balance on Dec 31, 2006 |
|--|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------------|
| | | Total, of which | By transfer | Total, of which | By transfer | |
| Subscribed capital | 51.908.959 | - | - | - | - | 51.908.959 |
| Revaluation reserves | 6.235.347 | - | - | 5.573 | 5.573 | 6.229.774 |
| Legal reserves | 9.300.275 | 1.025.658 | 1.025.658 | - | - | 10.325.933 |
| Reserves representing surplus from revaluation reserves | 1.986.012 | 6.986 | 5.573 | 1.042 | - | 1.991.956 |
| Other reserves | 137.409.924 | 30.920.309 | 26.625.840 | 15.512.515 | - | 152.817.718 |
| Reserves from securities obtained free of charge | 87.559.073 | 19.253.568 | - | 12.654.291 | - | 94.158.350 |
| Reported result representing unappropriated profit or uncovered loss | Balance C 74.047.797 | - | - | 61.404.842 | 26.625.840 | 12.642.955 |
| | Balance D - | - | - | 1.129 | - | 1.129 |
| Reported result from compliance with accounting regulations of European Economic Communities 4th Directive | Balance C - | - | - | - | - | - |
| | Balance D 94.848.901 | (19.702) | - | (25.819.750) | - | 69.048.853 |
| Result of fiscal year | Balance C 48.585.106 | 48.341.224 | - | 48.585.106 | 48.585.106 | 48.341.224 |
| | Balance D - | - | - | - | - | - |
| Profit appropriation | Balance D 48.585.106 | 1.025.658 | 1.025.658 | 48.585.106 | 48.585.106 | 1.025.658 |
| Total Owners' Equity | 273.598.486 | 98.502.385 | 26.631.413 | 63.759.642 | 26.631.413 | 308.341.229 |

FIC MOLDOVA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING December 31, 2006
(all amounts are in RON, unless specified otherwise)

Information on the statement of changes in equity:

Owners' equity was influenced in the Jan 1, 2006 – Sep 30, 2006 period by:

1. Increases of 173.952.601 RON, consisting of:

| | |
|--|------------|
| • legal reserves from the 2006 profit appropriation | 1.025.658 |
| • other reserves | 30.920.309 |
| • registration of GMS 2006 Decision regarding reserves from unappropriated profit in previous fiscal years | 26.625.840 |
| • registration of GMS 2006 Decision regarding reserves from expiration of dividends | 4.294.469 |
| • reserves representing surplus from revaluation reserves | 6.986 |
| • net profit in 2006 | 48.341.224 |
| • Reserves from securities obtained free of charge in the 1st semester of 2006 | 19.253.568 |
| • cancellation of negative adjustments recorded in capital accounts on Dec 31, 2005 as a consequence of the modification of accounting regulations (IAS – 4th Directive) | 25.819.750 |
| • accounting operations for the conclusion of 2005 profit | 48.585.106 |

2. Decreases of 139.190.156 RON, consisting of:

| | |
|---|-------------|
| • revaluation reserves transferred to reserves representing surplus from transfer of assets | 5.573 |
| • updating of deferred income tax resulted from transfer of reevaluated non-current assets | 1.042 |
| • influence of negative adjustments for securities in the primary portfolio | 11.226.158 |
| • updating of deferred income tax corresponding to the primary portfolio | (2.954.765) |
| • write-off from the Commercial Registry of companies in the primary portfolio | 7.241.121 |
| • TOTAL | 15.512.515 |
| • sale of free shares turned into revenue of the period | 1.581.536 |
| • influence of negative adjustments for securities received free of charge | 9.815.750 |
| • correction of deferred tax corresponding to securities received free of charge | 1.257.005 |

FIC MOLDOVA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING December 31, 2006
(all amounts are in RON, unless specified otherwise)

| | |
|--|-------------------|
| • TOTAL | <u>12.654.291</u> |
| • profit appropriation | 61.404.842 |
| of which: | |
| • for constitution of other reserves | 26.625.840 |
| • dividends | 34.779.002 |
| • recognition of expenses related to previous fiscal years | 1.129 |
| • cancellation of positive adjustments recorded in capital accounts, on Dec 31, 2005, as a consequence of the modification of accounting regulations (IAS – 4th Directive) | 19.702 |
| • accounting operations for the conclusion of 2005 profit | 48.585.106 |
| • 2006 profit appropriation, for a legal reserve | 1.025.658 |

FIC MOLDOVA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING December 31, 2006
(all amounts are in RON, unless specified otherwise)

DIRECT METHOD

| ITEM / PERIOD | DECEMBER 2005 | DECEMBER 2006 |
|---|---------------------|---------------------|
| 1. Cash at beginning of period (a+b) | 151.242.721 | 104.017.729 |
| a. Current accounts | 56.892 | 55.529 |
| b. Financial investments | 151.185.829 | 103.962.200 |
| DEPOSITS | 3.067.263 | 69.403.880 |
| 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) |
| 2. Cash inflows | 3.802.434 | 2.941.894 |
| - rent + utilities | 1.150.863 | 1.718.958 |
| - various debtors, restitution of advances | 578.647 | 24.695 |
| - transport of employees | 21.277 | 14.179 |
| - inflows from sale of merchandise | 115.235 | 141.680 |
| - amounts pending resolution | 19.641 | 10.001.306 |
| - amounts pending discount | 0 | 3.067 |
| - restitution of taxes | 40.038 | 0 |
| - suppliers | 19.889 | 1.423 |
| - other inflows | 1.856.844 | 291.524 |
| - receipt of material pledges | 0 | 263.883 |
| - exchange rate variations | 0 | 1.170 |
| - damages from litigations | 0 | 480.000 |
| 3. Cash outflows | 25.081.434 | 59.145.030 |
| - Expenses with employees + collaborators | 8.531.188 | 8.879.980 |
| - suppliers | 2.497.443 | 3.017.510 |
| - profit tax | 6.580.765 | 2.340.542 |
| - VAT | 473.465 | 178.557 |
| - local taxes | 56.383 | 145.235 |
| - discount advances | 5.002.292 | 162.773 |
| - banking commissions | 33.265 | 37.203 |
| - wares supply | 104.290 | 159.206 |
| - other payments | 1.747.891 | 168.511 |
| - restitution of auction pledges | 0 | 145.677 |
| - sume in curs decontare | 0 | 3.067 |
| - sume in curs clarificare | 0 | 10.001.391 |
| - payments to SARA | 0 | 43.873.206 |
| - exchange rate variations | 0 | 9.569 |
| - sponsorships | 54.452 | 22.603 |
| B. Investment activity(4-5) | (838.743) | 40.665.422 |
| 4. Cash inflow | 77.410.924 | 88.760.569 |
| - deposit interest | 14.470.716 | 4.518.585 |
| - securities interest | 0 | 109.942 |
| - checking account interest | 7.454 | 172.495 |
| - bonds interest + coupon | 2.234.343 | 1.083.609 |
| - receipt from sale of shares | 28.173.297 | 13.604.638 |
| - receipt from BSE transactions | 0 | 34.661.064 |
| - dividends from companies in the portfolio | 30.581.363 | 34.610.236 |
| - sale of non-current assets | 1.943.751 | 0 |
| 5. Cash outflow | 78.249.667 | 48.095.147 |
| - acquisitions of non-current assets | 214.834 | 54.287 |
| - acquisition of securities | 75.090.433 | 19.654.687 |

FIC MOLDOVA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING December 31, 2006
(all amounts are in RON, unless specified otherwise)

| EXPLANATIONS / PERIOD | DECEMBER 2005 | DECEMBER 2006 |
|--|---------------------|---------------------|
| - acquisition of bonds | 2.944.400 | 0 |
| - payment for acquisition of shares from BSE | 0 | 28.386.173 |
| C. Financing activity (5-6) | (25.107.249) | (27.135.078) |
| 5. Cash inflow | 2.116.222 | 2.367.741 |
| - return of dividends | 2.116.222 | 2.367.741 |
| 6. Cash outflow | 27.223.471 | 29.502.819 |
| - shareholder dividends | 24.020.019 | 24.433.710 |
| - dividend taxes | 3.203.452 | 5.069.109 |
| TOTAL CASH FLOW (A+B+C) | (47.224.992) | (42.672.792) |
| CASH AT END OF PERIOD | 104.017.729 | 61.344.937 |
| a. Checking accounts | 5.219 | 3.150 |
| b. Financial investments | 50.310 | 3.242.121 |
| c. Bank accounts in foreign currency | - | 9 |
| d. Deposits | 69.403.880 | 58.099.657 |
| e. Deposit certificates | 32.337.000 | - |
| f. Government securities | 2.221.320 | - |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

