

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

1. FIXED ASSETS

Cost	Balance on January 1, 2007	Gross value		Balance on September 30, 2007
		Increase	Decrease	
	1	2	3	4=1+2-3
Intangible non-current assets	271.074	7.609	-	278.683
Pending intangible non-current assets	24.521	-	-	24.521
Land	256.916	-	-	256.916
Buildings	8.865.807	-	-	8.865.807
Equipment	941.259	60.396	31.113	970.542
Vehicles	571.744	-	-	571.744
Other non-current assets	260.133	3.030	1.304	261.859
TOTAL	11.191.454	71.035	32.417	11.230.072

Depreciation	Balance on January 1, 2007	Depreciations and Provisions		Balance on September 30, 2007
		Depreciation in period	Discounts or updates	
	5	6	7	8=5+6-7
Intangible non-current assets	142.635	54.798	-	197.433
Pending intangible non-current assets	24.521	-	-	24.521
Land	24.432	-	-	24.432
Buildings	596.395	214.060	-	810.455
Equipment	860.527	48.360	31.113	877.774
Vehicles	340.890	75.286	-	416.176
Other non-current assets	139.434	27.460	1.304	165.590
TOTAL	2.128.834	419.964	32.417	2.516.381

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1. NON-CURRENT ASSETS (continued)

Net value	Net accounting value	
	Balance on January 1, 2007	Balance la September 30, 2007
	9 = 1 - 5	10 = 4 - 8
Intangible assets	128.439	81.250
Land	232.484	232.484
Buildings	8.269.412	8.055.352
Equipment	80.732	92.768
Vehicles	230.854	155.568
Other non-current assets	120.699	96.269
TOTAL	9.062.620	8.713.691

Status of non-current assets

i. Increases in non-current assets worth 71.035 RON, derive from:

• Acquisition of intangible assets	7.609
• Acquisition of tangible assets	63.426

ii. Decreases in non-current assets worth 32.417 RON, derive from:

• sales of tangible assets	25.289
• write-offs of tangible assets	7.128

iii. Depreciation calculated and reflected corresponding to groups of non-current assets amounting to 419.964 RON consists of:

• Depreciation registered in the 2007 fiscal year for pentru tangible and intangible non-current assets	419.964
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iv. Depreciation associated to discounts amounting to 32.417 RON consists of:

• Depreciation of tangible assets sold and removed from records	25.289
• Depreciation of tangible assets written off	7.128

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v. Status of non-current assets

• Net value of intangible assets	81.250
• Net value of tangible assets	8.632.441

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2. PROVISIONS

Name of provision	Balance on	Transfers		Balance on
	January 1, 2007	Incoming	outgoing	September 30, 2007
	1	2	3	4=1+2-3
Provisions for taxes	41.437.613	(10.920.630)	176.819	30.340.163
Other provisions	20.272.909	-	7.188.426	13.084.483
Provisions for receivable devaluation (note 5.a)	964.210	-	70.114	894.096
Provisions for bad debts (note 5.a)	38.041.635	2.186.468	5.494.260	34.733.843
Provisions for materials devaluation	588	-	588	-
Provisions for tangible non-current assets depreciation	72.862	-	-	72.862
Provisions for other securities devaluation	111.211	-	-	111.211
Provisions for other non-current securities devaluation	92.110.688	-	10.144.742	81.965.945
TOTAL	193.011.716	(8.734.162)	23.074.949	161.202.605

• Provisions for receivable devaluation on September 30, 2007	894.096
•litigations for unpaid dividends	140.065
•bad debts	840
•various	753.191
• Provisions for bad debts on September 30, 2007	34.733.843
•provisions for debtors from money orders	34.241.434
•unpaid dividends with irrevocable decisions	489.959
•various rents with irrevocable decisions	2.450
• Other provisions from:	13.084.483
•provisions for debts associated with promissory notes	13.084.483

Devaluation adjustments amounting to **(8.734.162) RON**, influenced expense and owner's equity accounts thus:

	Expense	Owner's Equity
• provisions for taxes	-	(10.920.630)
• other provisions	-	-
• provisions for receivable devaluation	-	-
• provisions for bad debts	2.186.468	-
• provisions for bad debts	-	-
• Total provisions for bad debts	2.186.468	-
• provisions for materials devaluation	-	-
• provisions for amortization of non-current assets	-	-
• provisions for amortization of other securities	-	-
• provisions for amortization of other non-current securities	-	-
Total	2.186.468	(10.920.630)

