



**SOCIETATEA DE INVESTIȚII FINANCIARE**  
**MOLDOVA S.A.**

**FIC MOLDOVA S.A.**

**FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2007**

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

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**FIC MOLDOVA**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2007**  
(all amounts are in RON, unless specified otherwise)

A	Row B	Balance	
		January 1, 2007 1	June 30, 2007 2
<b>A. NON-CURRENT ASSETS</b>			
<b>I. INTANGIBLE ASSETS</b>			
1. Constitution expenses (acc. 201 - 2801)	01	-	-
2. Development expenses (acc. 203 - 2803 - 2903)	02	-	-
3. Grants, patents, licenses, trademarks, similar rights and values and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908)	03	128.439	99.404
4. Goodwill fund (acc. 2071 - 2807 - 2907)	04	-	-
5. Advances and pending intangible assets (acc. 233 + 234 - 2933)	05	-	-
<b>TOTAL: (row 01 to 05)</b>	<b>06</b>	<b>128.439</b>	<b>99.404</b>
<b>II. TANGIBLE ASSETS</b>			
1 Land and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912)	7	8.501.896	8.359.189
2. Equipment (acc. 213 - 2813 - 2913)	8	311.586	245.657
3. Furniture and fixture (acc. 214 - 2814 - 2914)	9	120.699	103.654
4. Advances and pending tangible assets (acc. 231 + 232 - 2931)	10	-	-
<b>TOTAL: (row 07 to 10)</b>	<b>11</b>	<b>8.934.181</b>	<b>8.708.500</b>
<b>III FINANCIAL ASSETS</b>			
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	321.282.334	343.819.233
6. Other claims (acc. 2673 + 2674 + 2678 + 2679 - 2966 - 2969)	17	102.350	13.963
<b>TOTAL: (row 12 to 17)</b>	<b>18</b>	<b>321.384.684</b>	<b>343.833.196</b>
<b>TOTAL NON-CURRENT ASSETS (row 06 + 11 + 18)</b>	<b>19</b>	<b>330.447.304</b>	<b>352.641.100</b>

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**AS OF JUNE 30, 2007**  
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A	Row	Balance	
		January 1, 2007	June 30, 2007
	B	1	2
<b>B. CURRENT ASSETS</b>			
<b>I. INVENTORY</b>			
1. Consumables (acc. 302 + 303 +/- 308 + 351 -392 -395)	20	19.193	22.314
2. Work in progress (acc. 332 - 394)	21	-	-
3. Advances for inventory purchase (acc. 4091)	22	13.365	6.561
TOTAL: (row 20 to 22)	23	32.558	28.875
<b>II. RECEIVABLES (Amounts to be received in more than one year have to be presented separately for each item.)</b>			
1. Notes receivable (acc. 2675* + 2676*+2678*+2679* – 2966* – 2969* + 4092 + 411 + 413 + 418 – 491)	24	58.612.587	56.093.624
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	2.042.496	15.738.207
5. . Receivables from subscribed and unpaid capital (acc. 456 - 4953)	28	-	-
TOTAL: (row 24 to 28)	29	60.655.083	71.831.831
<b>III. SHORT TERM FINANCIAL INVESTMENT</b>			
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	5.020.619	3.608.823
TOTAL: (row 30 to 31)	32	5.020.619	3.608.823
<b>IV. CASH AND BANK ACCOUNTS (acc. 5112 + 5121 + 5122 + 5123 + 5124 + + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542)</b>	33	3.250.105	2.986.674
TOTAL CURRENT ASSETS (row 23 + 29 + 32 + 33)	34	68.958.365	78.456.203
<b>C. PREPAID EXPENSES (acc. 471)</b>	35	116.815	100.281

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**AS OF JUNE 30, 2007**  
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A	Row	Balance	
		January 1, 2007	June 30, 2007
	B	1	2
<b>D. CURRENT LIABILITIES</b>			
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	-	63.240
4. Accounts payable (acc. 401 + 404 + 408)	39	400.879	83.769
5. Commercial papers payable (acc. 403 + 405)	40	5.083.848	4.602.708
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	23.975.448	43.591.904
TOTAL: (row 36 to 43)	44	29.460.175	48.341.621
<b>E. CURRENT ASSETS LESS NET CURRENT LIABILITIES (row 34 + 35 - 44 - 60.2)</b>	45	39.604.447	30.204.872
<b>F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 19 + 45 - 60.1)</b>	46	370.051.751	382.845.972
<b>G. NON-CURRENT LIABILITIES</b>			
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**  
**AS OF JUNE 30, 2007**  
(all amounts are in RON, unless specified otherwise)

	Row	Balance	
		January 1, 2007	June 30, 2007
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
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	-	-
<b>H. PROVISIONS</b>			
1. Provisions for pensions and similar obligations (acc.1515)	56	-	-
2. Provisions for taxes (acc. 1516)	57	41.437.613	30.184.908
3. Other provisions (acc.1511+1512+1513+1514+1518)	58	20.272.909	15.409.082
TOTAL PROVISIONS: (row 56 +57 + 58)	59	61.710.522	45.593.990
<b>I. PRECOLLECTED REVENUE (row60.1+60.2) of which:</b>	60	10.558	9.991
1. Subsidies for investments (acc. 131)	60.1	-	-
2. Precollected revenue (acc. 472)	60.2	10.558	9.991
<b>J. EQUITY AND RESERVES</b>			
<b>I. EQUITY (row 62 to 63) of which:</b>	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
<b>II. SHARE PREMIUM (acc. 104)</b>	64	-	-
<b>III. REVALUATION RESERVES (acc. 105)</b>			
Balance C	65	6.229.774	6.224.729
Balance D	66	-	-
<b>IV. RESERVES (row 68 to 73 -74)</b>	67	259.293.957	232.560.090
1. Legal reserves (acc. 1061)	68	10.325.933	10.381.792
2. Statutory or contractual reserves (acc. 1063)	69	-	-
3. reserves constituted from free shares/notes (acc. 1065*)	70	94.158.350	93.075.933
4. reserves from fair value evaluation (acc.1066)	71	-	-

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	Row	Balance	
		January 1, 2007	June 30, 2007
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
5. reserves representing surplus from revaluation reserves (acc.1067)	72	1.991.956	1.997.306
6. other reserves (acc.1068)	73	152.817.718	127.105.059
7. treasury shares (acc.109)	74	-	-
V. REPORTED RESULT (acc. 117)			
Balance C	75	-	-
Balance D	76	56.407.027	-
VI. RESULT OF FISCAL YEAR (acc. 121)			
Balance C	77	48.341.224	46.614.063
Balance D	78	-	-
Profit appropriation (acc. 129)	79	1.025.658	55.859
<b>TOTAL EQUITY (row 61 + 64 + 65 - 66 + 67 + 75 - 76 + 77 - 78 - 79)</b>	<b>80</b>	<b>308.341.229</b>	<b>337.251.982</b>

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President  
Sorin Mihail Turtoescu

