



# Financial Investment Company MOLDOVA SA

Quarterly report according to:	Law 297/2004, NSC Regulations no. 1/2006, 31 / 2006 and 15/2004 and BSE Code
Date of report:	Mar 31, 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
Web/e-mail	<a href="http://www.sifm.ro">www.sifm.ro</a> , <a href="mailto:sifm@sifm.ro">sifm@sifm.ro</a>
Fiscal registration code:	RO 2816642
Serial Number in the Trade Registry:	J04/2400/92
NSC Registry No.:	PJR09SIIR/040001/14.12.2005
Subscribed and paid-in capital:	51908958.8 RON
Regulated market trading	
Issued securities:	BVB (Bucharest Stock Exchange)

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

### FACTS ABOUT THE COMPANY

- \* The title of the company is Moldova Financial Investment Company SA, it has the legal form of a joint stock company; it operates according to the articles of incorporation, of Law no. 31/1990 R AMENDED BY Law no. 441 / 2006, Law no. 297/2004 and NSC regulations. The company is the successor of the Private Ownership Fund II – Moldova, reorganized and transformed according to the provisions of Law no. 133/1996 and Law no. 164/1999;
- \* The subscribed and paid-in registered capital is 51.908.958,8 RON, divided into 519,089,588 shares with a par value of 0.1 RON;
- \* The shares are listed at the Bucharest Stock Exchange in the 1st tier, beginning Nov 01 1999;
- \* The record of shares and shareholders is maintained according to legal specifications, by Central Depository (S.C. Depozitarul Central S.A.)
- \* Asset depository services are performed by Romanian Development Bank (BRD) – Groupe Societe Generale S.A. Bucharest – depository contract approved by NSC in Approval no. 113/14.12.2005.
- \* The company's financial auditor is Deloitte Audit LLC București.

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

- \* Bacau Chamber of Commerce, Industry and Agriculture – J04/2400/92;
- \* National Securities Commission – Decision no. 1902 / Aug. 30, 1999 of permanent authorization;
- \* Securities Registry – Registration Certificate no. 418 / Sep 7, 1999;
- \* National Securities Commission– Decision no. 1841 / Jun 16, 2005 authorizing the Board of Directors membership.
- \* National Securities Commission– Decision no. 3368 / Dec 14, 2005 authorizing modification of the Articles of Incorporation comprised in the Additional Act authenticated under no. 531 / Oct 14, 2005;
- \* National Securities Commission – Approval no. 113 / Dec 14, 2005 approving actual leadership;

\* National Securities Commission - Attestation no. 257 / Dec 14, 2005 – registration of FIC Moldova in NSC Registry at no. PJR09SIIR / 040001;

\* National Securities Commission - Attestation no. 258 / Dec 14, 2005 – inclusion of FIC Moldova in the Association of Collective Investment Organizations (Association of Collective Investment Organizations) category with a diversified investment policy.

## I. GENERAL OBJECTIVES, SPECIFIC INDICATORS

The project for the 2007 Activity Program to be submitted for the approval of the shareholders during the OGMS of Apr 27 / 28, 2007, drafted based on the directives of the "FIC Moldova development strategy for 2007-2009" provides the following strategic objectives:

- Net Profit – the 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%, respectively from 2,6156 RON / share to 3,1387 RON / share; this percentage of increase is forecasted to be accomplished as long as major events in the company's activity do not occur (eg. the listing of the Romanian Commercial Bank "BCR")
- 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, recorded values according to the monthly structure of assets managed by FIC Moldova, achieving a significant increase in value and a 136,85% appreciation during the three quarters analyzed (2005-2007).

Item name	Mar 31, 2005	Mar 31, 2006	Mar 31, 2007
Net assets value (RON)	631.490.666	1.192.225.865	1.495.629.670
Book value (RON / share )	1,2165	2,2968	2,8813
BSE closing price / share on Mar 31 (RON)	0,9500	2,2400	2,9200
Book value / closing price	1,28	1,03	0,99
Net profit	4.943.859	3.753.907	7.222.938
Net profit / net assets (%)	0,78	0,31	0,48

**Net Profit** provided in the Revenue and Expense Budget for 2007 is 43.904.000 RON, in the 1<sup>st</sup> quarter of 2007 being 16,45% achieved (7.222.938 RON).

