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# Financial Investment Company Moldova S.A.

Semestrial report according to:	Law 297/2004, NSC Regulation no. 13 and 15/2004
Date of report:	Sep 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 3RD TRIMESTER OF 2005

### I. GENERAL OBJECTIVES, SPECIFIC INDICATORS

The main objective of the company's activity plan for 2005, approved by the General Meeting of Shareholders, is to maximize the value of its shares. 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 increase in value throughout the three trimesters and a 71.77% appreciation on Sep 30, 2005 compared to the corresponding period of 2004.

Item name	Sep 30, 2003	Sep 30, 2004	Sep 30, 2005	Differences (2005-2004)
Net assets value (RON)	469,130,100	461,986,000	793,606,148	331,620,148
Book value (RON / share )	0.9038	0.8900	1.5288	0.6388
Avg. price / share	0.2417	0.6176	1.5118	0.9400
Book value / avg. price	3.73	1.44	0.98	
Net profit (RON)	23,003,884	33,665,098	52,594,905	18,929,807
Net profit / share (RON)	0.0443	0.0648	0.1013	0.0365

The result recorded in the course of two years was a 6.2 times growth of the average trading price, based on the increase in financial performance of the company.

At the end of the 3<sup>rd</sup> trimester of 2005, the net assets increased (71.78 %) compared to the corresponding period of 2004 at the same rate with the book value of shares (71.77 %).

Item name	Sep 30, 2005	Sep 30, 2004	Differences
Net assets value (RON)	793,606,148	461,986,000	331,620,148
No. of outstanding shares	519,089,588	519,089,588	-
Book value (RON / share)	1.5288	0.8900	0.6388

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

Volume of FIC Moldova shares traded	Sep 30, 2003	Sep 30, 2004	Sep 30, 2005
Number of shares traded	157,864,500	238,659,000	377,149,000
Total value (RON)	38,852,528	112,029,142	461,155,613

## 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 Jul 1, 2005 and Sep 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 11 companies, totaling 18,355,464.28 RON in nominal value;

- **decreasing the share capital** in three companies, totaling 145,728.25 RON in nominal value;
- **write-off** of two companies in which the liquidation procedure according to Law 31/1990 or Law 64/1995 was finalized, resulting in the elimination from the portfolio of participations held, 47,258.1 RON in nominal value.
- **division** of a company, resulting in the entry of two 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) in 16 companies, 824,121 RON in nominal value;
- **acquisitions** – involving stock in 13 companies, 4,019,002.5 RON in nominal value;
- **direct investment** – in 6 companies, 768,210.5 RON 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 Jul 1, 2005 and Sep 30, 2005 of the number of companies in the portfolio, therefore at Sep 30, 2005 the portfolio comprises 336 companies, in which shares totaling 289,593,833.93 RON in nominal value are held. Of these, 87 companies in which FIC Moldova holds shares worth 46,082,784.2 RON in nominal value, representing 16% 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 Jul 1, 2005 - Sep 30, 2005 period, 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			
	Thousand RON		%		Thousand RON		%	
	06.30.05	09.30.05	06.30.05	09.30.05	06.30.05	09.30.05	06.30.05	09.30.05
<b>Traded stock,</b> Of which:	<b>143,218</b>	<b>124,062</b>	<b>53.55</b>	<b>42.84</b>	<b>452,672</b>	<b>620,091</b>	<b>70.83</b>	<b>73.89</b>
Companies listed at BSE	33,432	53,578	12.50	12.50	365,826	543,298	57.24	64.74
Unlisted companies, traded through the BSE system	14,132	14,132	5.28	5.28	7,792	6,957	1.22	0.83
Companies listed at RASDAQ	95,654	56,352	35.77	19.46	79,054	70,158	12.37	8.36
<b>Untraded stock,</b> Of which:	<b>124,251</b>	<b>165,532</b>	<b>46.45</b>	<b>57.16</b>	<b>186,440</b>	<b>219,092</b>	<b>29.17</b>	<b>26.11</b>
Closed companies	87,877	88,052	32.85	30.40	176,447	182,533	27.60	21.75
Listed, untraded companies	11,198	10,826	4.19	3.74	0,606	0,322	0.10	0.04
Listed, untraded in last 12 mo./90 days companies	25,176	66,654	9.41	23.02	9,387	36,236	1.47	4.32
<b>Total</b>	<b>267,469</b>	<b>289,594</b>	<b>100.00</b>	<b>100.00</b>	<b>639,112</b>	<b>839,183</b>	<b>100.00</b>	<b>100.00</b>

