

Fondul Proprietatea S.A.

(This is a translation from the official Romanian version)



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Company Information

The Company

- Fondul Proprietatea S.A. (“the Fund” or “Fondul Proprietatea”) was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company.
- The Fund is registered with the Bucharest Trade Register, under the number J40/21901/2005 and has the sole registration code 18253260.
- The Fund’s Investment Objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.
- The Sole Administrator of the Fund is Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML” or “Fund Manager”), effective since 29 September 2010, and the mandate was renewed for 2 years with effect from 30 September 2014.
- Since 25 January 2011, the Fund’s shares have been listed on the Bucharest Stock Exchange (“BVB”). Since 29 April 2015, the Fund’s global depository receipts have been listed on the London Stock Exchange (“LSE”).

The following table shows a summary of the financial position of the Fund:

NAV and Share Price Developments	Q1 2015	Q1 2014	YE 2014
Total Shareholders' Equity (RON million)**	12,566.7	14,248.7	13,347.9
Total NAV (RON million)	12,605.2	14,253.3	13,236.7
NAV per Share (RON)	1.1706	1.1813	1.2125
NAV per Share change in the period (%)*	-3.5%	-5.0%	-2.5%
NAV per Share Total Return (%)*	-3.5%	-5.0%	+1.4%
Share Price as at the end of the period (RON)	0.8635	0.8300	0.8960
Share Price Low (RON) ¹	0.8315	0.7810	0.7590
Share Price High (RON) ¹	0.8990	0.8560	0.9535
Share Price change in the period (%)*	-3.6%	-0.4%	+7.5%
Share Price Total Return (%)*	-3.6%	-0.4%	+14.5%
Discount to NAV as at the end of the period	26.2%	29.7%	26.1%
Average Discount for the period	27.9%	33.6%	30.7%
Total Share Turnover (RON million)	547.6	631.1	3,735.8
Average Daily Share Turnover (RON million)	8.8	10.2	14.9

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch and BVB

* Compared to the end of the previous period

** Starting 1 January 2015, according to FSA Instruction no. 2 / 06.08.2014, IFRS (as adopted by European Union) became the statutory basis of accounting for Fondul Proprietatea. Comparatives presented in this table (for Q1 2014 and YE 2014) are also based on IFRS financial statements.

Share Capital Information	31 March 2015	31 March 2014	31 December 2014
Issued Share Capital (RON)	11,575,064,733.65	13,538,087,407	11,815,279,886.85
Paid Share Capital (RON)	11,229,443,001.15	13,172,832,785	11,469,658,154.35
Number of Shares in Issue	12,184,278,667	13,538,087,407	12,437,136,723
Number of Paid Shares	11,820,466,317	13,172,832,785	12,073,324,373
Nominal Value per Share (RON)	0.95	1	0.95

¹ Closing prices. Source: BVB

Share Information

Listing	Bucharest Stock Exchange
Since	25 January 2011
Listing	London Stock Exchange
Since	29 April 2015
Bucharest Stock Exchange Symbol	FP
London Stock Exchange symbol	FP.
Bloomberg ticker on BVB	FP RO
Bloomberg ticker on LSE	FP/ LI
Reuters	FP.BX
ISIN	ROFPTAACNOR5
Financial Supervisory Authority ("FSA") Register No	PJR09SIIR/400006/18.08.2010
CIVM Registration No	AC-4025-4/13.02.2015

Shareholder Structure² (as at 31 March 2015)

Shareholder Categories	% of subscribed share capital	% of paid-up share capital	% of voting rights
Foreign institutional shareholders	51.29%	52.87%	58.04%
Romanian private individuals	20.12%	20.73%	22.76%
Romanian institutional shareholders	11.40%	11.75%	12.90%
Foreign private individuals	5.54%	5.71%	6.26%
Ministry of Public Finance ³	0.04%	0.04%	0.04%
Treasury shares ⁴	8.63%	8.90%	-
Unpaid shares ⁵	2.98%	-	-

There were 8,693 shareholders as at 31 March 2015.

Contact Details

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² Source: Central Depository

³ The percentage represents the paid shares; the percentage of subscribed share capital of Ministry of Public Finance is 3.02%, including the Unpaid shares

⁴ 61,153,099 treasury shares acquired by the Fund through the fifth buy-back programme and 990,855,616 treasury shares acquired through the fourth buy-back program.

⁵ Shares unpaid by Romanian State represented by Ministry of Public Finance

Overview

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager of Fondul Proprietatea presents the results of the Fund in accordance with IFRS for the first quarter of 2015, with an unaudited net loss of RON 668.7 million, an increase in loss of RON 125.3 million compared to the net loss for the quarter ended 31 March 2014 (RON 543.4 million). Total shareholders' equity was RON 12,566.7 million as at 31 March 2015, a decrease of 5.9% compared to the value of RON 13,347.9 million as at 31 December 2014.

Starting on 1 January 2015, according to FSA Instruction no. 2 / 06.08.2014, International Financial Reporting Standards as adopted by European Union ("IFRS") became the statutory basis of accounting for the entities authorised, regulated and supervised by the FSA, which includes Fondul Proprietatea.

The main factor behind the loss in the first quarter of 2015 was the unrealised negative net change in fair value related to equity investments classified at fair value through profit or loss, principally concerning OMV Petrom, due to the negative evolution of the share price of this company in 2015.

The Fund reported a Net Asset Value ("NAV") of RON 12,605.2 million as at 31 March 2015 and a Net Asset Value per Share ("NAV per share") of RON 1.1706 (a negative NAV per Share total return of 3.5% as compared to 31 December 2014). The NAV is prepared in accordance with the local rules issued by the capital market regulator.

In the first quarter of 2015, the Bucharest Stock Exchange significantly outperformed the largest markets in Central Europe in both local currency and EUR terms, as shown in the table below.

% change in the first quarter of 2015	in local currency	in EUR
BET-XT (Romania)	9.2%	9.5%
PX (Czech Republic)	-4.7%	-5.5%
WIG20 (Poland)	-4.7%	-7.2%
ATX (Austria)	-14.7%	-14.7%
BUX (Hungary)	-10.3%	-15.1%

The discount of the Fund's share price to NAV was 26.2% as at 31 March 2015. In the first quarter of 2015, the discount ranged between 24.0% and 31.2%.

The following table shows a summary of the financial position of the Fund:

NAV and Share Price Developments	Note	Q1 2015	Q1 2014	YE 2014	Q1 2015 vs Q1 2014	Q1 2015 vs YE 2014
Total Shareholders' Equity (RON million)**	a	12,566.7	14,248.7	13,347.9	-11.8%	-5.9%
Total NAV (RON million)	b, d	12,605.2	14,253.3	13,236.7	-11.6%	-4.8%
NAV per Share (RON)	b, d	1.1706	1.1813	1.2125	-0.9%	-3.5%
NAV per Share Total Return (%)*	c	-3.5%	-5.0%	+1.4%		
Share Price as at the end of the period (RON)		0.8635	0.8300	0.8960	4.0%	-3.6%
Share Price Total Return (%)*	c	-3.6%	-0.4%	+14.5%		
Gross Dividends Declared (RON per share)		-	-	-		
Return of capital to shareholders (RON per share)		-	-	0.0500		
Share Price Discount to NAV as at the end of the period		26.2%	29.7%	26.1%		

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch and BVB

*Compared to the end of the previous period

** Starting 1 January 2015, according to FSA Instruction no. 2 / 06.08.2014, IFRS (as adopted by European Union) became the statutory basis of accounting for Fondul Proprietatea. Comparatives presented in this table (for Q1 2014 and YE 2014) are also based on IFRS financial statements.

Notes:

- Prepared in accordance with IFRS
- Prepared on the basis of local rules issued by the capital market regulator
- Calculated with dividend / capital return reinvested, where applicable

- (d) The difference in change (%) between total NAV and NAV per share is accounted for by the change in the number of treasury shares (treasury shares acquired through buy-backs are excluded from the number of shares used in the computation of NAV per share) and in paid capital during the period

As at 31 March 2015, the NAV (calculated according to local rules issued by the capital market regulator) is very similar with the Shareholders' equity (calculated according to IFRS) due to similar valuation methodologies applied to financial assets, as illustrated in the following table:

	Local Capital Market Regulations*	IFRS Regulation
Listed securities	Valued at closing market prices (regulated markets)	Valued at fair value
	Valued at reference prices (Rasdaq market)**	
Unlisted or illiquid listed securities	Valued as per latest issued annual financial statements (proportionally with the stake held) or using fair valuation methodologies	Valued at fair value

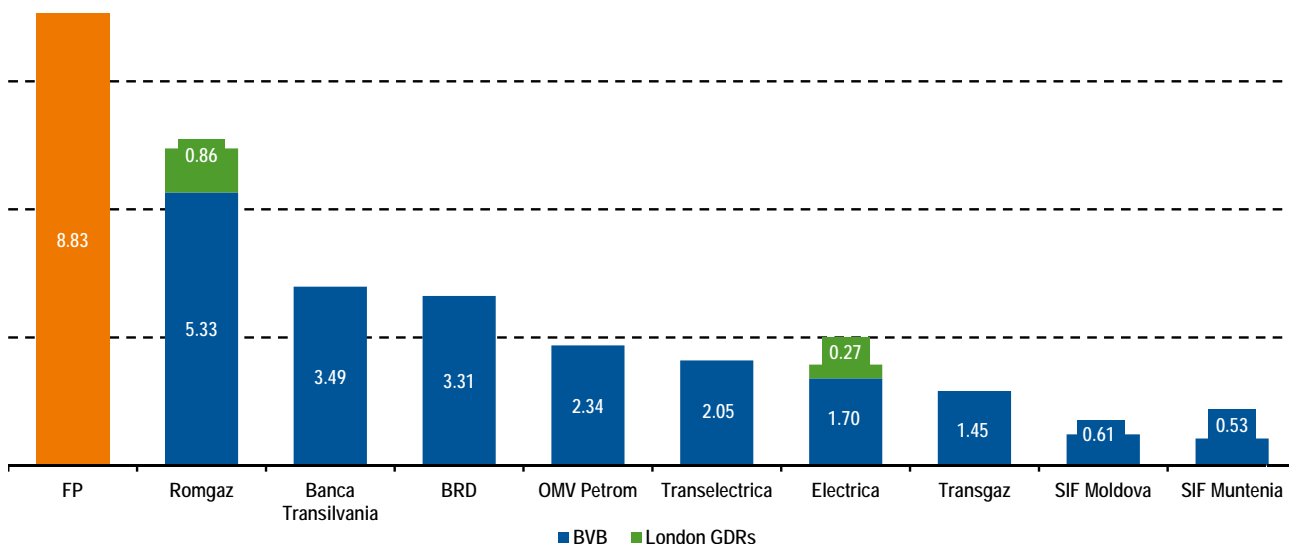
* Details on the valuation methods used for each company are presented in the Annex 2 to this report; with effect from 31 December 2012, the shares of companies under insolvency or reorganisation procedure are valued either at zero or at a value assessed by an independent authorised valuer, using valuation methods in accordance with International Valuation Standards (fair value principles). The shares of companies under judicial liquidation procedure or any other liquidation procedures, as well as of companies under temporary or final suspension of operations, must be valued at zero until the respective procedures are completed.

** Reference price is considered the closing price for the shares listed on section RGBS of Rasdaq and the average price for the securities listed on sections XMBS of Rasdaq and UNLS.

Significant Events

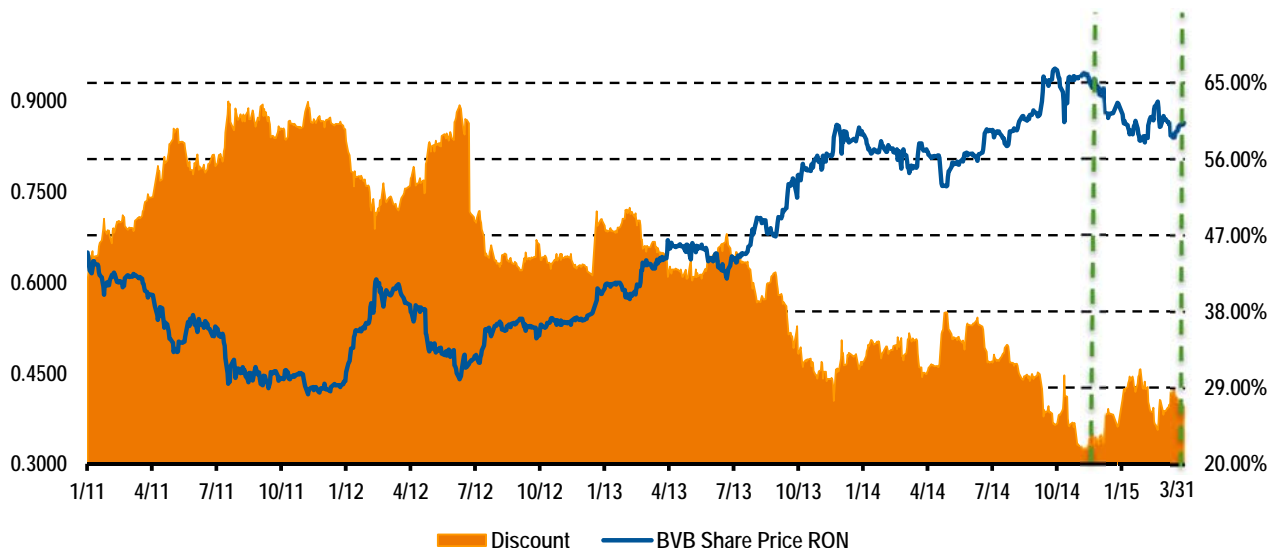
Regulated Stock Market Trading

Average Daily Turnover in the first quarter of 2015 (RON million)



Source: BVB, Bloomberg

Fund's Share Price and Discount History (RON per share)



Source: BVB

Investor Relations Update

In the first quarter of 2015, in our efforts to increase the visibility and the profile of the Fund, as well as the local capital market, and Romania, to a broader international institutional investor base, the Fund's management team participated in 5 global and regional emerging and frontier market conferences in London, New York, and Dubai, and met with over 140 investment analysts and portfolio managers interested in finding out more details about the Fund and its equity story, and to receive updates on the Fund, its corporate actions, and its main portfolio holdings.

We also organised 3 road-shows in the most important financial centres in Europe (London), the United States (New York) and the Middle-East (Dubai). During the road-shows, we participated in individual and group meetings with representatives from over 20 international institutional investment firms, both current shareholders and potential investors.

On 5 March, in collaboration with the Bucharest Stock Exchange and Wood & Company, we organised in London the second edition of the “Romania Investor Day” event. 88 representatives from 61 investment firms, with assets under management of over EUR 900 billion, and 50 representatives from 16 Romanian companies (both listed and unlisted) participated in the event. The event featured presentations and speeches from the Ambassador of Romania to the United Kingdom, representatives of the European Bank of Reconstruction and Development, the Treasury Director from the Ministry of Public Finance, the Secretary of State of the Ministry of Economy, Commerce & Tourism, the President of the FSA, the CEO and the President of the Bucharest Stock Exchange, and the Fund Manager of Fondul Proprietatea. During the second part of the day, over 100 meetings were held between the investors and the management teams of the corporations present at the event.

On 30-31 March, as part of our ongoing efforts to ensure a broader understanding of the Fund and its underlying holdings, we held the second edition of the Romania Investor Days in New York event, organised in partnership with the Bucharest Stock Exchange, Swiss Capital and Auerbach Grayson. On the first day of the event, a plenary session featured presentations and speeches from the Romanian Ambassador in the United States of America, the Presidential Advisor and Head of the Presidential Chancellery, the Minister of Public Finance, a Director of the FSA, the President of the Romanian American Chamber of Commerce, the CEO and the President of the Bucharest Stock Exchange, IMF Mission Chief for Romania and the Fund Manager of Fondul Proprietatea. More than 60 representatives of 40 international investment firms with over EUR 1,000 billion in assets under management, and representatives of 15 Romanian companies, both listed or unlisted, participated in the event. During the second part of the first day and the entire second day of the event, 176 individual and group meetings were organised between the institutional investors and the management teams of the participating companies.

On 16 February, we held a conference call to discuss the Fund’s 2014 Preliminary Annual Results. In addition, during the first quarter of 2015, we organised 22 individual meetings with current and prospective investors visiting Romania, as well as over 20 conference calls with institutional investors interested in the latest developments regarding the Fund’s corporate actions, and its portfolio companies.

Communication between the Fund Manager and investors remains our top priority as we aim to ensure that investors are informed about the latest developments and obtain their feedback as we continue to focus on maximising shareholder value.

