



FIC MOLDOVA S.A.
SOCIETATEA DE INVESTITII FINANCIARE

FIC MOLDOVA S.A.

**ACCOUNTING REPORT
FOR THE NINE MONTH PERIOD ENDING
SEPTEMBER 30, 2006**

**DRAFTED IN COMPLIANCE WITH
NATIONAL SECURITIES COMMISSION
ORDER NO. 75 / 2005**

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FIC MOLDOVA
BALANCE SHEET
ON JANUARY 1, 2006 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

	Row	Balance	
		01.01.2006	30.09.2006
A	B	1	2
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
1. Constitution expenses (acc. 201 - 2801)	01	-	-
2. Development expenses (acc. 203 - 2803 - 2903)	02	-	-
3. Grants, patents, licences, trademarks, similar rights and values and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908)	03	96.376	98.129
4. Goodwill fund (acc. 2071 - 2807 - 2907)	04	-	-
5. Advances and pending intangible assets (acc. 233 + 234 - 2933)	05	138.103	-
TOTAL: (row 01 to 05)	06	234.479	98.129
II. TANGIBLE ASSETS			
1 Land and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912)	7	8.801.686	8.573.250
2. Equipment (acc. 213 - 2813 - 2913)	8	487.948	342.184
3. Furniture and fixture (acc. 214 - 2814 - 2914)	9	159.953	133.603
4. Advances and pending tangible assets (acc. 231 + 232 - 2931)	10	-	-
TOTAL: (row 07 to 10)	11	9.449.587	9.049.037
III FINANCIAL ASSETS			
1. Shares held in affiliated entities (t. 261 - 2961)	12	-	-
2. Loans granted to affiliated entities (acc. 2671 + 2672 - 2965)	13	-	-
3. Securities in the form of investments (acc. 263 - 2963)	14	-	-
4. Loans granted to entities in which the company is an investor (acc. 2675 + 2676 - 2967)	15	-	-
5. Securities and other financial instruments as assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964)	16	257.719.356	319.427.154
6. Other claims (acc. 2673 + 2674 + 2678 + 2679 - 2966 - 2969)	17	120.463	81.350
TOTAL: (row 12 to 17)	18	257.839.819	319.508.504
TOTAL NON-CURRENT ASSETS (row 06 + 11 + 18)	19	267.523.885	328.655.670

FIC MOLDOVA
BALANCE SHEET
ON JANUARY 1, 2006 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

	Row	Balance	
		01.01.2006	30.09.2006
A	B	1	2
B. CURRENT ASSETS			
I. INVENTORY			
1. Consumables (acc. 302 + 303 +/- 308 + 351 -392 -395)	20	18.040	21.873
2. Work in progress (acc. 332 - 394)	21	-	-
3. Advances for inventory purchase (acc. 4091)	22	-	14.414
TOTAL: (row 20 to 22)	23	18.040	36.287
II. RECEIVABLES (Amounts to be received in more than one year have to be presented separately for each item.)			
1. Notes receivable (acc. 2675* + 2676*+2678*+2679* – 2966* – 2969* + 4092 + 411 + 413 + 418 – 491)	24	105.283.805	49.167.293
2. Receivables from companies in the group (acc. 4511 + 4518 - 4951)	25	-	-
3. Receivables from participation interest (acc. 4521 + 4528 - 4952)	26	-	-
4. Other Receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	27	19.448.261	5.897.725
5. . Receivables from subscribed and unpaid capital (acc. 456 - 4953)	28	-	-
TOTAL: (row 24 to 28)	29	124.732.066	55.065.018
III. SHORT TERM FINANCIAL INVESTMENT			
1. Shares held in affiliated entities (acc. 501 - 591)	30	-	-
3. Other short term financial investments (acc. 5031 + 5032 + 505 + 5061 + 5062 + 5071 + 5072 + 5081 + 5082 + 5088 + 5089 - 593 - 595 - 596 - 597 - 598 + 5113 + 5114)	31	5.624.145	5.089.858
TOTAL: (row 30 to 31)	32	5.624.145	5.089.858
IV. CASH AND BANK ACCOUNTS (acc. 5112 + 5121 + 5122 + 5123 + 5124 + + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542)	33	73.806	4.363.267
TOTAL CURRENT ASSETS (row 23 + 29 + 32 + 33)	34	130.448.057	64.554.430
C. PREPAID EXPENSES (acc. 471)	35	48.654	24.932

FIC MOLDOVA
BALANCE SHEET
ON JANUARY 1, 2006 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

	Row	Balance	
		01.01.2006	30.09.2006
A	B	1	2
D. CURRENT LIABILITIES			
1. Loans from bonds issues (acc. 1614 + 1615 + 1617 + 1618 + 1681 - 169)	36	-	-
2. Notes payable (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	37	-	-
3. Precollected revenue (acc. 419)	38	-	-
4. Accounts payable (acc. 401 + 404 + 408)	39	248.435	9.848
5. Commercial papers payable (acc. 403 + 405)	40	22.749.096	5.670.522
6. Liabilities to companies in the group (acc. 1661 + 1685 + 2691 + 4511 + 4518)	41	-	-
7. Liabilities involving participation interest (acc. 1662 + 1686 + 2692 + 2693 + 4521 + 4528)	42	-	-
8. Other liabilities, including taxes payable and social security liabilities (acc. 1623 + 1626 + 167 + 1687 + 2698 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 4551 + 4558 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	43	17.938.663	26.514.794
TOTAL: (row 36 to 43)	44	40.936.194	32.195.164
E. CURRENT ASSETS LESS NET CURRENT LIABILITIES (row 34 + 35 - 44 - 60.2)	45	87.830.623	32.373.357
F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 19 + 45 - 60.1)	46	355.354.508	361.029.027
G. NON-CURRENT LIABILITIES		-	-
1. Loans from bonds issues (acc. 1614 + 1615 + 1617 + 1618 + 1681 - 169)	47	-	-
2. Long term loans (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	48	-	-
3. Precollected revenue (acc. 419)	49	-	-
4. Trade debt (acc. 401 + 404 + 408)	50	-	-
5. Commercial papers payable (acc. 403 + 405)	51	-	-
6. Liabilities to institutions or companies in the group (acc. 1661 + 1685 + 2691 + 4511 + 4518)	52	-	-

FIC MOLDOVA
BALANCE SHEET
ON JANUARY 1, 2006 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