\*Market value is determined according to NSC Instruction no. 15/2004

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

Specification	12.31.2004		06.30.2005		09.30.2005	
<b>Insignificant participations :</b>						
Number of companies	132		141		140	
Nominal value (thousand RON) / percentage	124,081	47.47	127,979	47.85	150,585	52.00
<b>Significant participations:</b>						
Number of companies	171		158		152	
Nominal value (thousand RON) / percentage	105,893	40.51	106,295	39.74	106,343	36.72
<b>Control participations:</b>						
Number of companies	28		25		24	
Nominal value (thousand RON) / percentage	15,374	5.88	13,872	5.19	13,816	4.77
<b>Majority participations:</b>						
Number of companies	22		21		20	
Nominal value (thousand RON) / percentage	16,058	6.14	19,322	7.22	18,850	6.51
<b>Total participations :</b>						
Number of companies	353		345		336	
Nominal value (thousand RON) / percentage	261,407	100.00	267,468	100.00	289,594	100.00

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

SECTOR	06.30.2005				09.30.2005			
	No. S.C.	%	Nominal value of participations (thousand RON)	%	No. S.C.	%	Nominal value of participations (thousand RON)	%
BANKING, INSURANCE	11	3.19	88,005	32.92	11	3.27	107,016	36.95
MACHINERY MANUFACTURE	27	7.83	49,281	18.42	27	8.03	49,294	17.02
TEXTILES & GARMENTS	65	18.84	30,433	11.38	63	18.75	30,496	10.53
CHEMICALS	12	3.48	28,674	10.72	12	3.57	28,675	9.90
AGRICULTURE	78	22.61	22,352	8.36	77	22.91	22,213	7.67
METALLURGY	10	2.90	20,948	7.83	10	2.97	20,948	7.23
FOOD INDUSTRY	26	7.54	8,108	3.03	25	7.44	8,039	2.78
COMMERCE, RESTAURANTS	36	10.43	5,760	2.15	33	9.82	5,526	1.91
OTHERS	80	23.18	13,907	5.19	78	23.21	17,837	6.01
<b>TOTAL</b>	<b>345</b>	<b>100.00</b>	<b>267,468</b>	<b>100.00</b>	<b>336</b>	<b>100.00</b>	<b>289,594</b>	<b>100.00</b>

### **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**

#### **II.1.1.b.1 Investing activity**

##### **Investing activity - shares – on the primary market**

In the Jul 1, 2005– Sep 30, 2005 period direct investments were made by participating in the increase of registered capital of six issuers in the portfolio, in order to preserve the percentage held. Share investments totalling 768,210.5 RON in nominal value were recorded, at a price of 2,261,121 RON, as follows:

- 4 listed companies, in which 2,193,038.5 RON was subscribed for shares 657,121 RON in nominal value
- 2 unlisted companies, in which a price of 68,082.5 RON was subscribed for shares 68,082.5 RON in nominal value

##### **Investing activity - shares – on the secondary market**

Attaining the objective of building a portfolio of liquid securities with growth potential was realized by continuing acquisition programs centered on issuers listed on regulated markets and belonging to various fields of activity (finance and banking, oil, pharmaceuticals, building materials) . Acquisition programs were targeted at 13 issuers, with a total acquisition value of 18.39 mil. RON (183.9 bln. ROL), considerably more than the corresponding period of 2004, when investments worth 7.27 mil. RON (72.7 bln. ROL) were made for the stock of 8 issuers.

