



Financial Investment Company MOLDOVA SA

Half year report according to: Law 297/2004, NSC Regulations no. 1/2006 and 15/2004
Date of report: Aug 14, 2007
Name of issuing company: Financial Investment Company Moldova S.A.
Company head office: Bacau, Pictor Aman street no. 94 C, Bacau County
Telephone/Fax no.: 0234/576740, fax 0234/570062; 0234/570101
Record in the Trade Registry Office: 2816642
NSC Registry No.: PJR09SIIR/040001/14.12.2005
Serial Number in the Trade Registry: J04/2400/92
Subscribed and paid-in registered capital: 51908958.8 RON
Regulated market trading issued securities: BVB (Bucharest Stock Exchange)

FIC MOLDOVA BOARD OF DIRECTORS' ACTIVITY REPORT FOR THE FIRST HALF OF 2007

I. GENERAL OBJECTIVES, SPECIFIC INDICATORS

The 2007 Activity Program, approved by the shareholders during the OGMS of Apr 28, 2007, was drafted based on the directives of the "FIC Moldova development strategy for 2007-2009". This program provides the following strategic objectives as priorities:

- Net Profit – an annual increase in net profit of 12% compared to that provided for the previous year, respectively from 39.200.000 RON to 43.904.000 RON.
- Book Value of Shares – an annual percentual increase of 20%.
- The forecasted level of investments will remain at 70.000.000 RON in shares and other financial instruments ensuring profitabilities superior to monetary products, depending on the market evolution and respecting the investment policy imposed by regulations. The main source of liquidities for the support of the investment program is revenue from sales, associated to investments in issuers in the primary portfolio and the speculative portfolio, source that will increase its weight in the general structure of holdings. The trading activity will generate a significant share of the company profit and will ensure the increase of the weight of speculative operations in the total sources of profit.

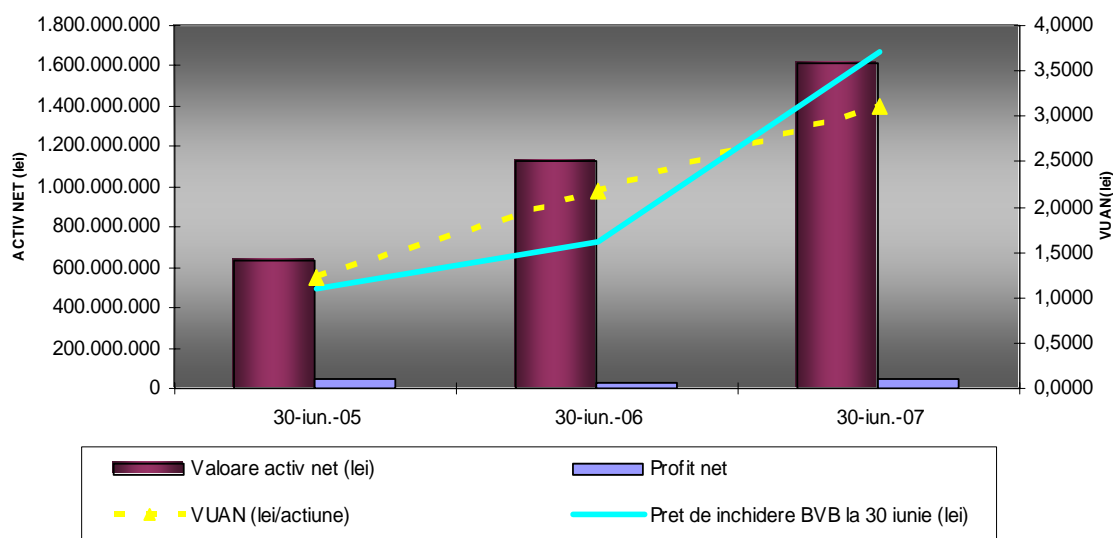
Book value of shares, determined according to NSC Instructions, increased by 19% compared to the value recorded at the end of the 2006 fiscal year, almost reaching the 20% growth target planned for the entire year of 2007; the book value of shares growth forecast is already realized at the middle of the year by 99%.

Compared to the corresponding previous periods (half year / half year) the value increase of the book value of shares at the end of the first half of 2007 is 154% compared to the same period of 2005 and 43% compared to the corresponding period of 2006.

Item name / period		2006	1st half of 2005	1st half of 2006	1st half of 2007
Net assets value	[RON]	1.357.737.578	636.908.600	1.129.253.991	1.616.464.609
Book value	[RON/s hare]	2,6156	1,2270	2,1755	3,1140
BSE closing price / share on Jun 30	[RON]	3,2655	1,0900	1,6200	3,7000
Book value / closing price		0,8010	1,13	1,34	0,84
Net profit	[RON]	48.341.224	49.427.400	29.675.970	46.614.063
Net profit / net assets	[%]	3,56	7,76	2,63	2,88

Net Profit provided in the Revenue and Expense Budget for 2007 is 43.904.000 RON, in the 1st half of 2007 being 106% achieved, specifically 46.614.063 RON.

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



Investments made in the 1st half year (including those pending) total over 32,64 million RON, representing about 47% of the annual objective. Acquisitions of listed shares comprise the overwhelming share, of approximately 90%; investments were also made in fund units, shares of closed type issuers, derivative financial instruments and government securities.

The stock market indicators calculated for FIC Moldova at the end of the first halves of the last three years are presented in the following table:

FIC2	DATE	Closing Price	Half Year Market Capitalization	Value Traded in Half Year	EPS ¹	PER ²	P/BV ³	Lch ⁴
		(RON)	(RON)	(RON)	(RON/shar e)		(RON/shar e)	(%)
FIC 2	Jun 30, 07	3,7000	1.920.631.476	180.864.224	0,09	41,20	1,19	9,42
FIC 2	Jun 30, 06	1,6200	840.925.133	69.782.012	0,06	28,34	0,98	8,30
FIC 2	Jun 30, 05	1,0900	565.807.651	24.621.333	0,08	11,45	-	4,35

source: www.bvb.ro/rapoarte

As follows from the above data, the market value of FIC Moldova increased permanently, doubling from the corresponding period of the previous year and increasing fourfold from the end of the 1st half of the year 2005.

