



Financial Investment Company Moldova S.A.

Semestrial report according to: Law 297/2004, NSC Regulation no. 13 and 15/2004
 Date of report: Jun 30, 2005
 Name of issuing company: Financial Investment Company Moldova S.A.
 Company head office: Bacau, Pictor Aman street no. 94 C, Bacau County
 Telephone/Fax no.: 0234/576740, fax 0234/570062; 0234/570101
 Unique registration code at the
 Trade Registry Office: 2816642
 Serial Number in the Trade Registry: J04/2400/92
 Subscribed and paid-in capital: 51908958.8 RON
 Regulated market trading
 Issued securities: BVB (Bucharest Stock Market)

ACTIVITY REPORT OF THE BOARD OF DIRECTORS OF FIC MOLDOVA FOR THE 1ST SEMESTER OF 2005

I. GENERAL OBJECTIVES, SPECIFIC INDICATORS

The main objective of the company is to maximize the value of its shares, objective defined by the special law regulating the functioning of the company (Law no. 133/1996 regarding the transformation of Private Ownership Funds into Financial Investment Companies) and by the FIC Moldova Articles of Incorporation. The fulfillment of this objective has a direct component, consisting of the realization of parameters set forth in the Revenue and Expense Budget and an indirect component, consisting of the reflection of company performance in market indicators (price and liquidity of shares, book value of shares, etc.).

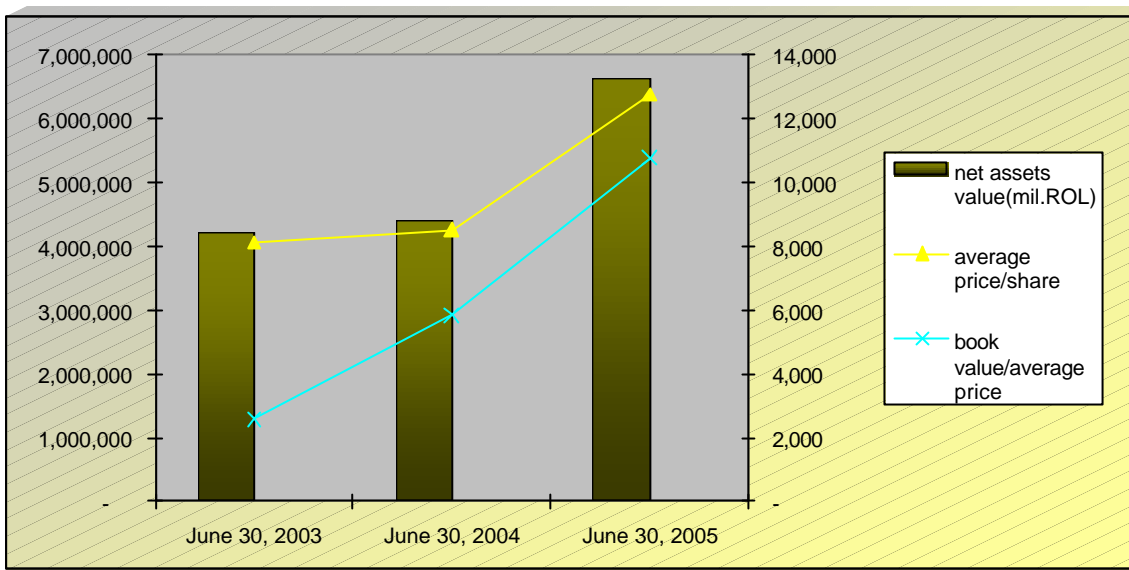
The Board of Directors is aiming to increase the assets management indices, a prudent management of dividend policy to ensure a balance between the continuation of activity in optimum conditions and the satisfaction of shareholder expectations and compliance with corporate governance principles.

The realization of aforementioned objectives and the measurement of company performance are reflected in indicators specific to FICs, some of which are presented below.

Book value of shares, determined according to NSC Instructions, recorded values according to the monthly structure of assets managed by FIC Moldova, achieving a significant semestrial increase in value and a 50.95% appreciation during the three semesters in analysis (2003-2005).

Item name	Jun 30, 2003	Jun 30, 2004	Jun30, 2005	Differences (2005-2004)
Net assets value (mil.ROL)	4,219,049	4,419,837	6,369,086	1,949,249
Book value (ROL / share)	8,128	8,515	12,270	3,755
Avg. price / share	2,579	5,845	10,791	4,946
Book value / avg. price	3,15	1,46	1,14	
Net profit (mil.ROL)	252,294	271,563	494,274	222,711
Net profit / share (ROL)	486	523	952	429
Net profit / Net assets	5.98%	6.14%	7.76%	1.62%

The result recorded in the course of two years was a fourfold growth of the average trading price and the approaching of the trading price to the book value of the shares, based on the increase in financial performance of the company.



