

Annual report 2007

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Dear readers,

The flight is sensational thanks to the technology show and the people's art to make it possible. To reach the destination fast and especially without incidents, to keep the memory of a pleasant and comfortable flight is what we all wish every time we travel on the air routes.

We, ROMATSA, through the people, the procedures and the technology we have, are only a piece of this complex puzzle which is the European civil aviation, bringing our permanent contribution to the safety and efficiency of the flights operating in the Romanian airspace.

It is a mechanism which has to be observed and enhanced every year in order to align it to the new European requirements, especially after Romania becoming a full member of the European Union. There is no more a novelty for anyone in the aviation great family that the way ahead defined in the European regulations package on the Single European Sky (SES) is a solid road without alternatives, and under this context we have defined and settled our direct priorities. The completion of the operational concept, the implementation of the Bulgarian-Romanian Functional Airspace Block DANUBE FAB, the launching of the project on an e-management system implementation and building ROMATSA's 2010 foundations are our major priorities for the next years.

I only wished to remind the readers the European and regional context where ROMATSA finalized another financial year and to invite you to read about our achievements as they are laid down in this report.

There was a full year with an increase by 3,9% compared to 2006 of the Romanian airspace use, a significant growth in the terminal area being generated by the favorable evolution of the business environment and the regional economical developments. Strategic projects have been started for the safety of the air traffic control and the environment protection as for the 40 millions passengers over flying yearly the Romanian airspace enjoy a comfortable flight.

A very important aspect of our activity was the continuation of the work within the initiative of creating the premises for the establishment of a Functional Airspace Block to include the Flight Information Regions within which Romania and the Republic of Bulgaria provide air navigation services - DANUBE FAB.

As for the quality enhancement of the provided services, since 2007, ROMATSA is operating as an air traffic services and aeronautical meteorology services provider certified and designated according to the common requirements set out at the level of the European Community and with an implemented quality management system certified ISO 9001.

It is an opportunity for me to recall a very important event for Romania that happened this year: the NATO Summit. ROMATSA succeeded "SUMA CUM LAUDAE" to carry this challenge through, alongside of the other organizations involved.

I thank the air traffic controllers, the technical, meteorological and aeronautical communications experts and the headquarters and subunits administration staff for their effort to make this complex air traffic machinery work.

I also thank our partners all over the country and from abroad for their availability to support and assist us whenever it was needed.

Aleodor Marian FRÂNCU
Director General



„Together,
towards a modern,
safe and efficient
air traffic services
administration
in the region”

The Romanian Air Traffic Services Administration (Romatsa RA), performs specific functions in connection with respect to the air traffic management / the air navigation services and it is placed under the authority of the Ministry of Transports.

It was established on the 1st of December 1991 by the Governmental Decision nr. 74/1991, amended and completed by the Governmental Decision nr. 731/1992, Governmental Decision nr. 75/2005, Governmental Decision 1090/2006 and Governmental Decision 1251/2007.

Romatsa is holder of the statute of an autonomous, self-financed administration, of national importance, based on the appointment designation made according to the legislation of the Single European Sky. In performing the air traffic services provided to the civil aircraft overflying the Romanian airspace, the Autonomous Administration ROMATSA applies the communitary EC legislation.

Romatsa's main task activity is to use the administration and the management of the Romanian airspace and to provide air navigation services, including air traffic services, aeronautical communication, navigation and surveillance services, navigation and surveillance in the aeronautics field, meteorological aeronautical meteorology services, search and rescue services, aeronautical informational services, as well as the coordination of the search and rescue operations for the aircrafts in a dangerous situation distress and for the survivors of an air crash that took place within the information area of the FIR- Bucharest flights. The activity field of Romatsa also includes consultancy activities and providing services application field, Romatsa offers also consultancy services in its field of activity and research and development activities.

Romatsa is a member of CANSO (Civil Air Navigation Services Organisation) since 1998, of ATAG (Air Transport Action Group) and of EUROCAE (European Organisation for Civil Aviation Equipment) since 2004, as well as a full-right member of ATCA (the Air Traffic Control Association) since 2003.

According to the legislation of the Single European Sky, Romatsa is certified as air navigation service provider by the National Supervisory Authority, according to the legislation of the Single European Sky for the period 1st of January 2007 - 21st of December 2012. At the same time, Romatsa is ISO 9001:2001 certified since the 20th of December 2006, for all the provided air navigation fields of services domains.



Board of Administrators

President:

Aleodor Marian Frâncu

Members:

Septimiu Buzașu
state secretary - Ministry of Transports
(as of the 24th of May 2007)

Gheorghe Catrina
general lieutenant, Chief of the Air Force General Staff
(until the 24th of May 2007)

Dana Constantinescu
director general - Directorate General
for European Affairs and International Relations,
Ministry of Transports
(until the 24th of January 2007)

Natalia Căpățână
member (as of the 24th of May 2007)

Doina Dascălu
state secretary - Ministry of Public Finances

Bogdan Donciu
director general -
Directorate General for Civil Aviation,
Ministry of Transports
(until the 24th of May 2007)

Cristina Palloș
cabinet director, Ministry of Transports
(until the 24th of May 2007)

Silvia Popeangă
director general
Directorate General for Economics
and Budget, Ministry of Transports

Elena Petrașcu
director general
Directorate General for Legal Matters
General Legal Division,
Ministry of Transports
(until the 12th of February 2007)

Gheorghe Pogea
member (as of the 7th of February 2007
until the 24th of May 2007)

Mirela Bianca Popa
director general
Directorate General for Legal Matters,
Ministry of Transports
(as of the 12th of February 2007)

Gheorghe Cătălin Radu
director general
Directorate General for Civil Aviation,
Ministry of Transports
(as of the 24th of May 2007)





Laura Ruşescu
staff adviser - Ministry of Transports
(as of the 24th of May 2007)

Radian Tufă
general secretary - Ministry of Transports
(until the 24th of May 2007)

The Advisory Committee

Aleodor Marian Frâncu
director general

Adrian Remus Şerban
operational deputy director general

Valentin Cimpuiaru
technical deputy director general

Radu Mircea Kramer
economic and financial deputy
director general

Managerial Team

Aleodor Marian Frâncu
director general

Adrian Remus Şerban
operational deputy director general

Valentin Cimpuiaru
technical deputy director general

Radu Mircea Kramer
economic and financial deputy
director general

Bogdan Donciu
safety and quality manager

Ştefan Niţă
CNS and logistics manager

Aurica Cojoc
economic manager

Adrian Irimie
ATM manager

29 January

The Aero Military Attaché of the United States of America in Romania, Mr. Brian Mullin visited the route control ACC and the approach APP operational rooms.

13-14 February

The working meeting between the representatives of the administration and EUROCONTROL took place and the aim of the meeting was to finalise the document LCIP 2007-2011. Mr. Paraskevas Korfiatis- project manager and CIP coordinator for Romania and almost 25 specialists on behalf of the Romanian Civil Aeronautical Authority, of the Air Force General Staff and of Romatsa attended this workshop.

14-15 March

The meeting between the representatives of NATS and the representatives of Romatsa took place, its aim being to negotiate and to sign a consultancy contract for the air traffic control services.

21-22 March

The meeting of the working group Human Resources nr. 12-CANSO took place at the premises of Romatsa.

21-22 March

The working meeting FASTI took place and four EUROCONTROL representatives and 2 representatives on behalf of ENAV attended it.

24-25 April

The working meeting of the subgroup EUROCONTROL took place and its aim was to improve the air traffic safety (Safety Improvement Sub-Group SSIG); around 40 persons attended the meeting.

25 April

The meeting of the Steering Group Romatsa Coordinating - EUROCONTROL took place at the premises of Romatsa, the aim of the meeting being to discuss the current and the future projects of Romatsa. Mr. Dimitris Apsouris- chief of Stakeholder Implementation Service (SIS)/Directorate ATM Strategies (DAS), Mr. Willy Depouillon- chief of EATM Implementation Support (EIS)/SIS and Mr. Paraskevas Korfiatis- project manager and CIP coordinator for Romania and, on behalf of Romatsa, the management level together with specialists within the different involved compartments attended the meeting.

21-23 May

The meeting between the representatives of Romatsa and ATSA Bulgaria took place, on the occasion of opening the calls for the service acquisition related to the elaboration of the study regarding the establishment of a functional airspace block within the Romanian and the Bulgarian airspace.

23-25 May

The meeting between the representatives of Romatsa and SMFA-COAP (25 persons) took place at DR Constanta. The participants took part in the analysis of the civil-military cooperation and of the way the SNIPER LANCE exercise was carried out.

13 June

DR Arad together with the city hall of Arad and the Inspectorate for Emergency Situations organised, for the first time at national level, a „combined simulation exercise of an aircraft skyjacking and partial destruction at the ground". Representatives within DKMT, DGAvC, AACR and Romatsa attended the meeting.

19-20 June

The conference Just Culture took place, event organised by the social partners CANSO and ETF and financed by the European Commission. Romatsa supported and assisted the organisation of this event in Romania. There were around 185 participants.

03-05 July

At the premises of Romatsa, the meeting of the Working Group EUROCAE WG67 „Voice over IP for ATM" took place. 40 persons attended, representatives of EUROCAE member organisations.

31 July

Upon the invitation of Romatsa, a meeting between the specialists of Romatsa, of the Ministry of Transports and of EUROCONTROL took place. The topics discussed were related to environment management issues, the CDA enlargement extension in Romania, as well as other issues of interest for all the parties.

01-03 August

The meeting between the representatives of Romatsa and ATSA Bulgaria took place on the occasion of opening the calls for the service acquisition related to the elaboration of the study regarding the establishment of a functional airspace block within the Romanian and the Bulgarian airspace.

24 August

Mr. Attila Sipos, representative of Hungary in the ICAO Council visited the Romatsa premises and met Mr. Aleodor Marian Frâncu - director general.

06 September

The Director of the ATM Civil-Military Coordination Division within EUROCONTROL, Mr. Jean Robert Cazzarée visited the premises of Romatsa accompanied by the commander of the Main Operational Headquarters within SMFA. A presentation of Romatsa was made, emphasising the ATM civil-military coordination, the ACC operational room and the operational room for civil-military coordination were visited.

24 September

The top management meeting took place at Romatsa, together with representatives of the administration and of ATSA Bulgaria.

25 September

The regional EUROCONTROL RNDSDG meeting took place at the administration, with representatives of Hungary, Serbia, Croatia, as well as representatives of Romania, on behalf of the companies CARPATAIR and AACR.

26-27 September

The advisory meeting with IATA and with the representatives of the main air companies, clients of Romatsa took place. The meeting was focused on the cost basis of Romania for 2008

01-03 October

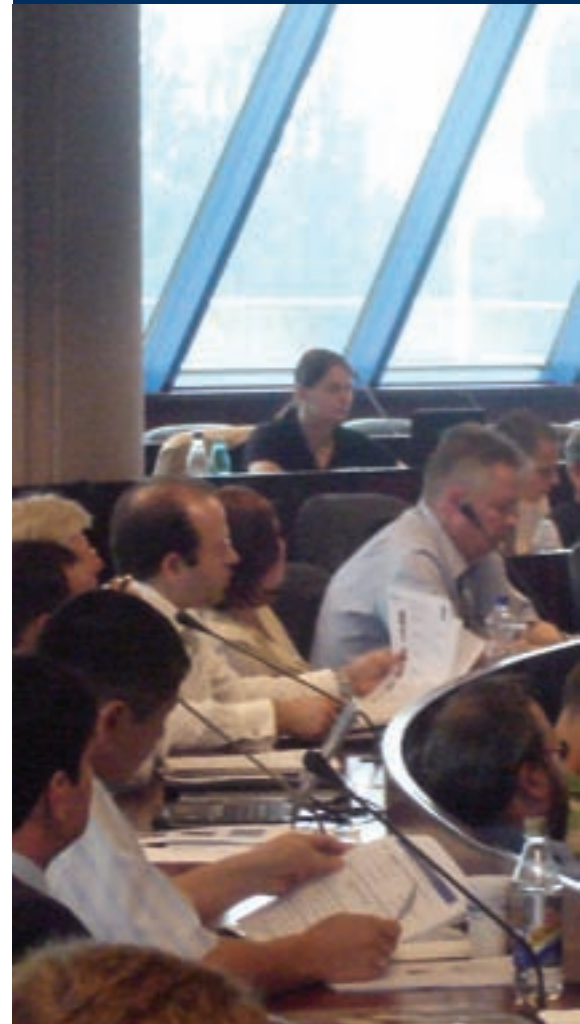
Romatsa and SMFA organised at Bucharest the 29th meeting of CMIC. Around 80 civil and military participants attended the meeting; the use of the air space from the civil and military point of view was evaluated and issues related to the security of the air space and to the civil-military coordination were discussed.

29-31 October

The meeting between the general directors of the civil aviation in Europe and the general directors of Romatsa and of the Ministry of Transports took place. The purpose of this meeting was to discuss the current situation of the civil aviation.

01 November

RA Romatsa organised the meeting with the main external customers in order to monitor the satisfaction of the customers and to improve the rendered provided services. The following air companies attended the meeting: Air France-KLM, Lufthansa, Emirates, El AL, Turkish Airlines, Blue Air, MYAIR, representatives of ICAO, IATA Romania, MTCT-DGAvC, SMFA, Air Club of Romania and of the International Airport Henri Coandă. The proposals of the companies, resulting from the questionnaires for monitoring the satisfaction of the external customers, have been set out in order to solve them.