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The cancellation of adjustments for devaluation, amounting to 23.074.949 RON, influenced revenue and owner's equity accounts thus:

	<u>Revenue</u>	<u>Owner's Equity</u>
• provisions for taxes	-	176.819
• other provisions	7.188.426	-
• provisions for receivable devaluation	70.114	-
• provisions for bad debts	5.494.260	-
• provisions for materials devaluation	588	-
• provisions for amortization of non-current assets	-	-
• provisions for amortization of other non-current securities	216.893	9.927.849
Total	<u>12.970.281</u>	<u>10.104.668</u>

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3. PROFIT APPROPRIATION

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

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

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

For the profit realized in the Jan 1 - Sep 30, 2007 interval, amounting to 55.979.647 RON an appropriation of 55.859 RON was recorded, for the constitution of a legal reserve

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4. ANALYSIS OF OPERATIONS RESULT

INDICATORS	Row no	September 30, 2006	September 30, 2007
Revenue from financial assets (acc. 761)	01	32.828.218	36.187.159
Revenue from short term investments (acc. 762)	02	-	-
Revenue from financial instruments (acc. 763)	03	-	-
Revenue from ceded financial investments (acc. 758*+764)	04	22.534.071	31.148.422
Revenue from services performed (acc. 704)	05	-	-
Revenue from reactivated claims and various receivables (acc. 754)	06	-	-
Revenue from provisions (acc. 781+786)	07	49.649.559	12.970.282
Revenue from exchange rate differences (acc. 765)	08	2.440.757	2.941.778
Revenue from interest (acc. 766)	09	4.832.065	3.135.819
Revenue from non-current assets production, tangible Intangible (acc.721+722)	10	-	-
Other revenue from operations (row 12 to 18)	11	1.520.718	1.072.874
- from research and studies (acc. 705)	12	-	-
- from dues and rent (acc. 706)	13	521.872	798.765
- from other various activities (acc. 708)	14	49.314	47.867
- from subsidies (acc. 741)	15	-	-
- from other revenue (acc. 758**)	16	936.491	145.862
- from discounts (acc. 767)	17	15	540
- from other financial revenue (acc. 768)	18	13.026	79.840
Revenue from operations (row 01 to 11)	19	113.805.388	87.456.334
Losses related to receivables from investments (ct.663)	20	-	-
Expenses related to ceded financial investments (acc.658 + 664)	21	8.929.289	10.229.871
Expenses with exchange rate changes (acc.665)	22	1.667.548	3.730.105
Expenses with interest (acc.666)	23	-	-
Expenses with commissions and fees (acc.622)	24	1.080.312	1.396.386
Expenses with banking and similar services (acc.627)	25	30.726	28.148
Losses from receivables and various debtors (acc.654)	26	35.953	33.625
Expenses with provisions and depreciation (acc.681+686)	27	48.111.427	2.606.433
Other expenses with operations (row 29+30+31+34+47)	28	12.148.809	10.495.417
	29	391.122	373.300
- with materials (acc.602+603+604)	30	132.208	136.490
- with electricity and water (acc.605)	31	7.233.760	9.283.322
- with staff (row 32+33)	32	5.931.603	7.900.928

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4. ANALYSIS OF OPERATIONS RESULT (continued)

INDICATORS	Row No.	September 30, 2006	September 30, 2007
- insurance and social security (acc.645)	33	1.302.157	1.382.394
- external services (row 35 to 46)	34	4.234.338	563.130
- maintenance and repair (acc. 611)	35	57.629	54.848
- dues and rent (acc. 612)	36	11.205	11.502
- insurance premiums (acc. 613)	37	29.551	26.898
- studies and research (acc. 614)	38	-	-
- protocol, advertising (acc. 623)	39	72.909	39.424
- transport of goods and personnel (acc. 624)	40	-	100
- travel, transfers (acc. 625)	41	53.699	49.468
- post and telecommunications (acc.626)	42	154.727	160.661
- other services by third parties (acc.628)	43	152.482	162.993
- other expenses (acc.658)	44	18.606	55.688
- expenses involving discounts (acc.667)	45	-	-
- other financial expenses (acc.668)	46	3.683.530	1.548
- expenses with taxes and similar disbursements (acc.635)	47	157.381	139.175
Expenses with operations (row 21 to 28)	48	<u>72.004.064</u>	<u>28.519.985</u>
RESULT FROM OPERATIONS (row 19-48)	49	<u>41.801.324</u>	<u>58.936.349</u>