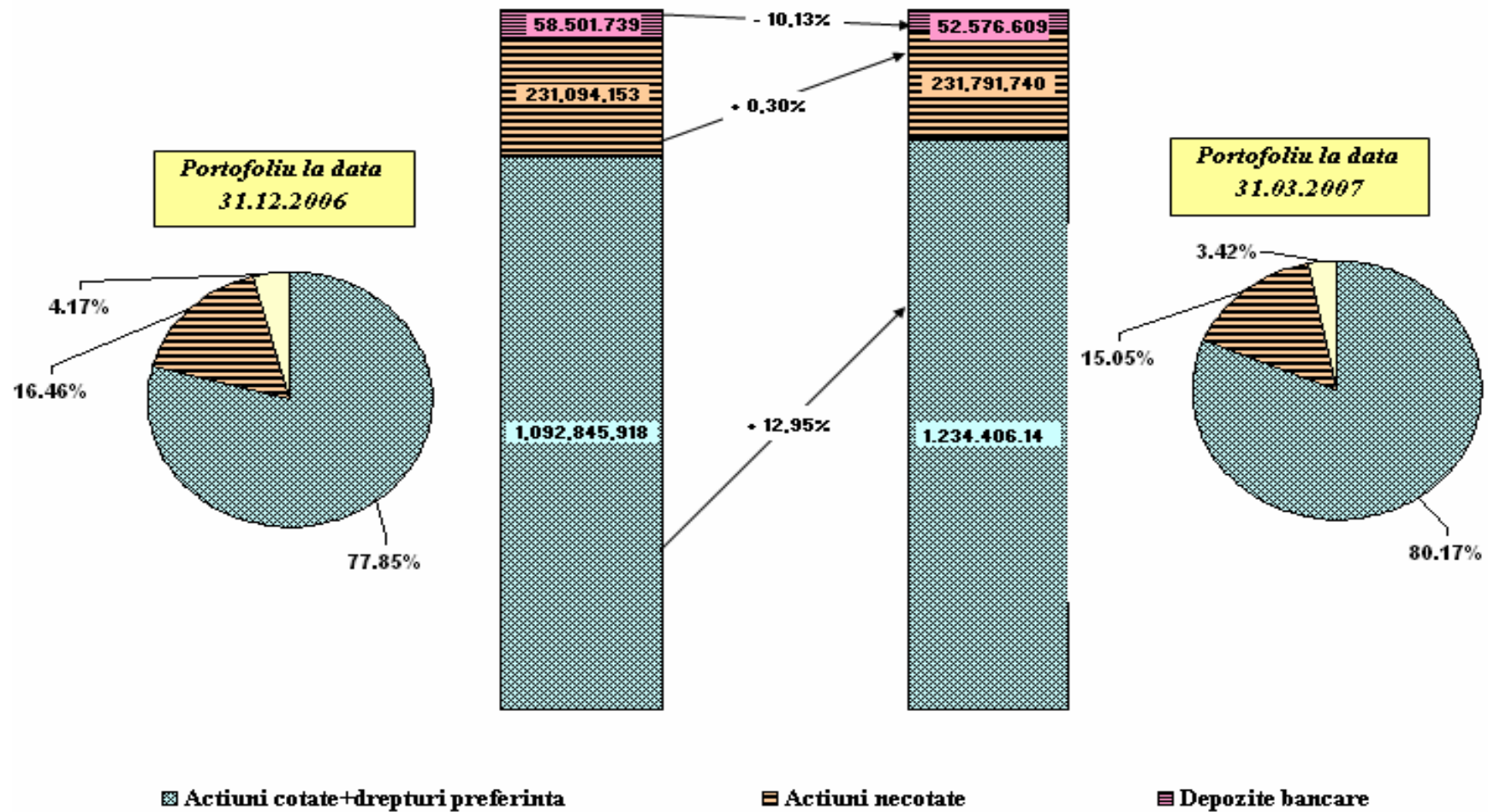
**Investments** made in the 1st quarter are worth approximately 14 million RON, representing about 20% of the annual objective.

Primary and secondary investments in listed shares were made amounting to 13,34 million RON, investments amounting to 0,18 million RON in shares of closed type issuers, investments amounting to 0,55 million RON in derivative financial instruments, all involving assets in Romania.

Significant changes in the portfolios managed are the following:

ASSETS, OF WHICH:	Dec 31, 2006	Dec 31, 2007	Dec 31, 2006	Dec 31, 2007
	RON		Percentage of total assets %	
<b>Listed stock + preemption rights</b>	1.092.845.918	1.234.406.146	77,85%	80,17%
<b>Unlisted stock</b>	231.094.153	231.791.740	16,46%	15,05%
<b>Bank deposits</b>	58.501.739	52.576.609	4,17%	3,42%

**Evolutia structurii activelor din portofoliu SIF Moldova  
in perioada 31.12.2006-31.03.2007**



In the 1<sup>st</sup> quarter of 2007 FIC2 shares were intensely traded, the number of shares being 3,6 times that in the 1<sup>st</sup> quarter of 2005.

<b>FIC2 trading indicators</b>	<b>1st Quarter of 2005</b>	<b>1st Quarter of 2006</b>	<b>1st Quarter of 2007</b>
Number of shares traded	132.629.500	127.943.000	173.472.000
Total value	148.914.070	315.440.245	530.792.448
Average quarterly price	1,1228	2,4655	3,0598

The average trading price for the 1<sup>st</sup> quarter of 2007 is 2,73 times the average trading price recorded in the 1<sup>st</sup> quarter of 2005; this ascending trend was also recorded for the book value of shares.

## **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 Mar 31, 2006, FIC Moldova continued the portfolio reconfiguration and optimization policy in view of increasing its profitability, aiming at increasing the value of participations in profitable companies or in companies with advantageous trading opportunities and decreasing participations in companies in difficult economic and financial situations or without perspective.

