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Small Enterprise Assistance Funds

Quarterly Report to USAID
(April to June 2002)

for Grant # PER-G-00-00-00017-0

SEAF/TBF

Investing Growth Capital in Transbalkan Enterprises

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SEAF Trans-Balkan Fund

Quarterly Report to Shareholders

Quarter Ending June 30, 2002

Trans-Balkan Fund LLC Summary

The TBF was capitalized at USD 21,825,000. Of this amount, USD 6,000,000 was for the Trans-Balkan Croatia Fund, including the merged SEAF Croatia Fund; USD 5,000,000 was for the Trans-Balkan Bulgaria Fund and USD 8,000,000 was for the Trans-Balkan Romania Fund. USD 2,825,000 was left in the umbrella TBF for future investment directly into Albania and Bosnia. As of June 30, 2002, a total of USD 21,825,000 had been committed by the TBF as a whole. Thus far, none of that represents direct investments by the umbrella fund; rather, all investments have been made at the country fund level. This is not, however, due to lack of business development efforts in Albania and Bosnia, as detailed below. The specifics on drawdowns for each country fund are summarized in the individual fund sections that follow. The TBF has now invested in a total of 26 companies. The total EVCA valuation as of June 30 is USD 7,062,905.

During the first half of 2002, SEAF staff in the Trans-Balkan country funds focused on ongoing fund operations by pursuing potential investments and providing targeted technical assistance to strengthen existing companies, including providing assistance that will enhance exit potential. They also worked extensively with SEAF exit specialists to look for exit opportunities as well as to structure new deals for exit.

In the first half of 2002, the Trans-Balkan Bulgaria Fund (TBBF) investment staff made a commitment of USD 700,000 to Gasco, of which USD 314,500 has been disbursed. TBBF investment staff also negotiated with and performed due diligence for two pipeline companies, Mercurius (a stationery distributor) and Biomeda (a pharmaceutical company). These two investments will be presented as candidates for investment in Q3 2002.

In Q2, the Trans-Balkan Croatia Fund performed due diligence on Bello d.o.o., a company providing telecommunications and networking equipment. This investment proposal was subsequently presented to and approved by the Fund's investment review committee on July 25.

In Romania, the Trans-Balkan Romania Fund (TBRF) has made significant progress with lead generation. The staff is currently working on five new proposals, including a supermarket chain and a wine producer, as detailed in the Romania update below. TBRF has also been working with its three investee companies to tackle the challenges they face.

In addition to the current TBF operations, SEAF has also been making progress toward potential investments in Albania and Bosnia. For example, we are actively exploring a print media company in Bosnia that is currently publishing the leading news magazine in Bosnia. This company is looking for an investment to launch non-news print media as well. In addition, SEAF staff have visited both countries and met with local officials, banks, and companies to review the current investment climate and opportunities.

This second quarter report provides biographical data on the in-country staff for each of the TBF constituent funds, including personnel changes where appropriate. To supplement the local personnel, SEAF has retained the expertise of a seasoned operations specialist, Jim Jaffee, who is assisting individual companies in the management of inventory and cash, with the objective of producing measurable results in terms of net income and overall company value. Exit specialist, Philippe LeRoux, is also performing audits of existing investee companies to assist in developing strategies to increase portfolio value. Overall, SEAF staff is turning more attention to tracking the exit potential of those investments already made, focusing more on preparing for that eventuality, and making new investments with an increased emphasis on exit possibilities.

Finally, SEAF has made significant efforts to improve its shareholder reports this quarter. We are using features of our recently implemented global accounting system, including investment databases, to design more informative reports. In addition, we have endeavored to provide additional details in this narrative that have not been included in the past. SEAF aims to provide up-to-date, relevant, and accessible data in our reports, and we welcome feedback from shareholders that will help us continue improving the way we present this information.

TRANSBALKAN LLC
STATEMENT OF FINANCIAL POSITION
As of June 30, 2002

Assets		
Cash	$ 1,056,312	(1)
Due from SEAF	$ 13,336	
Long-term Investments in TBF Country Funds	$ 5,515,450	(2)
Total Assets	***$ 6,585,098***	
Liabilities		
Accrued Liabilities	$ 2,700	
Total Liabilities	***$ 2,700***	
Shareholders Equity		
LLC Capital		
Paid-in Capital	$ 7,078,989	(3)
Retained Earnings/(Accumulated Loss)	$ (496,591)	
Total Shareholders Equity	***$ 6,582,398***	
Total Liabilities and Shareholders Equity	***$ 6,585,098***	

Notes:

(1) ***Cash held in the accounts of:***
First Union National Bank ***$ 1,056,312***

(2)

SEAF Country Fund	Initial Investment Equity	Loan	Provision	Current Value
TBF Romania				**$ 1,771,000**
Equity	$ 1,771,000			$ 1,771,000
Loans				$ -
TBF Croatia				**$ 2,150,000**
Equity	$ 2,150,000			$ 2,150,000
Loans				$ -
TBF Bulgaria				**$ 1,594,450**
Equity	$ 1,594,450			$ 1,594,450
Loans				$ -
Total Investments	***$ 5,515,450***			***$ 5,515,450***

(3)

Member	Percentag	Capital Committed	Capital Paid
Small Enterprise Assistance Funds	18.33%	$ 4,000,000	$ 1,297,409
Norfund	22.91%	$ 5,000,000	$ 1,621,762
State Secretariat, Switzerland	13.75%	$ 3,000,000	$ 973,057
Black Sea Trade & Development Bank	18.33%	$ 4,000,000	$ 1,297,409
Finnfund	4.57%	$ 1,000,000	$ 324,352
IFC	22.11%	$ 4,825,000	$ 1,565,000
Total		***$ 21,825,000***	***$ 7,078,989***

TRANSBALKAN LLC
Cash Flow Statement
For the Period April 1, 2002 to June 30, 2002

Net income/(loss)	$	(51,057)
Increase/(Decrease) in Accrued Liabilities	$	(11,700)
(Increase)/Decrease in Accounts Receivable	$	(7,836)
Total operating activities	***$***	***(70,593)***
Investment in SEAF Country Funds		
Bulgaria	$	(175,000)
Croatia	$	(100,000)
Romania	$	(180,000)
Total investing activities	***$***	***(455,000)***
Net Cash Outflow	***$***	***(525,593)***
Beginning Cash Balance	***$***	***1,581,904***
Ending Cash Balance	***$***	***1,056,312***

TRANBALKAN LLC
Income Statement
For the Quarters Ended March 31, 2002 and June 30, 2002

	Quarter ended March 31, 02	Quarter ended June 30, 02	YTD June 30 2002
Revenues			
Bank Interest Income	$ 6,930	$ 4,696	$ 11,626
Total Revenue	***$ 6,930***	***$ 4,696***	***$ 11,626***
Expenses			
Fund Management Fee	$ 24,719	$ 24,719	$ 49,438
Fund Administrative Fee	$ 23,750	$ 23,500	$ 47,250
Bookkeeping Fees	$ -	$ 2,500	$ 2,500
Board Expenses	$ 1,635	$ 4,914	$ 6,549
Taxes	$ -	$ 100	$ 100
Bank Charges	$ 111	$ 20	$ 131
Miscellaneous	$ 167	$ -	$ 167
Total Expenses	***$ 50,381***	***$ 55,753***	***$ 106,135***
Net Operating Income	***$ (43,452)***	***$ (51,057)***	***$ (94,509)***

TRANSBALKAN LLC
TBF Country Fund Cash Receipts / Investment
For the Period April 1, 2002 to June 30, 2002

SEAF Country Funds	Cash receipts from TBF Country funds	Investment to Country Funds	Net Cash Transactions
Bulgaria	$ -	$ 175,000	$ (175,000)
Croatia	$ -	$ 100,000	$ (100,000)
Romania		$ 180,000	$ (180,000)
TOTAL	$ -	$ 455,000	$ (455,000)

Trans-Balkan Fund Current Commitments and Drawdows

last updated: 15-Aug-02

TBF COMMITMENTS

Date	Organization	Amount	Share	Notes
01-Jul-00	SEAF AID	4,000,000	18.3%	
01-Jul-00	BLACK SEA	4,000,000	18.3%	
01-Jul-00	DEG	2,300,000	10.5%	
01-Jul-00	FINNFUND	1,000,000	4.6%	
30-Jun-02	IFC	4,825,000	22.1%	IFC up to 20% of fund size
01-Jul-00	NORFUND	5,000,000	22.9%	
01-Jul-00	SECO	3,000,000	13.7%	
06-Feb-01	DEG	-2,300,000	-10.5%	DEG announces withdrawal from TBF
	IFC	-575,000		IFC up to 20% of fund size, but as of 12/31/2001 IFC has 22.11% of TBF capital
	Total:	21,825,000	100.0%	

TBF DRAWDOWNS

Organization	Amount	Share
SEAF AID	1,297,409	18.3%
BLACK SEA	1,297,409	18.3%
DEG	-	0.0%
FINNFUND	324,352	4.6%
IFC	1,565,000	22.1%
NORFUND	1,621,762	22.9%
SECO	973,057	13.7%
Total:	7,078,989	100.0%

TRANS-BALKAN COUNTRY FUNDS COMMITMENTS

BULGARIA FUND COMMITMENTS

Date	Organization	Amount	Notes
01-Nov-00	TBF	5,000,000	
01-Nov-00	SEAF/AID	2,146,000	
	total:	7,146,000	

ROMANIA FUND COMMITMENTS

Date	Organization	Amount	Notes
12-Jan-01	TBF	8,000,000	up to
	total:	8,000,000	

CROATIA FUND COMMITMENTS

Date	Organization	Amount	Notes
12-Jan-01	TBF	6,000,000	
05/19/1997	SEAF/AID	2,212,897	current portfolio at book value; subordinated
	total:	8,212,897	

TBF COUNTRY FUNDS DRAWDOWNS

Recipient	Amount	% of Capital Committed
Bulgaria	2,074,900	29.0%
Romania	1,771,000	22.1%
Croatia	6,403,437	78.0%
Total:	10,249,337	

COUNTRY FUNDS PORTFOLIO COMPANIES COMMITMENTS

TB BULGARIA FUND PORTFOLIO COMPANIES COMMITMENTS

Date	Company	Debt	Equity	Total
02/28/02	GASCO	150,000	550,000	700,000
05/08/01	MARKER	280,000	170,000	450,000
08/30/01	MIX	300,000	0	300,000
03/29/01	TELETEX	200,000	300,000	500,000
03/16/01	USMED	250,000	150,000	400,000
	Total:	1,180,000	1,170,000	2,350,000

TB ROMANIA FUND PORTFOLIO COMPANIES COMMITMENTS

Date	Company	Debt	Equity	Total
11/19/01	ILS	0	100,000	100,000
11/19/01	ROM	0	400,000	400,000
12/21/01	TELEZIMEZ	200,000	32,000	232,000
01/01/01	TOTAL	200,000	400,000	600,000
	Total:	400,000	932,000	1,332,000

TB CROATIA FUND PORTFOLIO COMPANIES COMMITMENTS

Date	Company	Debt	Equity	Total
05/11/01	DCM	0	1,050,000	1,050,000
10/12/97	DIGITAL	27,270	161,290	188,560
05/17/00	DOK-ING	310,000	190,000	500,000
10/01/97	EX-PRESS	0	45,161	45,161
04/01/98	GLJIVA	35,000	100,000	135,000
06/28/00	ISKON	0	62,903	62,903
04/01/98	KATUNAR	90,000	325,000	415,000
05/01/00	KLIK	25,738	100,000	125,738
08/26/98	MEDIFARM	0	750,000	750,000
10/22/99	MIT	0	141,000	141,000
07/01/98	PAPA	19,800	70,000	89,800
10/22/99	PERPETUUM	63,000	255,000	318,000
07/01/98	SLAVONIJA/RATARS	95,000	176,000	271,000
12/22/99	SPOIN	7,878	40,000	47,878
06/23/99	STIPANOVIC	31,000	62,000	93,000
05/30/99	UZGOJ	45,000	48,000	93,000
11/20/99	VIMI	36,856	60,000	96,856
	Total:	786,542 $	3,636,354	4,422,896

COUNTRY FUNDS PORTFOLIO COMPANIES DRAWDOWNS

TBBF PORTFOLIO COMPANIES DRAWDOWNS

08/14/2002

Company	Debt	Equity	Total
GASCO	0	314,500	314,500
MARKER	160,000	170,000	330,000
MIX	300,000	0	300,000
TELETEK	100,000	300,000	400,000
USMED	235,000	150,000	385,000
Total:	795,000	934,500	1,729,500

TBRF PORTFOLIO COMPANIES DRAWDOWNS

Company	Debt	Equity	Total
ILS	0	100,000	100,000
ROM	0	400,000	400,000
TELEZIMEZ	200,000	32,000	232,000
TOTAL	200,000	400,000	600,000
Total:	400,000	932,000	1,332,000

TBCF PORTFOLIO COMPANIES DRAWDOWNS

Company	Debt	Equity	Total
DCM	0	1,050,000	1,050,000
DIGITAL	27,270	161,290	188,560
DOK-ING	309,375	190,001	499,376
EX-PRESS	0	44,161	44,161
GLJIVA	35,000	101,001	136,001
ISKON	0	62,903	62,903
KATUNAR	90,001	325,000	415,001
KLIK	25,738	100,000	125,738
MEDIFARM	0	750,000	750,000
MIT	0	141,000	141,000
PAPA	19,800	70,000	89,800
PERPETUUM	63,000	255,000	318,000
SLAVONIJA/RATARS	90,001	176,000	266,001
SPOIN	7,878	40,000	47,878
STIPANOVIC	31,000	62,000	93,000
UZGOJ	59,217	48,000	107,217
VIMI	36,856	60,000	96,856
	795,136	3,636,356	4,431,492

INVESTMENT STRATEGY - TBF PERFORMANCE (06/30/02)

Summary Investment Experience

Fund Formation Date	SEAF Investment Fund	Total Fund Size	Number of Investments	Cumulative Invested Capital	Realized Proceeds	Total Realized & Unrealized EVCA Value (1)	EVCA Gross IRR (2)	Total Realized & Unrealized FMV Value	Multiple of Capital Invested	FMV Gross IRR (2)
Commercial										
Jan 2001 - Present	TBF Romania	$ 8,000,000	4	$ 1,332,000	$ 85,534	$ 1,445,901	NM	$ 1,445,901	NM	NM
Jan 2001 - Present	TBF Bulgaria	7,146,000	5	1,729,500	143,095	1,603,980	NM	1,603,980	NM	NM
July 1997 - Present	TBF Croatia (3)	10,401,150	17	4,431,492	880,110	4,013,025	-6%	5,969,431	1.3	14%
		$ 25,547,150	26	$ 7,492,992	$ 1,108,739	$ 7,062,905	-5%	9,019,311	1.2	12%

(1) Based on European Venture Capital Association (EVCA) valuation guidelines. "Conservative Value" or book value adjusted for audited write-downs and provisions.
Investment valuations based in U.S. dollars at current exchange rates.

(2) The gross compound annual rate of return is calculated before management fees, organizational expenses and the General Partner's carried interest participation.

(3) Investment performance for TBF Croatia LLC reflects contributed value of investments previously consumated in Croatia through a U.S. AID grant.
The FMV Gross IRR for the limited partners that invested in TBF Croatia LLC in January 2001 fund is 44%.

TRANS-BALKAN LLC

Aggregate Employment and Revenue Analysis as of June 30, 2002

	Name of Investment	Initial Employment	Employment QII 2002	% Change	Initial Annual Revenue in US$	Projected Revenue US$ (2002 Annual)	% Change
1	TB Bulgaria Fund	160	200	25%	$ 3,155,627	$ 7,027,418	123%
2	TB Croatia Fund	212	427	101%	$ 38,129,632	$ 75,551,619	98%
3	TB Romania Fund	255	294	15%	$ 8,843,000	$ 13,063,414	48%
	Total	**627**	**921**	**47%**	**$ 50,128,259**	**$ 95,642,451**	**91%**

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Trans-Balkan Bulgaria Fund Update

Fund Overview

Fund Closing:	December 2000
Vintage Year:	2001
Life of Fund:	10 years
Total Commitment:	USD 7,146,000
Fund Domicile:	Delaware, USA
Legal Form:	Limited Liability Company
Structure:	Trans-Balkan Fund LLC (USD 5,000,000) SEAF/ AID (USD 2,146,000)
Investment Focus By Stage:	Early Stage and Expansion Capital for SMEs
Investment Focus by Geography:	Bulgaria
Investment Size:	maximum USD 1,000,000 per project

The Trans-Balkan Bulgaria LLC was incorporated in Delaware, USA in December 2000 with a total commitment of USD 7,146,000 (the Trans-Balkan Fund LLC committed USD 5,000,000 and SEAF/AID committed USD 2,146,000). The Fund had its first cash flow drawdown on December 28, 2000, thereby classifying 2001 as the Fund's vintage year. The Fund provides early stage financing and expansion capital to private SMEs in Bulgaria.

As of June 30, 2002, the Fund has committed to companies a total of USD 2,350,000, or 32.9% of the committed capital. The Fund had drawn down USD 2,074,900 (29% of the committed capital), with USD 5,071,100 total committed capital remaining. A total of USD 1,729,500 (24.2% of the committed capital) had been disbursed to companies.

In Q1 and Q2 of 2002, the Fund committed a total of USD 700,000 to companies and disbursed USD 314,500. There were no further commitments and disbursements made to companies in Q2 of 2002.

Tab 3 Trans-Balkan Fund "Commitments and Drawdowns" provides additional details on the above.

Portfolio Summary

The Fund now has commitments in five companies: US Meds, Teletek, Marker, Mix Express and Gasco, for a total cost of USD 2,350,000, including one new investment in 2002 of USD 700,000 in Gasco, an LPG distributor from Varna. USD 550,000 has been committed in equity and USD 150,000 in debt. A total of USD 314,500 has been disbursed to the company, including USD 137,500 disbursed in Q1 2002 and USD 177,000 in Q2 2002.

The portfolio has an average holding period of less than two years and is therefore relatively immature. The majority of the investments are performing according to plan. Please see the Section Strategy Sheets for further details on Gasco, Marker, Teletek and US Meds. The fifth company, Mix Express, will be written down by the end of the year. Mix Express has filed for bankruptcy; as a result the Fund has received a promissory note for USD 40,000, which represents the carrying value as of June 30, 2002.

Priority Investment Projects

The TBBF investment staff negotiated with and performed due diligence for three pipeline companies, Mercurius, Biomeda, and Conel. Mercurius and Biomeda will be presented as candidates for investment in Q3 2002. In Q2 2002 no investment opportunities were presented to the Fund's Investment Review Committee.

Pipeline

Mercurius

Mercurius was established in 1991 and is the second largest distributor of stationery in Bulgaria. Over the years, the company has sought to sign distribution agreements with leading European and international stationery producers. Since May 2001 the company has been working with a license from Corporate Express, a world leader in the production and trade of stationery that has a turnover of USD 10 billion. Under this agreement Mercurius has developed catalogue trade and a Business-to-Consumer e-commerce web site under the brand name "1 Classic".

Mercurius had sales of USD 3,000,000 in 2001. The company focuses on direct business with corporate customers. In addition, the company plans to improve efficiency by establishing a modern logistics center for its business, introducing new ERP software, and expanding to the major cities in the country.