The risk degree of the assets decreased from 4.06 in the 1st semester of 2003 to 2.85 in the 1st semester of 2004, remaining under 3.0 in 2005, value which places the company in the medium risk category.

Risk degree of the company and investments	Jun 30,2003	Jun 30,2004	Jun 30,2005
TOTAL ASSETS (mil. ROL)	5,273,218	5,923,642	8,244,107
Investments (mil. ROL)	4,009,550	4,056,623	6,391,118
Risk degree of total assets	4.06	2.85	2.94
Risk degree of investments	2.88	2.64	2.77

In the context of high liquidity, increases in the number of traded assets were recorded, together with an increase in value of the stock market capitalization of FIC Moldova.

Volume of FIC Moldova shares traded	sem.I 2003	sem.I 2004	sem.I 2005
Number of shares traded	118,234,500	183,725,000	222,211,500
Total value (mil. ROL)	291,346	768,752	2,442,923

II. ACHIEVEMENT OF OBJECTIVES IN THE ACTIVITY PLAN

II.1. ACHIEVEMENT OF FINANCIAL OBJECTIVES

II.1.1. PORTFOLIO MANAGEMENT

II.1.1.a. Portfolio restructuring

Between Jan 1, 2005 and Jun 30, 2005, portfolio management objectives were pursued according to the FIC Moldova activity plan for 2005.

Between Jan 1, 2005 and Jun 30, 2005, FIC Moldova continued the portfolio restructuring policy in view of increasing its profitability, aiming at increasing the value of participations in profitable companies or in companies with advantageous trading opportunities and decreasing participations in companies in difficult economic and financial situations or without perspective.

Portfolio restructuring resulting in the modification of number of companies comprised, nominal value of participations and structure by field of activity was carried out by:

a) Modifying the participation by legal operations of increasing / decreasing the share capital or writing off. The modifications in this direction were:

- **increasing the share capital** in four companies, totaling 22.03 bln. ROL in nominal value;
- **decreasing the share capital** in two companies, totaling 1.84 bln. ROL in nominal value;
- **write-off** of four companies in which the liquidation procedure according to Law 31/1990, Law 314/2001 or Law 64/1995 was finalized, resulting the elimination from the portfolio of participations held 2.79 bln. ROL in nominal value.
- **division** of a company, resulting in the entry of five new companies in the portfolio.

b) The modification of FIC Moldova participations following transactions finalized by the transfer of property rights (sales / acquisitions, direct investment), as follows:

- **sales** – the sale of participations (full or partial) from 24 companies, 65.92 bln. ROL in nominal value;
- **acquisitions** – involving stock in 25 companies, 47.68 bln. ROL in nominal value;
- **direct investment** – in 12 companies, 61.45 bln. ROL in nominal value, for preserving the percentage held.

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

Restructuring operations led to a decrease between Jan 1, 2005 and Jun 30, 2005 of the number of companies in the portfolio, therefore at Jun 30, 2005 the portfolio comprises 345 companies, in which shares totaling 2,674.68 bln. ROL are held. Of these, 88 companies in which FIC Moldova holds shares worth 459.60 bln. ROL in nominal value, representing 17.18% of total participations at nominal value, are undergoing various stages of administrative / judicial liquidation or judicial reorganization.

II.1.1.a.2. Portfolio structure

In the Jan 1, 2005 – Jun 30, 2005, portfolio restructuring led to the following structure according to the type of shares (listed / unlisted):

Portfolio structure	Total nominal value of the package				Total market value of the package			
	Bln. ROL		%		Bln. ROL		%	
Securities	12.31.04	06.30.05	12.31.04	06.30.05	12.31.04	06.30.05	12.31.04	06.30.05
Traded stock, Of which:	1,382.15	1,432.18	52.88	53.55	3,053.56	4,526.72	62.86	70.83
Companies listed at BSE	343.64	334.32	13.15	12.50	2,355.80	3,658.26	48.49	57.24
Unlisted companies, traded through the BSE system	122.35	141.32	4.68	5.28	80.25	77.92	1.65	1.22
Companies listed at RASDAQ	916.16	956.54	35.05	35.77	617.51	790.54	12.71	12.37
Untraded stock, Of which:	1,231.92	1,242.50	47.12	46.45	1,804.29	1,864.40	37.14	29.17
Closed companies	866.93	878.77	33.16	32.85	1,716.50	1,764.47	35.33	27.60
Listed, untraded companies	119.16	111.98	4.56	4.19	11.17	6.06	0.23	0.10
Listed, untraded in last 12 mo. companies	245.83	251.75	9.4	9.41	76.62	93.87	1.58	1.47
Total	2,614.07	2,674.68	100.00	100.00	4,857.85	6,391.12	100.00	100.00