The earnings per share increased at the end of the equivalent periods analyzed, reaching at the end of the half year of 2007 a value almost equal to the book value of shares.

The increase in liquidity of FIC 2 securities reveals, by the volume, value and frequency of transactions recorded, the interest in the market for this share as well as the increasing trend of the capacity of this security to absorb money.

II. ACHIEVEMENT OF OBJECTIVES IN THE ACTIVITY PLAN

II.1. ACHIEVEMENT OF FINANCIAL OBJECTIVES

II.1.1. SHARE PORTFOLIO MANAGEMENT

II.1.1.a. Share portfolio reconfiguration and optimization

Between Jan 1, 2007 and Jun 30, 2007, share portfolio management objectives were pursued as set forth by the FIC Moldova activity program for 2007.

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

These objectives were realized by:

a) Modifying the participation by legal operations of writing off, thus:

- **write-off** of 2 companies in which the liquidation procedure was finalized, resulting in the elimination from the portfolio of participations held, 9,6 million RON in nominal value.

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

- **sales** – the sale of participations (full or partial) in 21 companies, 3,7 mil. RON in nominal value;

¹ **EPS** (earning per share) represents the profit per share and is calculated as a ratio between the company profit and the total number of shares

² **PER** represents the co-ratio between the market price of the share, recorded only in sale transactions on the stock market and the profit per share

³ **P/BV** (price to book ratio) represents the price per accounting value per share. The indicator shows the amount investors pay for the company net assets

⁴ **Lch** represents the volume, value and frequency of transactions recorded for a certain share.

- **acquisitions** – involving stock in 24 companies, 3,2 mil. RON in nominal value;
- **direct investment** (primary investment) – in 9 companies, 2,4 mil. RON in nominal value.

II.1.1.a.1. Evolution of the portfolio at nominal value

On Jun 30, 2007 the portfolio comprises 281 companies, in which shares totaling 300,7 mil. RON in nominal value are held. Of these, 92 companies in which FIC Moldova holds shares worth 46,2 mil. RON in nominal value, representing 15,3% of total participations at nominal value, are undergoing various stages of insolvency.

The detailed status of investments according to Regulation no. 15 / 2004 – annex 17 of NSC is presented in annex IV.2.1.

II.1.1.a.2. Share portfolio structure

In the Jan 1, 2007 – Jun 30, 2007, portfolio reconfiguration and optimization led to the following structure according to:

- type of shares (listed / unlisted):

Portfolio structure	Total nominal value of the package				Total market value* of the package			
	Thousand RON		%		Thousand RON		%	
	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07
Securities								
Traded stock, Of which:	136.842,2	155.421,9	44,36	51,7	1.058.700	1.329.267,4	79,97	83,59
Companies listed at BSE	75.223,9	78.960,2	24,9	26,2	937.429	1.137.681	70,81	71,54
Unlisted companies, traded through the BSE system	11.793,5	11.698	3,8	3,9	13.530	10.459	1,02	0,66
Comp. listed in BVB- BER*	29.157	21.554	9,4	7,2	73.371	96.103,3	5,54	6,04
Comp. listed in BVB- BER – extra stock market*	20.667,8	43.209,7	6,7	14,4	34.369	85.024	2,6	5,35
Untraded stock, Of which:	171.606,7	145.328,9	55,64	48,3	265.240	260.972,5	20,03	16,41
Closed companies	126.594,2	124.886,2	41	41,5	231.094	235.315	17,46	14,80
Listed, untraded companies	8.333,2	281,2	2,7	0,09	247	247.381,7	0,02	15,56
Listed, untraded in last 90 days companies	36.679,3	20.161,5	11,9	6,7	33.900	25.410	2,56	1,60
Total	308.449	300.751	100,00	100,00	1.323.940	1.590.240	100,00	100,00

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

- size of share held in comprised companies:

Specification	31.12.2006	30.06.2007
Insignificant shares: % SIF < 10%		

Number of companies	116		123	
Nominal value (thousand RON) / percentage	169.373	54,91	172.720	57,43
Significant shares: 10% ≤ % FIC < 33%				
Number of companies	129		127	
Nominal value (thousand RON) / percentage	108.946	35,32	100.067	33,27
Control shares: 33 % ≤ % SIF < 50 %				
Number of companies	21		20	
Nominal value (thousand RON) / percentage	12.059	3,91	12.053	4,01
Majority shares: % SIF ≥ 50 %				
Number of companies	13		11	
Nominal value (thousand RON) / percentage	18.071	5,86	15.919,5	5,3
Total shares:				
Number of companies	279		281	
Nominal value (thousand RON) / percentage	308.449	100,00	300.751	100,00

- field of activity:

FIELD	31.12.2006				30.06.2007			
	Nr. S.C.	%	Nominal value of participations (thousand RON)	%	Nr. S.C.	%	Nominal value of participations (thousand RON)	%
BANKING, INSURANCE	10	3,6	125.901	40,8	9	3,20	126.608	42,10
MACHINERY MANUFACTURE	27	9,7	54.917	17,8	27	9,61	54.599	18,15
TEXTILES & GARMENTS	45	16	26.501	8,6	44	15,66	25.049	8,33
CHEMICALS	11	4	24.840	8	10	3,56	18.269	6,07
AGRICULTURE	64	23	19.684	6,4	65	23,13	20.317	6,76
METALLURGY	9	3	17.793	5,8	8	2,85	17.640	5,87
FOOD INDUSTRY	23	8	8.094	2,6	22	7,83	6.508	2,16
COMMERCE, RESTAURANTS	24	8,6	6.652	2	22	7,83	6.196	2,06
OTHERS	66	23,6	24.066	7,8	74	26,33	25.565	8,50
TOTAL	279	100,00	308.449	100,00	281	100,00	300.751	100,00