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5. STATUS OF RECEIVABLES AND PAYABLES

a). Status of receivables

RECEIVABLES	Row	Balance on	Balance on	Maturity		
		December 31, 2006	September 30, 2007	Under 1 yr.	1 to 5 yrs.	Over 5 yrs.
		1	2=3+4+5	3	4	5
Gross accounts receivable	01	59.576.797	31.132.055	31.132.055	-	-
Provisions for accounts receivable devaluation	02	(964.210)	(894.096)	(894.096)	-	-
Net account receivables	03	58.612.587	30.237.959	30.237.959	-	-
Other receivables, net, of which:	04	2.042.496	9.103.025	9.103.025	-	-
• Receivables from transactions with shares	05	203.926	327.926	327.926	-	-
• Receivables from promissory notes	06	37.124.057	34.241.434	34.241.434	-	-
• Provision for receivables depreciation from endorsed promissory notes	07	(37.124.057)	(34.241.434)	(34.241.434)	-	-
• Uncashed dividends	08	42.815	861.739	861.739	-	-
• Receivables from irrevocable court decisions	09	874.762	492.409	492.409	-	-
• Provision for dividends devaluation	10	(42.815)	-	-	-	-
• Provision for depreciation of receivables from court decisions	11	(874.762)	(492.409)	(492.409)	-	-
Receivables for registered capital increase	12	1.814.892	7.837.332	7.837.332	-	-
• Other receivables	13	23.678	76.028	76.028	-	-
TOTAL	15	60.655.083	39.340.984	39.340.984	-	-

Gross accounts receivable include short term bank deposit amounting to 52.147.445 RON (nota 12).

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b) Status of payables

Row	Balance on	Balance on	Maturity		
	December 31, 2006	September 30, 2007	Under 1 yr.	1 to 5 yrs.	Over 5 yrs.
	1	2=3+4+5	3	4	5
LIABILITIES					
Advances from clients	01	-	-	-	-
Accounts payable	02	400.879	43.481	43.481	-
Commercial papers payable	03	5.083.848	4.602.708	4.602.708	-
Other payables	04	23.975.448	28.429.999	28.429.999	-
TOTAL, of w hich:	05	29.460.175	33.076.188	33.076.188	-
• Suppliers	06	400.879	43.481	43.481	-
• SARA for promissory notes	07	5.083.848	4.602.708	4.602.708	-
• Payables towards government and special accounts	08	3.107.092	1.271.682	1.271.682	-
• Dividends payable	09	20.284.424	26.580.781	26.580.781	-
• Various payables	10	82.733	96.137	96.137	-
• Other payables with staff and social security	11	274.616	279.650	279.650	-
• Material pledges	12	226.583	201.749	201.749	-

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

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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

A. Accounting principles

Evaluation of items in the 1st half of 2007 financial statements is done according to the following accounting principles:

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

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

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

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

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

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

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

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

B. Significant accounting policies

a) The bases of financial statement drafting

The financial statements were drafted and presented in compliance to Accounting Law no. 82 / 1991 – republished, Accounting Regulations harmonized with European Economic Community 4th Directive applicable to institutions regulated and supervised by the National Securities Commission („NSC” / „CNVM”), approved by NSC President Order no. 75 / Dec 16, 2005.

Financial statements are drawn up and presented in RON.

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

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

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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

b) Functional and presentation currency

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

c) Bases of consolidation

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

d) Foreign currency transactions

Operations stated in foreign currency are recorded in RON, at the official exchange rate on the date of disbursement. Monetary assets and liabilities expressed in foreign currency as of June 30, 2007 are recorded in RON at the exchange rate on that date.

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

Currency		June 30, 2007
• Dollar (USD)	1 : RON	2,3246
• Euro (EUR)	1 : RON	3,1340

e) Going concern

The present financial statements were drafted based on the going concern principle that states that FIC Moldova will continue normal operations in the foreseeable future. In order to evaluate the applicability of this presumption, management is analyzing the predictions regarding future cash receipts.

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

f) Financial instruments

i. Classification

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

Financial assets created by FIC are loans and receivables created by supplying money to a debtor, other than those initiated in order to sell immediately or shortly. On June 30, 2007, financial assets created by FIC consist of bank deposits.