The expected investment size is approximately USD 900,000.

Biomeda

Biomeda is a vertically integrated pharmaceutical business focused on importing, wholesaling, and manufacturing. Consequently, TBBF is considering two expansion-oriented projects, one in wholesale pharmaceuticals and another in the manufacturing of generic drugs.

Biomeda - The Wholesale Operation
Mr. Ivanov, a certified pharmacist, is managing the pharmaceutical distribution. Biomeda has developed a good relationship with the predominantly German pharmaceutical companies for which it maintains consignment stock or bonded warehouses in Bulgaria. With wholesale outlets in several cities and towns, Biomeda serves its clientele—such as pharmacies and hospitals—with its own transportation fleet. The product list includes 3,200 items, 2,000 of which are imported drugs. The business is profitable, with turnover amounting to USD 8,716,000 in 2001, which represents growth of 36% compared to 2000.

The expected investment size is about USD 1,000,000.

Biomeda – Drug Manufacturing
The Drug Manufacturing division is lead by Mr. Pargov, who is one of the country's most experienced technologists. The manufacturing operation offers a limited product list, which includes generic products, products licensed from foreign producers, and vaccines made in cooperation with a Bulgarian research institute. Sales reached USD 1,055,000 in 2001 compared to USD 596,000 in 2000; margins are significantly higher compared to wholesale operations. The company has made remarkable advances toward quality assurance standards relative to its Bulgarian competition. Going forward, the division aims to receive certification in accordancewith the EU and the US Food and Drug Administration requirements.

The expected investment size is about USD 1,000,000.

Conel
Conel Ltd., Botevgrad, is an existing business concentrating on two main product groups *at different stages of their life cycles:*

- Replacement remote controls, which are mature products and
- Semiconductor Sensors and Mems (Micro Electronic Mechanical Systems), which are under development.

The existing team at Conel plans to recruit several local experts with excellent relevant skills to join their team. Replacement remote controls account almost exclusively for the turnover at Conel, which is expected to reach approximately USD 500,000 by the end of 2002, up 50% compared to 2001. The company has been modestly profitable.

Depending on the valuation and the deal structure agreed upon, SEAF's investment would be in the range of a few hundred thousand USD to be used for both product lines.

Operations

The investment staff of the Fund totals six professionals including Director General Magdalena Kowalska. In Q1 of this year, the Fund's investment team has been enhanced with the addition of an investment officer, Plamen Petkov, and an accountant, Christinka Goranova, CPA.

Magda Kowalska, a Polish national, is the Director General for the Trans-Balkan Bulgaria Fund. Ms. Kowalska was most recently responsible for managing SEAF's North Fund in Poland. She has also worked as an investment officer for Caresbac Polska in Poland, SEAF's first fund, and also performed a short-term assignment in Latvia for SEAF's Baltics Fund. She has her Master's degree from the University of Gdansk, Poland, where she studied finance and management as well as foreign languages.

Plamen Petkov has several years of experience in equity investments in Bulgaria. Prior to joining SEAF, Mr. Petkov worked for two and a half years as an Investment Officer with Europa Capital Management-Bulgarian Post Privatization Fund, a private equity fund co-sponsored by EBRD. Prior to that time, he was a Credit Analyst with BNP Dresdner Bank. Mr. Petkov has a Master's Degree in Business from the University of National and World Economy in Sofia and has completed Level I of the Chartered Financial Analyst (CFA) examination series. Mr. Petkov focuses on generating new investment opportunities for the Fund.

Christinka Goranova has more than 12 years of experience as an accountant for many Bulgarian companies, including Coca-Cola Bottlers Sofia. Since 1996 she has been working as an auditor for VNL and Ernst & Young AFFA. Her main clients included WATZ (a German newspaper holding company, owner of more than three newspapers in Bulgaria), Bulgartabac (Bulgarian tobacco company), Coca-Cola, ABB, and Brandtex. In addition to her responsibilities related to the Fund's accounting, Mrs. Goranova is involved in conducting accounting due diligence for potential investee companies of the Fund. She also performs internal audits of TBBF Portfolio Companies.

Danail Danailov has two years of experience with SEAF. Prior to SEAF, Mr. Danailov worked for several years as an Investment Advisor with BBG, a Czech Brokerage House. Mr. Danailov graduated from the University of National and World Economy in Sofia with a Master's Degree in Business. Mr. Danailov works with existing portfolio companies as well as with making new investments.

Teodora Kantutis has been working as a lawyer with SEAF since 1998. Mrs. Kantutis has six years of experience in commercial and foreign investment cases with Boteva & Kantutis Law Firm and Bulgarian Investment Bank PLC. She is involved in the legal due diligence of the TBBF prospects. She writes the Fund's investment agreements, conducts post investment legal monitoring, and, in the future, will work on the exit agreements.

As Financial Controller, **Irina Simeonova** prepares financial models and conducts marketing analyses for prospective deals. She also performs monitoring and data gathering tasks for portfolio companies. Prior to joining SEAF, Irina worked with DAEWOO and Bulgarian firms. She has a Master's Degree in Business from the University of National and World Economy in Sofia.

TBF Bulgaria, LLC
Statement of Financial Position
As of June 30, 2002

Assets	
Cash	$25,310 (1)
Accounts Receivable	$46,091
Due from SEAF HQ	$25,563
	$897,000 (2)
	$515,000 (2)
Total Assets	***$1,508,965***
Liabilities	
Accrued Liabilities	$2,700
VAT Payable	$7,070
Total Liabilities	***$9,770***
Shareholders Equity	
LLC Capital	
Paid-in Capital	$2,074,900 (3)
Retained Earnings/(Accumulated Loss)	$ (575,705)
Total Shareholders Equity	***$1,499,195***
Total Liabilities and Shareholders Equity	***$1,508,965***

Notes:

(1) ***Cash held at First Union National Bank*** ***$25,310***

(2)

Investments	Initial Investment Equity	Initial Investment Loan	Provision	Current Value
GASCO				$ 314,500
Equity	$ 314,500			$ 314,500
Loans				$ -
MARKER				$ 330,000
Equity	$ 170,000			$ 170,000
Loans		$ 160,000		$ 160,000
MIX EXPRESS				$ 40,000
Equity				$ -
Loans		$ 300,000	$ 260,000	$ 40,000
TELETEK				$ 400,000
Equity	$ 300,000			$ 300,000
Loans		$ 100,000		$ 100,000
USMEDS				$ 327,500
Equity	$ 150,000		$ 37,500	$ 112,500
Loans		$ 235,000		$ 235,000
Principal paid		$ (20,000)		$ (20,000)
Total Investments	$ 934,500	$ 775,000	$ 297,500	$ 1,412,000

(3) ***Capital Disbursed from:***

Small Enterprise Assistance Funds	$480,450
TBF LLC	$1,594,450
Total	***$2,074,900***

TBF Bulgaria, LLC
Income Statement
For the Quarters Ended March 31, 2002 and June 30, 2002

	Quarter ended March 31, 02		Quarter ended June 30, 02		YTD June 30 2002	
Revenues						
Management fees	$	8,229	$	11,821	$	20,051
Closing Fees	$	3,250	$	3,583	$	6,833
Interest on PC Loans	$	16,488	$	17,610	$	34,098
Royalty Fees	$	5,164	$	5,048	$	10,212
Foreign Exchange Gain	$	-	$	659	$	659
Bank Interest Income	$	125	$	327	$	453
Total Revenue	***$***	***33,257***	***$***	***39,049***	***$***	***72,305***
Expenses						
Management Fees	$	62,528	$	62,528	$	125,056
Technical Assistance	$	170	$	-	$	170
Tax/Licensing	$	3,712	$	2,713	$	6,425
Bad debt expense	$	64	$	-	$	64
Bank Service Charges	$	348	$	248	$	596
Foreign Exchange Loss	$	3	$	-	$	3
Total Expenses	***$***	***66,825***	***$***	***65,488***	***$***	***132,314***
Net Operating Income/(Loss)	***$***	***(33,569)***	***$***	***(26,440)***	***$***	***(60,008)***

TBF Bulgaria, LLC
Cash Flow Statement
For the Period April 1, 2002 to June 30, 2002

Net income/(loss)	$	(26,440)
(Increase)/Decrease in Accounts Receivable	$	52,910
Increase in Accrued Liabilities	$	(3,259)
Total operating activities	***$***	***23,211***
Equity investment in Portfolio Companies	$	(177,000)
Total investing activities	***$***	***(177,000)***
Capital Contribution	$	175,000
Total financial activities	***$***	***175,000***
Net Cash Inflow	***$***	***21,211***
Beginning Cash Balance	***$***	***4,099***
Ending Cash Balance	***$***	***25,310***

TBF Bulgaria, LLC
Portfolio Company
For the Period April 1, 2002 to June 30, 2002
Cash Receipts

Investee	Description	Month Collected	USD Amount
US Meds	Interest for January and February	May	$ 4,004
	Interest for March	May	$ 2,233
	Interest for April	May	$ 351
	Management fee for Qtr Dec 2001	May	$ 3,408
	Closing fee for January	May	$ 636
	Total		***$ 10,632***
Marker	Management Fee for Qtr Dec 2001	May	$ 4,184
	Royalty Fee for Qtr Dec 2001	May	$ 4,188
	Total		***$ 8,372***
Teletek	Interest for April	April	$ 982
	Interest for May	May	$ 1,015
	Interest for June	June	$ 982
	Management Fee	April	$ 437
	Total		***$ 3,415***
Gasco	Closing Fee for June	June	$ 4,313
	Total		***$ 4,313***
Total			***$ 26,733***
	Summary:		
	Interest		$ 9,567
	Management Fees		$ 8,029
	Royalty Fees		$ 4,189
	Closing Fees		$ 4,949
	Total		$ 26,733

TBF Bulgaria, LLC
Portfolio Company Cash Receipts / Investment
For the Period April 1, 2002 - June 30, 2002

Portfolio Companies	Cash Receipts	Investment Capital	Net Cash Transactions
US Meds	$ 10,632		$ 10,632
Marker	$ 8,372		$ 8,372
Teletek	$ 3,415		$ 3,415
Eastern Gas	**$ 4,313**	$ 177,000	$ (172,687)
TOTAL	***$ 26,733***	***$ 177,000***	***$ (150,267)***

TBF Bulgaria, LLC
Schedule of PCDEs, Current Income, and Management Fees
For the Period April 1, 2002 to June 30, 2002

		Total
Portfolio Company Development Expenses		
PCDEs covered by Grant	$	18,021
Current Income from Portfolio Companies	*$*	*26,733*
Quarterly Management Fees Paid to SEAF	*$*	*62,528*

TBF BULGARIA, LLC Portfolio Company Investment Performance as of June 30, 2002

TBF BULGARIA LLC	Business Description	Date of Initial Investment	Debt & Equity Capital Invested	Realized Proceeds	Unrealized EVCA Value	Total Realized & Unrealized EVCA Value	IRR EVCA	Unrealized FMV Value	Total Realized & Unrealized FMV Value	IRR FMV
			Cumulative Debt & Equity Capital Invested							
GASCO		3/6/02	$ 314,500	$ 9,234	$ 314,500	$ 323,734	NM	$ 314,500	$ 323,734	NM
MARKER		5/15/01	$ 330,000	$ 40,273	$ 359,294	$ 399,567	23%	$ 359,294	$ 399,567	23%
MIX		6/30/01	$ 300,000	$ 6,000	$ 44,682	$ 50,682	-92%	$ 44,682	$ 50,682	-92%
TELETEK		4/19/01	$ 400,000	$ 27,874	$ 401,155	$ 429,029	10%	$ 401,155	$ 429,029	10%
USMED		2/21/01	$ 385,000	$ 59,715	$ 341,254	$ 400,969	1%	$ 341,254	$ 400,969	1%
TBF BULGARIA LLC TOTAL			$ 1,729,500	$ 143,095	$ 1,460,685	$ 1,603,960	-14%	$ 1,460,685	$ 1,603,960	-14%

TBF BULGARIA LLC	Debt Capital Commited	Date of Initial Investment	Cumulative Debt Invested	Closing Fees Received	Principal Received	Cash Interest Received	Total Realized Proceeds	Accrued Interest	Conversion to Equity at FMV	Prinicpal Value w/ Write-Offs	Total Unrealized Value	Total Realized & Unrealized Value	IRR	Notes
	Invested Debt Capital				Realized Proceeds			Unrealized Value						
GASCO	$ 150,000		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
MARKER	$ 250,000	07/18/01	$ 160,000	$ 2,000	$ -	$ 8,459	$ 10,459	$ 8,940	$ -	$ 160,000	$ 168,940	$ 179,399	15%	
MIX	$ 300,000	06/30/01	$ 300,000	$ 6,000	$ -	$ -	$ 6,000	$ 4,682	$ -	$ 40,000	$ 44,682	$ 50,682	-92%	
TELETEK	$ 200,000	08/14/01	$ 100,000	$ -	$ -	$ 10,294	$ 10,294	$ 1,155	$ -	$ 100,000	$ 101,155	$ 111,450	19%	
USMED	$ 250,000	02/21/01	$ 235,000	$ 7,436	$ 20,000	$ 24,151	$ 51,587	$ 6,917	$ -	$ 215,000	$ 221,917	$ 273,504	10%	
TBF BULGARIA LLC TOTAL	$1,150,000		$ 795,000	$ 15,436	$ 20,000	$ 42,905	$ 78,341	$ 21,694	$ -	$ 515,000	$ 536,694	$ 615,035	-34%	

TBF BULGARIA LLC	Equity Capital Committed	Date of Initial Investment	Cumulative Equity Invested	Investment Monitoring Fees	Equity Rpmt Cap.Gains Divid.Recvd.	Total Realized Proceeds	Accrued Dividend & Fees	Principal Value	Accounting Provisions	Unrealized EVCA Value	Total Realized & Unrealized EVCA Value	IRR EVCA	FMV Value	Unrealized FMV Value	Total Realized & Unrealized FMV Value	IRR FMV	Valuation Methodolog
	Invested Equity Capital				Realized Proceeds		Unrealized Value										
GASCO	$ 550,000	03/06/2002	$ 314,500	$ 9,234	$ -	$ 9,234	$ -	$ 314,500	$ -	$ 314,500	$ 323,734	NM		$ 314,500	$ 323,734	-6	Cost
MARKER	$ 170,000	05/15/2001	$ 170,000	$ 29,813	$ -	$ 29,813	$ 20,354	$ 170,000	$ -	$ 190,354	$ 220,168	28%		$ 190,354	$ 220,168	36%	Cost
MIX	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -			$ -	$ -		Write Off
TELETEK	$ 300,000	04/19/2001	$ 300,000	$ 17,579	$ -	$ 17,579	$ -	$ 300,000	$ -	$ 300,000	$ 317,579	6%		$ 300,000	$ 317,579	11%	Cost
USMED	$ 150,000	04/06/2001	$ 150,000	$ 8,127	$ -	$ 8,127	$ 6,837	$ 150,000	$ (37,500)	$ 119,337	$ 127,464	-14%		$ 119,337	$ 127,464	-19%	Provision
											$ -						
TBF BULGARIA LLC TOTAL	$1,170,000		$ 934,500	$ 64,754	$ -	$ 64,754	$ 27,191	$ 934,500	$ (37,500)	$ 924,191	$ 988,945	11%	$ -	$ 924,191	$ 988,945	19%	

Portfolio Company:	EASTERN GAS COMPANY (GASCO)		As of: 30-Jun-02
Fund:	TRANS-BALKAN BULGARIA LLC		Currency: USD
Core Activity:	LPG Distribution		

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding	Provisioned	Status	Board Members #	
Y-T-D	550,000	314,500	44.4%	0	314,500	2 of 3	
DEBT	**Committed**	**Invested**	**Rate**	**Conversions**	**Repaid**	**Written Down**	**Status**
Y-T-D	150,000	0	15%	0	0		0
A/R	**Closing Fee**	**Management Fee**	**Interest**	**Dividend**	**Other**	**Total**	
Received	7,548	1,686	0	0	0	9,234	
Accrued	0	0	0	0	0	0	
VALUE	**Post-money Equity**	**Net Asset Value**	**Total Enterprise**	**Fair Market**	**IRR**		
As of the date:	708,333	1,111,000	900,333	314,500	NM		

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	1,445,000	1,272,000	0	2,225,000	748,000	723,000	-3%	
COGS	1,108,000	845,000		1,633,000	561,000	473,000	-16%	
Gross Profit	337,000	427,000	0	592,000	187,000	250,000	34%	
SG&A	155,000	191,000		269,000	108,000	171,000	58%	
Depreciation & Amort.	43,000	44,000		111,000	42,000	25,000	-40%	
Interest Expense	8,000	21,000		54,000	26,000	17,000	-35%	
Taxes	*43,000*	*49,000*		*38,000*	*4,000*	9,000	125%	
Net Income	88,000	122,000	0	120,000	7,000	28,000	300%	
EBITDA	182,000	236,000	0	323,000	79,000	79,000	0%	
Capex							0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	93,000	29,000		127,000	89,000	201,000	126%	
Trade Receivables	51,000	49,000		61,000	28,000	105,000	275%	
Inventory	33,000	106,000		156,000	49,000	110,000	124%	
Other Current Assets	*11,000*	12,000				274,000	0%	
Net Fixed Assets	265,000	594,000		1,143,000	1,010,000	705,000	-30%	
Intangible Assets							0%	
Total Assets	453,000	790,000	0	1,487,000	1,176,000	1,395,000	19%	
Trade Payables	5,000	23,000		51,000	27,000	32,000	19%	
ST Debt							0%	
Other ST Liabilities	26,000	17,000				10,000	0%	
SEAF Debt				97,000			0%	
LT Bank Debt		220,000		154,000	184,000	192,000	4%	
Other LT Liabilities		8,000				50,000	0%	
Equity	422,000	522,000		1,185,000	965,000	1,111,000	15%	
Total L&E	453,000	790,000	0	1,487,000	1,176,000	1,395,000	19%	

QUALITATIVE ASSESSMENT

Summary:
- update on developments
- inancial analysis
- market position
- management assessment
- plans

In Q2, the company realized sales growth of 41% over Q1 of 2001, reaching sales of $390,000. The sales for the first half of 2002 grew with 28% to $723,000, 3% below the projections. Gasco was able to achive gross margin of 35% compared to 28% for the same period in 2001 and the EBITDA of $79,000 was 2% above the projections. The growth is due mainly to bottled gas sales and the autogas – Chaika station. The net profit for the first half of 2002 is $28,000 or 36% below the the same period of 2001, but the result is subject to revision due to mistake made in accounting expensing some fixed assets instead of capitalizing . Within the effort to improve the Financial department the company recruited financial manager that will joint Gasco in mid-july. The new projects of Gasco in Dobrich and Burgas were developed according to the plan. The company identified good location for the storage facility and the project is expected to be finalized in April 2003.

Gasco is a regional leader with the characteristics of National player - strong brand name and activities in all segments of the industry. Two companies operate national wide. Industry flagship is Toplivo Gas, the former state monopoly in LPG distribution, with estimated 35% market share and nationwide presence in all the retail segments. Shell Gas is perceived the strongest competitor overall in the medium-to-long term. In general the LPG market is extremly fragmented and mainly concentrated in the autogas segment. Several companies have developed regional significance as Gastrade, Rafa and Vitito in Sofia; Kalvacha Gas in South-east Bulgaria; Russe Gas in North Bulgaria; Litex in North-west Bulgaria. Usually the regional leaders develop only autogas and wholesale (Kalvacha Gas is exception with strong bulk gas development).