The top 10 companies in the portfolio classified by the market value of the FIC Moldova share on Jun 30, 2007:

Company	City	Field of Activity	Market value of FIC share on Jun 30, 2007 (thousand RON)
BRD GSG	Bucuresti	Banking	831.714
BCR	Bucuresti	Banking	182.429
BANCA TRANSILVANIA	Cluj	Banking	145.359
MITTAL STEEL ROMAN	Roman	Metallurgy	47.706

PETROM	Bucuresti	Services related to oil extraction	41.964
BIOFARM	Bucuresti	Pharmaceuticals	34.625
MECANICA CEAHLAU	Piatra Neamt	Machinery manufacture	30.503
TESATORIILE REUNITE	Bucuresti	Textiles	28.616
BANCPPOST	Bucuresti	Banking	27.613
AEROSTAR	Bacau	Machinery manufacture	24.917

II.1.1.a.3. Administration of participations held

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

European corporate management principles were promoted, together with the equitable treatment of shareholders and business ethics, in order to impose correct management conduct and practices, to ensure the development of the company, attainment of profit and the protection of FIC Moldova interests in the companies in which it holds insignificant, significant or control positions, in order to stop disloyal practices of decapitalization by majority shareholders, modification of articles of incorporation to the purpose of delegating certain attributions of the GMS towards the Board of Directors or restraining the right to trade shares, etc.

II.1.1.b. Investing-disinvesting activity

II.1.1.b.1 Investing activity

Investing activity – shares - on the secondary market

The investment strategy continued to be focused on the structuring of a portfolio consisting of liquid securities with growth potential, at the same time increasing the volume of speculative operations and expanding activity towards the market of derivative financial instruments.

In these circumstances, in the first half of the year 2007, acquisition operations were aimed at the shares of 24 issuers (23 listed) with a total acquisition value (including trading commissions) of 25,27 mil. RON compared to 18,94 mil. RON in the corresponding period of the preceding year.

We specify that in the case of some issuers, acquisition programs initiated / continued in the 1st half of 2007 result in the reception of free shares and in granting the right to subscribe (at prices below the market quotation) in registered capital increase operations.

Thus, FIC Moldova will be granted free shares in issuers such as Banca Transilvania, Banca Carpatica, Biofarm, Turism Felix, Bermas, Imotrust, Vrancart, Prospectiuni, Armax Gaz – with a market value of approximately 80,77 mil RON.

Concomitantly, in this portfolio segment constituted by acquisition programs, exercising the subscription rights in the case of registered capital increase operations assumes an investment effort of approx. 5,80 mil. RON for shares 15,33 mil. RON in market value.

Investing activity – shares - on the primary market

In the Jan 1, 2007 – Jun 30, 2007 period direct investments were made by participating in the increase of registered capital of 9 issuers in the portfolio. Share investments totalling 2,43 mil. RON in nominal value were recorded, thus:

- 7 listed companies, in which shares 2,38 mil. RON in nominal value were subscribed;
- 2 unlisted companies, in which shares 0,05 mil. RON in nominal value were subscribed.

Of these, investments made at the end of 2006 and recorded in 2007 were 1,9 mil. RON in nominal value.

We specify that in the Jan 1, 2007 – Jun 30, 2007 period FIC Moldova subscribed shares 3,3 mil. RON in nominal value in 7 more companies, at a price of 7,4 mil. RON, these investments pending registration.

➤ **Investing activity – other instruments**

In the context of the portfolio diversification policy as well as in order to exploit opportunities, transactions were made on the derivatives market (BMFMS) – the allocated sum amounting to 0,75 mil. RON compared to 0,22 mil. RON in the corresponding period of the preceding year. Trading operations on this market concluded at the end of June with a 0,12 mil. RON profit.

Stage of fulfillment of the objectives

In relation to the objectives set forth by the General Meeting of Shareholders by the approval of the activity program for the current year, investments made (including those pending registration in the case of subscriptions) amount to 32,64 mil. RON and represent approx. 46,6% of the annual objective amounting to 70 mil. RON.

II.1.1.b.2 Disinvesting activity

Share packages of 20 issuers (4 of closed-end type) were subject to disinvestment operations during the first half of 2007. Revenue from these sales amounted to 18,04 mil RON as compared to 11,82 mil RON in the 1st half of 2006, with a related profit of 12,84 mil. RON (calculated considering the historic cost and excluding transaction fees compared to 5,35 mil RON in the corresponding period of 2006.

Stage of fulfillment of the objectives

In the Revenue from Sale of Stock category, the objective set forth (corrected / increased) for 2007 is 39,50 mil. RON, whereas the degree of fulfilment at the end of the 1st half year is 32,6%.

II.1.1.c. *Investment in securities issued by Association of Collective Investment Organizations (AOPC) / OPCVM*

On Jun 30, 2007 FIC held 3.120 securities of The Businesspersons' Fund ("Fondul Oamenilor de Afaceri") 8.468 RON in nominal value and 16.085 RON in market value.

II.1.2. PRESENTATION OF THE ECONOMIC AND FINANCIAL STATUS

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

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

Financial statements recognize investments in the portfolio on Jun 30, 2007 based on the historic cost less accumulated adjustments for value losses at the date of the balance sheet in 2006.

The financial status is reflected in balance sheet items.