Operational level

During 2007, the Operational Division continued to work within the initiative of creating the premises for the establishment of a functional airspace block (FAB) that will include the Flight Information Regions in which the Republic of Bulgaria and Romania provide air navigation services - DANUBE FAB.

The calendar of the activities updated in 2007 is the following:

Phase I-a - Study phase

- Step 1 - High level study: the beginning of 2008 implies taking a decision regarding the solution preferred by the air navigation services providers;
- Step 2- Detailed study of the preferred solution (March 2008 - July 2008) implies taking a decision regarding the solution preferred by the two states;

Phase II - Detailed planning: November 2008 - January 2009

Phase III - The implementation phase: after February 2009 -
The agreement between the states regarding DANUBE FAB.

On the 24th of September 2007, the contract regarding the "Elaboration of the study regarding the establishment of a functional airspace block of Romania and Bulgaria (DANUBE FAB Study)" was signed, at Romatsa premises, by Romatsa, ATSA Bulgaria and Integra A/S.

The purpose of the study is to:

- analyse in detail all the opportunities and all the costs and benefits that result from establishing a FAB that includes the airspace of the Republic of Bulgaria and the airspace of Romania and to identify and recommend possible options; to
- represent serve as an consultancy instrument for advising the interested parties, according to the provisions of article 5.4 of Regulation nr. 551/2004 of the European Parliament and of the Council of 10 March 2004 on the organisation and use of the airspace in the Single European Sky (the airspace Regulation); to
- facilitate the decision-making process of for the Bulgarian and Romanian Governments of the Republic of Bulgaria and the Government of Romania in order to successfully face the challenge put up by of the requirement for an increased traffic in the South-Eastern region of Europe.



The ATM sectors in both countries will keep on intensifying their cooperation, which could be materialised in establishing a FAB that would initially include the airspace of the Bulgarian Republic and the airspace of Romania, without bringing prejudices to the sovereignty of each state on its own airspace.

Step 1 was concluded, by approving acceptance of the Final Report that represents a strategic document proving that the initiative DANUBE FAB represents a possible / practical and viable solution for Romania and Bulgaria to carry out the Single European Sky the requirement on the Single European Sky mentioning the obligation of the states to organise the national airspace in functional airspace blocks.

2007 was for Romania the first year as a Member State of the European Union. In the field of air navigation services, this resulted in the application of the harmonised regulation framework regarding the Single European Sky. Thus, in 2007 Romatsa:

- Operated as air navigation services provider, according to the common requirements set out at the level of the European Community and on the basis of RACR SSNA „Continuous supervision and appointment of the air navigation service providers" and of PIAC SSNA „Supervision of the air navigation services/Part I <Continuous certification and supervision of the air navigation service providers>". NSA issued, in favour of Romatsa, the certificate of air navigation service provider CN 01/15 December 2006- with a validity period of 6 years, as of the 1st of January 2007.
- It was appointed as GAT air traffic service provider and as aeronautical meteorological service provider (OMTCT 2489/21.12.2006).
- It operated with a quality management system certified ISO 9001.

Technical level

In 2007, from the technical point of view, exploitation, maintenance and current repair activities were organised for the PNA (COM, NAV, SUR) and meteorological equipments and systems and the planning and the approval of the regular maintenance activities (prophylactic) were coordinated. At the same time, a performance level corresponding to the human resources within the Technical Division was maintained, by applying the Plan of internal and external professional training. The cooperation with AACR was established, for the checking up of the means while equipment on board, for the managing of the radio frequencies in the allocated spectrum and for providing new frequencies, for analysing the approval requirements for new constructions in the areas with aeronauticals facilities, in order to protect the critical and sensitive areas of the PNA/CNS equipments, for monitoring the licence exams, for authorising new equipments. Investment activities were recommended for the parts related to the maintenance and the repair of the PNA/CNS means and the development of the existing infrastructure on the SUR/NAV/COM/MET fields; at the same time, the technical support for contracting the PNA/CNS means was provided, the execution of the contracts from the technical point of view was monitored and the installation, putting in service and authorisation activities were carried on. All these activities were carried out in order to provided the technical support for the development of Romatsa.

During last year, the internal and multinational working groups were attended in order to define/redefine the objectives in the activity field allocated on Romatsa problems: LCIP, ASAS, FAB, ACE, B-CDA, SES. The cooperation with IGCTI/ANRCTI was ensured, for licensing the frequencies and authorising the radio equipments.

The priority objectives for 2007 were:

- the PNA/CNS unit was actively involved in the process of keeping the conformity to the requirements laid down by CE Regulation 2096/2005 regarding the certification of the air navigation service providers;
- the following investment objectives that started in 2007 have been finalised
 - ILS-DME at the Baneasa 26 and Timisoara 11 airports
 - DVOR-DME Strejnic (authorisation)
 - Endowing the new TWR at Sibiu airport and transferring the CNS systems to this new location, without interrupting the operational activity
 - CNS to this new location, without interrupting the operational activity ROMAWOS system in the following locations: Oradea, Bacău, Baia Mare, Tulcea, Tg. Mureş, Satu Mare, Suceava and Craiova
 - authorising the AWOS-Hagenuk systems in Otopeni, Băneasa and Constanța, modernised by adapting them to the ROMAWOS system
 - installing and authorising the vocal communication registration systems for the locations Arad and Craiova
 - installing DATIS and DCL systems - Departure Clearance at DSNA Bucharest and preparing the homologation file
 - contracting, installing VHF Park Air Electronic equipments (56 transmitters, 50 receivers installed in 14 cabinets) for ACC Bucharest
 - drawing up the feasibility study for Craiova radio relay
 - taking part in the elaboration of the studies regarding the finalisation of Romatsa operational concept, project 2010, analysing of the technical offers for the FAB feasibility study FAB Step I and taking part in the working commissions, upon the request of the call for offers' winner
 - drawing up the specification conditions and the analysis of the offers for purchasing radiotelephones and measuring devices.



- The investment objectives that are to be finalised during the following years have been started or continued:
 - design activities for the investments that are carried out in 2008: ILS/DME Cluj Napoca 08, ILS/DME 27 Sibiu, ILS/DME Craiova
 - taking part in the equipment procurement commission DME Lugoj and Cenei, VCS system for CDZ Arad, VCS System Otopeni. The equipments have been received by the producer and are going to be installed and authorised during the first semester of 2008.
- 2007 activity also included measures regarding fully and timely achievement of the defined and agreed LCIP objectives.
- implementing the basic objectives and the specific action plans, mainly targeting at:
 - the implementation of the FAB concept; taking the necessary measures for creating and implementing a FAB in the region;
 - ensuring the conformity with the regulations of the Single European Sky;
 - regional harmonisation of the ATM/CNS system and supporting the inter-operability;
 - optimising the technical activities, increasing the safety and the security level;
 - coordinating the implementation of the project „Quality of service Improvement of the Romatsa PNA/CNS (ROMANQoSIP).

As for the investments' point of view, in 2007, procurement activities, design services, construction and assembling works and products (independent equipment) have been organised within the Project „Romatsa Investment Program ". The execution and the finalisation of the contracts with the providers in the country and abroad were monitored, for the investments objectives.

There were also activities of delivering sites for the constructions and assembling works, as well as inspections of the investment objectives with a view to monitoring and coordinating the accomplishment of the activities, according to the approved projects. The receptions of the investment objectives were organised and carried out, upon their finalisation.

From the logistical point of view, activities of supply and import-export of the equipments, materials and services necessary to the administration were carried out. The annual acquisitions program was elaborated, both for the products and the services in the country, as well as for the imported products and services, according to the necessities report drawn up by the units within the Central Administration and by the subunits in the territory. Products and services included in the Acquisitions Program approved for 2007 were also purchased. Also during the previous year, the service contracts that are still valid for the purchased equipments were executed, together with the user, the activities were recorded and the concluded contracts were finalised.

Within the unit Informational Systems - ANS Support, the following permanent activities have been carried out:

- the elaboration, in cooperation with the other involved compartments, of the studies regarding the technical specifications and the projects necessary for the implementation of the ATM Romatsa strategy and of the regulations of the Single European Sky;
- the elaboration and the application of the instructions and of the technical norms regarding the use and the maintenance of the SNA support information systems;
- the collaboration with the neighbour ANSPs for extending the automatic coordination (OLDI);



- the active participation to the EUROCONTROL working groups in the field of the SNA support information systems;
- ensurance of the achievement and the implementation of the technical support, the calculation equipments, the operation systems and the SNA support program packages within Romatsa.

Within the unit Informational Systems - Management Support the following activities have been carried out:

- defining and implementing a security policy in the information networks;
- modernising and reorganising the STCR, taking into account the deterioration of the equipments and the increasing number of requests for new services in the network;
- realising an administrative informational network, separated from the operational network;
- developing the cooperation relations with the neighbours, in the field of private IP networks;
- continuing and strengthening the cooperation with EUROCAE and EUROCONTROL in the field of standardisation and implementation of the IP and VoIP technologies, in the operational field;
- developing the ATC Simulation System;
- administrating and maintaining the network equipments and the calculation techniques;
- training the administration staff in Bucharest and in the territory

The main objectives within the Informational Systems - Management Support for 2007 were:

- improving the access to the INTERNET services in the DSNA locations (quality and security);
- implementing the administrative IP telephone system;
- extending and harmonising the IDS - realising and implementing the IODA;
- obtaining the AACR approval for the MFC-R2 ATS/DTMF Conversion and Signalling System installed at Arad, București and Constanța;
- finalising the installation of the System for Limiting the Spreading of the Traffic Jams (SLPCT) at Cluj, Arad, CDZ Bucharest and Otopeni;
- generalising the authentication system in the Active Directory network.



Safety and Quality

Quality

In order to increase the quality level of the services rendered in 2007, the main objective was to maintain and to improve the Quality Management System, according to the requirements of SR EN ISO 9001:2001 for maintaining the certification. In order to achieve this objective, during all year 2007, the following activities have been carried out by the Quality and Environment Unit:

- carrying out 17 internal quality audits in all the subunits of Romatsa and the Central Administration and of 7 external audits on behalf of Bureau Veritas Certification Romania. For each and every performed quality internal audit, detailed planning documents related to the respective audit activities have been previously elaborated and, after the finalisation, detailed reports have been drawn up, containing the findings of the activities (nonconformities, observations, etc.) and recommendations for solving the identified deficiencies and improvements of the Quality Management System at local level. At the same time, by the internal quality audits, the corrective and preventive measures that were applied in order to eliminate the nonconformities resulting from the previous audits have been checked;
- elaborating the measures plan for the deficiencies identified after the ANS-AACR audits and Bureau Veritas Certification, as well as monitoring/carrying out these plans;
- amending the documents of the Quality Management System, namely the RA Romatsa Quality Management manual, edition 2.0/01.11.2007 and the SMC Procedures Manual (7 out of 17 system procedures have been amended and a new procedure has been elaborated);
- monitoring the satisfaction of the internal customers / employees by processing the data in the „Questionnaires for monitoring the satisfaction of the internal customers". In order to evaluate the satisfaction degree of the employees „Questionnaires for monitoring the satisfaction of the employees" have been distributed during the quality internal audit. The evaluation of the employees satisfaction has been carried out within all the subunits of the administration and within the Central Administration, on staff samples and the number of staff in the samples has been established according to the size of the subunit;
- organising, in the period 29-30.11.2007 within the Central Administration, the meeting of the local quality coordinators within the subunits of RA Romatsa and the Central Administration in order to prepare the first surveillance audit for the reconfirmation of the ISO 9001:2000 Certification;
- carrying out the Performed Management Analysis at the highest level of the RA Romatsa Quality Management System in order to improve the system;
- training and maintaining the competency of the own staff on specific quality problems, by undertaking the minimum audit hours and by participating at conferences and working groups;
- promoting the quality by disseminating, in all the SMC Romatsa structure, the information, the recommendations and the nonconformities included in all the audit reports (internal quality audits, AACR audit and Bureau Veritas Certification audit). At the same time, the promotion of the quality has been carried out as well by presenting the important activities in the quality field, in the publication Info Romatsa;
- the participation of the representatives appointed from the Quality and Environment Division, at the working groups discussing environment problems, from the Ministry of Transports;
- the participation of the Romatsa specialists on quality and environment at the EUROCONTROL and CANSO working groups.



Quality level of the provided services

In the period 19-29.11.2007, the surveillance audit for the reconfirmation of the ISO 9001:2000 Certification of RA Romatsa was carried out, together with the company Bureau Veritas Certification within the Central Administration, in the following subunits of the administration: DSNA Bucharest, DSNA Târgu Mures, DSNA Cluj, DSNA Baia Mare, DSNA Satu Mare, DSNA Iași and DSNA Bacău. The Bureau Veritas Certification audit team has been accompanied by the internal auditors within the Safety and Quality Division and within the Quality and Environment Division, on behalf of RA Romatsa. At the end of the closing meeting, the auditor of Bureau Veritas Certification congratulated the leadership of Romatsa and all



the participants and mentioned that it will recommend to Bureau Veritas Certification London to maintain the Certification ISO 9001:2000 of the RA Romatsa Quality Management System.