*Market value is determined according to NSC Instruction no. 4/1999

Portfolio structure according to size of participation in comprised companies is, on Jun 30, 2005, compared to Dec 31, 2004 and the corresponding period of the previous year, as follows:

Specification	06.30.2004		12.31.2004		06.30.2005	
Insignificant participations:						
Number of companies	127		132		141	
Nominal value (bln ROL) / percentage	1,149.39	43.26	1,240.81	47.47	1,279.79	47.85
Significant participations:						
Number of companies	181		171		158	
Nominal value (bln ROL) / percentage	1,171.54	44.10	1,058.93	40.51	1,062.95	39.74
Control participations:						
Number of companies	32		28		25	
Nominal value (bln ROL) / percentage	174.40	6.56	153.74	5.88	138.72	5.19
Majority participations:						
Number of companies	24		26		21	
Nominal value (bln ROL) / percentage	161.33	6.08	160.58	6.14	193.22	7.22
Total participations :						
Number of companies	364		353		345	
Nominal value (bln ROL) / percentage	2,656.67	100.00	2,614.07	100.00	2,674.68	100.00

On Jun 30, 2005, FIC Moldova portfolio structure according to field of activity of comprised companies is, compared to Dec 31, 2004, as follows:

SECTOR	31.12.2004				30.06.2005			
	No. S.C.	%	Nominal value of participations (bln ROL)	%	No. S.C.	%	Nominal value of participations (bln ROL)	%
BANKING, INSURANCE	11	3.12	856.11	32.75	11	3.19	880.05	32.92
MACHINERY MANUFACTURE	27	7.65	424.91	16.25	27	7.83	492.81	18.42
TEXTILES & GARMENTS	62	17.56	308.21	11.79	65	18.84	304.33	11.38
CHEMICALS	12	3.40	331.06	12.66	12	3.48	286.74	10.72
AGRICULTURE	82	23.23	233.73	8.94	78	22.61	223.52	8.36
METALLURGY	10	2.83	208.95	7.99	10	2.90	209.48	7.83
FOOD INDUSTRY	26	7.37	79.49	3.04	26	7.54	81.08	3.03
COMMERCE, RESTAURANTS	40	11.33	63.64	2.43	36	10.43	57.60	2.15
OTHERS	83	23.51	107.97	4.13	80	23.18	139.07	5.19
TOTAL	353	100.00	2,614.07	100.00	345	100.00	2,674.68	100.00

II.1.1.a.3. Administration of participations held

FIC Moldova continued to improve its portfolio administration and monitoring activity, to the aim of increasing the value and profitability of participations held in companies. Measures taken to this purpose involved as a priority the implication through General Meetings of Shareholders and Boards of Directors in companies in which FIC Moldova holds majority or control positions, as well as in those in which capital investments were made, in order to impose effective management policies to ensure development of the company and attainment of profit, or crisis policies to ensure the recovery of the company.

At the same time, European corporate management principles have been promoted, together with equitable treatment of shareholders and business ethics, in order to impose correct management conduct and practices, to ensure the development of the company, attainment of profit and the protection of FIC Moldova interests in the companies in which it holds insignificant, significant or control positions, in order to stop disloyal practices of decapitalization by majority shareholders, abusive revocation of board

of directors members proposed by FIC Moldova, modification of articles of incorporation to the purpose of delegating certain attributions of the GMS towards BD, restraining the right to trade shares, etc.

II.1.1.b. Investing-disinvesting activity

Evolution of the economic environment and regulated markets:

In the first semester, a 4.1% inflation rate was recorded with the target for the year was settled to 7 – 7.5%. In the context of this disinflation trend, the National Bank of Romania implemented policies of decreasing the reference interest, not intervening in the fixing of currency exchange rates, liberalizing the capital account as well as denominating the national currency.

As a consequence of these macroeconomic evolutions and policies, marked decreases in the efficiency of monetary market products were recorded, deposit interest decreasing from 12% - 16% at the end of December to 5% - 9% at the end of June.

