

## ***BOARD OF NOMINEES ANNUAL REPORT FOR 2012***

### **I. THE ROLE OF THE BOARD OF NOMINEES**

#### ***INTRODUCTION:***

The Board of Nominees of SC Fondul Proprietatea (the “**Fund**”) is a body created in accordance with the Fund’s Constitutive Act and with Article 224 para. (4) of NSC’s Regulation no. 15/2004 and Government Decision no. 1514/2008, which does not have an equivalent correspondence in the corporate body structure regulated by the Companies’ Law.

The Board of Nominees consists of members appointed by Ordinary General Shareholders’ Meeting (OGM) for a mandate of 3 years, upon the expiry of which is automatically extended until the next OGM.

The members of the Board of Nominees may be the Fund’s shareholders or the persons designated by the shareholders and shall hold adequate experience and qualification to decide (if necessary, by assistance of an independent consultant) whether the transactions proposed by the Fund Manager, which require the approval of the Board of Nominees, are carried out to the benefit of the shareholders. It has a diligence and loyalty duty to the Fund, acting in the best interests of its shareholders.

The Board of Nominees shall assemble at least quarterly. The convening of the meeting shall be made by the chairman of the Board of Nominees selected by the members thereof, by a member of the Board of Nominees or by the Fund Manager. The meeting of the Board of Nominees shall assemble within (7) days as of convening. The resolutions of the Board of Nominees shall be passed statutorily with a quorum representing the majority of the total members thereof with the vote of the majority of the voting rights held by the members of the Board of Nominees.

According to the Constitutive Act, the main duties of the Board of Nominees are:

- (1) Following the information received from the Fund Manager with regard to the summoning of the ordinary and/or extraordinary general shareholders meeting requests, if it deems necessary, the insertion of supplementary matters in the text of the calling notice of the general shareholders meeting;
- (2) Receives from the Fund Manager the information in connection with the answers to the written requests submitted before the date of the general shareholders meeting, by the shareholders on topics regarding Fondul Proprietatea’s activity;
- (3) Receives from the Fund Manager the annual financial statements, the annual activity report presented by the Fund Manager and the financial auditors’ report, before being made available to the shareholders and analyses them, being able to formulate an opinion to be presented to both the Fund Manager and the general meeting;
- (4) Receives from the Fund Manager for analysis the annual report on the management and the business policy of Fondul Proprietatea and presents an opinion to the Fund Manager and to the general shareholders meeting;

(5) Receives from the Fund Manager for analysis the yearly income and expenditure budget and business plan before to be submitted to approval of the general shareholders meeting and presents an opinion to the Fund Manager and to the general shareholders meeting;

(6) Receives from the Fund Manager for analysis the strategy in accordance with the Fondul Proprietatea's investment policy before to be submitted to the approval of the General Shareholders Meeting and presents an opinion to the Fund Manager and to the general shareholders meeting;

(7) Receives from the Fund Manager for analysis and approves the framework for carrying out Fondul Proprietatea's operations, as well as any other Fondul Proprietatea's regulations issued by Fund Manager according to legal provisions in force, capital market rules and regulations;

(8) Receives from the Fund Manager for analysis the proposal to the Ordinary General Shareholders Meeting for the conclusion of the financial audit agreement and presents an opinion to the Fund Manager and to the general shareholders meeting;

(9) Reviews on a regular basis the investment policy of Fondul Proprietatea and presents an opinion to the general shareholders meeting at any time it deems necessary, but in any case, at least once a year at the annual ordinary meeting;

(10) Receives the report of the internal auditor and presents an opinion to the Fund Manager and to the general shareholders meeting;

(11) Monitors the following, based on information and reports received from the Fund Manager. The Board of Nominees drafts and presents a report regarding the developed monitoring activity any time is required by shareholders, but in any case at least once a year, at the general shareholders meeting, with respect to:

- the list of all portfolio investments and percentage breakdown by each investment type;
- a list of major transactions occurring in the Fondul Proprietatea portfolio for the period under review;
- the total profit of the portfolio and comparison of profit with the appropriate benchmark;
- comparison of return on the portfolio with the portfolio objective;
- the extent of compliance with the investment policy statement, any variations and actions taken to correct such variations;
- the performance evaluation report.