	Row No.	Balance	
		January 1, 2007	June 30, 2007
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
3. Grants, patents, licences, trademarks, similar rights and values and other intangible assets	03	128.439	99.404
TOTAL: (row 01 to 05)	06	128.439	99.404
II. TANGIBLE ASSETS			
1. Land and buildings	7	8.501.896	8.359.189
2. Equipment	8	311.586	245.657
3. Furniture and fixture	9	120.699	103.654
TOTAL: (row 07 to 10)	11	8.934.181	8.708.500
III. FINANCIAL ASSETS			
5. Securities as assets	16	321.282.334	343.819.233
6. Other claims	17	102.350	13.963
TOTAL: (row 12 to 17)	18	321.384.684	343.833.196
NON-CURRENT ASSETS – TOTAL (row 06 + 11 + 18)	19	330.447.304	352.641.100
B. CURRENT ASSETS			
I. INVENTORY			
1. Consumables	20	19.193	22.314
3. Advances for purchase of inventories	22	13.365	6.561
TOTAL: (row 20 to 22)	23	32.558	28.875
II. RECEIVABLES (Amounts due to be received after more than one year must be presented separately for each item)			
1. Trade receivables	24	58.612.587	56.093.624
4. Other receivables	27	2.042.496	15.738.207
TOTAL: (row 24 to 28)	29	60.655.083	71.831.831
III. SHORT TERM FINANCIAL INVESTMENTS			
3. Other short term financial investments	31	5.020.619	3.608.823
TOTAL: (row 30 to 31)	32	5.020.619	3.608.823
IV. CASH AND BANK ACCOUNTS	33	3.250.105	2.986.674

	Row No.	Balance	
		January 1, 2007	June 30, 2007
CURRENT ASSETS - TOTAL (rd. 23 + 29 + 32 + 33)	34	68.958.365	78.456.203
C. PREPAID EXPENSES (acct. 471)	35	116.815	100.281
D. CURRENT LIABILITIES			
3. advances received from clients	38	-	63.240
4. Accounts payable	39	400.879	83.769
5. Commercial papers payable	40	5.083.848	4.602.708
8. Other liabilities, including taxes payable and social security liabilities	43	23.975.448	43.591.904
TOTAL: (row 36 to 43)	44	29.460.175	48.341.621
E. CURRENT ASSETS LESS NET CURRENT LIABILITIES (row 34 + 35 - 44 - 60.2)	45	39.604.447	30.204.872
F. TOTAL ASSETS LESS CURRENT LIABILITIES (rd. 19 + 45 - 60.1)	46	370.051.751	382.845.972
G. NON-CURRENT LIABILITIES			
H. PROVISIONS			
2. Provisions for taxes	57	41.437.613	30.184.908
3. Other provisions	58	20.272.909	15.409.082
TOTAL PROVISIONS: (row 56 +57 + 58)	59	61.710.522	45.593.990
I. DEFERRED REVENUE (row 60.1+60.2) of which:	60	10.558	9.991
2. Precollected revenue	60.2	10.558	9.991
J. EQUITY AND RESERVES			
I. EQUITY (row 62 to 63) of which:	61	51.908.959	51.908.959
- Subscribed and paid capital	63	51.908.959	51.908.959
II. SHARE PREMIUM	64	-	-
III. REEVALUATION RESERVES			
Balance C	65	6.229.774	6.224.729
IV. RESERVES (row 68 to 73 -74)	67	259.293.957	232.560.090
1. Legal reserves	68	10.325.933	10.381.792
3. Reserves constituted from free shares/notes	70	94.158.350	93.075.933
5. Reserves representing surplus from reevaluation reserves	72	1.991.956	1.997.306
6. other reserves	73	152.817.718	127.105.059
V. REPORTED RESULT			
Balance D	76	56.407.027	-
VI. RESULT OF FISCAL YEAR			
Balance C	77	48.341.224	46.614.063
Profit appropriation (acc. 129)	79	1.025.658	55.859
TOTAL EQUITY (rd. 61 + 64 + 65 - 66 + 67 + 75 - 76 + 77 - 78 - 79)	80	308.341.229	337.261.982

Long term financial instruments represent 79,76 % of the **431.097.303 RON** total assets and consist of:

	<u>31.12.2006</u>	<u>30.06.2007</u>
● Investments in companies	321.282.334	343.819.233
● Other financial instruments	102.350	13.963
Total	<u>321.384.684</u>	<u>343.833.196</u>

Cash and liquidities represent 13,65 % of total assets and consist of:

	<u>31.12.2006</u>	<u>30.06.2007</u>
● Cash and bank accounts	3.245.271	2.974.857
● Bank deposits	58.099.657	55.851.837
TOTAL	<u>61.344.928</u>	<u>58.826.694</u>

The company's liabilities on Jun 30, 2007 –have the following structure:

<i>LIABILITIES</i>	Row	Balance on	Balance on	Due date		
		Dec 31, 2006	Jun 30, 2007	Under 1 yr.	1 to 5 yr.	Over 5 yr.
		1	2=3+4+5	3	4	5
Advances received from clients	01	-	63.240	63.240	-	-
Commercial payables	02	400.879	83.769	83.769	-	-
Commercial papers payable	03	5.083.848	4.602.708	4.602.708	-	-
Other liabilities	04	23.975.448	43.591.904	43.591.904	-	-
TOTAL, of which:	05	29.460.175	48.341.621	48.341.621	-	-
Suppliers	06	400.879	83.769	83.769	-	-
to SARA for promissory notes	07	5.083.848	4.655.970	4.655.970	-	-
to government and special funds	08	3.107.092	2.919.208	2.919.208	-	-
Dividends payable	09	20.284.424	39.498.333	39.498.333	-	-
Various payables	10	82.733	274.482	274.482	-	-
Other liabilities to staff and social insurance	11	274.616	716.896	716.896	-	-
Material pledges	12	226.583	182.985	182.985	-	-

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

Current liabilities on Jun 30, 2007 total **431.197.584 RON**, of which:

Short term debt	48.341.621
Provisions for risks and expenses	45.593.990
Precollected revenue	9.991
Owners' equity	337.251.982

Provisions constituted for risks and expenses include :

Provisions for deferred tax	30.184.908
Provisions for contingent debt	15.409.082

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

Item name	Row no.	June 30, 2006	June 30, 2007
A. REVENUE FROM OPERATIONS			
TOTAL (row 02 to 11)	1	90.727.386	68.758.573
1. Revenue from financial investments	2	32.828.208	36.188.916
2. Revenue from ceded financial investments	5	10.770.512	17.843.545
3. Revenue from provisions, reactivated claims and various debtors	7	39.871.907	9.125.663
4. Revenue from exchange rate variations	8	2.396.647	2.750.438
5. Revenue from interest	9	3.612.714	2.150.662
6. Other revenue from operations	11	1.247.398	699.349
B. EXPENSES WITH OPERATIONS			
TOTAL (row 13 to 20)	12	60.155.427	20.239.086
7. Expenses with ceded financial investments	14	5.773.768	5.172.371
8. Expenses with exchange rate variations	15	1.665.478	3.651.112
9. Expenses with commissions and fees	17	670.880	820.891
10. Expenses with banking and similar services	18	17.163	20.073
11. Depreciations, provisions, losses from receivables and miscellaneous receivables	19	47.125.065	2.492.163
12. Other expenses with operations (row 21 + 22 + 23 + 26 + 27)	20	4.903.073	8.082.476
a. Expenses with materials	21	306.476	278.748
b. Expenses with electricity and water	22	93.925	87.746
c. Expenses with staff, of which: (row 24 + 25)	23	3.221.352	7.263.144
c1. Salaries	24	2.468.136	6.318.746
c2. Expenses related to social security	25	753.216	944.398
d. Expenses related to external services	26	1.201.365	379.668
e. Expenses with other taxes and similar payments	27	79.955	73.170
C. CURRENT RESULT			
- profit (row 01 - 12)	28	30.571.959	48.519.487
19. TOTAL REVENUE (row 01 + 30)	34	90.727.386	68.758.573
20. TOTAL EXPENSE (row 12 + 31)	35	60.155.427	20.239.086
G. GROSS MARGIN			
- profit (row 34 - 35)	36	30.571.959	48.519.487
21. INCOME TAX			
- Expenses with income tax	38	895.989	1.905.424
H. FINANCIAL RESULT			
- profit (row 36 - 38 - 39)	40	29.675.970	46.614.063

Net sales by FIC MOLDOVA from securities trading amount to **12.671.174 RON**.

Total Gross Income is **68.758.573 RON**.

Registered expense items that exceed **20 %** of gross income are:

● Expenses with exchange rate variations	3.651.112
● Expenses with staff	7.263.144

In the first half of 2007, provisions were established that influenced expenses, thus:

● contingent debts as promissory notes	2.185.885
● provisions for depreciation of claims	49
TOTAL	<u>2.185.931</u>

In the 1st half of 2007, a series of provisions that influenced income were cancelled, thus:

● provisions for promissory notes and profit participation	3.361.241
● provisions for promissory notes	5.154.575
● provisions for depreciation of claims	445.366
● provisions for materials depreciation	588
● provisions for financial instruments depreciation	163.893
TOTAL	<u>9.125.663</u>

Equity accounts were affected by provision cancellations for taxes of 11.252.705 RON (11.075.997 + 176.708) and for fixed assets of 9.670.952 RON.

Dividends declared by FIC Moldova for the 2006 fiscal year were **32.702.644 RON**, of which **10.913.874 RON** were paid up to Jun 30, 2007.

CASH FLOW STATEMENT

ITEM / PERIOD	January - June 2006	January – June 2007
1. Cash at beginning of period (a+b)	104.017.729	61.344.928
a. Current accounts	55.529	3.245.271
b. Financial investments	103.962.200	58.099.657
DEPOSITS	69.403.880	58.099.657
DEPOSIT CERTIFICATES	32.337.000	-
GOVERNMENT SECURITIES	2.221.320	-
<i>A. Operations (2-3)</i>	<i>(47.954.999)</i>	<i>(11.649.521)</i>
2. Cash inflows	1.373.289	991.587
-rent + utilities	621.006	740.459
-various debtors, restitution of advances	25.220	32.311
- inflows from sale of merchandise	72.684	71.514
- amounts pending discount	2.790	21.800
-amounts pending resolution	1.294	1
-restitution of taxes	-	255
-suppliers	1.215	-
-other inflows	133.860	93.688

ITEM / PERIOD	January - June 2006	January – June 2007
-receipt of material pledges	34.052	31.559
- exchange rate variations	1.170	-
- Astra litigation compensations	480.000	-
3.Cash outflows	49.328.288	12.641.108
-Expenses with employees + collaborators	3.232.532	6.093.628
-suppliers	1.561.712	1.799.564
-profit tax	881.939	4.269.981
- local tax	55.926	67.855
- VAT	75.380	107.382
-discount advances	87.198	81.908
-banking comissions	17.159	20.069
-wares supply	65.330	75.254
- restitution of pledges	140.200	78.852
- amounts pending discount	2.790	23.697
- amounts pending resolution	1.391	-
- payments to SARA	40.903.346	-
- other payments	2.277.873	3.500
- exchange rate variations	9.212	618
- sponsorships	16.300	18.800
<i>B.Investment activity(4-5)</i>	<i>20.778.942</i>	<i>21.714.972</i>
4. Cash inflow	49.486.528	51.652.560
-deposit interest	3.253.813	1.986.617
- checking account interest	268	229.745
- government securities interest	109.942	90.799
- bonds interest + coupon	705.800	237.954
- receipt from sale of shares	7.874.446	5.234.296
- receipt from sale of securities through BSE	5.726.496	10.067.977
- dividends in portfolio companies	31.815.763	33.805.172
5.Cash outflow	28.707.586	29.937.588
-acquisitions of fixed assets	52.483	31.205
-acquisitions of titles by capital increase	15.674.000	8.371.593
- acquisitions of titles through BSE	12.981.103	21.534.791
C.Financing (5-6)	(5.366.603)	(12.583.685)
5. Cash inflows	3.678	6.056
- dividends return	3.678	6.056
6.Cash outflows	5.370.281	12.589.741
- shareholder dividends	5.370.281	12.589.741
TOTAL CASH FLOW (A+B+C)	(32.542.660)	(2.518.234)
CASH AT END OF PERIOD	71.475.069	58.826.694
a. pay office - RON	2.626	4.773
b. banks – RON	144.247	2.970.076
c. banks – foreign currency	-	8
d. deposits	38.991.196	55.851.837
e. deposit certificates	32.337.000	-