These objectives were realized by:

- The modification of FIC Moldova participations following transactions finalized by the transfer of property rights (sales / reacquisitions / acquisitions) or direct investments (primary investments), as follows:
  - **sales** – the sale of participations (full or partial) in 16 companies, 1.162.423,2 RON in nominal value;
  - **acquisitions** – involving stock in 14 companies, 1.620.337,5 RON in nominal value;
  - **direct investment** (primary investment) – in 4 companies, 1.909.695,5 RON in nominal value.

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

Restructuring operations throughout the year led to a decrease of the number of companies in the portfolio, therefore on Mar 31, 2007 the portfolio comprises 276 companies, in which shares totaling 310,8 mil. RON in nominal value are held. Of these, 92 companies in which FIC Moldova holds shares worth 55,7 mil. RON in nominal value, representing 17,92% of total participations at nominal value, are undergoing various stages of administrative / judicial liquidation or judicial reorganization.

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 – Mar 31, 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		%	
	01.01.07	31.03.07	01.01.07	31.03.07	01.01.07	31.03.07	01.01.07	31.03.07
<b>Securities</b>								
<b>Traded stock,</b> Of which:	<b>136.842</b>	<b>153.737</b>	<b>44,36</b>	<b>49,46</b>	<b>1.058.700</b>	<b>1.206.867</b>	<b>79,97</b>	<b>82,31</b>
Companies listed at BSE	75.224	77.521	24,9	24,94	937.429	1.050.392	70,81	71,64
Unlisted companies, traded through the BSE system	11.793,5	11.698	3,8	3,76	13.530	10.521	1,02	0,72
Comp. listed in BVB- BER*	29.157	23.030	9,4	7,41	73.371	85.100	5,54	5,80
Comp. listed in BVB- BER – extra stock market*	20.668	41.488	6,7	13,35	34.369	60.854	2,6	4,15
<b>Untraded stock,</b> Of which:	<b>171.607</b>	<b>157.080</b>	<b>55,64</b>	<b>50,54</b>	<b>265.240</b>	<b>259.330</b>	<b>20,03</b>	<b>17,69</b>
Closed companies	126.594	126.976	41	40,85	231.094	231.792	17,46	15,81
Listed, untraded companies	8.333	8.333	2,7	2,68	247	247	0,02	0,02
Listed, untraded in last 90 days companies	36.679	21.771	11,9	7,00	33.900	27.291	2,56	1,86
<b>Total</b>	<b>308.449</b>	<b>310.817</b>	<b>100,00</b>	<b>100</b>	<b>1.323.940</b>	<b>1.466.197</b>	<b>100,00</b>	<b>100,00</b>

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

Thus, the value is calculated using:

"a) the average weighted price method calculated for the last 90 days in the case of securities and monetary market instruments traded in the specified timeframe;

b) the average weighted price calculated from the date of an event involving a change in the par value of the share, the distribution of free shares or in other such circumstances influencing the market value of securities or monetary market instruments mentioned in letter a), if the event occurred in the period specified in letter a);

c) the procedure set forth in paragraph (3) for securities not traded in the timeframe specified in letter a);

(3) The evaluation of shares not admitted for trading in a regulated market in Romania, held by an Association of Collective Investment Organizations (AOPC) established by Articles of Incorporation, for an issuer, is based on the value of the owner's equity of the issuer as reported in the latter's latest financial report, transmitted to the Public Finances Ministry (M.F.P.). In the case of credit institutions, the calculation is based on the value of the owner's equity as stated in the reports sent to the National Bank of Romania (B.N.R.).

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

(5) The shares of companies in the ACIO portfolio established by Articles of Incorporation with negative values of the owner's equity are included in the calculation of the net assets with a null value.

(6) In the case of shares held by ACIO established by Articles of Incorporation in credit institutions of insurance insurance-reinsurance or reinsurance companies, the value recorded in the

ACIO assets is the value calculated by applying the weight held by the ACIO in the registered capital of the issuer to the owner's equity of the issuer, irrespective of the weight of the specified holding." (quoted from NSC Regulation no. 15 / 2004)

- size of share held in comprised companies:

Specification	01.01.2007		31.03.2007	
<b>Insignificant shares: % SIF &lt; 10%</b>				
Number of companies	116		114	
Nominal value (thousand RON) / percentage	169.373	54,91	171.350	55,13
<b>Significant shares: 10% ≤ % FIC &lt; 33%</b>				
Number of companies	129		129	
Nominal value (thousand RON) / percentage	108.946	35,32	109.342	35,18
<b>Control shares: 33 % ≤ % SIF &lt; 50 %</b>				
Number of companies	21		20	
Nominal value (thousand RON) / percentage	12.059	3,91	12.053	3,88
<b>Majority shares: % SIF ≥ 50 %</b>				
Number of companies	13		13	
Nominal value (thousand RON) / percentage	18.071	5,86	18.072	5,81
<b>Total shares:</b>				
Number of companies	279		276	
Nominal value (thousand RON) / percentage	308.449	100,00	310.817	100,00