(12) Represents the general shareholders meeting in relation with the Fund Manager from the communication point of view between the two corporate bodies, except for the cases expressly regulated by the Constitutive Act as a direct communication between the general meeting and the Fund Manager;

(13) Verifies the report of the Fund Manager and the exercise of the permanent monitoring over the management of Fondul Proprietatea by the Fund Manager, and verifies if the operations carried on by the Fund Manager are in compliance with the applicable law, the Constitutive Act and/or with any relevant decision of the general shareholders meeting;

(14) Under the conditions of art. 13 paragraphs (11) and (14) from the Constitutive Act, calls upon the general shareholders meeting;

(15) Participates to the general shareholders meetings and presents in these meetings reports in all cases provided by the Constitutive Act or with regard to any issue it deems to be relevant for the shareholders;

(16) Proposes to the general shareholders meeting the approval or rejection of any contract/document which may create binding obligations to Fondul Proprietatea (including without limitation buying, selling, exchanging, pledging of assets of Fondul Proprietatea) whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;

(17) Recommends to the general shareholders meeting the termination of the management contract for the case when the Board of Nominees considers it is beneficial to the shareholders.

(18) Recommends to the general shareholders meeting any other issues the Board of Nominees considers relevant to shareholders;

(19) Following the proposal of Fund Manager, recommends to the Extraordinary General Shareholders Meeting the appointment of the public offer intermediary, as well as its remuneration, when it will become necessary that such a company be appointed in relation to the admission to trading of Fondul Proprietatea;

(20) Approves the delegation by the Fund Manager of certain activities. The delegation will be in force after the approval of CNVM, where required by the legislation in force;

(21) Is responsible for monitoring the Fund Manager's performance of the Investment Management Agreement.

The Constitutive Act also includes regulatory provisions with respect to the conflict of interest and confidentiality responsibilities of the members of the Board of Nominees.

Furthermore, the Board of Nominees will decide, within a reasonable period of time, upon any request submitted by the Fund Manager so as to permit the Fund Manager to perform its obligations.

### ***SHORT PRESENTATION OF THE BOARD OF NOMINEES' ACTIVITY FOR 2012:***

#### **Meetings & Relevant Decisions**

In accordance with the provisions of Article 16 of the Constitutive Act of the Fund adopted by the Extraordinary General Shareholders Meeting Decision no. 5 of 29 November 2010 and the provisions of Chapter III of the Regulation for organization and functioning of the Board of Nominees approved by the Board of Nominees' Decision no. 2 of 14 October 2010, there were 12 (twelve) meetings of the Board of Nominees in 2012, as follows:

1. On 23 January 2012;
2. On 13 February 2012;
3. On 28 February 2012;
4. On 15 – 16 March 2012;
5. On 25 April 2012;
6. On 16 May 2012;
7. On 26 June 2012;
8. On 12 July 2012;
9. On 13 August 2012;
10. On 27 September 2012;
11. On 11 October 2012;
12. On 20 November 2012.

During 2012 the Board of Nominees issued a total number of 68 resolutions. Among such, the most important ones referred to:

1. The approval of the launching of a new buy-back programme;
2. The approval of the extension of the secondary listing of Fondul Proprietatea on the Warsaw Stock Exchange, along with the approval of the related budget;
3. The approval of the summoning notices in relation to the four general meetings held during 2012;
4. The approval of reimbursement of the expenses incurred by Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch on behalf of Fondul Proprietatea;
5. The approval of the execution of a framework agreement with an independent evaluator for the valuation of the Fund's holdings in unlisted companies;
6. Approval of the contracts for tax and audit consultancy services;
7. The approval of the annual report for 2011;

8. The approval of the profit allocation for 2011;
9. The approval of Fondul Proprietatea's internal procedures;
10. The approval of Fondul Proprietatea's 2013 budget.