The variation of stock market indices certifies the fact that after a strong ascent of the quotations of securities listed in the first two months of the year, a marked fall followed in the March – April interval with a relative stabilization in May and June. Considering liquidity, the stock market recorded a continuously descending trend – from 2.6 bln. securities traded in January to 0.5 bln. traded in June – evolution which placed constraints on some acquisition programs. Evolutions recorded on regulated markets coincided with the attitude of non-resident investors. In the case of BSE indices certify that sales by non-residents recorded a continuously ascending trend between January and May, followed by a marked decrease in June, while acquisitions recorded a descending trend between January and March with a slight comeback in the April – June time span.

II.1.1.b.1 Investing activity

Investing activity - shares – on the primary market

In the Jan 1, 2005– Jun 30, 2005 period direct investments were made by participating in the increase of registered capital of 12 issuers in the portfolio, in order to preserve the percentage held. Share investments totalling 61.45 bln. ROL in nominal value were recorded, at a price of 73.47 bln. ROL, as follows:

- 7 listed companies, in which 53.46 bln. ROL was subscribed for shares 51.29 bln. ROL in nominal value
- 5 unlisted companies, in which a price of 20.02 bln. ROL was subscribed for shares 10.16 bln. ROL in nominal value

Of these, in four companies the subscriptions were done in 2004 and registered in the 1st semester of 2005. Also, in the 1st semester of 2005 direct investments were made in 5 listed companies, 7 bln. ROL in nominal value, at a price of 21.93 bln. ROL and in an unlisted company in which a subscription was made at a price equal to the nominal value of 0.29 bln. ROL. These investments are pending registration in the 2nd semester of the year.

Investing activity - shares – on the secondary market

Attaining the objective of building a portfolio of liquid securities with growth potential was realized by continuing / initiating acquisition programs centered on issuers listed on regulated markets and belonging to various fields of activity. Acquisition programs were targeted at 26 issuers, with a total acquisition value of 236.9 bln. ROL, considerably more than the corresponding period of 2004, when investments worth 28.1 bln. ROL were made for the stock of 13 issuers.

Investing activity –municipal bonds

In the context of the necessity of diversifying the portfolio, investments in municipal bonds worth 17 bln ROL were made, while in the corresponding period of 2004 subscriptions within municipal bonds issues rose to 7 bln. ROL.

II.1.1.b.2 Disinvesting activity

During the 1st semester of 2005 stock belonging to 24 issuers was disinvested (7 of the “closed” type, of which 2 with a property transfer in the 3rd respectively 4th trimester). Thus, revenue from sales worth 251.9 bln ROL was recorded, compared to 44.1 bln. ROL in the 1st semester of 2004, while the associated costs were 31.5 bln. ROL compared to 21.3 bln. ROL recorded in the corresponding period of the previous year. In this context, a remarkable event was the sale of the stock held by FIC Moldova at COMETEX PLC Suceava, operation which generated revenue of 186.2 bln. ROL with associated costs of 5.1 bln. ROL.

II.1.2. PRESENTATION OF THE ECONOMIC AND FINANCIAL STATUS

Financial statements furnish information regarding the financial status and performance of the company and were audited, in view of issuing a review report, by Deloitte Audit LLC Bucharest, and are expressed in thousand ROL.

The financial status is reflected in the balance sheet items:

	12.31.2004	06.30.2005
A. Non-current assets, of which:	6,491,901,367	8,062,785,464
I. Intangible assets	1,026,445	2,496,186
II. Tangible assets	120,302,095	97,860,303
III. Financial assets	6,370,572,827	7,962,428,975
B. Current assets, of which:	60,429,732	178,689,047
I. Inventories	211,151	224,896
II. Receivables	26,208,431	125,180,554
III. Short-term financial instruments	33,347,558	51,897,547
IV. Cash and bank accounts	662,592	1,386,050
C. Prepaid expenses (chapter 471)	457,003	328,303
D. Current liabilities	186,590,274	413,421,851
E. Current assets minus net current liabilities	(128,283,286)	(234,606,129)
F. Total assets minus current liabilities	6,363,618,081	7,828,179,335
G. Long-term debt	603,401,423	1,068,302,181
H. Provisions for risks and expenses	382,157,882	392,991,408
I. Precollected revenue	2,579,747	201,628
J. Owners' equity, of which:	5,378,058,776	6,366,885,746
I. Share capital	519,089,588	519,089,588
II. Share premium		
III. Reevaluation reserves Sold C	88,807,187	66,005,970
IV. Reserves	4,169,716,534	5,018,981,670
V. Reported result Sold C	600,445,467	280,245,609
VI. Result of the fiscal year Sold C	457,458,946	494,273,802