Secondary Listing Update

On 21 January 2015, the Fund’s General Meeting of Shareholders approved a new mandate to list the Fund on the LSE by 10 July 2015. The Fund Manager has worked relentlessly to complete the Fund’s listing on the LSE before the deadline approved by shareholders, and we are glad to report that the Fund’s secondary listing through Global Depositary Receipts (“GDR”) successfully took place on 29 April 2015. The Bank of New York Mellon has been appointed by the Fund to act as depositary bank in relation to the GDR facility.

The GDR facility is limited to one-third of the Fund’s issued share capital under the Romanian securities regulations, or 81,228,524 GDRs, each GDR representing 50 shares, and the currency of the GDRs is US dollars.

Buy-back Programmes

The Fourth Buy-back Programme

The fourth buy-back programme started on 1 October 2014. On 4 February 2015, the Fund announced the completion of the programme, through which 990,855,616 shares of the Fund were acquired (equivalent to 8.13% of the Fund’s paid share capital) through a tender offer for 750,000,000 shares (shares actually purchased: 749,998,142) and daily acquisitions on the Bucharest Stock Exchange. The total value of the buy-back programme was RON 1,046,128,420.15 (excluding brokerage fees and other acquisition related costs), and the weighted average price was approximately RON 1.0557 per share. The shareholders approved the cancellation of the shares repurchased in the fourth buy-back programme at the 27 April 2015 General Shareholders’ Meeting (“GSM”). For further details regarding the cancellation of the shares repurchased in the fourth buy-back programme, please read the sections *Share Capital Decrease* and *Subsequent Events*.

The Fifth Buy-back Programme

On 19 November 2014 the Fund's shareholders approved the fifth buy-back programme that refers to the acquisition of a maximum number of (i) 227,572,250 shares or (ii) 10% of the subscribed share capital at the relevant time, whichever is the lesser, starting with the date when the share capital decrease approved through Extraordinary General Shareholders' Meeting ("EGM") Resolution on 23 September 2014 (regarding the cancellation of the shares purchased by the Fund during the third buy-back programme) is effective until August 2016. The buy-back shall be performed at a price that is neither lower than RON 0.2 per share nor higher than RON 2 per share. The buy-back transaction can only be applied for fully paid shares. The shares repurchased will be cancelled. The implementation of this buy-back programme will be subject to the availability of the necessary cash. The buy-back programme started on 10 February 2015.

As at 31 March 2015, the total number of shares repurchased during the fifth buy-back programme was 61,773,099, representing 27.14% of the total programme, at an average share price, excluding transactions costs, of RON 0.8637 per share.

The Sixth Buy-back Programme

The Fund Manager intends to continue with share buy-backs in accordance with the Fund's Investment Policy Statement, and on 27 April 2015 the Annual GSM approved a new buy-back programme for a maximum number of (i) 891,770,055 shares or the equivalent number of global depository receipts or depository interests corresponding to shares of Fondul Proprietatea or (ii) 10% of the issued share capital at the relevant time, whichever is the lesser, starting with the date when the share capital decrease approved through the EGM Resolution no. 1/21 January 2015 is effective, for a maximum period of 18 months as of the date when this shareholders' resolution is published in the Official Gazette of Romania. The buy-back shall be performed at a price that is neither lower than RON 0.2 per share nor higher than RON 2 per share. The buy-back transaction can only be applied for fully paid shares. The shares purchased will be cancelled. The implementation of this buy-back programme will be subject to the availability of the necessary cash.

Share Capital Decrease

The share capital decrease through the return of capital to shareholders

In the 21 January 2015 GSM, the Fund's shareholders approved the return to shareholders of RON 0.05 per share, following the share capital decrease through the reduction of the nominal value of the shares of the Fund from RON 0.95 to RON 0.90. The decrease was motivated by the optimisation of the share capital of Fondul Proprietatea, involving the return to the shareholders of a part of their contributions, proportionally with their participation to the paid-up share capital of the Fund. The shareholders resolution was published in the Romanian Official Gazette on 4 February 2015 and the endorsement by the FSA of the new Constitutive Act reflecting the share capital decrease is expected in May 2015. The shareholders registered with Central Depository on 24 June 2015 have the right to receive RON 0.05 per share, proportionally with their participation in the paid-up share capital of the Fund. The payment date is 29 June 2015.

The share cancellation after the Third Buy-back Programme

The FSA, through Endorsement no. 25/27 January 2015, endorsed the decrease of the subscribed share capital from RON 11,815,279,886.85 to RON 11,575,064,733.65, following the cancellation of 252,858,056 treasury shares acquired by the Fund in the third buy-back programme in 2014. The share capital decrease is effective beginning on 27 January 2015. Therefore, starting from 27 January 2015, the new value of the Fund's subscribed share capital is RON 11,575,064,733.65, (representing 12,184,278,667 shares with a nominal value of RON 0.95 per share). The value of the paid-up share capital is RON 11,229,443,001.15 (representing 11,820,466,317 shares with a nominal value of RON 0.95 per share).

The share cancellation after the Fourth Buy-back Programme

On 27 April 2015 the shareholders approved the cancellation of 990,855,616 shares repurchased by the Fund during the fourth buy-back programme. The share capital decrease will be effective after the endorsement by the FSA of the new Constitutive Act. For further details on the cancellation of shares acquired during the fourth buy-back programme, please read the section *Subsequent Events*.

Main litigation updates

In the administrative file regarding the legal action initiated by the Fund against the FSA for the endorsement of the Addendum no. 2 to the Investment Management Agreement signed in 2010, the Bucharest Court of Appeal announced on 24 April 2014 that it ruled against the Fund and dismissed the claim. The Fund appealed the decision and we are now waiting for the Supreme Court of Justice to set the first hearing.

Changes in the accounting regulations in 2015

On 6 August 2014, the FSA issued Instruction no. 2/ 6.08.2014, whereby entities authorised, regulated and supervised by the FSA in the Financial Investments and Instruments Sector, i.e. financial investment firms, investment management companies, collective investment undertakings, central depositaries, clearing houses and market/system operators (therefore including the Fund), were required to apply IFRS, as the basis of accounting with effect from 1 January 2015. As a result, starting on 1 January 2015 the Fund adopted IFRS as the statutory official accounting framework and used the accounting records under IFRS for the computation of the non-portfolio items for the 30 January 2015, 27 February 2015 and 31 March 2015 NAV reports.

On 20 February 2015 and 4 March 2015, the FSA sent letters to regulated entities stating that the implementation of IFRS as the official basis of accounting will be postponed until 1 January 2016 and regulated entities should continue to apply the Romanian Accounting Regulations (CNVM Regulation 4/2011) in 2015. Although the draft FSA regulation concerning this matter was approved by the FSA Board on 25 February 2015, the final regulation has not been published in the Official Gazette of Romania.

Changes in the Investment Management Agreement

The FSA has issued Endorsement no. 88 / 20 March 2015 whereby it has partially endorsed the Addendum no. 2/24 September 2014 (“Addendum no. 2 to IMA 2014”) to the Investment Management Agreement concluded between the Fund and the Fund Manager in April 2014 (“IMA 2014”).

The Fund Manager notes that two aspects of the Addendum no. 2 to IMA 2014 were not endorsed in the form approved by the Shareholders through Resolution no. 10 of the Fund’s Ordinary General Shareholders Meeting (“OGM”) held on 23 September 2014, namely:

- definition of the Force Majeure Event where FSA deleted “devaluations and fluctuations” as cases of force majeure;
- the effective date of the Distribution Fee: in the form approved by the Fund’s shareholders, the payment of the Distribution Fee was to be effective starting with 30 September 2014, while FSA’s amendment stipulates that it is effective starting with the date when Addendum no. 2 to IMA 2014 was endorsed by FSA (i.e. 20 March 2015).

According to the FSA Endorsement, the Fund has the obligation to seek shareholders’ approval for the two changes mentioned above. The Fund Manager intends to put on the agenda of the next GSM the FSA’s recommended wording.

Credit Facility Agreement

Fondul Proprietatea signed on 4 May 2015 with Citibank Europe Plc, Dublin – Sucursala Romania a credit facility agreement for up to RON 500 million to be used mainly for distributions to shareholders (buybacks and return of capital). It is intended to be a bridging loan, until the dividends are collected from portfolio companies.

Subsequent Events

27 April 2015 GSM Decisions

The main decisions of the shareholders at the 27 April 2015 GSM were the following:

- The approval of the decrease of the subscribed share capital of the Fund pursuant to the cancellation of 990,855,616 shares acquired by the Fund during the fourth buy-back programme.
- The approval of the authorisation of the sixth buy-back programme for a maximum number of (i) 891,770,055 shares or the equivalent global depositary receipts or depositary interests corresponding to shares of the Fund or (ii) 10% of the issued share capital at the relevant time, whichever is the lesser.

- The approval of the amended Investment Policy Statement.
- The ratification and the approval of all EGM resolutions and of all legal acts (including resolutions, decisions, notices for convening all EGM and contracts) concluded, adopted and issued in the name of Fondul Proprietatea through Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, between 6 September 2010 and 26 April 2015.
- The approval of the Annual Activity Report of the Sole Administrator of Fondul Proprietatea for the financial year 2014, including the financial statements for the year ended on 31 December 2014 prepared in accordance with the Romanian Accounting Regulations, the approval of the auditor's report and the discharge of Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch for any liability for its administration during 2014.
- The approval of the net profit allocation for the financial year 2014.
- The approval of the revised secondary listing budget.
- The ratification and the approval of all OGM resolutions and of all legal acts (including decisions, notices for convening all OGM and contracts) concluded, adopted or issued on behalf of Fondul Proprietatea by Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as well as of any management/administration measures adopted and/or implemented by it, approved or concluded between 6 September 2010 and 26 April 2015.

Updates on the Shares Cancellation

During the EGM held on 27 April 2015 shareholders approved the decrease of the share capital through the cancellation of 990,855,616 shares repurchased by the Fund during the fourth buy-back programme. The shareholders resolution was published in Official Gazette on 12 May 2015. The share capital decrease will be effective after the endorsement by the FSA of the new Constitutive Act that it is expected soon after 15 July 2015.

Updates on the change of legislation regarding the Fund's activity

A law implementing Directive 2011/61/EU on alternative investment fund managers ("AIFM Directive") was published in the Official Gazette of Romania on 23 April 2015. The law will enter into force within 30 days as of its publication in the Official Gazette of Romania. At this stage it is still unclear whether the Fund will qualify as an Alternative Investment Fund ("AIF") under the Romanian law implementing the AIFM Directive. If it is concluded that the Fund qualifies as an AIF, the Fund Manager will be required either to seek authorisation in the United Kingdom and make use of the AIFM Directive passport in order to be able to manage the Fund, or to propose to the shareholders of the Fund to appoint another entity from the Franklin Templeton group that is already authorised under the AIFM Directive. The managers of an AIF need to comply with the provisions of the law implementing AIFM Directive within 12 months after the law enters into force. As per the Investment Management Agreement, if the Fund Manager will not be able to comply with new legislative requirements within 12 months after the law implementing the AIFM Directive enters into force, including such as may result from the implementation of the AIFM Directive, the Fund will be ultimately entitled to decide with respect to any amendments to the Investment Management Agreement (subject to FSA endorsement, if needed), including the appointment of a new entity as the Fund Manager compliant with the law implementing the AIFM Directive. The Fund Manager will make public its proposed position on the application of the legislation implementing AIFM Directive once the law enters into force.

Analysis of the Activity of the Fund

Analysis of the Portfolio of the Fund

Net Asset Valuation

The key performance indicator of the Fund is its Net Asset Value. The Fund is required to publish a monthly net asset value per share in accordance with local rules issued by the capital market regulator, no later than 15 calendar days after the reporting month end.

All NAV reports are published on the Fund's website at www.fondulproprietea.ro, together with the share price and discount information.

NAV Methodology

CNVM Regulation no. 4/2010 as subsequently amended allows the NAV calculation based on best international practice suitable for a listed closed-end fund.

Listed securities are valued at closing market prices - if listed on regulated markets, or reference prices - if listed on Rasdaq (the reference price is considered to be the closing price for the securities listed on section RGBS of Rasdaq and the average price for the securities listed on section XMBS of Rasdaq and on UNLS). Illiquid or unlisted securities are valued using either the value of shareholders' equity, as per the latest available annual financial statements, proportionally with the stake held, or according to International Valuation Standards which permit fair valuation.

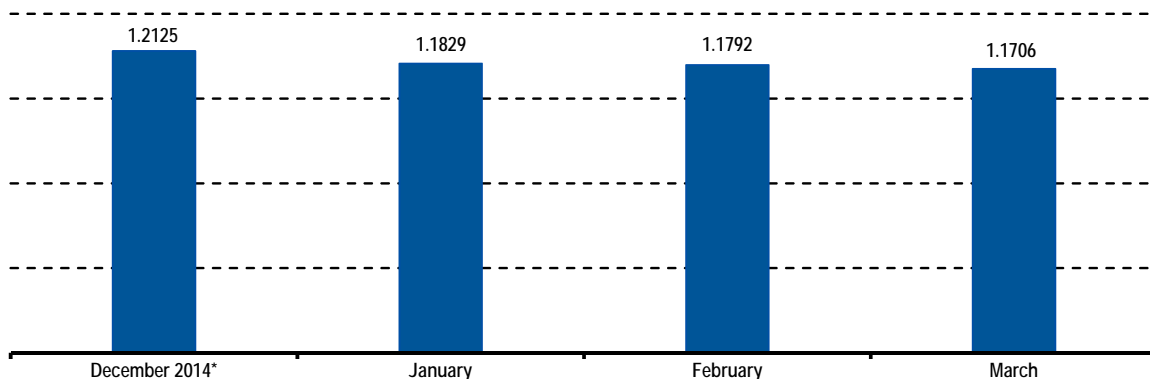
Starting December 2012, the shares in the companies going through insolvency or a reorganisation procedure are valued either at zero, or at the value provided by an independent valuer, using valuation methods in accordance with International Valuation Standards which permit fair valuation (previously such holdings were valued at zero, until the procedure was finalised). The shares in the companies under a judicial liquidation procedure, or any other liquidation procedures, as well as in the companies under temporary or final suspension of operation, are valued at zero until the procedure is finalised.

Beginning December 2012, the treasury shares acquired through buy-backs are excluded from the number of shares used in the NAV per share computation.

Starting 1 January 2015, according to FSA Instruction no. 2/ 06.08.2014, IFRS became the statutory basis of accounting for the Fund. In consequence, in 2015, the accounting records under IFRS were used for the computation of the NAV for the non-portfolio items. Previously, the accounting records prepared in accordance with Romanian Accounting Regulations were used.

The following chart shows information on the monthly published NAVs per share for the period 31 December 2014 to 31 March 2015:

NAV per share (RON per share)



Source: FTIML, based on NAV reports submitted to FSA.

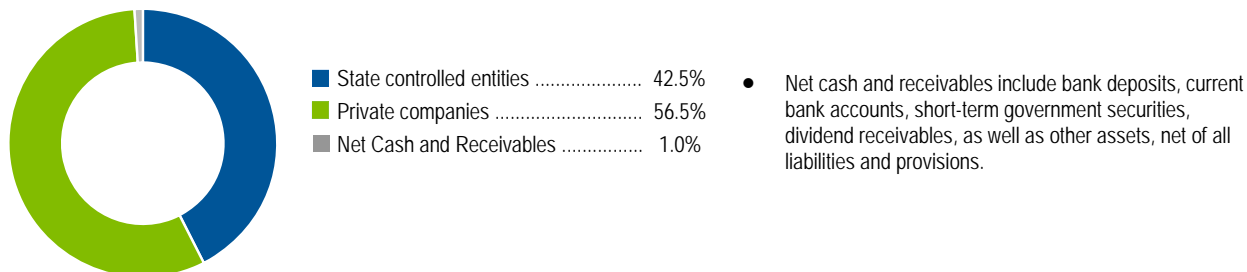
*Based on Romanian Accounting Regulation for non-portfolio items

During the first quarter of 2015 the NAV per share decreased by 3.5%, mainly due to the negative impact of the decrease of the share prices of certain listed holdings, principally OMV Petrom (impact of the Fund's NAV of RON 480.9 million or RON 0.0447 per share).