Mr. Svetoslav Gramenov is young and enthusiastic manager with very good professional knowledge in finance and LPG industry specifics. He is flexible and open to new ideas manager, dedicated to the success of its company. Initialy the company was established and managed as family business by Mr. Lazar Gramenov (the father), two years ago the management was transfered to Mr. Svetoslav Gramenov (the son), but the family still has influence on desision making process.

Gasco plans to achieve a stable competitive advantage as low-cost competitor through a higher level of vertical integration (construction of a storage facility - railway-unloading terminal for 30 to 60 days of inventory) and through realization of economies of scale. Increase its geographic presence in Eastern Bulgaria duplicating its success in Varna into the cities of Dobrich and Burgas. Develop a network of dealers throughout supply contracts with single station retailers working under the brand name of Gasco.

Key Issues:
- business
- relationship
- solutions

T/A:
- in-house
- outsourced

Exit:
- date
- strategy
- stage
- to do

Company organization and structure are very important regarding the ability to manage the aggresive growth plans. Thorough analysis and selection of the expansion projects (locations for stations, storages and offices) are critical due to high capital requirements for locations acquisition and development. Good relationship with Gramenov family and specifically with the father is key for the relationship and the sound management of the investment.

SEAF is organizing a visit of three LPG companies in Netherlands in July 2002. The management of Gasco is very enthusiastic about the possible exchange of know how and trade *contacts with companies in Western Europe. In addition, Mr. J. Jaffe (SEAF Senior Business Advisor)* is advising the CEO of Gasco on specific management issues with respect to the transition from family managed business to professional corporate structure.
Gasco is new investment but we believe that upon succesful realization of the regional expansion the company will become an attractive acquisiton target. During the trip to Netherlands TBBF hopes to establish contacts with BP.

Portfolio Company:	MARKER	As of: 30-Jun-02
Fund:	TRANS-BALKAN BULGARIA LLC	Currency: USD
Core Activity:	Office and school paper products production	

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding	Provisioned	Status	Board Members #
Y-T-D	170,000	170,000	40.5%	0	170,000	1 of 3

DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	280,000	160,000	15%	0	0	0	160,000

A/R	Closing Fee	Management Fee	Royalty Fee	Interest	Dividend	Other	Total
Received	6,600	9,427	15,786	8,459	0		40,273
Accrued		8,100	12,254	8,940	0		

VALUE	Post-money Equity	Net Asset Value	Total Enterprise	Fair Market	IRR
As of the date:	470,010	265,000	470,010	190,354	23%

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	481,000	739,000	1,170,000	1,174,000	423,000	345,000	-18%	
COGS	295,000	422,000	710,000	688,000	250,000	204,000	-18%	
Gross Profit	186,000	317,000	460,000	486,000	173,000	141,000	-18%	
SG&A	79,000	221,000	142,000	194,000	87,000	96,000	10%	
Depreciation & Amort.	29,000	46,000	79,000	70,000	33,000	37,000	12%	
Interest Expense	18,000	40,000	84,000	100,000	46,000	30,000	-35%	
Taxes	5,000	5,000	44,000	29,000	3,000	0	-100%	
Net Income	55,000	5,000	111,000	93,000	4,000	-22,000	-650%	
EBITDA	107,000	96,000	318,000	292,000	86,000	45,000	-48%	
Capex							0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	6,000	21,000	92,000	153,000	113,000	19,000	17%	
Trade Receivables	34,000	91,000	185,000	96,000	185,000	174,000	94%	
Inventory	156,000	302,000	104,000	137,000	164,000	444,000	271%	
Other Current Assets		23,000				17,000	0%	
Net Fixed Assets	164,000	336,000	510,000	327,000	362,000	373,000	103%	
Intangible Assets							0%	
Total Assets	370,000	773,000	891,000	713,000	824,000	1,027,000	125%	
Trade Payables	48,000	75,000	120,000	71,000	112,000	288,000	257%	
ST Debt	208,000	140,000			150,000	197,000	131%	
Other ST Liabilities				30,000	30,000		0%	
SEAF Debt		163,000	280,000	150,000	161,000	157,000	96%	
LT Bank Debt							0%	
Other LT Liabilities		128,000	90,000	87,000	106,000	120,000	113%	
Equity	114,000	267,000	401,000	375,000	265,000	265,000	100%	
Total L&E	370,000	773,000	891,000	713,000	824,000	1,027,000	125%	

QUALITATIVE ASSESSMENT

Summary:
- update on developments
- inancial analysis
- market position
- management assessment
- plans

Marker kept the strong sales growth patem for the second quarter of 2002 as well, reaching sales of $173,000, an increase of 52% over Q1 of 2001. For the first half of 2002 the company has 84% growth over the same period of 2001, but it is 18% below the projections due mainly to delay in orders execution (the sales will be booked in Q3).The main growth engine is the export (75% of total sales) for Russia, Hungary and Ukraine. The domestic market increased with 7% only and the result for the first half of 2002 is 14% decrease in local sales. Currently the company is working with its main distributors on the sales plans for the peak season Q3 that is projected to result in 20% growth of local sales for the period January-September 2002. Marker realized net loss of $22,000 (projected net profit of $4,000) result of lower than projected sales and 10% higher than projected operating expenses.

The company still has some cash flow problems due to the high level of inventory on stock. With the support of SEAF Marker is developping a plan for inventory decrease and control that will be realized in Q3.

Marker is considered to have market share of 18% to 23%. Tekon Invest JSC (formerly Mizia) is the major competitor and largest Bulgarian producer of note- and workbooks in terms of volume and sales ($1.36 million in 1999 or 40% market share). Tekon is a formerly state-owned enterprise that was privatized through a Management-employee buyout in 1998. The Company possesses the largest market share in the segment of cheap and poor quality workbooks. In 2000 Tekon had 23% drop in sales and decrease its market share to 31%-33%. Fizer is a distributor "Pigna" Italy. Pigna's notebooks are high-end products, but they are at least 200% more expensive than the notebooks of Tekon. Avista is one of the four-polygraph companies presented in Metro. Avista mainly imports from Turkey or Greece. This import makes Avista inflexible, with little variety of products and noncompetitive prices.

The company has smart and young management team with very solid local manager and a more visionary partner in Turkey with a good understanding of the regional market. The local manager is very open to SEAF assistance for improvement of the financial and sales departments.
Marker wants to become a leading Bulgarian producer of notebooks and related products for school and office. The main company objective is to realize successful export plan and enter the markets in Hungary, Ukraine, Romania, Macedonia, Serbia and Russia. The company intends to expand on Bulgarian market buying new licenses (Hary Potter) and entering the newly established retail chains. In particular, Marker plans to develop and introduce new office products for the export and domestic markets.

Key Issues:
- business
- relationship
- solutions

1. Efficiency improvement - new better organized and structured production facility; 2. Production capacity improvement - installation of the new production line; 3. Cost accounting and better inventory management systems; 4. Strategies to reduce seasonality; 5. Sales expansion throughout the region as quickly as possible; 6. Organizational changes to support further rapid growth;

T/A:
- in-house
- outsourced

(1) In Q2 of 2002 Marker organized the procedures for introduction of "Flash Reporting" that will be generated since July 1. With the support of Mr. J.Jatle (SEAF Senior Business Advisor) the management of Marker is working on plan for invetory decrease and introduction of effective inventory management system that will allow the company at the end of September to stabilize its cash flow and liquidity. (2) In May the company was visited by Mr. Johannes Hendrix (NMCP voluntier adviser). Mr Hendrix had extensive 30 years experience in the same segment of paper industry and was extreemly usefull to the management of Marker advising on the areas of marketing and products selection, production organization, acquisition of new equipment and efficancy of operatoins. Additionaly Mr. Hendrix invited the manager of Marker to visit his companies in Netherlands in October 2002 and commited himself to advise Marker further.

Exit:
- date
- strategy
- stage
- to do

The deal structure of Marker reflects an exit strategy based on MBO. A royalty fee call option plan is in execution since September 2001.

Portfolio Company:	TELETEK ELECTRONICS AD						As of: 30-Jun-02
Fund:	TRANS-BALKAN BULGARIA LLC						Currency: USD
Core Activity:	Electronics production and contract manufacturing services						

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding	Provisioned	Status	Board Members #	
Y-T-D	300,000	300,000	40.0%	0	300,000	2 of 3	
DEBT	**Committed**	**Invested**	**Rate**	**Conversions**	**Repaid**	**Written Down**	**Status**
Y-T-D	200,000	100,000	15%	0	0	0	100,000
A/R	**Closing Fee**	**Management Fee**	**Interest**	**Dividend**	**Other**	**Total**	
Received	8,096	9,483	10,294	0	0	27,874	
Accrued	0	0	1,155	0	0	1,155	
VALUE	**Post-money Equity**	**Net Asset Value**	**Total Enterprise**	**Fair Market**	**IRR**		
As of the date:	*750,000*	*769,659*	*750,000*	*300,000*	*10%*		

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue		731,248		2,280,998	1,036,062	724,907	-30%	
COGS		507,303		1,665,128	756,325	459,713	-39%	
Gross Profit	0	223,945	0	615,870	279,737	265,194	-5%	
SG&A		90,505		254,487	117,682	122,025	4%	
Depreciation & Amort.		34,365		106,222	47,846	52,807	10%	
Interest Expense		11,918		22,710	8,750	13,345	53%	
Taxes							0%	
Net Income	0	87,157	0	232,451	105,459	77,017	-27%	
EBITDA	0	133,440	0	361,383	182,055	143,169	-12%	
Capex							0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash		121,770		89,617	42,119	146,283	347%	
Trade Receivables		215,465		279,173	304,586	114,309	38%	
Inventory		288,235		468,621	433,544	423,233	98%	
Other Current Assets							0%	
Net Fixed Assets		452,787		575,042	588,464	565,740	96%	
Intangible Assets							0%	
Total Assets	0	1,078,257	0	1,412,453	1,368,713	1,249,565	91%	
Trade Payables		156,456		236,065	256,589	153,539	60%	
ST Debt							0%	
Other ST Liabilities		4,981				15,017	0%	
SEAF Debt		99,132		164,545	200,000	110,504	56%	
LT Bank Debt							0%	
Other LT Liabilities		198,201		154,481	181,754	200,846	111%	
Equity		619,487		857,362	730,370	769,659	105%	
Total L&E	0	1,078,257	0	1,412,453	1,368,713	1,249,565	91%	

QUALITATIVE ASSESSMENT

Summary:
- update on developments
- inancial analysis
- market position
- management assessment
- plans

In Q2 2002 Teletek Electronics had sales of $333K, which was 15% less than Q1 02 figures. Compared to Q2 01 sales the company recorded 25% decrease. There are two main reasons for the sales dropping down. The first one is related to the stagnation of the Bulgarian market of security alarm systems. 37% of the company's domestic sales are coming from this type of products sold on the domestic market. The second reason is about the decreased demand of the cash registers in Bulgaria (19% of the company's domestic sales). Though Teletek Electronics remains a leader on the Bulgarian market of security systems. The company has more than 30% market share and represents more than 90% of the local products.
In general the financial performance of the company for the first half of the year is showing sales of 30% below the budget, gross margin of 38%, which is 40% above the plan and net income of $72K, being 32% below the projections. The company is facing low inventory turnover (167 days), and managed to decrease its AR days to 29.

The company has systematic and competent management, open to new ideas and outside assistance. Company is ISO 9001 certified and has introduced an ERP software, which has resulted in excellent organization and reporting.
Teletek Electronics has developed together with Eltrade, one of its long-term partners, a new product - portable printer, which was presented on the spring trade show in Hanover and was very well accepted. The next step for the company is to enter the West European and US markets with the assistance of SEAF offices in Washington, DC and Netherlands.

Key Issues:
- business
- relationship
- solutions

As Teletek's sales become too static in Q2 due to limited orders from its key customers, Teletek realized that it needs to grow its customer base and become more independent from its few key accounts. Therefore, the company focused on finding new foreign customers and increasing its contract manufacturing sales. It hired two new people for its marketing department and the company hopes to see the first effects of these changes in Q3.
Teletek Electronics, together with Teletek Trade (electronics products wholesale and retail chain) and Sitek (electrical and electronics engineering company), is part of Teletek Group Holding. Since Teletek has business relations with the other two firms of the parent Teletek Holding, SEAF needs to make sure that the transactions between the related parties are conducted on arm's length basis. SEAF monitores and analyses a number of transactions. Upall now, the transactions seem to be conducted according to the agreements and respecting the rules of the competitive market.

T/A:
- in-house
- outsourced

In Q2 02 SEAF provided Teletek with an assistance in analysis and training on inventory and accounts receivable analysis and management. The assignment was conducted with SEAF internal resources: Jim Jaffe has visited the company several times and worked with TBBF investment officers on the project. The company is already implementing the expert's advices and an improvement of its inventory and AR status is shown in June.

Exit:
- date
- strategy
- stage
- to do

Teletek Electronics is a part of Teletek Group Holding and all three companies work and trade closely with each other, and the initial market research shows that it would be easier and more beneficial to sell all the businesses together. TBBF current management has started talks with Teletek Group shareholders regarding consolidating the business and negotiating a joint exit scenario. In September the details of the exit strategy are expected to be specified.

Portfolio Company:	**US MEDS**	**As of: 30-Jun-02**
Fund:	**TRANS-BALKAN BULGARIA LLC**	**Currency: USD**
Core Activity:	**Pregnancy tests, rapid diagnostic tests for major diseases, mouth wash, and express diagnostic nodes/clinics (EDNs)**	

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding	Provisioned	Status	Board Members #	
Y-T-D	150,000	150,000	37.0%	37,500	112,500	1 of 3	

DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	250,000	215,000	15%	0	0	0	215,000

A/R	Closing Fee	Management Fee	Interest	Dividend	Other	Total
Received	7,448	8,115	24,151	0	0	39,715
Accrued	0	6,837	6,917	0	0	13,754

VALUE	Post-money Equity	Net Asset Value	Total Enterprise	Fair Market	IRR
As of the date:	525,235	284,299	525,235	194,337	1%

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	499,000	413,379	0	1,347,420	480,538	370,995	-23%	
COGS	219,000	144,267		590,630	207,045	150,622	-27%	
Gross Profit	280,000	269,112	0	756,790	273,493	220,373	-19%	
SG&A	316,000	377,670		504,993	228,725	168,127	-26%	
Depreciation & Amort.	15,000	18,648		24,498	9,818	23,885	143%	
Interest Expense	80,000	61,748		49,324	27,765	26,661	-4%	
Taxes	0						0%	
Net Income	-131,000	-188,954	0	177,975	7,185	1,700	-76%	
EBITDA	-36,000	-108,558	0	251,797	44,768	52,246	17%	
Capex							0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	6,500	4,957		17,869	11,589	9,380	-19%	
Trade Receivables	47,000	121,270		142,831	108,860	189,382	74%	
Inventory	92,000	93,770		107,555	91,372	81,895	-10%	
Other Current Assets	174,000	153,683		93,471	123,471	155,503	26%	
Net Fixed Assets	239,000	262,123		309,759	276,939	599,574	117%	
Intangible Assets							0%	
Total Assets	558,500	635,803	0	671,485	612,231	1,035,734	69%	
Trade Payables	92,000	68,848		62,255	49,348	183,217	271%	
ST Debt	212,500	149,569			150,000	150,404	0%	
Other ST Liabilities	147,000			148,102	122,545	202,814	66%	
SEAF Debt		190,000		215,000	215,000	215,000	0%	
LT Bank Debt							0%	
Other LT Liabilities		218,228					0%	
Equity	107,000	9,158		246,128	75,338	284,299	277%	
Total L&E	558,500	635,803	0	671,485	612,231	1,035,734	69%	

QUALITATIVE ASSESSMENT

Summary:
- update on developments
- inancial analysis
- market position
- management assessment
- plans

For the first half of the year the company has sales of USD 304K, which is more than 40% ahead of the same period of year 2001 and 36% below the 2002 budget. US Meds OTC products accounted for the bulk of this revenue. The company realised gross margin of 50%, which is 7% less the projections. US Meds posted a net income of USD 1.7K, representing a net margin of 0.5%, which doesn't meet the budgeted targets.
As the company is trying to build up its sales and customer base, it tries to attract the clients with attractive payment terms, which have a strong negative impact on company's cash flow. US Meds receivables reached USD 189K thus almost doubling the planned level of USD 108K due to this situation. The debt burden has been also increasing.

Though managers, David Hampson and David Terry, have extensive knowledge in business operations in Eastern Europe and the US Meds Market and Mr. Nikolaev has top level technical expertise, they have problems realizing the plans and projections presented to SEAF.
Therefore SEAF re-negotiated the deal terms and signed an annex to the Investment Agreement, which gives SEAF the option to effectively change the Management of US Meds after SEAF completes an internal audit on US Meds books, and if the operating targets for sales, net profitability and operating cash flow are not met. The internal audit of the company should be completed in August and SEAF considers the possibility to replace the management and already started to search for a candidate for a new executive at US Meds.

Though US Meds is a leader in OTC tests market in Bulgaria it faces stronger and stronger competition from international players.

Key issues:
- business
- relationship
- solutions

Due to the increase in the domestic competition, US Meds needs to target more on export markets in order to achieve the planed sales growth. The comany also needs to focus on improving its A/R collections. In addition, US Meds has to concetrate on the profitable areas of the business and on controlling its costs in order to reach break-even. The company still has too much admin staff and needs to cut its overhead.
SEAF has consistently worked on improving the company's reporting to SEAF and the key areas like timely delivery of financial reports, management responsiveness, access to relevant company data have been improved.

T/A:
- in-house
- outsourced

SEAF is actively supporting the company on the sales generation side for both domestic market and exports. Sales people of relevant experience have been introduced and commercial contacts have been established through the BOU in the Netherlands, Medifarm in Croatia and Sun-Pharm in Poland.

Exit:
- date
- strategy
- stage
- to do

In April 2002 TBBF and the other two shareholders have initiated negotiations to buy back SEAF shares and repay the loan. Since then, there is no development in the area, as the entrepreneurs are still looking for an outside financing for this purpose.

TBF Bulgaria, LLC

Employment and Revenue Analysis as of June 30, 2002

	Name of Investment	Initial Employment	Employment QII 2002	% Change	Initial Annual Revenue in US$	As of ...	Projected Revenue US$ (2002 Annual)	% Change
1	Gasco	50	60	20%	$ 1,272,000	2001	$ 2,225,000	75%
2	Marker	34	60	76%	$ 739,000	2001	$ 1,174,000	59%
3	Teletek	42	50	19%	$ 731,248	2001	$ 2,280,998	212%
4	USMeds	34	30	-12%	$ 413,379	2001	$ 1,347,420	226%
	TOTAL	**160**	**200**	**25%**	**$ 3,155,627**		**$ 7,027,418**	**123%**

Notes:

TBF Croatia LLC Fund Update

Fund Overview

Fund Closing:	December 2000
Vintage Year:	2001
Life of Fund:	10 years
Total Commitment:	USD 10,401,150
Fund Domicile:	Delaware, USA
Legal Form:	Limited Liability Company
Structure:	Trans-Balkan Fund LLC (USD 6,000,000) SEAF/ USAID (USD 4,401,150)
Investment Focus By Stage:	Early Stage and Expansion Capital for SMEs
Investment Focus by Geography:	Croatia
Investment Size:	maximum USD 1,000,000 per project

SEAF Croatia dd was locally incorporated in 1997 through a grant from USAID. The Fund was converted to a Delaware LLC in October 1999. The fund was re-launched in December 2000 with the addition of the SEAF TBF as the majority shareholder. At that time, the existing fund was revalued at USD 2,212,896 (contributed by SEAF/USAID), and was combined with the SEAF TBF capital commitment of USD 6,000,000. After this re-launch, the Fund had its first cash flow drawdown on December 28, 2000, thereby classifying 2001 as the Fund's vintage year. The Fund provides early stage financing and expansion capital to private SMEs in Croatia.

