

SEMI-ANNUAL REPORT

For the six-month period ended
30 June 2013

Prepared in accordance with CNVM
Regulation no 1/2006

(This is a translation from the official
Romanian version)

FONDUL
PROPRIETATEA



S.C. Fondul Proprietatea S.A.



FRANKLIN TEMPLETON
INVESTMENTS

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Company Information

The Company

- S.C. 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 Registry, under the number J40/21901/2005 and has the sole registration code 18253260.
- The Fund’s Investment Objective is long-term capital appreciation via investment primarily in Romanian equities with strict adherence to the principles of value investing.
- 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.
- Since 25 January 2011 the Fund’s shares have been listed on the Bucharest Stock Exchange.

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

NAV and Share Price Developments	H1 2013	H1 2012	YE 2012
Total Shareholders’ Equity (RON million)	11,613.1	12,176.4	11,836.8
Total NAV (RON million)	14,998.5	12,497.4	14,979.2
NAV per Share (RON)	1.1514	0.9317	1.1371
NAV per Share change in the period (%)	+1.3%	-18.1%	+5.4%
NAV per Share Total Return	+4.9%	-10.8%	+8.9%
Share Price as at the end of the period (RON)	0.6195	0.4565	0.5495
Share Price Low (RON) ¹	0.5705	0.4270	0.4270
Share Price High (RON) ¹	0.6700	0.6050	0.6050
Share Price change in the period (%)	+12.7%	+6.9%	+28.7%
Share Price Total Return	+19.9%	+14.9%	+38.3%
Discount to NAV as at the end of the period	46.2%	51.0%	51.7%
Average Discount for the period	45.6%	55.0%	50.2%
Total Shares Turnover (RON million)	1,833.2	1,662.0	3,218.8
Average Daily Turnover (RON million)	14.8	13.6	13.0

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

Share Capital Information	30 June 2013	30 June 2012	31 December 2012
Issued Share Capital (RON)	13,778,392,208	13,778,392,208	13,778,392,208
Paid Share Capital (RON)	13,413,137,586	13,412,780,166	13,412,780,166
Number of Shares in Issue	13,778,392,208	13,778,392,208	13,778,392,208
Number of Paid Shares	13,413,137,586	13,412,780,166	13,412,780,166

¹ Closing prices. Source: BVB

Share Information	
Listing	Bucharest Stock Exchange
Since	25 January 2011
Bucharest Stock Exchange Symbol	FP
Bloomberg	FP RO
Reuters	FP.BX
ISIN	ROFPTAACNOR5
CNVM Register No	PJR09SIIR/400006/18.08.2010
CIVM Registration No	AC-3632-5/03.09.2012

Shareholder Structure² (as at 30 June 2013)

Shareholder Categories	% of subscribed share capital	% of voting rights
Foreign institutional shareholders	56.141%	59.358%
Romanian private individuals	23.279%	24.613%
Romanian institutional shareholders	9.274%	9.805%
Foreign private individuals	5.863%	6.199%
Ministry of Public Finance ³	0.024%	0.025%
Treasury shares ⁴	2.769%	-
Unpaid shares ⁵	2.650%	-

There were 8,228 shareholders on 30 June 2013.

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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 2.67%, including the Unpaid shares

⁴ 240,304,801 shares acquired by the Fund through the first buyback program and 141,266,000 treasury shares acquired through the second buyback 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 for the half-year ended 30 June 2013, with an unaudited net profit of RON 514.6 million (half-year ended 30 June 2012: net profit RON 573.9 million). Total shareholders' equity was RON 11,613.1 million as at 30 June 2013 (31 December 2012: RON 11,836.8 million).

The Fund reported a Net Asset Value ("NAV") of RON 14,998.5 million as at 30 June 2013 and a Net Asset Value per Share ("NAV/share") of RON 1.1514 (a NAV per Share total return of 4.9% compared to 31 December 2012). The NAV is prepared in accordance with Romanian National Securities Commission ("CNVM") regulations.

The overall upward trend of the Fund's NAV in the first half of 2013 outperformed the overall conditions on the Bucharest Stock Exchange ("BVB") and most regional indices. Over the same period the Bucharest Stock Exchange outperformed most of the largest markets in Central Europe in both local currency and EUR terms, as shown in the table below:

% change in H1 2013	in local currency	in EUR
BUX (Hungary)	4.7%	3.2%
BET-XT (Romania)	-0.8%	-1.3%
ATX (Austria)	-7.4%	-7.4%
PX (Czech Republic)	-15.4%	-18.2%
WIG20 (Poland)	-13.1%	-18.2%

The discount of the share price to NAV was 46.2% as at 30 June 2013. During the six-month ended 30 June 2013, the discount ranged between 41.7% and 50.2%.

The following table gives a summary of the financial position of the Fund for the six-month ended 30 June 2013 ("H1 2013"), for the six-month ended 30 June 2012 ("H1 2012") and for the year ended 31 December 2012 ("YE 2012"):

	Note	H1 2013	H1 2012	YE 2012	Change %	
					H1 2013 vs. H1 2012	H1 2013 vs. YE 2012
Total Shareholders' Equity (RON million)	a	11,613.1	12,176.4	11,836.8	-4.6%	-1.9%
Net Asset Value (RON million)	b, d	14,998.5	12,497.4	14,979.2	20.0%	0.1%
NAV per Share (RON)	b, d	1.1514	0.9317	1.1371	23.6%	1.3%
NAV per Share Total Return	c	+4.9%	-10.8%	+8.9%		
Share Price as at the end of the period (RON)		0.6195	0.4565	0.5495	35.7%	12.7%
Share Price Total Return	c	+19.9%	+14.9%	+38.3%		
Gross Dividends Declared (RON per share)		0.04089	0.03854	0.03854		
Share Price Discount to Net Asset Value as at the end of the period		46.2%	51.0%	51.7%		

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

Notes:

- (a) Prepared on the basis of Romanian Accounting Regulations
- (b) Prepared on the basis of CNVM Regulations
- (c) Calculated with dividend reinvested, where applicable

- (d) The difference in change (%) between total NAV and NAV per share is accounted for by the change in paid capital during the period and by the change in NAV per share computation methodology with effect from 31 December 2012 (treasury shares acquired through buybacks are excluded from the number of shares used in the computation of NAV per share)

The NAV (calculated according to CNVM Regulations) is higher than the value of Shareholders' Equity (calculated according to Romanian Accounting Regulations), principally due to the different valuation methodologies applied to financial assets, as illustrated in the following table:

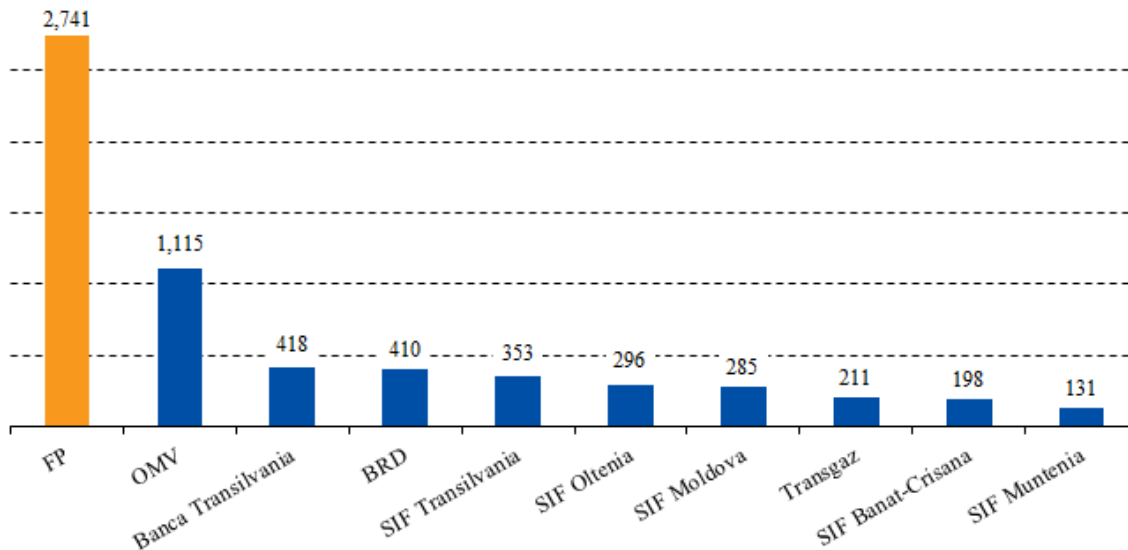
	CNVM Regulations*	Romanian Accounting Regulations
Listed securities	Valued at closing market prices	Valued at cost less adjustments for impairment
Unlisted or illiquid listed securities	Valued as per latest issued annual financial statements (proportionally with the stake held) or using fair valuation methodologies	Valued at cost less adjustments for impairment

* 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 authorized 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.

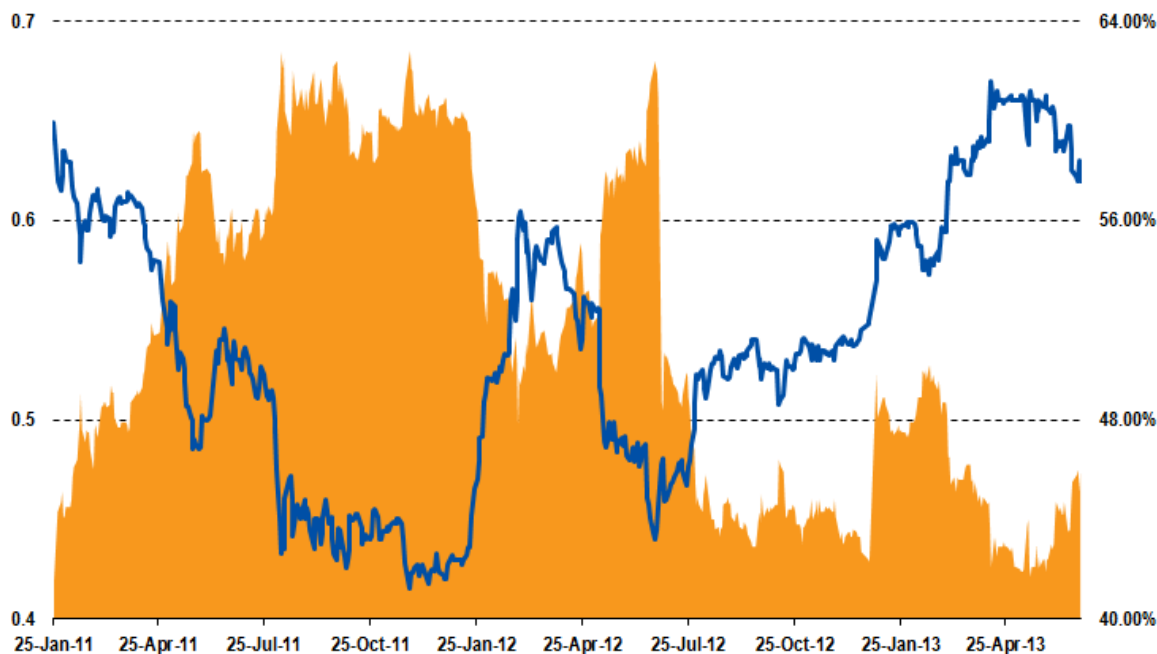
Significant Events

BVB Trading

Average Daily Turnover for the six-month ended 30 June 2013 (EUR thousands)



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



Source: BVB

Investor Relations Update

In the first half of 2013, the Fund Manager continued its efforts to raise the Fund's profile and visibility among a significantly broader institutional investor base and to update the current shareholders on the latest developments of the Fund and its underlying holdings. During the first six months of the year, we organised nine road-shows in the largest financial centres in Europe, Middle East, and North America (United States of America and Canada), to meet with prospective investors as well as current shareholders of the Fund. In addition to the road-shows, we presented the equity story of Fondul Proprietatea in individual and group meetings with investment analysts and portfolio managers during several emerging markets conferences: the Erste Emerging Europe Conference and the Edmund de Rothschild Emerging Markets Funds Conference in London, the Raiffeisen Institutional Investors Conference in Zürs, and the IPO Summit in Warsaw.

We also organised two conference calls with analysts and investors to discuss the release of the 2012 preliminary annual results and the 2013 first quarter results. Overall, in the first half 2013, the Fund Manager held 155 individual and group meetings and 42 conference calls with institutional investors.

Also, as part of our ongoing efforts to ensure a broader understanding of the Fund and the underlying holdings, we organised the second Analyst Day in March, an event dedicated to the analysts covering Fondul Proprietatea. In April, the Fund Manager organised the 4th Fondul Proprietatea Analyst and Investor Days – the Spring Edition, with record high participation from foreign and local institutional investors, from the U.S. and the U.K., as well as Denmark, Sweden, Switzerland, Austria, Czech Republic, Poland, Slovenia, Belgium and Russia. During the first day of the event, we organized site-visits to Craiova to visit CE Oltenia's coal fired power-plant in Turceni, and Hidroelectrica's Iron Gates power-plant in Drobeta Turnu Severin, which is the third largest hydro power-plant in Europe with an installed capacity of 1,166 MW and annual production of approximately 10% of total electricity in Romania. The second day of the event featured presentations and speeches from the U.S. Embassy, the International Monetary Fund, Ministry of Transportation, Ministry of Economy, Privatization and State Ownership Office, OPCOM (Romanian Electricity Exchange), Bucharest Stock Exchange, as well as the Fund Manager and the management teams of the largest portfolio companies: OMV Petrom, Hidroelectrica, Romgaz, Nuclearelectrica, CE Oltenia, and Transgaz, which account for almost 70% of the NAV. On the third day, during the first part of the day, we organized individual and group investor meetings with OMV Petrom, Hidroelectrica, Nuclearelectrica, CE Oltenia, GDF Suez, ENEL Romania, Transgaz, and Bucharest Airports. In the second part of the day, we visited Nuclearelectrica's nuclear reactors in Cernavoda, which together have an installed capacity of 1,413 MW and produce approximately 20% of total electricity consumed annually in Romania.