Information regarding the process of formal consultation with the users of the air navigation services

On the 1st of November 2007 RA Romatsa organised the meeting with the main external customers in order to monitor their satisfaction and to improve the provided services. The following air companies attended the meeting: Air France -KLM, Lufthansa, Emirates, El AL, Turkish Airlines, Blue Air and MYAIR. Other participants: the representative of Romania at ICAO, IATA Romania, MTCT-DGAvC, SMFA, the Air club of Romania and the International Airport Henri Coandă. The proposals of the companies, resulting from the questionnaires for monitoring the satisfaction of the external customers have been analysed and measures have been set out in order to solve them.

Safety

Activities of 2007

During 2007, 17 planned internal safety audits have been carried out, 1 dedicated (ad-hoc), 10 external audits on behalf of AACR and 7 external audits from Bureau Veritas Certification Romania. A number of operational and technical inspections can be added up to the list, used as instruments for safety surveillance.

The most important findings of the internal audits are related to the necessity of improvements in the following areas: the staff policy, documenting all the internal/external cooperation relations and permanently monitoring the implementation of the safety recommendations.

The most significant findings of the auditors on behalf of AACR and of Bureau Veritas Certification Romania emphasise the necessity of keeping the

procedures of collaborating with the aeroportuary organisations up to date and of improving the method of keeping the safety/quality records.

The Safety Management Manual has been updated at its 3rd edition, according to the experience acquired during the past 2 years.

The safety evaluation activities have been directed, during 2007, to two main lines:

- direct involvement in evaluating the functioning safety of the ATM Romatsa system or of some recommended modifications:
 - the DANUBE FAB project (Romatsa, ATSA Bulgaria and Integra);
 - vertical division of DINSI sector (DR Constanța);
 - transfer of the operational and technical operational activities in the new building TWR Sibiu.
- analysis, observations, amendment and approval of the studies FHA, PSSA and SSA corresponding to a number of modifications and new systems, proposed and approached in different compartments Romatsa.

Provided safety level

During 2007, special attention has been paid both to the functioning of the system for reporting the safety events, and to the informational content circulated by this system. We mention the fact that the number of the events reported in 2007 was double compared to 2006.

Under these circumstances, we would like to mention that the result of the safety the monitoring was the registration of 467 civil aviation events, out of which only 362 safety events, interesting for the ATM community (175 operational and 187 technical).

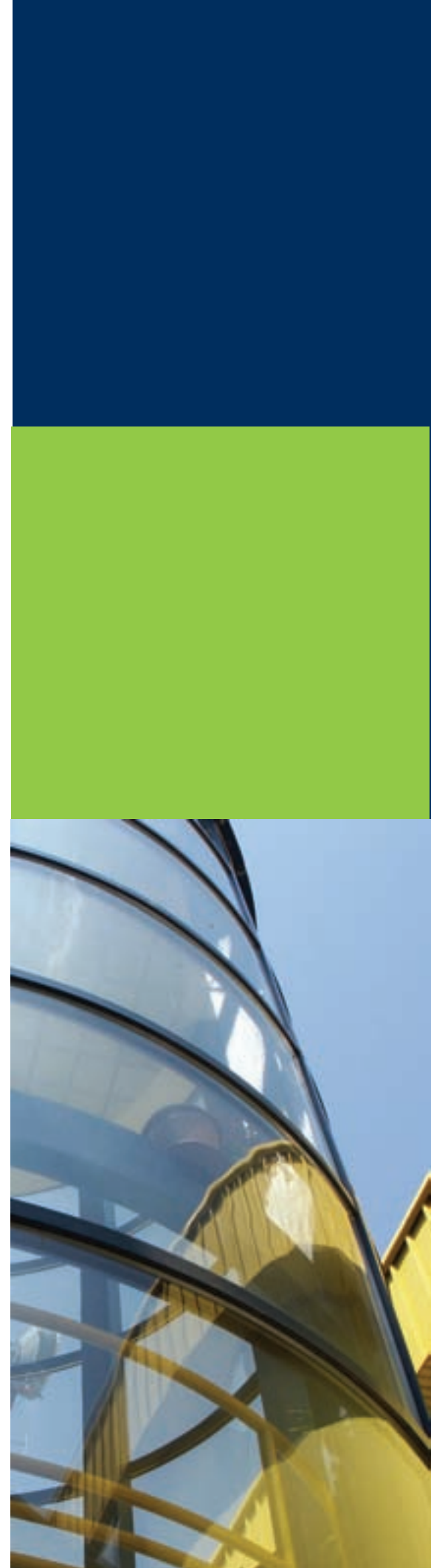
The analysis of the operational events' gravity and the contribution of Romatsa to their occurrence:

GRAVITY OF THE EVENT	NR.	DIRECT CONTRIBUTION	INDIRECT CONTRIBUTION	NO CONTRIBUTION
AA ACCIDENTS	6	1*	0	5
A SERIOUS INCIDENTS	6	0	0	6
B MAJOR INCIDENTS	5	0	0	5
C SIGNIFICANT INCIDENTS	36	9	3	24
E NO EFFECT	122	2	1	119
TOTAL EVENTS	175	12	4	159

*At the end of 2007 (30 December, 9:27 UTC), under conditions of low visibility operations (LVO), as a result of human errors in providing the services of aerodrome control at TWR Otopeni, an air crash at the ground occurred, without victims, to which Romatsa had a direct contribution. The accident was investigated both at internal level and by the State Authority in the field, namely the General Division for Accidents Investigation in the field of Transports. More safety recommendations have been set out in order to prevent the recurrence of such an event. Romatsa assumed the conclusions resulting from this experience and started up more programs for improving its own activity.

All the reported ATM safety events have been investigated, for 46 of them, the investigation has been extended at the level of a local investigation carried out on the spot, and for 5 of them, the level of the subsequent investigation was reached.

The implementation status of the corrective/preventive measures proposed and registered on the spot local investigation reports and in the subsequent investigation reports has been consistently pursued, both dedicated, and within the safety internal audit actions carried out in the subunits and in the compartments of Romatsa.



Milestones in the recruiting activity for 2007:

Total recruiting: 23 persons, of which:

- 14 CTA ATC (air traffic controllers);
- 1 PNA ANP (staff for air navigation protection);
- 8 PADP (administrative staff).

Milestones regarding the staff structure:

1342 operative staff, of which:

- 50% CTA ATC (air traffic control);
- 31% PNA APN (staff for air navigation protection);
- 10% MET (staff for meteorological aeronautics);
- 9% TC (aeronautical telecommunications staff).

Human Resources

In 2007, R.A. ROMATSA operated with a maximum number of 1890 positions, until 30.09.2007 and with a maximum number of 1875 positions after 01.10.2007.

At the end of 2007, RA ROMATSA had a number of 1.848 employees, registering a decrease by 1,2% compared to the end of the previous year.

During 2007, 23 new employees have been hired, 14 of which being graduates of the Civil Aviation Superior School.

In order to assure the activity in certain units, during 2007, temporary/permanent changes of the working place have been implemented, between the subunits of the administration, for a number of 53 employees.

The structure of RA ROMATSA staff on the 31st of December 2007 is as follows:

According to the professional training level

Staff with higher education:	582 (31%)
Staff with post-highschool education:	107 (6%)
Staff with middle education:	1061 (57%)
Staff having graduated professional school:	59 (3%)
Staff with general education:	39 (2%)

According to the age groups

Staff under than 24 years old:	14 (1%)
Staff between 25 and 34 years old:	207 (11%)
Staff between 35 and 54 years old:	1.265 (68%)
Staff 55 years old or above:	362 (20%)

According to the gender

Male staff:	1.266 (68%)
Female staff:	582 (32%)

- highschool
- post-highschool
- higher education

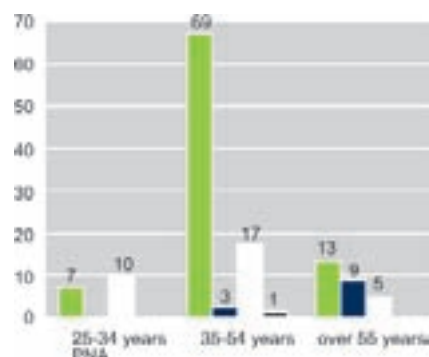
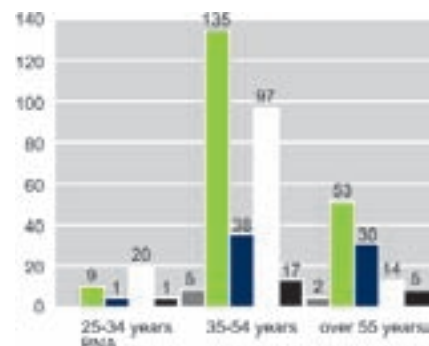
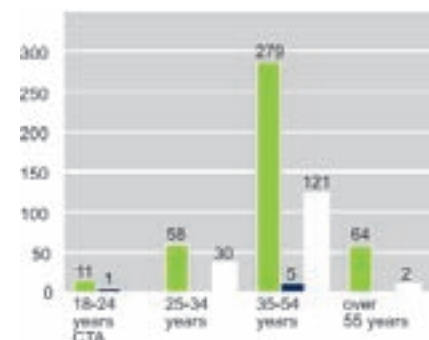
Classification of the meteorological aeronautics staff according to studies education and age

- general education
- highschool
- post-highschool
- higher education
- professional school

Classification of the air air navigation protection staff according to studies education and age

- highschool
- post-highschool
- higher education
- professional school

Classification of the meteorological aeronautics staff according to studies and age



As the accomplishments of the administration are highly dependant upon the potential of the human resources and of their active involvement in solving the work tasks, the leadership of the administration got involved in the training and in the professional formation of the staff.

These activities had as a main target the improvement of the staff competencies in specific activities, aiming at the continuous increase of the performances and of the professionalism of the leading and execution staff. The training programs were carried out both in cooperation with specialised institutions, as well as internal level, by developing a number of internal training resources - training the trainers/ the lecturers and the continuous improvement of their competencies. Its own training centres, namely the simulators in DR Arad, DR Bucharest, DR Constanța, DSNA Bucharest and DSNA Cluj, the training center of the aeronautical meteorological aeronautics staff benefit of all the equipment necessary for offering the best conditions for the staff professional training.

Thus, during 2007, the professional training programs (courses, seminars or other professional training forms) had as objectives:

- to maintain/increase the competency of the aeronautical staff in order to extend/revalidate the validity of the nominal qualification documents;
- to acknowledge the 4th ICAO level in English for the air traffic controllers;
- to train the probationers in order to obtain the basic minimum qualification necessary for the job appointment;
- to improve/specialise the staff for the use, maintenance and repair of the new equipments.

The necessary actions related to the control and the revalidation of the medical capacity have been planned, organised, monitored and carried out.

According to the strategy of the administration, professional reconversion programs have been started up for 14 employees appointed on administrative and aeronautical telecommunications positions, for advancing to the aeronautical meteorological aeronautics and air navigation protection professional categories of staff, by organising selection contests, training programs and examination by AACR in order to grant the corresponding licence/qualifications.

During 2007, an important action was taken, regarding the reduction of the number of employees within the administration by anticipated retirements, by partially anticipated retirements and by reducing the standard age of retirement for the activity carried out in the working groups. The action was finalised in January 2008, the total number of positions reduced by this action amounting to 85.

At the same time, 43 persons stopped the work relations with the administration, 19 of which by retirement due to age limit, 7 by decease and 17 by parties agreement, resignation or due to expiration of the employment term.

Milestones regarding the professional training activity:

- 4,2 mil. € budget (education, transport, accomodation, daily allowance and licensing)
- More than 1400 employees trained in the country;
- More than 8000 days of internal professional training;
- More than 500 employees trained abroad;
- More than 13500 days of external professional training;
- 18 days of external professional training in average.

Milestones regarding the adaptation of the staff number by:

- Professional reconversion;
- Anticipated retirements/ partially anticipated retirements

Milestones regarding the medical competency of the operative staff, established within the medical centres authorised by the Romanian Civil Aeronautic Authority.

Activity control

The internal audit activity carried out during 2007, after the missions approved by the internal audit annual plan, included the following topics:

- „system of funds allocation to the subunits of RA Romatsa"
- „the existence and the evaluation of the internal control organisation within RA Romatsa and the subunits, the functioning of its components and its administration at the management level"
- „the system regarding the assistance and the support offered of the leadership management of RA Romatsa for designing and applying the image strategies and the internal and the external communication, related to the specific activity of the administration, by the units having attributions in this direction".

Following the risk analyses performed for each internal audit mission, corresponding to the specific activities/objectives mentioned in the internal audit missions carried out during 2007, no background problems have been identified.

Thus, based on the final internal audit Reports, drawn up and approved after the internal audit missions carried out during 2007, a number of 11 problems were identified, for which a number of 21 recommendations were formulated. Most of the recommendations aimed at issues related to a better organisation and functioning of the regulated Internal Control System, with the corresponding manifestation forms within the administration, also from the subunits, followed by recommendations formulated in order to make certain specific activities related to the execution of the special protocol actions more efficient, the functioning of the RA Romatsa documentation cabinet, as well as the administration of the relations with the governmental and the nongovernmental international organisations, with civil aeronautical institutions and agents in Romania, all these activities being performed in order to provide the documentary support and the relations for realising the communication of the administration management with the aforementioned organisations.