As of June 30, 2002 the Fund had drawn down USD 6,533,301 (63% of the committed capital), with USD 3,867,849 total committed capital remaining. The Fund has distributed USD 129,864 back to shareholders. The Fund has committed to companies a total of USD 4,422,896 (42.5% of committed capital) and has disbursed to companies a total of USD 4,431,492[1].

There were no commitments or disbursements made to companies in Q1 or Q2 of 2002; however, an investment proposal in the amount of USD 600,000 for Bello d.o.o., a telecommunications and networking equipment company, was approved on July 25.

[1] Investments that have been liquidated or exited in exchange for debt or shares in new companies are included at the original debt or equity commitment amount. Total commitments and disbursements also include debt that has been fully repaid.

Portfolio Summary

The Fund has made investments in the following 16 companies:

1. Digital City Media (DCM)
2. MediFarm
3. Perpetuum
4. MIT Software
5. Vimi
6. Katunar
7. Dok Ing
8. Digital Point
9. Express
10. Spoin
11. Iskon Internet
12. DPapa/Prsten
13. Slavonija Milk*
14. Stipanovic*
15. Glijva*
16. Klik Multimedia
17. Uzgoj

Please note that the list total 17 investments, as the Fund acquired the shares in Iskon Internet as part of the payment for Klik Multimedia, which the Fund sold to Iskon Internet in July 2000.

The Fund's strategy is to support and manage the most active investments on an intensive basis, with the plan to exit them in the next two to four years. The Fund is in various stages of negotiations to exit all other investments (except investments marked with a '*' which have been written-off).

The portfolio has an average holding period of four years, although the bulk of committed capital (65%) has been disbursed in the past two and a half years, making the Fund relatively immature. Please see Tab 12 "Trans-Balkan Croatia Fund Strategy Sheets" for further details.

Priority Investment Projects

Although no investment opportunities were presented to the Fund's Investment Review Committee in Q2 2002, in July 2002, the Fund presented the investment proposal for Bello d.o.o., a company providing telecommunications and networking equipment. This USD 600,000 investment was approved at the Fund's investment review committee meeting on July 25 and is expected to be closed in September 2002.

Priority Investment Projects

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The SEAF Croatia investment staff is currently evaluating several potential new investment projects. A short review of the most interesting possibilities is listed below.

Pipeline

Eko-Ing d.o.o.

Eko-Ing is a private company primarily engaged in industrial wastewater treatment in Porec. The firm employs biotechnology-based processes, using mixed cultures of microorganisms cultivated in their own labs to upgrade existing wastewater treatment plants by removing targeted organic pollutants that cause problems during treatment. Traditional treatment processes rely strictly upon the use of chemicals that are expensive and often cause toxic by-products. The micro-organism-based approach typically enables users to build smaller plants with safer output, at reduced levels of investment and operating costs for the plant operator. Eko-Ing is the self-proclaimed leader in the development and application of these technologies. In 2001, the company generated revenues of approximately USD 125,000. The company maintains a client base that ranges throughout Western and Central Europe. It was founded in 1996 by its Director, Vice Soljan, who owns 100% of the company. Much of the firm's research is conducted in cooperation with the Croatian Faculty of Food Technology and Biotechnology (University of Zagreb).

In addition, Eko-Ing has set a goal to develop a second area of business. The company plans to use its knowledge of microorganisms to develop methods of biological production of targeted high-profile pharmaceutical drugs. Many drugs are derived from natural substrates. Often, producers of these drugs suffer from low production yields due to inefficient synthetic production processes. Also, they often face the prospect of raw material shortages due to high demand. As an example, the cancer-treatment drug Paclitaxel (Taxol) is derived, in part, from a precursor found in the needles and bark of the European yew tree. According to Eko-Ing, the extraction process of Paclitaxel in yew bark is extremely expensive due to low yields, and the supply of yew bark has subsequently dwindled because so much of it is required in the drug production process. Eko-Ing currently targets the development of alternative, biological production processes for seven pharmaceutical products that fit the following profile: i) high volume (blockbuster); ii) original natural source; iii) adapted via synthetic or semi-synthetic chemical production; and iv) clear role for a bio-process to substitute for a chemical process.

Razvitak d.d.

Razvitak, located in Ludbreg, is a producer of pharmaceutical drugs. The firm has a large, profitable division that is engaged in the production of "gel-caps". The company seeks to pursue further growth by expanding its capacity to produce generic drugs. The Croatian Ministry of Medicine has begun to loosen its restrictions upon the manufacture and sale of generic versions of commonly used pharmaceuticals. Razvitak seeks to seize this opportunity in generics and rapidly expand its production base from six to sixteen registered drugs. The company, which seeks investment capital to support the construction of a new production facility and to cover carrying costs of additional inventory, recorded 2001 revenue in excess of USD 5,000,000.

Accra d.d.

Accra is a distributor of food products, including meat, produce, dairy, and a variety of imported foods and is located in Split. The company has distribution centers in Zagreb, Rijeka, Split, Pula, and Osijek, and additional warehouses in four other cities. Overall, Accra serves over 6,000 retail stores across Croatia. In 2001, the company genereated revenues of approximately USD 8,500,000. The company seeks to achieve same-store sales growth through improved category management and IT-based procedures. It seeks to re-organize its distribution logistics to reduce employment levels and other areas of operating expense. Accra is considering acquiring targeted producers of meat, fish, and cheese products in order to give the company a dedicated supply of core products and a proprietary supply of specialized products. Finally, the company seeks to engage in distribution joint ventures with firms located in other countries in the ex-Yugoslavia region. The company recently launched its first regional venture, Accra-Macedonia.

Operations

The investment staff of the Fund totals seven professionals including Director General Jonathan Cooper. This team is comprised of three senior and four junior staff members. A short review of the senior team members is included below:

Jonathan Cooper became the Director General of SEAF-Croatia LLC in October 2000. From October 1997 through February 2000, Mr. Cooper was the Deputy Director General and Chief Investment Officer of SEAF-Croatia. During this time, Mr. Cooper completed 10 of the Fund's 14 investments. From March 2000 through July 2000, Mr. Cooper worked in Silicon Valley for Coolboard.com as their Business Development Manager. Prior to joining SEAF in 1997, as a member of the MBA Enterprise Corp, Mr. Cooper was the Director of Strategic Planning for JTT Computer in Wroclaw, Poland. JTT was Poland's largest computer company with 1997 revenue of USD 125 million and over 450 employees. From 1989 through 1994, Mr. Cooper held various accounting and equity analyst positions in Philadelphia, PA and Fairfax, VA. Mr. Cooper received his B.S. in Business Logistics in 1989 from the Pennsylvania State University and his MBA in 1996, also from the Pennsylvania State University. In 1996, Mr. Cooper completed the Chartered Financial Analyst (CFA) examination series. Mr. Cooper is both a U.S. and U.K. citizen.

Dino Bendeković, has been acting as SEAF-Croatia's Deputy Director since August 2001. Prior to his arrival at SEAF, he served as a Senior Consultant at Interfokus Consulting and as a Financial Consultant Assistant at Merrill Lynch, where he was extensively involved in advising corporations and private investors on issues of company and financial asset valuations, investment feasibility analysis, financial structure, and portfolio management. In addition, as an outside advisor, he has been involved in corporate management training programs of some of the leading Croatian companies and organizations such as Zagrebačka Banka, AGROKOR, HIBO, etc. Mr. Bendekovic has also addressed various financial topics at conferences and programs like FOIP-1974, Faculty of Economics' Center for Permanent Education in Zagreb, and a capital budgeting techniques seminar organized by EBRD. He is currently acting as a Financial Advisor to the Croatian Association of Certified Evaluators. Mr. Bendekovic received his degrees from Boston University (MBA) and University of Zagreb (BA).

Edwin Hong serves a Senior Investment Officer with SEAF-Croatia. He manages ongoing relationships with four companies into which SEAF-Croatia has invested, working alongside company managers to provide technical assistance in the areas of financial, operational, and marketing management, and also adding support in various business development activities. Mr. Hong also actively seeks out and investigates new companies, evaluating them as prospective candidates for SEAF investment. He currently directs SEAF-Croatia's own marketing efforts, as well. Prior to joining SEAF-Croatia, he spent four years as a Manager with Copernicus, a U.S.-based management-consulting firm, and subsequently led the development of a start-up children's toy company called Ark Creations, LLC. Mr. Hong received his M.B.A. from Cornell University and his B.A. from Dartmouth College. Mr. Hong is an American citizen.

TBF Croatia, LLC
STATEMENT OF FINANCIAL POSITION
As of June 30, 2002

Assets			
Cash	$	413,256	(1)
Accounts Receivable (net of allowance for doubtful debts of $904)	$	52,403	
Dividends Receivable	$	19,477	
Fixed Assets (net of accumulated depreciation of $41,218)	$	22,194	
Long term Investment/Equity	$	2,808,800	(3)
Portfolio Company Loans	$	261,748	(3)
Total Assets	***$***	***3,577,878***	
Liabilities			
Due to SEAF HQ	$	1,167	
Accrued Liabilities	$	4,000	
Total Liabilities	**$**	**5,167**	
Shareholders Equity			
Paid in Capital (net of distribution of $129,864 re Klik sale proceeds)	$	6,403,437	(2)
Retained Earning/Accumulated Loss	$	(2,874,438)	
Accumulated Translation Gain/Loss	$	43,712	
Total Shareholders Equity	***$***	***3,572,711***	
Total Liabilities and Shareholders Equity	***$***	***3,577,878***	

Notes:

*(1) **Cash held in the accounts of :***		
First Union National Bank	$	14,891
BNP - Dresdner bank (USD)	$	29,598
BNP - Dresdner bank (KUNA)	$	194,219
Croatia DD US$ Acct	$	20,213
Croatia DD HRK Acct	$	77,244
Croatia DD ZAP HRK 644668	$	73,959
Croatia DD ZAP HRK 648401	$	3,132
Total	***$***	***413,256***
*(2) **Paid in Capital***		
TBF	$	2,150,000
Less: Distribution of Klik sale proceeds to shareholders	$	(129,864)
TBF	$	2,020,136
SEAF HQ	$	4,383,301
Total	***$***	***6,403,437***

TBF Croatia, LLC
STATEMENT OF FINANCIAL POSITION
As of June 30, 2002

(3) *Investments*	*Initial Investment* Equity	Loan	Provisions	*Current Value*
ISKON				$ 62,903
Equity	$ 62,903			$ 62,903
Loans				$ -
DCM				$ 1,050,000
Equity	$ 1,050,000			$ 1,050,000
Loans				$ -
MIT SOFTWARE				$ 141,000
Equity	$ 141,000			$ 141,000
Loans				$ -
SPOIN				$ 20,000
Equity	$ 40,000		$ 20,000	$ 20,000
Loans				$ -
PERPETUUM MOBILE				$ 255,000
Equity	$ 255,000			$ 255,000
Loans				$ -
MEDIFARM				$ 750,000
Equity	$ 750,000			$ 750,000
Loans				$ -
UZGOJ				$ 93,823
Equity				$ -
Loans		$ 93,823		$ 93,823
VIMI				$ 67,403
Equity	$ 60,000			$ 60,000
Loan balance as of 12.31.01		$ 10,666		
Loan paid back		$ (3,263)		$ 7,403
DPAPA				$ 20,000
Equity	$ 70,000		$ 50,000	$ 20,000
Loan				$ -
KATUNAR				$ 162,500
Equity	$ 325,000		$ 162,500	$ 162,500
Loan				$ -
DOKING				$ 290,000
Equity	$ 190,001		$ -	$ 190,000
Loan		$ 100,000		$ 100,000
EXPRESS				$ 22,081
Equity	$ 44,161		$ 22,080	$ 22,081
Loan				$ -
DIGITAL POINT				$ 75,316
Equity	$ 161,290		$ 85,974	$ 75,316
Loan		$ 10,115	$ 10,115	$ -
SLAVONIJA				$ -
Equity	$ 176,000		$ 176,000	$ -
Loan				$ -
JOSIP JURINA				$ -
Equity				$ -
Loan				$ -
STIPANOVIC				$ -
Equity	$ 62,000		$ 62,000	$ -
Loan		$ 31,000	$ 31,000	$ -
RATARSVO TOPOLIC				$ -
Equity				$ -
Loan				$ -
DORDE NESIC				$ -
Equity				$ -
Loan		$ 1,723	$ 1,723	$ -
AMFORA				$ 60,522
Equity				$ -
Loan		$ 60,522		$ 60,522
GLJIVA				$ -
Equity	$ 100,000		$ 100,000	$ -
Loan		$ 35,000	$ 35,000	$ -
Total Investments	$ 3,487,355	$ 339,586	$ 756,393	$ 3,070,548

TBF Croatia, LLC
Income Statement
For the Quarters Ended March 31, 2002 and June 30, 2002

	Quarter ended March 31, 02		Quarter ended June 30, 02		June 30 2002	
Revenues						
Rev - Mgmt fees	$	12,748	$	13,269	$	26,017
Rev - Closing Fees			$	-	$	-
Rev - Interest on PC Loans	$	6,352	$	5,571	$	11,923
Rev - Dividend			$	28,168	$	28,168
Bank Interest Income	$	1,759	$	845	$	2,604
Recovery of bad debt from prior period	$	2,169	$	-	$	2,169
Total Revenue	***$***	***23,028***	***$***	***47,853***	***$***	***70,881***
Expenses						
Management Fees	$	70,989	$	70,989	$	141,978
Professional Fees			$	2,618	$	2,618
Legal Fees	$	838	$	2,777	$	3,615
Taxes			$	3,705	$	3,705
Depreciation	$	1,585	$	1,585	$	3,171
Bank Service Charges	$	115	$	166	$	282
Transaction Loss	$	2,098	$	(1,044)	$	1,054
Total Expenses	***$***	***75,625***	***$***	***80,798***	***$***	***156,422***
Net Operating Income	***$***	***(52,596)***	***$***	***(32,945)***	***$***	***(85,541)***

Breakdown of dividend revenue:		
Medifarm	$	18,314
MIT	$	9,854
Total Dividend Revenue	$	28,168

TBL Croatia, LLC
Cash Flow Statement
For the Period April 1, 2002 to June 30, 2002

Net income/(loss)	$	(32,945)
Depreciation	$	1,585
Foreign Translation Adjustment	$	52,318
Increase/(Decrease) in Accounts Payable	$	(15,500)
(Increase)/Decrease in Dividends Receivable	$	(9,854)
(Increase)/Decrease in Accounts Receivable	$	(19,301)
(Increase)/Decrease in Portfolio Company Loans	$	2,441
Total operating activities	***$***	***(21,256)***
Capital Contribution Received from TBF	$	100,000
Total financing activities	***$***	***100,000***
Net Cash Outflow	***$***	***78,744***
Beginning Cash Balance	***$***	***334,512***
Ending Balance, Cash	***$***	***413,256***

TBF Croatia, LLC
Portfolio Companies
Cash Receipts
For the Period April 1, 2002 to June 30, 2002

Investee	Description	Month Collected	USD Amount
DOK-ing			
	Total		*$ -*
Medifarm	Management Fee for Qtr Mar 02	April	$ 3,603
	Dividends for April 02	June	$ 18,314
	Total		*$ 21,917*
DCM			
	Total		*$ -*
Vimi	Interest for Qtr Dec 01	April	362
	Interest for Qtr Mar 02	May	390
			$ 752
MIT Software	Management Fee for Qtr Mar 02	May	$ 677
	Total		*$ 677*
Perpetuum			
	Total		*$ -*
Uzgoj	*Interest for Qtr Mar 02*	*April*	$ 2,250
	Total		*$ 2,250*
TOTAL			*$ 25,596*

Summary:	
Management Fees	$ 4,280
Interest	$ 3,002
Dividends	$ 18,314
Total	**$ 25,596**

TBF Croatia, LLC
Portfolio Company Cash Receipts / Investment
For the Period April 1, 2002 to June 30, 2002

Portfolio Companies	Cash Receipts	Investment Capital	Net Cash Transactions
DOK-ing	$ -	$ -	$ -
Medifarm	$ 21,917	$ -	$ 21,917
DCM	$ -	$ -	$ -
Vimi	$ 752	$ -	$ 752
MIT Software	$ 677	$ -	$ 677
Amfora	$ -	$ -	$ -
Perpetuum	$ -	$ -	$ -
Uzgoj	$ 2,250	$ -	$ 2,250
TOTAL	***$ 25,596***	***$ -***	***$ 25,596***

TBF Croatia, LLC
Schedule of PCDEs, Current Income, and Management Fees
For the Period April 1, 2002 to June 30, 2002

	Total
Portfolio Company Development Expenses	
PCDE-s covered by Grant	**$ 42,453**
Total Fund Current Income from PC	***$ 25,596***
Quarterly Mangement Fees Paid to SEAF	**$ 70,989**

TBF CROATIA, LLC Portfolio Company Investment Performance as of June 30, 2002

	Cumulative Debt & Equity Capital Invested								
TBF CROATIA LLC	Date of Initial Investment	Debt & Equity Capital Invested	Realized Proceeds	Unrealized EVCA Value	Total Realized & Unrealized EVCA Value	IRR EVCA	Unrealized FMV Value	Total Realized & Unrealized FMV Value	IRR FMV
DCM	03/01/2001	$ 1,050,000	$ 22,176	$1,050,000	$ 1,072,176	1%	1,260,000	1,282,176	19%
DIGITAL	09/03/1997	$ 186,560	$ 20,381	$ 75,316	$ 95,697	-15%	76,316	96,697	-15%
DOK-ING	12/13/1997	$ 409,376	$ 267,941	$ 319,212	$ 587,153	8%	958,243	1,226,184	39%
EX-PRESS	11/14/1997	$ 44,161	$ 903	$ 22,080	$ 22,983	-14%	22,080	22,983	-14%
GLIVA	12/31/1997	$ 136,001	$ 3,525	$ -	$ 3,526	NM	-	3,525	NM
ISKON	07/16/2000	$ 62,903	$ -	$ 62,903	$ 62,903	0%	62,903	62,903	0%
KATUNAR	03/27/1998	$ 415,001	$ 95,745	$ 170,466	$ 266,211	-13%	170,466	266,211	-13%
KLIK	03/17/2000	$ 125,738	$ 219,256	$ -	$ 219,256	131%	-	219,256	131%
MEDIFARM	06/01/2001	$ 750,000	$ 29,096	$ 753,750	$ 782,846	4%	1,503,750	1,532,846	104%
MIT	01/02/2000	$ 141,000	$ 16,039	$ 150,854	$ 166,893	8%	203,229	219,268	23%
PAPA	09/22/1998	$ 89,800	$ 47,876	$ 20,000	$ 67,876	-16%	20,000	67,876	-16%
PERPETUUM	12/31/1999	$ 318,000	$ 78,025	$ 259,950	$ 337,975	3%	564,950	642,975	42%
SLAVONIJA/RATARSVO/DO	08/10/1998	$ 266,001	$ 19,248	$ 60,891	$ 80,139	-31%	60,891	80,139	-31%
SPON	12/22/1999	$ 47,878	$ 8,678	$ 20,784	$ 29,462	-24%	20,784	29,462	-24%
STIPANOVIC	05/18/1999	$ 93,000	$ -	$ -	$ -	NM	-	-	NM
UZGOJ	03/11/1999	$ 107,217	$ 11,759	$ 96,759	$ 108,518	6%	96,759	108,518	6%
VIMI	11/27/1998	$ 96,856	$ 39,462	$ 69,949	$ 109,411	5%	69,949	109,411	6%
TBF CROATIA LLC TOTAL		$ 4,431,493	$ 866,118	$3,132,916	$ 4,013,028	-4%	$ 6,069,321	$6,968,431	14%