## **II. THE OPINION OF BOARD OF NOMINEES REGARDING YEAR END FINANCIAL REPORTING:**

### **ANNUAL ACTIVITY REPORT PRESENTED BY THE FUND MANAGER**

#### **Balance Sheet**

<b>RON million (Audited)</b>	<b>31 December 2011</b>	<b>31 December 2012</b>
Tangible and intangible assets	-	0.3
Financial assets	10,627.9	11,097.8
<b>Non-current assets - total</b>	<b>10,627.9</b>	<b>11,098.1</b>
<b>Current assets - total</b>	<b>549.2</b>	<b>776.5</b>
Prepaid expenses	-	0.1
Payables within one year	42.2	21.1
<b>Total assets less current liabilities</b>	<b>11,134.9</b>	<b>11,853.6</b>
Provisions	14.2	16.8
<b>Shareholders' equity</b>	<b>11,120.7</b>	<b>11,836.8</b>

As at 31 December 2012, **intangible assets** included the value of licences for a new specialised accounting and reporting software. The Fund will start using the software in 2013, after its implementation is completed.

**Financial assets** include the Fund's listed and unlisted equity investments. According to Romanian Accounting Regulations, both listed and unlisted equity investments are valued at cost (or their initial value) less any adjustments for impairment.

For listed investments, the impairment adjustment is any adverse difference between cost and closing price (an impairment adjustment is booked if closing price is lower than cost). For unlisted or illiquid listed equity investments, the impairment test compares the cost to the Fund's share of shareholders' equity as per the portfolio companies' latest available financial statements or using values assessed by an independent valuer, and any adverse result is booked as impairment. In performing the impairment test the financial information from the most recent financial statements of the companies is corroborated with the most recent public available qualitative and quantitative information regarding the assets.

During 2012, the value of financial assets increased by RON 469.9 million, mainly due to the reversal of the impairment adjustments for listed equity investments during the year, principally for OMV Petrom (RON 1,573.1 million), offset by the impairment adjustment recorded for Hidroelectrica, of RON 1,105.5 million, calculated on the basis of an independent valuation.

In 2012, the rise in the value of current assets was mainly due to the increase in treasury bills from RON 195.9 million as at 31 December 2011 to RON 454.7 million as at 31 December 2012. This increase was principally due to the cash inflows from dividend receivables (RON 625.4 million) and from the full disposal of the holding in Azomures and partial disposals of the holdings in Raiffeisen

Bank and Erste Group Bank AG (RON 207.7 million), net of the cash outflows from the payment of dividends and related taxes (RON 510.5 million).

The decrease in **payables** by RON 21.1 million in 2012 was mainly accounted for by the payment of the 2011 dividend and related taxes and by the decrease of the liability to FTIML for the investment management and administration fees following the switch from annual to quarterly payments of these fees since 1 January 2012.

### *Income Statement*

RON million (Audited)	2011	2012
<b>Revenues from current activity, out of which:</b>	<b>617.9</b>	<b>871.8</b>
Revenues from financial assets	519.1	619.0
Interest income	41.1	34.9
Reversal of impairment adjustments & provisions	30.5	5.7
Revenues from disposal of financial assets	13.4	208.1
Revenues from foreign exchange differences	1.6	0.1
Other income from current activity	12.2	4.0
<b>Expenses from current activity, out of which:</b>	<b>72.3</b>	<b>304.8</b>
Expenses from disposal of financial assets	4.6	195.1
Expenses from foreign exchange differences	0.9	0.3
Depreciation, provisions, losses from receivables and sundry debtors	11.7	49.7
Commissions and fees	17.2	16.2
Other expenses from current activity*	37.9	43.5
<b>Gross profit</b>	<b>545.6</b>	<b>567.0</b>
Income tax expense	1.8	-
<b>Net profit</b>	<b>543.8</b>	<b>567.0</b>

\* Other expenses from current activity include bank charges, material and utilities expenses, salary costs, third party expenses as well as duties and other taxes.

**Revenues from financial assets** represent dividend income earned from the Fund's portfolio companies. This income increased in 2012 compared to 2011, due to a higher level of dividend distributions from portfolio companies (mainly OMV Petrom RON 353.1 million, Romgaz RON 140.6 million and Transgaz RON 52.5 million).