The internal audit unit monitors if the recommendations are observed and presents the status of their implementation to the leadership of RA Romatsa, upon request, or by periodic reports.

To this extent, we mention that, for each recommendation approved by the internal audit reports, the Internal Audit Unit has drawn up the a Follow-up Fiche for the Recommendations, by which the actions taken for executing the recommendation, as well as the possible modifications of the execution deadline, approved by the general director of Romatsa, upon the proposal of the analysed structures, are being operated/monitored.

Cooperation relations

Year 2007 was a year with many challenges for Romatsa; as every year, the administration tried to create new relations with the internal and international organisations, and to keep and to strengthen the already existing relations.

During the previous year, Romatsa collaborated with the specialised divisions within the Ministry of Transports (DGAvc, DGIPC, DGJ, etc.), with AACR, TAROM Company, the Ministry of National Defence, SMFA, etc.

These collaborations had as a purpose the harmonisation and the integration of Romania in the specialised European system (EUROCONTROL, European Union) and to provide, together with the Ministry of National Defence, the coordinated use of the Romanian air space by the civil and military aviation.

As every year, the specialists of Romatsa took part in working groups and, by detached specialists, to the specific actions carried out by organisations operating in the air traffic field.



At the same time, in cooperation with other specialised organisms, the administration took part, with logistics, at the organisation in Romania of several international cooperation activities, beneficial to the interest of Romania to accede to the Euroatlantic structures.

During the reference period, the relations of R.A. ROMATSA with the international organisations falling under the same profile and with the similar organisations in other European states were intensified, one of the main reasons being the necessity of cooperation on regional plan and providing lobby at European level, in order to ensure an advantageous position of Romania within the future ATM structures, resulting by the application of the SES concept.

At the same time, ROMATSA established and strengthened the relations with different international organisations and international air traffic providers (ICAO, UksATSE, DFS, NATS, etc.).

During the same year, the administration was visited by important organisations and personalities, which seemed pleased by the level of professionalism and technical equipment, at international level.

Objectives of Romatsa

For the period 2008-2010, Romatsa set out four priorities:

1. To finalise the implementation of the operational concept by:
 - realising the terminal area Constanța and establishing APP Constanța;
 - transfer of the route activity from CDZ Constanța to CDZ Bucharest;
 - realising the terminal area Arad and establishing APP Arad;
 - transfer of the route activity from CDZ Arad to CDZ Bucharest;
 - realising CR 1 CDZ Bucharest;
 - establishing CR 2 by an agreement with the Ministry of National Defence;
 - implementing the agreements corresponding to FAB DANUBE- the trans-border contingency Bucharest-Sofia;
 - setting up the Centre for Flight Information at CDZ Bucharest with 5 working positions, 5 responsibility area and 5 frequencies;
 - creating the alarm service used for searching and rescuing, within the responsibility areas of ACC Bucharest, APP Cluj and APP Bacău in CDZ Bucharest; APP Arad in CDZ Arad, APP Constanța in CDZ Constanța and at each TWR;
 - step by step modernization and integration of the control tours
2. FAB DANUBE
 - detailed study regarding the stages steps and the activities necessary for the implementation of FAB DANUBE;
 - preparing the implementation of FAB DANUBE in the operational fields (ATM, AIS and MET), civil-military, CNS, safety and quality management, legal/institutional, organizational, economic and financial, human resources and social dialogue, aeronautics security and informatics;
 - elaborating and signing agreements, regulation projects for the implementation of FAB DANUBE
3. E-management system and intranet network Romatsa

An informational system will be set up and applied, for planning the resources (ERP) and also a document management system, in electronic format, implemented in Intranet Romatsa, a functional administrative network and a certified management system of informational security
4. Romatsa 2010

Proposals for a new Collective Labour Contract and salary schemes, applicable in 2010 to the employees of Romatsa.



Independent Auditor's Report

To the Shareholders of RA ROMATSA

1. We have audited the accompanying financial statements of RA ROMATSA (the Regia) as at December 31, 2007, comprising in balance sheet, income statement, statement of changes in equity and cash-flow statement for the year ended at this date and also a presentation of the representative accounting policies and other financial notes.

The responsibility of the Company's management for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with MoPF Order 1752/2005 and related amendments for the approval of "accounting regulations, complying with European Directives" and Decision 1031/1999 regarding the accounting record of publicly owned goods issued by the Romanian Government. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Audit Standards issued by the Romanian Chamber of Auditors which are in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion, the financial statements present fairly, in all material respects the financial position of RA ROMATSA as at December 31, 2007 as well as the results obtained and the cash flows for the year ended at this date in accordance with MoPF Order 1752/2005 and Decision 1031/1999.

Other matters

6. This report is made solely to the Regia's Administration Council, as a body. Our audit work has been undertaken so that we might state to the Regia's Administration Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Regia and the Regia's Administration Council as a body, for our audit work, for this report, or for the opinion we have formed.
7. The accompanying financial statements are not intended to present the financial position, results of operations and a complete set of notes to the financial statements of the Regia in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Romania. Accordingly, the accompanying financial statements are not designed for those who are not informed about Romanian legal and statutory requirements including the Order of the Minister of Public Finance no. 1752/2005 and related amendments and the accounting policies presented in the notes to the financial statements and the decision 1031/1999 issued by the Romanian Government regarding the accounting of public patrimony assets.

Report of the conformity of the Administrator's Report with the Financial Statements

8. According to the MoPF Order 1752/2005, our engagement was extended to the review of the Administrator's Report on Financial Statements for the year ended December 31, 2007 (numbered from page 1 to page XX). The Administrator's Report is not part of the Financial Statements. Based on our review, we did not observe any inconsistencies of Administrator's Report comparing with the enclosed financial statements.

BDO Conti Audit

Bucharest, April 14th, 2008



(in RON unless otherwise stated))

	BALANCE AT	
	1 January 2007	31 December 2007
A. NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
1. Set-up expenses	0	0
2. Development expenses	0	0
3. Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	1,228,926	1,312,363
4. Trade fund	-	-
5. Advances and intangible assets in progress	0	0
TOTAL	1,228,926	1,312,363
II. TANGIBLE ASSETS		
1. Land and buildings	365,404,537	373,358,218
2. Technical installations and machines	114,132,136	110,957,800
3. Other equipment, tools and furniture	6,704,110	6,369,920
4. Advances and tangible assets in progress	16,127,046	21,004,854
TOTAL	502,367,829	511,690,792
III. FINANCIAL ASSETS		
1. Investments in associates	0	0
2. Investment securities	0	0
3. Other loans	35,858	37,689
Total	35,858	37,689
NON-CURRENT ASSETS TOTAL	503,632,613	513,040,844
B. CURRENT ASSETS		
I. INVENTORY		
1. Raw materials and consumables	9,440,890	10,154,515
2. Work in progress	0	0
3. Finished goods and merchandise	177	23
4. Advances for inventory purchases	172,242	1,134
TOTAL	9,613,309	10,155,672
II. ACCOUNTS RECEIVABLE		
1. Trade receivables	81,808,359	83,893,119
2. Intragroup receivables	0	0
3. Other receivables	8,038,180	4,812,198
4. Subscribed and unpaid capital	0	0
TOTAL	89,846,539	88,705,317
III. SHORT TERM INVESTMENTS		
1. Other short term investments	0	0
TOTAL	0	0
IV. CASH AND BANK	108,247,704	132,688,456
CURRENT ASSETS-TOTAL	207,707,552	231,549,445
C. PREPAID EXPENSES	4,308,234	4,064,212
D. CURRENT LIABILITIES		
1. Amounts due to credit institutions	5,306,587	0
2. Advances from customer	0	0
3. Trade creditors	9,132,118	9,984,389
4. Notes payable	0	0
5. Other liabilities, including tax and social security liabilities	36,171,806	25,471,352
TOTAL	50,610,511	35,455,741

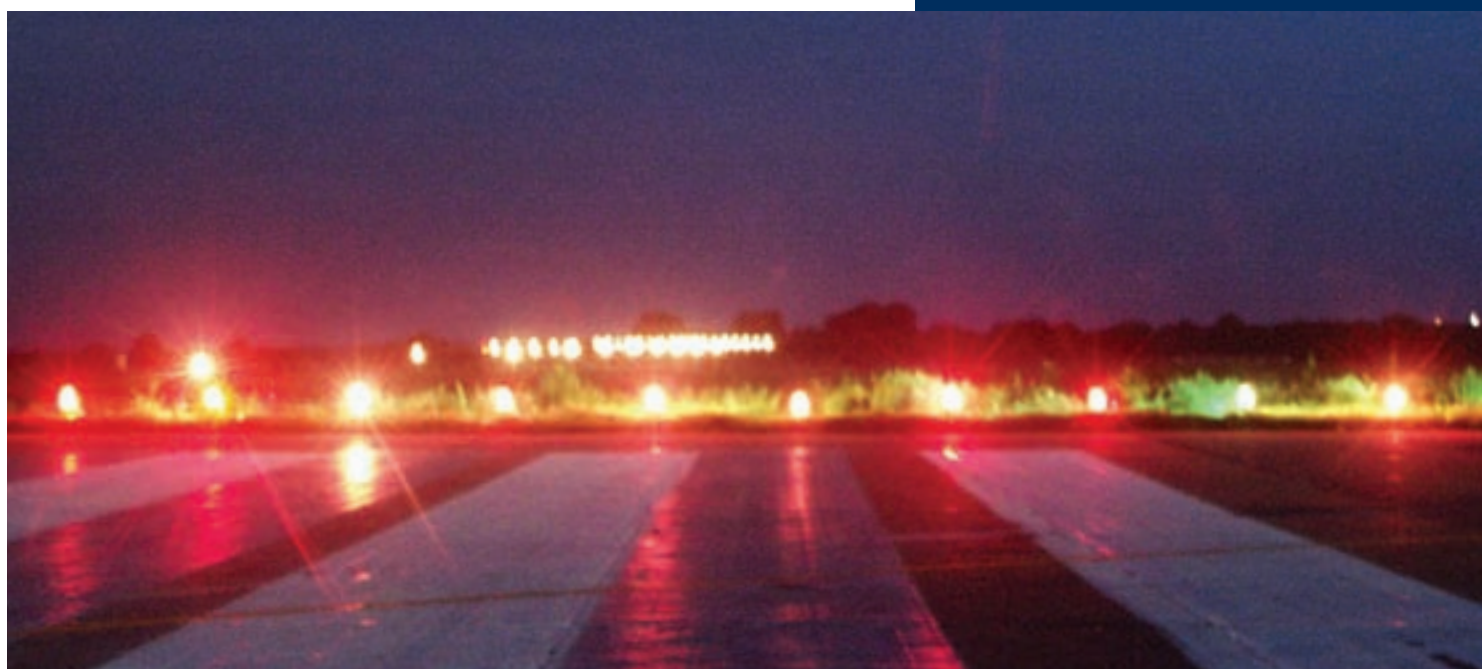
	BALANCE AT	
	1 January 2007	31 December 2007
E. NET CURRENT ASSETS/ NET CURRENT LIABILITIES	161,401,171	200,153,070
F. TOTAL ASSETS LESS CURRENT LIABILITIES	665,033,784	713,193,914
G. NON-CURRENT LIABILITIES		
1. Amounts due to credit institutions	43,980	0
2. Trade creditors	0	0
3. Other liabilities, including social security liabilities	0	0
TOTAL	43,980	0
H. PROVISIONS		
1. Provisions for pensions and other similar debts	0	25,616,447
2. Provisions for taxation	14,202,326	784,090
3. Other provisions	2,496,713	2,356,141
PROVISIONS-TOTAL	16,699,039	28,756,678
I. DEFERRED INCOME		
Subsidies	96,010	82,026
Deferred revenue	4,104	4,846
TOTAL	100,114	86,872
J. CAPITAL SI RESERVES		
I. CAPITAL		
Subscribed and paid capital	0	0
Subscribed and unpaid capital	0	0
Regia patrimony	214,684,295	214,684,295
TOTAL	214,684,295	214,684,295
II. CAPITAL BONUS	0	0
III. REVALUATION RESERVES	248,754,407	270,649,752
IV. RESERVES		
1. Legal reserves	5,021,741	5,021,741
2. Statutory reserves	0	0
3. Reserves representing surplus from revaluation reserves	8,049,636	9,006,839
4. Other reserves	71,400,103	71,400,103
TOTAL	84,471,480	85,428,683
V. PROFIT OR LOSS CARRIED FORWARD		
Balance C	0	0
Balance D	700,011	4,531,652
VI. PROFIT OR LOSS FOR THE PERIOD		
Balance C	0	0
Balance D	3,831,641	0
Profit distribution	0	0
TOTAL OWNER'S EQUITY	543,378,530	579,947,022
Public Patrimony	104,816,225	104,408,188
TOTAL OWNER'S EQUITY	648,194,755	684,355,210

STATEMENT OF INCOME

(in RON unless otherwise stated)