#### **II.1.1.b.2 Disinvesting activity**

During the 3<sup>rd</sup> trimester of 2005 stock belonging to 16 issuers was disinvested (8 of the “closed” type). Thus, revenue from sales worth 4.80 mil. RON (48 bln. ROL) was recorded, compared to 2.19 mil. RON (21.9 bln. ROL) in the 3<sup>rd</sup> trimester of 2004, while the associated costs were 3.43 mil. RON (34.3 bln. ROL) compared to 0.59 mil. RON (5.9 bln. ROL) recorded in the corresponding period of the previous year. It is worth mentioning that the value of costs related to sales represents the sum of average acquisition costs of the securities.

## II.1.2. PRESENTATION OF THE ECONOMIC AND FINANCIAL STATUS

Financial statements (balance sheet and income statement) are based on Accounting Regulations harmonized with the European Community 4<sup>th</sup> Directive and International Financial Reporting Standards, applicable to institutions regulated and supervised by the National Securities Commission.

Financial statements are drawn up in RON.

Financial statements for Sep 30, 2005 are not accompanied by an independent external auditor's report, according to the usual practices regarding the frequency of such reporting.

### Balance Sheet

	ASSET	Row no.	12.31.2004	09.30.2005
	A	B	1	2
<b>A.</b>	<b>Non-current assets:</b>			
<b>I.</b>	<b>Intangible assets</b>			
	3. Grants, patents, licences, trademarks, similar rights and values and other intangible assets (acc. 2051+2052+208-2805-2808-2905-2908)	03	102,644.49	101,411.84
	5. Advances and pending intangible assets (acc. 233+234-2933)	05	-	138,103.07
	<b>Total: (row 01 to 05)</b>	<b>06</b>	<b>102,644.49</b>	<b>239,514.91</b>
<b>II.</b>	<b>Tangible Assets</b>			
	1. Land and buildings (acc. 211+212-2811-2812-2911-2912)	07	10,889,174.85	8,897,789.82
	2. Equipment (acc. 213-2813-2913)	08	927,899.62	612,568.23
	3. Furniture and fixture (ct 214-2814- 2914)	09	213,135.01	172,753.13
	<b>TOTAL: (row 07 to 10)</b>	<b>11</b>	<b>12,030,209.48</b>	<b>9,683,111.18</b>
<b>III.</b>	<b>Financial Assets</b>			
	5. Securities as assets (acc. 262+264+265-2962-2964)	16	484,108,572.08	835,901,569.66
	6. Other claims (acc. 2673+2674+2678+2679-2966-2969)	17	152,948,710.62	136,983,457.04
	<b>Total: (row 12 to 18)</b>	<b>19</b>	<b>637,057,282.70</b>	<b>972,885,026.70</b>
	<b>Non-current assets – Total (row 06+11+19)</b>	<b>20</b>	<b>649,190,136.67</b>	<b>982,807,652.79</b>
<b>B.</b>	<b>Current Assets</b>			
<b>I.</b>	<b>Inventory</b>			
	1. Consumables (acc.302+303+/-308+351-392-395)	21	21,115.20	19,498.32
	4. Advance payments for inventory purchase (acc. 4091)	23	-	1,501.89
	<b>Total: (row 21 to 23)</b>	<b>24</b>	<b>21,115.20</b>	<b>21,000.21</b>
<b>II.</b>	<b>Receivables</b>			
	1. Trade receivables (acc. 4092+4111+4112+4118+413+418-491)	25	184,707.69	81,810.21
	4. Other receivables (acc.425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+461+ 473-496+5187)	28	2,436,135.43	7,939,043.26
	<b>Total: (row 25 to 29)</b>	<b>30</b>	<b>2,620,843.12</b>	<b>8,020,853.47</b>