	Row	Balance	
		01.01.2006	30.09.2006
A	B	1	2
7. Liabilities involving participation interest (acc. 1662 + 1686 + 2692 + 2693 +4521+4528)	53	-	-
8. Other liabilities, including tax debt and social security debt (acc. 1623 + 1626 + 167 + 1687 + 2698 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 4551 + 4558 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	54	-	-
TOTAL: (row 47 to 54)	55	-	-
H. PROVISIONS			
1. Provisions for pensions and similar obligations (acc.1515)	56	-	-
2. Provisions for taxes (acc. 1516)	57	43.135.744	45.390.906
3. Other provisions (acc.1511+1512+1513+1514+1518)	58	38.620.278	20.831.945
TOTAL PROVISIONS: (row 56 +57 + 58)	59	81.756.022	66.222.851
I. PRECOLLECTED REVENUE (row60.1+60.2) of which:	60	1.729.894	10.841
1. Subsidies for investments (acc. 131)	60.1	-	-
2. Precollected revenue (acc. 472)	60.2	1.729.894	10.841
J. EQUITY AND RESERVES			
I. CAPITAL (row 62 to 63) of which:	61	51.908.959	51.908.959
1. Subscribed and unpaid capital (acc. 1011)	62	-	-
2. Subscribed and paid capital (acc. 1012)	63	51.908.959	51.908.959
II. SHARE PREMIUM (acc. 104)	64	-	-
III. REVALUATION RESERVES (acc. 105)			
Balance C	65	6.235.347	6.232.213
Balance D	66	-	-
IV. REZERVE (row 68 to 73 -74)	67	236.255.284	279.467.967
1. Legal reserves (acc. 1061)	68	9.300.275	9.749.790
2. Statutory or contractual reserves (acc. 1063)	69	-	-
3. reserves constituted from free shares/notes (acc. 1065*)	70	87.559.073	104.367.371
4. reserves from fair value evaluation (acc.1066)	71	-	-

FIC MOLDOVA
BALANCE SHEET
ON JANUARY 1, 2006 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

	Row	Balance	
		01.01.2006	30.09.2006
A	B	1	2
5. reserves representing surplus from revaluation reserves (acc.1067)	72	1.986.012	1.989.165
6. other reserves (acc.1068)	73	137.409.924	163.361.641
7. treasury shares (acc.109)	74	-	-
V. REPORTED RESULT (acc. 117)			
Balance C	75	-	-
Balance D	76	20.801.104	82.205.946
VI. RESULT OF FISCAL YEAR (acc. 121)			
Balance C	77	48.585.106	39.852.498
Balance D	78	-	-
Profit appropriation (acc. 129)	79	48.585.106	449.515
TOTAL EQUITY (row 61 + 64 + 65 - 66 + 67 + 75 - 76 + 77 - 78 - 79)	80	273.598.486	294.806.176

President
Sorin Mihai Turtoescu

Financial Manager
Liana Marin

FIC MOLDOVA
INCOME STATEMENT
ON SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

ITEM	Row	30.09.2005	30.09.2006
A	B	1	2
A. REVENUE FROM OPERATIONS			
TOTAL (row 02 to 11)	1	78.482.783	113.805.388
1. Revenue from financial assets (acc. 761)	2	30.122.361	32.828.218
2. Revenue from short term financial investment (acc. 762)	3	-	-
3. Revenue from receivables as assets (acc. 763)	4	10.492.600	4.596.728
4. Revenue from ceded financial investments (acc. 758* + 764)	5	27.151.684	22.534.071
5. Revenue from services performed (acc.704)	6	-	-
6. Revenue from provisions, reactivated claims and various receivables (acc. 754 + 781 + 786)	7	6.218.393	49.649.559
7. Revenue from exchange rate changes (acc. 765)	8	1.243.836	2.440.757
8. Revenue from interest (acc.766)	9	207.840	235.337
9. Revenue from non-current assets production (acc. 721 + 722)	10	-	-
10. Other revenue from operations (acc.768 + 706 + 708 + 767)	11	3.046.069	1.520.718
B. EXPENSES WITH OPERATIONS			
TOTAL (row 13 to 20)	12	21.911.668	72.004.064
1. Losses related to claims resulting from investments (acc. 663)	13	-	-
2. Expenses related to ceded financial investments (acc. 658* + 664)	14	4.121.240	8.929.289
3. Expenses with exchange rate differences (acc. 665)	15	1.277.994	1.667.548
4. Expenses related to interest (acc. 666)	16	-	-
5. Expenses related to commissions and fees (acc. 622)	17	925.989	1.080.312
6. Expenses with banking and similar services (acc. 627)	18	25.631	30.726
7. Depreciations, provisions, losses from claims and various receivables (acc. 654 + 681 + 686)	19	5.872.834	48.147.380

FIC MOLDOVA
INCOME STATEMENT
ON SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

ITEM	Row	30.09.2005	30.09.2006
A	B	1	2
1. Other expenses with operations (row 21 + 22 + 23 + 26 + 27)	20	9.687.980	12.148.809
a. Expenses with materials (acc. 602 + 603 + 604)	21	512.067	391.122
b. Expenses related to electricity and water (acc. 605)	22	100.947	132.208
c. Expenses with staff, of which: (row 24 + 25)	23	6.566.549	7.233.760
c1. Salaries (acc. 621 + 641 + 642)	24	5.518.389	5.931.603
c2. Expenses related to social security (acc. 645)	25	1.048.160	1.302.157
d. Expenses related to external services (acc. 611 + 612 + 613 + 614 + 623 + 624 + 625 + 626 + 628 + 658** + 667 + 668)	26	2.388.999	4.234.338
e. Expenses with other taxes and similar payments (acc. 635)	27	119.418	157.381
C. OPERATIONAL RESULT			
-profit (row 01-12)	28	56.571.115	41.801.324
-loss (row 12-01)	29	-	-
D. GAINS (acc.771)	30	-	-
E. LOSSES (acc.671)	31	-	-
F. RESULT			
-profit (row 30-31)	32	-	-
-loss (row31-30)	33	-	-
1. TOTAL REVENUE (row 01 + 30)	34	78.482.783	113.805.388
2. TOTAL EXPENSE (row 12 + 31)	35	21.911.668	72.004.064
G. GROSS MARGIN			
- profit (row 34 - 35)	36	56.571.115	41.801.324
- loss (row 35 - 34)	37	-	-
21. PROFIT TAX			
- tax expense (acc. 691)	38	4.918.031	1.948.826
22. Other tax expense (acc. 698)	39	-	-

FIC MOLDOVA
INCOME STATEMENT
ON SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

ITEM	Row	30.09.2005	30.09.2006
A	B	1	2
H. NET INCOME			
- profit (row 36 - 38 - 39)	40	51.653.084	39.852.498
- loss (row 37 + 38 + 39) or (row 38 + 39 -36)	41	-	-

President
Sorin Mihai Turtoescu

Financial Manager
Liana Marin

NOTE:

For the comparability of data (in 2005 International Accounting Standards were applicable), in the description of amounts corresponding to the previous year the following items were adjusted:

- eliminated expenses
 - negative adjustments to securities 790.856 RON
 - deferred profit tax 38.072 RON
- introduced expenses related to the period
 - profit participation 2.246.400 RON
- eliminated revenue
 - positive adjustment to titles 1.303.133 RON
 - deferred profit tax 467.649 RON
- added revenue related to the period
 - cancellation of profit participation provision 2.246.400 RON

FIC MOLDOVA
INFORMATIVE DATA – on September 30, 2006

I. DATA REGARDING THE NET INCOME	Row	NO. OF UNITS	AMOUNTS
Units recording profit	1	1	39.852.498
Units recording loss	2		

II. DATE PRIVIND PLATILE RESTANTE	Row	TOTAL (col.2+3)	OF WHICH :	
			FOR CURRENT ACTIVITY	FOR CURRENT ACTIVITY
		1	2	3
Payments due - total(row 04 + 08 + 14 to 18 + 22). of which :	3	17.109.992	17.109.992	
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			
Liabilities to special funds	14			
Liabilities to other creditors	15	17.109.992	17.109.992	
Overdue taxes to state budget	16			
Overdue taxes to local budget	17			
Overdue bank loans - total (row19 to 21), of which:	18			
- due in 30 days	19			
- due in 90 days	20			
- due in 1 year	21			
Overdue interest	22			

III. AVERAGE NO. OF EMPLOYEES	Row	SEP 30, 2005	SEP 30, 2006
Average no. of employees	23	112	112

FIC MOLDOVA
INFORMATIVE DATA – on September 30, 2006

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

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

VI. FOOD STAMPS	Row	AMOUNTS
Cost of food stamps given to employees	32	32.482

FIC MOLDOVA
STATEMENT OF CHANGES IN EQUITY
For January 1, 2006 to September 30, 2006
(all amounts are in RON, unless otherwise specified)

Owners' Equity Item	Balance on Jan 1, 2006	Increases		Decreases		Balance on Sep 30, 2006	
		Total, of which	By transfer	Total, of which	By transfer		
Subscribed capital	51.908.959	-	-	-	-	51.908.959	
Revaluation reserves	6.235.347	-	-	3.134	-	6.232.213	
Legal reserves	9.300.275	449.515	449.515	-	-	9.749.790	
Reserves representing surplus from revaluation reserves	1.986.012	3.731	-	578	-	1.989.165	
Other reserves	137.409.924	30.920.309	-	4.968.592	-	163.361.641	
Reserves from securities obtained free of charge	87.559.073	20.619.266	-	3.810.968	-	104.367.371	
Reported result representing unappropriated profit or uncovered loss	Balance C	74.047.797	-	-	61.404.842	-	12.642.955
	Balance D	-	-	-	-	-	-
Reported result from compliance with accounting regulations of European Economic Communities 4th Directive	Balance C	-	-	-	-	-	-
	Balance D	94.848.901	-	-	-	-	94.848.901
Result of fiscal year	Balance C	48.585.106	39.852.498	-	48.585.106	-	39.852.498
	Balance D	-	-	-	-	-	-
Profit appropriation	48.585.106	449.515	449.515	48.585.106	-	449.515	
Total Owners' Equity	273.598.486	91.395.804	-	70.188.114	-	294.806.176	

FIC MOLDOVA
STATEMENT OF CHANGES IN EQUITY
For January 1, 2006 to September 30, 2006
(all amounts are in RON, unless otherwise specified)

Information on the statement of changes in equity

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

1. Increases of 91.395.804 RON. consisting of:

• other reserves	30.920.309
• registration of GMS 2006 Decision regarding reserves from unappropriated profit in previous fiscal years	26.625.840
• registration of GMS 2006 Decision regarding reserves from expiration of dividends	4.294.469
• reserves representing surplus from revaluation reserves	3.731
• net profit in the 1st semester of 2006	39.852.498
• Reserves from securities obtained free of charge in the 1st semester of 2006	20.619.266

2. Decreases of 70.188.114 RON, consisting of:

• revaluation reserves transferred to reserves representing surplus from revaluation reserves resulted from transfer of assets. Corrected with the corresponding profit tax (283 – 16 % = 238)	3.134
• updating of deferred income tax resulted from transfer of reevaluated assets	578
• write-off from the Commercial Registry of companies in the initial portfolio in the risk reserve	4.968.592
• sale of free shares turned into revenue of the period	3.810.968
• profit appropriation	61.404.842
of which:	
• for constitution of other reserves	26.625.840
• dividends	34.779.002

FIC MOLDOVA
CASH FLOW STATEMENT
FOR SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

ITEM / PERIOD	SEPTEMBER 2005	SEPTEMBER 2006
1. Cash at beginning of period (a+b)	151,242,721.16	104,017,729.45
a. Current accounts	56,892.33	55,529.25
b. Financial investments	151,185,828.83	103,962,200.20
DEPOSITS	3,067,263.02	69,403,880.20
DEPOSIT CERTIFICATES	33,900,000.00	32,337,000.00
GOVERNMENT SECURITIES	114,218,565.81	2,221,320.00
A. Operations (2-3)	-14,228,762.87	-52,696,146.95
2. Cash inflows	2,774,214.13	1,902,146.70
- rent + utilities	824,257.65	1,041,409.88
- various debtors, restitution of advances	43,399.04	21,448.76
- transport of employees	16,925.66	11,093.79
- inflows from sale of merchandise	97,915.03	102,980.18
- restitution of taxes	16,622.60	0.00
- suppliers	8,315.10	1,316.46
- other inflows	1,766,779.05	688,676.16
- receipt of material pledges	0.00	34,051.79
- exchange rate variations	0.00	1,169.68
3. Cash outflows	17,002,977.00	54,598,293.65
- Expenses with employees + collaborators + salaries pledge	6,916,506.72	7,215,173.64
- suppliers	1,788,279.30	2,249,982.20
- profit tax	5,815,464.42	1,287,705.00
- local tax	33,309.39	83,593.00
- VAT	414,426.12	104,284.00
- discount advances	135,198.39	111,301.64
- banking commissions	25,628.06	30,396.00
- wares supply	82,094.43	97,294.28
- other payments	1,747,318.57	73,086.14
- restitution of auction pledges	0.00	140,200.00
- payments to SARA	0.00	43,178,105.77
- exchange rate variations	0.00	9,569.32
- sponsorships	44,751.60	17,602.66
B. Investment activity(4-5)	24,190,870.37	26,527,520.32
4. Cash inflow	71,570,044.31	62,500,377.92
- deposit interest	14,192,175.75	3,643,208.29
- government securities interest	0.00	109,942.32
- checking account interest	5,378.92	29,991.48
- bonds interest + coupon	1,697,800.71	1,083,609.19
- receipt from sale of shares	25,089,836.76	8,955,800.63
- receipt from BSE transactions	0.00	15,634,515.83
- sale of non-current assets	2,047,947.47	0.00
- dividends from companies in the portfolio	28,536,904.70	33,043,310.18
5. Cash outflow	47,379,173.94	35,972,857.60
- acquisitions of non-current assets	202,712.16	54,287.40
- payment for BSE transactions	47,176,461.78	35,918,570.20
C. Financing activity (6-7)	-24,560,488.18	-24,932,061.35
6. Cash inflow	1,251,362.92	1,896,978.36
- return of dividends	1,251,362.92	1,896,978.36
7. Cash outflow	25,811,851.10	26,829,039.71
- shareholder dividends	23,424,013.10	23,395,113.71
- dividend tax	2,387,838.00	3,433,926.00