	Invested Debt Capital													
					Realized Proceeds			Unrealized Value						
TBF CROATIA LLC	Debt Capital Committed	Date of Initial Investment	Cumulative Debt Invested	Closing Fees Received	Principal Received	Cash Interest Received	Total Realized Proceeds	Accrued Interest	Conversion to Equity at FMV	Principal Value w/ Write-Offs	Total Unrealized Value	Total Realized & Unrealized Value	IRR	Notes
DCM	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
DIGITAL	$ 27,270	10/17/97	$ 27,270	$ -	$ 17,156	$ -	$ 17,156	$ -	$ -	$ -	$ -	$ 17,155	-31%	
DOK-ING	$ 100,000	12/13/97	$ 309,375	$ -	$ 209,376	$ 22,316	$ 231,691	$ 11,615	$ -	$ 100,000	$ 111,615	$ 343,206	11%	
EX-PRESS	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
GLIVA	$ 36,000	04/03/00	$ 36,000	$ 700	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	NM	
ISKON	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
KATUNAR	$ 83,160	06/30/99	$ 90,001	$ -	$ 90,001	$ -	$ 90,001	$ -	$ -	$ -	$ -	$ 90,001	0%	
KLIK	$ 25,738	03/17/00	$ 25,738	$ -	$ 25,734	$ -	$ 25,738	$ -	$ -	$ -	$ -	$ 25,738	0%	
MEDIFARM	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
MIT	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
PAPA	$ 19,800	04/28/99	$ 19,800	$ 200	$ 19,800	$ -	$ 19,800	$ -	$ -	$ -	$ -	$ 19,800	0%	
PERPETUUM	$ 63,000	12/31/99	$ 63,000	$ -	$ 63,000	$ -	$ 63,000	$ -	$ -	$ -	$ -	$ 63,000	0%	
SLAVONIJA/RATARSVO/DO	$ 95,000	03/31/99	$ 80,001	$ -	$ 11,864	$ -	$ 11,864	$ 300	$ -	$ 60,522	$ 60,891	$ 72,755	-7%	
SPON	$ 7,878	12/22/99	$ 7,878	$ -	$ 7,878	$ -	$ 7,878	$ -	$ -	$ -	$ -	$ 7,878	0%	
STIPANOVIC	$ 31,000	09/01/00	$ 31,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	NM	
UZGOJ	$ 45,000	06/20/99	$ 59,217	$ -	$ -	$ 6,159	$ 6,159	$ 2,936	$ -	$ 59,217	$ 62,153	$ 68,312	4%	
VIMI	$ 20,000	12/07/99	$ 36,856	$ -	$ 30,658	$ 2,880	$ 33,538	$ 307	$ -	$ 6,198	$ 6,506	$ 40,043	10%	
TBF CROATIA LLC TOTAL	$ 862,836		$ 796,134	$ 900	$ 478,409	$ 31,364	$ 509,824	$ 15,127	$ -	$ 225,937	$ 241,064	$ 747,848	-4%	

	Invested Equity Capital																
				Realized Proceeds			Unrealized Value										
TBF CROATIA LLC	Equity Capital Committed	Date of Initial Investment	Cumulative Equity Invested	Investment Monitoring Fees	Equity Rpmt Cap.Gains Divid.Recvd.	Total Realized Proceeds	Accrued Dividend & Fees	Principal Value	Accounting Provisions	Unrealized EVCA Value	Total Realized & Unrealized EVCA Value	IRR EVCA	FMV Value	Unrealized FMV Value	Total Realized & Unrealized FMV Value	IRR FMV	Valuation Methodology
DCM	$1,050,000	03/01/2001	$ 1,050,000	$ 22,176	$ -	$ 22,176	$ -	$1,050,000	$ -	$ 1,050,000	$1,072,176	1%	$ 210,000	$ 1,260,000	$ 1,282,176	19%	Write Up/New financing
DIGITAL	$ 161,290	09/03/1997	$ 161,290	$ 3,226	$ -	$ 3,226	$ -	$ 161,290	$ (85,974)	$ 75,316	$ 78,542	-14%		$ 76,316	$ 78,542	-14%	Provision
DOK-ING	$ 190,000	01/31/1998	$ 190,001	$ 36,250	$ -	$ 36,250	$ 17,896	$ 190,001	$ -	$ 207,897	$ 243,947	7%	$ 639,001	$ 848,720	$ 882,978	45%	Comparables
EX-PRESS	$ 45,161	11/14/1997	$ 44,161	$ 903	$ -	$ 903	$ -	$ 44,161	$ (22,081)	$ 22,080	$ 22,983	-14%		$ 22,080	$ 22,983	-14%	Cost
GLIVA	$ 100,000	12/31/1997	$ 101,001	$ 3,826	$ -	$ 3,826	$ -	$ 100,000	$ (100,000)	$ -	$ 3,826	-76%		$ -	$ 3,826	-76%	Write Off
ISKON	$ 62,903	07/16/2000	$ 62,903	$ -	$ -	$ -	$ -	$ 62,903	$ -	$ 62,903	$ 62,903	0%		$ 62,903	$ 62,903	0%	Cost
KATUNAR	$ 326,000	03/27/1998	$ 326,000	$ 6,744	$ -	$ 6,744	$ 7,966	$ 326,000	$ (162,800)	$ 170,466	$ 176,210	-14%		$ 170,466	$ 176,210	-14%	Provision
KLIK	$ 100,000	06/02/2000	$ 100,000	$ 750	$ 192,767	$193,517	$ -	$ -	$ -	$ -	$ 193,517	191%		$ -	$ 193,517	191%	Trade Sale
MEDIFARM	$ 750,000	06/01/2001	$ 750,000	$ 10,783	$ 18,314	$ 29,096	$ 3,750	$ 750,000	$ -	$ 753,750	$ 782,846	4%	$ 750,000	$ 1,503,750	$ 1,532,846	104%	Write Up/Performance
MIT	$ 141,000	01/02/2000	$ 141,000	$ 8,372	$ 7,667	$ 16,039	$ 9,864	$ 141,000	$ -	$ 150,864	$ 166,903	8%	$ 52,375	$ 203,229	$ 219,268	23%	Comparables
PAPA	$ 70,000	09/22/1998	$ 70,000	$ 4,661	$ 23,527	$ 28,078	$ -	$ 70,000	$ (50,000)	$ 20,000	$ 48,078	-17%		$ 20,000	$ 48,078	-17%	Provision
PERPETUUM	$ 255,000	03/15/2000	$ 255,000	$ 13,804	$ 1,221	$ 15,025	$ 4,960	$ 255,000	$ -	$ 259,960	$ 274,978	3%	$ 305,000	$ 564,960	$ 579,975	45%	Offer
SLAVONIJA/RATARSVO/DO	$ 176,000	08/10/1998	$ 176,000	$ 7,384	$ -	$ 7,384	$ -	$ 176,000	$ (176,000)	$ -	$ 7,384	-91%		$ -	$ 7,384	-91%	Liquidation
SPON	$ 40,000	01/08/2000	$ 40,000	$ 800	$ -	$ 800	$ 784	$ 40,000	$ (20,000)	$ 20,784	$ 21,584	-24%		$ 20,784	$ 21,584	-24%	Provision
STIPANOVIC	$ 62,000	06/18/1999	$ 62,000	$ -	$ -	$ -	$ -	$ 62,000	$ (62,000)	$ -	$ -	NM		$ -	$ -	NM	Write Off
UZGOJ	$ 48,000	03/11/1999	$ 48,000	$ 5,600	$ -	$ 5,600	$ -	$ 48,000	$ (13,394)	$ 34,606	$ 40,206	8%		$ 34,606	$ 40,206	8%	Provision
VIMI	$ 60,000	11/27/1998	$ 60,000	$ 5,924	$ -	$ 5,924	$ 3,444	$ 60,000	$ -	$ 63,444	$ 69,367	4%		$ 63,444	$ 69,367	4%	Cost
TBF CROATIA LLC TOTAL	$3,636,364		$ 3,636,366	$ 129,796	$ 243,496	$373,306	$ 48,445	$3,636,366	$ (691,549)	$3,091,861	$3,366,137	-4%	$1,956,466	$ 4,646,307	$ 5,221,843	17%	

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Portfolio Company:	DIGITAL CITY MEDIA d.o.o.	As of: 30-Jun-02
Fund:	TRANS-BALKAN CROATIA LLC	Currency: USD
Core Activity:	Provision of cable television services	

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding
Y-T-D	1,050,000	1,050,000	16.0%

DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	0	0	0%	0	-	0	0

A/R	Closing Fee	Management Fee	Interest	Dividend	Other	Total
Accrued						0
Received	11,000	11,175				22,175

VALUE	Post-money Equity	Net Asset	Total Enterprise	Fair Market	IRR
As of the date:	7,875,000	6,481,200	7,875,000	1,260,000	19%

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	0	415,944	0	1,428,166	534,061	534,061	0%	
COGS		123,219		895,118	300,882	300,882	0%	
Gross Profit	0	*292,725*	0	533,048	233,179	233,179	0%	
SG&A		721,545		2,059,090	890,611	890,611	0%	
Interest Expense		*6,674*		9,893	0	0	0%	
Taxes		0		0	0	0	0%	
Net Income	0	*(498,050)*	0	-1,535,935	-657,432	-657,432	0%	
EBITDA	0	*(428,820)*	-	*(1,526,042)*	*(657,432)*	*(657,432)*	0%	
Capex		0					0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash		4,103,161				3,057,592	0%	
Trade Receivables		147,223				253,419	0%	
Inventory		116,829				443,094	0%	
Other Current Assets		160,056				351,732	0%	
Net Fixed Assets		2,215,409				3,034,479	0%	
Intangible Assets		-				-	0%	
Total Assets	0	*6,742,678*	0	0	0	*7,140,316*	0%	
Trade Payables		268,272				427,395	0%	
ST Debt		-				167,688	0%	
Other ST Liabilities		17,968				64,032	0%	
SEAF Debt		-				-	0%	
LT Bank Debt		-				-	0%	
Other LT Liabilities		-				-	0%	
Equity		6,456,438				6,481,200	0%	
Total L&E	0	*6,742,678*	0	0	0	*7,140,316*	0%	

QUALITATIVE ASSESSMENT

Summary: - update on developments - inancial analysis - market position - management assessment - plans	Company successfuly integrated the operations of their three acquisitions, and received the city concession for Zagreb. Additional concessions and permits have been applied for and received. Significant network construction and growth is expected to begin in Q3 02. (1) Fast upgrade of existing network and building up of new networks throughout the country; (2) Achieving concessions in areas of vital significance such as Zagreb, Osijek and Split; (3) Ability to expand existing CATV networks by laying new coaxle and fiber cables; (4) Add new subscribers as network expansion takes place. National cable TV roll-up strategy is to be executed by building a networking covering our three major markets, and expanding number of home passes from 42,000 to 175,000, and number of subsribers from 23,000 to 105,000, by 2005. DCM is the largest cable TV company in Croatia. It posses the largest number of users (42,000) under existing concessions, as well as operational advantage (formed management and technical team which already design and build new networks in Osijek, Zagreb, and Split. Since areas of operation are concession protected, there are no direct competitors in any of the regions where the company operates - ie. only DCM's network exists within its concession area. DCM formed superior management and technical team which has executed the roll-up strategy, and is implementing the build out and growth strategy. The GM, technical director, marketing director, and construction manager all have significant experience with their fields of expertise, and have been successful translating that experience to the CATV industry.
Key Issues: - business - relationship - solutions	Prompt building of new networks along with upgrading of existing networks - all according to the standard specifications. Major obstacle is simple acquiring the proper construction permits in each neighborhood the company wants to enter. SEAF has excellent relations with DCM management and partners, which include SEAF Growth Fund (38%), Souteast European Equity Fund (Soros Fund Management - 38%), and Eletromodul d.o.o. (8%).
T/A: - in-house - outsourced	Assistance in creating feasibility and market study sponsored by Trade and Development Agency (TDA). Arranged for an NMCP consultant to assist them in developing HR procedures and incentive compensation plan.
Exit: - date - strategy - stage - to do	Forecasted Exit Date is year 2005. Assist company in securing the appropriate debt financing for 2003 growth plan.

Portfolio Company:	DOK-ING d.o.o.	As of: 30-Jun-02
Fund:	TRANS-BALKAN CROATIA LLC	Currency: USD
Core Activity:	Production of remote controlled equipment for the detection and removal of anti-personnel land mines; full service land mine removal and testing company.	

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding
Y-T-D	190,000	190,001	38.0%

DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	100,000	309,375	0%	0	209,375	0	100,000

A/R	Closing Fee	Management Fee	Interest	Dividend	Other	Total
Accrued		8,073	11,515	9,623		29,211
Received	9,500	26,750	22,316			49,066

VALUE	Post-money Equity	Net Asset	Total Enterprise	Fair Market Value	IRR
As of the date:	2,228,232	440,346	1,191,308	846,728	39%

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	1,669,745	3,544,041	0	4,547,028	1,966,085	1,966,085	0%	
COGS	897,481	2,643,280		3,586,399	1,372,967	1,372,967	0%	
Gross Profit	772,264	*900,761*	0	960,628	593,119	593,119	0%	
SG&A	676,587	891,205		661,196	467,701	467,701	0%	
Interest Expense	40,675	-		63,368	42,245	42,245	0%	
Taxes	0	1,921		47,213	0	0	0%	
Net Income	55,002	*7,635*	0	188,851	83,173	83,173	0%	
EBITDA	95,677	*9,556*	0	299,432	125,418	125,418	0%	
Capex		0					0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	356,938	447,425			61,453	61,453	0%	
Trade Receivables	171,467	690,115			819,924	819,924	0%	
Inventory	53,652	380,051			772,842	772,842	0%	
Other Current Assets	301,666	624,323			1,266,240	1,266,240	0%	
Net Fixed Assets	671,235	162,806			133,068	133,068	0%	
Intangible Assets	-	-			0	-	0%	
Total Assets	*1,554,958*	*2,304,720*			3,053,528	*3,053,528*	0%	
Trade Payables	800,780	214,109			666,805	666,805	0%	
ST Debt	-	76,638			425,884	425,884	0%	
Other ST Liabilities	-	-			0		0%	
SEAF Debt	99,894	149,357			163,188	163,188	0%	
LT Bank Debt	213,014	429,423			395,652	395,652	0%	
Other LT Liabilities	159,880	1,108,292			961,653	961,653	0%	
Equity	287,371	326,901			440,346	440,346	0%	
Total L&E	*1,560,939*	*2,304,720*			3,053,528	*3,053,528*	0%	

QUALITATIVE ASSESSMENT

Summary:
- update on developments
- inancial analysis
- market position
- management assessment
- plans

Demining machines sold to Croatian center for demining. Some new contracts for sale of machines are signed and this trend is expected to continue. Company also moved to a new, larger facility, which is much more appropriate for the company because of its size and construction machinery. Ability to provide a full-range of de-mining services as a contractor. Providing a low cost and lightweight machine, suitable for a variety of terrain. Support for de-mining projects from state and other international organizations. Strong financial management. Research and development for new products. The company has split into 2 divisions: 1) demining services, 2) production and sales of demining machines. Each division is active on the domestic market and the production division is also selling the machine internationally.

DOK-Ing's main competitors are small, local companies such as Ru Ru, TNT, and Mungos, who provide niche services, and large international companies such as DSL, Mechem and Ronko, who provide a full range of products and services but at a higher price than DOK-Ing. In addition, these large international companies rely on the service of DOK-Ing's machine the MV4 as well as DOK-Ing's local knowledge and connections. The MV4 is a niche product providing remote controlled detection and removal of anti-personnel landmines. Management has good connections with international organizations who usually finance the de-mining projects, including the US Embassy in Zagreb. Owner Slavko Majetić is also strong in the area of technology and innovation as well as customer relations. He is weak in the area of financial management. The company have field manager who is responsible for all operations in the field and prepares all documents for bidding, and production manager in charge of all production activities. Next step agreed with owner is to employ a new Financial Director

Key Issues:
- business
- relationship
- solutions

They have organizational problems because of the fast pace of growth over the past two years. At the same time, industry regulations in Croatia are changed frequently and at times arbitrarily. SEAF is assisting the company to find the chief accountant. It is also difficult to find and hire well trained and authorized pyrotechnicians. Relations between the company and SEAF have improved dramatically over the past years, although it is still contentious at times. DOK-Ing must also keep good relations within the de-mining industry in Croatia, particularly with the regulation authorities. A strong relationship with Mechem and other contractors leads to much sub-contract work for DOK-ing. It is also important to keep employees happy; employee turnover is high with the pyrotechnicians who are highly qualified and difficult to find

T/A:
- in-house
- outsourced

SEAF will provide consultant with wide experience in managing big companies, who will assist in reorganization of company by identifying main goals, bottle neck in the process, etc. and with that help Dok-ing to grow by being more efficient. At the same time SEAF will assist in setting a new contacts with NATO (through our BOU) and SFOR and other relevant organizations, as well as continue to assist with financial issues, and hire a new Financial Director.

Exit:
- date
- strategy
- stage
- to do

Most likely exit is to an international de-mining company or an MBO. Providing a consultant to assist in a reorganization process, providing financing if necessary and upon consultant suggestion. In return, we will negotiate exit language, prepare company for audit and employ a Financial Director.

Portfolio Company:	MEDIFARM VELEBIT d.d.		As of: 30-Jun-02
Fund:	TRANS-BALKAN CROATIA LLC		Currency: USD
Core Activity:	Pharmaceutical distribution and wholesaler.		