II.1.3. RISK MANAGEMENT

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

a) Exchange rate risk

Most of the Company's financial assets and liabilities are expressed in the domestic currency, therefore the exchange rate fluctuations do not affect operations significantly. Exposure to the exchange rate fluctuations is mainly caused by the debts and receivables generated by the promissory notes denominated in US dollars and Euros as well as 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. This risk can have direct effects on FIC activity as well as indirect effects through the companies in which it holds registered capital investments.

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

The FIC management attentively tracks the changes taking place at macroeconomic level and seeks to minimize the negative impact on the patrimony.

FIC does not have a formal policy to cover the risk associated with the economic environment.

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

d) Credit risk

In accordance with legal provisions, FIC has not granted any credits to third parties.

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

This risk can not significantly affect FIC activity.

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

e) Liquidity risk

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

FIC pursues a flexible policy by maintaining available bank deposits in order to finance financing, investment and operative activities.

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

f) Tax related risk

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

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 till the 30th of June, 2007, may be subject to a later check.

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

Portfolio exposure on Jun 30, 2007, according to the net asset value calculated and certified by the depository, BRD – GSG Bucuresti, was the following:

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

Type of asset	Asset value (RON)	Weight in total assets	Limit imposed
Closed shares (excepting BCR and Bancpost, according to the provisions of art.275 para (2))	25.272.077,30	1,504	
TOTAL	25.272.077,30	1,504	< or = 20%

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

The 10% limit may be exceeded, provided that the weight of VM total value and of the monetary market instruments registered or traded on the Stock Exchange for issuers which exceed 10%, does not exceed 80% of the total assets.

La data de 30.06.2007 BRD-GSG este singurul emitent care depaseste limita de 10% si se tine cont de prevederea art. 275 alin. 2 din Regulamentul CNVM NR. 15/2004 prin care se face exceptie pentru BRD-GSG Bucuresti

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

Group name	Asset value (RON)	Weight in total assets (%)	Limit imposed
BT GROUP , of which:			
TLV shares	145.358.795,90	8,651	
BT Maxim and BT Invest 1 shares	4.776.680,00	0,284	
GROUP TOTAL	150.135.475,90	8,935	< sau = 50%

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

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

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

On Jun 30, 2007 the weight thereof was 0,189 % (3.173.609,50 RON/1.680.225.303,52 RON).

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

Total holdings in bank deposits amount to 3,337 % of the total assets (56.062.818,88 RON/1.680.225.303,52 RON).

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

The value of the derivative financial instruments = 270.549,20 RON < net asset value = 1.616.464.609,52 RON.

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

AOPC name	Asset value (RON)	Weight in total assets (%)	Limit imposed
XFOA shares	16.085,47	0,001	
BT Invest 1 securities	1.440.680,00	0,085	
TOTAL AOPC	1.456.765,47	0,086	< or = 50%

The actual weight does not exceed the limit imposed.

II.2. ACHIEVEMENT OF NON-FINANCIAL OBJECTIVES IN THE 1ST HALF OF 2007

II.2.1. STATUS OF LITIGATIONS

During the 1st half of 2007 221 litigations were recorded with various objects, of which 182 cases in court and 39 cases solved. Also, 135 legality approvals were granted and juridical consultancy was given in 22 cases.

In this timeframe, in the course of the judicial proceedings receivables totalling 359.713,30 RON were recovered.

I. Litigations in which FIC Moldova is a plaintiff:

- total litigations = 171 cases, of which 148 cases are in court in various judicial stages and 23 cases are solved.
- value of litigations in RON = 22.228.882,33 RON, of which:
 - the amount of 572.562,50 RON in litigations involving recovery of overdue dividends;
 - the amount of 17.029.717,62 RON in litigations involving the insolvency procedure;
 - the amount of 4.679.076,85 RON in lawsuits involving claims;
- value of litigations in foreign currency by category of objects, as follows:
 - the amount of 8.308.809 USD in litigations involving the insolvency procedure;
 - the amount of 5.051.425 USD and the amount of 300.000 DEM in lawsuits involving claims;
 - the amount of 31.060.043,45 USD in litigations involving contestations for fulfillment.

These litigations are categorized thus:

1. Litigations involving the repealment of illegal resolutions of General Meetings of Shareholders of portfolio companies – 54 cases in court and 10 finalized (annex IV.6.1).

2. Litigations involving recovery of overdue dividends = 5 cases in court and 6 cases solved (annex IV.6.2).

The debts recovered amount to 211.049,73 RON.

3. Litigations involving the insolvency procedure = 30 cases in court and 4 cases solved (annex IV.6.3).

The debts recovered amount to 148.663,57 RON.

4. Litigations involving various monetary claims = 14 cases in court and 2 cases solved (annex IV.6.4).
5. Litigations with various objects = 6 cases in various stages of litigation (annex IV.6.5).
6. Litigations involving draft oppositions and contestations to the foreclosure of promissory notes endorsed by FPP II Moldova = 34, all cases pending solution in various judicial stages (annex IV.6.6).
7. Criminal litigations = 5 cases in court and 1 solved (annex IV.6.7).