- field of activity:

FIELD	01.01.2007				31.03.2007			
	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	3,26	126.107	40,57
MACHINERY MANUFACTURE	27	9,7	54.917	17,8	27	9,78	54.611	17,57
TEXTILES & GARMENTS	45	16	26.501	8,6	45	16,30	26.501	8,53
CHEMICALS	11	4	24.840	8	11	3,99	26.317	8,47
AGRICULTURE	64	23	19.684	6,4	64	23,19	19.684	6,33
METALLURGY	9	3	17.793	5,8	8	2,90	17.666	5,68
FOOD INDUSTRY	23	8	8.094	2,6	23	8,33	8.068	2,60
COMMERCE, RESTAURANTS	24	8,6	6.652	2	23	8,33	6.639	2,14
OTHERS	66	23,6	24.066	7,8	66	23,91	25.224	8,12
<b>TOTAL</b>	<b>279</b>	<b>100,00</b>	<b>308.449</b>	<b>100,00</b>	<b>276</b>	<b>100,00</b>	<b>310.817</b>	<b>100,00</b>

The top 10 companies in the portfolio classified by the market value of the FIC Moldova share on Mar 31, 2007:

Company	City	Field of Activity	Market value of FIC share on Mar 31, 2007 (thousand RON)
BRD GSG	Bucuresti	Banking	738.648
BCR	Bucuresti	Banking	178.943
BANCA TRANSILVANIA	Cluj	Banking	169.734
MITTAL STEEL ROMAN	Roman	Metallurgy	48.705
PETROM	Bucuresti	Services related to oil extraction	44.232
BIOFARM	Bucuresti	Pharmaceuticals	34.513
BANCPOST	Bucuresti	Banking	27.403
TESATORIILE REUNITE	Bucuresti	Textiles	22.620
MECANICA CEHLAU	Piatra Neamt	Machinery manufacture	20.961
AEROSTAR	Bacau	Machinery manufacture	16.686

### **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. During the period under review, the main activity of the department consisted of preparing the general meetings of shareholders for the approval of the financial statements for 2006.

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 - on the primary market**

In the Jan 1, 2007 – Mar 31, 2007 period direct investments were made by participating in the increase of registered capital of 4 issuers in the portfolio. Share investments in 4 listed companies totalling 1,9 mil. RON in nominal value were recorded, at an equal price.

We specify that in the Jan 1, 2007 – Mar 31, 2007 period FIC Moldova subscribed shares 508 thousand RON in nominal value in 3 more companies, for an equal price, these investments pending registration.

##### **Investing activity - on the secondary market**

The capital market in Romania proved to be increasingly correlated to the evolution of international financial markets, so that in the context of a high liquidity of securities, speculative operations were emphasized in the reporting period in the spot market as well as the derivative financial instruments market.

In the context of the capital market fluctuations in the reporting period, the FIC Moldova policy was to exploit the opportunities offered by this evolution, concentrating on speculative transactions involving securities with a high liquidity, precedence being given to investing in interesting issuers.

In these conditions, in the first three months of 2007, acquisition operations were targeted at the shares of 14 issuers (13 listed in BSE, REE), with a total acquisition value (including trading commissions) of 13,34 mil. RON compared to 9,31 mil. RON in the corresponding period of the preceding year. The conversion of TLV shares to bonds worth 1,1 mil. RON was included in the invested amount reported.

***Investment in other financial instruments***

In the context of the portfolio diversification policy as well as in order to exploit opportunities, transactions were made on the derivatives market (BMFMS) – the allocated sum amounting to 0,55 mil. RON compared to 0,15 mil. RON in the corresponding period of the preceding year. Trading operations on this market concluded at the end of March with a 78 thousand RON profit.

***Investment in securities issued by Association of Collective Investment Organizations (AOPC) / OPCVM***

On Mar 31, 2007 FIC held 3.120 securities of The Businesspersons' Fund ("Fondul Oamenilor de Afaceri") 8.468 RON in nominal value and 17.161 RON in market value.

**II.1.1.b.2 Disinvesting activity – on the secondary market**

During the 1<sup>st</sup> quarter sale operations were registered in the case of 16 issuers (3 of a "closed" type). Most sale operations executed involving these issuers had a speculative character. Revenue from sales was recorded amounting to 12,48 mil. RON compared to 8,9 mil. RON in the corresponding period of the preceding year, with a profit of 9,017 mil. RON compared to 3,97 mil. RON recorded at the end of the 1<sup>st</sup> quarter of 2006.

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

Financial statements (balance sheet and income statement) are based on Accounting Law no. 82 / 1991 – republished, NSC Order no. 75/2005.

Financial statements are drawn up in RON.

Financial statements for Mar 31, 2007 are not accompanied by an independent external auditor's report, according to the usual practices regarding the frequency of such reporting.