In 2012, **reversal of impairment adjustments & provisions** was mostly impacted by the reversal of impairment adjustments for receivables of RON 5.2 million, related to share capital unpaid by the Romanian State. During 2012, the Fund received 521,107 shares in Hidroelectrica (following its share capital increase with the value of land for which Hidroelectrica obtained title) whose nominal value (RON 10 per share) was set off against the receivable related to the unpaid share capital.

**Revenues from disposal of financial assets** (RON 208.1 million in 2012 and RON 13.4 million in 2011) represent the proceeds from the sales of portfolio company holdings, while the **expenses from disposal of financial assets** (RON 195.1 million in 2012 and RON 4.6 million 2011) represent the cost or carrying value that these investments were held at prior to disposal. The pre-tax net gain in 2012 was approximately RON 13.0 million, while in 2011 it amounted to RON 8.8 million.

**Other income from current activity** includes penalties levied by the Fund for late payment of dividends and litigation expenses recovered. In 2012 they were related to the 2010 Hidroelectrica



dividend, still partially outstanding and penalties levied by the Fund for late payment of the 2005 dividends due by the Enel Group companies mentioned previously.

The significant increase in 2012 of expenses for **depreciation, provisions, losses from receivables and sundry debtors** include the impairment adjustment related to Hidroelectrica's 2010 dividend still outstanding and related penalties levied by the Fund for late payment of dividends, amounting to RON 47.1 million in total. The impairment adjustment was recorded during June 2012 when the Bucharest Court admitted the request filed by Hidroelectrica SA for its insolvency.

Since 2010, **commissions and fees** mainly include CNVM's fee, calculated at 0.1% per year on the basis of the Fund's NAV, amounting to RON 14.1 million during 2012 (2011: RON 15.6 million) and the Depositary bank's fees of RON 1.7 million (2011: RON 1.6 million). During 2012, commissions and fees included also the brokerage fees related to the disposal of equity investments, for RON 0.4 million.

**Other expenses from current activity** can be analysed as follows:

RON million (Audited)	2011	2012
FTIML investment management and administration fees	32.1	34.3
Salaries and similar expenses	0.8	0.7
Stamp duties for litigations	0.1	0.1
Other expenses	4.9	8.4
<b>Other expenses from current activity</b>	<b>37.9</b>	<b>43.5</b>

During 2012, the increase in other expenses by RON 3.5 million compared to 2011 was mainly accounted for by litigation assistance and other legal expenses and investor relations expenses.

**Income tax expense.** It is important to note that the revenues from financial assets (dividend income) are recorded net of tax withheld at source (if applicable). Consequently these revenues are considered non-taxable in the computation of income tax expense. In 2012, the Fund recorded a fiscal loss, as taxable income was lower than deductible expenses, which accounts for the zero income tax expense.

**The Board of Nominees has reviewed the above presented financial statements and is satisfied that they correctly reflect the activity of the Fund during 2012.**

## **FINANCIAL REPORT OF AUDITORS**

The Board of Nominees has reviewed Deloitte's audit report, which is presented together with the statutory financial statements. The Board has had the opportunity to discuss the report with Deloitte, and is pleased to note that the opinion is unqualified.

## **THE FUND MANAGER PROPOSAL FOR PROFIT ALLOCATION:**

The Board of Nominees has reviewed the Fund Manager's formal proposal to shareholders on the distribution of 2012 profits, and has no comments to make other than to recommend that shareholders read the proposal carefully and take note of the impact of the proposed distribution on the reserves of the Fund. The Board of Nominees views recurrent dividend distribution as one of the

methods of enhancing the attractiveness of the Fund's shares and supports this proposed gross dividend distribution of RON 0.04089 lei / share, and recommends that shareholders vote in favour of it.

### *TOTAL PROFITS OF THE FUND FOR 2012 AND COMPARING PROFIT BENCHMARK OF THE MARKET*

Due to the unique genesis, structure and purpose of Fondul Proprietatea, there are no directly comparable companies or entities in Romania or in the Central Europe region which offer a directly relevant comparison or benchmark for performance and profitability. On the Bucharest Stock Exchange, the largest companies have obtained the following net profits according to the 2012 preliminary results:

- OMV Petrom: profit of RON 3.9 billion (preliminary consolidated results)
- BRD: loss of RON 331.9 million (preliminary consolidated results)
- Transgaz: profit of RON 281.0 million
- Transelectrica: profit of RON 27.0 million

### *2012 BUDGET COMPARED TO ACTUAL RESULTS*

The Board of Nominees asked the Fund Manager to analyse the significant variances for the main categories of income and expenses of Fondul Proprietatea S.A. ("the Fund") between the 2012 Budget, approved by shareholders on 23 November 2011, and the actual results for the year ended 31 December 2012. The result of this analysis has been reviewed by the Board of Nominees, who is satisfied with the explanations given for any significant variances.