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Financial Manager  
Liana Marin

**FIC MOLDOVA**  
**INCOME STATEMENT**  
**FOR JUNE 30, 2007**  
(all amounts are in RON, unless specified otherwise)

Item	Row	June 30, 2006	June 30, 2007
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
<b>A. REVENUE FROM OPERATIONS</b>			
<b>TOTAL (row 02 to 11)</b>	<b>1</b>	<b>90.727.386</b>	<b>68.758.573</b>
1. Revenue from financial assets (acc. 761)	2	32.828.208	36.188.916
2. Revenue from short term financial investments (acc. 762)	3	-	-
3. Revenue from receivables as assets (acc. 763)	4	-	-
4. Revenue from ceded financial investments ( acc. 758* + 764)	5	10.770.512	17.843.545
5. Revenue from services performed (acc.704)	6	-	-
6. Revenue from provisions, reactivated claims and various receivables (acc. 754 + 781 + 786)	7	39.871.907	9.125.663
7. Revenue from exchange rate changes (acc. 765)	8	2.396.647	2.750.438
8. Revenue from interest (acc.766)	9	3.612.714	2.150.662
9. Revenue from non-current assets production (acc. 721 + 722)	10	-	-
10. Other revenue from operations (acc.768 + 706 + 708 + 767)	11	1.247.398	699.349
<b>B. EXPENSES WITH OPERATIONS</b>			
<b>TOTAL (row 13 to 20)</b>	<b>12</b>	<b>60.155.427</b>	<b>20.239.086</b>
1. Losses related to claims resulting from investments (acc. 663)	13	-	-
2. Expenses related to ceded financial investments (acc. 658* + 664)	14	5.773.768	5.172.371
3. Expenses with exchange rate differences (acc. 665)	15	1.665.478	3.651.112
4. Expenses related to interest (acc. 666)	16	-	-
5. Expenses with commissions and fees (acc. 622)	17	670.880	820.891
6. Expenses with banking and similar services (acc. 627)	18	17.163	20.073
7. Depreciations, provisions, losses from claims and various receivables (acc. 654 + 681 + 686)	19	47.125.065	2.492.163

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**INCOME STATEMENT**  
**FOR JUNE 30, 2007**  
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Item	Row	June 30, 2006	June 30, 2007
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
8. Other expenses with operations (row 21 + 22 + 23 + 26 + 27)	20	4.903.073	8.082.476
a. Expenses with materials (acc. 602 + 603 + 604)	21	306.476	278.748
b. Expenses with electricity and water (acc. 605)	22	93.925	87.746
c. Expenses with staff, of which: (row 24 + 25)	23	3.221.352	7.263.144
c1. Salaries (acc. 621 + 641 + 642)	24	2.468.136	6.318.746
c2. Expenses related to insurance and social security (acc. 645)	25	753.216	944.398
d. Expenses related to external services (acc. 611 + 612 + 613 + 614 + 623 + 624 + 625 + 626 + 628 + 658** + 667 + 668)	26	1.201.365	379.668
e. Expenses with other taxes and similar payments (acc. 635)	27	79.955	73.170
<b>C. OPERATIONAL RESULT</b>			
-profit (row 01-12)	28	30.571.959	48.519.487
-loss (row 12-01)	29	-	-
<b>D. GAINS</b> (acc.771)	30		
<b>E. LOSSES</b> (acc.671)	31		
<b>F. RESULT</b>			
-profit (row 30-31)	32	-	-
-loss (row31-30)	33	-	-
1. TOTAL REVENUE (row 01 + 30)	34	90.727.386	68.758.573
1. TOTAL EXPENSE (row 12 + 31)	35	60.155.427	20.239.086
<b>G. GROSS MARGIN</b>			
- profit (row 34 - 35)	36	30.571.959	48.519.487
- loss (row 35 - 34)	37	-	-
21. PROFIT TAX			
- tax expense (acc. 691)	38	895.989	1.905.424
22. Other tax expense (acc. 698)	39		

**FIC MOLDOVA**  
**INCOME STATEMENT**  
**FOR JUNE 30, 2007**  
(all amounts are in RON, unless specified otherwise)

Item	Row	June 30, 2006	June 30, 2007
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
<b>H. NET INCOME</b>			
- profit (row 36 - 38 - 39)	40	29.675.970	46.614.063
- loss (row 37 + 38 + 39 ) or (row 38 + 39 -36)	41	-	-

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Financial Manager  
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**FIC MOLDOVA**  
**INFORMATIVE DATA - JUNE 30, 2007**

<b>I. DATA REGARDING THE NET INCOME</b>	<b>Row</b>	<b>NO. OF UNITS</b>	<b>AMOUNTS</b>
Units recording profit	1	1	46.614.063
Units recording loss	2	-	-

<b>II. DATA CONCERNING OVERDUE PAYMENTS</b>	<b>Row</b>	<b>TOTAL (col.2+3)</b>	<b>OF WHICH:</b>	
			<b>FOR CURRENT ACTIVITY</b>	<b>FOR INVESTMENT ACTIVITY</b>
		<b>1</b>	<b>2</b>	<b>3</b>
Overdue payments - total(row 04 + 08 + 14 to 18 + 22). of which :	3	17.744.208	17.744.208	-
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	17.744.208	17.744.208	-
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	-	-	-

<b>III. AVERAGE NO. OF EMPLOYEES</b>	<b>Row</b>	<b>June 30, 2006</b>	<b>June 30, 2007</b>
Average no. of employees	23	112	103

**FIC MOLDOVA**  
**INFORMATIVE DATA - JUNE 30, 2007**

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<b>IV. PAYMENT OF INTEREST AND DUES</b>	<b>Ro w</b>	<b>AMOUNTS</b>
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	-

<b>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</b>	<b>Ro w</b>	<b>AMOUNTS</b>
Deferred liabilities towards budgets	30	-
Deferred trade liabilities	31	-

<b>VI. FOOD STAMPS</b>	<b>Ro w</b>	<b>AMOUNTS</b>
Cost of food stamps given to employees	32	58.702

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**FIC MOLDOVA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR JUNE 30, 2006**  
(all amounts are in RON, unless specified otherwise)

Owners' Equity Item	Balance on Jan 1, 2007	Increases		Decreases		Balance on June 30, 2007
		Total, of which	By transfer	Total, of which	By transfer	
Subscribed capital	51.908.959	-	-	-	-	51.908.959
Revaluation reserves	6.229.774	-	-	5.045	5.045	6.224.729
Legal reserves	10.325.933	55.859	55.859	-	-	10.381.792
Reserves representing surplus from revaluation reserves	1.991.956	6.311	5.045	961	-	1.997.306
Other reserves	152.817.718	41.948.901	27.321.736	67.661.560	69.095.176	127.105.059
Reserves from securities obtained free of charge	94.158.350	188.654	-	1.271.071	-	93.075.933
Reported result representing unappropriated profit or uncovered loss	Balance C	12.642.955	47.315.566	47.315.566	59.958.521	27.255.877
	Balance D	1.129	1.129	1129	-	-
Reported result from compliance with accounting regulations of European Economic Communities 4th Directive	Balance C	-	-	-	-	-
	Balance D	69.048.853	69.115.841	69.095.176	66.988	66.988
Result of fiscal year	Balance C	48.341.224	46.614.063	-	48.341.224	48.341.224
	Balance D	-	-	-	-	-
Profit appropriation	Balance D	1.025.658	1.025.658	1.025.658	55.859	55.859
<b>Total Owners' Equity</b>	<b>308.341.229</b>	<b>206.271.982</b>	<b>144.820.169</b>	<b>177.361.229</b>	<b>144.820.169</b>	<b>337.251.982</b>