DESCRIPTION	31 December 2006	31 December 2007
1. Net turnover	495,760,703	469,268,542
Production sold	495,760,703	469,268,542
Sale of goods purchased for resale	0	0
2. Changes in inventories		
Balance C	0	0
Balance D	0	0
3. Work performed by undertaking for its own purposes and capitalized	385,762	89,656
4. Other operating revenues	1,475,139	483,476
OPERATING REVENUES TOTAL	497,621,604	469,841,674
5. a) raw material and consumable expenses	6,075,232	7,150,251
Other material expenses	992,729	1,046,815
b) other external expenses (energy and water)	3,611,901	3,908,044
Cost of goods sold	0	0
6. Staff costs, out of which	266,598,733	301,632,244
a) wages and salaries	197,228,139	239,892,182
b) social security costs	69,370,594	61,740,062
7. a) tangible and intangible assets value adjustment	87,473,008	42,524,198
a. 1) Expenses	87,473,008	42,524,198
a. 2) Revenues	0	0
7. b) current assets value adjustment	-287,875	3,645,381
b. 1) Expenses	4,490,747	8,743,357
b. 2) Revenues	4,778,622	5,097,976
8. Other operating expenses	165,866,417	93,275,626
8.1. External services expenses	66,998,575	87,557,035
8.2. Other taxes, duties and similar expenses	97,833,291	4,078,896
8.3. Expenses with donations, damages and ceded assets	1,034,551	1,639,695
Adjustments for provisions	-46,030,479	12,057,638
Expenses	0	27,635,684
Revenues	46,030,479	15,578,046
OPERATING EXPENSES-TOTAL	484,299,666	465,240,197

DESCRIPTION	31 December 2006	31 December 2007
OPERATING RESULT		
Profit	13,321,938	4,601,477
Loss	0	0
9. Interest income	3,045,139	5,398,803
Other financial income	5,715,471	15,366,860
FINANCIAL INCOME-TOTAL	8,760,610	20,765,663
Expenses	0	0
Incomes	0	0
10. Interest expense	1,018,055	311,510
Other financial expenses	18,385,535	7,327,436
FINANCIAL EXPENSES TOTAL	19,403,590	7,638,946
FINANCIAL RESULT		
Profit	0	0
Loss	10,642,980	13,126,717
14. Current result		
Profit	2,678,958	17,728,194
Loss	0	0
15. Extraordinary revenues	0	0
16. Extraordinary expenses	0	0
17. Extraordinary result		
Profit	0	0
Loss	0	0
TOTAL INCOME	506,382,214	490,607,337
TOTAL EXPENSES	503,703,256	472,879,143
GROSS RESULT		
Profit	2,678,958	17,728,194
Loss	0	0
18. Income tax	6,510,599	4,012,250
19. NET RESULT OF THE YEAR		
Profit	0	13,715,944
Loss	3,831,641	0



STATEMENT OF CASH FLOWS

(in RON unless otherwise stated)

	2006	2007
Cash generated from operations		
Net profit before tax	2,678,958	17,728,194
Adjustments for:		
Depreciation and provision for non current assets	87,473,008	42,524,198
Revenues from investment subsidies	-	(18,745)
Provision for risks and expenses	(46,030,479)	12,057,639
Bad debt allowance	(3,074,048)	(2,696,052)
Loss from receivables	2,786,173	6,498,844
Expenses/(revenues) from disposal of non current assets	591,500	110,163
Interest income	(3,045,139)	(5,398,803)
Interest expense	1,018,055	311,510
Operating profit before working capital changes	42,398,028	71,116,948
Decrease/(Increase) in trade receivables and other receivables	11,025,991	(2,000,773)
Decrease/(Increase) in inventories	358,031	(542,363)
Decrease/(Increase) in trade and other payables	4,468,775	(11,509,498)
Cash from operating activities	58,250,825	58,149,031
Interest received	2,794,925	4,984,431
Interest paid	(1,018,055)	(311,510)
Income tax paid	(5,005,705)	(2,892,246)
Cash flow before extraordinary items	55,021,990	59,929,706
Decrease/(Increase) from extraordinary activities	-	-
Net cash from operating activities	55,021,990	59,929,706
Cash flows from investing activities		
Purchases of assets	(25,534,612)	(29,245,047)
Proceed from assets sold	35,527	147,531
Net cash used in investing activities	(25,499,085)	(29,097,516)
Cash flows from financing activities		
Movements in borrowings	(13,365,309)	(5,306,587)
Financial lease payments	-	(1,084,851)
Dividends paid toward State	(6,980,000)	-
Net cash in financing activities	(20,345,309)	(6,391,438)
Net increase/(decrease) in cash and cash equivalents	9,177,596	24,440,752
Cash and cash equivalents at the beginning of year	99,070,108	108,247,704
Cash and cash equivalents at year-end	108,247,704	132,688,456

STATEMENT OF CHANGES IN EQUITY

(in RON unless otherwise stated)

Description	Balance as at January 1 st , 2006	Increases	Decreases	Balance as at Dec. 31 st , 2006 and Jan. 1 st , 2007	Increases	Decreases	Balance as at Dec. 31 st , 2007
Regia's Patrimony	214,684,295	0	0	214,684,295	0	0	214,684,295
Revaluation reserves	232,596,207	17,115,666	957,466	248,754,407	22,852,548	957,203	270,649,752
Legal reserves	5,065,426	0	43,685	5,021,741	0	0	5,021,741
Realised surplus from revaluation reserves	8,049,636	0	0	8,049,636	957,203	0	9,006,839
Other reserves	71,400,103	0	0	71,400,103	0	0	71,400,103
Retained earnings	0	0	0	0	0	0	0
Undistributed result	6,980,000	0	6,980,000	0	0	0	0
Uncovered loss	700,011	0	0	700,011	3,831,641	0	4,531,652
Credit balance	0	0	0	0	0	0	0
Debit balance	0	0	0	0	0	0	0
Result brought forward arising from correction of fundamental errors	0	0	0	0	0	0	0
Credit balance	0	0	0	0	0	0	0
Debit balance	0	0	0	0	0	0	0
Retained earnings-realised surplus from revaluation reserves	7,092,170	0	7,092,170	0	0	0	0
Credit balance	14,221,867	0	14,221,867	0	13,715,944	0	13,715,944
Debit balance	0	3,831,641	0	3,831,641	0	3,831,641	0
Profit distribution	14,221,867	0	14,221,867	0	0	0	0
TOTAL	545,167,826	13,284,025	15,073,321	543,378,530	33,694,054	-2,874,438	579,947,022



FINANCIAL NOTES

(in RON unless otherwise stated)

NOTE 1a. INTANGIBLE ASSETS

	Intangible Assets		Total
	Other Intangible Assets	Advance payments and intangible assets in progress	Intangible Assets
Cost			
As at 31.12.2006	5,210,407	-	5,210,407
Additions	923,557	293,298	1,216,855
Disposals	(490,590)	(293,298)	(783,888)
As at 31.12.2007	5,643,374	-	5,643,374
Depreciation			
As at 31.12.2006	3,981,481	-	3,981,481
Additions	839,394	-	839,394
Disposals	(489,864)	-	(489,864)
As at 31.12.2007	4,331,011	-	4,331,011
Net book value			
As at 31.12.2007	1,312,363	-	1,312,363
As at 31.12.2006	1,228,926	-	1,228,926

NOTE 1b. TANGIBLE ASSETS

	Tangible Assets					Total Tangible Assets
	Land	Buildings	Plant and machinery, motor vehicles	Furniture and office equipment	Advance payments and tangible assets in progress	
Cost						
As at 31.12.2006	105,791,751	310,007,576	394,578,202	10,359,759	16,127,046	836,864,334
Additions	-	20,087,880	26,348,254	685,574	32,131,069	79,252,777
Disposals	(408,036)	(713,681)	(4,728,027)	(187,886)	(27,253,261)	(33,290,891)
As at 31.12.2007	105,383,715	329,381,775	416,198,429	10,857,447	21,004,854	882,826,220
Depreciation						
As at 31.12.2006	-	50,394,790	280,446,066	3,655,649	-	334,496,505
Additions	-	11,247,342	29,436,729	1,000,733	-	41,684,804
Disposals	-	(234,860)	(4,642,166)	(168,855)	-	(5,045,881)
As at 31.12.2007	-	61,407,272	305,240,629	4,487,527	-	371,135,428
Net book value						
As at 31.12.2007	105,383,715	267,974,503	110,957,800	6,369,920	21,004,854	511,690,792
As at 31.12.2006	105,791,751	259,612,786	114,132,136	6,704,110	16,127,046	502,367,829

Reevaluation of Tangible Assets

As specified in Note 6F, tangible assets of the Regia were revalued by independent evaluators at the date of August 31st, 1998. Starting December 31st, 1999, the Regia proceeds to annual adjustments of intangible and tangible assets in accordance with Ordinance no. 46/1998 and Law no. 571/2003.

Changes in revaluation reserve during financial year 2007 are the following :

Description	2006	2007
Revaluation reserve as at the beginning of the financial year	232,596,207	248,754,407
Revaluation differences transferred during the financial year	17,115,666	22,852,548
Amounts transferred from revaluation reserve during the financial year	957,466	957,203
Revaluation reserve as at the end of the financial year	248,754,407	270,649,752

Public patrimony

As at December 31st, 2006, the Regia recorded in its Financial Statements land in amount of 104,816,225 RON, which is part of the public patrimony and under Regia's administration. As at December 31st, 2007 the amount of land part of the public patrimony and under Regia's administration remained unchanged.

Tangible Assets used in leasing contracts, Regia being in the position of the "lease" :

Until December 31st, 2006, tangible assets included equipments used in some financial leasing contracts, as follows:

	December 31 st , 2006 (RON)
Cost	4,529,788
Accumulated Depreciation	1,889,169
Net Book Value	2,640,619

NOTE 1c. FINANCIAL ASSETS

Cost

As at 31.12.2006	27,663,963
Additions	36,982
Disposals	(34,451)
As at 31.12.2007	27,665,794

Depreciation

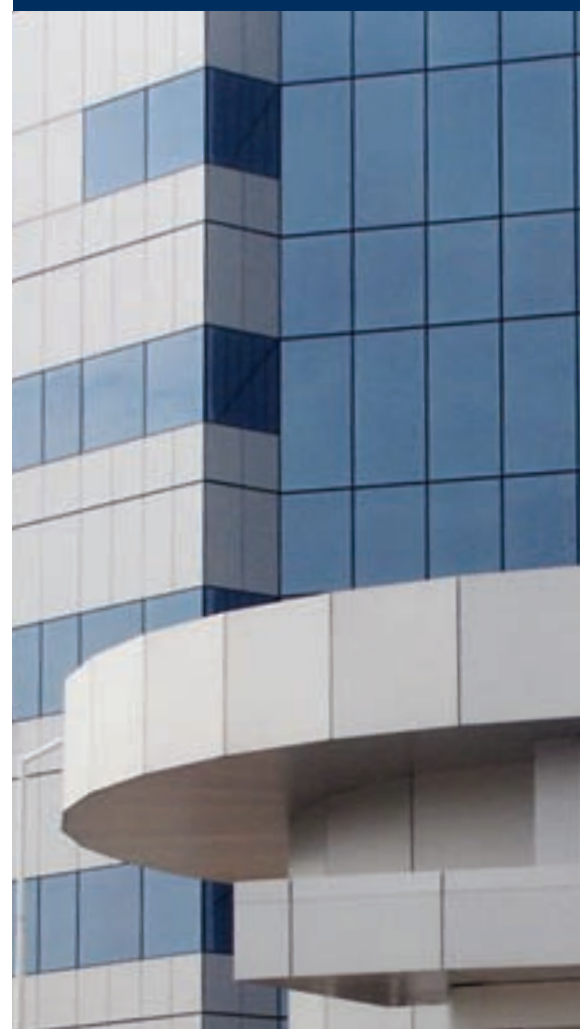
As at 31.12.2006	-
Additions	-
Disposals	-
As at 31.12.2007	-

Impairment

As at 31.12.2006	27,628,105
Additions	-
Disposals	-
As at 31.12.2007	27,628,105

Net book value

As at 31.12.2007	-
As at 31.12.2006	-





The Regia holds investments in amount of 27,628,105 RON representing 2.18% from the shares of Tarom SA -Romanian Airlines („Tarom”) as at December 31st, 2007 (December 31st, 2006: 2,18%). Nominal value of shares is 2,5 RON, Regia is holding 11,051,242 shares. 2,670,034 shares have been acquired in July 1998 through the conversion of Tarom receivables as at September 30th, 1997, based on Government Ordinance 45/1997.

In 2001, in compliance with Government Ordinance 173 issued by the Romanian Government in December 13th, 2001 and published in Official Gazette no. 831/ December 21st, 2001, Regia made the conversion of the receivables due by Tarom in amount of 30,224,587 RON (receivables including both value added tax and penalties in amount of 8,019,625 RON due by Tarom as a result of late payment penalties) into shares in this company.

In 2002, in compliance with Law 323/May 2002 for the approval of Government Ordinance no. 173/ December 13th, 2001, value added tax and penalties were not accepted as contribution to the share capital of Tarom. Therefore, the Regia reduced its investments to 27,628,105 RON.

In accordance with the legislation in force, the Regia has no right to sell these shares. Because Regia received no dividend or other advantages from Tarom, the investment was fully impaired as at December 31st, 2007 and December 31st, 2006.