Communication between the Fund Manager and investors remains a 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

As underlined in our previous reports, in order to achieve a successful secondary listing of the Fund on the Warsaw Stock Exchange, the shares have to be fully fungible across the two markets, and this requires the establishment of a direct or indirect link between the depositary systems of the two markets. The establishment of the link between the two national depositories requires some changes to the National Securities Commission ("CNVM") regulations. In December 2012, CNVM published the drafts of the necessary amendments to the current regulation for public consultation, which ended in January 2013. In April, CNVM merged with the pension and insurance supervisory commissions to create the Financial Supervisory Authority ("FSA"). The final approval from FSA of these changes necessary for the Romanian and Polish National Securities Depositories to establish a link to facilitate the Fund's listing in Warsaw has been further delayed. However, given the delays, the Fund's shareholders approved an extension of the deadline for the completion of the secondary listing until 31 December 2013.

It is important to note that timing of the establishment of the link is outside of the control of the Fund. However, the Fund Manager and the Consortium (JP Morgan and UniCredit Group as co-managers, and KBC Securities as co-advisor) are committed to working with all the stakeholders to ensure the successful completion of the secondary listing in Warsaw as soon as possible.

Share Cancellation and Buyback Programme

The execution of the second Buyback programme approved by the Fund's shareholders in April 2012, which authorised the Fund Manager to repurchase up to 1.1 billion shares or 7.9% of the Fund's share capital within 18 months from the publication of the shareholders resolution in the Official Gazette, was delayed by a litigation started by a minority shareholder of the Fund. On 5 March 2013, the Bucharest Court issued a decision in favour of the Fund and rejected the request of the minority shareholder, ordering the Trade Register to register the shareholder resolution and to publish it in the Official Gazette.

The decision was published in the Official Gazette on 10 April 2013 and the execution of the second Buyback program has started. Following the evaluation of the offers submitted in the brokers' selection process, Wood & Company Financial Services a.s. and Banca Comerciala Romana SA have been selected to provide services for the second buy-back programme. In accordance with the legislation in force, the Fund is allowed to buy back daily up to 25% of the average daily volume of the shares on the regulated market on which the purchase is carried out, and while the discount remaining high the Fund is likely to fully exploit this.

The Fund is exploring the possibility to speed up the execution of the buyback programme.

Since the start of the buyback programme on 12 April until 30 June 2013, 147.0 million shares were repurchased for a total amount of RON 96.0 million, at an average price of RON 0.6496 per share. The percentage of execution of the buyback programme was 13.4% as at 30 June 2013 (31 July 2013: 19.5%)

2012 Dividend Distribution

On 25 April 2013 shareholders approved the distribution of a gross dividend of RON 0.04089 per share. The Fund started the payment of dividends on 28 June 2013.

By 30 June 2013, shareholders had collected over 27% of the total dividend distribution of RON 536.4 million.

Subsequent Events

Selection of a new depositary bank

In April 2013, ING Bank N.V. Amsterdam, Bucharest Branch, the current depositary bank of the Fund announced their decision to discontinue the custody and depositary business in certain Central & Eastern European countries, including Romania.

As a result, in July 2013 the Fund began a tender process to select a new provider of depositary services and the winning tenderer is expected to be announced soon, with handover effective from November 2013.

Selection of financial auditor and valuers

The Fund selected Deloitte Audit SRL as the auditor of the Fund for the year 2013, following a selection process conducted in July. Deloitte was the auditor of the Fund in the previous years. The appointment of Deloitte is subject to shareholders' approval.

Following a selection process that took place in the same period, KPMG Advisory SRL and Ernst & Young Services SRL were selected to perform valuation services (independent valuation of unlisted equity investments of the Fund for NAV reporting and financial statements preparation purposes).

Analysis of the Activity of the Fund

Analysis of the Portfolio of the Fund

Net Asset Value

The key performance indicator of the Fund is its Net Asset Value (“NAV”). The Fund is required to publish a monthly net asset value per share in accordance with CNVM regulations no later than 15 calendar days after the reporting month end.

All NAVs are published on the Fund’s website at www.fondulproprietatea.ro, together with share price and discount information.

NAV Methodology

CNVM Regulation no 4/2010 amended by the CNVM Regulation no 11/2012 allows NAV calculation based on best international practice suitable for a closed-end listed fund.

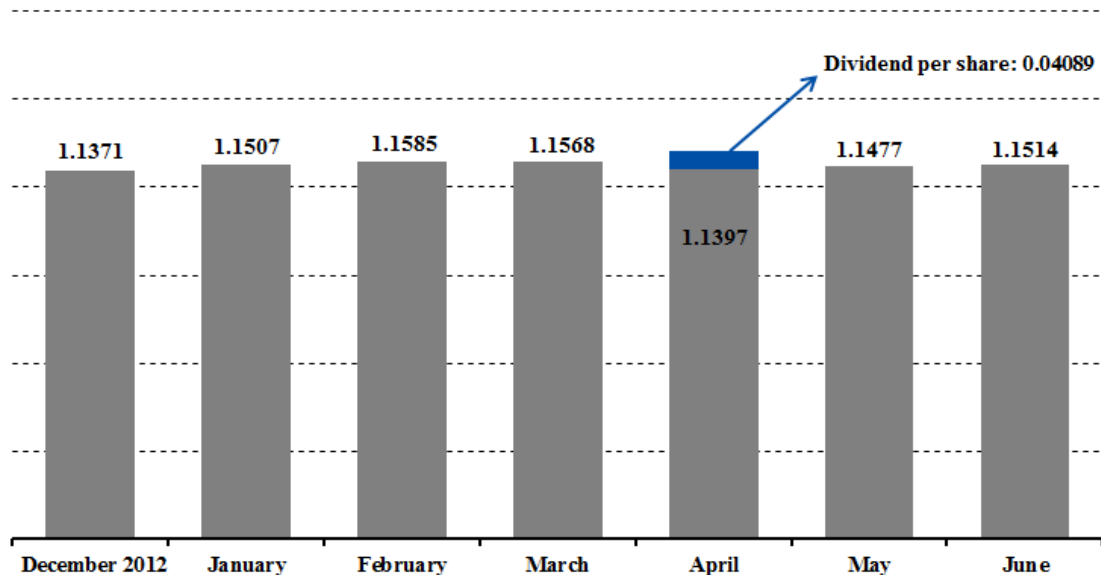
Listed securities are valued at closing market prices, while illiquid or unlisted securities are valued using either shareholders’ equity value as per the latest available annual financial statements, proportionally with the stake held, or according to international valuation standards which permit fair valuation.