**BALANCE SHEET  
on Mar 31, 2007**

	Row No.	Balance	
		January 1, 2006	January 1, 2006
A	B	1	2
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
3. Grants, patents, licences, trademarks, similar rights and values and other intangible assets	03	128.439	114.180
TOTAL: (row 01 to 05)	06	128.439	114.180
II. TANGIBLE ASSETS			

	Row No.	Balance	
		January 1, 2006	January 1, 2006
A	B	1	2
1. Land and buildings	7	8,501.896	8,430.543
2. Equipment	8	311.586	281.096
3. Furniture and fixture	9	120.699	107.946
TOTAL: (row 07 to 10)	11	8,934.181	8,819.585
<b>III. FINANCIAL ASSETS</b>			
5. Securities as assets	16	321,282.334	332,768.634
6. Other claims	17	102.350	82.350
TOTAL: (row 12 to 17)	18	321,384.684	332,850.984
NON-CURRENT ASSETS – TOTAL (row 06 + 11 + 18)	19	330,447.304	341,784.749
<b>B. CURRENT ASSETS</b>			
<b>I. INVENTORY</b>			
1. Consumables	20	19.193	24.110
3. Advances for purchase of inventories	22	13.365	10.527
TOTAL: (row 20 to 22)	23	32.558	34.637
<b>II. RECEIVABLES (Amounts due to be received after more than one year must be presented separately for each item)</b>			
1. Trade receivables	24	58,612.587	52,621.787
4. Other receivables	27	2,042.496	3,810.655
TOTAL: (row 24 to 28)	29	60,655.083	56,432.442
<b>III. SHORT TERM FINANCIAL INVESTMENTS</b>			
3. Other short term financial investments	31	5,020.619	3,318.199
TOTAL: (row 30 to 31)	32	5,020.619	3,318.199
<b>IV. CASH AND BANK ACCOUNTS</b>			
CURRENT ASSETS - TOTAL (rd. 23 + 29 + 32 + 33)	34	68,958.365	62,143.844
C. PREPAID EXPENSES (acct. 471)	35	116.815	108.917
<b>D. CURRENT LIABILITIES</b>			
4. Accounts payable	39	400.879	94.832
5. Commercial papers payable	40	5,083.848	5,083.848
8. Other liabilities, including taxes payable and social security liabilities	43	23,975.448	22,021.394
TOTAL: (row 36 to 43)	44	29,460.175	27,200.074
E. CURRENT ASSETS LESS NET CURRENT LIABILITIES (row 34 + 35 - 44 - 60.2)	45	39,604.447	35,023.306
F. TOTAL ASSETS LESS CURRENT LIABILITIES (rd. 19 + 45 - 60.1)	46	370,051.751	376,808.055
<b>G. NON-CURRENT LIABILITIES</b>			
2. Provisions for taxes	57	41,437.613	41,407.674
3. Other provisions	58	20,272.909	20,272.909
TOTAL PROVISIONS: (row 56 +57 + 58)	59	61,710.522	61,680.583

	Row No.	Balance	
		January 1, 2006	January 1, 2006
A	B	1	2
I. DEFERRED REVENUE (row 60.1+60.2) of which:	60	10.558	29.381
2. Precollected revenue	60.2	10.558	29.381
J. EQUITY AND RESERVES			
I. EQUITY (row 62 to 63) of which:	61	51.908.959	51.908.959
- Subscribed and paid capital (acc. 1012)	63	51.908.959	51.908.959
III. REEVALUATION RESERVES			
Balance C	65	6.229.774	6.224.729
IV. RESERVES (row 68 to 73 -74)	67	259.293.957	258.933.649
1. Legal reserves	68	10.325.933	10.381.792
3. Reserves constituted from free shares/notes	70	94.158.350	93.736.969
5. Reserves representing surplus from reevaluation reserves	72	1.991.956	1.997.170
6. other reserves	73	152.817.718	152.817.718
V. REPORTED RESULT			
Balance D	76	56.407.027	9.106.944
VI. RESULT OF FISCAL YEAR			
Balance C	77	48.341.224	7.222.938
Profit appropriation	79	1.025.658	55.859
TOTAL EQUITY (rd. 61 + 64 + 65 - 66 + 67 + 75 - 76 + 77 - 78 - 79)	80	308.341.229	315.127.472

The structure of the financial statement is drafted on the principle of the presentation of long term assets (non-current assets) and short term assets (current assets) as well as current liabilities (due in up to one year).

The distinction between non-current assets and current assets is based on the company's intent to obtain future benefits in a long or a short term.

The shareholders' equity (the accounting net assets) increased compared to the beginning of the fiscal year by 2,2 %.

**INCOME STATEMENT**  
**on March 31, 2007**

The income statement was drafted based on the matching principle, according to which revenue is the fair value of the received or receivable remunerations and expenses are costs already incurred.