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**FIC MOLDOVA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR JUNE 30, 2006**  
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**Information on the statement of changes in equity by transfer:**

***Owners' equity was influenced in the 1st Quarter of 2007 by :***

**1. Increases of 206.271.982 RON. consisting of:**

• legal reserves from the 2007 profit appropriation	55.859
• other reserves	41.948.901
• registration of GMS 2007 Decision regarding transfer to reserves of unappropriated profit from previous fiscal years	27.255.877
• registration of GMS 2007 Decision regarding transfer to reserves of reported result arising from accounting errors	(1.129)
• registration of GMS 2007 Decision regarding reserves from expiration of dividends	5.025.277
• cancellation of negative adjustments recorded in equity accounts corresponding to securities transferred by sale / writing off	9.638.036
• negative adjustments	30.840
• reserves representing surplus from revaluation reserves	6.311
• net profit in the 1st half of 2007	46.614.063
• updating of reserves arising from securities received free of charge	188.654
• updating of profit tax for free securities sold	176.404
• cancellation of negative adjustments for securities sold	12.250
• registration of unappropriated profit from the 2006 fiscal year	47.315.566
• cancellation of reported result	69.115.841
• cancellation of negative influences recorded as a consequence of the modification of accounting policies (the EEC 4th Directive by transfer) in reserve accounts, according to the approval of GMS 2007	69.095.176
• cancellation of the negative adjustment for shares sold on Apr 1, 2007	20.655
• registration of the GMS 2007 decision to transfer to reserves the reported result arising from accounting errors	1.129
• accounting operations for closing the 2006 profit	1.025.658

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**STATEMENT OF CHANGES IN EQUITY**  
**FOR JUNE 30, 2006**  
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**2. Decreases of 177.361.229 RON, consisting of:**

• revaluation reserves transferred to reserves representing surplus from transfer of non-current assets	5.045
• updating of deferred income tax resulted from transfer of reevaluated non-current assets	961
• updating other reserves	67.661.560
• covering from reserves the influences recorded as a consequence of the modification of accounting policies (the EEC 4th Directive)	69.095.176
• updating of deferred tax corresponding to the primary portfolio	(11.046.225)
• write-off from the Commercial Registry of companies in the primary portfolio	9.612.610
• updating of reserves arising from securities received free of charge	1.271.071
• sale of free shares turned into revenue of the period	1.300.842
• correction of deferred tax corresponding to securities received free of charge	(29.771)
• reported result appropriation	59.958.521
of which:	
• for reserves according to the GMS 2007 Decision	27.255.877
• 2006 dividends	32.702.644
• recording the GMS 2007 Decision to transfer to reserves the influences arising from the modification of accounting policies (the EEC 4th Directive)	66.988
• accounting operations for the conclusion of 2006 profit	48.341.224
• 2006 profit appropriation, for the legal reserve	55.859

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Financial Manager  
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**FIC MOLDOVA**  
**CASH FLOW STATEMENT**  
**FOR JUNE 30, 2007**  
(all amounts are in RON, unless specified otherwise)

**DIRECT METHOD**

ITEM / PERIOD	JANUARY - JUNE 2006	JANUARY - JUNE 2007
<b>1. Cash at beginning of period (a+b)</b>	104.017.729	61.344.928
<b>a. Current accounts</b>	55.529	3.245.271
<b>b. Financial investments</b>	103.962.200	58.099.657
DEPOSITS	69.403.880	58.099.657
DEPOSIT CERTIFICATES	32.337.000	-
GOVERNMENT SECURITIES	2.221.320	-
<b>A. Operations (2-3)</b>	(47.954.999)	(11.649.521)
<b>2. Cash inflows</b>	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
-receipt of material pledges	34.052	31.559
- exchange rate variations	1.170	-
- Astra litigation compensations	480.000	-
<b>3. Cash outflows</b>	49.328.288	12.641.108
-Expenses with employees + collaborators / material pledges for salaries	3.232.532	6.093.628
-suppliers	1.561.712	1.799.564
-profit tax	881.939	4.269.981
-local taxes	55.926	67.855
- VAT	75.380	107.382
-discount advances	87.198	81.908
-banking commissions	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
<b>B. Investment activity(4-5)</b>	20.778.942	21.714.972
<b>4. Cash inflow</b>	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 BSE transactions	5.726.496	10.067.977
- dividends from portfolio companies	31.815.763	33.805.172
<b>5. Cash outflow</b>	28.707.586	29.937.588
-acquisitions of fixed assets	52.483	31.205

**FIC MOLDOVA**  
**CASH FLOW STATEMENT**  
**FOR JUNE 30, 2007**  
(all amounts are in RON, unless specified otherwise)

ITEM / PERIOD	JANUARY - JUNE 2006	JANUARY - JUNE 2007
- acquisitions of securities by capital increases	15.674.000	8.371.593
- acquisitions of securities through BSE	12.981.103	21.534.791
<b>C. Financing activity (5-6)</b>	<b>(5.366.603)</b>	<b>(12.583.685)</b>
<b>5. Cash inflow</b>	<b>3.678</b>	<b>6.056</b>
- return of dividends	3.678	6.056
<b>6. Cash outflow</b>	<b>5.370.281</b>	<b>12.589.741</b>
- shareholder dividends	5.370.281	12.589.741
<b>TOTAL CASH FLOW (A+B+C)</b>	<b>(32.542.660)</b>	<b>(2.518.234)</b>
<b>CASH AT END OF PERIOD</b>	<b>71.475.069</b>	<b>58.826.694</b>
a. cash 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	-

\_\_\_\_\_  
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Liana Marin

**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
**FOR JUNE 30, 2007**  
(all amounts are in RON, unless otherwise specified)

**1. FIXED ASSETS**

<b>Cost</b>	<b>Balance on January 1, 2007</b>	<b>Gross value</b>		<b>Balance on June 30, 2007</b>
		<b>Increase</b>	<b>Decrease</b>	
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4=1+2-3</b>
Intangible non-current assets	271.074	7.609	-	278.683
Pending intangible non-current assets	24.521	-	-	24.521
Land	256.916	-	-	256.916
Buildings	8.865.807	-	-	8.865.807
Equipment	941.259	23.597	20.585	944.271
Vehicles	571.744	-	-	571.744
Other non-current assets	260.133	3.030	652	262.511
<b>TOTAL</b>	<b>11.191.454</b>	<b>34.236</b>	<b>21.237</b>	<b>11.204.453</b>