With effect from December 2012, the shares in companies going through an insolvency or 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 companies under judicial liquidation procedure, or any other liquidation procedures, as well as in companies under temporary or final suspension of operation, are valued at zero until the procedure is finalised.

With effect from December 2012, treasury shares acquired through buybacks are excluded from the number of shares used in NAV per share computation.

The following chart shows information on the monthly published NAVs per share for the period 31 December 2012 to 30 June 2013:

NAV/share (RON/share)



* Source FTIML

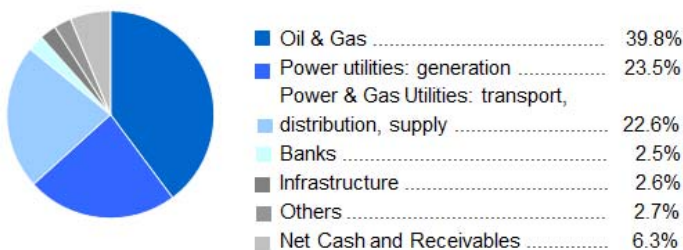
The blue section within April 2013 NAV represents the value per share of dividends distribution approved in April 2013, which was recorded in that month, with a corresponding reduction in NAV.

The increase of the NAV in the first quarter of 2013 was mainly due to the positive share price trend of the Fund's listed holdings, principally OMV Petrom (its impact on total NAV was RON 256.3 million and RON 0.0195 on NAV per share).

Investment Strategy and Portfolio Analysis

The Fund's investment objective is long-term capital appreciation, primarily through investments in Romanian equity and equity-linked securities. The equity exposure amounted 93.7% of the Fund's NAV as at 30 June 2013. As at that date, the portfolio included holdings in 66 companies (24 listed and 42 unlisted), a combination of privately held and state-controlled entities.

Portfolio Structure - by Sector



- The portfolio remained heavily weighted in power, oil and gas sectors (approx. 85.9% of the NAV), through a number of listed and unlisted Romanian companies.
- Net cash and receivables includes bank deposits, current bank accounts, government bonds, dividend receivables, as well as other assets, net of all liabilities and provisions

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2013, based on NAV submitted to FSA.

Portfolio Structure - by Country



- Exposure to Austria includes holdings in Erste Group Bank AG and Raiffeisen Bank International AG.

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2013, based on NAV submitted to FSA.

Portfolio Structure – Equity Investments - Listed Versus Unlisted



- The largest unlisted company is Hidroelectrica (23.8% of the total value of unlisted companies in the portfolio).
- The largest listed company is OMV Petrom (80.5% of total value of listed companies in the portfolio).

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2013, based on NAV submitted to FSA.

Top 20 Equity Investments

No	Name	Fund's Stake (%)	Value as at 30 June 2013 (RON million)	% of NAV
1	OMV Petrom SA	18.99%	4,531.5	30.2%
2	Hidroelectrica SA	19.94%	2,001.0	13.3%
3	Romgaz SA	14.99%	1,337.6	8.9%
4	Complexul Energetic Oltenia SA	21.53%	880.0	5.9%
5	Nuclearelectrica SA	9.72%	648.0	4.3%
6	ENEL Distributie Banat SA	24.12%	485.8	3.2%
7	ENEL Distributie Muntenia SA	12.00%	434.2	2.9%
8	GDF Suez Energy Romania	12.00%	346.2	2.3%
9	ENEL Distributie Dobrogea SA	24.09%	324.2	2.2%
10	E.ON Moldova Distributie SA	22.00%	324.0	2.2%
11	Transgaz SA	14.98%	317.6	2.1%
12	Electrica Distributie Muntenia Nord SA	21.99%	277.9	1.9%
13	CN Aeroporturi Bucuresti SA	20.00%	272.0	1.8%
14	Electrica Distributie Transilvania Sud SA	21.99%	212.7	1.4%
15	Electrica Distributie Transilvania Nord SA	22.00%	200.7	1.3%
16	BRD-Groupe Societe Generale	3.64%	190.0	1.3%
17	E.ON Gaz Distributie SA	12.00%	176.7	1.2%
18	Transelectrica SA	13.49%	129.6	0.9%
19	Alro SA	10.21%	111.5	0.7%
20	Societatea Nationala a Sarii SA	48.99%	98.0	0.7%
Top 20 equity holdings			13,299.2	88.7%
Total equity holdings			14,049.5	93.7%
Net cash and receivables			949.0	6.3%
Total NAV			14,998.5	100.0%

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2013, based on NAV report submitted to FSA.

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

During the first six months of 2013, the Fund sold its entire holdings in Carom Broker de Asigurare and Mecanoenergetica and finalised the disposal of its holding in Commetex.

In May 2013 the Fund disposed of 632.48 million shares in OMV Petrom, accounting for approximately 1.1% of company's share capital. Following this transaction, the Fund's holding in OMV Petrom decreased below the significant influence threshold of 20%.

In the first half of 2013, the Fund received 35,742 shares in Romgaz (having a nominal value of RON 357,420) following a share capital increase by that company, accounted for as contributions in kind to the share capital of the Fund.

Also, during the period the Fund executed its pre-emption rights and participated to the cash share capital increase of E.ON Gaz Distribuție SA, acquiring 399,164 shares at the nominal value of RON 2.5 per share.

Energy Sector Updates

Regulatory Changes

On 22 January 2013 the Romanian Government passed the Ordinance no. 5/2013 through which it imposed additional taxes for monopoly activities in the sector of gas and electricity distribution and transport.

Starting 1 February 2013, the Government imposed new taxes in the energy sector, applicable until end of 2014:

- Taxes for gas and electricity distributors and transmission/transport operators, charged per MWh, as follows (according to Government Ordinance no 5/22 January 2013):

Explanations	Tax value (RON /MWh)	
Gas	Quantity transferred to distribution system	0.10
	Distributed quantity	0.75
	Quantity transferred only through transportation system	0.85
Energy	Quantity extracted from the transmission system	0.10
	Quantity distributed to final consumer	0.75
	Quantity extracted from the transmission system and delivered to the final consumer or exported	0.85

- Taxes imposed following the gas market liberalisation: companies performing both natural gas extraction and distribution in Romania, will be charged 60% of additional revenues less investments in upstream activity (up to 30% of additional revenues) and less royalties (according to Government Ordinance no 7/23 January 2013);
- Special tax of 0.5% for revenues from exploration of natural resources other than natural gas (according to Government Ordinance no 6/22 January 2013).