1. NON-CURRENT ASSETS

| Cost | Balance on Jan | Gross value | | Balance on |
|-----------------------------|-----------------------|--------------------|-----------------|---------------------|
| | 1, 2006 | Increase | Decrease | Dec 30, 2006 |
| | 1 | 2 | 3 | 4=1+2-3 |
| Intangible assets | 189.894 | 83.119 | 1.939 | 271.074 |
| Pending intangible assets | 138.103 | 23.989 | 137.571 | 24.521 |
| Land | 262.496 | - | 5.580 | 256.916 |
| Buildings | 8.879.689 | - | 13.882 | 8.865.807 |
| Equipment | 944.024 | 24.854 | 27.619 | 941.259 |
| Vehicles | 571.744 | - | - | 571.744 |
| Other non-current assets | 254.642 | 11.660 | 6.169 | 260.133 |
| Pending non-tangible assets | - | - | - | - |
| TOTAL | 11.240.592 | 143.622 | 192.760 | 11.191.454 |

| Depreciation | Balance on | Depreciations and Provisions | | Balance on |
|---------------------------|--------------------|-------------------------------------|-------------------|-------------------|
| | | Depreciation in | Discounts | |
| | Jan 1, 2006 | period | and | |
| | 5 | 6 | revenue | 8=5+6-7 |
| | | | from | |
| | | | provisions | |
| Intangible assets | 93.519 | 51.056 | 1.940 | 142.635 |
| Pending intangible assets | - | 138.103 | 113.582 | 24.521 |
| Land | 30.012 | - | 5.580 | 24.432 |
| Buildings | 310.487 | 286.579 | 671 | 596.395 |
| Equipment | 847.869 | 40.277 | 27.619 | 860.527 |
| Vehicles | 179.951 | 160.939 | - | 340.890 |
| Other non-current assets | 94.689 | 50.914 | 6.169 | 139.434 |
| TOTAL | 1.556.527 | 727.868 | 155.561 | 2.128.834 |

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

1. NON-CURRENT ASSETS (continued)

| Net value | <u>Net accounting value</u> | |
|---------------------------|-----------------------------------|------------------------------------|
| | Balance on Jan 1, 2006 | Balance on Dec 30, 2006 |
| | 9 = 1 - 5 | 10 = 4 - 8 |
| Intangible assets | 96.375 | 128.439 |
| Pending intangible assets | 138.103 | - |
| Land | 232.484 | 232.484 |
| Buildings | 8.569.202 | 8.269.412 |
| Equipment | 96.155 | 80.732 |
| Vehicles | 391.793 | 230.854 |
| Other non-current assets | 159.953 | 120.699 |
| Pending tangible assets | - | - |
| TOTAL | 9.684.065 | 9.062.620 |

Status of non-current assets

i. Increases in non-current assets amounting to 143.622 RON derive from:

| | |
|---|--------|
| • Acquisition of intangible assets | 83.119 |
| • Acquisition of tangible assets | 29.882 |
| • Increase in book value due to performance improvement | 6.632 |
| • updates of pending intangible assets | 23.989 |

ii. Decreases in non-current assets amounting to 192.760 RON derive from:

| | |
|---|---------|
| • sales of tangible assets | 12.969 |
| • Intangible non-current assets removed from records | 1.939 |
| • Write-off of tangible assets | 20.819 |
| • Write-off of land as a consequence of dispossession by civil ruling | 19.462 |
| • updates of pending intangible assets | 137.571 |

iii. Depreciation calculated and reflected corresponding to groups of non-current assets amounting to 727.868 RON consists of:

| | |
|--|---------|
| • Depreciation registered in 2006 fiscal year for tangible and intangible non-current assets | 589.765 |
| • Depreciation corrections resulted from the implementation of Order 75 / 2005 | 138.103 |

iv. Depreciation associated to discounts amounting to 155.561 RON consists of:

| | |
|---|---------|
| • Depreciation of tangible assets sold and removed from records | 13.639 |
| • Depreciation of intangible assets removed from records | 1.216 |
| • Depreciation related to written off tangible assets | 19.432 |
| • Provision corrections for tangible and intangible assets | 121.274 |

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

v. Status of non-current assets

| | |
|----------------------------------|-----------|
| • Net value of intangible assets | 128.439 |
| • Net value of tangible assets | 8.934.181 |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

2. PROVISIONS

| Name of provision | Balance on | Transfers | | Balance on |
|---|--------------------|-------------------|-------------------|--------------------|
| | Jan 1, 2006 | Incoming | Outgoing | Dec 30, 2006 |
| | 1 | 2 | 3 | 4=1+2-3 |
| Provisions for taxes | 43.135.744 | (1.700.890) | (2.759) | 41.437.613 |
| Other provisions | 38.620.279 | 20.984.399 | 39.331.769 | 20.272.909 |
| Provisions for receivable devaluation (Note 5.a) | 1.195.931 | (217.918) | 13.803 | 964.210 |
| Provisions for bad debts (Note 5.a) | 28.186.207 | 30.161.462 | 20.306.034 | 38.041.635 |
| Provisions for materials amortization | 652 | 588 | 652 | 588 |
| Provisions for non-current assets amortization (Note 1) | 56.032 | 138.103 | 121.273 | 72.862 |
| Provisions for other securities devaluation (Note 11.b) | 250 | 110.961 | - | 111.211 |
| Provisions for other non-current securities devaluation (Note 11.a) | 94.986.648 | 22.963.907 | 25.839.867 | 92.110.688 |
| Total | 206.181.743 | 72.440.612 | 85.610.639 | 193.011.716 |

| | | |
|---|---|-------------------|
| • | | |
| • | Provisions for receivable devaluation on December 31, 2006 | 964.210 |
| • | • litigations for unpaid dividends | 172.425 |
| • | • bad debts | 38.594 |
| • | • various | 753.191 |
| • | Provisions for bad debts on December 31, 2006 | 38.041.635 |
| • | • provisions for debtors from money orders | 37.124.057 |
| • | • unpaid dividends with irrevocable decisions | 874.763 |
| • | • various rents with irrevocable decisions | 42.815 |
| • | Other provisions from: | 20.272.909 |
| • | • provisions for debts associated with promissory notes | 16.911.668 |
| • | • profit participation | 3.361.241 |
| • | • of which: - managers | 775.671 |
| • | • - employees | 2.585.570 |

Devaluation adjustments amounting to **72.440.612 RON**, influenced expense and owner's equity accounts thus:

| | Expense | Owner's Equity |
|--|------------|----------------|
| • provisions for taxes | - | (1.700.890) |
| • other provisions | 20.984.399 | - |
| • provisions for receivable devaluation | (217.918) | - |
| • provisions for bad debts | 217.918 | - |
| • provisions for bad debts | 29.943.544 | - |
| • Total provisions for bad debts | 30.161.462 | - |
| • provisions for materials devaluation | 588 | - |
| • provisions for amortization of non-current | 138.103 | - |

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

| | | |
|--|--------------------------|--------------------------|
| assets | | |
| • provisions for amortization of other securities | 110.961 | - |
| • provisions for amortization of other non-current investments | 1.922.000 | 21.041.907 |
| Total | <u>53.099.595</u> | <u>19.341.017</u> |

The cancellation of adjustments for devaluation, amounting to 85.610.639 RON, influenced revenue and owner's equity accounts thus:

| | <u>Revenue</u> | <u>Owner's Equity</u> |
|---|--------------------------|--------------------------|
| • provisions for taxes | - | (2.759) |
| • other provisions | 39.331.769 | - |
| • provisions for receivable devaluation | 13.803 | - |
| • provisions for bad debts | 20.306.034 | - |
| • provisions for materials devaluation | 652 | - |
| • provisions for amortization of non-current assets | 121.273 | - |
| • provisions for amortization of other securities | 20.118 | 25.819.749 |
| Total | <u>59.793.649</u> | <u>25.816.990</u> |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

3. PROFIT APPROPRIATION

| DESTINATION | <u>Row No.</u> | <u>2005</u> | <u>2006</u> |
|---|----------------|--------------------------|--------------------------|
| A. NET PROFIT TO APPROPRIATE (Row 02 to 08) | 01 | 48.585.106 | 48.341.224 |
| 1. For the constitution of legal reserves | 02 | 1.163.148 | 1.025.658 |
| 2. For statutory or contractual reserves | 03 | | |
| 3. Reserves constituted for own financing | 04 | | |
| 4. Other reserves or appropriations provided by law | 05 | | |
| 5. For covering accounting loss from previous years | 06 | | |
| 6. For dividends | 07 | 34.779.003 | |
| 7. Other appropriations | 08 | | |
| | | <u>12.642.955</u> | <u>47.315.566</u> |
| B. UNAPPROPRIATED PROFIT | 09 | | |

The Company proposes the appropriation of the profit amounting to **47.315.566 RON**, to the following destinations:

- Coverage of accounting loss from previous years 1.129 lei
- Dividends for 2006 32.702.644 lei
(gross dividend per share of 0,063 RON)
- unappropriated profit 14.611.793 lei

The recording of the profit appropriation is done based on the approval of the General Meeting of Shareholders.