<b>Depreciation</b>	<b>Balance on January 1, 2007</b>	<b>Depreciations and Provisions Depreciation in period</b>	<b>Discounts or updates</b>	<b>Balance on June 30, 2007</b>
Intangible non-current assets	142.635	36.644	-	179.279
Pending intangible non-current assets	24.521	-	-	24.521
Land	24.432	-	-	24.432
Buildings	596.395	142.707	-	739.102
Equipment	860.527	39.335	20.585	879.277
Vehicles	340.890	50.191	-	391.081
Other non-current assets	139.434	20.075	652	158.857
<b>TOTAL</b>	<b>2.128.834</b>	<b>288.952</b>	<b>21.237</b>	<b>2.396.549</b>

**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
**FOR JUNE 30, 2007**  
(all amounts are in RON, unless otherwise specified)

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**1. NON-CURRENT ASSETS (continued)**

<b>Net value</b>	<b>Net accounting value Balance on January 1, 2007</b>	<b>Balance on June 30, 2007</b>
	<b>9 = 1 - 5</b>	<b>10 = 4 - 8</b>
Intangible assets	128.439	99.404
Land	232.484	232.484
Buildings	8.269.412	8.126.705
Equipment	80.732	64.994
Vehicles	230.854	180.663
Other non-current assets	120.699	103.654
<b>TOTAL</b>	<b>9.062.620</b>	<b>8.807.904</b>

**Status of non-current assets**

**i. Increases in non-current assets worth 34.236 RON derive from:**

• Acquisition of intangible assets	7.609
• Acquisition of tangible assets	26.627

**ii. Decreases in non-current assets worth 21.237 RON derive from:**

• sales of tangible assets	20.585
• write-offs of tangible assets	652

**iii. Depreciation calculated and reflected corresponding to groups of non-current assets amounting to 288.952 RON consists of:**

• Depreciation registered in the 6 month period ending June 30, 2007 for tangible and intangible non-current assets	288.952
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**iv. Depreciation associated to discounts amounting to 21.237 RON consists of:**

• Depreciation of tangible assets sold and removed from records	20.585
• Depreciation of tangible assets written off	652

**v. Status of non-current assets**

• Net value of intangible assets	99.404
• Net value of tangible assets	8.708.500

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**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
**FOR JUNE 30, 2007**  
(all amounts are in RON, unless otherwise specified)

**2. PROVISIONS**

Name of provision	Balance on January 1, 2007	Transfers		Balance on June 30, 2007
		Incoming	outgoing	
	1	2	3	4=1+2-3
Provisions for taxes	41.437.613	(11.075.997)	176.708	30.184.908
Other provisions	20.272.909	-	4.863.827	15.409.082
Provisions for receivable devaluation (note 5.a)	964.210	-	59.261	904.949
Provisions for bad debts (note 5.a)	38.041.635	2.185.931	4.038.094	36.189.472
Provisions for materials devaluation	588	-	588	-
Provisions for tangible non-current assets depreciation	72.862	-	-	72.862
Provisions for other securities devaluation	111.211	-	-	111.211
Provisions for other non-current securities devaluation	92.110.688	-	9.834.845	82.275.843
<b>TOTAL</b>	<b>193.011.716</b>	<b>(8.890.066)</b>	<b>18.973.323</b>	<b>165.148.327</b>

• <b>Provisions for receivable devaluation on June 30, 2007</b>	<b>904.949</b>
•litigations for unpaid dividends	140.065
•bad debts	11.693
•various	753.191
• <b>Provisions for bad debts on June 30, 2007</b>	<b>36.189.472</b>
•provisions for debtors from money orders	35.657.953
•unpaid dividends with irrevocable decisions	523.579
•various rents with irrevocable decisions	7.940
• <b>Other provisions from:</b>	<b>15.409.082</b>
•provisions for debts associated with promissory notes	15.409.082

**Devaluation adjustments** amounting to **(8.890.066) RON**, influenced expense and owner's equity accounts thus:

	<u>Expense</u>	<u>Owner's Equity</u>
• provisions for taxes	-	(11.075.997)
• other provisions	-	-
• provisions for receivable devaluation	-	-
• provisions for bad debts	2.185.931	-
• provisions for bad debts	-	-
• Total provisions for bad debts	<u>2.185.931</u>	-
• provisions for materials devaluation	-	-
• provisions for amortization of non-current assets	-	-
• provisions for amortization of other securities	-	-
• provisions for amortization of other non-current securities	-	-
<b>Total</b>	<b><u>2.185.931</u></b>	<b><u>(11.075.997)</u></b>

**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
**FOR JUNE 30, 2007**  
**(all amounts are in RON, unless otherwise specified)**

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**2. PROVISIONS (continued)**

**The cancellation of adjustments for devaluation**, amounting to 18.973.323 RON, influenced revenue and owner's equity accounts thus:

	<u>Revenue</u>	<u>Owner's Equity</u>
• provisions for taxes	-	176.708
• other provisions	4.863.827	-
• provisions for receivable devaluation	59.261	-
• provisions for bad debts	4.038.094	-
• provisions for materials devaluation	588	-
• provisions for amortization of non-current assets	-	-
• provisions for amortization of other non-current securities	163.893	9.670.952
<b>Total</b>	<u><b>9.125.663</b></u>	<u><b>9.847.660</b></u>

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**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
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**3. PROFIT APPROPRIATION**

<b>DESTINATION</b>	<b><u>Row no.</u></b>	<b><u>2006</u></b>
<b>A. NET PROFIT TO APPROPRIATE (row 02 to 08)</b>	<b>01</b>	<b>48.341.224</b>
1. For constitution of legal reserves	02	1.025.658
2. For statutory or contractual reserves	03	-
3. Reserves constituted as own sources of financing	04	-
4. Other reserves or appropriations provided by law	05	-
5. For coverage of accounting loss from previous years	06	-
6. For dividends	07	-
7. Other appropriations	08	-
<b>B. UNAPPROPRIATED PROFIT</b>	<b>09</b>	<b><u>47.315.566</u></b>

On Apr 28, the General Meeting of Shareholders decided the appropriation of net profit obtained in the 2006 fiscal year, for the following purposes:

<b>NET PROFIT TO APPROPRIATE</b>	<b><u>48.341.224</u></b>
• coverage of accounting loss from previous years	1.129
• legal reserves	1.025.658
• dividends	32.702.644
• unappropriated profit	14.611.793

For the profit realized in the 1st half of 2007, amounting to **46.614.063** RON an appropriation of 55.859 RON was recorded, for the constitution of a legal reserve.