A detailed breakdown of the figures has been included in the *Annex*. In this analysis, certain categories of income and expenses in the statutory Income Statement have been reclassified (e.g. foreign exchange revenues and losses, as well as revenue and expenses related to the disposal of financial assets have been netted off) to aid the comparison. As certain items cannot be budgeted, such as foreign exchange gains/losses or impairment adjustments, they have been split into "budgeted" and "non-budgeted" categories for clarification.

#### *Net result*

The actual net profit of the Fund for the year ended 31 December 2012 was RON 567.0 million, compared to a budgeted profit of RON 442.6 million. The principal reasons for the favourable variance of RON 124.4 million include:

- dividend income of RON 619.0 million actual compared to the budget of RON 509.5 million;
- actual interest income 74% higher than budget;
- unbudgeted gains of RON 13.1 million on disposal of equity investments from sales of the entire holdings in Azomures SA and Comcereal Fundulea, and part of the holdings in Erste Group Bank AG and Raiffeisen Bank International AG;
- unbudgeted revenue from reversals of impairment adjustments and provisions, principally the reversal of RON 5.2 million of impairment adjustments for receivables relating to unpaid share capital by the Romanian State.

The increase in actual net profits was partially offset by the non-budgeted impairment adjustment related to Hidroelectrica's 2010 dividend (still unpaid as at 31 December 2012) and to the related penalties levied by the Fund for late payment of dividends, for a grand total of RON 47.1 million.

---

### *Revenues from current activities*

The actual 2012 *total income* from current activity of RON 676.6 million is 28% higher than the budget of RON 529.5 million.

Most of the positive variance is due to a higher level of *dividend* distributions from portfolio companies (mainly OMV Petrom RON 353.1 million; Romgaz RON 140.6 million; and Transgaz RON 52.5 million), to higher *interest income* and to the *gain on disposal of equity investments* of RON 13.1 million, a category of income, which was not budgeted.

*Interest income* was 74% higher than budgeted, due to both higher average levels of interest bearing assets, and higher actual interest rates, which generally exceeded the budget assumption rate of 4.5% per year.

### *Expenses from current activities*

During 2012, actual total expenses from current activity show an overall negative variance of RON 41.8 million against budget for the same period. This was due to the impairment adjustment related to Hidroelectrica's 2010 dividend (which is still outstanding) and to the related penalties levied by the Fund for late payment of dividends, in total amount of RON 47.1 million (representing 45.4% from the total expense). The impairment adjustment was recorded during June 2012 when the Bucharest Court admitted the insolvency request filed by Hidroelectrica SA.

The actual budgeted total expenses from current activity show an overall positive variance of RON 9.0 million or 13% against the 2012 budget.

*Third parties services providers' expenses* show an overall positive variance of RON 5.7 million (12% lower than the budget). A detailed breakdown of this category is shown in the *Annex*. The main contributor to savings was the *legal and litigation assistance expenses category (including stamp duty expenses for litigations)*. The actual expenses of RON 5.0 million were significantly lower than the budgeted amount of RON 8.4 million, difference due to the fact that during 2012 the legal actions with the high stamp duties were not yet started.

### *Capital expenditure*

In 2012, the company started the implementation of the new integrated accounting and reporting system, which will be finalised in 2013. During the year 2012, the Fund recorded the value of the licenses for the new software, in amount of EUR 58,000 plus 24% VAT.

## **III. PORTFOLIO INVESTMENT OF THE FUND:**

### ***BOARD OF NOMINEES OPINION REGARDING THE INVESTMENT POLICY OF THE FUND AND THE DEGREE OF COMPLIANCE WITH INVESTMENT POLICY AND ANY CHANGES AND ACTIONS THAT LEADS TO ACCURATE RESULTS***

The investment objective of the Fund is long-term capital appreciation mainly via Romanian equity and equity-linked securities. Details of the investment policy can be found in the Investment Policy Statement and Constitutive Act.