In accordance with the General Meeting of Shareholders decision of April 29, 2005, the profit from the 2005 fiscal year was appropriated thus:

| | |
|-------------------------------------|--------------------------|
| NET PROFIT TO APPROPRIATE | <u>48.585.106</u> |
| • for constitution of legal reserve | 1.163.148 |
| • dividends | 34.779.003 |
| • unappropriated profit | 12.642.955 |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

4. ANALYSIS OF OPERATIONS RESULT

| INDICATORS | Row no. | December 31, 2005 | December 31, 2006 |
|---|--------------------|------------------------------|------------------------------|
| Revenue from financial assets (acc. 761) | 01 | 30.253.988 | 32.828.453 |
| Revenue from short term investments (acc. 762) | 02 | - | - |
| Revenue from financial instruments (acc. 763) | 03 | 12.630.196 | 5.668.669 |
| Revenue from ceded financial investments (acc. 758*+764) | 04 | 31.782.098 | 47.700.647 |
| Revenue from services performed (acc. 704) | 05 | - | - |
| Revenue from reactivated claims and various receivables (acc. 754) | 06 | - | - |
| Revenue from provisions (acc. 781+786) | 07 | 9.017.648 | 59.793.650 |
| Revenue from exchange rate differences (acc. 765) | 08 | 1.647.357 | 2.440.757 |
| Revenue from interest (acc. 766) | 09 | 286.382 | 6.012.774 |
| Revenue from non-current assets production, tangible Intangible (acc.721+722) | 10 | - | - |
| Other revenue from operations (row 12 to 18) | 11 | 4.941.527 | 2.246.563 |
| - from research and studies (acc. 705) | 12 | - | - |
| - from dues and rent (acc. 706) | 13 | 762.148 | 956.085 |
| - from other various activities (acc. 708) | 14 | 57.613 | 71.716 |
| - from subsidies (acc. 741) | 15 | - | - |
| - from other revenue (acc. 758**) | 16 | 2.723.945 | 1.185.126 |
| - from discounts (acc. 767) | 17 | 22 | 908 |
| - from other financial revenue (acc. 768) | 18 | 1.397.799 | 32.728 |
| Revenue from operations (row 01 to 11) | 19 | 90.559.196 | 151.022.844 |
| Expenses related to ceded financial investments (acc.658 + 664) | 21 | 5.124.025 | 12.516.902 |
| Expenses with exchange rate changes (acc.665) | 22 | 1.487.494 | 5.408.711 |
| Expenses with interest (acc.666) | 23 | - | - |
| Expenses with commissions and fees (acc.622) | 24 | 1.495.609 | 1.881.634 |
| Expenses with banking and similar services (acc.627) | 25 | 33.268 | 37.558 |
| Losses from receivables and various debtors (acc.654) | 26 | 7.517 | 36.047 |
| Expenses with provisions and depreciation (acc.681+686) | 27 | 18.507.858 | 53.691.471 |
| Other expenses with operations (row 29+30+31+34+47) | 28 | 10.386.483 | 24.126.105 |
| - with materials (acc.602+603+604) | 29 | 645.881 | 511.140 |
| - with electricity and water (acc.605) | 30 | 167.320 | 195.948 |
| - with staff (row 32+33) | 31 | 5.975.816 | 8.917.451 |
| - salaries (acc.621+641+642) | 32 | 4.526.452 | 7.218.804 |

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

4. ANALYSIS OF OPERATIONS RESULT (continued)

| INDICATORS | Row No. | December 31, 2005 | December 31, 2006 |
|--|--------------------|------------------------------|------------------------------|
| - insurance and social security (acc.645) | 33 | 1.449.364 | 1.698.647 |
| - external services (row 35 to 46) | 34 | 3.440.699 | 14.292.133 |
| - maintenance and repair (acc. 611) | 35 | 127.859 | 83.627 |
| - dues and rent (acc. 612) | 36 | 12.820 | 13.600 |
| - insurance premiums (acc. 613) | 37 | 39.116 | 38.683 |
| - studies and research (acc. 614) | 38 | - | - |
| - protocol, advertising (acc. 623) | 49 | 88.223 | 89.579 |
| - transport of goods and personnel (acc. 624) | 40 | 592 | - |
| - travel, transfers (acc. 625) | 41 | 62.727 | 67.681 |
| - post and telecommunications (acc.626) | 42 | 207.825 | 217.076 |
| - other services by third parties (acc.628) | 43 | 192.088 | 214.099 |
| - other expenses (acc.658) | 44 | 1.915.191 | 54.062 |
| - expenses involving discounts (acc.667) | 45 | - | - |
| - other financial expenses (acc.668) | 46 | 794.259 | 13.513.726 |
| - expenses with taxes and similar disbursements (acc.635) | 47 | 156.767 | 209.433 |
| Expenses with operations (row 21 to 28) | 48 | <u>37.042.254</u> | <u>97.698.428</u> |
| RESULT FROM OPERATIONS (row 19-48) | 49 | <u>53.516.942</u> | <u>53.324.416</u> |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

5. STATUS OF RECEIVABLES AND PAYABLES

a) Status of receivables

| RECEIVABLES | Row | Balance on | Balance on | Maturity | | |
|---|-----------|---------------------------------|---------------------------------|-------------------|---------------------|---------------------|
| | | December 31, 2005 1=2+3+4 | December 31, 2006 1=2+3+4 | Under 1 yr. 2 | 1 to 5 yrs. 3 | Over 5 yrs. 4 |
| Gross accounts receivable | 01 | 106.479.735 | 59.576.797 | 59.576.797 | | |
| Provisions for accounts receivable devaluation | 02 | (1.195.931) | (964.210) | (964.210) | | |
| Net account receivables | 03 | 105.283.804 | 58.612.587 | 58.612.587 | | |
| Other receivables, net, of which: | 04 | 19.449.074 | 2.042.496 | 2.042.496 | | |
| • Receivables from transactions with shares | 05 | 997 | 203.926 | 203.926 | | |
| • Receivables from promissory notes | 05 | 27.167.113 | 37.124.057 | 37.124.057 | | |
| Provision for receivables depreciation from endorsed promissory notes | 07 | (27.167.113) | (37.124.057) | (37.124.057) | | |
| • Uncashed dividends | 08 | 644.982 | 42.815 | 42.815 | | |
| • Receivables from irrevocable court decisions | 09 | 506.464 | 874.762 | 874.762 | | |
| • Provision for dividends devaluation | 10 | (1.011.142) | (42.815) | (42.815) | | |
| • Provision for depreciation of receivables from court decisions | 11 | - | (874.762) | (874.762) | | |
| Receivables for registered capital increase | 12 | 19.302.263 | 1.814.892 | 1.814.892 | | |
| • Other receivables | 13 | 13.462 | 23.678 | 23.678 | | |
| • Other provisions | 14 | (7.952) | - | - | | |
| TOTAL | 15 | 124.732.878 | 60.655.083 | 60.655.083 | | |

Gross accounts receivable include short term bank deposit amounting to 58.099.657 RON (note 12) (2005: 103.962.200 RON).

b) Status of payables

| LIABILITIES | Row | Balance on | Balance on | Maturity | | |
|---------------------------|-----------|---------------------------------|---------------------------------|-------------------|---------------------|---------------------|
| | | December 31, 2005 1=2+3+4 | December 31, 2006 1=2+3+4 | Under 1 yr. 2 | 1 to 5 yrs. 3 | Over 5 yrs. 4 |
| Accounts payable | 01 | 248.435 | 400.879 | 400.879 | | |
| Commercial papers payable | 02 | 22.749.096 | 5.083.848 | 5.083.848 | | |
| Other payables | 03 | 17.939.473 | 23.975.448 | 23.975.448 | | |
| TOTAL, of which: | 04 | 40.937.004 | 29.460.175 | 29.460.175 | | |
| • Suppliers | 05 | 248.435 | 400.879 | 400.879 | | |
| • SARA for promissory | 06 | 22.749.096 | 5.083.848 | 5.083.848 | | |

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

notes

| | | | | |
|--|-----------|------------|------------|------------|
| • Payables towards government and special accounts | 07 | 461.033 | 3.107.092 | 3.107.092 |
| • Dividends payable | 08 | 16.957.236 | 20.284.424 | 20.284.424 |
| • Various payables | 09 | 210.702 | 82.733 | 82.733 |
| • Other payables with staff and social security | 10 | 310.502 | 274.616 | 274.616 |
| • Material pledges | 11 | - | 226.583 | 226.583 |

For the specified payables no guarantees or mortgages were submitted. FIC Moldova has no outstanding loans.