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**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
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(all amounts are in RON, unless otherwise specified)

**4. ANALYSIS OF OPERATIONS RESULT**

<b>INDICATORS</b>	<b><u>Row</u> <u>no.</u></b>	<b><u>June 30,</u> <u>2006</u></b>	<b><u>June 30,</u> <u>2007</u></b>
Revenue from financial assets (acc. 761)	<b>01</b>	32.828.208	36.188.916
Revenue from ceded financial investments (acc. 758*+764)	<b>04</b>	10.770.512	17.843.545
Revenue from reactivated claims and various receivables (acc. 754)	<b>06</b>	-	6.153.444
Revenue from provisions (acc. 781+786)	<b>07</b>	39.871.907	9.125.663
Revenue from exchange rate differences (acc. 765)	<b>08</b>	2.396.647	2.750.438
Revenue from interest (acc. 766)	<b>09</b>	3.612.714	2.150.662
Other revenue from operations (row 12 to 18)	<b>11</b>	1.247.398	699.349
- from dues and rent (acc. 706)	<b>13</b>	393.739	492.875
- from other various activities (acc. 708)	<b>14</b>	33.611	28.427
- from other revenue (acc. 758)	<b>16</b>	807.011	98.718
- from discounts (acc. 767)	<b>17</b>	11	536
- from other financial revenue (acc. 768)	<b>18</b>	13.026	78.793
<b>Revenue from operations (row 01 to 11)</b>	<b>19</b>	<b>90.727.386</b>	<b>68.758.573</b>
Expenses related to ceded financial investments (acc.658 + 664)	<b>21</b>	5.773.768	5.172.371
Expenses with exchange rate changes (acc.665)	<b>22</b>	1.665.478	3.651.112
Expenses with commissions and fees (acc.622)	<b>24</b>	670.880	820.891
Expenses with banking and similar services (acc.627)	<b>25</b>	17.163	20.073
Losses from receivables and various debtors (acc.654)	<b>26</b>	18.651	17.281
Expenses with provisions and depreciation (acc.681+686)	<b>27</b>	47.106.414	2.474.882
Other expenses with operations (row 29+30+31+34+47)	<b>28</b>	4.903.073	8.082.476
- with materials (acc.602+603+604)	<b>29</b>	306.476	278.748
- with electricity and water (acc.605)	<b>30</b>	93.925	87.746
- with staff (row 32+33)	<b>31</b>	3.221.352	7.263.144
- salaries (acc.621+641+642)	<b>32</b>	2.468.136	6.318.746
- insurance and social security (acc.645)	<b>33</b>	753.216	944.398
- external services (row 35 to 46)	<b>34</b>	1.201.365	379.668
- maintenance and repair (acc. 611)	<b>35</b>	45.935	40.591
- dues and rent (acc. 612)	<b>36</b>	8.939	9.000
- insurance premiums (acc. 613)	<b>37</b>	19.785	18.221
- protocol, advertising (acc. 623)	<b>49</b>	46.993	30.433
- transport of goods and personnel (acc. 624)	<b>40</b>	-	100
- travel, transfers (acc. 625)	<b>41</b>	43.683	33.283
- post and telecommunications (acc.626)	<b>42</b>	100.925	110.932
- other services by third parties (acc.628)	<b>43</b>	98.288	114.752
- other expenses (acc.658)	<b>44</b>	836.817	20.806
- other financial expenses (acc.668)	<b>46</b>	-	1.550

**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
**FOR JUNE 30, 2007**  
(all amounts are in RON, unless otherwise specified)

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**4. ANALYSIS OF OPERATIONS RESULT (continued)**

<b>INDICATORS</b>	<b><u>Row</u> <u>No.</u></b>	<b><u>June 30,</u> <u>2006</u></b>	<b><u>June 30,</u> <u>2007</u></b>
- expenses with taxes and similar disbursements (acc.635)	<b>47</b>	79.955	73.170
<b>Expenses with operations (row 21 to 28)</b>	<b>48</b>	<b><u>60.155.427</u></b>	<b><u>20.239.086</u></b>
<b>RESULT FROM OPERATIONS (row 19-48)</b>	<b>49</b>	<b><u>30.571.959</u></b>	<b><u>48.519.487</u></b>

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**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
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(all amounts are in RON, unless otherwise specified)

4. **5. STATUS OF RECEIVABLES AND PAYABLES**

a). **Status of receivables**

RECEIVABLES	Row	Balance on	Balance on	Under 1 yr.	Maturity	
		December 31, 2006	June 30, 2007		1 to 5 yrs.	Over 5 yrs.
		1	2=3+4+5	3	4	5
Gross accounts receivable	01	59.576.797	56.998.573	56.998.573	-	-
Provisions for accounts receivable devaluation	02	(964.210)	(904.949)	(904.949)	-	-
Net accounts receivable	03	<b>58.612.587</b>	<b>56.093.624</b>	<b>56.093.624</b>	-	-
Other receivables, net, of which:	04	<b>2.042.496</b>	<b>15.738.207</b>	<b>15.738.207</b>	-	-
• Receivables from transactions with shares	05	203.926	194.007	194.007	-	-
• Receivables from promissory notes	06	37.124.057	35.657.953	35.657.953	-	-
• Provision for receivables depreciation from endorsed promissory notes	07	(37.124.057)	(35.657.953)	(35.657.953)	-	-
• Uncashed dividends	08	42.815	2.937.804	2.937.804	-	-
• Receivables from irrevocable court decisions	09	874.762	531.519	531.519	-	-
• Provision for dividends devaluation	10	(42.815)	-	-	-	-
• Provision for depreciation of receivables from court decisions	11	(874.762)	(531.519)	(531.519)	-	-
Receivables for registered capital increase	12	1.814.892	6.849.988	6.849.988	-	-
• Other receivables	13	23.678	5.756.409	5.756.409	-	-
<b>TOTAL</b>	<b>15</b>	<b>60.655.083</b>	<b>71.831.831</b>	<b>71.831.831</b>	<b>-</b>	<b>-</b>

Gross accounts receivable include short term bank deposit amounting to 55.851.837 RON (note 12).

**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
**FOR JUNE 30, 2007**  
(all amounts are in RON, unless otherwise specified)

**5 STATUS OF RECEIVABLES AND PAYABLES (continued)**

**b) Status of payables**

	Row	Balance on	Balance on	Maturity		
		31 December 2006	June 30, 2007	Under 1 yr.	1 to 5 yrs.	Over 5 yrs.
		1	2=3+4+5	3	4	5
<b>LIABILITIES</b>						
Advances from clients	<b>01</b>	-	63.240	63.240	-	-
Accounts payable	<b>02</b>	400.879	83.769	83.769	-	-
Commercial papers payable	<b>03</b>	5.083.848	4.602.708	4.602.708	-	-
Other payables	<b>04</b>	23.975.448	43.591.904	43.591.904	-	-
TOTAL, of which:	<b>05</b>	29.460.175	48.341.621	48.341.621	-	-
• Suppliers	<b>06</b>	400.879	83.769	83.769	-	-
• SARA for promissory notes	<b>07</b>	5.083.848	4.655.970	4.655.970	-	-
• Payables towards government and special accounts	<b>08</b>	3.107.092	2.919.208	2.919.208	-	-
• Dividends payable	<b>09</b>	20.284.424	39.498.333	39.498.333	-	-
• Various payables	<b>10</b>	82.733	274.482	274.482	-	-
• Other payables with staff and social security	<b>11</b>	274.616	716.896	716.896	-	-
• Material pledges	<b>12</b>	226.583	182.985	182.985	-	-

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

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**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
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**(all amounts are in RON, unless otherwise specified)**

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## **6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS**

### **A. Accounting principles**

Evaluation of items in the 1st half of 2007 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.