<b>III. Short Term Financial Investments</b>			
3. Other short term financial investments (acc.5031+5032+505+5061+5062+5081+5082+ 5088+5089-593-595-596-598+5113+5114)	33	3,334,755.78	5,693,528.74
<b>Total: (row 31 to 33)</b>	34	<b>3,334,755.78</b>	<b>5,693,528.74</b>
<b>IV. Cash and Bank Accounts</b> (acc.5112+5121+5122+5123+5124+5125+5311+5314 +5321+5322+5323+5328+5411+5412+542)	35	66,259.21	1,058,392.97
<b>Current Assets – Total (row 24+30+34+35)</b>	36	<b>6,042,973.31</b>	<b>14,793,775.39</b>
<b>C. Prepaid Expenses (acc. 471)</b>	37	45,700.28	33,309.41
	<b>Row no.</b>	<b>12.31.2004</b>	<b>09.30.2005</b>
	<b>A</b>	<b>B</b>	<b>1</b>
			<b>2</b>
<b>D. Current Liabilities</b>			
3. Deferred revenue (acc. 419)	40	-	-
4. Accounts payable (acc. 401+404+408)	41	159,665.83	15,687.62
5. Commercial papers payable (acc. 403+405)	42	3,081,102.00	3,116,612.00
8. Other liabilities, including taxes payable and social security liabilities (acc. 1623+1626+167+ 1687+2698+421+423+424+426+427+4281+431+437 +4381+441+4423+4428+444+446+447+4481+4551 +4558+456+457+4581+462+473+509+5186+ 5193+ 5194+5195+5196+5197)	45	15,418,259.43	24,577,478.35
<b>Total: (row 38 to 45)</b>	46	<b>18,659,027.26</b>	<b>27,709,777.97</b>
<b>E. Current Assets Less Net Current Liabilities (row 36+37-46-61.2)</b>	47	<b>(12,828,328.32)</b>	<b>(15,263,381.51)</b>
<b>F. Total Assets Less Current Liabilities (row 20+47-61.1)</b>	48	<b>636,361,808.35</b>	<b>967,544,271.28</b>
<b>G. Non-Current Liabilities</b>			
5. Commercial papers payable (acc. 403+405)	53	12,440,676	12,584,056
8. Other liabilities, including taxes payable and social security liabilities (acc.1623+1626+167+1687+2698+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+4551+4558+456+457+4581+462+473+509+5186+5193+5194+5195+5196+5197)	56	47,899,466.44	122,782,669.93
<b>Total: (row 49 to 56)</b>	57	<b>60,340,142.44</b>	<b>135,366,725.93</b>
	<b>Row no.</b>	<b>31.12.2004</b>	<b>30.09.2005</b>
	<b>A</b>	<b>B</b>	<b>1</b>
			<b>2</b>
<b>H. Provisions for risks and expenses</b>			
2. Other provisions (acc. 151)	59	38,215,788.23	38,656,228.89
<b>Total provisions: (row 58 + 59)</b>	60	<b>38,215,788.23</b>	<b>38,656,228.89</b>
<b>I. Deferred Revenue (row 61.1+61.2) of which:</b>	61	<b>257,974.65</b>	<b>2,380,688.34</b>
2. Precollected revenue (acc. 472)	61.2	257,974.65	2,380,688.34
<b>J. Equity and Reserves</b>			
<b>I. Share Capital (row 63 to 64) of which:</b>	62	<b>51,908,958.80</b>	<b>51,908,958.80</b>
2. Subscribed and paid capital (acc. 1012)	64	51,908,958.80	51,908,958.80
<b>III Reevaluation Reserves Balance C</b>	66	<b>8,880,718.69</b>	<b>6,600,596.94</b>
<b>IV. Reserves (acc. 106) (row 69 to 72)</b>	68	<b>416,971,653.41</b>	<b>655,740,344.61</b>
1. Legal reserves (acc. 1061)	69	8,137,126.84	9,485,176.74

4. Other reserves (acc. 1065*+1066+1068+/-107) of which:	72	408,834,526.57	646,255,167.87
- reserves constituted from free shares/notes ( acc. 1065*)	73	74,678,232.85	88,738,145.60
-reserves from fair value evaluation (acc. 1066)	74	173,604,634.91	420,106,437.22
<b>V. Reported result</b> (acc.117) <u>BalanceC</u>	75	60,044,546.70	28,024,560.97
<b>VI. Result of Fiscal Year</b> (acc.121) <u>BalanceC</u>	77	45,745,894.56	52,594,905.04
Profit appropriation (acc. 129)	79	45,745,894.56	1,348,049.90
<b>Total Equity</b> (row 62+65+66-67+68+75-76+77-78-79)	80	<b>537,805,877.60</b>	<b>793,521,316.46</b>

The structure of the financial statement is based on the principle of reporting short term (current) and long term (non-current) assets as well as current (due within one year) and non-current (due in periods over one year) liabilities.