Long term financial instruments represent 96.61% of the 8,241,471,511 thousand ROL total assets and consist of:

	12.31.2004	06.30.2005
- Long term financial investments	4,841,085,721	3,634,257,430
- Other financial instruments	1,529,487,106	1,598,171,545
Of which:		
- Bank deposits	30,672,630	11,473,348
- Deposit certificates	339,000,000	275,800,000
- Government securities	1,142,185,658	1,304,328,540
- Other claims	1,434,988	1,411,022
- Interest from investments	16,193,830	5,158,635

Cash and liquidities:

- Cash and bank accounts	662,592	1,386,050
- Bank deposits	30,672,630	11,473,348
- Deposit certificated	339,000,000	275,800,000
- Government securities	1,142,185,658	1,304,328,540
TOTAL	1,512,520,880	1,592,987,938

The company's liabilities on Jun 30, 2005 –have the following structure:

thousand ROL

<u>LIABILITIES</u>	Nr. rd.	Balance on		<u>Due date</u>	
		06.30.2005	Under 1 yr.	1 to 5 yr.	Over 5 yr.
		1=2+3+4	2	3	4
Commercial payables	01	855,119	855,119	-	-
Commercial papers payable	02	159,617,940	31,684,460	127,933,480	-
Other liabilities	03	1,321,250,973	380,882,272	-	940,368,701
TOTAL, of which:	04	1,481,724,032	413,421,851	127,833,480	940,368,701
- Suppliers	05	855,119	855,119	-	-
- to BARA for promissory notes	06	159,617,940	31,684,460	127,933,480	-
- to government and special funds	07	52,173,799	52,173,799	-	-
- Dividends payable	08	324,195,171	324,195,171	-	-
- Various payables	09	212,960	212,960	-	-
- Other liabilities to staff and social insurance	10	4,300,342	4,300,342	-	-
- Deferred income tax	11	940,368,701	-	-	940,368,701

For the listed liabilities no guarantees were made or mortgages granted. FIC has no outstanding loans.

Current liabilities on 06.30.2005, total 7.173.500 thousand ROL, of which:

	- thousand ROL -
- Short term debt	413,421,851
- Provisions for risks and expenses	392,991,408
- Precollected revenue	201,628

Owners' equity 6,366,885,746

The company's financial performance is reflected in the income statement.

	<u>30.06.2004</u>	<u>06.30.2005</u>
A. REVENUE FROM OPERATIONS - TOTAL	410,968,284	707,066,960
1 Revenue from financial investments	167,784,166	301,236,406
2 Revenue from short term financial investments	-	-
3 Revenue from financial instruments	149,624,276	78,488,657
4 Revenue from ceded financial investments	45,061,066	251,943,606

5	Revenue from works and services performed	-	-
6	Revenue from provisions, reactivated claims and various debtors	25,451,948	34,693,984
7	Revenue from exchange rate variations	2,074,299	9,239,660
8	Revenue from interest	3,955,888	1,449,863
9	Revenue from non-current assets production	-	-
10	Other revenue from operations	17,016,641	30,014,784
	B. EXPENSES WITH OPERATIONS - TOTAL	102,208,522	171,612,699
11	Losses related to claims arising to investments	-	-
12	Expenses with ceded financial investments	21,940,674	31,574,871
13	Expenses with exchange rate variations	322,425	8,996,257
14	Expenses with interest	-	-
15	Expenses with commissions and fees	5,160,761	6,074,733
16	Expenses with banking and similar services	192,134	189,836
17	Depreciations, provisions, losses from receivables and miscellaneous receivables	24,639,403	64,412,765
18	Other expenses with operations	49,953,125	60,364,237
	C. CURRENT RESULT (profit)	308,759,762	535,454,261
19	TOTAL REVENUE	410,968,284	707,066,960
20	TOTAL EXPENSE	102,208,522	171,612,699
	D. GROSS PROFIT	308,759,762	535,454,261
21	INCOME TAX		
	-expenses with current income tax	37,577,653	41,527,293
	-revenue from deferred profit tax	476,589	585,798
22	Expenses with deferred income tax	96,077	238,964
	E. RESULT OF FISCAL YEAR (NET PROFIT)	271,562,621	494,273,802
	F. EARNINGS PER SHARE (ROL / share)		
	- basic	523	952

Net sales by the company result from:

- Ceded financial investments	220.368.375 thousand ROL
- Ceded tangible assets	92.276 thousand ROL
TOTAL:	220.461.011 thousand ROL

Gross margin of FIC Moldova is **707,652,758** thousand ROL.