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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

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

Financial instruments available for sale, defined as those assets not representing loans and receivables produced by FIC, financial assets held for trading or investments held until maturity. As of June 30, 2007, FIC categorized here all investments, municipal bonds and receivables from third parties not classed in the categories above.

ii. Recognition

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

iii. Evaluation

Financial instruments are initially evaluated at cost.

On September 30, 2007, securities are recognized at their acquisition cost less accumulated adjustments for devaluation recorded as of the annual balance sheet.

iv. Derecognition

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

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

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

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

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

g) Assets depreciation

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

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

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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

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

h) Interest revenues and expenses

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

i) Profit tax

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

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

j) Tangible and intangible assets

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

The latest revaluation was done on 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.

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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

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

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

The intangible assets amortization is recorded in the income statement on the basis of the linear method during the estimated useful operation period thereof. The estimated utility life for intangible assets is of no more than 3 years.

k) Reserves from tangible assets revaluation

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

- If the book value of an asset is increased after a revaluation, this increase is recorded directly in the shareholders' equity accounts credit, under the title of "Differences from revaluation"; the increase found through revaluation is recognized as a revenue to the extent to which it compensates a decrease from the revaluation of the same asset, previously recognized as an expense.
- If the book value of an asset is diminished after a revaluation, this decrease is recognized as an expense; the decrease resulting from the revaluation is deducted from any corresponding surplus from revaluation, to the extent in which the decrease does not exceed the value previously recorded as a revaluation surplus for the same asset.

l) Other receivables

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

m) Pensions and other post – retirement benefits

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

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7. SHARES AND BONDS

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

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

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

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8. INFORMATION REGARDING EMPLOYEES, MANAGERS AND DIRECTORS

- 1) **Average number as of September 30, 2007 : 98 (September 30, 2006: 112) permanently employed and 14 collaborators (September 30, 2006: 22)**

Of which:	Employees	Collaborators
Managers	-	4
Directors (Board members)- according to Law 31 / 1990 republished	3	-
With college education	65	-
With lower forms of education	30	-
Other collaborators	-	10

- 2) **Salaries paid or to be paid up to September 30, 2007, amounting to 7.773.916 RON (September 30, 2006: 5.874.984 RON)**

Of which:	Salaries
• Management contract	623.119
• Board of Directors	352.949
• Employees	3.401.997
• Collaborators	34.610
TOTAL	4.412.675

In the January 1, - September 30, 2007 period, employees were granted: food stamps amounting to 85.415 RON, specialization courses amounting to 41.597 RON and participation in the benefit plans for the 2006 fiscal year, amounting to 3.361.241 RON.

- 3) **Social security expenses up to September 30, 2007: 1.382.394 RON (September 30, 2006: 1.302.157 RON)**

Managers' salaries are subject to approval by the Board of Directors, by the management contract. The managers' salaries represent 22,12 % of the total salary expenditure of SIF Moldova. 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.

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7. CALCULATION AND ANALYSIS OF MAIN INDICATORS

- **Liquidity indicators – ratios**

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

September 30, = 64.554.430/32.195.164 = 2,00
2006

September 30, = 55.900.456/33.076.188 = 1,69
2007

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

September 30, = (64.554.430– 36.287)/32.195.164 = 2,00
2006

September 30, = (55.900.456 – 28.019)/33.076.188 = 1,68
2007

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

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

September 30, = 113.805.388/328.655.670 x 100 = 34,62
2006

September 30, = 87.456.334/369.754.713 x 100 = 23,65
2007

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

September 30, = 113.805.388/393.235.032 x 100 = 28,94
2006

September 30, = 87.456.334/425.735.067 x 100 = 20,54
2007

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

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

September 30, = $\frac{(60.655.083+39.340.984)/2}{87.456.334}$ x 270 = 154 days
2007

- **Profitability indicators**

- **Profitability of working capital**

= profit before interest and profit tax / working capital

September 30, = 41.801.324/294.806.176 x 100 = 14 %
2006

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September 30, = 58.936.349/349.224.526 x 100 = 17 %
2007

- Earnings per basic share

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

September 30, = 39.852.498/519.089.588 = 0,0767 RON per share
2006

September 30, = 55.979.647/519.089.588 = 0,1078 RON per share
2007

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

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

President
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Liana Marin

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9. OTHER INFORMATION

a) General information about the Company:

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

The Company is registered with:

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

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

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

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

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

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

FIC Moldova's activity consists of:

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

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10. OTHER INFORMATION (continued)

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

	<u>Before tax</u>	<u>Tax</u>	<u>After tax</u>
1. Total revenue - accounting	87.456.334		
2. Total revenue – fiscal	87.500.118		
3. Temporary differences (2-1)	43.784		
4. Tax free revenue	49.142.144		
5. Taxable revenue (2 – 4). of w hich:	38.357.974		
6. Total expense - accounting	28.519.985		
7. Total expense - fiscal	28.911.263		
8. Temporary differences (7-6)	391.278		
9. Non deductible expenses	9.287.290		
10. Fiscally deductible expenses (7-9). of which:	19.623.973		
11. Expenses deductible w ith legal reserve	55.859		
12. Total deductible expenses (10 + 11)	19.679.832		
13. Taxable profit (5-12)	18.678.142		
14. Current profit tax (13*16%)		2.988.502	
15. Deduction for sponsorships		31.800	
16. Profit tax due (14-15)		2.956.702	
17. Net profit (1-6-16)			55.979.647

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 w ith affiliated parties.

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10. OTHER INFORMATION (continued)

d) Commitments granted and received recorded outside the balance sheet

	January 1, 2007	September 30, 2007
• commitments granted under the form of endorsement (granted by the Private Ownership Fund II "Moldova")	(16.911.668)	(13.084.482)
• commitments received	-	1.516.068
• penalties for bad debtors	758.580	745.587
• other extra balance accounts	589.551	583.474
• inventory items	411.163	421.640
TOTAL	(15.152.374)	(9.817.713)

Provisions of 13.084.482 RON, equivalent of 4.630.140 USD; 542.839,44 EUR, (at the exchange rate communicated by the Romanian National Bank for June 30, 2007), and 620.000 RON were constituted for the commitments granted under the form of endorsement by the former Private Ownership Fund II "Moldova".

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11. STATUS OF THE FINANCIAL INVESTMENTS PORTFOLIO

a) Financial Assets

Participations in:	Cost value	Positive adjustment	Negative adjustment	Market value on September 30, 2007
Companies traded at the Bucharest Stock Exchange - BVB	191.455.762	1.092.778.154	108	1.284.233.809
Companies traded at BVB BER	30.783.605	73.732.333	2.326.896	102.189.042
Companies traded at BVB BER – extra stock market	49.515.163	73.031.125	11.734.874	110.811.413
Total participations in listed and traded companies	271.754.530	1.239.541.612	14.061.878	1.497.234.264
Companies not listed, traded through the electronic system of BVB	11.701.653	4.817.295	624.411	15.894.537
Closed companies	139.296.995	143.694.135	50.642.644	232.348.486
Companies listed and not traded	281.273	0	279.999	1.275
Companies listed and not traded during the last 90 days	16.588.637	8.106.324	7.161.278	17.533.683
Total participations in not listed or not traded companies	167.868.558	156.617.754	58.708.331	265.777.981
TOTAL PORTFOLIO	439.623.087	1.396.159.366	72.770.209	1.763.012.244
Participations in OPCVM and / or AOPC	3.369.916	1.787.356	-	5.157.272
Total investments portfolio – gross value	442.993.003	1.397.946.722	72.770.209	1.768.169.517
Provisions for securities amortization	81.965.945	-	-	-
Total investments portfolio – net value	361.027.058	-	-	-

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*) **The market value was calculated thus:**

- **for listed shares** - the price on the last day of trading of the 3rd quarter of 2007
- **for unlisted shares** – the price according to the model in Regulation 15 / 2004, *

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

Percentage held	Number of companies	Market value as of September 30, 2007
Under 10%	128	1.417.819.625
Between 10% and 20%	54	183.584.310
Between 20% and 50%	87	49.040.180
Over 50%	11	115.455.570
TOTAL	280	1.765.899.685

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

b) Short term financial investments

	Cost value	Positive difference	Negative difference	Market value as of September 30, 2007
Bonds	1.033.489	-	-	1.033.489
Shares	2.409.388	581.286	103.233	2.887.441
Other financial instruments	151.859	-	-	151.859
Total short term financial investments - gross	3.594.736	581.286	103.233	4.072.789
Amortization provision	110.961	-	-	-
Total short term financial investments - net	3.483.775	-	-	-