Gas Tariff Changes

The implementation of the gradual elimination of the regulated gas prices has started on 1 February 2013, with an increase to 49 RON/MWh for industrial consumers and RON 45.7 RON/MWh for households, and was followed by two subsequent quarterly increases to 55.3 RON/MWh on 1 April and to 63.4 RON/MWh on 1 July for non-households, and to RON 48.5 for households. According to Law 123/2012, which came into force on 19 July 2012, gas prices will be fully liberalised by end December 2014 for non-households and end December 2018 for household consumers per the table below:

Starting date	Non-household consumers			
	Convergence degree (%)	Internal production price (RON/MWH)	Final price growth (%)	
01.12.2012	35	49.0	5	
01.04.2013	40	55.3	5	
01.07.2013	47	63.4	5	
01.10.2013	51	68.3	3	
Annual growth of the final price 2013 (%)		18		
01.01.2014		55	72.0	4
01.04.2014		71	89.4	5
01.07.2014		91	109.0	5
01.10.2014		100	119.0	4
Annual growth of the final price 2014 (%)		18		

Starting date	Household consumers		
	Prices convergence (%)	Internal production price (RON/MWH)	Final price growth (%)
01.12.2012	33	45.7	0
01.04.2013	33	45.7	0
01.07.2013	36	48.5	8
01.10.2013	37	49.8	2
Annual growth of the final price 2013 (%)		10	
01.01.2014	38	50.6	2
01.04.2014	41	51.8	2
01.07.2014	44	53.3	3
01.10.2014	46	54.6	3
Annual growth of the final price 2014 (%)		10	
01.01.2015	47	56.1	2
01.04.2015	49	58.9	3
01.07.2015	52	62.0	4
01.10.2015	54	64.1	3
Annual growth of the final price 2015 (%)		12	
01.01.2016	56	67.1	3
01.04.2016	60	71.7	3
01.07.2016	64	76.5	3
01.10.2016	66	78.5	3
Annual growth of the final price 2016 (%)		12	
01.01.2017	69	82.0	2
01.04.2017	73	86.9	2
01.07.2017	78	93.0	5
01.10.2017	81	96.5	3
Annual growth of the final price 2017 (%)		12	
01.01.2018	83	99.2	3
01.04.2018	89	106.3	3
01.07.2018	97	115.1	3
01.10.2018	100	119.0	3
Annual growth of the final price 2018 (%)		12	

Update on the Top 20 Portfolio Companies

Alro

RON million	2011*	2012*	2013***
Turnover	2,330.1	2,348.9	2,164.5
Operating profit	452.1	208.7	50.3
Net profit/(loss)	242.9	(240.2)	(24.8)
Dividends**	225.9	-	

*Based on consolidated IFRS financial statements

**Based on the financial statements prepared in accordance with Romanian Accounting Regulations (for 2011)

***Budget figures based on BNR RON/USD as at 31 March 2013 – RON 3.4455/USD

May: The aluminium smelter published unconsolidated IFRS financial statements for the first quarter. Turnover reached RON 526 million, down 3.3% year on year (“yoy”). Reported operating profit during Q1 2013 reached RON 15.6 million, down from RON 64.4 million during the similar period of 2012. The net profit of the company for the period reached RON 88.8 million up from a net loss of RON 324.8 million in Q1 2012. The first quarter 2013 net result adjusted for the impact of derivative contracts was a loss of RON 26.9 million as compared to a profit of RON 48.1 million during the similar period of the previous year.

BRD – Groupe Societe Generale

RON million	2011*	2012*	2013***
Net Banking Income	3,242.0	3,045.6	Around +2%
Gross Operating Income	1,777.3	1,613.5	
Net Risk Cost	1,222.5	1,943.0	Material decrease
Net profit / (loss)	498.5	(290.6)	Positive
Dividends**	116.3	-	

*Based on consolidated IFRS financial statements

**Based on the financial statements prepared in accordance with Romanian Accounting Regulations

***Unconsolidated budgeted indications (for the BRD bank only)

May: The bank published unconsolidated IFRS financial statements for the first quarter. During the first three months of the year, the bank reported a net profit of RON 13 million (vs. RON 83 million during the similar period of the previous year). Net banking income decreased by 10.5% yoy to RON 687 million, while general operating expenses decreased by 6.3% yoy to RON 314 million, leading to a gross operating result of RON 373 million, down 13.8% yoy. Net cost of risk was higher by 4.2% yoy compared to the level registered during Q1 2012.

CN Aeroporturi Bucuresti

RON million	2011	2012	2013*
Turnover	474.3	555.5	643.5
Operating profit	88.5	80.9	37.6
Net profit	52.6	53.1	19.1
Dividends	47.1	45.7	

*Budgeted figures

April: The General Shareholders Meeting appointed a new Board of Directors following a selection process conducted as per provisions of Government Ordinance 109/2011. The new Board subsequently appointed Mr Liviu Radu as the new General Manager. Mr Radu is also a member of the new Board at CN Aeroporturi Bucuresti SA as well as several other State Owned companies, including CFR Marfa and Salrom.

June: The total number of passengers serviced in the first 5 months of 2013 reached 2.78 million, an increase of 0.5% from the same period of 2012.

Complexul Energetic Oltenia

RON million	2011*	2012	2013**
Operating revenues	4,026.5	3,347.1	6,081.0
Operating profit	348.0	44.5	248.9
Net profit	179.9	118.3	151.2
Dividends	n/a ***	57.2	

* Based on combined IFRS financial statements of Complexul Energetic Craiova SA, Complexul Energetic Rovinari SA, Complexul Energetic Turceni SA and Societatea Nationala a Lignitului Oltenia

** Budgeted figure

*** CE Oltenia was created in 2012, through the merger of CE Craiova, CE Rovinari, CE Turceni and SNLO; Dividends distributed by the merged companies to the Fund were: 2011 (CE Rovinari RON 6.5 million, CE Craiova RON 0.03 million), 2010 (CE Rovinari RON 0.02 million, CE Craiova RON 0.01 million),

March: The General Shareholders Meeting approved to start the procedures for an initial public offering (IPO) through a share capital increase of 15.29% stake.

April: The Consortium formed by BRD Groupe Societe Generale and Swiss Capital was selected to advise on the IPO. The Government is targeting the end of 2013 to complete the transaction.

E.ON Gaz Distributie (“EGD”)

RON million	2011	2012	2013*
Operating Revenues	819.5	764.5	833.0
Operating profit	264.8	82.7	110.0
Net profit	230.5	73.0	100.0
Dividends	-	n/a	

* Budgeted figures

April: The shareholders of EGD approved the increase of the share capital by issuing additional 3,326,368 shares (approx. 3% of the current number of shares) with an issue price equal to the face value of RON 2.5 / share.

May: The Fund exercised its pre-emption right and subscribed to the share capital increase of the company for a total value of approx. RON 1 million. The operation was finalised and the new number of shares have been registered with the Trade Registry by the end of May.

June: ANRE issued the methodology detailing the rules for determining the parameters and regulated tariffs for gas distribution operators during the 3rd regulatory period. For the gas distribution operators, the new five year regulatory period has started as of January 2013.