Registered expense items do not exceed 20% of net sales (except provision expenses of 59,283,807,000 ROL) or gross revenue.

In the first semester of 2005, provisions were established:

	- thousand ROL -
- for risks and debts	31,790,613
- for bad debts	19,697,970
- for devaluation of securities	7,795,224

TOTAL	59,283,807
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Acquisitions in the first semester of 2005 cost **329,501,983,000 ROL**, of which:

	- thousand ROL -
- shares – in cash	73,478,666
- shares bought on the capital market	236,986,225
- bonds	17,064,000
- tangible and intangible non-current assets	1,973,092
TOTAL	329,501,983

Dividends declared by FIC Moldova for the 2004 fiscal year were **311,453,753,000 ROL**, of which 148,523,869,000 ROL were paid.

CASH FLOW STATEMENT at 06.30.2005
(thousand ROL)

ITEM NAME	Row no.	Note	12.31.2004	06.30.2005
A. CASH FLOWS FROM OPERATIONS	01		(67,938,222)	15,758,123
1 NET RESULT	02	+	457,458,946	494,273,802
Paid income tax	03	-	68,798,998	24,826,464
Changes in current assets	04	+	49,729,780	(48,310,245)
Adjustments for non-monetary items included in investments or financing	05	-	506,327,950	405,378,970
B. CASH FLOWS FROM INVESTING	06		326,120,631	225,520,958
Cash payments for land and plant assets, intangibles and other long term assets	07	-	1,227,745	1,973,092
Cash receipts from sales of land and plant assets, equipment, intangibles and other long term assets	08	+	5,170,031	17,981,616
Cash payments for securities and financial instruments of other companies or institutions	09	-	20,672,523,281	11,715,915,710
Cash receipts from the sale of securities and financial instruments of other companies or institutions	10	+	20,995,287,960	11,925,428,144
C. CASH FLOWS FROM FINANCING	11	+	(201,283,367)	(158,841,152)
Cash payments towards shareholders (dividends)	12	-	201,283,367	158,841,152
TOTAL CASH FLOWS	13		57,485,376	80,560,727
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	14	+	1,454,941,835	1,512,427,211
CASH AND EQUIVALENTS AT END OF PERIOD	15	-	1,512,427,211	1,592,987,938

II.1.3. COMPLIANCE WITH LEGAL REGULATIONS REGARDING OWNERSHIP LIMITATIONS

Compliance with the provisions of Regulation 15/2004

Reg. 15 – art. 188 para a)

On Jun 30, 2005, participations relevant to the present article are as follows:

Total assets	8,244,108,716 thousand ROL	
Stock in closed companies	258,426,701 thousand ROL	3.14% of T.A.
Untraded bonds	19,211,624 thousand ROL	0.23 % of T.A.
Deposit certificates	276,877,918 thousand ROL	3.36 % of T.A.

Shares and stock market instruments not admitted for trading represent 6.73% of the total assets of FIC Moldova on Jun 30, 2005, complying with the allowed 20% level.

Reg. 15 – art. 188 para b) – ownership exceeding the levels mentioned could be at BRD, but they are exempted by the provisions of article 275.

Reg. 15 – art. 188 para c) – we identified no such situations

II.2. ACHIEVEMENT OF NON-FINANCIAL OBJECTIVES IN THE 1ST SEMESTER OF 2005

II.2.1. STATUS OF LITIGATIONS

On Jun 30, 2005, 224 files are registered - in court and solved – in which our company is involved as a plaintiff, defendant, main or accessory intervening party.

I. LITIGATIONS IN WHICH FIC Moldova IS A PLAINTIFF

- total litigations = 180, of which 27 were solved in the 1st semester of 2005;
- total litigations in court = 153 at the end of this semester, in various judicial stages;
- value of litigations in ROL = 98,451,703,887 ROL, of which 11,322,917,489 ROL in litigations involving the recovery of overdue dividends, 16,998,203,878 ROL in bankruptcies and judicial reorganizations and 70,130,582,520 ROL in causes involving claims;
- value of litigations in foreign currency, by category of object, as follows:
 - 8,570,000 USD; 199,313 EURO and 420,000 DEM, in judicial liquidations;
 - 1,520,000 USD, in files involving claims;
 - 10,637,482.79 USD, in draft oppositions.