Item name	Row no.	March 31, 2006	March 31, 2007
A	B	1	2
<b>A. REVENUE FROM OPERATIONS</b>			
<b>TOTAL (row 02 to 11)</b>	<b>1</b>	<b>10.875.435</b>	<b>14.260.056</b>
1. Revenue from financial assets	2	-	23.666
2. Revenue from ceded financial investments	5	7.821.962	12.249.687
3. Revenue from provisions, reactivated claims and various debtors	7	182.675	352.359
4. Revenue from exchange rate variations	8	-	83.414
5. Revenue from interest	9	1.875.843	1.145.092
6. Other revenue from operations	11	994.955	405.838
<b>B. EXPENSES WITH OPERATIONS</b>			
<b>TOTAL (row 13 to 20)</b>	<b>12</b>	<b>6.631.304</b>	<b>5.801.504</b>
7. Expenses with ceded financial investments	14	4.208.984	3.338.595
8. Expenses with exchange rate variations	15	99	616
9. Expenses with commissions and fees	17	249.511	327.203
10. Expenses with banking and similar services	18	8.610	6.364
11. Depreciations, provisions, losses from receivables and miscellaneous receivables	19	146.429	173.026
12. Other expenses with operations	20	2.017.671	1.955.700
a. Expenses with materials	21	195.278	181.915
b. Expenses related to electricity and water	22	53.016	44.636
c. Expenses with staff, of which: (row 24+25)	23	1.566.195	1.518.769
c1. Salaries	24	1.189.931	1.171.182
c2. Expenses related to social security	25	376.264	347.587
Expenses related to external services	26	161.990	142.489
Expenses with other taxes and similar payments	27	41.192	67.891
<b>C. OPERATIONAL RESULT</b>			
- profit (row 01 - 12)	28	4.244.131	8.458.552
<b>TOTAL REVENUE (row 01+30)</b>	<b>34</b>	<b>10.875.435</b>	<b>14.260.056</b>
<b>TOTAL EXPENSE (row 12+31)</b>	<b>35</b>	<b>6.631.304</b>	<b>5.801.504</b>
<b>G. GROSS MARGIN</b>			
- profit (row 34 - 35)	<b>36</b>	<b>4.244.131</b>	<b>8.458.552</b>
21. PROFIT TAX			
- profit tax expense (acc. 691)	38	490.223	1.235.614
<b>H. NET INCOME</b>			
- profit (row 36 - 38 - 39)	<b>40</b>	<b>3.753.908</b>	<b>7.222.938</b>

**REALIZATION OF THE REVENUE AND EXPENSE BUDGET**  
as of March 31, 2007

		Forecasted 2007	Realized Jan-Mar 2007	Percentage realized
		1	2	3=2/1
<b>A.</b>	<b>Total revenue</b>	<b>98.530.425,00</b>	<b>14.260.056,11</b>	<b>14%</b>
<b>B.</b>	<b>Financial revenue</b>	<b>93.968.938,00</b>	<b>13.928.044,61</b>	<b>15%</b>
	• Revenue from investments (dividends)	27.000.000,00	23.666,00	0%
	• Revenue from claims (bank interest + bonds)	2.000.000,00	1.145.091,81	57%
	• Revenue from ceded financial investments	63.405.273,00	12.292.332,77	19%
	• Revenue from exchange rate variations	1.463.665,00	83.414,20	6%
	• Revenue from provisions	0,00	325.456,85	-
	• Other financial revenue	100.000,00	58.082,98	58%
<b>C.</b>	<b>Revenue from operations</b>	<b>4.561.487,00</b>	<b>332.011,50</b>	<b>7%</b>
	• Revenue from rent and associated activities	800.000,00	265.059,89	33%
	• Revenue from provisions	3.361.487,00	26.901,90	1%
	• Other revenue from current activity	400.000,00	40.049,71	10%
<b>D.</b>	<b>Total expenses</b>	<b>49.026.425,00</b>	<b>5.801.503,85</b>	<b>12%</b>
<b>E.</b>	<b>Financial expenses</b>	<b>27.902.878,00</b>	<b>3.391.910,51</b>	<b>12%</b>
	• Expenses with ceded financial investments	25.000.000,00	3.338.594,72	13%
	• Expenses with commissions and fees	600.000,00	29.954,43	5%
	• Expenses with exchange rate variations	202.752,00	616,30	0%
	• Expenses with banking and similar services	50.000,00	6.364,49	13%
	• Total expenses	2.050.126,00	0,00	0%
	• Other financial expenses	0,00	16.380,57	-
<b>F.</b>	<b>Expenses with operations</b>	<b>21.123.547,00</b>	<b>2.409.593,34</b>	<b>11%</b>
<b>G.</b>	<b>Gross margin</b>	<b>49.504.000,00</b>	<b>8.458.552,26</b>	<b>17%</b>
<b>H.</b>	<b>Taxable profit</b>	<b>25.000.000,00</b>	<b>7.774.462,69</b>	<b>31%</b>
<b>I.</b>	<b>Profit tax</b>	<b>5.600.000,00</b>	<b>1.235.614,03</b>	<b>22%</b>
<b>J.</b>	<b>Net profit</b>	<b>43.904.000,00</b>	<b>7.222.938,23</b>	<b>16%</b>