FIC MOLDOVA
CASH FLOW STATEMENT
FOR SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

EXPLANATIONS / PERIOD	SEPTEMBER 2005	SEPTEMBER 2006
TOTAL CASH FLOW (A+B+C)	-14,598,380.68	-51,100,687.98
CASH AT END OF PERIOD	136,644,340.48	52,917,041.47
a. Checking accounts	68,927.83	4,129,821.47
b. Financial investments, of which:	136,575,412.65	48,787,220.00
DEPOSITS	55,317,597.47	48,787,220.00
DEPOSIT CERTIFICATES	32,337,000.00	0.00
GOVERNMENT SECURITIES	48,920,815.18	0.00

FIC MOLDOVA
NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
FOR SEPTEMBER 30, 2006
(all amounts are in RON, unless otherwise specified)

1. NON-CURRENT ASSETS

Cost	Balance on Jan	Gross value		Balance on
	1, 2006	Increase	Decrease	Sep 30, 2006
	1	2	3	4=1+2-3
Intangible assets	189.894	38.323	1.939	226.278
Pending intangible assets	138.103	-	-	138.103
Land	262.496	-	5.580	256.916
Buildings	8.879.689	-	13.882	8.865.807
Equipment	944.024	4.304	20.819	927.509
Vehicles	571.744	-	-	571.744
Other non-current assets	254.642	11.660	6.169	260.133
TOTAL	11.240.592	54.287	48.389	11.246.490

Depreciation	Balance on	Depreciations and Provisions		Balance on
		Jan 1, 2006	Depreciation in	
		period	and	Sep 30, 2006
			revenue	
			from	
			provisions	
Intangible assets	93.518	36.570	1.939	128.149
Pending intangible assets	-	138.103	-	138.103
Land	30.012	-	5.580	24.432
Buildings	310.487	215.263	709	525.041
Equipment	847.869	29.365	20.820	856.414
Vehicles	179.951	120.704	-	300.655
Other non-current assets	94.689	38.009	6.168	126.530
TOTAL	1.556.526	578.014	35.216	2.099.324

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NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
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1. NON-CURRENT ASSETS (continued)

Net value	<u>Net accounting value</u>	
	Balance on Jan 1, 2006	Balance on Sep 30, 2006
	9 = 1 - 5	10 = 4 - 8
Intangible assets	96.376	98.129
Pending intangible assets	138.103	-
Land	232.484	232.484
Buildings	8.569.202	8.340.766
Equipment	96.155	71.095
Vehicles	391.793	271.089
Other non-current assets	159.953	133.603
TOTAL	9.684.066	9.147.166

Status of non-current assets

i. Increases in non-current assets worth 54.287 RON. derive from:

• Acquisition of intangible assets	38.323
• Acquisition of tangible assets	9.332
• Increase in book value due to performance improvement	6.632

ii. Decreases in non-current assets worth 48.389 RON. derive from:

• Intangible non-current assets removed from records	1.939
• Write-off of tangible assets	20.819
• Write-off of land as a consequence of dispossession by civil ruling	19.462
• Sales of tangible assets	6.169

iii. Depreciation calculated and reflected corresponding to groups of non-current assets worth 578.014 RON consists of:

• Depreciation registered in 2006 fiscal year for tangible and intangible non-current assets	439.911
• Depreciation corrections resulted from the implementation of Order 75 / 2005	138.103

iv. Depreciation associated to discounts worth 35.216 RON consists of:

• Depreciation of intangible non-current assets removed from records	1.939
• Depreciation associated to write-off or sale of tangible assets	25.587
• Provision corrections	7.690

v. Status of non-current assets

• Net value of intangible assets	98.129
• Net value of tangible assets	9.049.037

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2. PROVISIONS

Name of provision	Balance on	Transfers		Balance on
	Jan 1, 2006	Incoming	outgoing	Sep 30, 2006
	1	2	3	4=1+2-3
Provisions for taxes	43.135.744	2.252.052	-3.111	45.390.907
Other provisions	38.620.279	17.623.158	35.411.492	20.831.945
Provisions for receivable devaluation	1.195.931	-135.705	13.803	1.046.423
Provisions for bad debts	28.186.207	29.231.977	6.260.829	51.157.355
Provisions for materials devaluation	652	-	652	-
Provisions for tangible non-current assets depreciation	56.032	138.103	7.690	186.445
Provisions for other securities devaluation	250	-	-	250
Provisions for other non-current securities devaluation	94.986.648	811.872	7.955.093	87.843.427
Total	206.181.743	49.921.457	49.646.448	206.456.752

• Provisions for receivable devaluation on September 30, 2006	1.046.423
•litigations for unpaid dividends	255.328
•bad debts	37.904
•various	753.191
• Provisions for bad debts on September 30, 2006	51.157.355
•provisions for debtors from money orders	50.467.035
•unpaid dividends with irrevocable decisions	682.298
•various rents with irrevocable decisions	8.022
• Other provisions from:	20.831.945
•provisions for debts associated with promissory notes	20.831.945

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3. PROFIT APPROPRIATION

For the profit obtained in the first 3 quarters 2006, amounting to 39.852.498 RON, 449.519 RON were appropriated for the constitution of a legal reserve.