**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 reflects 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 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.

**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
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**6. Accounting principles, policies and methods (continued)**

**b) Functional and presentation currency**

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

**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.

**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 as of June 30, 2007 are recorded in RON at the exchange rate on that date.

The exchange rates of the main foreign currencies, on June 30, 2007 were:

<b>Currency</b>		<b>June 30, 2007</b>
• Dollar (USD)	1 : LEU	2,3246
• Euro (EUR)	1 : LEU	3,1340

**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 the applicability of this presumption, management is analyzing 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 June 30, 2007, financial assets created by FIC consist of bank deposits.

**FIC MOLDOVA**  
**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
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**6. Accounting principles, policies and methods (continued)**

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 June 30, 2007, 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 June 30, 2007, securities are recognized at their acquisition cost less accumulated adjustments for devaluation recorded as of Dec 31, 2006.

**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 moment of 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.

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**6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

Value depreciations are recognized in the income statement, according to the relevant legal provisions and in owner's equity accounts, for securities in the primary portfolio inherited from the former FPP, as well as for free securities, if allowed by existing reserves.

**h) Interest revenues and expenses**

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

**i) Profit tax**

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

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:

<b><u>Asset</u></b>	<b><u>Years</u></b>
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.

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**6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

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

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 no more than 3 years.

**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.

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**7. SHARES AND BONDS**

The registered capital is formed of 519.089.588 ordinary shares, dematerialized, of 0.10 RON in nominal value each, according to the Filing 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 June 30, 2007:**

No.	Type of shareholder	No. of shareholders	Shares	%RC
1	Romanian natural person	7.007.699	272.284.140	52.454%
2	foreign natural person	1.023	4.915.060	0.947%
3	Romanian juridical person	319	53.563.435	10.319%
4	foreign juridical person	139	188.326.953	36.280%
5	total natural persons (1+2)	7.008.692	277.199.200	53.401%
6	total juridical persons (3+4)	458	241.890.388	46.599%
	<b>TOTAL</b>	<b>7.009.150</b>	<b>519.089.588</b>	<b>100,000%</b>

The synthetic structure of the FIC Moldova shareholding as of the consolidation date Dec 31, 2006 is as follows:

No.	Type of shareholder	No. of shareholders	Shares	%
1	Romanian natural person	7.569.873	330.145.664	63,601%
2	foreign natural person	480	6.152.525	1,185%
3	Romanian juridical person	396	72.149.426	13,899%
4	foreign juridical person	100	110.641.973	21,315%
5	total natural persons	7.570.353	336.298.189	64,786%
6	total juridical persons	496	182.791.399	35,214%
	<b>TOTAL (5+6)</b>	<b>7.570.849</b>	<b>519.089.588</b>	<b>100,000%</b>

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**8. INFORMATION REGARDING EMPLOYEES, MANAGERS AND DIRECTORS**

- 1) Average number in the 1st half of 2007: 103 (the 1st half of 2006: 112) permanently employed and 13 (the 1st half of 2006: 22) collaborators**

<b>Of which:</b>	Employees	Collaborators
Managers	-	3
Directors (Board members)- according to Law 31 / 1990 republished	3	-
With college education	68	-
With lower forms of education	32	-
Other collaborators	-	10

- 2) Salaries paid or to be paid, corresponding to the 1<sup>st</sup> half of 2007, amounting to 6.318.746 RON (the 1st half of 2006: 2.468.136 RON)**

<b>f which:</b>	Salaries
Directors	246.429 RON
Managers - according to Law 31 / 1990 - republished	1.037.942 RON

- 3) Social security expenses: 944.398 RON (the 1st half of 2006: 753.216 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 3,90 % of the total salary expenditure of SIF Moldova, whereas the managers' salaries represent 16.43 %. 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 1st half of 2007 employees and directors were granted: food stamps amounting to 58.702 RON, specialization classes worth 38.411 RON and participation in the benefit plans for the 2006 fiscal year, amounting to 3.361.241 RON. The amount of 2.468.136 RON corresponding to salaries paid or to be paid, for the 1st half of 2006, does not include the participation in 2005 benefit plans.

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**9. CALCULATION AND ANALYSIS OF MAIN INDICATORS**

- **Liquidity indicators – ratios**

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

June 30, 2006	=	12.238.438/48.618.251	=	0,26
June 30, 2007	=	78.456.903/48.341.621	=	1,62

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

June 30, 2006	=	(12.238.438 - 37.910)/48.618.251	=	0,25
June 30, 2007	=	(78.456.903- 28.875)/ 48.341.621	=	1,62

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

**- Non-current assets turnover = turnover / non-current assets**

June 30, 2006	=	90.727.386/386.901.976	=	0,24
June 30, 2007	=	68.758.573/352.641.100	=	0,19

**- Total assets turnover = turnover / total assets**

June 30, 2006	=	90.727.386/399.140.414	=	0,23
June 30, 2007	=	68.758.573/431.097.303	=	0,16

**- Receivables turnover = Average receivables / turnover x 365**

June 30, 2006	=	$\frac{(7.215.406 + 19.576.106)/2}{90.727.386}$	x 365	=	53,90 days
June 30, 2007	=	$\frac{(71.831.831+ 60.655.083)/2}{68.758.573}$	x 365	=	351,65 days

- **Profitability indicators**

**- Profitability of working capital**

= profit before interest and profit tax / working capital

June 30, 2006	=	30.571.959/282.096.915	=	11 %
June 30, 2007	=	46.614.063/337.251.982	=	14 %

- **Earnings per basic share**

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

June 30, 2006	=	29.675.970/519.089.588	=	0.06 RON per share
June 30, 2007	=	46.614.063/519.089.588	=	0,09 RON per share

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**9. CALCULATION AND ANALYSIS OF MAIN INDICATORS (continued)**

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 represent the net profit generated by FIC attributable to common shares.

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**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 – fiscal registration code RO 2816642;
- 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.

FIC 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 company authorized by The National Securities Commission (CNVM).

FIC 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.