NOTE 2. PROVISIONS FOR RISKS AND CHARGES

Provision's Description	Balance	Transfers		Balance
	01.01.2007	In the account	From the account	31.12.2007
0	1	2	3	4
Provision for route activity	1,126,236	-	1,126,236	-
Provision regarding the fund for employees' participation to profit	-	1,020,000	-	1,020,000
Provision for deferred tax	14,202,326	784,096	14,202,326	784,096
Provision for employee benefits	-	25,616,447	-	25,616,447
Other provisions for risks and chargs	1,370,477	215,147	249,483	1,336,141
TOTAL	16,699,039	27,635,690	15,578,045	28,756,684

According to Law 571/2003, the Regia constitutes annually a provision for the route activity, fiscally deductible. The provision is calculated as a difference between operating incomes effectively realized from the air route activity and the related costs. This provision is used to cover the operating expenses surpassing the tariffs annually settled by EUROCONTROL.

Deferred tax provision decreases as a result of the following aspect: starting January 1st, 2007, according to Fiscal Code, amounts not depreciated resulted from previous revaluations of non-current assets are fiscally recognized. As a result, deferred profit tax was realized excepting for the one resulted from fiscal facilities conceded previously to the Regia.

Provision for employees' benefits was created at the end of the year 2007 according to stipulations of Government Ordinance 64/2001 in order to present the Regia's liabilities as at December 31st, 2007.

Provision for employees' benefits has been calculated as a result of commitments stipulated in the General Staff Contract in force as at December 31st, 2007. It is stipulated that Regia grants to its employees who retire anticipate, a number of wages for the remaining months till the normal retirement age. In the provision calculated as at December 31st, 2007, were considered all the wages due to employees that have announced their retirement option until this date, and the related social contributions. These wages were paid during 2008.

NOTE 3. PROFIT DISTRIBUTION

Destination	2006	2007
Net profit to be distributed:	-	13,715,944
1. Legal reserves	-	-
2. Other reserves	-	-
Undistributed profit	-	13,715,944

Regia recorded loss during financial year 2006.

Profit recorded during 2007 is going to be distributed during 2008 according to Management Board Decision.

NOTE 4. OPERATING RESULT ANALYSIS

INDICATOR	2006	2007
1. NET TURNOVER	495,760,703	469,268,542
2. Cost of goods sold and services performed (3+4+5)	484,299,666	465,240,197
3. Main activity expenses	484,299,666	465,240,197
4. Expenses related to auxiliary operations	-	-
5. Production overheads	-	-
6. Gross result related to the turnover (1-2)	11,461,037	4,028,345
7. Sale and distribution expenses	-	-
8. General and administrative expenses	-	-
9. Other operating income	1,860,901	573,132
10. Operating result (6-7-8+9)	13,321,938	4,601,477

NOTE 5. RECEIVABLES AND PAYABLES

RECEIVABLES	December 31 st , 2007		LIQUIDITY
	Less 1 year	Over 1 year	
Trade receivables	83,893,119	83,893,119	-
Other receivables	4,812,198	4,812,198	-
Total	88,705,317	88,705,317	-

RECEIVABLES	December 31 st , 2006		LIQUIDITY
	Less 1 year	Over 1 year	
Trade receivables	81,808,359	81,808,359	-
Other receivables	8,038,180	8,038,180	-
Total	89,846,539	89,846,539	-

„Other receivables" include:

Description	December 31 st , 2006	December 31 st , 2007
Intragroup receivables (see also Note 13)	2,141,871	2,498,914
Accounts receivables	87,446,939	86,508,140
Bad and doubtful debts	246,595	245,977
Allowance for bad and doubtful debts	(8,058,965)	(5,362,913)
Accounts receivable-invoices to be raised	6,930	-
Advances for services	24,989	3,001
Total	81,808,359	83,893,119

„Other receivables" include:

Description	December 31 st , 2006	December 31 st , 2007
Other taxes and similar amounts	5,885,077	2,099,655
Interest to be received	423,022	837,394
Amounts to be settled between Regia and its subunits	-	3,883
Advances to employees	147,002	222,418
Other employees related claims	9,740	-
Sundry debtors	32,488	142,069
Unsettled transaction	1,540,851	1,506,779
Total	8,038,180	4,812,198

PAYABLES

	December 31 st , 2007	EXIGIBILITY	
		Less than 1 year	Over 1 year
Trade payables	9,984,389	9,984,389	-
Other liabilities, including fiscal liabilities and other social contributions	25,471,352	25,471,352	-
Total	35,455,741	35,455,741	-

	December 31 st , 2007	EXIGIBILITY	
		Less than 1 year	Over 1 year
Bank loans and similar debts	5,350,567	5,306,587	43,980
Financial leases and similar debts	1,084,850	1,084,850	-
Trade payables	9,132,118	9,132,118	-
Other liabilities, including fiscal liabilities and other social contributions	35,086,956	35,086,956	-
Total	50,654,491	50,610,511	43,980

„Trade Payables" include:

Description	December 31 st , 2006	December 31 st , 2007
Intragroup Payables (see also Note 13)	1,650,962	1,622,387
Accounts Payable	3,381,170	1,828,256
Payables for fixed assets	2,502,651	2,052,658
Accounts payable-invoiced to be received	2,449,605	3,628,816
Total	9,984,388	9,132,117

„Other Payables" include:

Description	December 31 st , 2006	December 31 st , 2007
Finance lease	1,084,850	-
Bank loans and similar debts	5,350,567	-
Employees' related debts and Contributions	12,090,850	14,947,914
Social security contributions	2,699,023	5,523,576
Salary tax	3,740,130	4,605,602
Sundry creditors	236,894	378,810
Taxes and similar debts	16,320,059	15,450
Total	41,522,373	25,471,352

NOTE 6. PRINCIPLES, ACCOUNTING POLICIES AND METHODS

The main accounting policies adopted in preparing these financial statements are disclosed below.

A. Basis of preparation

1. General Information

These financial statements have been prepared in accordance with:

- I The Accounting Law no 82/1991 republished in January 2005 ("Law 82");
- II Accounting Regulations compliant with European Directives approved by Order of the Minister of Public Finance of Romania 1752/2005 ("OMF 1752") with subsequent amendments.

MoPF 1752 requires that legal entities specified at art. 1 paragraph 1 of Law 82 should apply Accounting Regulations compliant with the Fourth Directive of the European Economic Communities, and that consolidated annual financial statements should be prepared in accordance with the Seventh Directive of the European Economic Communities.

These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies.

2. Use of estimates

The preparation of financial statements in accordance with OMF 1752 and subsequent amendments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective period. Although these estimates are based on the best information available as at the date of the financial statements, actual results may differ from these estimates.

3. Going concern

These financial statements have been prepared based on the going concern principle, which assumes that the Regia will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows. Based on these reviews, the management believes that the Regia will be able to continue to operate as a going concern in the foreseeable future and, therefore, this principle should be applied in the preparation of these financial statements.

4. Presentation currency

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei ("RON"). RON is not a convertible currency outside Romania.

B. Foreign currency translation

Foreign currency transactions of the Regia are translated into the measurement currency using the exchange rates communicated by the National Bank of Romania ('NBR') as at the dates of the transactions. Foreign currency balances are translated into RON using the exchange rates communicated by NBR as at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, within the financial result.



C. Code stipulations applicable exclusively to the Regia's financial statements

The Regia records quarterly a provision, in accordance with Article 22, line 4 from Law 571/2003 regarding the Fiscal Code issued by the Romanian Parliament, for the difference between route activity's statutory operational income and expenses, which is used for covering the operating expenses that are above the annual tariffs established by the Eurocontrol.

SRegia performs an annual actualization of the net book value of its tangible and intangible assets from previous year using the inflation index for the previous year, communicated by the National Institute of Statistic, in accordance with Article 24, line 20 from Law 571/2003 regarding the Fiscal Code issued by the Romanian Parliament. The value of its tangible and intangible assets acquired during the fiscal year is updated with the change in inflation index between the acquisition date and fiscal year end. The value of its assets and of Regia's patrimony is increased with the differences resulted from this annual indexation exercise. The depreciation of Regia's patrimony, which took the form of tangible and intangible assets, is performed using the linear method. The net book value, relating to assets disposed before the completion of their useful lives, less amounts recovered from disposal, are recorded in operating expenses and is fiscally deductible.

D. Intangible assets

1. Cost/evaluation

I Computer software

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

Costs that are directly associated with identifiable and unique software products controlled by the Regia and will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Computer software development costs are recognized as intangible assets if they do not form an integral part of the tangible assets.

II Other intangible assets

Patents, trademarks, licences and other intangible assets are recognized at purchase cost. As mentioned in Note 6F, intangible assets of the Regia are annually indexed in accordance with GO 46.1998 and Law 571/2003.

2. Depreciation

I Computer software

Computer software development costs capitalized are amortized using the straight-line method over a period of maximum 3 years.

II Other intangible assets

Patents, trademarks, license and other intangible assets are amortized using the straight-line method over their useful lives, not exceeding 20 years. Licences relating to the right of usage of computer software are amortised over a period of maximum 3 years.

Expenses allowing intangible assets to generate future economic benefits above the performance initially provided are added up to their original cost. These expenses are capitalized as intangible assets if not part of tangible assets.

E. Tangible assets

1. Cost/evaluation

Property, plant and equipment are initially stated at cost.

As at 31 August 1998, using the methodology approved by Order 2117/1998, issued by the Public Finance Ministry, the Regia valued its tangible assets using an independent evaluator. The purpose of the evaluation was to bring its tangible assets to their market value as at 31 August 1998. The methods applied were the method of depreciated replacement cost and the benchmark method. Starting 31 December 1999, the Regia performs annually an indexation of the value of its tangibles and intangibles assets in accordance with GO 46/1998 and

Law 571/2003. Regia considers that the result of indexation performed in accordance with GO 46/1998 and Law 571/2003, reflects the fair value of its assets.

The revaluation surplus has been recorded in the Regia's patrimony during 1999 and 2000. Starting 2001, this has been taken to revaluation reserve, from the owner's equity.

Items of tangible fixed assets that are retired or otherwise disposed of are eliminated from the balance sheet along with the corresponding accumulated depreciation. Any gain or loss resulting from such retirement or disposal is included in the current income statement

The expenditure on repairs or maintenance of tangible assets is recognized as incurred while the significant improvements which increase the value or useful life of the assets, or which increase their revenue generating capacity are capitalized.

Non-current assets such as petty inventory items, including tools and equipment, are expensed when purchased and are not included in the carrying value of assets

At 31 December 2006, according to Governmental Decision 1031/1999, the Regia has recognised in its financial statements land in amount of RON 104,816,225, belonging to public patrimony and administered by the Regia. The land has been recognised at its market value as at 31 December 2006.

2. Depreciation

Depreciation of tangible assets is determined at cost using the straight-line method over the estimated useful life of the assets.

The estimated useful lives of various fixed asset categories are as follows:

Type	Years
Buildings and special constructions	10-50
Technical installations and machines	1-30
Other plant, tools and furniture	1-30

Land is not subject to depreciation as it deemed to have indefinite life. Assets in course of construction are not subject to depreciation.

Starting January 1st, 2007, the net book value of assets revalued between 2003 - 2006, is now deductible for fiscal purposes.

3. Disposal/retirements of tangible assets

Items of tangible fixed assets that are retired or otherwise disposed of are eliminated from the balance sheet along with the corresponding accumulated depreciation. Any gain or loss resulting from such retirement or disposal is included in the current income statement

F. Impairment of assets

Tangible assets and other long term assets are reviewed for impairment whenever there are events or changes that suggest the fact that accounting value might not be recovered.

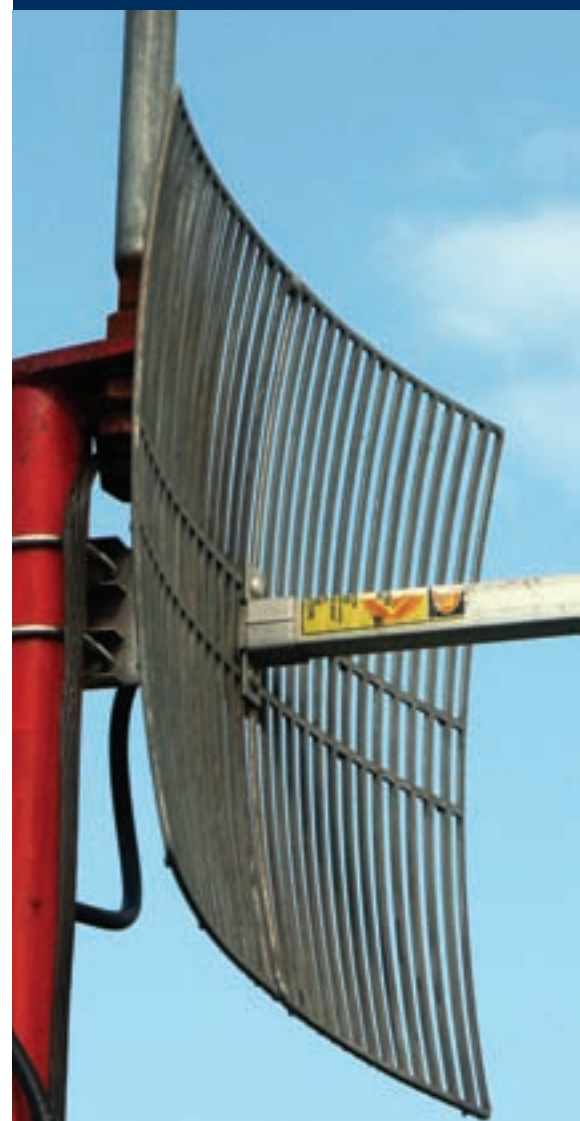
G. Financial Assets

Financial assets include shares held in affiliated undertakings, loans granted to affiliated undertakings, participating interests, loans to undertakings with which the Regia is linked by virtue of participating interests as well as other investments.