Investment Strategy and Portfolio Analysis

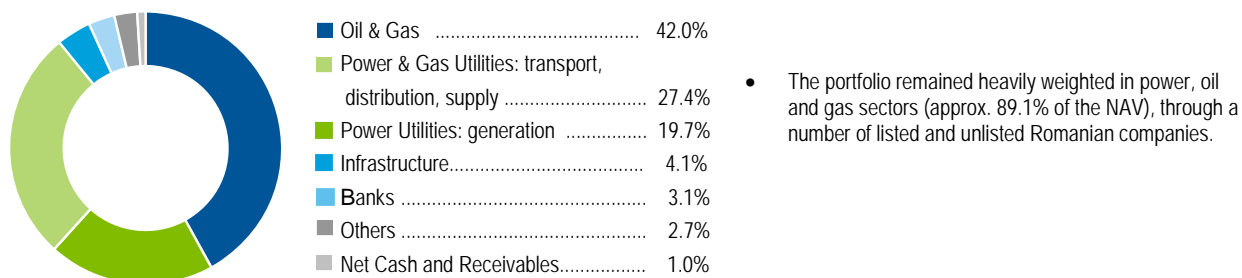
The Fund's Investment Objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities. The equity exposure amounted to 99.0% of the Fund's NAV as at 31 March 2015. As at that date, the portfolio was composed of holdings in 53 companies (17 listed and 36 unlisted), containing a combination of privately held and state-controlled entities.

Portfolio Structure – by Controlling Ownership



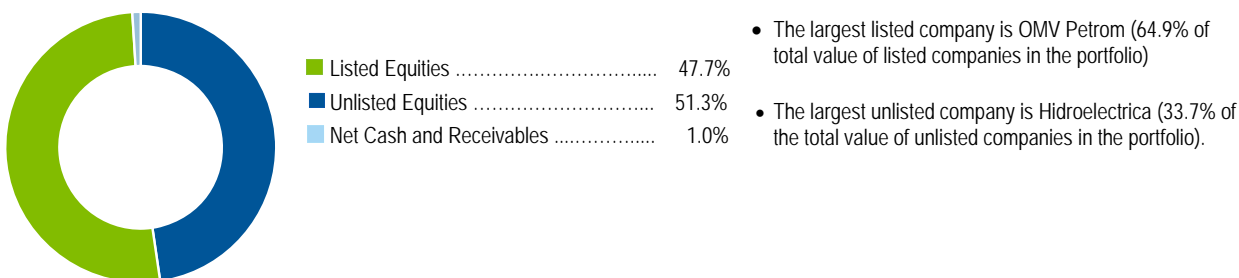
Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 March 2015

Portfolio Structure - by Sector



Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 March 2015, based on NAV reports submitted to FSA.

Portfolio Structure – by Asset Type



Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 March 2015, based on NAV reports submitted to FSA.

Top 20 Equity Investments

No	Name	Fund's Stake (%)	Value as at 31 March 2015 (RON million)	% of NAV as at 31 March 2015
1	OMV Petrom SA	18.99%	3,908.6	31.0%
2	Hidroelectrica SA	19.94%	2,178.1	17.3%
3	Romgaz SA	10.00%	1,350.9	10.7%
4	ENEL Distributie Banat SA	24.12%	640.5	5.1%
5	ENEL Distributie Muntenia SA	12.00%	465.8	3.7%
6	GDF Suez Energy Romania SA	11.99%	461.3	3.7%
7	E.ON Distributie Romania SA*	18.34%	441.5	3.5%
8	ENEL Distributie Dobrogea SA	24.09%	396.9	3.1%
9	CN Aeroporturi Bucuresti SA	20.00%	332.3	2.6%
10	Electrica Distributie Muntenia Nord SA	21.99%	235.6	1.9%
11	BRD-Groupe Societe Generale SA	3.64%	234.8	1.9%
13	Electrica Distributie Transilvania Sud SA	21.99%	206.5	1.6%
14	Electrica Distributie Transilvania Nord SA	22.00%	201.6	1.6%
12	Nuclearelectrica SA	9.09%	200.1	1.6%
15	Banca Transilvania SA	2.87%	157.6	1.3%
16	Societatea Nationala a Sarii SA (Salrom)	48.99%	142.9	1.1%
17	E.ON Energie Romania SA	13.39%	133.9	1.1%
17	CN Administratia Porturilor Maritime SA	19.99%	132.6	1.1%
18	Electrica Furnizare SA	22.00%	126.4	0.9%
20	Complexul Energetic Oltenia SA	21.55%	108.5	0.9%
Top 20 equity holdings			12,056.40	95.7%
Total equity holdings			12,485.1	99.0%
Net cash and receivables			120.1	1.0%
Total NAV			12,605.2	100.0%

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 March 2015, based on NAV reports submitted to FSA.

* E.ON Distributie Romania SA was created at 31 December 2014 through the merger of E.ON Gaz Distributie SA (the absorbing company, whose name was changed) and E.ON Moldova Distributie SA (the absorbed company)

Key Portfolio Developments in the Period**Acquisitions and Disposals**

There were no acquisitions or disposals in Fund's portfolio in the quarter ended 31 March 2015.

Energy Sector Updates

The Romanian National Energy Regulatory Authority ("ANRE") modified the tariff setting methodology for the electricity distribution service (Order 112 / 29.10.2014), with the most significant changes being the possibility given to the regulator to revise the regulatory rate of return ("RRR") starting from the second year of the ongoing five year regulatory period (2014 - 2018). Subsequently, ANRE effectively reduced the level of the RRR (before tax and expressed in real terms) to 7.70% from the previous 8.52% level (Order 146/ 10.12.2014). The ANRE decision was challenged in Administrative court by Fondul Proprietatea and the distribution companies.

Energy Tariff Changes

The proposed timetable for gradual elimination of the regulated electricity prices for non-household consumers and for household consumers is according with the table below:

Starting date	Non-household consumers – % acquisition from the competitive market	Household consumers – % acquisition from the competitive market
01.01.2013	30	-
01.04.2013	45	-
01.07.2013	65	10
01.09.2013	85	10
01.01.2014	100	20
01.07.2014	100	30
01.01.2015	100	40
01.07.2015	100	50
01.01.2016	100	60
01.07.2016	100	70
01.01.2017	100	80
01.07.2017	-	90
31.12.2017	-	100

Gas Tariff Changes

Gas prices have increased starting 1 February 2013, pursuant to the schedule for gradual elimination of regulated gas prices. As of 1 January 2015, prices for supply to non-household consumers are determined freely, based on direct negotiation or acceptances of supplier's standard offer. With respect to gas prices for household consumers, the Romanian Government decided to postpone the further liberalisation until at least June 2015. ANRE will have to publish a new calendar for the gas price liberalisation for household consumers starting 1 July 2015 until 1 July 2021.

Special Infrastructure Tax

Starting in January 2015, the special infrastructure tax of 1.5% of the value of the special infrastructure assets, which most of the companies in the Fund's portfolio had to pay for the first time in 2014, has been lowered by one third to 1.0% of the value of such special infrastructure assets. This should have a positive impact on most of the companies in the Fund's portfolio by lowering the taxes paid as of 2015.

Update on the Largest 20 Portfolio Companies

Banca Transilvania SA

RON million	2013	2014	2014*	2015*
Operating income	1,752.9	2,078.0	942.0	2,015.0
Net impairment losses	414.3	684.4	430.0	550.0
Net profit	397.6	442.5	512.0**	596.0**

Source: based on consolidated IFRS financial statements (2013 figures have been restated)

*Budgeted figures

** Refers to budgeted gross profit, 2015 and 2014 budget does not include a line for net profit

February: The bank announced that it has allocated 125,560 shares bought back from the market as per shareholders' decision from 29 April 2014 to employees which have shown extraordinary performance in their professional activity.

March: According to consolidated IFRS financial statements, in 2014 the bank reported a net profit of RON 442.5 million, which represents an increase of 11.3% compared to the net profit of RON 397.6 million reported in 2013. In 2014, the operating revenue increased by 18.5% year on year ("y.o.y") to RON 2,078 million, operating expenses increased 21.5% y.o.y to RON 1,562.4 million, of which net impairment losses increased by 65.2% y.o.y to RON 684.4 million.

Banca Transilvania announced that it has selected AT Kearney to structure the integration process of Volksbank Romania. This process is expected to be finalised by March 2016.

April: The bank announced on 7 April the closing of the transaction by which it has purchased 100% of Volksbank Romania. The price paid was EUR 81 million, of which EUR 58 million was placed in an escrow account to cover future risks over the next 1 year. At the closing date the acquired bank had total assets of RON 35 billion and shareholders' equity of RON 1,905 million.

BRD – Groupe Societe Generale SA

RON million	2013	2014	Q1 2014	Q1 2015	2014*	2015*
Net banking income	2,850.6	2,620.5	602.3	572.9	Expected decrease due to lower net interest income	around 3% increase
Net operating income	1,491.3	1,295.3	296.8	267.6	n.a.	
Net cost of risk	2,130.8	1,215.4	246.5	106.0	Significant improvement	significant decrease
Net profit/ (loss)	(387.5)	63.1	37.5	136.4	Expected return to profitability	Significant improvement
Dividends	-	-	-	-		

Source: Based on consolidated IFRS financial statements

* Budgeted figures

April: According to the consolidated 2014 IFRS financial statements, the bank reported a net profit of RON 63.1 million compared to RON 387.5 million net loss reported in 2013. Net banking income decreased by 8.1% y.o.y to RON 2,620.5 million, while general operating expenses decreased by 2.5% y.o.y. to RON 1,325.2 million, leading to a net operating income of RON 1,295.3 million, down by 13.1% y.o.y. Net cost of risk decreased by 43% compared to the previous year, to RON 1,215.4 million.

CN Administratia Porturilor Maritime SA

RON million	2013	2014*	2014**	2015*
Total revenue	302.4	305.2	297.1	306.1
Operating profit	76.6	83.8	43.3	54.2
Net profit	65.0	70.3	31.0	39.8
Dividends	50.6	32.3	13.5	17.6

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*2014 financial statements are subject to shareholders approval

** Budgeted figures

CN Aeroporturi Bucuresti SA

RON million	2013	2014*	2014**	2015*
Total revenue	609.4	689.5	668.6	725.8
Operating profit	91.0	134.7	40.1	60.6
Net profit	69.0	110.2	25.3	44.3
Dividends	61.6	n.a.	n.a.	24.4

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

* Preliminary financial statements

** Budgeted figures

February: The company's preliminary results for the year end 31 December 2014 show an 18.3% increase in total revenue to RON 689.5 million, a 48% increase in operating profit to RON 134.7 million, and a 59.7% increase in net profit to RON 110.2 million compared with the results of 2013.

March: Total passenger traffic for the first 3 months of 2015 increased to 1.8 million, an increase of 15.5% compared to the same period in 2014.

Complexul Energetic Oltenia SA

RON million	2013	2014*
Sales	4,278.2	4,105.4
Operating profit / (loss)	(28.0)	(638.7)
Net profit / (loss)	4.5	(639.6)
Dividends	-	-

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

* 2014 financial statements are subject to shareholders approval

E.ON Distributie Romania SA

E.ON Distributie Romania SA was created on 31 December 2014 through the merger of E.ON Gaz Distributie SA (as the absorbing company, whose name was changed) and E.ON Moldova Distributie SA (as the absorbed company):

RON million	2013	2014*	2014**	2015***
Sales	726.5	770.5	748.0***	1,448.0
Operating profit	74.0	96.8	50.0	217.0
Net profit	67.8	83.0	37.0	180.0
Dividends****	249.5	-	-	n.a.

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations (2013 and 2014 figures reflect only gas distribution business as reported by the company)

*2014 financial statements are subject to shareholders approval

** E.ON Gaz Distributie SA 2014 budget

***Distribution revenue

****Budgeted figures (includes also electricity distribution business)

*****E.ON Gaz Distributie dividends

Based on ANRE Order 150/ 2014, starting January 2015, the regulated electricity distribution tariffs decreased between 1% (for high voltage) and 3.3% (for low voltage). Based on the ANRE Order 62/2015, gas distribution tariffs decreased as of 1 May 2015 between 0.2% and 6.3% depending on the end-consumer consumption volume.

E.ON Energie Romania SA

RON million	2013*	2014**	2014****	2015****
Operating revenue	4,766.7	4,824.0***	5,326.0	4,821.0
Operating profit	226.6	151.0	159.0	125.0
Net profit	224.5	134.0	131.0	110.0
Dividends	-	-	n.a.	n.a.

* Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

**2014 financial statements are subject to shareholders approval

***Power and gas sales revenue

****Budgeted figures

Based on the ANRE Order 21/2015, starting 1 April 2015, regulated end-consumer prices for households increased by around 1.5%.

Electrica Distributie Muntenia Nord SA (“EDMN”)

RON million	2013	2014	2015*
Total revenue	792.8	805.4	778.3
Operating profit	132.6	159.6	165.5
Net profit	126.5	140.2	139.0
Dividends	105.5	112.1	111.1

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*Budgeted figures

Electrica Distributie Transilvania Nord SA (“EDTN”)

RON million	2013	2014	2015*
Total revenue	656.3	674.7	685.1
Operating profit	88.0	119.6	146.0
Net profit	63.7	95.3	120.3
Dividends	-	75.9	96.1

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*Budgeted figures

Electrica Distributie Transilvania Sud SA (“EDTS”)

RON million	2013	2014	2015*
Total revenue	716.1	739.3	779.3
Operating profit	90.3	121.4	142.2
Net profit	69.3	100.1	110.4
Dividends	55.2	79.8	87.8

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*Budgeted figures

Electrica Furnizare SA

RON million	2013	2014	2015*
Total revenue	4,795.2	4,055.4	4,097.5
Operating profit	100.1	223.7	n.a.
Net profit	101.5	204.7	95.1
Dividends	89.3	174.0	n.a.

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*Budgeted figures

ENEL Distributie Banat SA (“EDB”)

RON million	2013	2014	2014*	2015*
Operating revenue	659.3	631.4	571.8	557.0
Operating profit	203.4	188.4	191.3	188.1
Net profit	190.7	172.2	176.1	161.8
Dividends	-	85.7	n.a.	n.a.

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*Budgeted figures

ENEL Distributie Dobrogea SA (“EDD”)

RON million	2013	2014	2014*	2015*
Operating revenue	544.5	526.5	480.7	461.9
Operating profit	148.9	102.7	154.7	154.7
Net profit	133.5	87.7	130.6	129.3
Dividends	-	43.6	n.a.	n.a.

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*Budgeted figures

ENEL Distributie Muntenia SA (“EDM”)

RON million	2013	2014	2014*	2015*
Operating revenue	997.7	1,001.4	903.4	901.1
Operating profit	220.9	246.3	287.7	244.1
Net profit	267.2	240.8	254.0	211.7
Dividends	-	-	n.a.	n.a.

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*Budgeted figures

January: Based on ANRE Orders 151-153/2014 starting January 2015 the regulated electricity distribution tariffs decreased on average by 2.5% and 0.2% for EDB and EDD respectively and increased by 0.6% for EDM.

February: Enel announced the suspension of the sale of the distribution & supply assets in Romania. It later on announced that the Romanian assets fit Enel’s strategy.

GDF Suez Energy Romania SA

RON million	2013	2014	2014*	2015*
Turnover	4,127.1	4,337.2	4,448.6	4,441.4
Operating profit	518.7	560.9	453.3	262.1
Net profit	447.1	443.1	352.2	278.8
Dividends**	33.6	200.0	n.a.	n.a.

Source: consolidated IFRS financial statements

*Budgeted figures based on separate IFRS financial statements

**Dividends are based on the separate IFRS financial statements

April: According to media reports, the company increased its stake in Congaz SA, a gas distribution company in Constanta county, from 85.77% to 99.72%. Congaz SA owns 850 km of gas network and serves over 57,000 clients.

Starting 1 April 2015 the regulated supply tariffs for households were decreased by ANRE by approximately 6%. This is related to the recovery of unrealised revenue from previous years when supply tariffs were hiked, the elimination of imported gas in households' gas basket and lower distribution tariffs.

Hidroelectrica SA

RON million	2013	2014*	2014**	2015**
Turnover	3,083.0	3,406.0	2,522.0***	2,851.3***
Operating profit	1,016.0	1,226.4	399.9	489.7
Net profit	718.0	963.0	246.5	371.9
Dividends		n.a.	n.a.	174.5

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*Preliminary figures

**Budgeted figures

***Operating revenue

February: The company's preliminary results for the year end 31 December 2014 include a 33% increase in pre-tax profit from RON 901.0 million to RON 1.2 billion.

Nuclearelectrica SA

RON million	2013	2014	2014*	2015*
Sales	1,932.5	1,794.6	1,816.3	1,884.0
Operating profit	459.3	173.8	103.1	57.7
Net profit	426.9	131.4	99.0	30.8
Dividends**	340.9	90.0	47.7	15.7

Source: Based on consolidated IFRS financial statements audited

* Budgeted figures

**Dividends are based on the separate IFRS financial statements

March: According to the consolidated IFRS financial statements for the year ended 31 December 2014, the company reported a net profit of RON 131.4 million (a decrease of 69.2% y.o.y).