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding				
Y-T-D	750,000	750,000	15.0%				
DEBT	**Committed**	**Invested**	**Rate**	**Conversions**	**Repaid**	**Written Down**	**Status**
Y-T-D	0	0	0%	0	-	0	0
A/R	**Closing Fee**	**Management Fee**	**Interest**	**Dividend**	**Other**	**Total**	
Accrued		3,750				3,750	
Received		10,783	0	18,314		29,097	
VALUE	**Post-money Equity**	**Net Asset**	**Total Enterprise**	**Fair Market Value**	**IRR**		
As of the date:	10,025,000	5,142,361	12,424,545	1,503,750	104%		

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	33,397,916	47,950,564	0	56,704,225	28,352,112	30,128,007	6%	
COGS	28,221,496	41,806,275		50,910,207	25,455,103	27,269,026	7%	
Gross Profit	5,176,420	6,144,289	0	5,794,018	2,897,009	2,858,981	-1%	
SG&A	2,872,584	3,248,857		3,364,994	1,682,497	2,206,705	31%	
Interest Expense	704,619	*716,157*		639,574	319,787	241,406	-25%	
Taxes	236,165	91,697		357,890	178,945	129,219	-28%	
Net Income	447,913	*1,282,319*	0	1,431,560	715,780	281,651	-61%	
EBITDA	2,303,836	*2,895,432*	0	2,429,024	1,214,512	652,276	-46%	
Capex		0					0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	52,610	177,924	33,012	67,937	-697,526	(1,776,079)	155%	
Trade Receivables	12,266,835	18,095,177	15,593,133	21,660,716	21,684,080	26,961,754	24%	
Inventory	2,845,815	3,612,766	3,898,313	3,260,990	3,316,798	4,619,795	39%	
Other Current Assets	1,622,583	1,205,962	55,060	2,364	2,364	(514,667)	-21869%	
Net Fixed Assets	2,891,002	2,633,264	3,909,759	2,418,567	2,418,567	2,648,664	10%	
Intangible Assets	-	-	0	-	0	-	0%	
Total Assets	*19,678,845*	*25,725,093*	23,489,277	*27,410,574*	26,724,284	*31,939,465*	20%	
Trade Payables	14,032,695	16,132,509	14,943,373	16,021,296	18,223,945	22,427,864	38%	
ST Debt	-	-	843,373	2,377,805	2,377,805	906,793	-62%	
Other ST Liabilities	-	-	649,759	158,973	0	1,415,895	0%	
SEAF Debt	-	-		-	0	-	0%	
LT Bank Debt	3,849,480	4,437,165	2,550,241	2,399,545	2,399,545	2,046,553	-15%	
Other LT Liabilities	191,864	511,360	0	-	0	-	0%	
Equity	1,604,806	4,644,059	4,502,530	6,452,955	5,722,989	5,142,361	-10%	
Total L&E	*19,678,845*	*25,725,093*	23,489,277	*27,410,574*	26,724,284	*31,939,465*	20%	

QUALITATIVE ASSESSMENT

Summary:
- update on developments
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The revenues have increased due to the number of sales actions that Medifarm is undertaking and finally approved drug list announced by Ministry of Health. Moreover, new compensation plan was presented to sales force during the beginning of Q3, which additionally caused better performance. However, this first half of the year was difficult for all the pharmaceutical distributors in terms of margins, due to new pricing announced by the Health Ministry, and late payments by the government. That situation cause illiquidity of the biggest consumer-hospitals and city pharmacies, to prolong, which is exhausting working capital of all distributors, and forcing them to improve its efficiency, lower the margins, and improve customer services. Company has also made the decision to begin operations in Serbia in Q3 02. 5th largest pharmaceutical distribution company in Croatia. Motivated and committed management team. Strong ties with major domestic and foreign drug manufacturers, existence of exclusive contracts, consignment stocks. 1. Expand geographically and acquire new customers (enlarge sales team, add new logistical facilities, special sales team training);
2. Increase sales by aggressive pricing (more price competitiveness, quicker response than competitors); 3. Improve service; 4. Explore domestic consolidation opportunities. There are 95 companies in the wholesale of drugs and other pharmaceutical products in Croatia. Medifarm Velebit is the fifth largest company operating in the sector. The other 4 major players are: Medika Zagreb (35% market share), Oktal Pharma (17% market share), Farmacija Zagreb (16% market share) and Medical Intertrade (15% market share). Medifarm Velebit's market share is around 10%. Medifarm Velebit has grown faster than its competitors in recent years, mainly due to its clear strategy, flexible market approach, customer relationships, and strong balance sheet. The senior management team comprises two individuals: Mr. Stjepan Talan CEO - gives the impression of a determined and capable entrepreneur, who is open to new ideas and willing to take risks. He fully acknowledges the need to develop a stronger management team around him. Mrs. Blanka Ilić - Buljan CFO - we believe that Mrs. Buljan is a excellent CFO.

Key Issues:
- business
- relationship
- solutions

NA

T/A:
- in-house
- outsourced

Assist merger / acquisition of Farmacija d.d.; assist in process of centralizing headquarters and other departments in Zagreb; provide senior business advisor for efficiency improvement; arrange financing for potential merger. Assistance in business analysis: inventory and Receivables management. Construction of Compensation plan.

Exit:
- date
- strategy
- stage
- to do

Planned exit 2004 to strategic investor. Closely monitor of A/R; assist company in strategic planning to increase revenues (short-term) and merger with Farmacija d.d. (short-medium term) which will make the company more attractive for exit to foreign strategic investor.

Portfolio Company:	KATUNAR VINARIJA d.o.o.	As of: 30-Jun-02
Fund:	TRANS-BALKAN CROATIA LLC	Currency: USD
Core Activity:	Production of grapes, production and sales of white, red and sparkling wine, and tourism .	

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding				
Y-T-D	325,000	325,000	40.0%				
DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	83,150	90,001	na	0	90,001	0	0
A/R	Closing Fee	Management Fee	Interest	Dividend	Other	Total	
Accrued		7,966				7,966	
Received		5,744	0			5,744	
VALUE	Post-money Equity	Net Asset	Total Enterprise	Fair Market Value	IRR		
As of the date:	426,165	161,623	1,158,667	170,466	-13%		

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	385,711	228,926	0	369,174	76,016	109,387	44%	
COGS	0	259,466		350,490	106,370	93,262	-12%	
Gross Profit	385,711	-30,540	0	18,684	-30,354	16,125	-153%	
SG&A	67,402	59,149		76,083	36,813	26,491	-28%	
Interest Expense	52,690	*70,966*		60,626	23,907	13,190	-45%	
Taxes	0	0		0	0	0	0%	
Net Income	265,618	*(160,655)*	0	-118,025	-91,074	-23,566	-74%	
EBITDA	318,309	*(89,689)*	0	-57,399	-67,167	-10,366	-85%	
Capex		0					0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	723	14,683				2,611	0%	
Trade Receivables	207,549	174,390				171,653	0%	
Inventory	353,672	451,206				513,370	0%	
Other Current Assets	12,038	14,720				4,511	0%	
Net Fixed Assets	669,971	663,383				-	0%	
Intangible Assets	-	-				867,530	0%	
Total Assets	*1,243,953*	*1,318,382*				*1,559,675*	0%	
Trade Payables	249,714	307,473				311,674	0%	
ST Debt	-	-				343,902	0%	
Other ST Liabilities	-	-				-	0%	
SEAF Debt	-	-				-	0%	
LT Bank Debt	808,662	968,056				732,502	0%	
Other LT Liabilities	12,919	16,616				9,974	0%	
Equity	172,657	26,237				161,623	0%	
Total L&E	*1,243,953*	*1,318,382*				*1,559,675*	0%	

QUALITATIVE ASSESSMENT

Summary:
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Maintaining high quality, creating brand equity to maintain price premiums, maintaining a diversified product line, generating high sales volume in order to leverage the cost of the equipment, and managing working capital and cash flow due. Because of lack of liquidity in Croatia, it is crucial to develop export sales which will bring in hard currency to help improve cash flow. In the Žlahtina wine category the company has been successful at creating a brand name for quality wine and they are very competitive with this product. The export to the U.S. market is targeting Croatian community in the U.S. As of the second part of this year, Katunar started to produce a new type of wine, Frizzante (pearl wine), a natural sparkling pearl wine. Katunar has two competitors who produce and sell Žlahtina. The ability of these producers to produce greater amounts of the wine is limited since the supply of the grape is also limited. Some of the producers such as Enjingi and Zdjelarević are starting to produce the sparkling wine under the same method as Katunar and they are selling it for a mid price.

Anton Katunar is the general manager of the company and his strengths are public relations, promotions and marketing. His weakness lies in financial management. Ivo Katunar, production manager, is strong in production, inventory management, vineyard maintenance.

Key Issues:
- business
- relationship
- solutions

The company has to rely on the market price of the Žlahtina grape as its own production only satisfies half of the company's needs. The company cannot collect receivables and is having difficulties in meeting its working capital needs. The company is trying to restructure its long term commercial debt with technical assistance of SEAF. Ongoing discussion about structuring the exit agreement.

T/A:
- in-house
- outsourced

NA

Exit:
- date
- strategy
- stage
- to do

Most likely scenario is buyback shares in accordance with a long term repayment schedule. Developing the projections for the year 2002; assisting in developing a contact list of potential customers.

Portfolio Company:	VIMI d.o.o.		As of: 30-Jun-02
Fund:	TRANS-BALKAN CROATIA LLC		Currency: USD
Core Activity:	Roasting, packaging, sales & distribution of branded coffee; operating cafes and retail stores.		

INVESTMENT DATA

	Committed	Invested	Shareholding				
EQUITY Y-T-D	60,000	60,000	25.0%				

	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
DEBT Y-T-D	20,000	36,856	15%	0	30,658	0	6,198

A/R	Closing Fee	Management Fee	Interest	Dividend	Total
Accrued		3,444	307		3,751
Received	1,200	4,724	2,880		8,804

VALUE	Post-money Equity	Net Asset	Total Enterprise	Fair Market	IRR
As of the date:	253,776	230,574	253,776	63,444	5%

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	376,340	322,454	0	410,314	205,157	215,041	5%	
COGS	232,608	192,221		267,827	133,914	145,264	8%	
Gross Profit	143,732	130,233	0	142,487	71,243	69,777	-2%	
SG&A	141,159	121,855		126,315	63,157	61,249	-3%	
Interest Expense	0	1,550		4,361	2,181	2,277	4%	
Taxes	0	0		2,365	1,183	1,253	6%	
Net Income	2,573	*614*	0	9,445	4,723	4,998	6%	
EBITDA	2,573	8,378	0	16,172	8,086	8,528	5%	
Capex		0					0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	723	2,371				6,727	0%	
Trade Receivables	207,549	63,662				69,302	0%	
Inventory	353,672	45,684				47,117	0%	
Other Current Assets	12,038	3,810				6,985	0%	
Net Fixed Assets	669,971	175,683				192,006	0%	
Intangible Assets	-	-				-	0%	
Total Assets	*1,243,953*	*291,210*				*322,137*	0%	
Trade Payables	249,714	27,817				30,726	0%	
ST Debt	-	-				44,019	0%	
Other ST Liabilities	-	-				-	0%	
SEAF Debt	-	10,056				7,422	0%	
LT Bank Debt	808,662	21,681				-	0%	
Other LT Liabilities	12,919	27,814				9,397	0%	
Equity	172,657	203,842				230,574	0%	
Total L&E	*1,243,953*	*291,210*				*322,138*	0%	

QUALITATIVE ASSESSMENT

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Company continued to see increasing revenues and decreasing days outstanding of AR as new sales commission plan has been implemented. The key success factors in this commodity service industry include providing a consistent and high quality product, strong marketing in order to differentiate the brand, and very developed distribution. Because the company has the strongest position in small shops and villages where customers are price sensitive, the company needs to achieve best price/quality relation in order to dominate that market. Company operations are divided into café business and coffee production. Café business is consisted of three retail outlets.

Two of those generate profit while third outlet is at breakeven point and SEAF would advice manager to consider leasing, sale or reconstruction of that outlet. Growth of the cafe business is possible only with opening of new retail outlets. Possibilities will be discussed with manager. Produced coffee is sold (as explained in Competitor analysis) on local market. This year higher sales are due to hiring of new sale person at the end of last year. But, future sales increase will be hard to achieve because company is oriented to local market which is fully covered with current sale staff. Strategic shift toward expending sales outside local market should be discussed with management. Competition can be divided into three categories: big coffee producers, big retailers with own brands and small (local) competitors. Big coffee producers are both domestic and foreign ones.

They have recognized brand names and financial strength for continuous strong advertising. Vimi can't compete with them on nation wide basis, because it's financial strength can support only local advertising. Big retailers offer cheap coffee because of economy of scale and no advertising costs which keep Vimi's coffee away from retail chain's shelves. So, Vimi can compete only in local market in small shops. Unfortunately, there is another local producer("Flatcher") which compete with Vimi in that market segment. Flatcher is bigger producer and has continuous advertsing which puts pressure on Vimi to follow it. The main strengths of the manager are: hard work and commitment, open mind and curiosity for new industry trends, experience, continuous thinking of new opportunities. His main weaknesses are: stubbornness, occasional indecisiveness and slowness. Slowness is easily illustrated with one example: commission plan for sales force was designed by SEAF two years ago and although the partner theoretically agreed with it long ago, plan has been applied only in December 2001.

Key Issues:
- business
- relationship
- solutions

Strategical decision regarding shift toward expending café business or toward expending coffee sales outside local market. As Vimi has been set as a family business long before the SEAF became involved, it is often difficult to compromise what we think that should be done, what the manager would like to do and what his parents (other co-owners) imagine as future of the business. It seems that the manager generally does what his parents expect, even if he feels otherwise.

T/A:
- in-house
- outsourced

Assist management in strategic decision process. Provide management with projected financial statements reflecting different strategic decisions. Assistance in marketing campaign and price contest. Broad-marketing research for products that could be roasted/packaged and distributed along with the coffee (peanuts, hazel-nuts, almonds, etc.). Assistance in introducing new products into assortment (coffee cups in gift packages? coffee bns?, etc.)

Exit:
- date
- strategy
- stage
- to do

MBO. Previously forecasted exit date(year 2002) should be probably postponed because of significant differences between SEAF and management company valuation. Diminish company valuation differences to be able to structure exit agreement with company management.

Portfolio Company:	PERPETUM MOBILE d.o.o.	As of: 30-Jun-02
Fund:	TRANS-BALKAN CROATIA LLC	Currency: USD
Core Activity:	Computer network systems integration and e-commerce consulting	

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding
Y-T-D	255,000	255,000	20.0%

DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	63,000	63,000	na	0	63,000	0	0

A/R	Closing Fee	Management Fee	Interest	Dividend	Other	Total
Accrued		4,950				4,950
Received		13,804	0	1,221		15,025

VALUE	Post-money Equity	Net Asset	Total Enterprise	Fair Market	IRR
As of the date:	2,824,750	507,288	2,824,750	564,950	42%

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	1,691,232	2,220,515		6,120,350	2,892,270	2,576,825	-11%	
COGS	1,239,093	1,673,454		5,095,698	2,396,735	2,097,366	-12%	
Gross Profit	452,139	547,061	0	1,024,652	495,535	479,459	-3%	
SG&A	408,052	483,107		823,650	395,990	334,021	-16%	
Interest Expense	28,763	235		0	0	463	0%	
Taxes	0	7,236		0	0	0	0%	
Net Income	15,234	*52,641*	0	201,002	99,546	144,976	46%	
EBITDA	44,087	63,954	0	201,002	99,545	145,438	46%	
Capex		0					0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	218,341	443,398				194,810	0%	
Trade Receivables	297,101	877,410				2,480,294	0%	
Inventory	21,947	16,676				62,498	0%	
Other Current Assets	10,517	1,754				7,623	0%	
Net Fixed Assets	96,127	96,033				117,326	0%	
Intangible Assets	-	-				-	0%	
Total Assets	*644,033*	*1,435,271*				*2,862,550*	0%	
Trade Payables	331,074	972,270				2,244,311	0%	
ST Debt	-	-				15,017	0%	
Other ST Liabilities	-	-				-	0%	
SEAF Debt	-	-				-	0%	
LT Bank Debt	-	24,765				-	0%	
Other LT Liabilities	-	96,330				95,934	0%	
Equity	312,960	341,906				507,288	0%	
Total L&E	*644,033*	*1,435,271*				*2,862,550*	0%	

QUALITATIVE ASSESSMENT

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Perpetuum had excellent results in Q2, as the company was successful in closing new projects with several key customers including the government, Croatian airlines, and PBZ Bank. The company has also begun booking revenue from sales of iSite and iShop, two software products developed and owned by the company. Ability to deliver sophisticated networking and e-commerce solutions to large corporate accounts successfully. The company has also begun their own sofware development program, which is beginning to produce revenue. To be successful, the company needs well trained, competent programmers and sales people. Strategy is to increase market share within the large corporate customer segment. To achieve this, they will upgrade technical staff competencies. The focus will also be in providing e-commerce solutions for other companies especially in the B-2-B segment. Also, management examine possibility of entry on foreign market.

The network and e-commerce solutions market is highly fragmented in Croatia, dominated by several small and medium sized companies. Perpetuum has three main competitors, Span, ECS, and Info System. Span is the top competitor, but they provide only Microsoft based solutions and are not able to provide a wide range of solutions to the market. In last few months Span's influence has reduced. ECS is a Compaq box mover that began with a services group two years ago. They lack the experience and range of services offered by Perpetuum. Info System is a former state company that works primarily with government related organizations. Their market share has eroded significantly over past 2 years. No other firm in Croatia is providing solutions based upon their own developed software. Management is strong in planning, software development, and sales and marketing. They have been well-trained by their vendors including Microsoft and Novell. Weaknesses include slow project implementation and maintaining focus.

Key Issues:
- business
- relationship
- solutions

Timely receivables collection, although most receivables are to major corporations or the government. None.

T/A:
- in-house
- outsourced

NMCP consultant came to assist the company in the human resource department to assist in developing incentive plans for employees in each department within the company. In addition, Jim Jaffe and the SEAF Croatia team have spent considerable time assisting company on internal controls and planning. No information

Exit:
- date
- strategy
- stage
- to do

Selling our shares to a strategic investor. Move company towards increased profitability, particularly in their services division. In addition, assist in business planning for new product and market development.

Portfolio Company:	MIT SOFTWARE d.o.o.						As of: 30-Jun-02	
Fund:	TRANS-BALKAN CROATIA LLC						Currency: USD	
Core Activity:	Original Software Development and Sales, Monthly Maintenance Contracts, and Reselling third party hardware and software.							

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding				
Y-T-D	141,000	141,000	20.0%				
DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	0	0	na	0	-		0
A/R	Closing Fee	Management Fee	Interest	Dividend	Other	Total	
Accrued				9,854		9,854	
Received	2,820	5,552		7,667		16,039	
VALUE	Post-money Equity	Net Asset	Total Enterprise	Fair Market	IRR		
As of the date:	1,016,145	258,968	1,022,916	203,229	23%		

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue	690,254	564,382		680,020	314,930	350,491	11%	
COGS	254,765	157,295		404,041	187,119	204,901	10%	
Gross Profit	435,489	407,087	0	275,979	127,811	145,590	14%	
SG&A	358,032	334,830		196,575	89,457	101,757	14%	
Interest Expense	4,097	1,325		812	450	454	1%	
Taxes	28,604	15,325		17,418	7,373	7,512	2%	
Net Income	44,756	*39,761*		61,174	30,532	35,866	17%	
EBITDA	102,504	*72,257*	0	79,404	38,354	43,833	14%	
Capex		0					0%	

BALANCE SHEET	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	20,296	29,233				54,493	0%	
Trade Receivables	66,820	44,159				78,807	0%	
Inventory	-	-				-	0%	
Other Current Assets	184,178	62,602				110,140	0%	
Net Fixed Assets	153,311	195,343				153,714	0%	
Intangible Assets	-	-				-	0%	
Total Assets	*424,605*	*331,337*				*397,154*	0%	
Trade Payables	56,831	18,155				65,732	0%	
ST Debt	-	-				2,424	0%	
Other ST Liabilities	-	-				-	0%	
SEAF Debt	-	-				-	0%	
LT Bank Debt	8,431	8,977				6,771	0%	
Other LT Liabilities	169,890	97,596				63,259	0%	
Equity	189,453	206,609				258,968	0%	
Total L&E	*424,605*	*331,337*				*397,154*	0%	

QUALITATIVE ASSESSMENT

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MIT continued to move forward with fulfilling their contract with P.Z. Auto, by implementing MIT's software at all PZ Auto dealer and parts supplier sites. The company is also upgrading their ERP application, while continuing to work to expand their customer base. Competitive advantages of MIT Sofware are: good management, well trained technical staff, technological know how, unique solution providing capabilities, little direct competition, good customer base and strong relationships with those customers. The company has translated its products to English and Polish so that they can launch their software on the international market. MIT is embarking on an aggresive international sales strategy for its DNS software application. Many companies produce and market corporate accounting software but most are based on DOS platform, lack robust reporting features, and can not handle large data flows or run on large networks.