II. LITIGATIONS IN WHICH FIC Moldova IS A DEFENDANT

- total litigations = 44, of which 5 were solved in the 1st semester of 2005;
- total litigations in court = 39, in various judicial stages;
Amounts representing dividends recovered during the 1st semester of 2005 = **3,555,900,372 ROL**, of which:
 - 1,943,070,275 ROL, claims fully recovered
 - 1,612,830,097 ROL, claims partially recovered, in causes in court

II.2.2. COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES IN RELATIONS WITH SHAREHOLDERS AND STOCK MARKET INSTITUTIONS

FIC Moldova fulfilled all reporting obligations arising from legal provisions as follows:

a. In relations with stock market institutions

a.1. Periodic reports to NSC and BSE

- weekly and monthly reports – status of net assets and structure of the portfolio – transmitted to BSE
- 2004 yearly report – transmitted to NSC and BSE, published in press synthesis (“Bursa” newspaper, Apr 8, 2005 issue) and presented for consultation on the company website (www.sifm.ro)
- 1st trimester 2005 report – transmitted to NSC and BSE, published in synthesis in the press (“Bursa” newspaper, Apr 29, 2005) and presented for consultation on the company website (www.sifm.ro).

a.2. Continual reports to NSC and continuous reports to BSE

- preparing the Ordinary and Extraordinary General Meetings of Shareholders of Apr 22/23, 2005;

- significant transactions (Transilvania Bank, “Mecanica Ceahlău” Piatra Neamț, “Rulmenti” Bârlad, “Confectia” Miercurea Ciuc, “Cometex” Suceava, participation at the increase in registered capital of Transilvania Bank
- other important aspects communicated: financial calendar; project for articles of incorporation; convocation of GMS; preliminary financial results; decisions taken in OGMS 2005; authorization of BD membership; denomination of share nominal value and registered capital as a consequence of the provisions of Law 348/2004; signing a Financial Auditing Contract with Deloitte & Touche.

b. In relations with shareholders

Obligations to inform FIC Moldova shareholders were respected by means of press releases, published reports, information through the electronic system of the stock market and information on the company website, offering them equal treatment. All stages of information and furnishing of documents related to the organization and conduct of general meetings of shareholders of Apr 22/23, 2005 were carried out:

- press release regarding the convocation of meetings (“Bursa” newspaper, Feb 9, 2005 issue, Official Gazette, part 4, issue 484 / Feb 10, 2005, informative material related to the agenda (according to NSC Instruction no. 8 / 1996);
- press release regarding decisions taken by the Ordinary General Meeting of Shareholders of Apr 23, 2005 (“Bursa” newspaper, Apr 29, 2005 issue, Official Gazette, part 4, issue 1434 / May 4, 2005)
- press release regarding additional information related to the payment of dividends (“Bursa” newspaper, Apr 29, 2005, May 31, 2005 issue), etc.

The organization of activity at the head office and territorial offices allows and ensures the operative resolution of requests by shareholders directly or by mail.

Appropriation and payment of dividends to shareholders took place according to decisions taken in OGMS of Apr 23, 2005. On request by shareholders, dividend payments through the pay office were made (shareholders – natural persons), bank transfer (natural and juridical persons) and dividends due to shareholders were submitted for payment by money order.

Status of payments up to Jun 30, 2005 is as follows:

SHAREHOLDERS	NO. OF SHAREHOLDERS	DIVIDENDS PAID ON Jun 30, 2005 (ROL)				
		2001	2002	2003	2004	TOTAL
Paid between 01.01-04.15.05	2,211	93,848,184	648,951,786	1,106,462,611		1,849,262,581
Paid after GMS of 04.23.2005:						
Juridical persons (transfer)	187		0	1,556,100	34,017,576,600	34,019,132,700
Natural persons (transfer/pay office)	3,717		217,308,710	357,898,240	54,529,944,538	55,105,151,488
Natural persons (DRP contract – installment I)	98,365		2,770,344,900	5,120,912,500	59,976,348,000	67,867,605,400
TOTAL	104,480	93,848,184	3,636,605,396	6,586,829,451	148,523,869,138	158,841,152,169

II.2.3. ORGANIZATIONAL DEVELOPMENT

During the 1st semester of 2005, the preoccupation for organizational development materialized in actions referring to:

- continuing the implementation of the EXMAN integrated system, that contains management decision support and document management subsystems, database actualization and reporting software;
- developing work procedures related to all specific activities taking place in the company, to complete the internal regulations of FIC Moldova;
- adapting the organizational structure to the strategic changes of the institution and secondary legislation by NSC applicable from Jul 1, 2005 (establishment of an internal control department);
- continuing the training of specialists in the company.