April: The Board of Directors proposed at the Shareholders Meeting on 29 April, and shareholders approved, to distribute a gross dividend per share of RON 0.30 for the financial year 2014 translating into a pay-out ratio of 71% from distributable net profit.

OMV Petrom SA

RON million	2013	2014	2014*	2015*
Sales	24,185.2	21,541.3	17,140.0	n.a.
Operating profit	5,957.9	3,338.3	4,405.0	1,121.0
Net profit	4,824.0	2,099.7	3,936.0	1,102.0
Dividends**	1,744.6	634.0	n.a.	n.a.

Source: Based on consolidated IFRS financial statements

*Budgeted figures

**Dividends based on separate IFRS financial statements

January: OMV Petrom announced the appointment of Christoph Trentini as interim member of the Supervisory Board, following Hans-Peter Floren's waiver of the mandate. Mr Trentini is currently Senior Vice President and Group controller of OMV AG, where he joined in 2004.

March: The company's Board decided to rename its main divisions as follows: the Exploration and Production division will be renamed to Upstream Division, Refining and Marketing will become Downstream Oil while Gas and Power will become Downstream Gas. The Board also reconfirmed 4 of the 5 members of the Executive Board: Mariana Gheorghe as CEO, Andreas Matje as CFO, Gabriel Selischi in charge of Upstream Activity and Neil Anthony Morgan in charge of Downstream Oil, while Lacramioara Diaconu-Pintea replaced Cristian Secosan as member of the Executive Board in charge with Downstream Gas.

Romgaz SA

RON million	2013	2014	2014**
Sales	3,894.3	4,493.3	5,089.5
Net profit	995.6	1,434.5	1,160.6
Dividends*	990.6	1,214.1	n.a.

Source: Based on audited IFRS financial statements

* Dividends are based on the separate IFRS financial statements.

**Budgeted figures

March: Romgaz announced the completion of works for bringing into production two new gas accumulations in the Moldavian and Transylvanian Platforms. The Frasin well was drilled at 4,100m, while the Cris well was drilled at 2,600m, with combined daily production of 2,600 barrels of oil equivalent per day. This represents approximately 3% of the company's total annual production.

The shareholders' meeting held on 18 March 2015 appointed Sorana-Rodica Baciu as member of the Board of Directors following the resignation of David Klingensmith. She was recommended by the European Bank for Reconstruction and Development and received a mandate until 30 December 2017. Mrs Baciu was previously Director, Strategy and Investor Relations at OMV Petrom since 2007. The same meeting appointed Dragos Dorcioman as member of the Board of Directors following the resignation of Sergiu Manea. His mandate was for 1 year or until the provisions of Government Ordinance 109/2011 regarding corporate governance in state owned companies will be applied. Mr Dorcioman was appointed as Counsellor of the Minister of Energy in early 2015. He is also General Manager and owner of SC DFS Center Group SRL.

Societatea Nationala a Sarii SA (Salrom)

RON million	2013	2014*	2014**	2015**
Operating revenue	326.9	316.2	335,2	324.6
Operating profit	48.8	46.7	39,1	47,0
Net profit	42.8	39.1	34,2	40,2
Dividends	40.4	20.9	17,8	37,0

Source: Based on the financial statements prepared in accordance with applicable Romanian accounting regulations

*Preliminary financial figures

**Budgeted figures

Changes affecting the capital of the Fund during the first quarter of 2015

The decrease of the subscribed share capital of the Fund

The FSA, through Endorsement no. 25/27 January 2015, endorsed the decrease of the subscribed share capital from RON 11,815,279,886.85 to RON 11,575,064,733.65, following the cancellation of 252,858,056 treasury shares acquired by the Fund in the third buy-back programme in 2014. The share capital decrease is effective beginning on 27 January 2015. Therefore, starting from 27 January 2015, the new value of the Fund's subscribed share capital is RON 11,575,064,733.65 (representing 12,184,278,667 shares with a nominal value of RON 0.95 per share). The value of the paid-up share capital is RON 11,229,443,001.15 (representing 11,820,466,317 shares with a nominal value of RON 0.95 per share).

Financial Analysis

The unaudited Financial Statements for the three-month period ended 31 March 2015 prepared in compliance with IAS 34 Interim Financial Reporting, based on IFRS are included in full in Annex 1 to this Report. Starting 1 January 2015, according to FSA Instruction no. 2/ 06.08.2014, IFRS became the statutory basis of accounting for the Fund.

This section provides a commentary on the principal elements of the Fund's financial position and results for the quarter ended 31 March 2015.

Statement of Financial Position

RON million	31 March 2015	31 December 2014
	Unaudited	Audited
Cash and current accounts	1.3	6.9
Deposits with banks	44.0	109.4
Treasury bills	77.7	162.8
Government bonds	32.2	31.7
Equity investments	12,446.6	12,927.7
Deferred tax assets	-	152.7
Other assets	10.3	9.5
Total assets	12,612.1	13,400.7
Total liabilities	45.4	52.8
Total equity	12,566.7	13,347.9
Total liabilities and equity	12,612.1	13,400.7

As at 31 March 2015, **deposits with banks** included bank deposits denominated in RON with maturities of up to one month, held with banks in Romania.

Treasury bills included treasury bills with discount denominated in RON, with original maturities up to one year, issued by the Ministry of Public Finance of Romania.

The decrease of deposits with banks and treasury bills was mainly due to the cash outflows used for the daily market buybacks (fourth and fifth buy-back programmes).

The **government bonds** held by the Fund as at 31 March 2015 comprise government bonds with coupon, denominated in RON, with original maturities of up to one year, issued by the Ministry of Public Finance of Romania.

Equity investments

Classification and measurement of equity investments

Starting 1 January 2014, the Fund applied the Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities ("the Amendments"), when they became effective after their adoption by the European Union. As a result, the Fund changed its accounting policies for investments in subsidiaries and associates, measuring them at fair value through profit or loss. For the equity investments reclassified from available for sale to at fair value through profit or loss the cumulative amount of fair value adjustments previously recognised in equity (other comprehensive income) was transferred to retained earnings.

All the other equity investments of the Fund remained classified as in previous years, as available for sale financial assets.

The equity investments at fair value through profit or loss are initially recognised at fair value and transaction costs are recorded in the profit or loss. Subsequent measurement is at fair value and all changes in fair value are accounted for through profit or loss. Equity investments at fair value through profit or loss are not subject to the review for impairment.

The equity investments classified as available for sale are measured at fair value, with the changes in fair value recognised in other comprehensive income (equity). When the derecognition of an available for sale equity investment

occurs, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss. Impairment losses on available for sale equity investments are recognised by transferring the cumulative loss that was recognised directly in other comprehensive income to profit or loss. If, in a subsequent period, the fair value of an impaired equity investment classified as available for sale increases, this is recognised in other comprehensive income.

Valuation

As at 31 March 2015 and 31 December 2014, all the equity investments of the Fund were carried at fair value.

Listed shares traded in an active market were measured at fair value, using quoted prices in an active market for that instrument at the reporting date. A market is regarded as active if transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

In case of *unlisted shares and listed shares that are not traded in an active market*, where sufficient information was available, the fair values of equity investments were determined by independent valuers, using valuation techniques, in accordance with International Valuation Standards.

Investments in equity securities that do not have a quoted market price in an active market, and whose fair values determined by independent valuers were not available are measured at values considered to be equivalent to fair values, being the values used in the calculation of the net asset value of the Fund, determined in accordance to the regulations issued by the FSA/CNVM and reported on monthly basis.

The decrease of equity investments by RON 481.1 million in the first quarter of 2015 was mainly due to the decrease of OMV Petrom share price with 10.9% (impact of RON 480.9 million).

In the first quarter of 2015, the Fund reversed the **deferred tax asset** position recorded as at 31 December 2014, for prudence reasons, due to the fact that, the FSA announced in February 2015 its intention (and FSA Board approved) to postpone the adoption of IFRS as official basis of accounting (and fiscal basis) to 1 January 2016, even if the FSA Instruction no. 2/2014 stating IFRS as the official accounting regulations for entities authorised, regulated and monitored by FSA remains in force since 1 January 2015. The final regulation in this respect has not been published in the Official Gazette of Romania.

Statement of Comprehensive Income

RON million	31 March 2015 Unaudited	31 March 2014 Unaudited
Net loss from equity investments at fair value through profit or loss	(476.2)	(431.3)
Impairment losses on equity investments available for sale	(20.1)	(70.2)
Interest income	1.1	3.7
Loss on disposal of equity investments available for sale, net	-	(10.6)
Other items of income/ (expense), net*	0.1	(0.4)
Net operating loss	(495.1)	(508.8)
Operating expenses	(20.9)	(22.1)
Loss before income tax	(516.0)	(530.9)
Income tax expense	(152.7)	(12.5)
Loss for the period	(668.7)	(543.4)
Other comprehensive income	15.4	72.0
Total comprehensive income for the period	(653.3)	(471.4)

* Other items of income/ (expense), net included the net foreign exchange losses, the reversal of impairment losses on receivables and other income.

Interest income arose from deposits held with banks and from short-term government securities.

In the first quarter of 2015 there were no disposals of equity investments. The **net loss on disposal of equity investments available for sale** in the first quarter of 2014 represented the net loss from the sales of portfolio holdings (mainly Raiffeisen Bank International and Erste Group Bank).

The **net loss from equity investments at fair value through profit or loss** for the first three months of 2015 and 2014 represent the unrealised loss from the negative net change in fair value related to equity investments classified at fair value through profit or loss, principally OMV Petrom, due to negative evolution of the share price of this company.

In performing the impairment test for the equity investments available for sale, the Fund considers all relevant factors, such as: significant or prolonged decline in fair value below cost, market and industry conditions, to the extent that they influence the recoverable amount of the investment, financial conditions and near-term prospects of the issuer, any specific adverse events that may influence the issuer's operations, recent losses of the issuer. The most significant **impairment losses on equity investments available for sale** in the first quarter of 2015 were related to the holdings in Nuclearelectrica (RON 12.1 million), and in Alro (RON 8.0 million). In the first three months of 2014 the most significant impairment losses recorded were related to the holdings in Nuclearelectrica (RON 49.9 million) and BRD Groupe Societe Generale (RON 20.3 million).

The **other comprehensive income** of RON 15.4 million for quarter ended 31 March 2015 comprised of the changes in fair value of equity investments available for sale, net of related deferred tax, where applicable.

The **income tax expenses** represent the reversal of the deferred tax asset recorded as at 31 December 2014. For further details, please see paragraph related to deferred tax asset above.

Operating expenses

RON million	31 March 2015 Unaudited	31 March 2014 Unaudited
Investment management and administration fees	14.1	13.2
FSA monthly fees	2.9	3.7
Depositary fees	0.3	0.4
Intermediaries fees related to disposal of portfolio holdings	-	0.2
Other operating expenses	3.6	4.6
Operating expenses	20.9	22.1

Investment management and administration fees payable to the Fund Manager represent the main **operating expenses** component which increased as compared to the previous period in line with the increase of the Fund's share price upon which these fees are based. The increase was also generated by the change in the base fee rate to 0.60% per year, effective from September 2014 (when the new Investment Management Agreement entered into force) from the previous level of 0.479% per year (out of which investment management fee was 0.379% and the administration fee was 0.10%) and by the distribution fees which were accrued starting on 20 March 2015, when the Addendum no. 2 to IMA 2014 was partially endorsed by the FSA. For further details, please read the section *Changes in the Investment Management Agreement* above.

FSA monthly fees recorded a slight decrease generated by the decrease of the FSA fee rate (from 0.1% per year to 0.0936% per year, i.e. 0.0078% per month) and by the decrease of the Fund's total NAV basis on which these fees are based.

Other operating expenses included mainly litigation assistance and legal advisory expenses, financial audit and valuation expenses, remuneration and related expenses, secondary listing expenses and investor relations expenses.

Financial Ratios

Description	31 March 2015	
1. Current Liquidity ratio		
<u>Current Assets</u>	=	3.42
Current Liabilities		
2. Debt-to-Equity ratio (%)		
<u>Borrowings*</u>	x 100	= -
Shareholders' Equity		
<i>*The Fund had no borrowings, therefore this ratio is nil</i>		
3. Receivables turnover ratio - customers (number of days)		
<u>Average balance of receivables</u>	x 365	= n.a.
Turnover or sales		
This ratio is not applicable to an investment fund and cannot be calculated.		
4. Turnover of Non-current Assets		
<u>Gross turnover</u>	=	0.00009
Non-current assets		
<i>For the computation of this ratio "Gross turnover" included interest income and dividend income, while "Non-current assets" included equity investments (which do not have a fixed maturity)</i>		
<i>This ratio has no real significance for an investment fund.</i>		

Signatures:

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch acting in the capacity of Sole Director of Fondul Proprietatea S.A.

Oana Truța
Legal Representative
14 May 2015

Prepared by
Mihaela Moleavin
Financial Reporting Manager

Annex 1

FONDUL PROPRIETATEA S.A.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED

31 MARCH 2015

Prepared in accordance with IAS 34 Interim Financial Reporting

(This is a translation from the official Romanian version)

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	3 months ended 31 March 2015	3 months ended 31 March 2014
Net loss from equity investments at fair value through profit or loss	5	(476,204,320)	(431,316,631)
Impairment losses on equity investments available for sale	8	(20,130,037)	(70,193,218)
Interest income		1,063,387	3,657,724
Reversal of impairment losses on receivables, net		15,272	6,329
Loss on disposal of equity investments available for sale, net		-	(10,590,596)
Net foreign exchange losses		(29,004)	(387,065)
Other income		195,204	13,205
Net operating loss		(495,089,498)	(508,810,252)
Operating expenses	6	(20,904,677)	(22,121,238)
Loss before income tax		(515,994,175)	(530,931,490)
Income tax expense	7	(152,678,949)	(12,506,125)
Loss for the period		(668,673,124)	(543,437,615)
Other comprehensive income			
Net change in fair value of available for sale equity investments		15,329,641	63,934,905
Deferred tax on other comprehensive income		-	7,817,704
Increase in fair value reserve following the disposal of available for sale equity investments		-	269,157
Total other comprehensive income		15,329,641	72,021,766
Total comprehensive income for the period		(653,343,483)	(471,415,849)
Basic and diluted earnings per share		(0.0545)	(0.0397)

The financial statements were authorised for issue on 14 May 2015 by:

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch acting in the capacity of Sole Director of Fondul Proprietatea S.A.