Financial assets are recognized in the balance sheet at purchase cost or at the value stipulated in the acquiring contract.

H. Inventories

Inventories are stated at the lower of cost and estimated net realizable value. Cost is generally determined using the FIFO method. Whenever is considered necessary, provision for slow moving and obsolete inventories are made. The net realizable value is estimated based on selling price, less the cost of completion and selling expenses.



I. Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Regia will not be able to collect all amounts due according to the original terms of receivables.

J. Short-term financial investments

These include the short-term deposits at banks and other highly liquid short-term investments.

K. Cash and cash equivalents

Cash and cash equivalents are recorded at cost in the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, bank accounts, short term investments, treasury advances.

L. Share capital

Ordinary shares are classified as own equity.

M. Dividends

The dividends are recognized in owner's equity when declared.

N. Borrowings

Short and long term borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

The current portion of the long-term borrowings is included in 'Current liabilities' and included along with the accumulated interest as at the balance sheet date in 'Amounts due to credit institutions'.



O. Trade payables

Trade payables are recorded at the value of the amounts payable for the goods or services received.

P. Provisions

Provisions are recognized when the Regia has a present legal or implicit obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Q. Employee benefits

Pensions and other post retirement benefits

The Regia, in the normal course of business, makes payments to the Romanian State on behalf of its employees, at statutory rates. All employees of the Regia are members of the Romanian State pension plan. These costs are recognized in the income statement together with the related salary costs.

Annually, Regia establishes through the Collective Labour Agreement valid as at 31 December 2006, Regia pays on retirement of employees the equivalent of 6 gross salaries. The employees also receive jubilee bonuses, the equivalent of a gross salary, every 5 years, starting with the 10th year of accumulated length of service.

Also, Regia grants to its employees who retire anticipately, a number of wages equivalent with the number of working months remaining until their normal retiring age.

R. Taxation

Current income tax

The Regia records current income tax based upon net income from the Romanian financial statements, in accordance with the Romanian income tax legislation.

According to OMF 1752, the deferred tax liability has been reclassified to provisions (account 151) and changes to the deferred tax provision value were taken to income tax account.

S. Revenue recognition

Revenues refer mainly to services provided. This are recognised in the accounting period in which the services are rendered.

Interest income is recognised pro-rata, considering the principal amount and effective interest rate for the period up to deposit maturity.

Revenues and costs are shown gross in these financial statements. Amounts payable to and receivable from the same operators are shown net in the balance sheet when a right of set-off exists.

T. Turnover

Revenues and costs are shown gross in these financial statements. Amounts payable to and receivable from the same operators are shown net in the balance sheet when a right of set-off exists.

U. Operating expenses

Operating expenses are recognized in the period they refer to.

NOTE 7. PARTICIPATIONS AND SOURCES OF FINANCE

Regia's Patrimony

The value of Regia's patrimony as at December 31st, 2007 was in amount of 214,684,295 RON (at December 31st, 2006: 214,684,295 RON).

The patrimony of the Regia is fully owned by the Romanian State and is administrated by the Ministry of Transportation, Construction and Tourism. The patrimony of the Regia is not divided into shares. The nominal value of the patrimony included statutory revaluations of non-current assets performed during 1999 and 2000. Revaluation of non-current assets performed in accordance with GO 46/1998 and Law 571/2003 during 2001, 2002, 2003, 2004, 2005, 2006 and 2007 has been recorded in reserves.

NOTE 8. INFORMATION ON EMPLOYEES, ADMINISTRATORS AND MANAGERS

a) Remuneration of the members of the administrative, management and supervisory bodies

Description	December 31 st , 2006	December 31 st , 2007
Salaries paid to:		
Administrators	581,419	652,975
Directors	3,050,948	3,369,581
TOTAL	3,632,367	4,022,556

Description	December 31 st , 2006	December 31 st , 2007
Salaries payable as at the end of the period to:		
Administrators	7,422	8,031
Directors	112,984	134,576
TOTAL	120,406	142,607

b) Advances and loans granted to the members of the administrative, management and supervisory bodies

As at 31 December 2007 and 31 December 2006, there are no loans and advances granted to the directors and administrators.

c) Employees

Description	December 31 st , 2006	December 31 st , 2007
The average number of employees during the year was the following:		
Administration staff	517	509
Production staff	1,363	1,351
TOTAL	1,880	1,860

Salaries paid to employees	197,228,139	239,892,182
Salaries payable as at the end of the period	3,619,674	5,200,742

NOTA 9. FINANCIAL RATIOS

LIQUIDITY RATIOS	2006	2007
Current ratio		
Current Assets (A)	207,707,552	231,549,445
Current Liabilities (B)	50,610,511	35,455,741
A/B	4.1	6.5
Quick ratio		
Current assets (A)	207,707,552	231,549,445
Inventories (B)	9,613,309	10,155,672
Current liabilities (C)	50,610,511	35,455,741
(A-B)/C	3.9	6.2
RISK RATIOS	2006	2007
Interest cover		
Current assets (A)	207,707,552	231,549,445
Current liabilities (B)	50,610,511	35,455,741
A/B	4.1	6.5
Profit before interest and taxation (A)	207,707,552	231,549,445
Interest expenses (B)	1,018,055	311,510
A/B-ori	3.6	57.9

WORKING CAPITAL RATIOS	2006	2007
Accounts receivable collection period		
Average balance-Trade receivables (A)	94,105,558	89,544,217
Turnover (B)	495,760,703	469,268,542
(A/B)*365-days	69	70
Accounts payable payment period		
Average balance-Trade receivables (A)	8,298,197	9,234,021
Goods Purchases (B)	484,299,665	474,067,247
A/B*365-days	6	7
Non-current assets turnover		
Turnover	495,760,703	469,268,542
Non-current assets	503,632,613	513,040,844
A/B	1.0	1.0
Total assets turnover		
Turnover	495,760,703	469,268,542
Total assets	715,648,399	748,654,501
A/B	0.7	0.6

PROFITABILITY RATIOS	2006	2007
Profit before interest and taxation (A)	3,697,013	18,039,704
Capital employed (shareholders' equity + long term loans) (B)	543,378,530	579,947,022
A/B*100	0.7%	3.1%

NOTE 10. OTHER INFORMATION

a) Company's presentation

The Regia was incorporated as autonomous Regia as at 26 January 1991 in accordance with the Government Decision no 74/1991, which is based on the Law no 15/1990 (regarding the reorganization of the State companies in autonomous regia). The articles of incorporation were subsequently modified by the Government Decision ("GD") no 731/1992. The Regia is an organization fully owned by the Romanian State and cannot be subject to privatization.

The registered head office of the Regia is at 10, Ion Ionescu de la Brad Street, Bucharest, Romania

The main activities of the Regia are the administration and operation of the Romanian air space used by the civil air companies, and the control of the air traffic for domestic and international aircrafts

The Regia also represents Romania, on behalf of the Ministry of Transportation, Construction and Tourism, within the European Organization for Air Traffic Control - EUROCONTROL

b) Information regarding the relationship of the Regia with the subsidiaries, associated undertakings or other enterprises in which the Regia holds strategic investments

Information on enterprises in which the Regia holds strategic investments is disclosed in Note 1 (c).

Information on related party transactions and details regarding the relations with the related parties are disclosed in Note 13.

c) Methods used to express in local currency elements of assets and liabilities, revenues and expenses, originally expressed in foreign currency

Foreign currencies operations are recorded into the accounting system at the exchange rate communicated by the National Bank of Romania (NBR) from that day.



The monetary items expressed in foreign currencies are presented at the exchange rate communicated by NBR at the end of the financial year. Exchange rate differences, gains or losses, are recorded as revenues or expenses, depending on the case. Exchanging rates are communicated by NBR for the end on the financial year 2007, are the following: 1 USD = 2.4564 RON, 1 EUR = 3.6102 RON, and for the year end 2006 were 1 USD = 2.5676 RON, 1 EUR = 3.3817 RON.

d) Information regarding profit tax

Reconciliation between financial year net result and fiscal result, as it is presented in the tax statement:

No.	Description	December 31 st , 2006	December 31 st , 2007
1	Profit/(loss) before tax	2,678,958	17,728,194
2	Deductible legal reserve	-	-
3	Fiscal depreciation	72,137,520	41,193,556
4	Untaxable income	25,775,967	19,277,596
5	Non-deductible expenses	92,380,382	76,942,804
6	Fiscal loss to be recovered from previous years	-	2,854,147
7	Taxable profit	(2,854,147)	31,345,699
8	Profit tax	-	5,015,312
	Deferred profit tax (from reclassification of deferred tax according to MoPF 1752/2005)	6,510,599	-
9	Sponsorship expenses fiscally deductible	-	1,003,062
10	Tax on profit due	-	4,012,250
11	Fiscal result (7-10)	(2,854,147)	27,333,449
12	Accounting profit (11+2+3+4-5+6)	(3,831,641)	13,715,944

e) Turnover

Regia renders services only on Romanian territory. Its turnover includes the following revenues:

No.	Description	December 31 st , 2006	December 31 st , 2007
1	Traffic Services - Eurocontrol	448,261,595	412,878,124
2	Terminal services	46,644,863	55,279,727
3	Other revenues	854,245	1,110,691
	TOTAL	495,760,703	469,268,542

According to Eurocontrol International Convention relating to Co-operation for the Safety of Air Navigation, Member States are operating a common route taxation system. This system supposes a unique flight taxation and offers to Member States various services (calculation, invoicing and gathering) through Central Route Charges Office of Eurocontrol.

f) Rents charges and instalments paid for operating lease contracts

Regia had no operating leases contracts during 2007.

g) Auditors' Fee

Regia paid during 2007 auditors' fee related to financial audit in amount of 110,000 RON.

h) Other operating expenses

No.	Description	December 31 st , 2006	December 31 st , 2007
1	Eurocontrol contribution	26,080,605	24,602,323
2	Third parties costs for equipment testing	18,586,923	4,102,771
3	Other third parties expenses	39,972,839	27,542,941
4	Travel expenses	12,126,510	9,379,739
5	Postage and telecommunications	5,749,042	5,021,351
6	Insurance expenses	5,458,037	4,988,683
7	Other expenses	49,907,078	6,320,593
8	Cheltuieli cu pregătirea	3,251,987	5,328,707
9	Training expenses	2,847,954	4,078,896
10	Rent expenses	1,885,442	1,909,622
	TOTAL	165,866,417	93,275,626

NOTE 11. CASH AND CASH IN BANK

This financial position includes:

Description	December 31 st , 2006	December 31 st , 2007
Cash at bank in RON	4,021,533	3,299,450
Deposits in RON	19,304,531	108,034,492
Cash at bank in foreign currency	592,402	8,186,727
Deposits in foreign currency	83,879,424	9,788,131
Unsettled transactions	-	835
Letters of credit	245,201	3,221,992
Cash in hand in RON	65,611	60,012
Cash in hand in foreign currency	117,285	86,209
Other cash equivalents	21,717	10,608
Total	108,247,704	132,688,456

NOTA 12. INVENTORIES

Description	December 31 st , 2006	December 31 st , 2007
Auxiliary Materials	452,119	449,192
Fuel	255,294	227,318
Spare parts	6,551,213	7,301,428
Other consumables	1,768,604	1,719,727
Working inventory	413,026	456,804
Residual Goods	177	23
Packaging materials	634	46
Inventories advances	21,717	10,608
Total	9,613,309	10,155,672

NOTE 13. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include companies belonging to Ministry of Transports.
Transactions and balances with related parties are presented below.

Services performed	2006	2007
Romanian Civil Aviation Authority	188,384	207,737
Tarom	14,219,954	15,738,477
Henri Coandă Airport	273,092	284,991
Băneasa Airport	60,966	60,062
Constanța Airport	6,358	6,064
Timișoara Airport	38,052	38,970
Total	14,786,806	16,336,301

Services purchased	2006	2007
Romanian Civil Aviation Authority	22,427,527	22,795,974
Tarom	4,158,006	3,106,865
Henri Coandă Airport	1,021,058	847,830
Băneasa Airport	388,029	524,609
Constanța Airport	165,468	219,338
Timișoara Airport	247,393	13,583
Total	28,407,481	27,081,199

Related party receivables balances	December 31 st , 2006	December 31 st , 2007
Romanian Civil Aviation Authority	5,984	9,611
Tarom	2,101,798	2,442,586
Henri Coandă Airport	21,727	26,900
Băneasa Airport	5,009	13,132
Constanța Airport	359	296
Timișoara Airport	6,994	6,379
Total	2,141,871	2,498,914

Related party receivables balances	December 31 st , 2006	December 31 st , 2007
Romanian Civil Aviation Authority	1,548,465	1,599,618
Tarom	80,209	13,692
Henri Coandă Airport	-	-
Constanța Airport	8,705	9,077
Timișoara Airport	13,583	-
Total	1,650,962	1,622,387

NOTE 14. CONTINGENT LIABILITIES

a) Litigations

The Regia is subject to several legal actions arisen in the normal course of business. The management of the Regia considers that they will have no material adverse effect on the results and the financial position of the Regia.