The distinction between current and non-current assets is based on the company's intent to obtain future benefits in a long or short term.

The owners' equity (net assets) increased compared to the beginning of the fiscal year by 47.54%.

**The income statement** was drawn up according to the matching principle, revenue representing the fair value of amounts received or due to be received and expenses being costs already incurred.

	ITEM	Row No.	09.30.2004	09.30.2005
	A	B	1	2
<b>A.</b>	<b>REVENUE FROM OPERATIONS – TOTAL (row 02 to 11)</b>	<b>01</b>	<b>51,846,032.40</b>	<b>77,539,516.38</b>
1	Revenue from financial assets (acc. 761)	02	16,934,748.30	30,122,361.14
3	Revenue from financial investments (acc. 763)	04	22,260,599.40	10,492,599.73
4	Revenue from ceded financial investments ( acc. 758*+764)	05	6,887,108.20	27,151,683.90
6	Revenue from provisions, reactivated claims and various receivables (acc. 754+781+786)	07	2,881,517.40	3,971,993.89
7	Revenue from exchange rate changes (acc. 765)	08	357,071.50	1,243,835.68
8	Revenue from interest (acc.766)	09	559,460.30	207,840.36
10	Other revenue from operations (acc.705+706+708+741+758**+767+768+788)	11	1,965,527.30	4,349,201.68
<b>B.</b>	<b>EXPENSES WITH OPERATIONS -TOTAL (row 13 la 20)</b>	<b>12</b>	<b>12,605,427.50</b>	<b>20,456,157.20</b>
12	Expenses related to ceded financial investments (acc. 658*+664)	14	2,819,315.90	4,121,239.67
13	Expenses with exchange rate changes (acc. 665)	15	206,394.40	1,277,994.22
15	Expenses related to comissions and fees (acc. 622)	17	674,143.80	925,988.61
16	Expenses with banking and similar services (acc. 627)	18	25,760.10	25,631.16
17	Depreciations, provisions, losses from claims and various receivables (acc. 654+681+686)	19	2,324,976.40	5,872,834.24
18	Other expenses with operations (row 21+22+23+26+27)	20	6,554,836.90	8,232,469.30
	a. Expenses with materials (acc. 602+603+604)	21	381,804.60	512,066.46
	b. Expenses related to electricity and water (acc. 605)	22	102,089.50	100,947.04
	c. Expenses with staff, of which: (row 24+25)	23	3348,781.20	4,320,149.26

	C1. Salaries (acc. 621+641)	24	2,685,813.40	3,271,989.02
	C2. Expenses related to social security (acc. 645)	25	662,967.80	1,048,160.24
	d. Expenses related to external services (acc. 611+ 612+ 613 + 614 + 623 + 624 + 625 +626 +628 +658**+667+ 668+688)	26	2,554,747.20	3,179,888.50
	e. Expenses with other taxes and similar payments (acc. 635)	27	167,414.40	119,418.04
<b>C.</b>	<b>OPERATIONAL RESULT</b>			
	-profit (row 01-12)	28	39,240,604.90	57,083,359.18
19	<b>TOTAL REVENUE (row 01+30)</b>	34	<b>51,846,032.40</b>	<b>77,539,516.38</b>
20	<b>TOTAL EXPENSE (row 12+31)</b>	35	<b>12,605,427.50</b>	<b>20,456,157.20</b>
<b>G.</b>	<b>GROSS MARGIN</b>			
	-profit (row 34-35)	36	39,240,604.90	57,083,359.18
21	PROFIT TAX		5,575,506.50	4,488,454.14
	-current tax expense (acc. 691)	38	5,573,548.60	4,918,030.54
	-revenue from deferred tax expense (acc. 791)	39	48,481.00	467,648.83
22	Expenses with deferred tax (acc. 6912)	40	50,438.90	38,072.43
<b>H.</b>	<b>NET INCOME</b>			
	-profit (row 36-38+39-40)	41	33,665,098.40	52,594,905.04
<b>I.</b>	<b>EARNINGS PER SHARE (RON/SHARE)</b>			
	- basic	43	0.06	0.10