In addition, none of these programs include any e-commerce integration. However, several companies are working towards porting their systems to a more advanced platform and planning to add e-commerce supply chain or web shop modules. The major domestic competitors to MIT Software include Spin and Forth Dimension, international competition includes Scala, NaVision, and Oracle. Implementation of modern technology and hiring of well educated employees. Owner and general manager Tomislav Maravić is very strong on the technical side of the business and financial management. Mr. Maravić recognises his weakness in sales so he is searching for Sales Manager.

Key Issues:
- business
- relationship
- solutions

The company needs to develop and implement a sales strategy for both domestic and export business. They have to increase market share, not only in auto industry but also in other distribution industries. We have very good relationships with the general manager and other employees.

T/A:
- in-house
- outsourced

NMCP consultant came to assist the company in the human resource department.

Exit:
- date
- strategy
- stage
- to do

Mr. Maravić has expressed an interest in selling the company to a third party buyer sometime in the next three to five years. Contacting the companies on the international markets for distribution of software.

TBF Croatia, LLC

Employment and Revenue Analysis as of June 30, 2002

	Name of Investment	Initial Employment	Employment QII 2002	% Change	Initial Annual Revenue in US$	As of ...	Projected Revenue US$ (2002 Annual)	% Change
1	Digital Point	25	15	-40%	$ 58,687	1997	$ 35,650	-39%
2	Express*	0	4	N/A	-	-	$ 146	N/A
3	DOK-Ing*	0	63	N/A	$ 104,655	1997	$ 4,547,028	4245%
4	Gljiva**	8	0	-100%	$ 45,894	1996		-100%
5	Katunar Vinarija	2	5	150%	$ 231,294	1997	$ 369,174	60%
6	Slavonija Milk**	9	0	-100%	$ 144,789	1997	$ -	N/A
7	D. Papa/Prsten	9	3	-67%	$ 921,325	1997	$ 179,410	-81%
8	Vimi	5	12	140%	$ 218,573	1997	$ 387,500	77%
9	Uzgoj*	0	3	N/A	-	-	$ 68,600	N/A
10	Stipanović**	5	0	-100%	$ 170,732	1998	$ -	N/A
11	Perpetuum Mobile	12	19	58%	$ 1,180,556	1999	$ 6,120,350	418%
12	Spoin	4	3	-25%	$ 13,163	1999	$ 31,350	138%
13	Iskon Internet *	22	119	441%	$ 1,100,000	2000	$ 5,000,000	N/A
14	MIT Software	10	15	50%	$ 424,000	1999	$ 680,020	60%
15	Digital City Media	6	65	983%	$ 118,048	1999	$ 1,428,166	1110%
16	Medifarm Velebit	95	101	6%	$ 33,397,916	2000	$ 56,704,225	70%
	TOTAL	**212**	**427**	**101%**	**$ 38,129,632**		**$ 75,551,619**	**98%**

Trans-Balkan Romania Fund Update

Fund Overview

Fund Closing:	January 2001
Vintage Year:	2001
Life of Fund:	10 years
Total Commitment:	USD 8,000,000
Fund Domicile:	Delaware, USA
Legal Form:	Limited Liability Company
Structure:	Trans-Balkan Fund LLC (USD 8,000,000)
Investment Focus By Stage:	Early Stage and Expansion Capital for SMEs
Investment Focus by Geography:	Romania
Investment Size:	max USD 1,000,000 per project

The Trans-Balkan Romania Fund LLC was incorporated in Delaware, USA in December 2000 with a total commitment of USD 8,000,000 (the Trans-Balkan Fund LLC committed USD 8,000,000). The Fund had its first cash flow drawdown on March 14, 2001 thereby classifying 2001 as the Fund's vintage year. The Fund provides early stage financing and expansion capital to private SMEs in Romania.

As of June 31, 2002 the Fund had drawn down USD 1,771,000, 22.1% of the committed capital, with USD 6,668,000 of total committed capital remaining. The Fund has committed and disbursed to companies a total of USD 1,332,000 (16.7% of the committed capital).

There were no commitments or disbursements made to companies in Q2 of 2002.

Tab 3 "Trans-Balkan Fund Commitments and Drawdowns" provides additional details on the above.

Portfolio Summary

The Fund has investments in three companies: TotalSoft, ILS Group, and Telizimex. Descriptions of these companies and their recent activities follow.

TotalSoft

Total Soft is a software development company located in Bucharest. It developed its own Enterprise Resource Planning software (ERP) called Charisma, financed by an increase of capital of USD 400,000 and a convertible loan of USD 200,000, both provided by SEAF TBRF. The company also resells Microsoft software products and a project management package called Primavera.

The company had a better Q2 compared to Q1 2002. It is now making a profit and the ERP has been successful commercially. Only four months after the launch, 18 contracts are in various stages of negotiation, seven of which are currently signed. The company recently implemented the ERP for the largest hotel chain in the country. The challenge now becomes the company's implementation capacity as well as the software development capacity, since the ERP is often packaged with customized software to solve client-specific needs. The expansion should not be a problem because the company has USD 450,000 in cash reserves.

The company's other branded software products continue to make significant contribution to sales, thereby avoiding over–reliance on the ERP as a sales driver.

ILS Distribution and Romphoto & GSM (ILS Group)

ILS Group is a distributor and retailer of GSM prepaid and post-paid cellular services, as well as a single importer of Polaroid consumables for Romania and an importer for a large range of photo-related products and consumables. The company's consolidated turnover in 2001 reached an estimated USD 5,430,000. The company has successfully launched a network of GSM and photo shops under the brand Turbo Photo & GSM – four locations were opened by the end of 2001. It also has four franchises for "Dialog shop," which is a network of premium locations launched by Mobilrom (one of the two GSM operators) and is focused on post-paid GSM services.

The expansion plan included opening nine new shops using the funds provided by SEAF's investment. The company is behind schedule in its investment plan due to adverse developments in the market: the increased negotiation power of their main GSM client and a rise in the entry rents in the newly opened malls. Despite this, the company continued to increase its overall turnover. The plan is to concentrate on opening franchise shops in order to compensate for the delay in developing the retail network and the adverse developments in the real estate market.

Telezimex

Telezimex, located in Cluj, is one of Romania's largest distributors of electronic parts for repair shops and is an exclusive importer for Maxell (media products) and Kinzo (Do-It-Yourself tools).

For the first half of 2002, the company was profitable from an operations standpoint but made a small loss as it was hit by the revaluation of the Euro (it has payables in Euro and receivables in ROL). Foreign exchange losses are in the range of USD 30,000 and have wiped out the expected profit for Q2. Sales are on schedule and, with a more stable Euro, the company will make a significant profit in Q3 2002.

The company has recently contracted a mortgage loan from Alpha Bank. The new facilities will be completed by the end of November this year and will generate annual savings of around EUR 70,000. The relocation will also enable the company to grow its market share by better servicing its clients.

Priority Investment Projects and Pipeline

Artima SA

Artima, located in Timisoara, is a supermarket chain concentrated in the southwestern part of Romania. It focuses on second tier cities, which, for the moment, are outside the scope of the international retail chains. Big retailers entered the Romanian market only two to three years ago. They started to expand aggressively in the large cities, and this stage of expansion is expected to take three to four years, after which it is anticipated that they will turn to second tier cities in order to sustain their growth. They will have to either fight and lose money or buy the incumbent players that have had the time to consolidate their position locally. This will be the exit opportunity of Artima investment.

The investment is EUR 950,000 (approximately USD 942,495). Artima has five locations operating and three more booked for the second stage of the expansion plan. The turnover projected for 2002 is USD 7,200,000. The company employs 200 people. An MOU was signed on July 26 whereby all the by-laws of the company will be clarified and agreed on in advance. Due diligence is underway.

Vinterra

Vinterra is a high-quality wine producer in Bucharest whose main target is to sell its own brands in Western markets. The investment needed is USD 500,000. An agreement in principle was reached as to the value of the company and the additional protection SEAF would get (a put to the main shareholder at 6% return). The Romanian wine market has become very active in the past five years mainly due to foreign investors who acquired significant amounts of good quality land and planted high quality vines with the aim of producing high quality wine, mainly for the export market.

Tester Group

Tester Group, located in Iasi, is a very successful dealer of Ford, Mazda, and Daimler-Chrysler. They have a franchise in five counties in the northeastern part of the country for Ford and Mazda and in three counties in the same region for Daimler-Chrysler. The company opened a well-equipped showroom and service shop in Iasi and plans to open another one for Daimler-Chrysler. The company's plans are to expand aggressively with showrooms throughout the entire region, in order to gain early market share at the expense of the dealers for the other brands such as VW (and additional brands) and Renault. The investment contemplated is USD 900,000. Discussions remain at an early stage because of the issue of valuation.

Eurocooling Center
Dutch and German investors started Eurocooling in Bucharest in 1999. It produced a solid EBITDA of USD 300,000 in 2001 and it is expected to produce USD 350,000 EBITDA in 2002. USD 900,000 financing is needed for a capacity expansion that would be used to create a cross-docking center, a logistic service dedicated to big retail players such as Metro stores (which may be the key client). The expansion of the large retailers is the main driving force behind the demand for such logistic services. Negotiations are underway in order to structure the deal in such way as to secure the best exit.

Petrocominvest
Petrocominvest is a plastic packaging producer, located in Bistrita, in the northern part of the country. The scheme offered to the company is a USD 200,000 convertible high-yield non-collateralised loan. The company has a loan from Banca Transilvania, which appears to be reluctant to consent to SEAF financing. The company plans to move the loan to another bank that would agree to SEAF's entry. Until the loan is moved to another bank, negotiations have been suspended.

Operations

The investment staff of the Fund totals six professionals including Director General Mircea Jalba. This team is comprised of three senior and three junior staff members. This year, after completing the two new planned investments, the Fund intends to hire a new expatriate and a new financial analyst. A short review of the senior team members is included below:

Mircea Jalba, Director General, was the former head of the Consulting and Corporate Finance Department of Deloitte & Touche Bucharest office and Managing Director with the Direct Investments division of Creditanstalt Investment Bank in Romania. Mr. Jalba has extensive low-, middle-, and top-level management experience with large national and multinational companies. For several years he was manager and later executive director with one of the largest Romanian electronics manufacturing companies. He has served on numerous Boards of Directors, as Chairman, Vice-President, or member, representing exclusively foreign investors. He is currently the Chairman of a leading Romanian Brokerage house with foreign capital. He has hands-on, managerial experience in several industries, ranging from electronics to telecommunications, consulting, investment banking, brokerage, and venture capital. Prior to joining SEAF, for two years he was the Managing Director/Fund Manager of a Dutch venture capital fund.

Mr. Jalba holds graduate and postgraduate degrees in Economics (MEc), Information Technology, Management and Business Administration (MBA) from Romanian and Western Universities. He is currently finalizing his Ph. D. in Finance and is a member of several national and international professional associations.

Constantin Bogdan, a Romanian citizen, joined SEAF in April 2001, as Investment Director. In addition to an educational background in aeronautics engineering, he graduated from the Executive MBA program at ASE Business School (program jointly set up by the Academy of Economic Studies-Bucharest and the University of Washington State-Seattle). Mr. Bogdan has more than nine years of experience in consulting and investment banking (six and a half of which were with Deloitte & Touche as a Senior Consultant, Manager of Consulting, and Director of Financial Advisory Services). He worked for 12 years in aircraft manufacturing with ROMAERO, the largest Romanian civil aircraft manufacturer, including more than three years in management positions as Head of The Technological Planning Department and as Marketing Manager. His key qualifications relevant to the investment profession are in corporate finance (e.g., privatization assistance, assistance for the issue of acquisition proposals, negotiation assistance, business valuations, equipment and real estate valuations, due diligence, cash flow management, business plans, and feasibility studies), corporate recovery, project management, and training. Mr. Bogdan is a member of the Board of Directors of the Romanian Association of Financial Analysts, the National Association of Appraisers in Romania, and of The National Union of Practitioners in Corporate Recovery and Liquidations (UNPRL).

Laurentiu Ciocirlan, Investment Director, worked for four years with Arthur Andersen Bucharest where he had extensive exposure to various types of companies. He was involved in a large number of audit and financial consulting projects in utilities, manufacturing and services. After leaving Arthur Andersen in 1999, he became the CFO for Monitorul, the largest network of local newspapers. He advised Monitorul concerning their proposed sale to a foreign media group. After this project ended he joined K+ Venture Partners, a Dutch-based venture capital firm, specialising in investments in SMEs. After the operation of K+ in Romania was taken over by SEAF, he joined SEAF as an Investment Director.

Mihai Pacuraru, General Counsel, is a member of the Bucharest Bar and has five years of experience as lawyer.

Valentina Salajan, Certified Expert Accountant, is a practicing accounting expert and a member of the Romanian Society of Certified Accountants. She has a Master's degree in Cybernetics and 20 years of experience with different national and international corporations, 11 of which were in finance and accounting. For several years she was Finance Director.

Monica Sandu, a Junior Analyst, has a Master's in Economics and started her career with K+ Venture Partners. She has three years of experience in the venture capital industry.

TBF Romania, LLC
STATEMENT OF FINANCIAL POSITION
As of June 30, 2002

Assets			
Cash	$	30,417	(1)
Accounts Receivable	$	29,932	
Due from SEAF	$	32,153	
Long-term Investment/Equity	$	932,000	(2)
Portfolio Company Loans	$	400,000	(2)
Total Assets	***$***	***1,424,502***	
Liabilities			
VAT Payable	$	3,709	
Deferred Revenue	$	14,400	(3)
Total Liabilities	***$***	***18,109***	
Shareholders Equity			
LLC Capital			
Paid-in Capital	$	1,771,000	(4)
Retained Earnings/(Accumulated Loss)	$	(364,607)	
Total Shareholders Equity	***$***	***1,406,393***	
Total Liabilities and Shareholders Equity	***$***	***1,424,502***	

Notes:

(1) ***Cash held in the accounts of :***

First Union National Bank ***$ 30,417***

(2)

Investments		***Initial Investment Equity***		***Provision***		***Current Value***
Total Soft					**$**	**600,000**
Equity	$	400,000	$	-	$	400,000
Loans			$	-	$	200,000
ILS Distribution					**$**	**100,000**
Equity		100,000	$	-	$	100,000
Loans			$	-	$	-
Rom Photo					**$**	**400,000**
Equity		400,000	$	-	$	400,000
Loans			$	-	$	-
Telezimex					**$**	**232,000**
Equity	$	32,000	$	-	$	32,000
Loans			$	-	$	200,000
Total Investments	***$***	***932,000***	***$***	***-***	***$***	***1,332,000***

(3) Telezimex arrangement fee paid in advance

(4)

Capital		***Committed***		***Paid***
TBF LLC	$	8,000,000	***$***	***1,771,000***

TBF Romania, LLC
Income Statement
For the Quarters Ended March 31, 2002 and June 30, 2002

	Quarter ended March 31, 02	Quarter ended June 30, 02	YTD June 30 2002
Revenues			
Portfolio Company Income			
Management Fees (PC)	$ 9,750	$ 9,770	$ 19,520
Management Commission from PCs	$ 3,505	$ 4,800	$ 8,305
Interest on PC Loans	$ 11,389	$ 11,933	$ 23,322
Other Income from PCs	$ 1,027	$ 573	$ 1,600
Subtotal	$ 25,671	$ 27,076	$ 52,747
Foreign Exchange Gain	$ 673	$ 2,838	$ 3,511
Bank Interest	$ 23	$ 108	$ 131
Total Revenue	***$ 52,038***	***$ 57,098***	***$ 109,136***
Expenses			
Bank Charges	$ 226	$ 114	$ 340
Fund Management Fee	$ 70,000	$ 70,000	$ 140,000
Taxes	$ 3,479	$ 2,183	$ 5,663
Total Expenses	***$ 73,706***	***$ 72,297***	***$ 146,003***
Net Operating Income	***$ (21,668)***	***$ (15,199)***	***$ (36,867)***

TBF Romania LLC
Cash Flow Statement
For the Period April 1, 2002 to June 30, 2002

Net income/(loss)	$	(42,275)
Increase/(Decrease) in Accounts Payable	$	(5,717)
(Increase)/Decrease in Accounts Receivable	$	(23,657)
Total operating activities	***$***	***(71,648)***
Capital contribution	$	100,000
Total financial activities	***$***	***100,000***
Net Cash Outflow	***$***	***28,352***
Beginning Cash Balance	***$***	***2,065***
Ending Cash Balance	***$***	***30,417***

TBF Romania, LLC
Portfolio Company
Cash Receipts
For the Period April 1, 2002 to June 30, 2002

Investee	Description	Month Collected	USD Amount
Rom Photo	Management Fee March 2002	April	$ 1,220
	Management Fee April 2002	May	$ 1,197
	Total		***$ 2,417***
ILS Distribution	Management Fee March 2002	April	$ 305
	Management Fee April 2002	April	$ 299
	Management Fee May 2002	May	$ 298
	Total		***$ 902***
Telezimex	Management Fee Feb	April	$ 595
	Management Fee April	May	$ 599
	Management Fee May	June	$ 595
	Total		***$ 1,789***
Total Soft	Management Fees January	April	$ 1,845
	Management Fees February	April	$ 1,810
	Management Fees March	May	$ 1,785
	Interest March	May	$ 1,290
	Interest April	June	$ 1,500
	Management Fee April	June	$ 1,795
	Total		***$ 10,025***
Total			***$ 15,133***
	Summary:		
	Interest		$ 2,790
	Management Fees		$ 12,342
	Royalty Fees		$ -
	Closing Fees		$ -
	Total		$ 15,133

TBF Romania, LLC
Portfolio Company Cash Receipts / Investment
For the Period April 1, 2002 to June 30, 2002

Portfolio Companies	Cash Receipts	Investment Capital	Net Cash Transactions
Rom Photo	$ 2,417	$ -	$ 2,417
ILS Distribution	$ 902	$ -	$ 902
Telezimex	$ 1,789	$ -	$ 1,789
Total Soft	$ 10,025	$ -	$ 10,025
TOTAL	**$ 15,133**	**$ -**	**$ 15,133**