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

A. Accounting principles

Evaluation of items in the 1st semester of 2006 financial statements is done according to the following accounting principles:

The going concern principle – the company will continue normal operations in the foreseeable future without being unable to continue or forced to significantly restrain its activity.

The consistent methods principle – the application of the same rules, methods, norms regarding the evaluation and registration in accounting of assets, ensuring comparability of accounting information.

In the 2006 fiscal year the evaluation method was changed for the financial instruments for which a viable market could be easily identified, namely the București Stock Exchange. As of the date of the balance sheet, these securities were recorded at their acquisition cost less accumulated adjustments for devaluation, compared to their market value in the last trading day of 2006.

The method used previously produced a value determined with the aid of generally accepted methods and techniques, namely Regulation no. 15 / 2004 issued by N.S.C.

As of the balance sheet, these securities were recognized based on the weighted average price, calculated for the last 90 days, for each financial instrument separately.

The prudence principle – all value adjustments due to asset depreciation were taken into account, as well as all the foreseeable liabilities and potential losses during the current fiscal year or during a previous fiscal year.

The independent accounting period principle – the revenue and expenses of the fiscal year were recorded regardless of the date of collection or payment.

The independent evaluation of asset and liability items – in order to establish the total value corresponding to balance sheet item the value of each individual asset or liability item was determined separately.

The noncompensation principle – asset values were not compensated with liabilities, respectively revenue with expenses.

The prevalence of economic over legal principle – the information presented in the financial statements reflect the economic reality of events and transactions, not only their legal form.

The materiality principle – any item that has a significant value is presented individually in financial statements.

B. Significant accounting policies

a) The bases of financial statement drafting

The financial statements were drafted and presented in compliance to Accounting Law no. 82 / 1991 – republished, Accounting Regulations harmonized with European Economic Community

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

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

Financial statements are drawn up and presented in RON.

Status financial statements were drawn up based on the going concern principle.

Accounting policies were consistently applied by FIC throughout the fiscal year.

b) Functional and presentation currency

The functional currency of financial statements is the RON. All amounts are expressed in RON.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

c) Bases of consolidation

FIC has not consolidated the entities in which it holds investments nor applied the method of equation, considering that these investments are kept temporarily in the investment portfolio or that FIC does not control the financial and operational policies of these entities, even if it holds participations exceeding 50% of the registered capital of these entities. FIC has categorized all its investments in participations as parts in associated companies.

On the date of the balance sheet, securities are recognized at their acquisition cost, less accumulated adjustments for devaluation. For the adjustments the following were taken into account:

- The market value in the last day of trading of 2006, for those securities for which a credible market was easily identified;
- A value determined with the aid of generally accepted models and evaluation techniques (Regulation no. 15 / 2004, issued by NSC) for which no credible market could be easily identified.

d) Foreign currency transactions

Operations stated in foreign currency are recorded in RON, at the official exchange rate on the date of disbursement. Monetary assets and liabilities expressed in foreign currency are translated into RON on the balance sheet date using the exchange rate on this date.

The exchange rates of the main foreign currencies at the end of the fiscal year were:

| Currency | DECEMBER 31, 2005 | | DECEMBER 31, 2006 | |
|-----------------|--------------------------|--------|--------------------------|--------|
| • Dollar (USD) | 1 : RON | 3,1078 | 1 : RON | 2,5676 |
| • Euro (EUR) | 1 : RON | 3,6771 | 1 : RON | 3,3817 |

e) Going concern

The present financial statements were drafted based on the going concern principle that states that FIC Moldova will continue normal operations in the foreseeable future. In order to evaluate

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

the applicability of this presumption, management is analysing the predictions regarding future cash receipts.

Based on these analyses, management believes that FIC Moldova will be able to continue operations in the foreseeable future and consequently the application of the going concern principle in the drafting of financial statements is justified.

f) Financial instruments

i. Classification

Financial instruments held for trading are instruments produced or acquired mainly in order to generate short term profit.

Financial assets created by FIC are loans and receivables created by supplying money to a debtor, other than those initiated in order to sell immediately or shortly. On December 31, 2006, financial assets created by FIC consist of bank deposits, government securities and deposit certificates.

Investments held to maturity are those financial assets with fixed or determinable payments and fixed due date that FIC firmly intends and is able to keep until maturity.

Financial instruments available for sale, defined as those assets not representing loans and receivables produced by FIC, financial assets held for trading or investments held until maturity. As of Sep 30, 2005, FIC categorized here all investments, municipal bonds and receivables from third parties not classed in the categories above.

ii. Recognition

FIC recognizes financial assets on the date on which they are transferred to FIC (discount date). Increases or decreases recorded on financial assets originating in the modification of participations acquired by registered capital increases / decreases by issuers are recognized in FIC owners' equity.

iii. Evaluation

Financial instruments are initially evaluated at cost.

On the date of the balance sheet, securities are recognized at their acquisition cost less accumulated adjustments for devaluation. For the calculation of adjustments the following issues were taken into consideration:

- The market value in the last day of trading of 2006, for those financial instruments for which a viable market was easily identified;
- A value determined with the aid of generally accepted models and evaluation techniques (Regulation no. 15 / 2004 issued by NSC) for those for which a viable market could not be easily identified.

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

The change of the financial instruments evaluation policy influenced the expense accounts as follows:

| | |
|--|---------------|
| • adjustments calculated based on the prices in the last day of trading in the year at the Bucharest Stock Exchange (the current method) | 2.032.959 |
| • adjustments calculated based on the market price calculated according to Regulation no. 15 / 2004 (the previous method) | (1.982.552) |
| • expenses that decreased the gross and net profit, by applying the current method | <u>50.407</u> |

iv. Derecognition

A financial asset is derecognized when the Company loses the contractual rights control regarding the respective asset. SIF Moldova loses this control when it realizes the rights over the benefits specified in the contract, the rights expire, or SIF Moldova gives up the respective rights.

Financial debts are derecognized when the liability specified in the contract is discharged, was cancelled or expired.

Derecognition of sold financial assets is done on the settling date.

Gain or loss realized at the derecognition moment is calculated in relation to the financial asset historic cost and recorded in the income statement.

SIF Moldova uses the weighted average cost method to determine the financial assets cost.

g) Assets depreciation

The assets accounting value is reviewed at every end of period in order to determine whether there are losses from depreciation. The financial assets are analyzed on the day of every balance sheet, to see whether there is any objective indication showing that an asset can be depreciated. If any such indication exists, the Company must estimate the recoverable value of the asset.

The value depreciation is recognized if the accounting value of an asset, or of the cash generating unit to which it belongs, is higher than the recoverable value.

Value depreciations are recognized in the income statement, according to the relevant legal provisions.

h) Interest revenue and expenses

Interest revenue and expenses are recognized in compliance with the engagement accounting principles.

j) Profit tax

The profit tax related to the reporting period consists of the current tax.

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

The current tax is the tax to be paid for the reporting period's profit, determined on the basis of the percentage applied on the balance sheet day and of all the adjustments related to the previous periods.

j) Tangible and intangible assets

Tangible assets are recorded in the accounting documents at their historic cost, less the accrued depreciation. Later, tangible assets were revalued, according to the legal regulations issued to this purpose, taking into account the inflation rate, the usefulness of the goods, their condition and the market price.

The latest revaluation was done as of December 31, 2004, by an authorized independent evaluator. This revaluation was done for all of the non-current assets groups, excepting the following:

- Apparatus, control and measure equipment
- Non-current assets completely depreciated as of December 31, 2004

Depreciation is calculated by the linear method during the life time estimated for each item from the non – current assets category, as follows:

| <u>Asset</u> | <u>Years</u> |
|--------------|--------------|
| Buildings | 40 |
| Equipment | 2 -12 |
| Vehicles | 4 - 8 |

Land is not subject to depreciation.

The purchase cost contains: the purchase price, non – recoverable taxes, transport expenses and other accessory expenses necessary for setting in operation or for entering under administration.

Maintenance and repair of the assets are recorded as expenses when they occur, and the improvements made are capitalized. Improvements are capitalized if they expand the asset life time or if they significantly increase their capacity to generate economic benefits.

Non – current assets in process are not subject to depreciation until they start being used.

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

Intangible assets are recorded at their cost, less the accrued amortization.