Oana Truta
Legal Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

The notes on pages 31 to 50 are an integral part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015
 (all amounts are in RON unless otherwise stated)

	<i>Note</i>	31 March 2015	31 December 2014
Assets			
Cash and current accounts		1,274,011	6,879,129
Deposits with banks		43,992,332	109,424,930
Treasury bills		77,743,175	162,839,401
Government bonds		32,193,416	31,749,581
Equity investments	8	12,446,652,065	12,927,656,781
Deferred tax assets	9	-	152,678,949
Other assets		10,282,984	9,438,338
Total assets		12,612,137,983	13,400,667,109
Liabilities			
Other liabilities	10	45,439,112	52,794,086
Total liabilities		45,439,112	52,794,086
Equity			
Share capital	11	11,575,064,734	11,815,279,887
Fair value reserve on available for sale financial assets	11	4,035,685,113	4,020,355,472
Other reserves		646,959,473	610,197,299
Treasury shares	11	(1,114,296,154)	(1,189,918,464)
Retained earnings		(2,576,714,295)	(1,908,041,171)
Total equity		12,566,698,871	13,347,873,023
Total liabilities and equity		12,612,137,983	13,400,667,109

The notes on pages 31 to 50 are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015
 (all amounts are in RON unless otherwise stated)

	Share capital	Fair value reserve on available for sale financial assets	Other reserves	Treasury shares	Retained earnings / (Accumulated losses)	Total attributable to the equity holders of the Fund
Balance as at 1 January 2015	11,815,279,887	4,020,355,472	610,197,299	(1,189,918,464)	(1,908,041,171)	13,347,873,023
Comprehensive income for the period						
Loss for the period	-	-	-	-	(668,673,124)	(668,673,124)
Other comprehensive income						
Net change in fair value of available for sale equity investments	-	15,329,641	-	-	-	15,329,641
Total other comprehensive income	-	15,329,641	-	-	-	15,329,641
Total comprehensive income for the period	-	15,329,641	-	-	(668,673,124)	(653,343,483)
Transactions with owners, recorded directly in equity						
Acquisition of treasury shares	-	-	-	(127,830,669)	-	(127,830,669)
Cancellation of treasury shares	(240,215,153)	-	36,762,174	203,452,979	-	-
Total transactions with owners recorded directly in equity	(240,215,153)	-	36,762,174	75,622,310	-	(127,830,669)
Balance as at 31 March 2015	11,575,064,734	4,035,685,113	646,959,473	(1,114,296,154)	(2,576,714,295)	12,566,698,871

The notes on pages 31 to 50 are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015
 (all amounts are in RON unless otherwise stated)

	Share capital	Fair value reserve on available for sale financial assets	Other reserves	Treasury shares	Retained earnings / (Accumulated losses)	Total attributable to the equity holders of the Fund
Balance as at 1 January 2014	13,778,392,208	4,013,118,750	312,558,751	(1,095,093,250)	(2,283,751,148)	14,725,225,311
Comprehensive income for the period						
Loss for the period	-	-	-	-	(543,437,615)	(543,437,615)
Other comprehensive income						
Net change in fair value of available for sale equity investments	-	63,934,905	-	-	-	63,934,905
Deferred tax on other comprehensive income	-	7,817,704	-	-	-	7,817,704
Increase in fair value reserve following the disposal of available for sale equity investments	-	269,157	-	-	-	269,157
Total other comprehensive income	-	72,021,766	-	-	-	72,021,766
Total comprehensive income for the period	-	72,021,766	-	-	(543,437,615)	(471,415,849)
Transactions with owners, recorded directly in equity						
Acquisition of treasury shares	-	-	-	(5,078,103)	-	(5,078,103)
Cancellation of treasury shares	(240,304,801)	-	120,036,218	120,268,583	-	-
Total transactions with owners recorded directly in equity	(240,304,801)	-	120,036,218	115,190,480	-	(5,078,103)
Balance as at 31 March 2014	13,538,087,407	4,085,140,516	432,594,969	(979,902,770)	(2,827,188,763)	14,248,731,359

The notes on pages 31 to 50 are an integral part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2015**

(all amounts are in RON unless otherwise stated)

	3 months ended 31 March 2015	3 months ended 31 March 2014
Cash flows from operating activities		
Disposals/ maturity of treasury bills and bonds	94,533,114	104,261,578
Interest received	999,051	3,325,622
Suppliers and other taxes and fees paid	(25,035,972)	(23,894,488)
Acquisitions of treasury bills and bonds	(9,526,507)	(180,006,139)
Remunerations and related taxes paid	(274,454)	(271,995)
Subscriptions to share capital increase of portfolio companies	(88,350)	-
Realised foreign exchange loss on cash and cash equivalents	(7,676)	(6,534)
Proceeds from sale of equity investments	-	2,998,741
Dividends received (net of withholding tax)	-	9,553
Other receipts, net	64,120	3,759,656
Net cash flows from/ (used in) operating activities	60,663,326	(89,824,006)
Cash flows from financing activities		
Return of capital to shareholders	(599,737)	-
Acquisition of treasury shares	(130,843,593)	-
Dividends paid (including related taxes)	(114,187)	(2,363,004)
Net cash flows used in financing activities	(131,557,516)	(2,363,004)
Net decrease in cash and cash equivalents	(70,894,190)	(92,187,010)
period	116,158,127	237,573,615
Cash and cash equivalents at the end of the period	45,263,937	145,386,605
	31 March 2015	31 March 2014
Cash	1,274,011	1,271,008
Bank deposits with original maturities of less than three months	43,989,926	144,115,597
	45,263,937	145,386,605

The notes on pages 31 to 50 are an integral part of these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

1. General information

Fondul Proprietatea S.A. (referred to as “Fondul Proprietatea” or “the Fund”) is an undertaking for collective investments, in the form of a closed end investment company, established in accordance with Law 247/2005 regarding the reform in property and justice, as well as certain adjacent measures, as subsequently amended (“Law 247/2005”) and registered in Bucharest on 28 December 2005. The address of the Fund’s registered office is 78 - 80, Buzești Street, 7th Floor, District 1, Bucharest.

The Fund undertakes its activities in accordance with Law 247/2005, Law 297/2004 regarding the capital market, as subsequently amended (“Law 297/2004”), and Law 31/1990 regarding companies, republished as subsequently amended (“Law 31/1990”) and it is an entity regulated and monitored by the Financial Supervisory Authority (“FSA”), former National Securities Commission (“CNVM”).

In accordance with its Constitutive Act, the main activity of the Fund is the management and administration of its portfolio.

The Fund was established to allow the payment in shares equivalent of compensations in respect of abusive expropriations undertaken by the Romanian State during the communist period, when properties were not returned in kind.

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch (“Fund Manager” or “FTIML”) was appointed on 29 September 2010 as the Fund Manager and Sole Director of the Fund and the mandate was renewed on 30 September 2014 for two years.

Starting 25 January 2011, Fondul Proprietatea is a listed company on the spot regulated market managed by the Bucharest Stock Exchange in Tier I shares of the Equity Sector of the market (renamed starting 5 January 2015 as Premium Tier shares), under ISIN number ROFPTAACNOR5 with the market symbol “FP”.

These condensed interim financial statements for the three month period ended 31 March 2015 are not audited.

2. Basis of preparation

(a) Statement of compliance

According to the FSA Instruction no. 2/ 06.08.2014 (“Instruction no. 2/2014”), starting 1 January 2015 the entities authorised, regulated and monitored by the FSA – Financial Investments and Instruments Sector, including Fondul Proprietatea, are required to apply International Financial Reporting Standards as adopted by European Union (“IFRS”) as official accounting regulation. As a result, starting the financial year 2015, the Fund has adopted IFRS as official basis of accounting.

These condensed interim financial statements for the three month period ended 31 March 2015 have been prepared in accordance with *IAS 34 Interim financial reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, prepared in accordance with IFRS.

Due to the application of the *Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities)* starting 1 January 2014, being an investment entity, the Fund no longer consolidates its subsidiaries and in consequence, the Fund no longer prepares consolidated financial statements, the separate financial statements being Fund’s only financial statements.

(b) Basis of measurement

The condensed interim financial statements have been prepared on the fair value basis for the main part of the Fund’s assets, respectively equity investments, treasury bills and short-term government bonds, and on historical cost or amortised cost basis for the rest of the items included in the condensed interim financial statements.

(c) Functional and presentation currency

These condensed interim financial statements are presented in Romanian Lei (RON), which is the Fund’s functional currency. All financial information presented in RON has been rounded to the nearest unit.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

2. Basis of preparation (continued)**(d) Use of estimates**

The preparation of the condensed interim financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant impact on the amounts recognised in the condensed interim financial statements is included in the following notes:

- Note 6 – Operating expenses;
- Note 8 – Equity investments;
- Note 9 – Deferred tax assets;
- Note 10 – Other liabilities;
- Note 12 – Contingencies.

3. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Fund's financial statements as at and for the year ended 31 December 2014 and have been applied consistently to all periods presented in these condensed interim financial statements.

Starting from 2014, the Fund applied the *Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities)* (the "Amendments"), being classified as an investment entity. As a result, the Fund changed its accounting policies for investments in subsidiaries and associates, classifying and measuring them at fair value through profit or loss, while all the other equity investments of the Fund were classified as available for sale financial assets with the changes in fair value recognised in other comprehensive income (equity).

Comparative financial information

During 2014, the Fund issued condensed interim IFRS financial statements for informative purposes. In those informative condensed interim financial statements all Fund's equity investments were classified and measured at fair value through profit or loss, the comparative information being restated accordingly.

Following the changes in local accounting legislation, according to the Instruction no. 2/2014 issued by FSA in August 2014, starting 1 January 2015 International Financial Reporting Standards as adopted by the European Union are the official accounting regulation of the Fund for both accounting and fiscal basis.

In this context, the classification and measurement of the equity investments of the Fund were reconsidered for the preparation of the annual financial statements for the year ended 31 December 2014, and, maintaining the initial classification and valuation of other equity investments (other than subsidiaries and associates), as reported in the previously published annual IFRS financial statements (as available for sale financial assets) was considered the most appropriate option.

As a result, for consistency with the current period (three month period ended 31 March 2015), the comparative information for the three month period ended 31 March 2014 were restated accordingly.

Also, for the three month period ended 31 March 2014 the Fund reclassified certain items in the Statement of Comprehensive Income, in order to be consistent with current period presentation.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

4. Financial assets and financial liabilities**Accounting classifications and fair values**

The table below presents the carrying amounts and fair values of the Fund's financial assets and financial liabilities:

	Loans and receivables	Available for sale	At fair value through profit or loss	Other amortised cost	Total carrying amount	Fair value
31 March 2015						
Cash and current accounts	1,274,011	-	-	-	1,274,011	1,274,011
Deposits with banks	43,992,332	-	-	-	43,992,332	43,992,332
Treasury bills	-	77,743,175	-	-	77,743,175	77,743,175
Government bonds	-	32,193,416	-	-	32,193,416	32,193,416
Equity investments	-	8,330,990,284	4,115,661,781	-	12,446,652,065	12,446,652,065
Other receivables	10,282,984	-	-	-	10,282,984	10,282,984
Other liabilities	-	-	-	(45,439,112)	(45,439,112)	(45,439,112)
	55,549,327	8,440,926,875	4,115,661,781	(45,439,112)	12,566,698,871	12,566,698,871
31 December 2014						
Cash and current accounts	6,879,129	-	-	-	6,879,129	6,879,129
Deposits with banks	109,424,930	-	-	-	109,424,930	109,424,930
Treasury bills	-	162,839,401	-	-	162,839,401	162,839,401
Government bonds	-	31,749,581	-	-	31,749,581	31,749,581
Equity investments	-	8,335,790,680	4,591,866,101	-	12,927,656,781	12,927,656,781
Other receivables	9,438,338	-	-	-	9,438,338	9,438,338
Other liabilities	-	-	-	(52,794,086)	(52,794,086)	(52,794,086)
	125,742,397	8,530,379,662	4,591,866,101	(52,794,086)	13,195,194,074	13,195,194,074

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

5. Net loss from equity investments at fair value through profit or loss

	3 months ended 31 March 2015	3 months ended 31 March 2014
Unrealised net loss from equity investments	476,204,320	431,316,631
Total	476,204,320	431,316,631

The net loss from equity investments at fair value through profit or loss for the first three months of 2015 and 2014 was unrealised and was mainly generated by the negative net change in the fair value for the holding in OMV Petrom, due to negative evolution of the share price of the shares of this company. No realised net gain or loss from equity investments at fair value through profit or loss was recorded in the three month periods ended 31 March 2015 and 31 March 2014.

6. Operating expenses

	3 months ended 31 March 2015	3 months ended 31 March 2014
Investment management and administration fees	14,061,723	13,217,704
Financial Supervisory Authority monthly fees	2,925,317	3,663,439
Depositary fee	347,950	438,701
Remunerations and related taxes	275,268	272,550
Intermediaries fees related to disposal of portfolio holdings	-	179,981
Third party services	2,987,738	2,840,640
Other operating expenses	306,681	1,508,223
	20,904,677	22,121,238

Investment management and administration fees increased in the first quarter of 2015 as compared to the first quarter of 2014 in line with the increase of the Fund's share price upon which these fees are based. The increase was also generated by the change in the base fee rate to 0.60% per year, effective from September 2014 (when the new Investment Management Agreement entered into force) from the previous level of 0.479% per year (out of which investment management fee was 0.379% and the administration fee was 0.10%) and by the distribution fees which were accrued starting on 20 March 2015, when the Amendment no 2 to the new Investment Management Agreement was partially endorsed by the FSA. The investment management and administration fees are invoiced and paid on quarterly basis.

Financial Supervisory Authority monthly fees slightly decreased, mainly due to the decrease of the FSA fee rate from 0.1% per year to 0.0936% per year (i.e. 0.0078% per month) and to the decrease of the Fund's total NAV on which these fees are based.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

7. Income tax expense

	3 months ended 31 March 2015	3 months ended 31 March 2014
Current tax expense		
Current tax (16%)	-	(4,346,232)
	<u>-</u>	<u>(4,346,232)</u>
Deferred tax related to:		
Equity investments	(152,678,949)	(7,817,704)
Fiscal loss used	-	(342,189)
	<u>(152,678,949)</u>	<u>(8,159,893)</u>
Income tax expense	<u><u>(152,678,949)</u></u>	<u><u>(12,506,125)</u></u>

The effective tax rate used to calculate the deferred tax position of the Fund was 16% (standard tax rate).

	3 months ended 31 March 2015	3 months ended 31 March 2014
Reconciliation of effective tax rate		
Loss for the period	(668,673,124)	(543,437,615)
Income tax expense	(152,678,949)	(12,506,125)
Loss excluding income tax	<u>(515,994,175)</u>	<u>(530,931,490)</u>
Income tax using the standard tax rate (16%)	82,559,068	84,949,038
Effect of:		
Gain on cancellation of treasury shares (taxable equity item)	(17,007,926)	(19,205,795)
Fiscal impact of the transition to IFRS	441,897,392	-
Non-taxable income	2,975	81,535
Non-deductible expenses	(18,837)	(95,563)
Impact of non-recognition of deferred tax on fiscal loss	(507,432,672)	-
Reversal of deferred tax previously recognised	(152,678,949)	-
Impact of non-recognition of deferred tax on change in fair value of equity investments	-	(78,235,340)
Income tax expense	<u><u>(152,678,949)</u></u>	<u><u>(12,506,125)</u></u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

7. Income tax expense (continued)

	3 months ended 31 March 2015	3 months ended 31 March 2014
Income tax recognised directly in equity:		
On equity investments carried at fair value	-	7,817,704

Please see note 9 for details regarding deferred tax computation and recognition.

8. Equity investments

The equity investments of the Fund are classified as financial assets at fair value through profit or loss (respectively Fund's associates and subsidiaries) and financial assets available for sale (all the other equity investments).

The equity investments classified as financial assets at fair value through profit or loss are valued:

- Either at fair value, determined by reference to published bid price quotations on the stock exchange where shares are traded (listed and liquid securities), or assessed by independent valuers, using valuation techniques in accordance with International Valuation Standards (unlisted securities);
- Or at values considered to be equivalent to fair values, being the values used in the calculation of the net asset value of the Fund, determined in accordance to the regulations issued by the FSA/CNVM (listed but illiquid securities and unlisted securities for which fair values assessed by independent valuers were not available).

The equity investments classified as financial assets available for sale are valued:

- Either at fair value, determined by reference to published bid price quotations on the stock exchange where shares are traded (listed and liquid securities), or assessed by independent valuers, using valuation techniques in accordance with International Valuation Standards (unlisted securities);
- Or, at values considered to be equivalent to fair values, being the values used in the calculation of the net asset value of the Fund, determined in accordance to the regulations issued by the FSA/CNVM (listed but illiquid securities and unlisted securities for which fair values assessed by independent valuers were not available at that date).