**ECONOMIC AND FINANCIAL INDICES**  
as of March 31, 2007

• **Liquidity indicators – ratios**

- Current ratio = current assets / current liabilities

$$\text{March 31, 2007} = 62.143.844/27.200.074 = 2,28$$

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

$$\text{March 31, 2007} = (62.143.844 - 34.637)/27.200.074 = 2,28$$

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

- Fixed assets turnover = revenue from operations / fixed assets

$$\text{March 31, 2007} = 14.260.056/341.784.749 = 0,04$$

- Total assets turnover = revenue from operations / total assets

$$\text{March 31, 2007} = 14.260.056/403.928.593 = 0,03$$

- Receivables turnover = average receivables balance / turnover x 365

$$\text{March 31, 2007} = [(60.655.083 + 56.432.442)/2]/14.260.056 \times 90 = 369 \text{ zile}$$

- **Profitability indicators**

- Profitability of working capital

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

$$\text{March 31, 2007} = 8.458.552/315.127.472 = 2,68 \%$$

- **Earnings per basic share**

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

$$\text{March 31, 2007} = 7.222.938/519.089.588 = 0,01 \text{ RON per share}$$

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

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

### **II.1.3. RISK MANAGEMENT**

#### **DESCRIPTION OF THE COMPANY'S EXPOSURE TO RISK**

By nature of its activities, FIC Moldova is exposed to various risks, among which there are the exchange rate risk, the economic environment risk, the interest risk, the credit risk and the tax-related 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 USD and EUR 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. The Company's management is surveying the nature of changes that can occur in the Romanian economic environment and their effect on the financial situation and on the Company's operational and treasury results.

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

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

**c) Interest rate risk**

Most of the Company's financial assets and liabilities do not bear interest, therefore the market interest rate fluctuations do not significantly affect 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. The fixed income securities in which SIF Moldova invested incur maturities of up to 12 months.

**d) Credit risk**

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.

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

**e) Liquidity risk**

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

FIC MOLDOVA does not have a formal policy for covering 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.

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

Statements regarding taxes can be subjected to control and review over a period of five years, in general, after their submittal. 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 March 31, 2006, may be subject to a later check.

### **COMPLIANCE WITH LEGAL REGULATIONS REGARDING OWNERSHIP LIMITATIONS**

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

Portfolio exposure on Mar 31, 2006, 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
<b>Closed shares</b> (excepting BCR and Bancpost, according to the provisions of art.275 para (2))	25.445.770,44	1,652	
<b>TOTAL</b>	<b>25.445.770,44</b>	<b>1,652</b>	<b>&lt; or = 20%</b>

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

On Mar 31, 2006 holdings of TLV shares exceed the prescribed 10% threshold, respectively 11,023%.

The weight of TLV bonds is not calculated, as they are not accepted for trading.

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.

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

Group name	Asset value (RON)	Weight in total assets (%)	Limit imposed
<b>BT GROUP</b> , of which:			
TLV shares	169.734.017,31	11,023	
BT Maxim and BT Invest 1 shares	4.346.671,00	0,282	
<b>GROUP TOTAL</b>	<b>174.080.688,31</b>	<b>11,305</b>	<b>&lt; or = 50%</b>

On the whole, BT Group holdings do not exceed the limit imposed.

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

e) The weight of current account and cash may not exceed 10% of the total assets.  
On Mar 31, 2007 the weight thereof was 0,163% (2.515.246,59 RON / 1.539.770.792,89 RON).

f) The weight of bank deposits with the same bank may not exceed 30% of the total assets.  
Total holdings in bank deposits amounts to 3,415% of the total assets (52.576.608,66 RON / 1.539.770.792,89 RON).

g) Total holdings in derivative financial instruments may not exceed the total net asset value.  
The value of the derivative financial instruments = 60.280 RON < net asset value = 1.495.629.669,89 RON.

h) The weight of total participation in ACIO (AOPC) may not exceed 50% of the total assets.

ACIO name	Asset value (RON)	Weight in total assets (%)	Limit imposed
XFOA shares	17.161,25	0,001	
BT Invest 1 securities	1.458.671,00	0,094	
<b>TOTAL ACIO</b>	<b>1.475.832,25</b>	<b>0,095</b>	<b>&lt; or = 50%</b>

The actual weight does not exceed the limit imposed.

## **II.2. ACHIEVEMENT OF NON-FINANCIAL OBJECTIVES IN THE 1<sup>ST</sup> QUARTER OF 2007**

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

During the 1st quarter of 2007 210 litigations were recorded with various objects, of which 183 cases in court and 27 cases solved.

In this timeframe, in the course of the judicial proceedings receivables totalling 300.515,08 RON were recovered.

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

- total litigations = 164 cases, of which 150 cases are in court in various judicial stages and 14 cases are solved;
- value of litigations in RON = 22.228.882,33 RON, of which:
  - the amount of 520.087,86 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 – 47 cases, of which 36 were finalized (annex IV.5.1).

2. Litigations involving recovery of overdue dividends = 10 cases in court and 4 cases solved (annex IV.5.2).

The debts recovered amount to 155.549,60 RON.

3. Litigations involving the insolvency procedure = 32 cases in court and 2 cases solved (annex IV.5.3).

The debts recovered amount to 144.965,48 RON.