4. ANALYSIS OF OPERATIONS RESULT

INDICATORS	Row no.	30.09.2005	30.09.2006
Revenue from financial assets (acc. 761)	01	30.122.361	32.828.218
Revenue from short term investments (acc. 762)	02	-	-
Revenue from financial instruments (acc. 763)	03	10.492.600	4.596.728
Revenue from ceded financial investments (acc. 758*+764)	04	27.151.684	22.534.071
Revenue from services performed (acc. 704)	05	-	-
Revenue from reactivated claims and various receivables (acc. 754)	06	-	-
Revenue from provisions (acc. 781+786)	07	6.218.393	49.649.559
Revenue from exchange rate differences (acc. 765)	08	1.243.836	2.440.757
Revenue from interest (acc. 766)	09	207.840	235.337
Revenue from non-current assets production, tangible Intangible (acc.721+722)	10	-	-
Other revenue from operations (row 12 to 18)	11	3.046.069	1.520.718
- from research and studies (acc. 705)	12	-	-
- from dues and rent (acc. 706)	13	555.520	521.872
- from other various activities (acc. 708)	14	33.330	49.314
- from subsidies (acc. 741)	15	-	-
- from other revenue (acc. 758**)	16	2.433.577	936.491
- from discounts (acc. 767)	17	7	15
- from other financial revenue (acc. 768)	18	23.635	13.026
Revenue from operations (row 01 to 11)	19	78.482.783	113.805.388
Losses from receivables related to participations (acc. 663)	20	-	-
Expenses related to ceded financial investments (acc.658 + 664)	21	4.121.240	8.929.289
Expenses with exchange rate changes (acc.665)	22	1.277.994	1.667.548
Expenses with interest (acc.666)	23	-	-
Expenses with commissions and fees (acc.622)	24	925.989	1.080.312
Expenses with banking and similar services (acc.627)	25	25.631	30.726
Losses from receivables and various debtors (acc.654)	26	7.246	35.953
Expenses with provisions and depreciation (acc.681+686)	27	5.865.588	48.111.427
Other expenses with operations (row 29+30+31+34+47)	28	9.687.980	12.148.809
- with materials (acc.602+603+604)	29	512.067	391.122
- with electricity and water (acc.605)	30	100.947	132.208
- with staff (row 32+33)	31	6.566.549	7.233.760
- salaries (acc.621+641+642)	32	5.518.389	5.931.603

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4. ANALYSIS OF OPERATIONS RESULT (continued)

INDICATORS	Row no.	30.09.2005	30.09.2006
- insurance and social security (acc.645)	33	1.048.160	1.302.157
- external services (row 35 to 46)	34	2.388.999	4.234.338
- maintenance and repair (acc. 611)	35	77.558	57.629
- dues and rent (acc. 612)	36	10.743	11.205
- insurance premiums (acc. 613)	37	29.382	29.551
- studies and research (acc. 614)	38	-	-
- protocol, advertising (acc. 623)	49	60.122	72.909
- transport of goods and personnel (acc. 624)	40	592	-
- travel, transfers (acc. 625)	41	41.383	53.699
- post and telecommunications (acc.626)	42	146.638	154.727
- other services by third parties (acc.628)	43	131.365	152.482
- other expenses (acc.658)	44	1.891.216	18.606
- expenses involving discounts (acc.667)	45	-	-
- other financial expenses (acc.668)	46	-	3.683.530
- expenses with taxes and similar disbursements (acc.635)	47	119.418	157.381
Expenses with operations (row 21 to 28)	48	21.911.668	72.004.064
RESULT FROM OPERATIONS (row 19-48)	49	56.571.115	41.801.324

NOTE:

For the comparability of data (in 2005 International Accounting Standards were applicable), in the description of amounts corresponding to the previous year the following items were adjusted:

- eliminated expenses
 - negative adjustments to securities 790.856 RON
 - deferred profit tax 38.072 RON
- introduced expenses related to the period
 - profit participation 2.246.400 RON
- eliminated revenue
 - positive adjustment to titles 1.303.133 RON
 - deferred profit tax 467.649 RON
- added revenue related to the period
 - cancellation of profit participation provision 2.246.400 RON

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NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
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5. STATUS OF RECEIVABLES AND PAYABLES

a) Status of receivables		Balance on	Maturity		
RECEIVABLES	Row	September 30, 2006	Under 1 yr.	1 to 5 yrs.	Over 5 yrs.
		1=2+3+4	2	3	4
Gross accounts receivable	01	50.213.716	50.213.716		
Provisions for receivable devaluation	02	(1.046.423)	(1.046.423)		
Net account receivables	03	49.167.293	49.167.293		
Other receivables, net	04	5.897.725	5.897.725		
TOTAL, of which:	05	55.065.018	55.065.018		
• Receivables from transactions with shares	05	465.296	465.296		
• Receivables from promissory notes	07	50.467.035	50.467.035		
Provision for receivables depreciation from endorsed promissory notes	08	(50.467.035)	(50.467.035)		
• Uncashed dividends	09	525.216	525.216		
• Receivables from irrevocable court decisions	10	600.236	600.236		
Provision for depreciation of receivables from irrevocable court decisions and dividends	11	(682.298)	(682.298)		
Receivables for registered capital increase	12	2.694.963	2.694.963		
• Other receivables	13	2.384.396	2.384.396		
• Other provisions	14	(90.084)	(90.084)		

b) Status of payables		Balance on	Maturity		
LIABILITIES	Row	September 30, 2006	Under 1 yr.	1 to 5 yrs.	Over 5 yrs.
		1=2+3+4	2	3	4
Accounts payable	01	9.848	9.848		
Commercial notes payable	02	5.670.522	5.670.522		
Other payables	03	26.514.794	26.514.794		
TOTAL, of which:	04	32.195.164	32.195.164		
• Suppliers	05	9.848	9.848		
• SARA for promissory notes	06	5.670.522	5.670.522		
• Payables towards government and special accounts	07	1.186.906	1.186.906		
• Dividends payable	08	24.947.259	24.947.259		
• Various payables	09	82.999	82.999		
• Other payables with staff and social security	10	297.630	297.630		

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

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

A. Accounting principles

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

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

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

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

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

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

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

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

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

B. Significant accounting policies

a) The bases of financial statement drafting

The financial statements were drafted and presented in compliance to Accounting 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 / 16.12.2005

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.

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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 and evaluated them according to the model provided in NSC Instruction no. 15 / 2004.

d) Foreign currency transactions

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

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 analysing the predictions regarding future cash receipts.

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

f) Financial instruments

i. Classification

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

Financial assets created by FIC are loans and receivables created by supplying money to a debtor, other than those initiated in order to sell immediately or shortly. On Sep 30, 2005, financial assets created by FIC consist of bank deposits, government securities and deposit certificates.

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

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

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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

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.

iv. Derecognition

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

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

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

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

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

g) Assets depreciation

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

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

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

h) Interest revenue and expenses

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

j) Profit tax

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

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NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

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

j) Tangible and intangible assets

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

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

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

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

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

Land is not subject to depreciation.

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

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

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

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

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

k) Reserves from tangible assets revaluation

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

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NOTES AND ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS
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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

- 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.