The intangible assets amortization is recorded in the income statement on the basis of the linear method during the estimated useful operation period thereof. The estimated utility life for intangible assets is of 3 years maximum.

k) Reserves from tangible assets revaluation

The increase or decrease arising from a revaluation of tangible assets was reflected thus:

- If the book value of an asset is increased after a revaluation, this increase is recorded directly in the shareholders' equity accounts credit, under the title of "Differences from revaluation"; the increase found through revaluation is recognized as a revenue to the extent to which it compensates a decrease from the revaluation of the same asset, previously recognized as an expense.

- If the book value of an asset is diminished after a revaluation, this decrease is recognized as an expense; the decrease resulting from the revaluation is deducted from any corresponding surplus from revaluation, to the extent in which the decrease does not exceed the value previously recorded as a revaluation surplus for the same asset.

l) Other receivables

Other receivables are recorded at nominal value less the provision for depreciation thereof.

m) Pensions and other post – retirement benefits

SIF Moldova effects payments on behalf of its employees to the state pension, health insurance and unemployment systems. All of the Company's employees are members of the Romanian pension system. SIF Moldova is not engaged in any other pension system and, consequently, does not assume any other commitments of the kind. The Company is not engaged in any post-retirement benefits system and has no obligation to provide services subsequent to its former or present employees retirement.

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

7. SHARES AND BONDS

The registered capital is formed of 519.089.588 ordinary shares, dematerialized, of 0.10 RON nominal value each, according to the Filling Certificate no.5520 / Jul 26, 1999.

The ordinary shares' owners are entitled to receive annual dividends and have voting rights in the General Meeting of Shareholders, thus:

- 1 share corresponds to one vote;
- ownership is limited to 1% of the registered capital, namely 519.090 shares

Shareholding structure as of Dec 31, 2006

| | NP | | | JP | | | Total | | |
|---------------|------------------|--------------------|----------------|--------------|--------------------|----------------|------------------|--------------------|-----------------|
| | Shareholders | Shares | % RC | Shareholders | Shares | % CS | Shareholders | Shares | % RC |
| Romanian | 7.569.873 | 330.145.664 | 63,601% | 396 | 72.149.426 | 13,899% | 7.570.269 | 402.295.090 | 77,500% |
| Non-residents | 480 | 6.152.525 | 1,185% | 100 | 110.641.973 | 21,315% | 580 | 116.794.498 | 22,500% |
| Total | 7.570.353 | 336.298.189 | 64,786% | 496 | 182.791.399 | 35,214% | 7.570.849 | 519.089.588 | 100,000% |

Shareholding structure as of Dec 31, 2005

| | NP | | | JP | | | Total | | |
|---------------|------------------|--------------------|----------------|--------------|--------------------|----------------|------------------|--------------------|-----------------|
| | Shareholders | Shares | % RC | Shareholders | Shares | % CS | Shareholders | Shares | % RC |
| Romanian | 8.376.043 | 330.903.724 | 63,747% | 324 | 79.656.812 | 15,345% | 8.376.367 | 410.560.536 | 79,092% |
| Non-residents | 792 | 6.216.765 | 1,198% | 83 | 102.312.287 | 19,710% | 875 | 108.529.052 | 20,908% |
| TOTAL | 8.376.835 | 337.120.489 | 64,945% | 407 | 181.969.099 | 35,055% | 8.377.242 | 519.089.588 | 100,000% |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

8. INFORMATION REGARDING EMPLOYEES, MANAGERS AND DIRECTORS

1) Average number in 2006: 110 (2005: 113) permanently employed and 11 (2005: 21) collaborators

| Of which: | Employees | Collaborators |
|-------------------------------|------------------|----------------------|
| Directors (Board members) | 3 | 3 |
| Managers | 3 | |
| With college education | 69 | |
| With lower forms of education | 35 | |
| Other collaborators | | 8 |

2) Salaries paid or to be paid amounting to 4.841.827 RON (2005: 4.500.680 RON)

| Of which: | Salaries |
|------------------|-----------------|
| | 623.912 RON |
| Directors | |
| Managers | 224.970 RON |

3) Social security expenses: 1.698.647 RON (2005: 1.449.364 RON)

Directors' pay is approved by the General Meeting of Shareholders. Managers' salaries and eventual bonuses are subject to debate and approval of the Board of Directors. Directors' pay represents 15.16 % of the total salary expenditure of SIF Moldova, whereas the managers' salaries represent 4.46 %. The operational staff's salaries are negotiated by categories of qualification, based on the Collective Work Contract, concluded between the employees' representatives and the Board of Directors.

In the 2006 fiscal year employees and Directors participated in benefit plans, amounting to 2.266.841 RON, food stamps worth 75.898 RON and specialization courses worth 34.238 RON.

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

9. CALCULATION AND ANALYSIS OF MAIN INDICATORS

• **Liquidity indicators – ratios**

- **Current ratio** = current assets / current liabilities

| | | | | |
|-------------------|---|------------------------|---|------|
| December 31, 2005 | = | 130.448.869/40.937.004 | = | 3,19 |
| December 31, 2006 | = | 68.958.365/29.460.175 | = | 2,34 |

- **Quick ratio** = (current assets - inventory) / current liabilities

| | | | | |
|-------------------|---|----------------------------------|---|------|
| December 31, 2005 | = | (130.448.869-18.040)/ 40.937.004 | = | 3,19 |
| December 31, 2006 | = | (68.958.365 – 32.558)/29.460.175 | = | 2,34 |

• **Activity indicators – no. of times**

- **Fixed assets turnover** = revenue from operations / fixed assets

| | | | | |
|-------------------|---|-------------------------|---|------|
| December 31, 2005 | = | 90.559.196/267.523.884 | = | 0,34 |
| December 31, 2006 | = | 151.022.844/330.447.304 | = | 0,46 |

- **Total assets turnover** = revenue from operations / total assets

| | | | | |
|-------------------|---|-------------------------|---|------|
| December 31, 2005 | = | 90.559.196/398.021.407 | = | 0,23 |
| December 31, 2006 | = | 151.022.844/399.522.484 | = | 0,38 |

- **Receivables turnover** = average receivables balance / turnover x 365

| | | | | | |
|-------------------|---|--|-------|---|----------|
| December 31, 2006 | = | $\frac{(124.732.878+60.655.083)/2}{151.022.844}$ | x 365 | = | 224 days |
|-------------------|---|--|-------|---|----------|

- **Liabilities turnover** = (average liabilities balance / purchase of goods) x 365

| | | | | | |
|-------------------|---|-------------------------------------|-------|---|-----------|
| December 31, 2006 | = | $\frac{(12.278+13.772)/2}{577.927}$ | x 365 | = | 8,23 days |
|-------------------|---|-------------------------------------|-------|---|-----------|

• **Profitability indicators**

- **Profitability of working capital**

= profit before payment of interest and profit tax / working capital

| | | | | |
|-------------------|---|------------------------|---|---------|
| December 31, 2005 | = | 53.516.942/273.598.487 | = | 19,56% |
| December 31, 2006 | = | 53.324.416/308.341.229 | = | 17,29 % |

• **Earnings per basic share**

= net profit attributable to common stock / no.of common stock

| | | | | |
|-------------------|---|------------------------|---|-------------------------|
| December 31, 2005 | = | 48.585.106/519.089.588 | = | 0.0936 RON per share |
| December 31, 2006 | = | 48.344.613/519.089.588 | = | 0.09 RON per share |

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

The current liquidity indicator (current assets indicator), respectively the immediate liquidity indicator (the acid test indicator) express the ratio between current assets and current liabilities, respectively in current assets less inventories.

The profitability of the working capital represents the profit obtained by FIC per unit of resources invested, both by FIC and its creditors. The earnings per share represents the net profit generated by FIC attributable to common shares.

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

10. OTHER INFORMATION

a) General information about the Company:

The Financial Investment Company MOLDOVA S.A. (SIF Moldova), was incorporated on January 1 1997, through the reorganization of the Private Ownership Fund II Moldova (Fondul Proprietatii Private II Moldova), in compliance with the provisions of Law 133 / 1996, as a self-managing financial investment company.

The Company is registered with:

- The Chamber of Commerce, Industry and Agriculture Bacau – unique registration code 2816642, fiscal attribute R.
- The National Securities Commission (CNVM) – Decision no. 1902 / 30.08.1999 of permanent authorization.
- Securities Register Office – Registration certificate no. 418 / 07.09.1999

The head office address is: strada Pictor Aman nr.94 C, Bacau, Romania.

The Company operates through its head office in Bacau and its 10 representative offices in Romania.