#### Realization of the Revenue and Expense Budget on Sep 30, 2005

	Forecasted 2005	Realized 09.30.2005	Percentage realized
	1	3	4=3/1
<b>A. Total revenue, of which:</b>	<b>61,300,000.00</b>	<b>77,539,516.38</b>	<b>126%</b>
<b>1.Revenue from operations</b>	<b>2,900,000.00</b>	<b>6,882,466.93</b>	<b>237%</b>
I. Revenue from penalties	100,000.00	352,812.50	353%
II. Revenue from active cessions	1,800,000.00	1,884,472.24	105%
III. Other revenue	1,000,000.00	785,142.75	79%
IV Revenue from provisions		3,860,039.44	
<b>2. Financial revenue</b>	<b>58,400,000.00</b>	<b>70,657,049.45</b>	<b>121%</b>
I. Revenue from investments.	23,400,000.00	30,122,361.14	129%
II. Revenue from sale of securities	20,000,000.00	27,151,683.90	136%
III. Other financial revenue including interest	15,000,000.00	13,271,049.96	88%
IV Revenue from provisions		111,954.45	
<b>B. Total expenses, of which:</b>	<b>24,363,713.60</b>	<b>20,456,157.20</b>	<b>84%</b>
<b>1.Expenses with operations</b>	<b>13,363,713.60</b>	<b>9,160,795.21</b>	<b>69%</b>
I. Expenses with operations incurred	13,363,713.60		0%
II. Expenses with provisions			
<b>2. Financial expenses</b>	<b>11,000,000.00</b>	<b>11,295,361.99</b>	<b>103%</b>
I. Financial expenses incurred	5,000,000.00	2,068,882.93	41%
II. Expenses with sale of securities	6,000,000.00	4,121,239.67	69%
III. Expenses with provisions		5,105,239.39	
<b>C. Gross margin</b>	<b>36,936,286.40</b>	<b>57,083,359.18</b>	<b>155%</b>
<b>D. Taxable income</b>	<b>12,886,286.40</b>	<b>31,336,740.19</b>	<b>243%</b>
<b>E. Income tax</b>	<b>2,061,805.80</b>	<b>4,918,030.54</b>	<b>239%</b>
<b>F. Deferred income tax</b>		<b>429,576.40</b>	
<b>G.Net profit</b>	<b>34,874,480.60</b>	<b>52,594,905.04</b>	<b>151%</b>

## Financial and economic indicators

Name of indicator		Method of calculation	Result
1	Current liquidity indicator <sup>1)</sup>	Current assets / Current liabilities	$14,793,775.39/27,709,777.97 = 0.53$ times
2	Debt ratio <sup>2)</sup>	Borrowed capital / Own capital x 100 Borrowed capital / Employed Capital x 100	The company has no outstanding loans
3	Receivables turnover <sup>3)</sup>		$5,320,848.29/77,539,516.38 \times 270 = 18.52$ days
4	Fixed assets turnover <sup>4)</sup>	Turnover / Fixed assets	$77,539,516.38/982,807,652.79 = 0.08$ times

### Note:

1) Offers the guarantee of covering current liabilities from current assets.

2) Expresses the effectiveness of credit risk management, indicating potential financing and liquidity problems bearing on the fulfillment of undertaken commitments.

3) Expresses the company's effectiveness in collecting its receivables, respectively the number of days until debtors settle their liabilities to the company.

4) Expresses the effectiveness of non-current assets management, through the turnover (amount of revenue from operations) generated by a certain quantity of non-current assets.

## II.1.3. COMPLIANCE WITH LEGAL REGULATIONS REGARDING OWNERSHIP LIMITATIONS

### NSC Reg. 15 / 2004 – art. 188 para a)

Instruments to be included are shares, bonds and monetary market instruments.

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

Total assets	995,349,704.36 RON	
Stock in closed companies	23,749,121.42 RON	2.386% of T.A.