II.2.4. INTERNAL AUDITING ACTIVITY

Report regarding internal auditing activity in the 1st semester of 2005

The audit plan for 2005 was approved in the Board of Directors Meeting on Mar 25, 2005. Internal Audit planning was carried out based on an evaluation of risks and risk exposures that could affect the company.

The main activities and operations carried out by FIC Moldova that were submitted to internal auditing in the 1st semester of 2005, according to the internal audit plan, involve:

- motivating the decision regarding the acquisition and sale of securities (shares and bonds). The results of the audit were included in Report no. 179 / Jan 25, 2005 that was presented and analyzed in the Board of Directors meeting of Jan 28, 2005;
- appropriation and payment of dividends due to shareholders of FIC Moldova for the 2002 fiscal year and unpaid dividends at Dec 31, 2002 for the previous fiscal years (2001 and 2000). Audit results were included in Report no. 295 / Feb 11, 2005 that was presented and analyzed in the Board of Directors Meeting of Feb 18, 2005;
- structure of the FIC Moldova portfolio and its evaluation according to NSC instructions regarding the calculation of net assets of financial investment companies. The results of the audit were included in Report no. 571 / Mar 24, 2005 which was presented and analyzed in the Board of Directors meeting of Mar 25, 2005;
- respecting the legal provisions and internal norms regarding the general inventory of the patrimony and the bookkeeping of the inventory results. The audit results were included in Report no. 563 / Mar 23, 2005 which was presented and analyzed in the Board of Directors meeting of Mar 23, 2005;
- financial instruments: recognition, evaluation and presentation of information regarding financial instruments in financial statements; fiscal considerations. The results of the audit were included in Report no. 965 / May 23, 2005 which was presented and analyzed in the Board of Directors meeting of May 27, 2005;
- publication and transmission of legal reports. Audit results were included in Report no. 998 / May 26, 2005 which was presented and analyzed in the Board of Directors meeting of May 27, 2005;

Internal audit considers that activities and operations conducted in the 1st semester of 2005, subjected to auditing, are compliant with company policies, programs and management, legal provisions and internal regulations. No situations were found in which the Board of Directors decided to accept significant risks.

III. IMPORTANT EVENTS

Ordinary and Extraordinary General Meetings of Shareholders of FIC Moldova

The press release regarding the convocation of Ordinary and Extraordinary General Meetings of Shareholders (also including the Articles of Incorporation draft) was sent to NSC and BSE, published in the Official Gazette part 4, issue 484 / Feb 10, 2005, in NSC Bulletin of January 2005, in "Bursa" daily newspaper of Feb 9, 2005 and posted at the documentation centres and the www.sifm.ro website.

Informative materials prepared according to NSC Instruction no. 8 / 1996, regarding issues in the Agenda if the Ordinary and Extraordinary General Meetings of Shareholders of Apr 22/23, 2005 were accessible to shareholders at the head office, FIC Moldova field offices and included in the company website (www.sifm.ro), since Mar 7, 2005, the date determined in the convoker; prior to this date the materials were sent to NSC and BSE.

Materials associated with the agenda were submitted to NSC and BSE, distributed to documentation centres, posted on the website and the abstract of the Activity Report for 2004 was published in "Bursa" newspaper of Apr 8, 2005.

The Ordinary General Meeting of Shareholders of FIC Moldova was held on Apr 23, 2005, at the second convocation, when quorum conditions were met in order to analyze the problems listed in the agenda of the convoker and to adopt valid decisions associated to them.

At the second convocation, shareholders and trustees holding 157,775,493 shares participated, representing 30.396% of the registered capital of FIC Moldova.

Adopted decisions were published in the press release in the “Bursa” newspaper of Apr 29, 2005, published in the Romanian Official Gazette, part 4, issue 1434 / May 4, 2005, posted at the head office, field offices in the 9 counties and Bucharest city and included in the company website www.sifm.ro.

Authorization of the Board of Directors of FIC Moldova elected in the course of the General Meeting of Shareholders of Apr 23, 2005 by NSC Decision no. 1841 / Jun 16, 2005.

President General Manager,

Sorin Mihail TURTOESCU

Economic Manager

Liana MARIN