7. SHARES AND BONDS

The registered capital is formed of 519.089.588 ordinary shares, dematerialized, of 0.10 RON nominal value each, according to the Filling Certificate no.5520/26.07.1999.

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

The Company does not hold the summarized, consolidated status of shareholders for September 30, 2006.

8. INFORMATION REGARDING EMPLOYEES, MANAGERS AND DIRECTORS

1) Average number on September 30, 2006: 112 (September 30, 2005: 113) permanently employed and 22 (September 30, 2005: 15) collaborators.

Of which:	Employed	Collaborators
Directors (Board members)	3	3
Managers	3	
With college education	69	
With lower forms of education	37	
Other collaborators		19

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8. INFORMATION REGARDING EMPLOYEES, MANAGERS AND DIRECTORS (continued)

2) Salaries paid or to be paid on September 30, 2006, totalling 3.632.281 RON (September 30, 2005: 2.148.303 RON):

of which:	<u>Salaries</u>
	623.925 RON
Directors	
Managers	164.191 RON

3) Social insurance expenses on September 30, 2006: 1.302.157 RON (September 30, 2005: 683.103 RON)

Directors' pay is approved by the General Meeting of Shareholders. Managers' salaries and eventual bonuses are subject to debate and approval of the Board of Directors. Directors' pay represents 15.16 % of the total salary expenditure of SIF Moldova, whereas the managers' salaries represent 4.46 %. The operational staff's salaries are negotiated by categories of qualification, based on the Collective Work Contract, concluded between the employees' representatives and the Board of Directors. Beginning July 2006, employees receive food stamps.

9. CALCULATION AND ANALYSIS OF MAIN INDICATORS

- **Liquidity Indicators – no. of times**

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

$$\text{September 30, 2006} = 64.568.521/32.195.164 = 2$$

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

$$\text{September 30, 2006} = (64.568.521 - 36.287)/32.195.164 = 2$$

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

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

$$\text{September 30, 2006} = 113.805.388/328.655.670 \times 100 = 34$$

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

$$\text{September 30, 2006} = 113.805.388/393.224.191 \times 100 = 28$$

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

$$\text{September 30, 2006} = \frac{(124.732.066+55.065.018)/2}{113.805.388} \times 270 = 213 \text{ zile}$$

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9. CALCULATION AND ANALYSIS OF MAIN INDICATORS (continued)

- **Profitability indicators**

- **Profitability of working capital**

= profit before interest and profit tax / working capital

September 30, 2006 = $41.801.324/294.806.176 \times 100$ = 14 %

- **Earnings per basic share**

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

September 30, 2006 = $39.852.498/519.089.588$ = 0.07 RON per share

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

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

10. OTHER INFORMATION

a) General information about the Company:

The Financial Investment Company MOLDOVA S.A. (SIF Moldova), was established 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, into a self – managing financial investment company.

The Company is registered with:

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

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

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

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

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

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10. OTHER INFORMATION (continued)

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

SIF Moldova's activity consists of:

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

b) Reconciliation of accounting result with fiscal result – September 30, 2006

			<u>RON</u>
	<u>Before tax</u>	<u>Tax</u>	<u>After tax</u>
1. Total revenue - accounting	113.805.388		
2. Total revenue – fiscal	112.123.509		
3. Temporary differences (2-1)	-1.681.879		
4. Tax free revenue	82.469.880		
5. Taxable revenue (2 – 4). of which:	29.653.629		
6. Total expense - accounting	72.004.064		
7. Total expense - fiscal	72.163.672		
8. Temporary differences (7-6)	159.608		
9. Non deductible expenses	55.249.722		
10. Fiscally deductible expenses (7-9). of which:	16.913.950		
11. Expenses deductible with legal reserve	449.515		
12. Total deductible expenses (10 + 11)	17.363.465		
13. Taxable profit (5-12)	12.290.164		
14. Current profit tax (13*16%)		1.966.426	
15. Deduction for sponsorships	17.600		
16. Profit tax due (14-15)		1.948.826	
17. Net profit (1-6-16)			39.852.498

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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10. **OTHER INFORMATION (continued)**

d) Commitments granted and received recorded outside the balance

	January 1, 2006	September 30, 2006
• commitments granted under the form of endorsement (granted by the Private Ownership Fund II "Moldova")	(36.353.437)	(20.831.945)
• commitments received	319.674	79.432
• penalties for bad debtors	11.429.886	11.388.121
• other extrabalance accounts	573.536	573.536
1. inventory items	416.850	403.836
TOTAL	(23.613.492)	(8.387.020)

Provisions of 20.831.944 RON, equivalent of 6.377.172,82 USD; 542.839,44 EUR, (at the exchange rate communicated by the Romanian National Bank for June 30, 2004), and 620.000 RON were constituted for the commitments granted under the form of endorsement by the former Private Ownership Fund II "Moldova".

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

a) Financial Assets

- RON -

Participations in:	Cost value	Positive difference	Negative difference	Market value on 30.09.2005
Companies traded at the Bucharest Stock Exchange - BVB	143.048.741	717.888.779	534.081	860.403.439
Companies traded at BVB BER	24.555.518	30.939.449	1.258.730	54.236.237
Companies traded at BVB BER – extra stock market	23.459.020	7.618.070	5.916.926	25.160.164
Total participations in listed and traded companies	191.063.279	756.446.298	7.709.738	939.799.840
Companies not listed, traded through the electronic system of BVB	12.647.497	3.914.313	4.044.113	12.517.697
Closed companies	135.232.598	135.733.645	47.954.979	223.011.264

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Companies listed and not traded	8.334.536	128.624	8.214.043	249.117
Companies listed and not traded during the last 90 days	56.622.754	22.772.156	30.201.851	49.193.059
Total participations in not listed or not traded companies	212.837.385	162.548.739	90.414.986	284.971.137
TOTAL PARTICIPATIONS PORTFOLIO	403.900.664	918.995.037	98.124.724	1.224.770.977
Participations in OPCVM and / or AOPC	3.369.917	134.161	42.182	3.461.895
Total investments portofolio – gross value	407.270.581	919.129.198	98.166.906	1.228.232.873
Provisions for securities amortization	87.843.427			
Total investments portofolio – net value	319.427.154			

SIF Moldova's portfolio companies can be classified by the percentage owned in the issuers' registered capital, as follows:

- RON -

Percentage of ownership	Number of companies	Value revalued as per Sep 30, 2006
Under 10%	119	1.052.455.388
Between 10% and 20%	59	103.652.924
Between 20% and 50%	97	42.436.123
Over 50%	15	28.438.363
TOTAL	290	1.226.982.798

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

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b) Short term financial investments