II. Litigations in which FIC MOLDOVA is a defendant:

- total litigations = 50 cases, of which:
 - 34 cases are in court in various judicial stages;
 - 16 cases were solved.
- total value of litigations in RON = 672.132,19 RON, of which:
 - the amount of 52.132,19 RON in lawsuits involving claims;
 - the amount of 620.000,00 RON in cases involving direct draft oppositions against SARA;
- value of litigations in foreign currency, in direct bill actions against SARA:
 - 7.070.140,00 USD;
 - 1.090.00,00 DEM.

Litigations in this category are classified thus:

1. Litigations with various objects and claims files = 19 cases in court in various judicial stages and 6 cases solved (annex IV.6.8).
2. Litigations involving direct bill actions against Bankcoop / appeal for cancellation = 10 cases solved (annex IV.6.9).
3. Litigations involving direct bill actions against SARA = 14 cases in court in various judicial stages (annex IV.6.10).

1.2.2. RELATIONS WITH SHAREHOLDERS AND CAPITAL MARKET INSTITUTIONS

FIC Moldova fulfilled all reporting obligations ensuing from legal provisions, as follows:

a. In relation to capital market institutions

a.1. Periodic reports towards NSC and BSE

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

- annual report on Dec 31, 2006 – transmitted to NSC and BSE, posted on the company website (www.sifm.ro) and available in written form at the company head office. The availability of the report to shareholders was publicized in the “Bursa” newspaper of May 3, 2007, according to Law 297 / 2004 and NSC regulations no. 15 / 2004 and 1 / 2005.

- quarterly report on Mar 31, 2007 transmitted to NSC and BSE (according to the financial calendar), included in the www.sifm.ro website and available in written form for consultation at the company head office. In the Bursa newspaper of May 10, 2007 the issuance towards shareholders of the report was notified, according to Law 297 / 2004 and NSC Regulations no. 15 / 2004 and 1 / 2005.

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

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

- significant transactions – sale / subscription of shares of SC Comat Braila SA, SC Argesana SA Pitesti, Banca Transilvania;

- other important aspects communicated: financial calendar, payment of dividends, conclusion of management contract with executive managers, notifications regarding SARA notices / foreclosures / litigations.

b. In relations with shareholders

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

- the organization and conduct of the Ordinary General Meeting of Shareholders of Apr 27 / 28, 2007: convocation of the meeting (Bursa newspaper and the local Desteptarea newspaper of Feb 19, 2007, the Official Gazette part IV, no. 647 / Feb 22, 2007), informative material related to the agenda, decisions (Bursa Newspaper of May 3, 2007, the Official Gazette part IV, no. 1630 / May 25, 2007);
- reports of the Board of Directors : annual report and the 1st quarterly report of 2007 (Bursa newspaper of May 3, 2007 and May 10, 2007);
- information regarding the payment of dividends (Bursa newspaper of Jan 12, 2007, May 15, 2007, Jun 21, 2007);
- significant transactions;
- conclusion of management contract with executive managers (“Bursa” newspaper of Jun 26, 2007);
- other events.

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

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

Appropriation and payment of dividends towards shareholders is being carried out according to decisions adopted by the Ordinary General Meeting of Shareholders of April 28, 2007: dividends are paid through the pay office (shareholders – natural persons), bank transfer – on request (natural and juridical persons) and money order (for natural person shareholders with more than 95 and less than 30.000 shares).

The status of amounts paid and pending payment (money order) from the date of the GMS 2007 to **Jun 30, 2007** is the following:

Shareholders	Number	Dividends paid and pending payment up to 30.06.2007 (RON)			
		2004	2005	2006	TOTAL
Juridical person (transfer)	80	54.54	3,707.50	2,089,150.36	2,092,912.40
Natural person (transfer /pay office / money order)	79,862	454,633.69	758,338.48	10,913,873.70	12,126,845.87
TOTAL submitted for payment as of 30.06.07	79,942	454,688.23	762,045.98	13,003,024.06	14,219,758.27
% paid		7.44%	10.84%	39.76%	31.02%
To be paid as of 30.06.2007		5,656,090.90	6,273,816.33	21,788,770.34	33,718,677.57

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

II.2.3. INTERNAL AUDITING AND CONTROL ACTIVITY

The internal auditing activity is carried out on the basis of the engagement plan agreed in compliance with the company's objectives.

The audit plan for 2007 was approved in the Board meeting of February 2, 2007 and reviewed in the Board of Directors' meeting of May 25, 2007. The internal audit plan was drawn up with a view to covering all the activities and operations during three years and to providing for the audit continuity from the previous period

The objectives of the internal audit are:

- to support the company in identifying and assessing significant risks, thus contributing to the risk management systems improvement;
- to support the company in maintaining an adequate control system, assessing its effectiveness and efficiency and contributing to its permanent improvement.

The internal audit is carried out in the following forms:

- thorough evaluation of the management and internal control systems, aiming at finding if they work economically, efficiently and effectively, in order to identify deficiencies and formulate recommendations for their correction – system audit;
- examination of criteria set with a view to implementing the objectives of FIC Moldova SA, in order to identify whether they are correct for the results evaluation and to appreciate whether results conform to the objectives – performance audit;
- examination of actions from the viewpoint of respecting the principles, procedures, legal and regulatory provisions – regularity audit.

The internal auditing activity evaluates the risk exposures related to governance, operations and information systems regarding:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- protection of assets;
- compliance with laws, regulations and contracts.