TBF Romania, LLC
Schedule of PCDEs, Managememnt Fees, and Current Income
For the Period April 1, 2002 to June 30, 2002

		Total
Portfolio Company Development Expenses		
PCDE-s covered by Grant	$	20,430
Current Income from Portfolio Companies	$	15,133
Quartely Management Fees Paid to SEAF	$	70,000

TBF ROMANIA, LLC Portfolio Company Investment Performance as of June 30, 2002

Cumulative Debt & Equity Capital Invested	Date of Initial Investment	Debt & Equity Capital Invested	Realized Proceeds	Unrealized EVCA Value	Total Realized & Unrealized EVCA Value	IRR EVCA	Unrealized FMV Value	Total Realized & Unrealized FMV Value	IRR FMV
TBF ROMANIA LLC									
ILS	01/11/2001	$ 100,000	$ 4,396	$ 100,000	$ 104,396	9%	$ 100,000	$ 104,396	9%
ROM	01/11/2001	$ 400,000	$ 17,582	$ 400,000	$ 417,582	3%	$ 400,000	$ 417,582	3%
TELEZIMEX	12/21/2001	$ 232,000	$ 23,954	$ 254,043	$ 277,997	54%	$ 254,043	$ 277,997	54%
TOTAL	03/15/2001	$ 600,000	$ 39,603	$ 606,323	$ 645,926	7%	$ 606,323	$ 645,926	7%
							$ -	$ -	
TBF ROMANIA LLC TOTAL		$ 1,332,000	$ 85,534	$ 1,360,366	$ 1,445,901	9%	$ 1,360,366	$1,445,901	9%

Invested Debt Capital	Debt Capital Committed	Date of Initial Investment	Cumulative Debt Invested	Closing Fees Received	Realized Proceeds: Principal Received	Realized Proceeds: Cash Interest Received	Realized Proceeds: Total Realized Proceeds	Unrealized Value: Accrued Interest	Unrealized Value: Conversion to Equity at FMV	Unrealized Value: Prinicpal Value w/ Write-Offs	Total Unrealized Value	Total Realized & Unrealized Value	IRR	Notes
TBF ROMANIA LLC														
ILS	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
ROM	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
TELEZIMEX	$ 200,000	12/21/01	$ 200,000	$ -	$ -	$ -	$ -	$ 13,738	$ -	$ 200,000	$ 213,738	$ 213,738	19%	
TOTAL	$ 200,000	12/17/01	$ 200,000	$ -	$ -	$ 5,729	$ 5,729	$ 4,538	$ -	$ 200,000	$ 204,538	$ 210,267	10%	
TBF ROMANIA LLC TOTAL	$ 400,000		$ 400,000	$ -	$ -	$ 5,729	$ 5,729	$ 18,276	$ -	$ 400,000	$ 418,276	$ 424,005	14%	

Invested Equity Capital — TBF ROMANIA LLC	Equity Capital Committed	Date of Initial Investment	Cumulative Equity Invested	Realized Proceeds: Investment Monitoring Fees	Realized Proceeds: Equity Rpmt Cap.Gains Divid.Recvd.	Realized Proceeds: Total Realized Proceeds	Unrealized Value: Accrued Dividend & Fees	Unrealized Value: Principal Value	Unrealized Value: Accounting Provisions	Unrealized EVCA Value	Total Realized & Unrealized EVCA Value	IRR EVCA	FMV Value	Unrealized FMV Value	Total Realized & Unrealized FMV Value	IRR FMV	Valuation Methodology
ILS	$ 100,000	11/27/2001	$ 100,000	$ 4,396	$ -	$ 4,396	$ -	$ 100,000	$ -	$ 100,000	$ 104,396	9%		$ 100,000	$ 104,396	18%	Cost
ROM	$ 400,000	11/28/2001	$ 400,000	$ 17,582	$ -	$ 17,582	$ -	$ 400,000	$ -	$ 400,000	$ 417,582	3%		$ 400,000	$ 417,582	4%	Cost
TELEZIMEX	$ 32,000	12/21/2001	$ 32,000	$ 23,954	$ -	$ 23,954	$ 8,305	$ 32,000	$ -	$ 40,305	$ 64,259			$ 40,305	$ 64,259		Cost
TOTAL	$ 400,000	03/15/2001	$ 400,000	$ 16,506	$ 15,368	$ 33,874	$ 1,785	$ 400,000	$ -	$ 401,785	$ 435,659	7%		$ 401,785	$ 435,659	8%	Cost
											$ -						
TBF ROMANIA LLC TOTAL	$ 932,000		$ 932,000	$ 64,438	$ 15,368	$ 79,806	$ 10,090	$ 932,000	$ -	$ 942,090	$ 1,021,896	8%	$ -	$ 942,090	$ 1,021,896	10%	

Portfolio Company:	**ILS GROUP (ILS DISTIBUTION + ROM PHOTO & GSM)**	**As of: 30-Jun-02**
Fund:	**TRANS-BALKAN ROMANIA LLC**	**Currency: USD**
Core Activity:	**Distributor and Retailer of GSM prepaid and post-paid services; a preferred importer of Polaroid and a large range of photo-related products and consumables.**	

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding
Y-T-D	500,000	500,000	40.0%

DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	0	0	0%	0	0		0

A/R	Closing Fee	Management Fee	Interest	Dividend	Other	Total
Received	11,595	10,383		0		21,978
Accrued						0

VALUE	Post-money Equity	Net Asset Value	Total Enterprise	Fair Market	IRR
As of the date:	1,250,000	597,900	1,761,000	500,000	9%

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue		5,598,000	0	7,591,180	3,036,683	3,448,293	14%	
COGS		4,525,000		6,328,996	2,531,598	1,375,000	-46%	
Gross Profit		1,073,000	0	1,262,184	505,085	2,073,293	310%	
SG&A		828,000		860,249	388,984	230,390	-41%	
Interest Expense		88,000		81,544	40,772	11,470	-72%	
Taxes		2,000		7,176	2,870	0	-100%	
Net Income		85,520	0	412,584	20,497	1,810,163	8731%	
EBITDA		245,000	0	401,935	116,101	1,842,903	1487%	
Capex							0%	

BALANCE SHEET	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	445,000				295,300	0%	
Trade Receivables	765,000				572,800	0%	
Inventory	576,000				615,200	0%	
Other Current Assets	5,000				7,800	0%	
Net Fixed Assets	351,000				351,100	0%	
Intangible Assets	313,000				340,900	0%	
Total Assets	2,477,000				2,199,000	0%	
Trade Payables	1,124,000				876,000	0%	
ST Debt	214,000				128,000	0%	
Other ST Liabilities	55,000				54,600	0%	
SEAF Debt	0				0	0%	
LT Bank Debt	406,000				511,000	0%	
Other LT Liabilities	23,000				15,600	0%	
Equity	655,000				613,800	0%	
Total L&E	2,477,000				2,199,000	0%	

QUALITATIVE ASSESSMENT

Summary:
- update on developments
- inancial analysis
- market position
- management assessment
- plans

* The consolidated sales of the Group in 2001 (at $5,596,000) were better than initially forecasted (at $5,047,000), since the company took advantage of the SEAF equity injection. The equivalent consolidated profit recorded in 2001 was $85,000. The company's consolidated sales during Sem I, 2002 grew with 41% against Sem I, 2001, mainly driven by the growth of distribution sales (58% sales increase for ILS Distribution) and in spite of a decrease in the retail sales of Turbo Photo & GSM branded retail network (-11% sales decrease for Rom Photo & GSM). This shows that the projected growth in annual consolidated sales to $7,585,000 can be achieved. ***In the distribution of mobile telephone pre-paid and post paid subscriptions, mobile phones and accessories market ILS faces the competition of several major players, distributing either Orange (former Dialog) or Connex brands. There are no real national dealers for Orange (former Dialog), Connex and/or Cosmorom. Orange dealers are either pure national wholesalers such as ILS and Bueno, regional distributors such as VIP Telebox in Western Romania and DAS Impex in Moldova, retailers active such as Euro GSM, Global Net, large retail networks such as Germanos.

However, it is worth mentioning that ILS Distribution was awarded for 2001 the title of "the largest Dialog distributor of the year" (for the fourth year in a row). The Connex distributors are much smaller as Connex encourages small distributors through its policy of discount and licensing. The largest Connex distributors are Ana Electronic, Quasar, CG&GC, TerraSat and Eurobit. In the photo market ILS Group faces the competition of MTIL Rom (the distributor of Kodak in Romania) that is developing a franchise called "Kodak Express" that sells Kodak consumables and operates mini-labs; Balkan Foto is distributor/wholesaler of Fuji (Balkan has created a virtual network by selling mini-labs under very favourable terms on the condition that the respective shops will buy exclusively Fuji consumables and only from Balkan); Macro International distributes AGFA (they dominate the market for photographic paper and chemicals).

****The strengths of the management team of ILS include (1) competent and successful managers/principals; (2) competent financial management; (3) good knowledge of the market. Still there is insufficient expertise and practice especially in retail areas: timely issue of financial projections/annual budgeting, franchising issues. Management faces dificulties in expanding the retail network at the pace initially estimated and in handling the growing retail network. The company faces difficulties in the timely financial reporting. They are blaming for this the existing ERP in use (which is not suitable for retail activities and seems difficult to handle for the local retail staff) and investigate the possibility to acquire a new one. *****ILS Group hopes to sort these problems out using the specialised T/A programs underway.

Key Issues:
- business
- relationship
- solutions

*The key success factors identified are as follows: (1) continue to consolidate the market share in distribution; (2) keep shop costs under tight control to ensure early break-even and self - sustainability of each shop, etc. (3) keep the pace of opening new shops operated directly or franchised (first franchised shop was opened during Q2, 2002). In 2002 the Group will continue to expand its retail network through opening new directly operated shops and through franchised Torbo Photo & GSM shops.The first franchised shop was opened during Q2, 2002. Some other requests have been received and initial negotiations might start with a couple of other interested potential franchisees.**SEAF has established good relationship with the managers/principals of the company. ILS is in time with all the invoices due to SEAF. The tension that arised from some long debates on the interpretation of specific consolidation issues (affecting the dividends to be paid to the antrepreneur for 2001) and from the delays of the company in financial reporting seem to be overcome. ***By continuing SEAF's adding value activities, the relationship should continue to be generally a positive one.

T/A:
- in-house
- outsourced

ILS and SEAF commonly identified two special areas of assistance:1) franchising - ILS received general assistance from SEAF Romania in conceiving and drafting the franchising and related contracts; ILS might apply to sponsoring organizations in UK, Germany or Netherlands for dedicated franchising specialist assistance; 2) ILS was approved by Turnaround Management (TAM) EBRD related Program to receive for 12 to 18 months, free of charge assistance from EU retail industry specialists, starting September 2002.

Exit:
- date
- strategy
- stage
- to do

The exit option anticipated in the Investment Memo is to sell to a strategic investor sometime in 2005-2006. The principal of the company is very much interested in selling the business as a whole. A recent acquisition of a small GSM retail network of 10 retail outlets took place on the Romanian market, bringing new evidence of interest in such transactions. Since the investmenet is just at the beginning, no additional investigations were performed on the subject.

Portfolio Company:	TELEZIMEX		As of: 30-Jun-02
Fund:	TRANS-BALKAN ROMANIA LLC		Currency: USD
Core Activity:	Distributor of electronic components, media products, and DIY tools. Dealer of second hand TV sets.		

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding
Y-T-D	32,000	32,000	10.0%

DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	200,000	200,000	25%		0		200,000

A/R	Closing Fee	Management Fee	Interest	Dividend	Royalty Fee	Other	Total
Received	4,607	19,347					23,954
Accrued			13,738		8,305		22,043

VALUE	Post-money Equity	Net Asset Value	Total Enterprise	Fair Market	IRR
As of the date:	403,050	294,399	499,031	40,305	54%

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue		1,988,925	0	3,752,234	1,764,419	1,595,376	-10%	
COGS		1,388,607		2,490,330	1,167,940	1,043,504	-11%	
Gross Profit		600,318	0	1,261,904	596,479	551,872	-7%	
SG&A		514,035		1,010,987	491,949	457,480	-7%	
Interest Expense		22,503		125,954	48,007	23,671	-51%	
Taxes		34,359		21,753	7,629	5,462	-28%	
Net Income		2,629	0	42,856	19,318	38,472	99%	
EBITDA		21,135	0	250,917	104,531	94,392	-10%	
Capex							0%	

BALANCE SHEET	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	135,844				19,420	0%	
Trade Receivables	230,327				476,157	0%	
Inventory	249,194				280,214	0%	
Other Current Assets	60,508				54,859	0%	
Net Fixed Assets	338,680				280,963	0%	
Intangible Assets	6,675				124,430	0%	
Total Assets	1,021,229	0			1,236,043	0%	
Trade Payables	351,391				447,902	0%	
ST Debt	67,907				121,101	0%	
Other ST Liabilities	133,250				50,137	0%	
SEAF Debt	126,756				200,000	0%	
LT Bank Debt	0				95,981	0%	
Other LT Liabilities	93,933				26,523	0%	
Equity	-				294,399	0%	
Total L&E	773,238	0			1,236,043	0%	

QUALITATIVE ASSESSMENT

Summary: - update on developments - inancial analysis - market position - management assessment - plans	The results of the company were on track in Q1 2002 but below expectations in Q2 2002, mainly due to the Euro appreciation (the company pays its suppliers in Euro and bills its clients in ROL). Sales were on target in Q2 2002.
Key Issues: - business - relationship - solutions	In 2002, the following steps have to be undertaken: (1) Construction and relocation to new premises - end of year; (2) start the implementation of the ERP and have most of the ERP implemented by the end of the year. SEAF has established good relationship with the all managers/principals of the company. By continuing SEAF's adding value activities, this relationship will continue to be very positive.
T/A: - in-house - outsourced	Telezimex is increasing its capacity and adding new services to its portfolio, therefore it will benefit from consultancy in developing marketing strategy. Any assistance especially in the subject of finance, marketing and sales is welcome and will receive quite a response from principals. SEAF's TA plan includes: (1) Assistance in developing a short term financial forecast model and the 2002 budget.On Telezimex request, SEAF provided help in bringing experts to help company' managers to improve their general management practice.
Exit: - date - strategy - stage - to do	The exit shall be via the repayment of the USD 200000 convertible loan.

Portfolio Company:	**TOTALSOFT**	**As of: 30-Jun-02**
Fund:	**TRANS-BALKAN ROMANIA LLC**	**Currency: USD**
Core Activity:	**Developer and seller of software as turn key solution.** **Distributor of Primavera - a project management software package.**	

INVESTMENT DATA

EQUITY	Committed	Invested	Shareholding
Y-T-D	400,000	400,000	31.0%

DEBT	Committed	Invested	Rate	Conversions	Repaid	Written Down	Status
Y-T-D	200,000	200,000	10%		0		200,000

A/R	Closing Fee	Management Fee	Interest	Dividend	Other	Total
Received		18,506	5,729	15,368		39,603
Accrued		1,785	4,538			6,323

VALUE	Post-money Equity	Net Asset Value	Total Enterprise	Fair Market	IRR
As of the date:	1,296,081	353,138	1,296,081	401,785	7%

FINANCIAL DATA

INCOME STATEMENT	Y 2000 Actual	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Revenue		1,404,690	1,560,000	1,720,000	760,000	679,214	-11%	
COGS		719,318	680,000	800,000	352,941	321,574	-9%	
Gross Profit		685,373	880,000	920,000	407,059	357,640	-12%	
SG&A		520,800	900,000	780,000	390,000	376,948	-3%	
Interest Expense		5,349		0	0	11,742	0%	
Taxes		52,188		30,000	5,000	9,823	96%	
Net Income		81,495	-40,000	90,000	2,059	-58,595	-2946%	
EBITDA		164,753	-20,000	-19,307	17,059	-19,307	-213%	
Capex							0%	

BALANCE SHEET	Y 2001 Actual	Y 2001 Budget	Y 2002 Budget	Y-T-D Budget	Y-T-D Actuals	Variance	Rational
Cash	706,111				452,490	0%	
Trade Receivables	28,294				104,460	0%	
Inventory	16,236				46,987	0%	
Other Current Assets	29,876				35,539	0%	
Net Fixed Assets	128,905				117,693	0%	
Intangible Assets	3,228				10,574	0%	
Total Assets	912,650	0			767,743	0%	
Trade Payables	129,443				131,015	0%	
ST Debt	0				0	0%	
Other ST Liabilities	52,299				83,589	0%	
SEAF Debt	200,003				200,000	0%	
LT Bank Debt	0				0	0%	
Other LT Liabilities	65,449				0	0%	
Equity	465,456				353,138	0%	
Total L&E	912,650	0			767,743	0%	

QUALITATIVE ASSESSMENT

Summary:
- update on developments
- inancial analysis
- market position
- management assessment
- plans

Sales of private label branded products remained the strongest area of the business. Due to the economic recession in US, the demand for outsourced software was significantly lower than expected. The ERP (Charisma Enterprise) was successfully introduced to the Romanian market. Seven contracts were signed and implementation started and ten more are under negotiation and there are significant chances to have them concluded. The first implementation was concluded with Continental, the largest local hotel chain and the accounting core of the ERP is already implemented in Totalsoft itself. The company had a relatively good second quarter and returned to profit after the loss in the first quarter. The company is rapidly consolidating a strong position as a provider of ERP solutions for SMEs.Total Soft strategy is to take advantage of a window of opportunity: for the next three to five years there will be a significant gap between between imported ERPs and the demand of local SMEs. With limited knowledge on IT solutions and lack of financial resources, local SMEs need a simple, easy to adapt, low priced ERP.

Key Issues:
- business
- relationship
- solutions

The company needs to balance the ERP development and improvement with the sales and promotion effort and with the implemension capability. Sales effort has already resulted in a far larger number of contracts concluded than expected. The sale of an ERP is normally combined with some development work for solving the specific busines problems of the client, which means selling an ERP also puts pressure on the development capability. An industry by industry approach would increase sales with less pressure on the development side. Care must be taken to continue development and promotion of other products in portfolio at the same time as the ERP.SEAF continues to try and influence the Director General so that he increases his management and financial reporting capabilities. He has hired a Financial Director. She managed to implement Totalsoft's accounting module from the ERP and SEAF will start working with her to provide the type of reporting expected.

T/A:
- in-house
- outsourced

SEAF plans to develop, together with the Financial Director, a reporting and forecasting infrastructure using a combination of the company's own ERP system and contract management program. The company needs to get a better grasp of the costs associated with projects. With the assistance of SEAF, contacts are underway for contracting free consulting services for a review of the ERP (via the German-based SES program) as well as assistance for management consulting via the EBRD-backed TAM program.

Exit:
- date
- strategy
- stage
- to do

Approximately 2005. Sale to a strategic investor or a specialised fund.

TBF Romania, LLC

Employment and Revenue Analysis as of June 30, 2002

	Name of Investment	Initial Employment	Employment Q2 2001	% Change	Initial Annual Revenue in US$	As of ...	Projected Revenue US$ (2002 Annual)	% Change
1	Totalsoft	75	95	27%	1,300,000	2001	1,720,000	165%
2	Telezimex	100	105	5%	1,945,000	2001	3,752,234	286%
3	ILS Group	80	94	18%	5,598,000	2001	7,591,180	171%
	TOTAL	**255**	**294**	**15%**	**8,843,000**		**13,063,414**	**195%**