The Board of Nominees believes that the Fund Manager was in compliance during 2012 with the applicable investment policy adopted by the Fund.



***BOARD OF NOMINEES OPINION REGARDING THE PORTFOLIO INVESTMENT AND THE PERCENTAGE ACCOMPANYING EACH TYPE OF INVESTMENT AT THE END OF 2012***

The Board of Nominees holds frequent and detailed discussions on managing the Fund to maximize shareholder value. This includes developing a consistent approach for aggressive actions aimed at reducing the discount at which the Fund's shares are traded on the Bucharest Stock Exchange. In particular, the Board is supportive of the buyback programme, as the Fund's shares are trading at a deep discount and offer an attractive investment opportunity for the Fund and its non-selling shareholders. The Board also discusses at its meetings with the Fund Manager the potential strategies for unlocking value of the individual unlisted investments. The Board has established an Audit Committee, part of the role of which is to consider on a regular basis the appropriate valuation methodology for valuing the individual unlisted investments. The Board also discusses regularly with the Fund Manager appropriate ways of establishing relevant long-term fund management performance evaluation measurements.

***BOARD OF NOMINEES OPINION REGARDING THE SIGNIFICANT TRANSACTIONS OF THE FUND FOR 2012***

The fund did not carry out any significant transactions within the investment portfolio during 2012.

**IV. THE OPINION OF BOARD OF NOMINEES REGARDING THE ANNUAL REPORT OF INTERNAL AUDITORS**

Board of Nominees has been informed of the internal audit report prepared by the Fondul Proprietatea's internal auditor, Ernst & Young, for the year 2012.

The overall objective of the report was to assess whether the key risks relating to Fondul Proprietatea's operations are being managed in an appropriate manner and in compliance with applicable regulatory requirements and company's policies and procedures.

The report has not identified any major gaps regarding the design and effectiveness of controls subject to the internal audit mission.

**V. THE GENERAL EVALUATION OF ACTIVITY OF FUND MANAGER FOR 2012 (REPORTING PERIOD)**

The Board acknowledges that Franklin Templeton Investment Management Ltd UK Bucharest Branch, as Fund Manager and Sole Administrator of Fondul Proprietatea worked on promoting the Fund to foreign institutional investors.

The most notable activities during 2012 included:

- Sale of a number of small holdings of the fund, all of which were done at or above their value in the Fund's NAV;
- Ongoing advocacy for the listing of the largest SOEs in the Fund's portfolio on the BVB and for the improvement of the corporate governance standards, accountability and responsibility of the management of state-owned enterprises ("SOEs");
- Receipt of shareholders' approval to list the Fund on the Warsaw Stock Exchange ("WSE")

- Receipt of shareholders' approval for a second buy-back programme of an additional 1.1 billion shares (7.9% of the Fund's share capital)
- Distribution of RON 508 million dividends for 2011;
- Improvement of transparency of the Fund to shareholders and the public through ongoing communication and disclosure about the Fund and its underlying companies

The Board of Nominees has considered all of the above categories of activity of the Fund for the year 2012. During its meetings the Board noted the disruptive effect of a minority shareholder litigation and the impact it has on the efficient and value maximising management of the Fund. The Board of Nominees concludes that the Fund Manager has discharged its contractual duties during this period.

## **VI. RECOMMENDATIONS FOR SHAREHOLDERS:**

In view of the proposed changes to the Fund's Constitutive Act, the Board would like to recommend that the shareholders carefully consider the Fund Manager's proposal relating to the new rules for the election of the members of the Board of Nominees, to be voted on during the General Meeting of Shareholders on 25 April 2013. The acceptance of the cumulative voting rules in the proposed form may result in the reallocation of rights accruing to the shares to the detriment of some shareholders.