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12. STATUS OF BANK DEPOSITS

a) Bank deposits

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

RON

Bank Name	Acc. Symb	Deposit amount		Interest amount		Weight in total	Date of	
		Term < 60 days	Term > 60 days	%	Value at due date		Constitution	Maturity
B.R.D. Bacau	RON	1.504.878,00	-	4,00	501,63	4,99	28.09.2007	01.10.2007
Transilvania Bacău	RON	2.000.000,00	-	7,60	12.666,67	6,64	10.09.2007	10.10.2007
Transilvania Bacău	RON	2.000.000,00	-	7,60	12.666,67	6,64	10.09.2007	10.10.2007
Transilvania Bacău	RON	1.210.000,00	-	7,60	7.663,33	4,02	10.09.2007	10.10.2007
Transilvania Bacău	RON	1.000.000,00	-	7,75	6.888,89	3,32	27.09.2007	29.10.2007
Transilvania Bacău	RON	1.000.000,00	-	7,75	6.888,89	3,32	27.09.2007	29.10.2007
Transilvania Bacău	RON	2.000.000,00	-	7,75	13.777,78	6,64	27.09.2007	29.10.2007
Transilvania Bacău	RON	2.000.000,00	-	7,75	13.777,78	6,64	27.09.2007	29.10.2007
Transilvania Bacău	RON	2.000.000,00	-	7,75	13.777,78	6,64	27.09.2007	29.10.2007
Transilvania Bacău	RON	1.311.000,00	-	7,75	9.031,33	4,35	27.09.2007	29.10.2007
Transilvania Bacău	RON	2.818.868,00	-	6,00	1.409,43	9,35	28.09.2007	01.10.2007
R.I.B. Bacau	RON	2.500.000,00	-	8,00	50.410,96	8,30	01.08.2007	01.11.2007
R.I.B. Bacau	RON	2.028.000,00	-	7,90	13.168,11	6,72	10.09.2007	10.10.2007
R.I.B. Bacau	RON	2.000.000,00	-	7,90	12.986,30	6,64	10.09.2007	10.10.2007
R.I.B. Bacau	RON	-	3.061.000	7,95	56.003,72	10,16	27.09.2007	20.12.2007
B.R.D. Bacau	RON	1.695.555,09	-	2,50	353,24	5,63	28.09.2007	01.10.2007
TOTAL	X	27.068.301,09	3.061.000	X	231.972,51	100,00	X	X

TOTAL VALUE OF BANK DEPOSITS 30.129.301,09 RON

NOTE: The deposit amounting to 1.695.555,09 RON represents the value of 501.599 EURO at the BNR exchange rate on Sep 28, 2007, of 3,3803 RON/EURO.

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EURO

Bank Name	Acc. Symb	Deposit amount		Interest amount		Weight in total	Date of	
		Term < 60 days	Term > 60 days	%	Value at due date		Constitution	Term
B.R.D. Bacau	EURO	501.599,00		2,50	104,50	100,00	28.09.2007	01.10.2007
TOTAL	X	501.599,00		X	104,50	100,00	X	X

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

Bank	Value of deposit - RON	Percentage of total %
• B.R.D. BACAU	3.200.433,09	10,62
• BANCA TRANSILVANIA BACAU	17.339.868,00	57,55
• R.I.B. BACAU	9.589.000,00	31,83
TOTAL	30.129.301,09	100,00

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13. GROSS REVENUE STRUCTURE

Indicators	Acco unt	September 30, 2006	September 30, 2007
1 Revenue from financial investments (dividends due to SIF Moldova)	761	32.828.218	36.187.159
2 Revenue from short term financial investments	762	-	-
3 Revenue from financial instruments	763	-	-
4 Revenue from ceded financial investments	764	22.534.071	31.148.422
5 Revenue from commissions related to services performed	704	-	-
6 Revenue from exchange rate differences	765	2.440.757	2.941.778
7 Revenue from interest	766	4.832.065	3.135.819
8 Revenue from reactivated claims and various debtors	754	-	-
9 Revenue from fixed assets production	721 722	- -	- -
10 Revenue from provisions	781 786	2.274.531 47.375.028	3.388.731 9.581.551
11 Alte venituri			
- from research	705	-	-
- from dues and rents	706	521.872	798.765
- from other various activities	708	49.314	47.867
- from subsidies	741	-	-
- from other sources	758	936.491	145.862
- from discounts obtained	767	15	540
- from other financial revenue	768	13.026	79.840
12 Revenue from subsidies for extraordinary events and similar	771 772	- -	- -
13 Revenue from deferred profit tax	791	-	-
15 TOTAL REVENUE		113.805.388	87.456.334