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**10. OTHER INFORMATION (continued)**

**b) Reconciliation of accounting result with fiscal result as of June 30, 2007:**

	<u>Before tax</u>	<u>Tax</u>	<u>After tax</u>
1. Total revenue - accounting	<b>68.758.573</b>		
2. Total revenue – fiscal	68.801.665		
3. Temporary differences (2-1)	43.092		
4. Tax free revenue	45.314.579		
5. Taxable revenue (2 – 4). of which:	23.487.086		
6. Total expense - accounting	<b>20.239.086</b>		
7. Total expense - fiscal	20.628.777		
8. Temporary differences (7-6)	389.691		
9. Non deductible expenses	9.223.952		
10. Fiscally deductible expenses (7-9 ). of which:	11.404.824		
11. Expenses deductible with legal reserve	55.859		
12. Total deductible expenses (10 + 11)	11.460.683		
13. Taxable profit (5-12)	12.026.403		
14. Current profit tax (13*16%)		1.924.224	
15. Deduction for sponsorships		18.800	
16. Profit tax due (14-15)		<b>1.905.424</b>	
17. Net profit (1-6-16)			<b>46.614.063</b>

**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.

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**NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS**  
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**10. OTHER INFORMATION (continued)**

**d) Commitments granted and received recorded outside the balance sheet**

	<u>January 1, 2007</u>	<u>June 30, 2007</u>
• commitments granted under the form of endorsement (granted by the Private Ownership Fund II "Moldova")	(16.911.668)	(15.409.082)
• commitments received	-	1.516.068
• penalties for bad debtors	758.580	721.839
• other extra balance accounts	589.551	583.474
• inventory items	411.163	428.028
<b>TOTAL</b>	<b><u>(15.152.374)</u></b>	<b><u>(12.159.673)</u></b>

Provisions of 15.409.082 RON, equivalent of 5.630.140 USD; 542.839,44 EUR, (at the exchange rate communicated by the Romanian National Bank for June 30, 2007), and 620.000 RON were constituted for the commitments granted under the form of endorsement by the former Private Ownership Fund II "Moldova".

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Financial Manager  
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**11. STATUS OF THE FINANCIAL INVESTMENTS PORTFOLIO**

**a) Financial Assets**

<b>Participations in:</b>	<b>Cost value as of June 30, 2007</b>	<b>Positive adjustment</b>	<b>Negative adjustment</b>	<b>Market value on June 30, 2007</b>
Companies traded at the Bucharest Stock Exchange - BVB	167.011.448	1.079.337.397	8.786	1.246.340.059
Companies traded at BVB BER	35.825.312	119.909.760	358.640	155.376.432
Companies traded at BVB BER – extra stock market	46.167.515	62.629.122	16.862.142	91.934.495
<b>Total participations in listed and traded companies</b>	<b>249.004.275</b>	<b>1.261.876.279</b>	<b>17.229.568</b>	<b>1.493.650.986</b>
Companies not listed, traded through the electronic system of BVB	11.701.653	1.486.373	595.592	12.592.434
Closed companies	138.878.727	145.524.894	49.088.592	235.315.029
Companies listed and not traded	281.273	128.170	162.061	247.382
Companies listed and not traded during the last 90 days	22.859.231	11.326.867	8.775.939	25.410.159
<b>Total participations in not listed or not traded companies</b>	<b>173.720.884</b>	<b>158.466.304</b>	<b>58.622.184</b>	<b>273.565.004</b>
<b>TOTAL PORTFOLIO</b>	<b>422.725.159</b>	<b>1.420.342.583</b>	<b>75.851.752</b>	<b>1.767.215.990</b>
Participations in OPCVM and / or AOPC	3.369.917	1.422.849	-	4.792.766
<b>Total investments portfolio – gross value</b>	<b>426.095.076</b>	<b>1.421.765.432</b>	<b>75.851.752</b>	<b>1.772.008.756</b>
<b>Provisions for securities amortization</b>	82.275.843	-	-	-

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<b>Total investments portfolio – net value</b>	<b>343.819.233</b>	-	-	-
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\*) **The market value, which forms the basis for the recording of the amortization of shares in the balance sheet, 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**, corresponding to the 2006 fiscal year.

The difference between the value of the negative adjustments recorded as of Dec 31, 2006 and the negative adjustments of financial current assets as of Jun 30, 2007 was not recorded because the Order of the National Securities Commission no. 75 / 2005 specifies that the evaluation is recorded yearly.

SIF Moldova's portfolio companies can be classified by the percentage owned in the issuers' registered capital, as follows (not including OPCVM / AOPC):

<b>Percentage held</b>	<b>Number of companies</b>	<b>Market value as of June 30, 2007</b>
Under 10%	123	1.458.251.431
Between 10% and 20%	57	169.955.940
Between 20% and 50%	90	49.946.805
Over 50%	11	92.081.370
<b>TOTAL</b>	<b>281</b>	<b>1.770.235.546</b>

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

**b) Short term financial investments**

	<b>Cost value as of June 30, 2007</b>	<b>Positive difference</b>	<b>Negative difference</b>	<b>Market value as of June 30, 2007</b>
Bonds	1.187.893	-	-	1.187.893
Shares	2.261.342	855.371	97.157	3.019.556
Other financial instruments	270.549	-	-	270.549

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<b>Total short term financial investments - gross</b>	<b>3.719.784</b>	<b>855.371</b>	<b>97.157</b>	<b>4.477.999</b>
Amortization provision	110.961	-	-	-
<b>Total short term financial investments - net</b>	<b>3.608.823</b>	-	-	-

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**12. STATUS OF BANK DEPOSITS**

**a) Bank deposits**

On June 30, 2007, the company had investments in the monetary market in the form of bank deposits, as follows:

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	LEI	2.000.000		7,55	14.261,11	3,58	05.06.2007	09.07.2007
B.R.D. Bacau	LEI	2.000.000		7,55	14.261,11	3,58	05.06.2007	09.07.2007
B.R.D. Bacau	LEI	2.000.000		7,55	14.261,11	3,58	05.06.2007	09.07.2007
B.R.D. Bacau	LEI	2.000.000		7,55	14.261,11	3,58	05.06.2007	09.07.2007
B.R.D. Bacau	LEI	2.000.000		7,55	14.261,11	3,58	05.06.2007	09.07.2007
B.R.D. Bacau	LEI	1.000.000		7,55	7.130,56	1,79	05.06.2007	09.07.2007
B.R.D. Bacau	LEI	2.000.000		7,95	13.250,00	3,58	25.06.2007	25.07.2007
B.R.D. Bacau	LEI	2.000.000		7,95	13.250,00	3,58	25.06.2007	25.07.2007
B.R.D. Bacau	LEI	2.000.000		7,95	13.250,00	3,58	25.06.2007	25.07.2007
B.R.D. Bacau	LEI	2.000.000		7,95	13.250,00	3,58	25.06.2007	25.07.2007
B.R.D. Bacau	LEI	2.208.000		7,95	14.628,00	3,95	25.06.2007	25.07.2007
B.R.D. Bacau	LEI	3.036.837		6,00	1.518,42	5,46	29.06.2007	02.07.2007
Transilvania Bacău	LEI	1.275.000		7,50	24.968,75	2,28	25.05.2007	27.08.2007
Transilvania Bacău	LEI	3.045.000		7,50	57.728,13	5,45	28.05.2007	27.08.2007
Transilvania Bacău	LEI	1.955.000		7,65	13.294,00	3,50	07.06.2007	09.07.2007
Transilvania Bacău	LEI	1.000.000		7,65	6.800,00	1,79	07.06.2007	09.07.2007
Transilvania Bacău	LEI	2.000.000		7,65	13.600,00	3,58	07.06.2007	09.07.2007
Transilvania Bacău	LEI	2.000.000		7,65	13.600,00	3,58	07.06.2007	09.07.2007
Transilvania Bacău	LEI	2.000.000		7,65	13.600,00	3,58	07.06.2007	09.07.2007
Transilvania Bacău	LEI	2.000.000		7,65	13.600,00	3,58	07.06.2007	09.07.2007
Transilvania Bacău	LEI	2.000.000		7,65	13.600,00	3,58	07.06.2007	09.07.2007
Transilvania Bacău	LEI	2.000.000		7,65	13.600,00	3,58	07.06.2007	09.07.2007
Transilvania Bacău	LEI	2.000.000		7,65	13.600,00	3,58	07.06.2007	09.07.2007
Transilvania Bacău	LEI	2.000.000		7,65	13.600,00	3,58	07.06.2007	09.07.2007