The movement in the carrying amounts of equity investments in the first quarter of 2015 and the first quarter of 2014 is presented below:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

8. Equity investments (continued)

	Equity investments at fair value through profit or loss	Equity investments available for sale	Total equity investments
1 January 2015	4,591,866,101	8,335,790,680	12,927,656,781
Impairment losses	-	(20,130,037)	(20,130,037)
Net change in fair value of available for sale equity investments (recorded in other comprehensive income)	-	15,329,641	15,329,641
Net loss from equity investments at fair value through profit or loss	(476,204,320)	-	(476,204,320)
31 March 2015	4,115,661,781	8,330,990,284	12,446,652,065
	Equity investments at fair value through profit or loss	Equity investments available for sale	Total equity investments
1 January 2014	5,127,828,720	9,184,400,405	14,312,229,125
Equity investments classified as investments in associates starting 2014	76,049,556	(76,049,556)	-
Disposals	-	(125,251,019)	(125,251,019)
Impairment losses	-	(70,193,218)	(70,193,218)
Return of share capital by portfolio companies	(3,748,754)	-	(3,748,754)
Net change in fair value of available for sale equity investments (recorded in other comprehensive income)	-	63,934,905	63,934,905
Net loss from equity investments at fair value through profit or loss	(431,316,631)	-	(431,316,631)
31 March 2014	4,768,812,890	8,976,841,517	13,745,654,408

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

8. Equity investments (continued)
Impairment losses

The equity investments for which the Fund recorded impairment losses were the following:

Company	3 months ended 31 March 2015	3 months ended 31 March 2014
Nuclearelectrica S.A.	12,059,688	49,883,253
Alro S.A.	8,017,319	-
SIFI CJ Agro S.A.	53,030	-
BRD - Groupe Societe Generale S.A.	-	20,309,965
Total	20,130,037	70,193,218

The structure of the Fund's portfolio was the following:

	31 March 2015	31 December 2014
Equity investments at fair value through profit or loss		
OMV Petrom S.A.	3,908,616,886	4,389,528,460
Societatea Nationala a Sarii S.A.	142,882,000	142,882,000
Zirom S.A.	39,338,000	39,338,000
Primcom S.A.	14,757,124	12,345,176
Other	10,067,771	7,772,465
	4,115,661,781	4,591,866,101

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

8. Equity investments (continued)

Equity investments available for sale	31 March 2015	31 December 2014
Hidroelectrica S.A.	2,178,094,000	2,178,094,000
Romgaz S.A.	1,350,930,748	1,362,879,066
Enel Distributie Banat S.A.	640,491,000	640,491,000
Enel Distributie Muntenia S.A.	465,769,000	465,769,000
GDF Suez Energy Romania	461,321,000	461,321,000
E.ON Distributie Romania S.A.	441,456,000	441,456,000
Enel Distributie Dobrogea S.A.	396,895,000	396,895,000
CN Aeroporturi Bucuresti S.A.	332,286,000	332,286,000
Electrica Distributie Muntenia Nord S.A.	235,600,000	235,600,000
BRD - Groupe Societe Generale S.A.	234,833,968	222,140,240
Nuclearelectrica S.A.	200,081,181	212,140,869
Electrica Distributie Transilvania Sud S.A.	206,500,000	206,500,000
Electrica Distributie Transilvania Nord S.A.	201,600,000	201,600,000
Banca Transilvania S.A.	157,648,094	143,234,554
E.ON Energie Romania S.A .	133,900,000	133,900,000
Administratia Porturilor Maritime S.A.	132,594,000	132,594,000
Electrica Furnizare S.A.	126,368,000	126,368,000
Complexul Energetic Oltenia S.A.	108,474,000	108,474,000
Alro Slatina S.A.	76,528,950	84,546,268
Enel Energie S.A.	74,377,000	74,377,000
Enel Energie Muntenia S.A.	65,144,000	65,144,000
Posta Romana S.A.	55,896,000	55,896,000
Other	54,202,343	54,084,683
	8,330,990,284	8,335,790,680
Total equity investments	12,446,652,065	12,927,656,781

None of the equity investments are pledged as collateral for liabilities.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

8. Equity investments (continued)
Fair value hierarchy

The table below presents the equity investments carried at fair value, by valuation method.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement, the different levels being defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 March 2015:

	Level 1	Level 2	Level 3	Total
Equity investments	5,931,933,071	-	6,443,756,000	12,375,689,071
Treasury bills	77,743,175	-	-	77,743,175
Government bonds	32,193,416	-	-	32,193,416
	6,041,869,662	-	6,443,756,000	12,485,625,662

As at 31 December 2014:

	Level 1	Level 2	Level 3	Total
Equity investments	6,417,755,342	-	6,443,756,000	12,861,511,342
Treasury bills	162,839,401	-	-	162,839,401
Government bonds	31,749,581	-	-	31,749,581
	6,612,344,324	-	6,443,756,000	13,056,100,324

The level in the fair value hierarchy within which the fair value measurement is categorised, is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that financial instrument is classified in Level 3. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset. The assessment of what constitutes observable requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For all Level 3, the equity investments valuation was performed by independent valuers, based on financial information provided by the Fund, using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs, under the supervision and review of the Fund's Management, who ensures that all underlying data used in the report is accurate, and appropriate inputs are used in the valuation.

As the valuation reports were prepared as at 30 September 2014, based on financial information available for the companies under valuation as at the respective date, the Fund's Management has analysed, based on the available information, the period between the date of the valuation reports and the reporting date (31 March 2015). There was no information known or available to the Fund's management which may have significant impact on the fair values of the equity investments as at the reporting date, as they are presented in these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

8. Equity investments (continued)

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties to the extent that the Fund believes that a third party market participant would take into account these factors in pricing a transaction.

As a result of strong volatility in the capital market and severe restrictions in the credit markets both globally and in Romania, notwithstanding any potential economic stabilisation measures that may be put into place by the Romanian State, economic uncertainties arose surrounding the continual availability and cost of credit for the Fund's counterparties, future development of the market and demand for goods and services they produce.

The economic uncertainties are expected to continue in the foreseeable future and, as a consequence, there is a possibility that assets of the Fund are not recovered at their carrying amount in the ordinary course of business. A corresponding impact on the Fund's profitability cannot be estimated reliably as of the date of these condensed interim financial statements.

For the equity investments classified under Level 1, the Fund had sufficient available information with respect to active markets, with sufficient trading volume for accurate price discovery.

As at 31 March 2015, the equity investments included equity investments valued at values used in the calculation of the net asset value of the Fund as at that date, determined in accordance to the regulations issued by the FSA/CNVM, in amount of RON 70,962,994 (31 December 2014: RON 66,145,439).

As at 31 March 2015, unlisted equity investments with a carrying amount of RON 6,443,756,000 (31 December 2014: RON 6,443,756,000) were classified into Level 3 of the fair value hierarchy. Out of this, an amount of RON 2,836,777,204 represents the total net change in fair value recognised in equity (other comprehensive income) as at 31 March 2015 (31 December 2014: RON 2,836,777,204). The fair values for these equity investments were assessed by independent valuers, using valuation methods in accordance with International Valuation Standards.

The following table sets out information about significant unobservable inputs used at 31 March 2015 and 31 December 2014 in measuring equity instruments categorised as Level 3 in the fair value hierarchy:

Financial assets	Fair value as at 31 March 2015	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Total	6,443,756,000			
Unlisted equity instruments	6,094,675,000	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 3.88 to 9.36 Discount for lack of marketability: 15% or 20%	The higher EBITDA multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	108,474,000	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 1 Discount for lack of marketability: 20%	The higher Revenue multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	240,607,000	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 12.17% to 16.26%. Discount for lack of marketability ranging from 0% to 15%. Discount for lack of control ranging from 0% to 20%. Long-term revenue growth rate ranging from 1.5% to 2.5%	The lower the weighted average cost of capital, the higher the fair value. The lower discount for lack of marketability, the higher the fair value. The lower discount for lack of control, the higher the fair value. The higher the long-term revenue growth rate, the higher the fair value.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

8. Equity investments (continued)

Financial assets	Fair value as at 31 December 2014	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Total	6,443,756,000			
Unlisted equity instruments	6,094,675,000	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 3.88 to 9.36 Discount for lack of marketability: 15% or 20%	The higher EBITDA multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	108,474,000	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 1 Discount for lack of marketability: 20%	The higher Revenue multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	240,607,000	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 12.17% to 16.26%. Discount for lack of marketability ranging from 0% to 15%. Discount for lack of control ranging from 0% to 20%. Long-term revenue growth rate ranging from 1.5% to 2.5%	The lower the weighted average cost of capital, the higher the fair value. The lower discount for lack of marketability, the higher the fair value. The lower discount for lack of control, the higher the fair value. The higher the long-term revenue growth rate, the higher the fair value.

Significant unobservable inputs are the following:

Revenue multiple: is a tool used to appraise businesses based on market comparison to similar public companies. Revenue based business value estimation may be preferred to earnings multiple valuation whenever there is uncertainty or doubt regarding some of the company's expenses. The most common tendency is to value a firm based on its sales whenever this number is the most direct indication of the company's earning capacity.

EBITDA multiple: represents the most relevant multiple used when pricing the investments and it is calculated using information from comparable public companies (similar geographic location, industry size, target markets and other factors that valuers consider to be reasonable). The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

Discount for lack of marketability: represents the discount applied to the comparable market multiples to reflect the liquidity differences between a portfolio company relative to the comparable peer group. Valuers estimate the discount for lack of marketability based on professional judgement after considering market liquidity conditions and company-specific factors.

Discount for lack of control: represents the discount applied to reflect the absence of the control power and it was considered under the discounted cash flow method, in order to derive the value of a minority shareholding in the equity of the subject companies.

Weighted average cost of capital: represents the calculation of a company's cost of capital in nominal terms (including inflation), based on the "Capital Asset Pricing Model". All capital sources – shares, bonds and any other long-term debts - are included in a weighted average cost of capital calculation.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015
(all amounts are in RON unless otherwise stated)

9. Deferred tax assets

	31 March 2015	31 December 2014
<i>Temporary differences - deductible</i>		
On equity investments	-	954,243,433
Recognised deferred tax asset at 16%	-	152,678,949

The effective tax rate used to calculate the deferred tax position of the Fund was 16% (standard tax rate).

The recognition of deferred tax assets as at 31 December 2014 in amount of RON 152,678,949 has been made based on the Fund's assessment regarding the recoverability of such deferred tax asset position out of future taxable profit of the Fund, in accordance with the Romanian fiscal legislation applicable at that date.

As at 31 December 2014, the Fund recognised only the net deferred tax asset generated by the equity investments at fair value through profit or loss, considering that the negative changes in the fair value of these equity investments (tax deductible expenses) are due to temporary market conditions and are expected to be reversible in the foreseeable future, and, consequently, will be offset by future positive changes in fair value (taxable income).

In the first quarter of 2015, the Fund reversed the deferred tax assets recorded as at 31 December 2014, for prudence reasons, due to the fact that, even if starting 1 January 2015, the FSA Instruction no 2/2014 stating IFRS as official accounting regulations for entities authorised, regulated and monitored by FSA is in force, FSA announced in February 2015 its intention (and FSA Board approved) to postpone the adoption of IFRS as official basis of accounting (and fiscal basis) to 1 January 2016. The final regulation in this respect has not been published in the Official Gazette of Romania.

As at 31 March 2015, no deferred tax asset was recognised by the Fund.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

10. Other liabilities

	31 March 2015	31 December 2014
Investment Management and Administration fees	14,061,723	16,064,203
Provision for litigations	11,449,209	11,397,683
Payable to shareholders related to the return of capital	10,835,167	11,434,904
Prior years dividends payable	5,842,091	5,455,306
Financial Supervisory Authority fees	1,068,207	1,164,865
Payables related to treasury shares under settlement	534,771	3,468,114
Other liabilities	1,647,944	3,809,011
	<u>45,439,112</u>	<u>52,794,086</u>

The provisions for litigations are related to the legal case started by World Trade Center București S.A. against the Fund in August 2013, requesting the Fund to pay back the amounts recovered from the enforcement procedure against this company during 2010 and 2011 and to pay the related legal interest.

11. Shareholders' equity**(a) Share capital**

As at 31 March 2015, the subscribed share capital was RON 11,575,064,733.65 (31 December 2014: RON 11,815,279,886.85) representing 12,184,278,667 shares (31 December 2014: 12,437,136,723 shares) with a nominal value of RON 0.95 per share (31 December 2014: RON 0.95 per share), out of which 363,812,350 shares were unpaid (31 December 2014: 363,812,350 unpaid shares).

During first quarter of 2015, the paid-up share capital of the Fund decreased by RON 240,215,153 following the cancellation of 252,858,056 treasury shares acquired by the Fund in the third buyback programme carried on in 2014.

Unpaid share capital represents the net value of certain contributions due to the Fund by the Romanian State represented by the Ministry of Public Finance, as shareholder that were recorded in previous years as paid-up share capital (based on Law 247/2005). Holders of unpaid shares are not entitled to vote or to receive dividends.

As at 31 March 2015, the Romanian State's share in the Fund's issued share capital was 3.02% (31 December 2014: 2.96%) and the share in the Fund's paid-up share capital was of only 0.04% (31 December 2014: 0.04%).

(b) Fair value reserve on available for sale financial assets

The fair value reserve of RON 4,035,685,113 as at 31 March 2015 (31 December 2014: RON 4,020,355,472) comprised the cumulative net change in the fair value of available for sale financial assets until the investments are derecognised or impaired.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

11. Shareholders' equity (continued)**(c) Treasury shares*****The third buyback programme***

At the General Shareholders' Meeting ("GSM") in November 2013, the shareholders approved a third buyback programme: the Fund Manager was authorised to repurchase a maximum number of 252,858,056 shares or 1.89% of the paid-up share capital, within 18 months starting the date when the shareholders' resolution is published in the Official Gazette, within the price range of RON 0.2 per share to RON 1.5 per share to be cancelled upon completion of the buyback programme. The execution of the third buyback programme started on 25 March 2014 and until 23 July 2014, all 252,858,056 treasury shares were acquired, at a total acquisition value, including transaction costs, of RON 205,784,683. In the 23 September 2014 General Shareholders' Meeting, the shareholders approved the decrease of the subscribed share capital of the Fund through the cancellation of the treasury shares acquired by the Fund in the third buyback programme. The cancellation of the treasury shares acquired within this buyback programme was effective on 27 January 2015 when it was endorsed by the FSA.

The fourth buyback programme

In the 28 April 2014 Annual General Shareholders' Meeting, the shareholders approved the fourth buyback programme, for a maximum number of 990,855,616 shares or 10% of the issued share capital at the relevant time, whichever is the lesser, starting with the date when the third buyback programme is completed. As with previous buyback, the programme can be executed within 18 months starting the date when the shareholders' resolution is published in the Official Gazette of Romania. The buyback shall be performed at a price that cannot be lower than RON 0.2 per share or higher than RON 2 per share and the repurchased shares will be cancelled. The execution of the fourth buyback programme started on 1 October 2014 and until 4 February 2015, all 990,855,616 treasury shares were acquired, at a total acquisition value, including transaction costs, of RON 1,060,874,423. The shareholders of the Fund approved the cancellation of the shares repurchased during this buyback programme in the 27 April 2015 General Shareholders' Meeting.

The fifth buyback programme

In the 19 November 2014 General Shareholders' Meeting, the shareholders approved the fifth buyback programme, that refers to the acquisition of a maximum number of 227,572,250 shares or 10% of the subscribed share capital at the relevant time, whichever is the lesser, starting with the date when the share capital decrease approved through Extraordinary General Shareholders' Meeting ("EGM") Resolution on 23 September 2014 (regarding the cancellation of the shares purchased by the Fund during the third buyback programme) is effective. The buyback programme will be carried out until August 2016 and is subject to the availability of the necessary cash. The buyback shall be performed at a price that cannot be lower than RON 0.2 per share or higher than RON 2 per share and the purchased shares will be cancelled. The execution of the fifth buyback programme started on 10 February 2015 and until 31 March 2015, 61,773,099 treasury shares were acquired, at a total acquisition value, including transaction costs, of RON 53,421,731.

(d) Return of capital to shareholders

At the 21 January 2015 General Shareholders' Meeting, the Fund's shareholders approved the return to shareholders of RON 0.05 per share, following the share capital decrease through the reduction of the nominal value of Fund's share from RON 0.95 to RON 0.90. The shareholders resolution was published in the Romanian Official Gazette on 4 February 2015 and the endorsement by the FSA of the new Constitutive Act reflecting the share capital decrease is expected to be received in May 2015. The shareholders registered in the shareholders' registry with the Central Depository on 24 June 2015 have the right to receive RON 0.05 per share, proportionally with their participation to the paid-up share capital of the Fund. The payment is expected start on 29 June 2015.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

11. Shareholders' equity (continued)

(e) Dividends

In June 2014, the FSA has issued the Endorsement no.71/19.06.2014, which states the fact that the methodology for net asset value computation in accordance with CNVM Regulation 4/2010, as subsequently amended, shall not be applied in the context of the requirements of article 69 in Law 31/1990. The FSA has also clarified that the Endorsement is applicable prospectively from the date of its official publication, respectively 19 June 2014.

According to this Official interpretation of the FSA regarding the computation of Fund 'net asset value', dividend distributions cannot be made to shareholders at the present time because the Fund's shareholders' equity computed in accordance with Romanian accounting regulations (CNVM Regulation 4/2011, as subsequently amended), of RON 9,339,030,996 as at 31 December 2014 is lower than the share capital of the Fund of RON 11,815,279,887 as at 31 December 2014.

The Fund Manager remains committed to ensuring annual cash distributions to the Fund's shareholders, based on the compliance with the applicable regulations. The Fund Manager has already recommended, and the shareholders have approved (on 21 January 2015), a cash distribution of RON 0.05 per share via the decrease of the share capital through the reduction of the nominal value of the Fund's shares. Based on current understanding of Romanian tax law, no Romanian tax will arise for the Fund or its shareholders on this distribution. For details, please see note 11 (d) above.

12. Contingencies

1. Litigations

As at 31 March 2015 the Fund was involved in certain litigations, either as defendant or claimant. According to the requirements of the IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*" the Fund has disclosed in these condensed interim financial statements those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

- Some minority shareholders of the Fund (acting individually) have filed litigations against the Fund on various grounds, including some seeking the cancellation of certain resolutions of the General Shareholders' Meeting and others seeking to block the registration of some resolutions with the Trade Register. These litigations are at various stages of process within the Romanian Court system and updates are frequently reported by Management through the Bucharest Stock Exchange news system.
- In one of these cases, on 10 October 2012 the Bucharest Court of Appeal rejected the appeal filed by the Fund and upheld the decision of the Bucharest Court to partly admit a claim to annul certain resolutions from the 6 September 2010 GSM relating to (inter alia) approval of a new Constitutive Act and the first appointment of FTIML as the administrator of the Fund.