4. Litigations involving various monetary claims = 15 cases in court and 1 case solved (annex IV.5.4).

5. Litigations with various objects = 5 cases in various stages of litigation (annex IV.5.5).

6. Litigations involving draft oppositions and contestations to the foreclosure of promissory notes endorsed by FPP II Moldova = 35, all cases pending solution in various judicial stages (annex IV.5.6).

7. Criminal litigations = 6 cases in court (annex IV.5.7).

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

- total litigations = 46 cases, of which:

- 33 cases are in court in various judicial stages;
- 13 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 Bucuresti.

- value of litigations in foreign currency, in direct bill actions against SARA:

- 7.070.140 USD;
- 1.090.000 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 3 cases solved (annex IV.5.8).

2. Litigations involving direct bill actions Bankcoop / appeal for cancellation = 10 cases solved (annex IV.5.9).

3. Litigations involving direct bill actions SARA = 14 cases in court in various judicial stages (annex IV.5.10).

## **II.2.2. COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES IN 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 – 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, available at the company head office and presented for consultation on the company website ([www.sifm.ro](http://www.sifm.ro)).

#### ***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, unaudited financial statements and the Board of Directors' Report for the year 2006, convocation, informative materials, decisions, notifications, etc.;

- significant transactions – sale / acquisition of shares of - SC Comat Braila SA;

- other important aspects communicated: financial calendar, payment of dividends.

### ***b. In relations with shareholders***

**Obligations to inform FIC Moldova shareholders** were respected by the issuance of press releases, publishing of reports, information through the electronic system of the capital market and published on the company's website, offering equal treatment to shareholders.

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

- information regarding the payment of dividends (Bursa newspaper of Jan 15, 2007);

- significant transactions (Bursa newspaper of Mar 27, 2007);

All press releases related to the reports are found on the company website [www.sifm.ro](http://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** was carried out according to decisions adopted by the Ordinary General Meeting of Shareholders of April 29, 2006. At the request of shareholders dividends were paid through the pay office (shareholders – natural persons), bank transfer (natural and juridical persons) and money order.

Status of payments up to **Mar 31, 2007** is as follows:

Payment:	Dividend for 2003		Dividend for 2004		Dividend for 2005	
	<i>(0.0494 RON/ share)</i>		<i>(0.0600 RON/ share)</i>		<i>(0.0670 RON/ share)</i>	
	No. of shareholders	RON	No. of shareholders	RON	No. of shareholders	RON
after the GMS of 2004	221,446	19,596,217.58				
after the GMS of 2005	17,137	695,797.33	187,438	24,452,760.91		
after the GMS of 2006	8,744	284,479.02	11,863	573,759.29	121,348	27,696,643.80
<b>TOTAL paid up to 31.03.2007</b>	<b>247,327</b>	<b>20,576,493.93</b>	<b>199,301</b>	<b>25,026,520.20</b>	<b>121,348</b>	<b>27,696,643.80</b>
Dividend due		25,643,025.65		31,145,375.28		34,779,003.00
% paid		80.24%		80.35%		79.64%

### 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 16, 2006. 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 quarter 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 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 semester 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 Internal Control Department***

According to the provisions of art. 37-41 of NSC Regulation no. 15 / 2004 and Investigations Plan of the Internal Supervision Department for the year 2007, approved in the FIC Moldova Board of Directors' meeting of Feb 16, 2007 and transmitted to NSC with no. 517 on Feb 26, 2007 the activity of the representative of the Internal Supervision Department in the 1<sup>st</sup> quarter of 2007 materialized in the following:

**1.** In the Mar 1, 2007 – Jan 23, 2007 period the control of the calculation and pay of commissions, taxes and other amounts due from FIC Moldova 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 the maintenance of securities issued by FIC Moldova in OEVM;
- d) Monthly dues as an UNOPC member;
- e) Depository commissions;
- f) Fees for services performed by BSE;
- g) Commission for the stock market listing of FIC Moldova shares;
- h) Trading commissions;
- i) Commissions for registry services;
- j) Commissions for transfers related to bonds.

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

The control report regarding compliance with legal provisions regarding the calculation, marking and payment of commissions, taxes and other amounts due to NSC and capital market entities was presented and approved in the Board of Directors' meeting of FIC Moldova of Jan 26, 2007.

**2.** In the Feb 19, 2007 –Mar 31, 2007 period compliance with legal provisions 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) latter 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, 2006 – Mar 31, 2007.

This report is to be presented in the FIC Moldova Board of Directors' Meeting of Mar 27, 2007.

**3.** 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**

Important events in the first quarter 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](http://www.sifm.ro), in compliance to legal regulations in force, as mentioned in chapter II.2.2.

In the 1st quarter of 2007 one significant transaction was undertaken (worth more than \$500.000), namely the sale of shares belonging to S.C. COMAT BRAILA S.A., reported to BSE / NSC in Notice no. 828 / Mar 26, 2007 and communicated by publishing in the Bursa Newspaper of Mar 27, 2007.

**President General Manager,  
Sorin Mihail TURTOESCU**

**Financial Manager,  
Liana MARIN**