SIF Moldova shares are listed at the Bucharest Stock Exchange (BVB), 1st tier, with the code SIF2, since November 1, 1999.

Share and shareholders' evidence is held, under the relevant legal terms, by S.C. Central Depository SA Bucuresti.

The asset depository services are provided by "Banca Romana de Dezvoltare" - B.R.D. – Societe Generale S.A. Bucuresti – a banking company authorized by The National Securities Commission (CNVM).

SIF Moldova's activity consists of:

- the management of the portfolio of shares held in commercial companies for which SIF Moldova's own shares were issued corresponding to the ownership certificates and to the nominative coupons utilized in the privatization process;
- the administration of the Company's own securities portfolio and investing in securities, in compliance with the regulations in force.

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

10. OTHER INFORMATION (continued)

b) Reconciliation of accounting result with fiscal result as of December 31, 2006

| | Before tax | Tax | <u>RON</u> After tax |
|--|--------------------|------------------|--------------------------------|
| 1. Total revenue - accounting | 151.022.844 | | |
| 2. Total revenue – fiscal | 149.348.159 | | |
| 3. Temporary differences (2-1) | (1.674.685) | | |
| 4. Tax free revenue | 92.614.206 | | |
| 5. Taxable revenue (2 – 4). of which: | 56.733.953 | | |
| 6. Total expense - accounting | 97.698.428 | | |
| 7. Total expense - fiscal | 97.983.909 | | |
| 8. Temporary differences (7-6) | 285.481 | | |
| 9. Non deductible expenses | 73.620.977 | | |
| 10. Fiscally deductible expenses (7-9). of which: | 24.362.932 | | |
| 11. Expenses deductible with legal reserve | 1.025.658 | | |
| 12. Total deductible expenses (10 + 11) | 25.388.590 | | |
| 13. Taxable profit (5-12) | 31.345.363 | | |
| 14. Current profit tax (13*16%) | - | 5.015.258 | |
| 15. Deduction for sponsorships | - | 32.066 | |
| 16. Profit tax due (14-15) | - | 4.983.192 | |
| 17. Net profit (1-6-16) | - | - | 48.341.224 |

c) Information regarding the relations with subsidiaries, associated companies, or other companies in which strategic share packages are owned

The Company's management has not identified relations with affiliated parties.

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

10. OTHER INFORMATION (continued)

d) Commitments granted and received recorded outside the balance sheet

| | <u>January 1, 2006</u> | <u>December 31, 2006</u> |
|---|----------------------------|------------------------------|
| • commitments granted under the form of endorsement (granted by the Private Ownership Fund II "Moldova") | (36.353.437) | (16.911.668) |
| • commitments received | (319.674) | - |
| • penalties for bad debtors | 11.429.886 | 758.580 |
| • other extrabalance accounts | 573.536 | 589.551 |
| • inventory items | <u>416.850</u> | <u>411.163</u> |
| TOTAL | <u>(24.252.839)</u> | <u>(15.152.374)</u> |

Provisions of 16.911.668 RON, equivalent of 5.630.140 USD; 542.839,44 EUR, (at the exchange rate communicated by the Romanian National Bank for December 31, 2006), and 620.000 RON were constituted for the commitments granted under the form of endorsement by the former Private Ownership Fund II "Moldova".

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

11. STATUS OF THE FINANCIAL INVESTMENTS PORTFOLIO

a) Financial Assets - RON -

| Participations in: | Cost value | Positive adjustment | Negative adjustment | Market value on December 31, 2005 |
|---|--------------------|---------------------|---------------------|-----------------------------------|
| Companies traded at the Bucharest Stock Exchange - BVB | 143.799.367 | 754.840.968 | 515.574 | 898.124.761 |
| Companies traded at BVB BER | 35.706.093 | 52.963.412 | 2.382.698 | 86.286.807 |
| Companies traded at BVB BER – extra stock market | 25.163.385 | 22.834.369 | 2.874.655 | 45.123.099 |
| Total participations in listed and traded companies | 204.668.845 | 830.638.749 | 5.772.927 | 1.029.534.667 |
| Companies not listed, traded through the electronic system of BVB | 11.786.749 | 4.211.869 | 1.380.434 | 14.618.184 |
| Closed companies | 140.725.228 | 142.857.508 | 52.488.583 | 231.094.153 |
| Companies listed and not traded | 8.333.256 | 128.140 | 8.214.044 | 247.352 |
| Companies listed and not traded during the last 90 days | 44.509.028 | 13.643.944 | 24.254.069 | 33.898.902 |
| Total participations in not listed or not traded companies | 205.354.260 | 160.841.462 | 86.337.130 | 279.858.592 |
| TOTAL PORTFOLIO | 410.023.105 | 991.480.211 | 92.110.057 | 1.309.393.259 |
| Participations in OPCVM and / or AOPC | 3.369.917 | 792.350 | - | 4.162.267 |
| Total investments portofolio – gross value | 413.393.022 | 992.272.561 | 92.110.057 | 1.313.555.526 |
| Provisions for securities amortization | (92.110.688) | - | - | - |
| Total investments portofolio – net value | 321.282.334 | - | - | - |

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

- *) **The market value was calculated thus:**
- **for listed shares** - the price on the last day of trading in 2006
 - **for unlisted shares** – the price according to the model in Regulation 15 / 2004
- ***) **The amount of 92.110.688 RON is composed of:**
- **negative adjustments** – the amount of 92.110.057 RON;
 - **provision for the devaluation of securities likely to undergo liquidation** – the amount of 631 RON

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

SIF Moldova's portfolio companies can be classified by the percentage owned in the issuers' registered capital, as follows (without OPCVM/AOPC):

- RON -

| Percentage held | Number of companies | Market Value as of Dec 31, 2006 |
|------------------|---------------------|------------------------------------|
| Under 10% | 116 | 1.110.261.586 |
| Between 10 – 20% | 56 | 126.125.390 |
| Between 20 – 50% | 94 | 33.599.743 |
| Over 50% | 13 | 41.963.736 |
| TOTAL | 279 | 1.311.950.456 |

We mention that in holdings under 10% are holdings in S.C. IMPACT București. S.C.ROMPETROL RAFINARE Constanta. BANCA COMERCIALA CARPATICA si VRANCART ADJUD, categorized as short term financial investments.

b) Short term financial investments

- RON -

| | Cost value | Positive difference | Negative difference | Market value on December 31, 2005 |
|---|------------------|------------------------|------------------------|---|
| Bonds | 2.452.239 | 14.874 | - | 2.467.113 |
| Shares | 2.300.350 | 367.808 | 110.961 | 2.557.197 |
| Other financial instruments | 382.764 | - | 250 | 382.514 |
| Total short term financial investments | 5.131.830 | 386.205 | 111.211 | 5.406.824 |
| Devaluation provision | (111.211) | - | - | - |
| Total short term financial investments - net | 5.020.619 | - | - | - |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

12. STATUS OF BANK DEPOSITS

a) Bank deposits

On December 31, 2006, the company had investments in the monetary market in the form of bank deposits, as follows:

- RON-

| Bank Name | Acc. Symb | Deposit amount | | Interest amount | | Weight in total | Date of | |
|------------------------|-----------|-------------------|----------------|-----------------|-------------------|-----------------|--------------|------------|
| | | Term < 60 days | Term > 60 days | % | Value at due date | | Constitution | Term |
| B.R.D. Bacau | RON | 135.657 | | 4,00 | 75,37 | 0,24 | 29.12.2006 | 03.01.2007 |
| B.R.D. Bacau | RON | 2.000.000 | | 8,50 | 14.638,89 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.R.D. Bacau | RON | 1.000.000 | | 8,50 | 7.083,33 | 1,72 | 06.12.2006 | 05.01.2007 |
| B.C.R. Bacau | RON | 2.000.000 | | 8,70 | 14.983,33 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.C.R. Bacau | RON | 2.000.000 | | 8,70 | 14.983,33 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.C.R. Bacau | RON | 2.000.000 | | 8,70 | 14.983,33 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.C.R. Bacau | RON | 2.000.000 | | 8,70 | 14.983,33 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.C.R. Bacau | RON | 2.000.000 | | 8,70 | 14.983,33 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.C.R. Bacau | RON | 2.764.000 | | 8,70 | 20.706,97 | 4,78 | 05.12.2006 | 05.01.2007 |
| B.C.R. Bacau | RON | 1.000.000 | | 8,70 | 7.491,67 | 1,72 | 11.12.2006 | 11.01.2007 |
| B.C.R. Bacau | RON | 1.000.000 | | 8,70 | 7.491,67 | 1,72 | 11.12.2006 | 11.01.2007 |
| B.C.R. Bacau | RON | 2.000.000 | | 8,70 | 14.983,33 | 3,44 | 11.12.2006 | 11.01.2007 |
| Transilvania Bacău | RON | 2.000.000 | | 8,60 | 30.577,78 | 3,44 | 02.11.2006 | 05.01.2007 |
| Transilvania Bacău | RON | 2.000.000 | | 8,60 | 30.577,78 | 3,44 | 02.11.2006 | 05.01.2007 |
| Transilvania Bacău | RON | 2.000.000 | | 8,60 | 30.577,78 | 3,44 | 02.11.2006 | 05.01.2007 |
| Transilvania Bacău | RON | 2.000.000 | | 8,60 | 30.577,78 | 3,44 | 02.11.2006 | 05.01.2007 |
| Transilvania Bacău | RON | 2.000.000 | | 8,60 | 30.577,78 | 3,44 | 02.11.2006 | 05.01.2007 |
| Transilvania Bacău | RON | 1.000.000 | | 8,30 | 7.147,22 | 1,72 | 18.12.2006 | 18.01.2007 |
| Transilvania Bacău | RON | 2.000.000 | | 8,30 | 14.294,44 | 3,44 | 18.12.2006 | 18.01.2007 |
| Transilvania Bacău | RON | 2.000.000 | | 8,30 | 14.294,44 | 3,44 | 18.12.2006 | 18.01.2007 |
| Transilvania Bacău | RON | 1.500.000 | | 8,30 | 10.720,83 | 2,59 | 18.12.2006 | 18.01.2007 |
| Unicredit Bacau | RON | 1.000.000 | | 8,70 | 7.491,67 | 1,72 | 05.12.2006 | 05.01.2007 |
| Unicredit Bacau | RON | 1.000.000 | | 8,70 | 7.491,67 | 1,72 | 05.12.2006 | 05.01.2007 |
| Unicredit Bacau | RON | 1.000.000 | | 8,70 | 7.491,67 | 1,72 | 05.12.2006 | 05.01.2007 |
| Unicredit Bacau | RON | 1.000.000 | | 8,70 | 7.491,67 | 1,72 | 05.12.2006 | 05.01.2007 |
| Unicredit Bacau | RON | 2.000.000 | | 8,70 | 14.983,33 | 3,44 | 05.12.2006 | 05.01.2007 |
| Unicredit Bacau | RON | 2.000.000 | | 8,70 | 14.983,33 | 3,44 | 05.12.2006 | 05.01.2007 |
| Unicredit Bacau | RON | 2.000.000 | | 8,70 | 14.983,33 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.C.Carpatica Ag.Bacau | RON | 1.000.000 | | 9,00 | 7.643,84 | 1,72 | 05.12.2006 | 05.01.2007 |
| B.C.Carpatica Ag.Bacau | RON | 1.000.000 | | 9,00 | 7.643,84 | 1,72 | 05.12.2006 | 05.01.2007 |
| B.C.Carpatica Ag.Bacau | RON | 1.000.000 | | 9,00 | 7.643,84 | 1,72 | 05.12.2006 | 05.01.2007 |
| B.C.Carpatica Ag.Bacau | RON | 1.000.000 | | 9,00 | 7.643,84 | 1,72 | 05.12.2006 | 05.01.2007 |
| B.C.Carpatica Ag.Bacau | RON | 2.000.000 | | 9,00 | 15.287,67 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.C.Carpatica Ag.Bacau | RON | 2.000.000 | | 9,00 | 15.287,67 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.C.Carpatica Ag.Bacau | RON | 2.000.000 | | 9,00 | 15.287,67 | 3,44 | 05.12.2006 | 05.01.2007 |
| B.C.Carpatica Ag.Bacau | RON | 1.700.000 | | 9,00 | 12.994,52 | 2,95 | 05.12.2006 | 05.01.2007 |
| TOTAL | X | 58.099.657 | | | 511.083,27 | 100,00 | X | X |

The company's exposure as of December 31, 2006 towards banks is as follows:

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

| Bank | Value of deposit | Percentage of total |
|---------------------------------------|-------------------------|----------------------------|
| • B.R.D. BACAU | 3.135.657 | 5,40 |
| • B.C.R. BACAU | 16.764.000 | 28,85 |
| • BANCA TRANSILVANIA BACAU | 16.500.000 | 28,40 |
| • UNICREDIT BACAU | 10.000.000 | 17,21 |
| • BANCA COMERCIALA CARPATICA BACAU | 1.700.000 | 20,14 |
| TOTAL | 58.099.657 | 100 |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

13. GROSS REVENUE STRUCTURE

| Indicators | <u>Account</u> | <u>DECEMBER</u> | <u>DECEMBER</u> |
|---|-----------------------|------------------------|------------------------|
| | | 31, 2005 | 31, 2006 |
| 1 Revenue from financial investments (dividends due to SIF Moldova) | 761 | 30.253.988 | 32.828.453 |
| 2 Revenue from short term financial investments | 762 | - | - |
| 3 Revenue from financial instruments | 763 | 12.630.196 | 5.668.669 |
| 4 Revenue from ceded financial investments | 764 | 31.782.098 | 47.700.647 |
| 6 Revenue from exchange rate differences | 765 | 1.647.357 | 2.440.757 |
| 7 Revenue from interest | 766 | 286.382 | 6.012.774 |
| | | - | 2.388.767 |
| 10 Revenue from provisions | 781 | 8.903.065 | 2.388.115 |
| | 786 | 114.583 | 57.405.535 |
| 11 Other revenue | | 4.941.527 | 2.246.563 |
| - from dues and rents | 706 | 762.148 | 956.085 |
| - from other various activities | 708 | 57.613 | 71.716 |
| - from subsidies | 741 | 2.723.945 | 1.185.126 |
| - from other sources | 758 | 22 | 908 |
| - from discounts obtained | 767 | 1.397.799 | 32.728 |
| - from other financial revenue | 768 | 4.941.527 | 2.246.563 |
| 15 TOTAL REVENUE | | 90.559.196 | 151.026.367 |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

14. STRUCTURE OF EXPENSES

| Indicators | ACCOUN | 2005 | 2006 |
|---|---------------|-------------------|--------------------|
| | I | | |
| Losses related to claims resulting from investments | 663 | - | - |
| Expenses related to ceded financial investments | 664. 658 | 5.124.025 | 12.516.902 |
| Expenses related to commissions and fees | 622 | 1.495.609 | 1.881.634 |
| Expenses related to exchange rate diff. | 665 | 1.487.494 | 5.408.711 |
| Expenses related to interest | 666 | - | - |
| Expenses with banking services and equivalent | 627 | 33.268 | 37.558 |
| Losses related to receivables and various debtors | 654 | 7.517 | 36.047 |
| Expanses with provisions and depreciations | 681 | 3.310.475 | 4.091.808 |
| | 686 | 15.197.383 | 49.599.663 |
| Expenses related to external services | | | |
| -maintenance and repair | 611 | 127.859 | 83.627 |
| -dues and rents | 612 | 12.820 | 13.600 |
| -insurance payments | 613 | 39.116 | 38.683 |
| -protocol, advertisement and promotion | 623 | 88.223 | 89.579 |
| -transport of goods and persons | 624 | 595 | - |
| -travel and transfer expenses | 625 | 62.727 | 67.681 |
| -post and telecommunication | 626 | 207.825 | 217.076 |
| -other services performed by third parties | 628 | 192.088 | 214.099 |
| -other expenses | 658 | 1.915.191 | 54.062 |
| -expenses related to offered discounts | 667 | - | - |
| -other financial expenses | 668 | 794.259 | 13.513.726 |
| Expenses with inflation adjustments | 688 | - | - |
| Expenses with other taxes and equivalent payments | 635 | 156.767 | 209.433 |
| Other expenses | | | |
| - expenses with consumables | 602 | 591.091 | 489.904 |
| - expenses with materials of inventory kind | 603 | 54.053 | 20.882 |
| - expenses with materials not in stock | 604 | 737 | 354 |
| - expenses with energy and water | 605 | 167.320 | 195.948 |
| - expenses with collaborators | 621 | 290.104 | 213.996 |
| - salaries | 641 | 4.236.347 | 6.928.911 |
| - expenses with food stamps | 642 | - | 75.898 |
| - insurance and social expenses | 645 | 1.449.364 | 1.698.647 |
| Expenses related to calamities and extraordinary events | 671 | - | - |
| Profit tax | 691 | 5.309.747 | 4.983.192 |
| Other expenses with taxes, not reflected by the items above | 698 | (377.911) | - |
| TOTAL EXPENSES | | 41.974.090 | 102.681.620 |

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

14. STRUCTURE OF EXPENSES (continued)

| | |
|--|-------------------------|
| Expenses with commissions and fees | <u>1.881.634</u> |
| • Expenses with external auditors' fees | 86.392 |
| • Expenses with depository company commissions | 137.710 |
| • Expenses with NSC commissions | 1.206.728 |
| • Expenses with SSIF commissions for shares traded | 150.964 |
| • Expenses with shareholder registry services | 140.210 |
| • Expenses with B.S.E. | 21.000 |
| • Expenses with juridical assistance | 126.849 |
| • Other expenses with commissions | 11.781 |

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

14. RISK MANAGEMENT

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

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 Euro, as well as by the bank deposits denominated in EUR.

b) Economic environment risk

The Romanian economy continues to present specific emerging economy features. There is still a significant degree of uncertainty regarding the future political, economic and social environment development. The Company's management cannot foresee the nature of changes to occur in the Romanian economic environment and their effect on the financial situation and on the Company's operational and treasury results.