July: As of 1 July 2013, the regulated gas distribution tariff was increased by nearly 5%, based on the inflation level registered in 2012.

E.ON Moldova Distributie (“EMOD”)

RON million	2011	2012	2013*
Operating Revenues	661.2	688.8	674.0
Operating profit	22.0	83.8	93.0
Net profit	7.2	71.3	86.0
Dividends	-	n/a	

* Budgeted figures

Electrica Distributie Muntenia Nord (“EDMN”)

RON million	2011	2012	2013*
Total revenues	712.8	752.3	807.0
Operating profit	72.4	99.1	87.6
Net profit	67.4	87.1	73.6
Dividends	8.2	73.7	.

* Budgeted figures

Electrica Distributie Transilvania Nord (“EDTN”)

RON million	2011	2012	2013*
Total revenues	570.1	609.1	640.6
Operating profit	40.2	68.8	50.8
Net profit	29.1	53.1	34.0
Dividends	-	-	-

* Budgeted figures

May: A new Board of Directors was appointed at the end of May following a selection process based on EGO 109/2011. The new Board members are: Ovidiu Demetrescu (President of the Board), Emil Merdan, Mirela Bomboe, Adrian Baicusi and Oana Truta.

Electrica Distributie Transilvania Sud (“EDTS”)

RON million	2011	2012	2013*
Total revenues	638.8	674.4	696.9
Operating profit	27.8	61.7	42.8
Net profit	19.6	45.8	31.0
Dividends	-	-	-

* Budgeted figures

May: A new Board of Directors was appointed at the end of May following a selection process based on EGO 109/2011. The new Board members are: Marian Geanta (President of the Board), Ion Dobre, Carmen Pirnea, Claudiu Coman and Simona Fatu.

ENEL Distributie Banat (“EDB”)

RON million	2011	2012	2013*
Turnover	585.8	603.2	580.2
Operating profit	238.3	181.1	209.0
Net profit	220.5	167.2	168.5
Dividends	-	-	-

* Budgeted figures

ENEL Distributie Dobrogea (“EDD”)

RON million	2011	2012	2013*
Turnover	459.0	480.3	454.4
Operating profit	126.4	103.0	135.3
Net profit	108.9	94.5	103.6
Dividends	-	-	-

* Budgeted figures

ENEL Distributie Muntenia (“EDM”)

RON million	2011	2012	2013*
Turnover	705.9	869.9	972.5
Operating profit	51.6	172.4	278.7
Net profit	50.5	206.3	231.0
Dividends	-	-	-

* Budgeted figures

For 2013, distribution tariffs for all Enel distribution companies were increased by approximately 5.1% by the energy regulator.

GDF Suez Energy Romania

RON million	2011*	2012*	2013**
Turnover	4,087.7	4,315.8	4,359.0
Operating profit	138.1	299.9	258.0
Net profit	192.1	379.4	302.0
Dividends	-	190.0	

* IFRS separate financial statements

** Budgeted figures, separate financial statements

February: Gas tariffs for industrial consumers were increased by approximately 5%.

June: ANRE issued the methodology detailing the rules for determining the parameters and regulated tariffs for gas distribution operators during the 3rd regulatory period. For the gas distribution and supply operators, the new five years regulatory period has started as of January 2013.

July: As of 1 July 2013, the regulated gas tariffs were increased by nearly 8% for households and almost 3% for industrial consumers.

Hidroelectrica

RON million	2011	2012	2013*
Turnover	3,020.6	2,402.8	2,710.0
Operating profit	161.2	(321.6)	601.1
Net profit	6.5	(508.0)	367.7
Dividends	-	-	

* Budgeted figures

During the first six months of 2013, the company recorded a preliminary gross profit of RON 481 million compared to the loss of RON 202 million recorded in the same period from 2012.

June: On 26 June 2013, the Bucharest Court has approved the closing of the judicial reorganisation procedure opened against Hidroelectrica.

July: On 11 July the Supervisory Board appointed Remus Borza as Chairman.

The current Supervisory Board, appointed on 29 May 2013 is composed of: Remus Borza (President of the Board), Remus Vulpescu, Ion Mihaila, Mihai Grosan, Florin Marin and Oana Truta. The Supervisory Board's mandated is until the implementation of EGO 109/2011, but no longer than 2 years.

The company generated 8.2 TWh in the first 6 months of 2013 compared with 7 TWh in the same period of 2012.

Nuclearelectrica

RON million	2011	2012	2013*
Sales	1,615.3	1,675.8	2,090.4
Operating profit	162.6	152.7	438.0
Net profit	95.0	34.4	131.9
Dividends	-	28.5	105.4

* Budgeted figures

January: On 31 January the General Shareholders Meeting approved the intermediary contract for the IPO transaction signed with the consortium made of SSIF Swiss Capital S.A. and SSIF BT Securities S.A.

In Q1 2013 the company recorded significant improvements in the financial indicators: Sales equal RON 546 million (+25% yoy), EBITDA equal RON 213 million (+31% yoy), EBIT equal RON 179 million (+56% yoy) and net profit equal RON 146 million (+112% yoy).

April: After a selection process ran by Transearch and Quest Advisors on 25 April the General Shareholders Meeting approved the new members of the Board of Directors: Mrs Daniela Lulache, Mr Ionel Bucur, Mr Dragos Paul Popescu, Mr Alexandru Alexe, Mrs Carmen Radu, Mr Dan Popescu and Mr Alexandru Sandulescu. The new Board appointed Mrs Daniela Lulache as General Manager of the company.

June: The Government approved the price range for the IPO which is schedule to take place by end September: RON 11.2 - 15 per share.

Candidate recommended by Fondul Proprietatea was not appointed in the new Board.

OMV Petrom

RON million	2011	2012*	2013**
Sales	22,613.7	26,258.1	n/a
Operating profit	4,935.8	5,662.0	5,129.0
Net profit	3,758.6	3,946.1	4,430.0
Dividends	1,756.0	1,586.0	

* Based on audited consolidated IFRS financial statements

** Budgeted figures

February: OMV Petrom and ExxonMobil signed an option agreement for Romgaz to participate in operations in the Midia offshore block. Exercise of the option is subject to closing of the agreement for transferring the exploration and production rights from Sterling Resources and Petro Ventures Europe, the existing titleholders.

February: OMV Petrom and Repsol signed an agreement for the joint exploration of four deep onshore blocks in South Romania. Total investments are estimated at EUR 50 million over the next two years. Repsol will have a 49% working interest in the agreement.

March: Mr. Gabriel Selischi was appointed as member of the Executive Board of OMV Petrom, in charge of Exploration and Production starting 1 September 2013, following Mr. Johann Pleininger's move to the new position of Senior Vice President for the Central Eastern Europe region in OMV's exploration and production division.

March: The company announced an investment program of EUR 200 million over 2013 - 2015 in mature field redevelopment at the Suplacu de Barcau site, with the aim to unlock additional oil reserves.