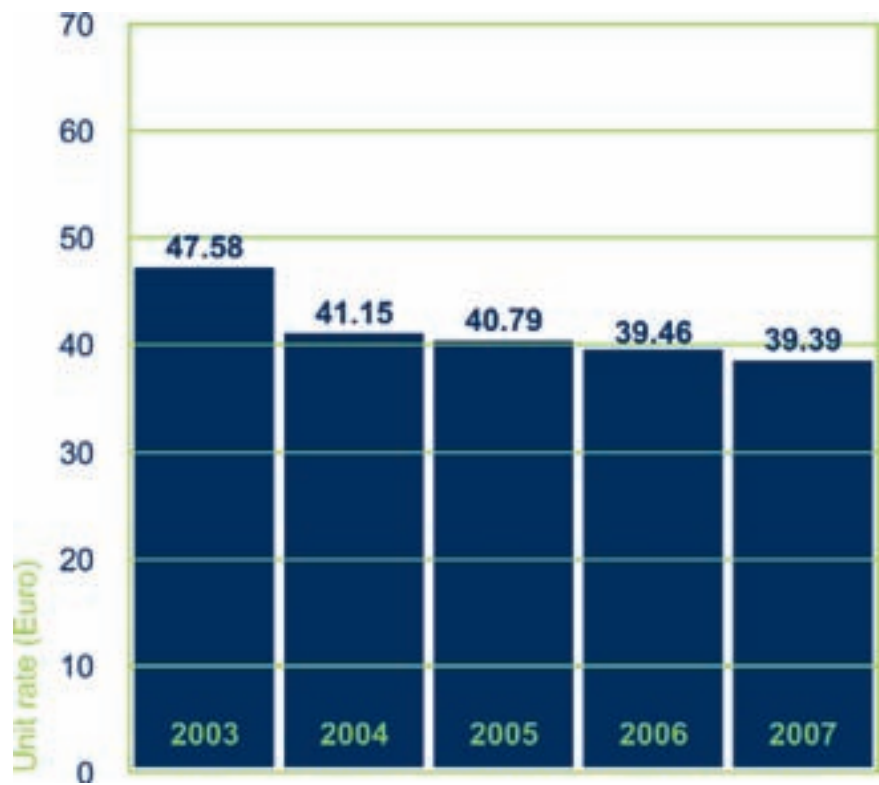
b) Taxation System

Taxation system in Romania is in a consolidation and harmonization stage with European taxation system. Nevertheless, there are varied interpretations of the taxation system. In certain circumstances the tax authorities can be arbitrary in assessing tax penalties, proceeding to the calculation of additional taxes and interest and tax penalties (0.1% per day starting January 1st, 2006). In Romania, tax periods remain open for tax reviews for 5 years. The Company's management considers that fiscal liabilities have adequately been included in these financial statements.

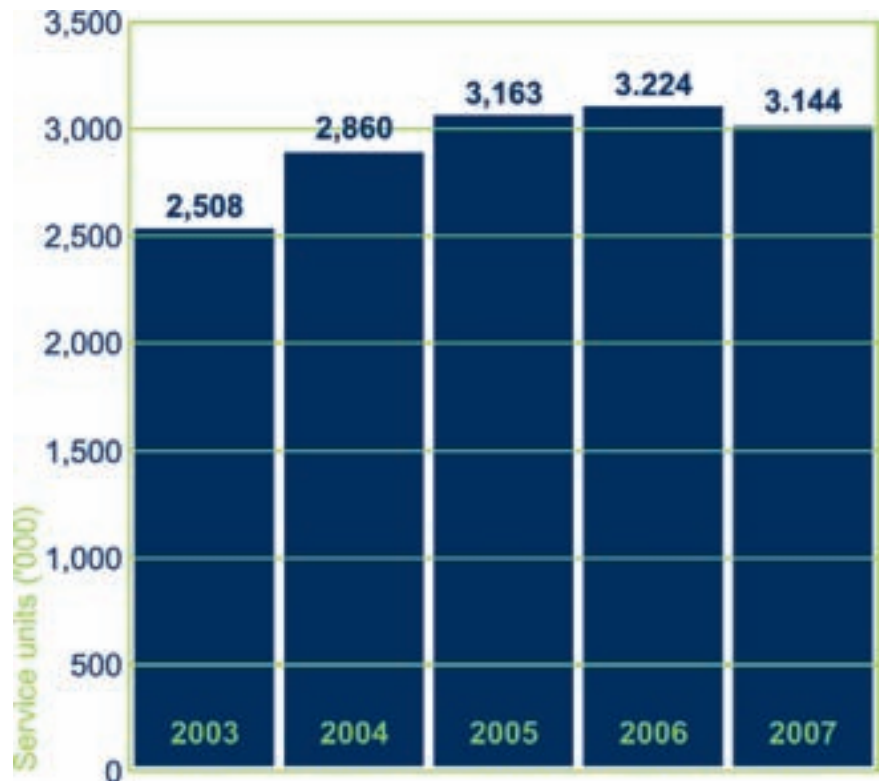
c) Transfer Pricing

The Romanian fiscal legislation has included regulations regarding the fiscal identification of related parties as well as regulations regarding transfer pricing between related parties since 2000. The current legislative framework defines the "arm's length" principle for transactions between related parties, as well as the methods for determining the transfer prices. Thus, it is expected that the tax authorities may initiate in depth inspections of the transfer prices, in order to ensure that the taxable profit and/or the customs value of imported goods are not misstated by the effects of transfer prices with related parties. The Regia cannot assess the outcome of any such inspection.

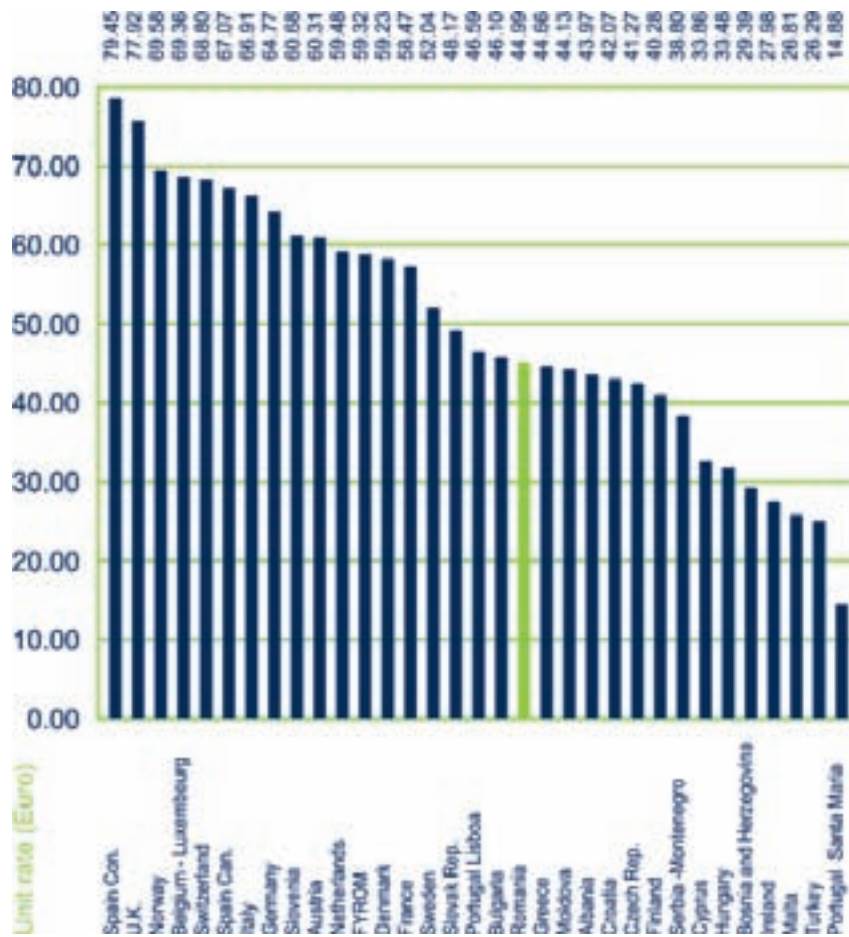




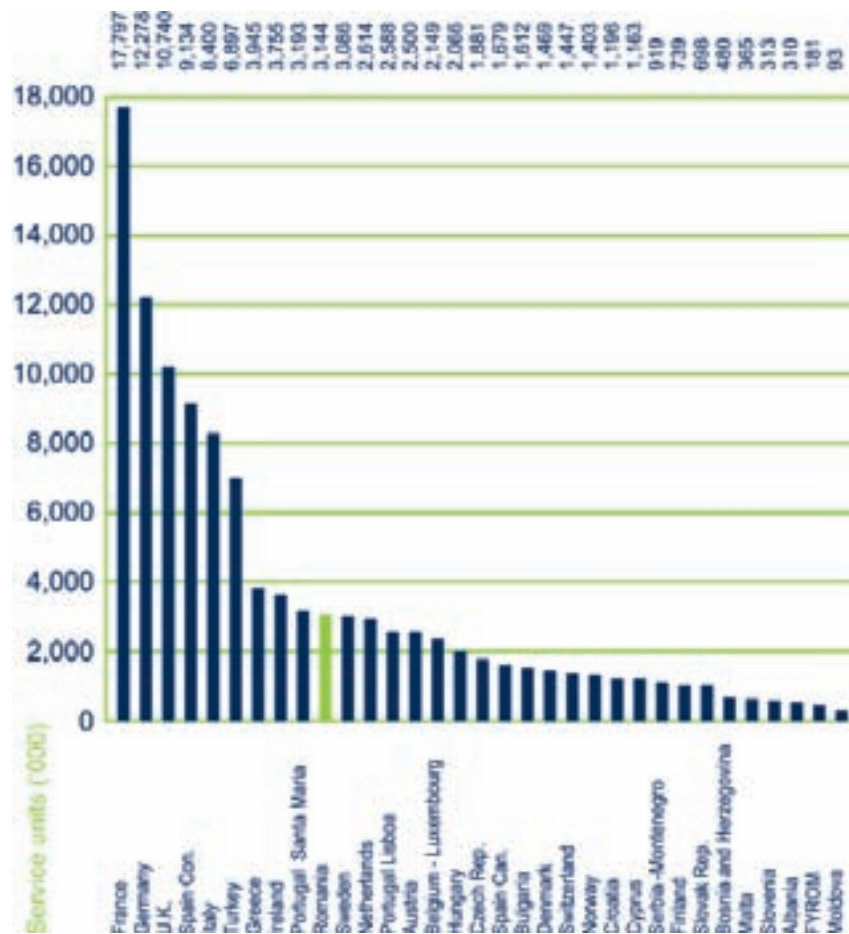
Romanian Unit Rate Evolution during 2003-2007



Service Units Evolution provided 2003-2007



National Unit rates of EUROCONTROL Member States - 2007



Service Units of EUROCONTROL Member States - 2007

GLOSSARY

A	ACC	- Area Control Center
	ATCA	- Air Traffic Control Association
	ATM	- Air Traffic Management
	ATS	- Air Traffic Services
	ATFM	- Air Traffic Flow Management
	ATC	- Air Traffic Control
	ANS	- Air Navigation Service
	ANSP	- Air Navigation Service Provider
	AOM	- Airspace Organization and Management
	AMC	- Air Traffic Management Group
	ATCO	- Air Traffic Controllers
	ATIS	- Automatic Terminal Information Service
	AIS	- Aeronautical Information Services
	ATAG	- Air Transport Action Group
C	CANSO	- Civil Air Navigation Services Organization
	CNS	- Communication, Navigation and Surveillance
	COM	- Communications
	CDMP	- Climate Data Monitoring Program
	CR	- Contingency Room
D	DFS	- Deutsche Flugsicherung GmbH (Germany)
	DVOR-DME	- Distance Measurement Equipment
E	EUROCONTROL	- European Organization for the Safety of Air Navigation
	EUROCAE	- The European Organization for Civil Aviation Equipment
	ECAC	- European Civil Aviation Conference
	ECIP	- European Air Traffic Control Harmonization and Integration Program
F	FHA	- Functional Hazard Assessment
	FIR	- Flight Information Region
	FAB	- Functional Airspace Block
	FUA	- Flexible Use of Airspace
G	GAT-OAT	- General Air Traffic- Operational Air Traffic
I	IATA	- International Air Transport Association
	IFATCA	- International Federation of the Air Traffic Controllers' Association
	ICAO	- International Civil Aviation Organization
	ILS	- Instrument Landing System
	IANS	- Institute of Air Navigation Services
J	JAA	- Joint Aviation Authorities
L	LCIP	- Local Convergence and Implementation Plan
M	MT	- Ministry of Transports
	MApN	- Ministry of Defense
	MET	- Meteorology or Meteorological
N	NATO	- North Atlantic Treaty Organization
	NAV	- Navigation
P	PSSA	- Preliminary System Safety Assessment
R	RCAA	- Romanian Civil Aviation Authority
	RNAV	- Area Navigation
	RACR-ESARR	- Romanian Civil Aviation Regulation - EUROCONTROL Safety Regulation Requirement
	RDP/FDP	- Radar and/or Flight Data Processing
S	SES	- Single European Sky
	SSC	- Single Sky Committee
	SRS	- Surveillance and Reconnaissance Systems
	SSA	- System Safety Assessment
	SMG	- Strategic Management Group
V	VoIP	- Voice over IP
	VHF	- Very High Frequency