Among the national economy's features, it is worthy to mention a domestic currency which is not fully convertible outside Romania, a low capital market liquidity degree and a wide range of fluctuation in the national currency's exchange rate.

FIC Moldova has no formal policy to cover 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 SIF Moldova's operations. The surplus of cash or other equivalent available is invested in short term investment securities with maturity of up to 3 or 6 months. The fixed income securities in which SIF Moldova invested incur maturities of up to 12 months.

d) Credit risk

SIF Moldova is 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.

SIF Moldova has no 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 liquidate rapidly investments in such instruments at a value close to the one determined based on the calculation model for financial companies' net asset

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

value, provided in Regulation no. 15 / 2004, issued by the National Securities Commission (CNVM) in order to fulfil the own liquidity requirements.

SIF Moldova has no formal policy to cover the liquidity risk.

f) Tax related risk

The Romanian fiscal system undergoes various interpretations and permanent changes, which may be retroactive. In certain situations, the fiscal authorities may adopt a position which differs from the Bank's position and may calculate certain interests and fiscal 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 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 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 until the December 31, 2006, may be subject to a later check.

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

15. CONTINGENT OBLIGATIONS AND LIABILITIES

On December 31, 2006, FIC was involved in 46 court cases as a defendant and in 157 cases as a plaintiff.

Against SARA Bucharest, FIC has lawsuits on record involving direct bill actions in 14 cases.

The SARA direct action was rejected in 11 of the 14 cases in court, the court sustaining the exception of the limitation of the right to act invoked by our company. The decisions pronounced are final but not irrevocable, SARA's appeal pending redolution by the High Court for Cassation and Justice – the commercial section, during 2007.

FIC management, on the basis of information received from company lawyers, estimates that it is probable to incur losses from these litigations and as a consequence recorded a provision to this purpose of 16.911.668 RON, the equivalent of 5.630.140USD; 542.839.44 EURO and 620.000 RON.

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

17. REVALUATION OF INITIAL BALANCES

In compliance with the provisions of NSC Order no. 75 / 2005 the balances on December 31, 2005 were reevaluated and transferred as presented in order to ensure the comparability of data.

| | Row no. | Beginning of year <i>revaluated</i> | Beginning of year <i>reported</i> | Account transfers | Note | Reevaluation differences | Note |
|--|---------|--|--------------------------------------|-------------------|-------|--------------------------|-------|
| TOTAL: (row 01 to 05) Intangible assets | 6 | 234.478 | 234.478 | - | | 0 | |
| TOTAL: (row 07 to 10) Tangible assets | 11 | 9.449.587 | 9.449.587 | - | | 0 | |
| TOTAL: (row 12 to 17) Financial assets | 18 | 257.839.819 | 1.039.145.220 | 105.155.960 | | 676.149.441 | (a) |
| TOTAL: (row 20 to 22) Inventory | 23 | 18.040 | 18.040 | - | | 0 | |
| TOTAL: (row 24 to 28) Receivables | 29 | 124.732.878 | 19.576.918 | (105.155.960) | | 2 | |
| TOTAL: (row 30 to 31) Short term financial investments | 32 | 5.624.145 | 5.624.145 | - | | 0 | |
| IV. CASH AND BANK ACCOUNTS | 33 | 73.806 | 73.806 | - | | 0 | |
| C. PREPAID EXPENSES (acc. 471) | 35 | 48.654 | 48.654 | - | | 0 | |
| Total assets | | 398.021.407 | 1.074.170.848 | - | | 676.149.443 | |
| TOTAL: (row 36 to 43) Current liabilities | 44 | 40.937.004 | 31.719.269 | 9.217.735 | (e) | 0 | |
| TOTAL: (row 47 to 54) Non-current liabilities | 55 | 0 | 145.036.774 | (52.353.479) | (f) | 92.683.295 | (b) |
| TOTAL PROVISIONS: (row 56+57+58) | 59 | 81.756.022 | 38.620.278 | 43.135.744 | (g) | 0 | |
| I. DEFERRED REVENUE (row 60.1+60.2) of which: | 60 | 1.729.894 | 1.729.894 | - | | 0 | |
| I. CAPITAL (row 62+63) of which: | 61 | 51.908.959 | 51.908.959 | - | | 0 | |
| III. REVALUATION RESERVES (acc. 105) | | 6.235.347 | 6.235.347 | - | | 0 | |
| IV. RESERVES (row 68 to 73-74) | 67 | 236.255.284 | 723.108.558 | 1.899.323 | (h) | 488.752.597 | (c) |
| V. REPORTED RESULT (acc. 117) | | (20.801.103) | 75.811.769 | (1.899.323) | | 94.713.550 | (d) |
| VI. RESULT OF FISCAL YEAR (acc. 121) | | 48.585.106 | 48.585.106 | - | | 0 | |
| Profit appropriation (acc. 129) | 79 | (48.585.106) | (48.585.106) | - | | 0 | |
| Total liabilities | | 398.021.407 | 1.074.170.848 | - | | 676.149.442 | |

Revaluation differences:

(a) The decrease of the total volume of the financial assets by 676.149.441 RON resulted from the following influences:

- the elimination of fair value amounting to 581.853.413 RON related to the securities portfolio held as a non-current asset on December 31, 2005 and its recording at historical cost;
- recording the adjustments for the devaluation amounting to 94.296.028 RON related to investments with a fair value lower than the historical cost.

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2006
(all amounts are in RON, unless specified otherwise)

(b) The decrease in volume of long term debt by 92.683.295 RON resulted from the following influences:

- the cancellation of the profit tax related to the elimination of reserves from fair value evaluation of stocks, amounting to 93.100.816 RON
- elimination of deferred tax to recover on Dec 31, 2005 corresponding to the reported result amounting to 417.521 RON.

(c) The total volume of reserves decreased by 488.752.597 RON, representing:

- reserve from fair value evaluation of existing participations on Dec 31, 2005 amounting to 581.853.413 RON.
- deferred tax corresponding to the reserve generated by the fair value evaluation of existing participations on Dec 31, 2005, amounting to 93.100.816 RON

(d) The decrease in the reported result by 94.713.550 RON was generated by

- the registration of adjustments for the value loss associated to investments held at Dec 31, 2005 with a fair value lower than the historical cost amounting to 94.296.028 RON.
- the elimination of the deferred tax to recover on Dec 31, 2005 corresponding to the result reported, amounting to 417.521 RON.

Account transfer:

(e) The increase in volume of current liabilities by 9.216.924 RON representing the reclassification of non-current liabilities from Dec 31, 2005 as current liabilities on Jan 1, 2006.

(f) The decrease in volume of non-current liabilities by 52.353.479 RON as a consequence of:

- the reclassification of non-current liabilities from Dec 31, 2005 into current liabilities on Jan 1, 2006 amounting to 9.217.735 RON
- the transfer to „Tax provisions” of the credit balance of the account „Deferred profit tax” previously included in non-current liabilities on Dec 31, 2005 amounting to 43.135.744 RON.

(g) The increase in volume of the provisions by 43.135.744 RON is owed to the transfer of the credit balance of the „Deferred profit tax” account from Dec 31, 2005 to the „Provisions for risks and expenses: on Jan 1, 2006 according to the requirements of Regulation 1752 / 2005.

(h) The increase in volume of the reserves by 1.899.323 RON was generated by the following influences:

- the transfer of the reported result associated to the reevaluation reserve to reserve accounts according to the requirements of Regulation 1752 / 2005, amounting to 1.986.012 RON.
- the reclassification from reserves to reported result of the amount of 86.689 RON representing the reserve from fair value revaluation of shares transferred from the held for sale category into the speculative purpose category according to the requirements of Regulation 1752 / 2005.

President
Sorin Mihail Turtoescu

Financial Manager
Liana Marin