April: The company published an update regarding progress on the Neptun Deep offshore exploration project in the Black Sea. Further evaluation of the Domino-1 test well results has enabled an initial pre-appraisal estimate of potential gas production of approximately 630 million cubic feet/day, which is more than the total current natural gas production of the company from all its other fields, namely 510 million cubic feet/day in 2012.

May: OMV Petrom announced a new investment program of EUR 90 million in the redevelopment of Oprisenesti oil field, with the aim to unlock additional oil reserves of 8 million barrel of oil equivalent "boe"), which is equivalent to approximately 30% of OMV Petrom's annual oil production.

June: The company announced the completion of the largest 3D seismic survey ever conducted in the Black Sea. The works were conducted on the Neptun block in collaboration with ExxonMobil and covered an area of more than 6,000 square kilometres. In addition, the two companies have procured the Ocean Endeavour drilling rig, which will resume drilling in the Neptun Block at the end of 2013 and beginning of 2014.

Romgaz

RON million	2011	2012	2013*
Revenues	4,551.8	4,339.1	4,843.7
Operating profit	1,264.5	1,432.5	1,394.0
Net profit	1,031.7	1,244.0	1,175.5
Dividends	938.0	1,060.1	

* Budgeted figures, subject to shareholders approval

January: Romgaz officially took over the Iernut gas fired powerplant from Electrocentrale Bucuresti in exchange for overdue receivables of approximately RON 650 million. The facility has an installed capacity of 800 MW.

January: Romgaz has negotiated an option agreement with OMV Petrom and ExxonMobil for acquiring a 10% stake in the exploration of the Midia deep water offshore perimeter in the Black Sea. The option can be exercised once initial exploration of the field has proven its commercial viability.

April: The General Shareholders Meeting appointed a new Board of Directors, following a selection process which aimed to follow provisions of Government Ordinance 109/2011. The new Board members are Virgil Metea, Adrian Volintiru, Dragos Doros, Aurora Negrut and Eufemia Musat.

May: The new Board of Directors appointed Mr. Virgil Metea as the company's new General Manager. Mr Metea was previously the General Manager of several companies majority owned by EON in Romania, including EON Moldova Distributie, EON Gaz Distributie and EON Gaz Romania during 2003-2013. He also previously worked at Romgaz during his early career (1985-2001).

Candidate recommended by Fondul Proprietatea was not appointed in the new Board.

Societatea Nationala a Sarii SA

RON million	2011	2012
Sales	282.7	303.5
Operating profit	5.2	25.3
Net profit	1.4	20.8
Dividends	0.2	19.0

February: The Board of Directors appointed Mr Aurel Bucur as General Manager based on an order issued by the Ministry of Economy. He previously worked for the company as production engineer in Targu Ocna branch.

Transelectrica

RON million	2011*	2012*	2013**
Turnover	3,152.3	2,801.0	2,787.9
Operating profit	209.4	112.8	113.8
Net profit	135.5	47.9	29.0
Dividends***	80.6	29.6	

* Based on consolidated IFRS financial statements

**Budgeted figures based on individual financial statements

***Dividends based on individual financial statements

At the end of 2012 the energy regulator set the tariffs for 2013: transmission tariff was hiked by 12.7%, while system tariff was increased by 6.9%.

February: The Supervisory Board dismissed the general manager and appointed Mr Stefan Gheorghe in the position. The board made no comments regarding the reasons for the change. The Supervisory Board also decided to increase the number of the members in the Directorate from 3 to 5 and it dismissed one member and selected 3 new ones (Mr Octavian Lohan was revoked and Mr Ioan Diaconu, Mr Ciprian Gheorghe Diaconu and Mr Adrian Constantin Rusu were appointed as members of the directorate).

March: The HR companies selected by the Romanian Privatization Office (OPSPI), Quest Advisors and Transearch International, initiated the recruitment process for the members of the Supervisory Board in accordance with corporate governance EGO 109/2011 for state owned enterprises.

RON million	Q1 2012	Q1 2013
Sales*	886.8	577.9
Operating profit	67.9	108.3
Net profit	45.0	91.7

*The drop in sales is mainly due to a reduction in the revenues generated on the balancing market with no effect on the company's bottom line (it's a pass through element)

April: The government transferred the ownership of its shares from the Ministry of Economy to the Ministry of Public Finance in order to comply with the European Union's regulations on energy. The government ordinance approving this transfer also mentions that two of Transelectrica's subsidiaries (Opcom and Formenerg) and the Power National Dispatcher will be left under the Ministry of Economy's authority. The Ordinance is currently being debated in the Parliament.

May: Shareholders appointed a new Supervisory Board following the procedures set forth in the corporate governance EGO 109/2011. There were 20 candidates on the list presented by the recruitment companies and the majority shareholder voted 5 from the list. The other two Supervisory Board members were proposed by minority shareholders Fondul Proprietatea and SIF 5 and appointed based on cumulative voting.

June: Mr Stefan Gheorghe was revoked as CEO by the Supervisory Board and the position was taken over by former Board member Mr Stefan Doru Bucataru. He will be CEO until the provisions of the corporate governance ordinance 109/2011 regarding appointment of professional management are implemented. Mr Bucataru was replaced as member of the Supervisory Board by Mrs Carmen Georgeta Neagu and Mr Toni Teau was nominated as the new president of the Supervisory Board.

June: The company announced the intention to launch a RON 200 million bond offering with 5 years maturity in November 2013 in order to finance its investment plans. The bond is expected to be listed on the Bucharest Stock Exchange.

Transgaz

RON million	2011	2012*	2013**
Turnover	1,343.3	1,328.0	1,561.6
Operating profit	442.5	364.9	328.8
Net profit	379.5	329.3	271.9
Dividends	350.4	250.7	

* Based on audited unconsolidated IFRS financial statements

** Budgeted figures

April: The Ministry of Economy sold a 15% stake in the company through a secondary offering. The placement took place between 4 April 2013 – 16 April 2013 and was priced at RON 179 /share for the institutional and large retail tranches (total placement value of EUR 72 million).

June: the Board appointed Mr Petru Vaduva as company CEO.

June: Shah Deniz consortium picked Trans Adriatic Pipeline as the option to export gas to Europe, thus practically ending the Nabucco project.

Transgaz had 17.38% of the Nabucco project with total investment of RON 110.7million. Company announced it will write down the value of the investment.

June: ANRE approved and published new tariffs for national gas transportation services to be applied between July 2013 - June 2014. Total revenues for July 2013 – June 2014 used in calculating the tariffs amount to RON 1,330 million (of which total regulated revenues RON 1,040.8 million), 12.6% higher than the RON 1,181 million total revenues used in calculating the tariffs enforced in April 2013.

July: On 9 July, shareholders appointed Mr Sterian Ioan as Chairman of the Board and Mr Petru Vaduva, Mr Radu Cernov, Mr. Bogdan Iliescu and Mr Vlad Neacsu (recommended by the Fund) as Board members.