- RON -

	Cost value	Positive difference	Negative difference	Market value on 30.09.2005
Municipal bonds	2.536.964	-	33.045	2.503.919
Shares	2.218.781	198.666	205.625	2.211.822
Other financial instruments	334.113	-	-	334.113
Total short term financial investments	5.089.858	198.666	238.670	5.049.854

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12. STATUS OF BANK DEPOSITS

- RON-

Name		Deposit amount		Interest amount		Weight	Date of	
							Constitution	Term
Bank name	Acc. symbol	Term < 60 days	Term > 60 days	%	Value at due date	in total		
BRD BACAU	26781074	2.500.000		8,55	20.187,50	5,12	31.08.2006	04.10.2006
BRD BACAU	26781075	2.000.000		8,70	14.500,00	4,10	04.09.2006	04.10.2006
BRD BACAU	26781076	2.000.000		8,70	14.500,00	4,10	04.09.2006	04.10.2006
BRD BACAU	26781078	1.950.000		8,70	14.137,50	4,00	04.09.2006	04.10.2006
BRD BACAU	26781055	1.300.000		8,70	9.110,83	2,66	05.09.2006	04.10.2006
BRD BACAU	26781072	3.300.000		8,70	23.925,00	6,76	13.09.2006	13.10.2006
BRD BACAU	26781073	1.500.000		8,70	10.875,00	3,07	15.09.2006	15.10.2006
BRD BACAU	26781056	1.000.000		7,25	2.819,44	2,05	18.09.2006	02.10.2006
BRD BACAU	26781054	900.220		6,00	450,11	1,85	29.09.2006	02.10.2006
BCR BACAU	26781001	5.000.000		8,50	36.597,23	10,25	01.09.2006	02.10.2006
BCR BACAU	26781003	5.000.000		8,50	36.597,23	10,25	01.09.2006	02.10.2006
BCR BACAU	26781004	5.000.000		8,50	36.597,23	10,25	01.09.2006	02.10.2006
BCR BACAU	26781005	5.000.000		8,50	36.597,23	10,25	01.09.2006	02.10.2006
BCR BACAU	26781053	5.000.000		8,50	36.597,23	10,25	01.09.2006	02.10.2006
BCR BACAU	26781019	1.000.000		8,50	7.319,44	2,05	01.09.2006	02.10.2006
BCR BACAU	26781032	1.000.000		8,50	7.319,44	2,05	01.09.2006	02.10.2006
BCR BACAU	26781033	1.000.000		8,50	7.319,44	2,05	01.09.2006	02.10.2006
BCR BACAU	26781034	1.000.000		8,50	7.319,44	2,05	01.09.2006	02.10.2006
BCR BACAU	26781035	1.000.000		8,50	7.319,44	2,05	01.09.2006	02.10.2006
BCR BACAU	26781052	2.337.000		8,50	17.105,54	4,79	01.09.2006	02.10.2006
TOTAL	X	48.787.220		X	347.194,27	100,00	X	X

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13. GROSS REVENUE STRUCTURE

Indicators	<u>Account</u>	<u>September 30,</u> <u>2005</u>	<u>September</u> <u>30,</u> <u>2006</u>
1 Revenue from financial investments (dividends due to SIF Moldova)	761	30.122.361	32.828.218
2 Revenue from short term financial investments	762	-	-
3 Revenue from financial instruments	763	10.492.600	4.596.728
4 Revenue from ceded financial investments	764	27.151.684	22.534.071
5 Revenue from commissions related to works and services performed	704	-	-
6 Revenue from exchange rate differences	765	1.243.836	2.440.757
7 Revenue from interest	766	207.840	235.337
8 Revenue from reactivated claims and various receivables (debtors)	754	-	-
9 Revenue from production related to own non-current assets	721 722	- -	- -
10 Revenue from provisions	781 786	6.106.439 111.954	2.274.531 47.375.028
11 Other revenue			
- from studies and research	705	-	-
- from dues and rents	706	555.520	521.872
- from other various activities	708	33.330	49.314
- from subsidies	741	-	-
- from other sources	758	2.433.577	936.491
- from discounts obtained	767	7	15
- from other financial revenue	768	23.635	13.026
12 Revenue from subsidies for extraordinary events and equivalent	771 772	- -	- -
13 Revenue from deferred profit tax	791	-	-
15 TOTAL REVENUE		78.482.783	113.805.388

NOTE:

For the comparability of data (in 2005 International Accounting Standards were applicable), in the description of amounts corresponding to the previous year the following items were adjusted:

- eliminated revenue
 - positive adjustment to titles 1.303.133 RON
 - deferred profit tax 467.649 RON
- added revenue related to the period
 - cancellation of profit participation provision 2.246.400 RON

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14. STRUCTURE OF EXPENSES

Indicators	Acct.	2005	2006
Losses related to claims resulting from investments	663	-	-
Expenses related to ceded financial investments	664. 658	4.121.240	8.929.289
Expenses related to commissions and fees	622	925.989	1.080.312
Expenses related to exchange rate differences	665	1.277.994	1.667.548
Expenses related to interest	666	-	-
Expenses with banking services and equivalent	627	25.631	30.726
Losses related to receivables and various debtors	654	7.246	35.953
Expanses with provisions and depreciations	681	760.349	580.125
	686	5.105.239	47.531.302
Expenses related to external services			
-maintenance and repair	611	77.558	57.629
-dues and rents	612	10.743	11.205
-insurance payments	613	29.382	29.551
-protocol, advertisement and promotion	623	60.122	72.909
-transport of goods and persons	624	592	-
-travel and transfer expenses	625	41.383	53.699
-post and telecommunication	626	146.638	154.727
-other services performed by third parties	628	131.365	152.482
-other expenses	658	1.891.216	18.606
-expenses related to offered discounts	667	-	-
-other financial expenses	668	-	3.683.530
Expenses with inflation adjustments	688	-	-
Expenses with other taxes and equivalent payments	635	119.418	157.381
Other expenses			
- expenses with consumables	602	474.549	377.374
- expenses with materials of inventory kind	603	36.973	13.523
- expenses with materials not in stock	604	545	225
- expenses with energy and water	605	100.947	132.208
- expenses with collaborators	621	226.620	169.338
- salaries	641	5.291.769	5.729.783
- expenses with food stamps	642	-	32.482
- insurance and social expenses	645	1.048.160	1.302.157
Expenses related to calamities and extraordinary events	671	-	-
Profit tax	6911	4.918.031	1.948.826
Deferred profit tax	6912	-	-
Other expenses with taxes, not reflected by the items above	698	-	-

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TOTAL EXPENSES

73.952.890

Expenses with commissions and fees

1.080.312

•	Expenses with external auditors' fees	4.848
•	Expenses with depository company commissions	91.710
•	Expenses with NSC commissions	769.614
•	Expenses with SSIF commissions for shares traded	80.810
•	Expenses with shareholder registry services	73.197
•	Expenses with juridical assistance	51.400
•	Other expenses with commissions	8.733