In the first half of 2007 the following operations were submitted to auditing:

- acquisitions and transfers of securities;
- the annual financial statements drafted on Dec 31, 2006;
- the inventory of assets and liabilities, the evaluation of asset and liability items on occasion of the inventory in the balance sheet drawn up on Dec 31, 2006;
- the management of financial assets.

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

The internal audit consider that the activities and operations carried out during the first half of 2007, which were subject to the audit, conform to the corporate policies, programs and management, according to the legal provisions and internal regulations.

Activity of the representative of the Internal Control Department for the 1st half of 2007, according to the provisions of art. 37-41 of NSC Regulation no. 15 / 2004 and Investigations Plan of the Internal Control Department for the year 2007, approved in the FIC Moldova Board of Directors' meeting of Feb 26, 2007 and registered with NSC with number 517 on Feb 26, 2007 the activity of the representative of the Internal Control Department consisted of the following:

1. In the Jan 3, 2007 – Jan 23, 2007 period the control of compliance with the legal regulations regarding the calculation and pay of commissions, taxes and other amounts due from FIC to NSC and capital market entities was performed thus:

- a) A share of 0,1% of the monthly net assets due to NSC, according to Regulation no. 2 / 2005 regarding NSC revenues, art. 5 and paragraph 2 of the annex;
- b) Fees charged by NSC for the approval of BD members of FIC Moldova;
- c) Fees charged by NSC for holding the securities issued by FIC Moldova in the Registry of Securities;
- d) Monthly dues for the National Union of the Collective Investment Organizations;
- e) Depository commissions;
- f) Commissions for services of BSE;
- g) Commission for the quotation on the stock market of FIC Moldova shares;
- h) Trading commissions;
- i) Commissions for registry services;
- j) Commissions for receipts related to bonds;

Period under review: Jan 1, 2006 – Dec 31, 2006.

This report was presented and approved in the Board of Directors of FIC Moldova Meeting of Jan 26, 2007.

2. In the Feb 19, 2007 – Mar 31, 2007 period compliance with NSC regulations regarding the FIC Moldova investment policy was examined.

Compliance with the provisions of art. 188 of NSC Regulation no. 15 / 2004 regarding FIC Moldova investments in assets listed in art. 101 paragraph (1) and art. 102 para. (1) letter b) of Law no. 297 / 2004, as well as in assets mentioned in art. 187 letter a) and b) of the aforementioned regulation.

Period under review: Mar 1, 2007 – Mar 31, 2007.

This report was presented and approved in the FIC Moldova Board of Directors' Meeting of Mar 27, 2007.

3. In the Apr 26, 2007 – May 23, 2007 compliance by FIC Moldova with legal regulations regarding privileged information was examined.

Compliance by FIC Moldova with the provisions of Law 297 / 2004, NSC Regulation no. 13 / 2004 and NSC Regulation no. 1 / 2006 regarding the regime of privileged information was examined.

The following aspects were reviewed:

- a) The list of persons with access to privileged information;
- b) The method and deadline for the publication of privileged information:
 - Reports regarding privileged information, provided in art. 226 para. (1) of Law 297 / 2004;
 - Reports regarding information provided in art. 224 para. (5) of Law no. 297 / 2004;
 - Quarterly reports;
 - Half year reports;
 - Yearly reports;
 - Value of net assets.
- c) The notification of operations carried out on behalf of the initiated persons.

Period under investigation: May 15, 2006 – Apr 30, 2007.

This report was presented and approved in the FIC Moldova Board of Directors' Meeting of May 25, 2007.

4. In the May 28, 2007 – Jun 29, 2007 compliance with legal regulations regarding the evaluation of assets held by FIC Moldova was examined.

Compliance by FIC Moldova with the provisions of art. 202 para. (1) – (10) of NSC Regulation no. 15 / 2004 was examined.

Period under investigation: Jul 1, 2006 – Jun 30, 2007.

This report is to be presented in the FIC Moldova Board of Directors' Meeting of Aug 3, 2007.

5. Permanent activities of the Internal Control Department:

- a) Informing FIC Moldova and its employees about the legal regulations applicable to the capital market;
- b) Regularly monitoring and checking the application of legal provisions relevant to the capital market and of internal regulations;
- c) Monitoring of compliance with prudence regulations;
- d) Analysis and approval of documents and reports sent to NSC and capital market institutions;
- e) Analysis and approval of internal documents comprising operations subjected to the internal control visa;

III. IMPORTANT EVENTS, SIGNIFICANT TRANSACTIONS

Important events in the first half of 2007 were subject to current / continuous and periodic reports, being brought to the attention of market institutions and shareholders by reports, publication in national newspapers and on the company website www.sifm.ro, as mentioned in chapter II.2.2.

Significant transactions (amounting to more than 500.000 \$) concluded in the 1st half of 2007 were :

	Significant transaction	Transmitted to BSE / NSC	Published in the press on:
1	Sale of shares SC COMAT BRAILA SA	828/26.03.2007	BURSA newspaper 27.03.2007
2	Sale of shares SC ARGESANA SA Pitesti	1307/14.05.2007	BURSA newspaper 15.05.2007
3	Subscription of shares BANCA TRANSILVANIA SA	1797/26.06.2007	BURSA newspaper 27.06.2007

- Transactions according to art. 225 of Law no. 297/2004 concluded during the 1st half of 2007:

	Transaction	Transmitted to BSE / NSC	Published in the press on:
1	Subscription of shares SC GALGROS SA Galati	1667/12.06.2007	BURSA newspaper 13.06.2007
2	Subscription of shares SC SPIT Bucovina SA Pitesti	1667/12.06.2007	BURSA newspaper 13.06.2007
3	Subscription of shares SC FAVIL S.A Suceava	1769/21.06.2007	BURSA newspaper 22.06.2007

The reports are included in the www.sifm.ro website, in the module Releases / 2007.

President General Manager
Sorin Mihail TURTOESCU

Financial Manager,
Liana MARIN