**Sorin-Mihai MÎNDRUȚESCU, Chairman**

**Cristian BUȘU, Member**

**Mr. Steven Cornelis van GRONINGEN, Member**

**Mr. Piotr RYMASZEWSKI, Member**

**Mr. Julian Rupert Francis HEALY, Member**

## Annex

### 2012 Budget versus Actual Results

	Budgeted 2012 LEI	Actual 2012 LEI	Variance	
			LEI	%
<b>I. INCOME FROM CURRENT ACTIVITY</b>	<b>529,530,294</b>	<b>676,562,407</b>	<b>147,032,113</b>	<b>28%</b>
<b>Budgeted income</b>	<b>529,530,294</b>	<b>653,894,163</b>	<b>124,363,869</b>	<b>23%</b>
Dividend income	509,465,353	618,971,283	109,505,930	21%
Interest income	20,064,941	34,922,880	14,857,939	74%
<b>Non-budgeted income</b>	<b>-</b>	<b>22,668,244</b>	<b>22,668,244</b>	<b>100%</b>
FX gains (net)	-	-	-	100%
Revenue from reversal of impairment adjustments and provisions	-	5,639,063	5,639,063	100%
Other income	-	3,949,848	3,949,848	100%
Gain on disposal of equity investments	-	13,079,333	13,079,333	100%
<b>II. EXPENSES FROM CURRENT ACTIVITY</b>	<b>67,837,205</b>	<b>109,596,970</b>	<b>41,759,765</b>	<b>62%</b>
<b>Budgeted expenses</b>	<b>67,837,205</b>	<b>58,834,587</b>	<b>(9,002,618)</b>	<b>-13%</b>
Utility Expenses	26,391	28,188	1,797	7%
Rent expenses	104,935	105,276	341	0%
Insurance expenses	300,000	195,549	(104,451)	-35%
Investor relations expenses	1,764,074	1,071,409	(692,665)	-39%
PR expenses	429,375	324,773	(104,602)	-24%
Other taxes and similar expenses	-	-	-	n/a
Bank charges and similar expenses	1,903,595	1,739,755	(163,840)	-9%
Commissions and fees	16,183,381	14,159,810	(2,023,571)	-13%
Salaries and similar expenses	603,134	576,405	(26,729)	-4%
Social security contributions	158,894	141,992	(16,902)	-11%
Amortisation expenses	151,270	-	(151,270)	0%
Third party services providers' expenses	46,212,156	40,491,430	(5,720,726)	-12%
<b>Non-budgeted expenses</b>	<b>-</b>	<b>50,762,383</b>	<b>50,762,383</b>	<b>100%</b>
FX losses (net)	-	217,729	217,729	100%
Brokerage fee (for listed securities)	-	351,522	351,522	100%
Other expenses	-	183,992	183,992	100%
Expenses with adjustment of current assets	-	49,747,870	49,747,870	100%
Expenses related to disposal of unlisted holdings	-	222,998	222,998	100%
Expenses with secondary listing	-	38,272	38,272	100%
<b>III. GROSS PROFIT</b>	<b>461,693,089</b>	<b>566,965,437</b>	<b>105,272,348</b>	<b>23%</b>
IV.Profit tax expenses	19,140,216	(23,214)	(19,163,430)	-100%
<b>V. NET PROFIT</b>	<b>442,552,873</b>	<b>566,988,651</b>	<b>124,435,778</b>	<b>28%</b>
<b>VI. CAPITAL EXPENDITURE</b>	<b>340,358</b>	<b>323,413</b>	<b>(16,944)</b>	<b>-5%</b>
Intangible assets	680,715	323,413	(357,302)	-52%
Tangible assets	-	-	-	0%

## Detail of Third Party Services Providers' Expenses

Budget vs Actual	Budgeted 2012	Actual 2012	Variance	
	LEI	LEI	LEI	%
<b>Third party services providers' expenses</b>	<b>46,212,156</b>	<b>40,491,430</b>	<b>(5,720,726)</b>	<b>-12%</b>
Investment management and administration fees	35,746,100	34,325,088	(1,421,012)	-4%
Legal and litigation assistance (including stamp duty expenses for litigations)	8,400,000	4,989,141	(3,410,859)	-41%
External audit	392,720	434,261	41,541	11%
Total other third party services providers' expenses	1,673,336	742,940	(930,396)	-56%