NOTE:

For the comparability of data (in 2005 International Accounting Standards were applicable), in the description of amounts corresponding to the previous year the following items were adjusted:

•	eliminated expenses	
	• negative adjustments to securities	790.856 RON
	• deferred profit tax	38.072 RON
•	introduced expenses related to the period	
	• profit participation	2.246.400 RON

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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 SIF Moldova.

a) Exchange rate risk

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

b) Economic environment risk

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

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

SIF Moldova has no formal policy to cover the economic environment risk.

c) Interest rate risk

Most of the Company's financial assets and liabilities do not bear interest, therefore the market interest rate fluctuations do not significantly affect SIF Moldova's operations. The surplus of cash or other equivalent available is invested in short term investment securities with maturity of up to 3 or 6 months. The fixed income securities in which SIF Moldova invested incur maturities of up to 12 months.

d) Credit risk

SIF Moldova is exposed to the credit risk related to financial instruments, generated by the possible failure of a third party to pay its liabilities to the Company.

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

e) Liquidity risk

SIF Moldova's financial instruments may include investments in shares which are not traded on an organized market, and subsequently may have a low liquidity. Therefore, the Company can encounter difficulties if it decides to liquidate rapidly investments in such instruments at a value close to the one determined based on the calculation model for financial companies'

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

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

f) Tax related risk

The Romanian fiscal system undergoes various interpretations and permanent changes, which may be retroactive. In certain situations, the fiscal authorities may adopt a position which differs from the Bank's position and may calculate certain interests and fiscal penalties.

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

Statements regarding taxes can be subjected to control and review over a period of five years, in general, after their submission. In compliance with the legal regulations in force in Romania, periods subject to control may be later additionally controlled.

The Company's management considers that it recorded correct values in the accounts related to taxes and other debts to the state, although there is a risk that authorities have a different view on these issues. The latest check of The Public Finance Ministry covered the period until September 30, 2004. Therefore, SIF Moldova's debts from that date till the 30th of June, 2005, may be subject to a later check.

16. CONTINGENT OBLIGATIONS AND LIABILITIES

On September 30, 2006, FIC was involved in 52 court cases as a defendant and in 227 cases as a plaintiff.

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 20.831.944 RON, the equivalent of 6.377.172.82 USD; 542.839.44 EURO and 620.000 RON.

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17. REEVALUATION OF INITIAL BALANCES

Financial statements on September 30, 2006 were drawn up based on the Ministry of Finance Order no. 75 / 2005 in force from January 1, 2006.

Evaluation rules in Section 5 Subsection 3 provide the following:

- at item 5.13 – items presented in financial statements are evaluated based on the acquisition cost principle;
- at item 5.19 they provide that negative differences found in non-depreciable assets between the inventory value and the net accounting value are recorded based on an adjustment for amortization or loss of value.

Taking into account the fact that in the drafting of financial statements for 2005 the provisions of the Ministry of Finance and NSC Order no. 1746 / 106 / 2002 according to which financial instruments were evaluated at fair value, balance values in financial statements drawn up for September 30, 2006 are not comparable.

According to the provisions of NSC Order no. 75 / 2005 balances existing at December 31, 2005 were revaluated and transcribed as follows in order to ensure the comparability of data.

	Row no	Beginning of year revaluated	Beginning of year reported	Account transfers	Note	Revaluation differences	Note
TOTAL: (row 01 to 05)							
Intangible assets	6	234.479	234.479			0	
TOTAL: (row 07 to 10)							
Tangible assets	11	9.449.587	9.449.587			0	
TOTAL: (row 12 to 17)							
Financial assets	18	362.995.779	1.039.145.220			676.149.441	(a)
TOTAL: (row 20 to 22)							
Inventory	23	18.040	18.040			0	
TOTAL: (row 24 to 28)							
Receivables	29	19.576.105	19.576.918	(811)		2	
TOTAL: (row 30 to 31)							
Short term financial investment	32	5.624.145	5.624.145			0	
IV. CASH AND BANK ACCOUNTS	33	73.806	73.806			0	
C. PREPAID EXPENSES (acc. 471)	35	48.654	48.654			0	
Total assets		398.020.595	1.074.170.849	(811)		676.149.443	
TOTAL: (row 36 to 43)							
Current liabilities	44	40.936.194	31.719.270	9.216.924	(e)	0	
TOTAL: (row 47 to 54)							
Long term liabilities	55	0	145.036.774	(52.353.479)	(f)	92.683.295	(b)
TOTAL PROVISIONS: (row 56+57+58)	59	81.756.022	38.620.278	43.135.744	(g)	0	
I. PRECOLLECTED REVENUE (row 60.1+60.2) of which:	60	1.729.894	1.729.894			0	
I. CAPITAL (row 62+63) of which:	61	51.908.959	51.908.959			0	
III. REVALUATION RESERVES (acc. 105)		6.235.347	6.235.347			0	
IV. RESERVES (row 68 to 73-74)	67	236.255.284	723.108.558	1.899.323	(h)	488.752.597	(c)
V. REPORTED RESULT (acc. 117)		(20.801.104)	75.811.769	(1.899.323)		94.713.550	(d)
VI. RESULT OF FISCAL YEAR (acc. 121)		48.585.105	48.585.105			0	
Profit appropriation (acc. 129)	79	(48.585.105)	(48.585.105)			0	
Total liabilities		398.020.596	1.074.170.849	(811)		676.149.442	

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Differences from revaluation:

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

- the elimination of fair value amounting to 581.853.413 RON associated to the securities portfolio on Dec 31, 2005 and their recording at historical cost;
- recording of adjustments for value loss amounting to 94.296.028 RON associated with investments with a fair value lower than the historical cost.

(b) Decrease in volume of long term debts by 92.683.295 RON resulted from the following influences:

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

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

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

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

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

Account transfer:

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

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

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

(g) The increase in volume of the provisions by 43.135.744 RON is owed to the transfer of the credit balance of the „Deferred profit tax” account from Dec 31, 2005 to the „Provisions for risks and expenses: on Jan 1, 2006 according to the requirements of Ministry of Finance Order no. 75 / 2005.

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

- the transfer of the reported result associated to the reevaluation reserve to reserve accounts according to the requirements of Ministry of Finance Order no. 75 / 2005, amounting to 1.986.012 RON.
- the reclassification from reserves to reported result of the amount of 86.689 RON representing the reserve from fair value revaluation of shares transferred from the held for sale category into the speculative purpose category according to the requirements of Ministry of Finance Order no. 75 / 2005.