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**12 STATUS OF BANK DEPOSITS (continued)**

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
Transilvania Bacău	LEI	2.332.000		5,00	971,67	4,18	29.06.2007	02.07.2007
BC Carpatica Ag.Bacau	LEI	1.000.000		7,80	6.838,36	1,79	07.06.2007	09.07.2007
BC Carpatica Ag.Bacau	LEI	2.000.000		7,80	13.676,71	3,58	07.06.2007	09.07.2007
BC Carpatica Ag.Bacau	LEI	2.000.000		7,80	13.676,71	3,58	07.06.2007	09.07.2007
R.I.B. Bacau	LEI	3.000.000		7,95	19.602,74	5,37	25.06.2007	25.07.2007
<b>TOTAL</b>	<b>X</b>	<b>55.851.837</b>		<b>X</b>	<b>400.339,60</b>	<b>100,00</b>	<b>X</b>	<b>X</b>

The company's exposure as of June 30, 2007, towards banks is as follows:

Bank	Value of deposit	Percentage of total %
• B.R.D. BACAU	24.244.837	43,41
• BANCA TRANSILVANIA BACAU	23.607.000	42,27
• R.I.B. BACAU	3.000.000	5,37
• BANCA COMERCIALA CARPATICA BACAU	5.000.000	8,95
<b>TOTAL</b>	<b>55.851.837</b>	<b>100,00</b>

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**13. GROSS REVENUE STRUCTURE**

<b>Indicators</b>	<b><u>Account</u></b>	<b><u>June 30,</u></b> <b><u>2006</u></b>	<b><u>June 30,</u></b> <b><u>2007</u></b>
1 Revenue from financial investments (dividends due to SIF Moldova)	761	32.828.208	36.188.916
4 Revenue from ceded financial investments	764	10.770.512	17.843.545
6 Revenue from exchange rate differences	765	2.396.647	2.750.438
7 Revenue from interest	766	3.612.714	2.150.662
8 Revenue from provisions	754	-	-
10 Other revenue	781	39.559.496	3.388.731
	786	312.411	5.736.932
11 - from dues and rents			
- from other various activities	706	393.739	492.875
- from other sources	708	33.611	28.427
- from discounts obtained	758	807.011	98.718
- from other financial revenue	767	11	536
Revenue from ceded financial investments	768	13.026	78.793
<b>TOTAL REVENUE</b>		<b><u>90.727.386</u></b>	<b><u>68.758.573</u></b>

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**14. STRUCTURE OF EXPENSES**

<b>Indicators</b>	<b><u>ACCOUN</u> <u>T</u></b>	<b><u>June 30,</u> <u>2006</u></b>	<b><u>June 30,</u> <u>2007</u></b>
Expenses related to ceded financial investments	664	5.773.768	5.172.371
Expenses related to commissions and fees	622	670.880	820.891
Expenses related to exchange rate diff.	665	1.665.478	3.651.112
Expenses with banking services and equivalent	627	17.163	20.073
Losses related to receivables and various debtors	654	18.651	17.281
Expenses with provisions and depreciations	681	47.106.414	288.952
Expenses related to external services	686	-	2.185.930
-maintenance and repair	611	45.935	40.591
-dues and rents	612	8.939	9.000
-insurance payments	613	19.785	18.221
-protocol, advertisement and promotion	623	46.993	30.433
-transport of goods and persons	624	-	100
-travel and transfer expenses	625	43.683	33.283
-post and telecommunication	626	100.925	110.932
-other services performed by third parties	628	98.288	114.752
-other expenses	658	836.817	20.806
-other financial expenses	668	-	1.550
Expenses with other taxes and equivalent payments	635	79.955	73.170
Other expenses			
- expenses with consumables	602	294.910	241.509
- expenses with materials of inventory kind	603	11.395	37.052
- expenses with materials not in stock	604	171	187
- expenses with energy and water	605	93.925	87.746
- expenses with collaborators	621	132.530	323.479
- salaries	641	2.335.606	5.936.565
- expenses with food stamps	642	-	58.702
- insurance and social expenses	645	753.216	944.398
Profit tax	691	895.989	1.905.424
<b>TOTAL EXPENSES</b>		<b><u>61.051.416</u></b>	<b><u>22.144.510</u></b>

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**14. STRUCTURE OF EXPENSES (continued)**

<b>Expenses with commissions and fees</b>	<b>820.891</b>
	2.162
• Expenses with external auditors' fees	68.425
• Expenses with depository company commissions	621.271
• Expenses with NSC commissions	52.598
• Expenses with SSIF commissions for shares traded	31.844
• Expenses with shareholder registry services	38.099
• Expenses with juridical assistance	6.492
• Other expenses with commissions	

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**15. 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 FIC 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 Euros.

**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 the FIC activity as well as and indirect effects through the companies in which registered capital investments are held.

Among the national economy's features, it is worth mentioning 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.

The FIC management carefully monitors the macroeconomic changes taking place and seeks to minimize the negative impact on the patrimony.

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.

**d) Credit risk**

According to legal provisions, FIC granted no credit to third parties.

FIC 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.

This risk can insignificantly affect FIC activity.

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 value, provided in Regulation no. 15 / 2004, issued by the National Securities Commission (CNVM).

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**15. RISK MANAGEMENT (continued)**

FIC pursues a flexible policy by holding bank deposits available for the financing of financing, investment and operative activities.

FIC 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 Company's position and may calculate certain interests and fiscal 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 until June 30, 2007, may be subject to a later check.

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**16. CONTINGENT OBLIGATIONS AND LIABILITIES**

As of June 30, 2007, FIC was involved in 33 court cases as a defendant and in 148 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 resolution 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.

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