These decisions are irrevocable and they were implemented by Trade Register, without any changes in the Management of the Fund considering that:

- the version of the Constitutive Act to which the Court decision relates is not the one currently in force, as new changes and versions of the Constitutive Act were adopted by the Fund's shareholders with vast majority during the 29 November 2010 GSM, the 23 November 2011 GSM, the 4 April 2012 GSM, the 23 November 2012 GSM, the 25 April 2013 GSM, the 22 November 2013 GSM, 3 February 2014 GSM, 28 April 2014 GSM, 23 September 2014 GSM, 19 November 2014 GSM and 21 January 2015 GSM;
- new resolutions passed during the 25 April 2012 GSM, 23 November 2012 GSM, 25 April 2013 GSM, 22 November 2013 GSM, 3 February 2014 GSM, 28 April 2014 GSM, 23 September 2014 GSM, 19 November 2014 GSM and 21 January 2015 GSM specifically ratified and re-approved the objects of all the resolutions to which this Court decision relates (these resolutions were proposed by a shareholder and approved with a significant majority).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

12. Contingencies (continued)

Therefore, FTIML as the Fund Manager of Fondul Proprietatea is liable to observe the current Constitutive Act and the shareholders' resolutions in force, and consequently will continue to manage the Fund in accordance with these and with the Investment Management Agreement in force.

In June 2014, in another case started by the Fund against the same shareholder the court confirmed her circumstantiated abuse of procedural rights against the Fund. Also, there are several court decisions confirming the fact that this shareholder did not prove a legitimate interest to promote certain annulment actions, and in one of these cases the decision is final – the Bucharest Court of Appeal issued the final decision in November 2014. In other files in December 2014 and February 2015 the Bucharest Court of Appeal issued irrevocable decisions maintaining as legal and valid the shareholders' resolutions approved by shareholders in November 2012, April and November 2013, which were challenged initially in these files.

The outcome of the ongoing cases cannot be determined with certainty at this stage; however, the Fund Manager intends to defend the interests of the Fund and its shareholders in all these cases in accordance with the applicable laws.

2. Other contingencies of the Fund included the receivables from World Trade Center București S.A. as follows:

Title II, Article 4 of Government Emergency Ordinance 81/2007 stipulates the transfer from the Authority for State Assets Recovery ("AVAS") to the Fund of receivables from World Trade Center București S.A. amounting to USD 68,814,198 (including the original principal and related interest and penalties) on 29 June 2007.

Until 31 March 2015, the Fund recovered from World Trade Center București S.A., USD 510,131, EUR 148,701, RON 8,724,888. Given the uncertainties regarding the recoverability of the amounts due by World Trade Center București S.A., the above amounts were recognised on receipt basis in the Fund's financial statements.

In August 2013, World Trade Center București S.A. filed a claim against the Fund asking to pay back the amounts received through the enforcement procedure during 2010 and 2011 (EUR 148,701, USD 10,131 and RON 8,829,663). The amounts recovered from the enforcement procedure were originally accounted for by the Fund as contributions of Ministry of Public Finance to the share capital of the Fund, decreasing the receivable related to the unpaid capital.

Consequently, these amounts are to be recovered by the Fund from the Ministry of Public Finance (being accounted for as a receivable over this shareholder of the Fund, for which an impairment adjustment was recorded), while the legal interest was recorded as an expense with provisions for litigations. The next hearing in front of Bucharest Court for this file was set for 19 June 2015.

Currently, World Trade Center București S.A. is the object of insolvency procedure, but the Fund is not a party in this file, while the Ministry of Public Finance is a party in accordance with article IV of Law no. 10/2015 *"Beginning with the date when this law is in force the receivable mentioned at article 4 of Title II from Emergency Ordinance of the Government no. 81/2007 [...] will be transferred from Fondul Proprietatea to Ministry of Public Finance together with additional interests"*.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

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13. Related parties

(a) Key management

	3 months ended 31 March 2015	3 months ended 31 March 2014
Remunerations		
Members of the Board of Nominees	225,000	225,000

There were no loans to or other transactions between the Fund and the members of the Board of Nominees in 2015 or in 2014.

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch is both the Fund Manager and Sole Director of the Fund.

The transactions carried between the Fund and Fund Manager were the following:

	3 months ended 31 March 2015	3 months ended 31 March 2014
Transactions		
Investment management and administration fees	14,061,723	13,217,704
Rental expense	16,812	26,703
Operating cost	5,938	5,410
	<u>14,084,473</u>	<u>13,249,817</u>

During the first quarter of 2015, the Fund recorded also an amount of RON 275,624 representing expenses incurred by the Fund Manager on its behalf (31 March 2014: RON 481,974). These expenses were primarily related to promotional activities for the Fund (investor relations). The recharge of these expenses to the Fund followed the provisions of the Investment Management Agreement and was subject to Board of Nominees' approval.

As at 31 March 2015, the Fund owed an amount of RON 14,288,674 to the Fund Manager (31 December 2014: RON 17,189,421).

There are no other elements of compensation for key management.

(b) Subsidiaries

The Fund had the following subsidiaries, all of which are incorporated in Romania:

	31 March 2015	31 December 2014
Ownership interest		
Alcom S.A.	72%	72%
Comsig S.A.	70%	70%
Primcom S.A.	76%	69%
Zirom S.A.	100%	100%

On 13 February 2015, Primcom S.A. finalised the registration within the Romanian Central Depository of its share capital decrease by RON 19,237 through the cancellation of 192,372 shares according with the resolution of the General Shareholders' Meeting held on 17 July 2014. The number of shares owned by Fondul Proprietatea in Primcom S.A., respectively 1,427,188 shares did not change, but the holding percentage increased from 69% to 76%.

In January 2014, Primcom S.A. performed a capital return to its shareholders following the decrease of its share capital by reducing the nominal value of the shares from RON 2.5 per share to RON 0.1 per share.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

13. Related parties (continued)
(b) Subsidiaries (continued)

The fair value of investments in subsidiaries is presented in the below table:

	31 March 2015	31 December 2014
Alcom S.A.	6,695,281	4,399,976
Comsig S.A.	1,538,490	1,538,490
Primcom S.A.	14,757,124	12,345,176
Zirom S.A.	39,338,000	39,338,000
	<u>62,328,895</u>	<u>57,621,642</u>

As at 31 March 2015, the Fund has no commitment or intention to provide financial or other support to its subsidiaries, including commitments or intentions to assist the subsidiaries in obtaining financial support. Also, no financial or other support was provided by the Fund during the reporting periods.

As at 31 March 2015 and 31 December 2014, there is no restriction on the ability of any of the subsidiaries to transfer funds to Fondul Proprietatea in any form of distributions.

During first quarter of 2015, the Fund did not carry out any transaction with its subsidiaries.

(c) Associates

As at 31 March 2015 and 31 December 2014, the Fund had three associates, all of them incorporated in Romania:

	31 March 2015	31 December 2014
Ownership interest		
OMV Petrom S.A.	19%	19%
Societatea Nationala a Sarii S.A.	49%	49%
Plafar S.A.	49%	49%

The Fund did not carry out any transactions with its associates during the first quarter of 2015 and during the first quarter of 2014.

14. Subsequent events
27 April 2015 GSM Decisions

The main decisions of the shareholders at the 27 April 2015 GSM were the following:

- The approval of the decrease of the subscribed share capital of the Fund, pursuant to the cancellation of 990,855,616 shares acquired by the Fund during the fourth buyback programme;
- The approval of the authorisation of the sixth buyback programme for a maximum number of (i) 891,770,055 shares or the equivalent global depositary receipts (“GDR”) or depositary interests corresponding to shares of the Fund or (ii) 10% of the issued share capital at the relevant time, whichever is the lesser.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(all amounts are in RON unless otherwise stated)

14. Subsequent events (continued)

- The approval of the amended Investment Policy Statement;
- The approval of the Annual Activity Report of the Sole Administrator of Fondul Proprietatea for the financial year 2014, including the financial statements for the year ended on 31 December 2014 prepared in accordance with the Romanian Accounting Regulations, the approval of the auditor's report and the discharge of Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch for any liability for its administration during 2014;
- The approval of the net profit allocation for the financial year 2014;
- The approval of the revised secondary listing budget.

Secondary listing

On 21 January 2015, the Fund's General Meeting of Shareholders approved a new mandate to list the Fund on the London Stock Exchange by 10 July 2015. The Fund's secondary listing through GDR successfully took place on 29 April 2015. The Bank of New York Mellon has been appointed by the Fund to act as depositary bank in relation to the GDR facility.

The GDR facility is limited to one-third of the Fund's issued share capital under the Romanian securities regulations, or 81,228,524 GDRs, each GDR representing 50 shares, and the currency of the GDRs is US dollars.

Updates on the Shares Cancellation

During the EGM held on 27 April 2015 shareholders approved the decrease of the share capital through the cancellation of 990,855,616 shares repurchased by the Fund during the fourth buyback programme. The shareholders resolution was published in Official Gazette on 12 May 2015. The share capital decrease will be effective after the endorsement by the FSA of the new Constitutive Act that it is expected soon after 15 July 2015.

Updates on the change of legislation regarding the Fund's activity

A law implementing Directive 2011/61/EU on alternative investment fund managers ("AIFM Directive") was published in the Official Gazette of Romania on 23 April 2015. The law will enter into force within 30 days as of its publication in the Official Gazette of Romania. At this stage it is still unclear whether the Fund will qualify as an Alternative Investment Fund ("AIF") under the Romanian law implementing the AIFM Directive. If it is concluded that the Fund qualifies as an AIF, the Fund Manager will be required either to seek authorisation in the United Kingdom and make use of the AIFM Directive passport in order to be able to manage the Fund, or to propose to the shareholders of the Fund to appoint another entity from the Franklin Templeton group that is already authorised under the AIFM Directive.

The managers of an AIF need to comply with the provisions of the law implementing AIFM Directive within 12 months after the law enters into force. As per the Investment Management Agreement, if the Fund Manager will not be able to comply with new legislative requirements within 12 months after the law implementing the AIFM Directive enters into force, including such as may result from the implementation of the AIFM Directive, the Fund will be ultimately entitled to decide with respect to any amendments to the Investment Management Agreement (subject to FSA endorsement, if needed), including the appointment of a new entity as the Fund Manager compliant with the law implementing the AIFM Directive. The Fund Manager will make public its proposed position on the application of the legislation implementing AIFM Directive once the law enters into force.

Credit Facility Agreement

Fondul Proprietatea signed on 4 May 2015 with Citibank Europe Plc, Dublin – Sucursala Romania a credit facility agreement for up to RON 500 million to be used mainly for distributions to shareholders (buybacks and return of capital). It is intended to be a bridging loan, until the dividends are collected from portfolio companies.

Annex 2 Statement of Assets and Obligations of Fondul Proprietatea as at 31 March 2015, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4)

Item	31 December 2014				31 March 2015				Differences	
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON	RON	
I. Total assets	100.4265%	100.0000%		13,293,182,958.63	100.3606%	100.0000%		12,650,623,152.94	(642,559,805.69)	
1 Securities and money market instruments, out of which*:	49.3065%	49.0972%		6,526,570,470.26	47.9980%	47.8255%		6,050,221,776.25	(476,348,694.01)	
1.1. securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	49.3065%	49.0972%		6,526,570,470.26	47.9980%	47.8255%		6,050,221,776.25	(476,348,694.01)	
1.1.1 listed shares traded in the last 30 trading days	49.0112%	48.8033%		6,487,488,092.22	47.6342%	47.4629%		6,004,357,691.00	(483,130,401.22)	
1.1.2 listed shares not traded in the last 30 trading days	0.0554%	0.0551%		7,332,797.35	0.1084%	0.1081%		13,670,668.95	6,337,871.60	
1.1.3 government bonds	0.2399%	0.2388%		31,749,580.69	0.2554%	0.2545%		32,193,416.30	443,835.61	
1.1.4 allotment rights not admitted at trading on a regulated market	-	-		-	-	-		-	-	
1.2. securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	-	-		-	-	-		-	-	
1.2.1 listed shares traded in the last 30 trading days	-	-		-	-	-		-	-	
1.2.2 listed shares not traded in the last 30 trading days	-	-		-	-	-		-	-	
1.3. securities and money market instruments admitted on a stock exchange from a state not a member or negotiated on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the Financial Supervisory Authority (FSA).	-	-		-	-	-		-	-	
2 New issued securities	-	-		-	-	-		-	-	
3 Other securities and money market instruments mentioned at art. 187 letter a) of the Regulation no.15/2004, out of which:	48.9398%	48.7321%		6,478,030,691.25	51.3052%	51.1207%		6,467,108,875.63	(10,921,815.62)	
- shares not admitted at trading on a regulated market	48.9398%	48.7321%		6,478,030,691.25	51.3052%	51.1207%		6,467,108,875.63	(10,921,815.62)	
4 Bank deposits, out of which:	0.8267%	0.8232%		109,424,929.82	0.3490%	0.3478%		43,992,332.07	(65,432,597.75)	
4.1. bank deposits made with credit institutions from Romania	0.8267%	0.8232%		109,424,929.82	0.3490%	0.3478%		43,992,332.07	(65,432,597.75)	
- in RON	0.8267%	0.8232%		109,424,929.82	0.3490%	0.3478%		43,992,332.07	(65,432,597.75)	
- in euro	-	-		-	-	-		-	-	
4.2. bank deposits made with credit institutions from an EU state	-	-		-	-	-		-	-	
4.3. bank deposits made with credit institutions from a non-EU state	-	-		-	-	-		-	-	
5 Derivatives financial instruments traded on a regulated market	-	-		-	-	-		-	-	
6 Current accounts and petty cash out of which:	0.0520%	0.0517%		6,879,128.79	0.0101%	0.0101%		1,274,010.92	(5,605,117.87)	
- in RON	0.0520%	0.0517%		6,877,087.90	0.0101%	0.0101%		1,264,722.73	(5,612,365.17)	
- in euro	0.0000%	0.0000%	EUR	295.30	0.0000%	0.0000%	EUR	452.37	1,994.86	671.29
- in USD	0.0000%	0.0000%	USD	103.36	0.0000%	0.0000%	USD	588.59	2,419.99	2,038.92
- in GBP	0.0000%	0.0000%	GBP	58.55	0.0000%	0.0000%	GBP	802.42	4,873.34	4,537.09
7 Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004 regarding the capital market, with subsequent additions and amendments, out of which:	1.2302%	1.2250%		162,839,401.16	0.6167%	0.6146%		77,743,175.30	(85,096,225.86)	
- Treasury bills with discount with original maturities of less than 1 year	1.2302%	1.2250%		162,839,401.16	0.6167%	0.6146%		77,743,175.30	(85,096,225.86)	
8 Participation titles of OCII and/or of UCITS (A.O.P.C./ O.P.C.V.M.)	-	-		-	-	-		-	-	
9 Other assets out of which:	0.0713%	0.0708%		9,438,337.35	0.0816%	0.0813%		10,282,982.77	844,645.42	
- dividend withholding tax to be recovered from Austrian Tax Authorities	0.0078%	0.0078%	EUR	231,495.58	0.0081%	0.0081%	EUR	231,495.58	1,020,849.21	(16,737.13)
- tax on dividends to be recovered from the State Budget	0.0011%	0.0011%		149,764.00	0.0052%	0.0051%		650,735.95	500,971.95	
- tax on profit to be recovered from the State Budget	0.0554%	0.0551%		7,330,440.00	0.0582%	0.0580%		7,330,440.00	-	
- intangible assets	0.0063%	0.0063%		837,387.74	0.0067%	0.0067%		843,809.48	6,421.74	
- other receivables, out of which:	0.0003%	0.0002%		38,531.79	0.0018%	0.0018%		231,715.58	193,183.79	
- in RON	0.0003%	0.0002%		38,531.79	0.0016%	0.0016%		203,397.91	164,866.12	
- in USD	-	-		-	0.0002%	0.0002%	USD	6,887.43	28,317.67	28,317.67
- prepaid expenses	0.0004%	0.0003%		44,627.48	0.0016%	0.0016%		205,432.55	160,805.07	
II. Total liabilities	0.4265%	0.4249%		56,482,344.50	0.3606%	0.3592%		45,439,111.50	(11,043,233.00)	
1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.1213%	0.1208%		16,064,203.32	0.1116%	0.1112%		14,061,722.81	(2,002,480.51)	
2 Liabilities related to the fees payable to the depository bank	0.0015%	0.0015%		201,047.17	0.0009%	0.0009%		112,260.55	(88,786.62)	
3 Liabilities related to the fees payable to intermediaries	-	-		-	-	-		-	-	
4 Liabilities related to commissions and other bank services	-	-		-	-	-		-	-	
5 Interest payable	-	-		-	-	-		-	-	
6 Liabilities related to issuance costs	-	-		-	-	-		-	-	
7 Liabilities in relation with the fees/commissions to FSA	0.0088%	0.0088%		1,164,864.63	0.0079%	0.0079%		993,871.21	(170,993.42)	
8 Liabilities related to audit fees	-	-		-	-	-		-	-	
9 Other Liabilities, out of which:	0.2949%	0.2938%		39,052,229.38	0.2402%	0.2392%		30,271,256.93	(8,780,972.45)	
- capital return to be distributed to shareholders	0.0863%	0.0860%		11,434,903.60	0.0860%	0.0856%		10,835,167.05	(599,736.55)	
- dividends payable	0.0412%	0.0410%		5,455,306.19	0.0464%	0.0462%		5,842,091.43	386,785.24	
- provisions for risks and expenses	0.1139%	0.1135%		15,085,941.78	0.0908%	0.0905%		11,449,209.18	(3,636,732.60)	
- payables related to buybacks under settlement	0.0262%	0.0261%		3,468,113.79	0.0042%	0.0042%		534,771.39	(2,933,342.40)	
- salaries and related contributions	0.0002%	0.0002%		25,420.00	0.0002%	0.0002%		26,234.00	814.00	
- VAT payable to State Budget	0.0038%	0.0038%		499,696.28	0.0006%	0.0006%		74,335.69	(425,360.59)	
- other liabilities, out of which:	0.0233%	0.0232%		3,082,847.74	0.0120%	0.0119%		1,509,448.19	(1,573,399.55)	
- in RON	0.0222%	0.0221%		2,938,636.95	0.0116%	0.0115%		1,458,739.90	(1,479,897.05)	
- in euro	0.0004%	0.0004%	EUR	11,499.00	0.0004%	0.0004%	EUR	11,499.00	50,708.29	(831.38)
- in GBP	0.0007%	0.0007%	GBP	16,136.36	-	-	GBP	-	92,671.12	(92,671.12)
III. Net Asset Value (I - II)	100.0000%	99.5751%		13,236,700,614.13	100.0000%	99.6408%		12,605,184,041.44	(631,516,572.69)	