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

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

## **II.2. ACHIEVEMENT OF NON-FINANCIAL OBJECTIVES IN THE 3<sup>RD</sup> TRIMESTER OF 2005**

### **II.2.1. STATUS OF LITIGATIONS**

#### **I. Litigations in which FIC Moldova is a plaintiff:**

Between Jul 1, 2005 and Sep 30, 2005 19 cases were pursued and 4 were settled with an irrevocable solution, as follows:

**1. Litigations involving the repealment of illegal resolutions of General Meetings of Shareholders of portfolio companies.**

In the 3rd trimester of 2005 11 such cases were pursued, 2 being solved.

**2. Litigations involving recovery of overdue dividends.**

In the 3rd trimester of 2005 5 such cases were pursued against debtors, for the total sum of **354,199.89 RON**.

**3. Procedure of direct settlement or foreclosure.**

In the 3rd trimester of 2005, debts totalling **469.119,18.00 RON** were recovered from 9 debtor companies as a consequence of direct settlement or specific efforts by the juridical department.

**4. Litigations involving judicial reorganisation and bankruptcy.**

In the 3rd trimester of 2005 2 cases were initiated to incur liability for administrators during bankruptcy.

**5. Various litigations**

In the 3rd trimester of 2005 an action in administrative court was pursued for the repealment of NSC Notice no. 13 / 2005, the case being in court.

#### **II. Litigations in which FIC Moldova is a defendant:**

In the 3rd trimester of 2005, compared to the end of the 1st semester, a new case was pursued, involving a claim with building dismantling, the case being 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, status of assets and detailed status of investments, drafted and transmitted to BSE and NSC according to regulations in force;
- 1<sup>st</sup> semester 2005 report – transmitted to NSC and BSE, published in synthesis in the press (“Bursa” newspaper, Aug 17, 2005), available at the company head office and presented for consultation on the company website ([www.sifm.ro](http://www.sifm.ro)).

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

- significant transactions – acquisition of shares of Biofarm PLC Bucuresti;
- other important aspects communicated: 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 (information regarding the payment of dividends published in the “Bursa” newspaper of Oct 10, 2005), published reports, information through the electronic system of the stock market and information on the company website, offering them equal treatment.

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 Sep 30, 2005 is as follows:

SHAREHOLDERS	NO. OF SHAREHOLDERS	DIVIDENDS PAID up to Sep 30, 2005 (ROL)			
		2002	2003	2004	TOTAL
Juridical persons (transfer)	303	19,318.03	6,580.08	5,004,920.40	5,030,818.51
Natural persons (transfer/pay office)	6,392	99,216.64	142,707.16	7,181,264.43	7,423,188.24
Natural persons (money order)	182,581	237,166.42	493,595.86	11,291,315.44	12,022,077.72
<b>TOTAL</b>	<b>189,276</b>	<b>355,701.09</b>	<b>642,883.10</b>	<b>23,477,500.27</b>	<b>24,476,084.47</b>

### II.2.3. 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 Jul 1, 2005 - Sep 30, 2005 period, according to the internal audit plan, involve:

- the investment and prudent administration of the FIC Moldova portfolio policies. The results of the audit were included in Report no. 1439 / Jul 27, 2005 that was presented and analyzed in the Board of Directors meeting of Jul 29, 2005;
- the sale of shares through direct negotiation and operations carried out based on the mediation and portfolio administration contracts signed with financial investment services companies. The results of the audit were included in Report no. 1619 / Aug 25, 2005 that was presented and analyzed in the Board of Directors meeting of Aug 26, 2005;

Internal auditing identified risks associated with audited operations regarding the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protecting the patrimony and respecting legislation, internal regulations and contracts. Recommendations were issued in order to manage the identified risks. No situations were found in which the Board of Directors decided to accept significant risks.

### III. IMPORTANT EVENTS

The realization of 3 significant transactions (over 500,000\$ each) involving shares of Biofarm PLC Bucuresti. The events were reported to stock market institutions and shareholders according to legal regulations in force.

**President General Manager,**

**Sorin Mihail TURTOESCU**

**Economic Manager**

**Liana MARIN**