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14. STRUCTURE OF EXPENSES

<u>Indicators</u>	<u>ACCO</u> <u>UNT</u>	<u>September 30,</u> <u>2006</u>	<u>September 30,</u> <u>2007</u>
Expenses related to claims from investments	663	-	-
Expenses related to ceded financial investments	664	8.929.289	10.229.871
Expenses related to commissions and fees	622	1.080.312	1.396.386
Expenses related to exchange rate diff.	665	1.667.548	3.730.105
Expenses related to interest	666	-	-
Expenses with banking services and equivalent	627	30.726	28.148
Losses related to receivables and various debtors	654	35.953	33.625
Expenses with provisions and depreciations	681	580.125	419.965
	686	47.531.302	2.186.468
Expenses related to external services			
-maintenance and repair	611	57.629	54.848
-dues and rents	612	11.205	11.502
-insurance payments	613	29.551	26.898
-protocol, advertisement and promotion	623	72.909	39.424
-transport of goods and persons	624	-	100
-travel and transfer expenses	625	53.699	49.468
-post and telecommunication	626	154.727	160.661
-other services performed by third parties	628	152.482	162.993
-other expenses	658	18.606	55.688
-expenses related to offered discounts	667	-	-
-other financial expenses	668	3.683.530	1.548
Expenses with inflation adjustments	688	-	-
Expenses with other taxes and equivalent payments	635	157.381	139.175
Other expenses			
- expenses with consumables	602	377.374	318.737
- expenses with materials of inventory kind	603	13.523	54.306
- expenses with materials not in stock	604	225	257
- expenses with energy and water	605	132.208	136.490
- expenses with collaborators	621	169.338	794.739
- salaries	641	5.729.783	7.020.774
- expenses with food stamps	642	32.482	85.415
- insurance and social expenses	645	1.302.157	1.382.394
Expenses related to calamities and extraordinary events	671	-	-
Profit tax	6911	1.948.826	2.956.702
Deferred profit tax	6912	-	-
Other expenses with taxes, not reflected by	698	-	-

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the items above

TOTAL EXPENSES

73.952.890

31.476.687

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14. STRUCTURE OF EXPENSES (continued)

Expenses with commissions and fees	<u>1.396.386</u>
• Expenses with external auditors' fees	2.162
• Expenses with depository company commissions	137.056
• Expenses with NSC commissions	1.054.101
• Expenses with SSIF commissions for shares traded	93.816
• Expenses with shareholder registry services	60.902
• Expenses with juridical assistance	38.456
• Expenses with Chamber of Labour commissions	9.893

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15. RISK MANAGEMENT

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

a) Exchange rate risk

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

b) Economic environment risk

The Romanian economy continues to present specific emerging economy features. There is still a significant degree of uncertainty regarding the future political, economic and social environment development. This risk can have direct effects on the FIC activity as well as and indirect effects through the companies in which registered capital investments are held.

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

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

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

c) Interest rate risk

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

d) Credit risk

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

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

This risk can insignificantly affect FIC activity.

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

e) Liquidity risk

SIF Moldova's financial instruments may include investments in shares which are not traded on an organized market, and subsequently may have a low liquidity. Therefore, the Company can encounter difficulties if it decides to liquidate rapidly investments in such instruments at a value close to the one determined based on the calculation model for financial companies' net asset value, provided in Regulation no. 15 / 2004, issued by the National Securities Commission (CNVM).

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

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

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f) Tax related risk

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

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

The Company's management considers that it recorded correct values in the accounts related to taxes and other debts to the state, although there is a risk that authorities have a different view on these issues. The latest check of The Public Finance Ministry covered the period until September 30, 2004. Therefore, SIF Moldova's debts from that date until June 30, 2007, may be subject to a later check.

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16. CONTINGENT OBLIGATIONS AND LIABILITIES

As of September 30, 2007, FIC was involved in 35 court cases as a defendant and in 148 cases as a plaintiff.

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

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

FIC management, on the basis of information received from company lawyers, estimates that it is probable to incur losses from these litigations and as a consequence recorded a provision to this purpose of 13.084.482 RON, the equivalent of 5.630.140USD; 542.839.44 EURO and 620.000 RON.

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