* = Includes also the value of holdings in companies admitted to trading on RASDAQ market

Unitary Net Asset Value

Item	31 March 2015	31 December 2014	Differences
Net Asset Value	12,605,184,041.44	13,236,700,614.13	(631,516,572.69)
Number of outstanding shares	10,767,837,602	10,915,975,273	(148,137,671)
Unitary net asset value	1.1706	1.2125	(0.0419)

Detailed statement of investments as at 31 March 2015

Securities admitted or traded on a regulated market in Romania, out of which:

1.1 listed shares traded in the last 30 trading days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method*
Alro Slatina S.A.	ALR	31/Mar/2015	72,884,714	0.5	1.0500	76,528,949.70	10.21%	0.6049%	0.6071%	Closing price
Banca Transilvania S.A.	TLV	31/Mar/2015	75,070,521	1	2.1000	157,648,094.10	2.87%	1.2462%	1.2507%	Closing price
BRD-Groupe Societe Generale S.A.	BRD	31/Mar/2015	25,387,456	1	9.2500	234,833,968.00	3.64%	1.8563%	1.8630%	Closing price
Conpet S.A.	COTE	31/Mar/2015	524,366	3.3	63.0000	33,035,058.00	6.05%	0.2611%	0.2621%	Closing price
IOR S.A.	IORB	23/Mar/2015	2,622,273	0.1	0.1900	498,231.87	2.81%	0.0039%	0.0040%	Reference price - Average price
Nuclearelectrica S.A.	SNN	31/Mar/2015	27,408,381	10	7.3000	200,081,181.30	9.09%	1.5816%	1.5873%	Closing price
Oil Terminal S.A.	OIL	31/Mar/2015	36,796,026	0.1	0.0895	3,293,244.33	6.31%	0.0260%	0.0261%	Closing price
OMV Petrom S.A.	SNP	31/Mar/2015	10,758,648,186	0.1	0.3633	3,908,616,885.97	18.99%	30.8966%	31.0080%	Closing price
Palace S.A.	PACY	30/Mar/2015	5,832,482	0.1	0.2000	1,166,496.40	15.42%	0.0092%	0.0093%	Reference price - Average price
Primcom S.A.	PRIB	23/Mar/2015	1,427,188	0.1	10.3400	14,757,123.92	76.03%	0.1167%	0.1171%	Reference price - Average price
Romaero S.A.	RORX	27/Feb/2015	1,311,691	2.5	17.5100	22,967,709.41	20.99%	0.1816%	0.1822%	Reference price - Average price
Romgaz S.A.	SNG	31/Mar/2015	38,542,960	1	35.0500	1,350,930,748.00	10.00%	10.6788%	10.7173%	Closing price
Total						6,004,357,691.00		47.4629%	47.6342%	

* = According to the letter received from the FSA in December 2013, the securities traded on Rasdaq market (part of BVB) should be valued based on the Reference Price method as at NAV date, respectively the closing price for the securities listed on section RGBS of Rasdaq and the average price for the securities listed on sections XMBS and UNLS of Rasdaq.

1.2 listed shares but not traded in the last 30 trading days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alcom S.A.	ALCQ	9/Jan/2015	89,249	2.5	75.0180	6,695,281.48	71.89%	0.0529%	0.0531%	Shareholders equity/share
Forsev S.A.	FORS	26/Nov/2009	954,376	2.5	6.4104	6,117,931.91	26.50%	0.0484%	0.0485%	Shareholders equity/share
Mecon S.A.	MECP	1/Jul/2014	60,054	11.6	4.0000	240,216.00	12.51%	0.0019%	0.0019%	Fair value / share (last trading price)
Romplumb S.A.	ROMR	5/Oct/2001	1,595,520	2.5	0.0000	0.00	33.26%	0.0000%	0.0000%	Priced at zero (company in insolvency)
SIFI CJ AGRO S.A.	COCL	9/Oct/2013	256,116	2.5	2.4100	617,239.56	11.36%	0.0049%	0.0049%	Fair value/share (Share price as per valuation report for withdrawal procedure)
Total						13,670,668.95		0.1081%	0.1084%	

FONDUL PROPRIETATEA S.A.
Instruments mentioned at art. 187 letter a) of the Regulation no.15/2004 out of which:
Unlisted shares

Issuer	No. of shares held	Date of acquisition *	Acquisition price (total price of acquisition of shares)	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Company status	Evaluation method
Aeroportul International Mihail Kogalniceanu - Constanta S.A.	23,159	19/Jul/2005	1,490,898	98.4498	2,279,998.92	20.00%	0.0180%	0.0181%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Aeroportul International Timisoara - Traian Vuia S.A.	32,016	19/Jul/2005	2,652,588	51.7646	1,657,295.43	20.00%	0.0131%	0.0131%	Unlisted companies, in function	Shareholders equity/share
BAT Service S.A.	194,022	19/Jul/2005	656,686	0.0000	0.00	33.00%	0.0000%	0.0000%	Dissolution	Priced at zero
Cetatea S.A.	354,468	19/Jul/2005	118,840	1.0248	363,258.81	20.43%	0.0029%	0.0029%	Unlisted companies, in function	Shareholders equity/share
CN Administratia Canalelor Navigabile S.A.	203,160	19/Jul/2005	15,194,209	79.9682	16,246,339.51	20.00%	0.1284%	0.1289%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Fluviale S.A.	27,554	19/Jul/2005	675,810	128.5194	3,541,223.55	20.00%	0.0280%	0.0281%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Maritime S.A.	56,675	19/Jul/2005	1,706,051	0.0000	0.00	7.70%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: Nil
CN Administratia Porturilor Maritime S.A.	2,651,113	19/Jul/2005	65,441,294	50.0144	132,593,826.03	19.99%	1.0481%	1.0519%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
CN Aeroporturi Bucuresti S.A. **	2,875,443	5/Feb/2010	131,168,263	115.5599	332,285,905.54	20.00%	2.6266%	2.6361%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Complexul Energetic Oltenia S.A. ****	27,387,940	31/May/2012	670,353,852	3.9606	108,472,675.16	21.55%	0.8574%	0.8605%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Comsig S.A.	75,655	19/Jul/2005	132,633	20.3356	1,538,489.82	69.94%	0.0122%	0.0122%	Unlisted companies, in function	Shareholders equity/share
E.ON Distributie Romania S.A. *****	56,749,014	19/Jul/2005	169,541,165	7.7790	441,450,579.91	18.34%	3.4896%	3.5021%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
E.ON Energie Romania S.A.	9,903,524	19/Jul/2005	45,765,358	13.5204	133,899,605.89	13.39%	1.0584%	1.0623%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Distributie Muntenia Nord S.A.	7,796,022	19/Jul/2005	165,221,141	30.2205	235,599,682.85	21.99%	1.8624%	1.8691%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Distributie Transilvania Nord S.A.	8,167,813	19/Jul/2005	113,299,904	24.6822	201,599,594.03	22.00%	1.5936%	1.5993%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Distributie Transilvania Sud S.A.	9,327,282	19/Jul/2005	125,918,629	22.1393	206,499,494.38	21.99%	1.6323%	1.6382%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Furnizare S.A. ***	1,366,412	22/Jul/2011	17,819,672	92.4816	126,367,968.02	22.00%	0.9989%	1.0025%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electroconstructia Elco Cluj S.A.	322,530	19/Jul/2005	319,656	2.0900	674,087.70	7.61%	0.0053%	0.0053%	Unlisted companies, in function	Fair value/share (Selling price)
ENEL Distributie Banat S.A.	9,220,644	19/Jul/2005	141,578,929	69.4627	640,490,827.98	24.12%	5.0629%	5.0812%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
ENEL Distributie Dobrogea S.A.	6,753,127	19/Jul/2005	114,760,053	58.7720	396,894,780.04	24.09%	3.1374%	3.1487%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Enel Distributie Muntenia S.A.	3,256,396	19/Jul/2005	107,277,263	143.0320	465,768,832.67	12.00%	3.6818%	3.6951%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Enel Energie Muntenia S.A.	444,054	19/Jul/2005	2,833,769	146.7028	65,143,965.15	12.00%	0.5149%	0.5168%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
ENEL Energie S.A.	1,680,000	19/Jul/2005	26,124,808	44.2720	74,376,960.00	12.00%	0.5879%	0.5901%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
FECNE S.A.	778,442	19/Jul/2005	0	0.0000	0.00	12.12%	0.0000%	0.0000%	Bankruptcy	Priced at zero
GDF Suez Energy Romania S.A.	2,381,863	19/Jul/2005	62,522,462	193.6807	461,320,893.14	11.99%	3.6466%	3.6598%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Gerovital Cosmetics S.A.	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.76%	0.0000%	0.0000%	Dissolution	Priced at zero
Hydroelectrica S.A.	89,378,235	19/Jul/2005	3,107,667,996	24.3694	2,178,093,960.01	19.94%	17.2173%	17.2794%	Judicial reorganisation	Fair value / share (Value as per independent valuator's report)
Petrotel - Lukoil S.A.	2,152,291	19/Jul/2005	2,787,316	0.0000	0.00	1.18%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (negative equity)
Plafar S.A.	132,784	28/Jun/2007	3,160,329	13.8119	1,833,999.33	48.99%	0.0145%	0.0145%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Posta Romana S.A.	14,871,947	19/Jul/2005	84,664,380	3.7584	55,894,725.60	25.00%	0.4418%	0.4434%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Salubriserv S.A.	43,263	19/Jul/2005	207,601	0.0000	0.00	17.48%	0.0000%	0.0000%	Insolvency	Priced at zero
Simtex S.A.	132,859	28/Jun/2007	3,059,858	0.0000	0.00	30.00%	0.0000%	0.0000%	Judicial reorganisation	Priced at zero
Societatea Nationala a S.A. rii S.A.	2,005,884	28/Jun/2007	76,347,715	71.2314	142,881,925.56	48.99%	1.1294%	1.1335%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
World Trade Center Bucuresti S.A.	198,860	19/Jul/2005	42,459	0.0000	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
World Trade Hotel S.A.	17,912	19/Jul/2005	17,912	0.0000	0.00	19.90%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (lack of annual financial statements for the year-ended 31 December 2013)
Zirom S.A.	4,735,921	28/Jun/2007	47,146,452	8.3063	39,337,980.60	100.00%	0.3110%	0.3121%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Total			5,308,016,947		6,467,108,875.63		51.1207%	51.3052%		

Legend:

* = where the date of acquisition is shown as earlier than Fondul Proprietatea's date of incorporation (28 December 2005), the date of acquisition refers to the date of publishing in the Official Gazette of Law no. 247 / 19 July 2005, which determined that these investments would be transferred to Fondul Proprietatea on its future incorporation.

** = company formed as a result of the merger between CN "Aeroportul International Henri Coanda - Bucuresti" S.A. and S.N. "Aeroportul International Bucuresti Baneasa - Aurel Vlaicu" S.A.

*** = company formed as a result of the merger between S.C. Electrica Furnizare Transilvania Nord S.A., S.C. Electrica Furnizare Transilvania Sud S.A. and S.C. Electrica Furnizare Muntenia Nord S.A.

**** = company formed as a result of the merger between S.C. Complexul Energetic Turceni S.A., S.C. Complexul Energetic Craiova S.A., S.C. Complexul Energetic Rovinari S.A., Societatea Nationala a Lignitului Oltenia S.A.

***** = on 31 December 2014, E.ON Moldova Distributie S.A. (absorbed company) merged into E.ON Gaz Distributie S.A. (absorbing company) and the name of the combined entity became E.ON Distributie Romania S.A.

FONDUL PROPRIETATEA S.A.

Bonds or other debt instruments issued or guaranteed by the state or central public administration authorities

Treasury bills with discount

Series and number of the issue	No of instruments	Date of acquisition	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Intermediary bank	Evaluation method
RO1415CTN073	1,866	30/Jul/2014	27/May/2015	9,199,242.94	434.41	106,430.16	9,305,673.11	0.0736%	0.0738%	Raiffeisen Bank	Acquisition price cumulated with the related daily interest since the acquisition date
RO1415CTN081	5,600	8/Aug/2014	9/Jun/2015	27,544,934.72	1,492.02	352,116.09	27,897,050.81	0.2205%	0.2213%	Banca Comerciala Romana	
RO1415CTN0B1	8,169	7/Aug/2014	10/Aug/2015	39,998,773.29	2,324.80	541,678.09	40,540,451.38	0.3205%	0.3216%	BRD Groupe Societe Generale	
Total							77,743,175.30	0.6146%	0.6167%		

Government bonds

Issuer	ISIN code	Date of the last trading session	No. of instruments	Date of acquisition	Coupon date	Due date	Initial value	Daily interest	Cumulated interest	Cumulated discount/premium	Market price	Current value	Stake in FP total assets	Stake in FP net asset	Evaluation method
Ministry of Public Finance	RO1015DBN010	8/Dec/2014	3,000	7/Aug/2014	30/Apr/2014	30/Apr/2015	31,365,692.58	4,931.51	1,656,986.30	-	10,178.81	32,193,416.30	0.2545%	0.2554%	Closing price (Gross price)
Total												32,193,416.30	0.2545%	0.2554%	

Bank deposits

Name of the bank	Starting date	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Banca Comerciala Romana	31-mar.-2015	1-apr.-2015	RON 19,100,000.00	RON 981.53	RON 981.53	RON 19,100,981.53	0.1510%	0.1515%	Bank deposit value cumulated with the related daily interest for the period from starting date
BRD Groupe Societe Generale	31-mar.-2015	1-apr.-2015	RON 9,901,382.20	RON 517.07	RON 517.07	RON 9,901,899.27	0.0783%	0.0786%	
BRD Groupe Societe Generale	31-mar.-2015	1-apr.-2015	RON 14,988,543.63	RON 907.64	RON 907.64	RON 14,989,451.27	0.1185%	0.1189%	
TOTAL						43,992,332.07	0.3478%	0.3490%	

Evolution of the net asset and the net asset unitary value in the last 3 years

	31 December 2013	31 December 2014	31 March 2015
Net Asset	15,013,742,081.74	13,236,700,614.13	12,605,184,041.44
NAV/share	1.2436	1.2125	1.1706

Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch, acting as Sole Administrator on behalf of FONDUL PROPRIETATEA S.A.

BRD Groupe Societe Generale

Oana Truța
Legal representative

Marius Nechifor
Compliance Officer

Claudia Ionescu
Director

Victor Strâmbei
Manager Depository Department



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