Key Financial Activity of the Fund

Fund Liquidity

Summary % net cash & cash equivalents in NAV

RON million	31 Dec 2012	31 Mar 2013	30 Jun 2013
Current accounts	1.9	1.2	11.3
Bank deposits	317.3	233.4	857.9
Treasury bills and Government bonds	454.7	533.5	466.8
Total liabilities	(21.1)	(19.9)	(435.2)
Net cash & cash equivalents	752.8	748.2	900.8
Net Assets Value	14,979.2	15,238.5	14,998.5
% net cash & cash equivalents in NAV	5.0%	4.9%	6.0%

The table above shows the change in the net cash position as a percentage of the NAV.

The increase of the **bank deposits** and **treasury bills** during 2013 as compared with December 2012 was mainly due to the cash inflows from dividend receivables (RON 552.5 million) and from the proceeds on the partial disposal of the holding in OMV Petrom SA (RON 246.7 million), net of the cash outflow related to the payment of dividends (RON 127.9 million, already collected by shareholders by 30 June 2013), and to the buybacks (RON 92.5 million).

The significant increase of the **liabilities** outstanding as at the end of June was mainly accounted for by the approval in April 2013 of the distribution of a gross dividend of RON 536.4 million or RON 0.04089 per share, related to Fund's 2012 profits, payable to shareholders with effect from 28 June 2013.

Total Expense Ratio

The annualised total expense ratio of the Fund as at 30 June 2013 was 0.53% (2012: 0.40%). This figure represents the expenses of the Fund (annualised) divided by the period end NAV. For the purpose of this calculation, expenses do not include foreign exchange losses, cost of equity investments disposed of, impairment adjustments or corporate income tax.

The increase is due to the higher investment management and administration fees and legal fees explained in more detail in the Financial Statements Analysis section.

Income from Investments

The main objective of the Fund is long term capital appreciation primarily via investments in Romanian equities, with strict adherence to the principles of value investing. As at 30 June 2013, the Fund's exposure to listed Romanian equities accounted for 36.7% of the NAV, while 0.8% of the NAV was invested in the Austrian banks, Erste and Raiffeisen. Therefore, the performance of the Fund was affected by the fluctuations of these markets.

The BET-XT Index, which reflects the performance of the top 25 most liquid stock listed on the Tier 1 of the BVB, decreased by 3.8% during the first half of 2013, although compared with 30 June 2012, it shown an increase of 15.9%. The broader BET-C Index decreased by 1.9% in the same period.

BET-XT**BET-C**

Source: BVB

The income arising from the main activities of the Fund was influenced by the performance of the portfolio companies and their decisions on dividend distributions, as well as by money market performance.

Further information on the Fund's financial results can be found in the *Financial Statements Analysis section*.

Capital Expenditure

Intangible assets include the value of the licences and implementation costs for a new customised accounting and reporting software solution. The Fund started using the software in the second quarter of 2013.

Corporate Governance of the Fund

Changes affecting the capital of the Fund

On 25 January 2013, 15 May 2013 and 25 June 2013, the paid-up share capital of the Fund increased by RON 23,500, RON, 133,840 and RON 200,080 to RON 13,413,137,586, while its subscribed capital remained unchanged at RON 13,778,392,208. The increase in the paid-up share capital reflects a reduction in the unpaid share capital held by the Romanian state due to the receipt by the Fund of 35,742 shares in Romgaz following share capital increases by the company related to the value of land for which Romgaz obtained title deeds.

Changes in Board of Nominees

On 19 April 2013, Mr Cristian Buşu resigned from his position of member of the Fund's Board of Nominees ("BON"). The resignation was communicated to the Fund on 22 April 2013, date when it has become effective. The Board of Nominees decided to appoint Mr Mark Henry Gitenstein as interim member of the Board of Nominees (Decision no. 13/23 April 2013). The appointment became effective upon its registration with the Trade Registry, on 9 May 2013.

As the mandates of two BON members (Mr Sorin-Mihai Mîndruţescu and respectively Mr Cristian Buşu) were due to expire on 29 September 2013, on 25 April 2013, the Ordinary General Shareholders Meeting, elected Mr Mark Henry Gitenstein as a member of the Fund's BON and re-elected Mr Sorin-Mihai Mîndruţescu. Both of these mandates are for a three year period with effect from 30 September 2013.

The new structure of the Board of Nominees is as follows:

Name	Position
Mr Sorin-Mihai Mîndruţescu	Chairman
Mr Mark Henry Gitenstein	Interim member
Mr Julian Rupert Francis Healy	Member
Mr Steven Cornelis van Groningen	Member
Mr Piotr Rymaszewski	Member

Addendum no. 2 to the Investment Management Agreement

On 23 January 2013, CNVM notified the Fund that it had issued the Decision no. 48/22.01.2013, deciding not to endorse the Addendum 2 to the Investment Management Agreement ("IMA") approved by shareholders on 4 April 2012.

On 4 April 2012, the Fund's shareholders approved the amendment of the IMA concluded between FTIML and Fondul Proprietatea, establishing an additional fee equivalent to a fixed percentage of the value of the Excess Distribution as follows:

For Excess Distributions that are executed before 31 December 2012	1.5% of the Excess Distribution
For Excess Distributions that are executed in calendar year 2013	1.5% of the Excess Distribution
For Excess Distributions that are executed after calendar year 2013 and before termination of the IMA	1.0% of the Excess Distribution

According to CNVM Regulation 4/2010 any changes to the IMA must be endorsed by CNVM (superseded by the FSA), and as a result the Fund asked for CNVM's endorsement in April 2012. After 9 months, CNVM communicated their decision with the following statements:

- the structure of fees (fixed fee, performance fee) provided in the final offer document of FTIML submitted in the international tender for appointing the portfolio manager of the Fund should remain the same after the appointment;
- the fees provided in the Addendum no. 2 to the IMA were not set in accordance with the Regulation for organising the international tender for appointing the portfolio manager of the Fund;

- providing supplemental distribution through special dividend does not meet the objective proposed by FTIML in the international tender for appointing the portfolio manager of the Fund.

In response, the Fund Manager submitted an official complaint to CNVM, requesting it to revoke Decision no 48/2013 and consequently to approve Addendum no 2 to the IMA.

However, on 25 April 2013, the Fund received CNVM's Decision no 374/25 April 2013 whereby the official complaint mentioned above was dismissed and the provisions of the challenged decision, maintained.

The reasoning was similar with that of the previous decision, in the sense that a supplemental distribution through special dividend does not meet the objective proposed by FTIML in course of the international tender for appointing the portfolio manager of the Fund, exceeding, in CNVM's opinion FTIML's proposed fee structure which led to the acceptance of the offer and execution of the IMA.

As CNVM's Decision no. 374/25 April 2013 exhausts the available administrative options, and given that the IMA and subsequent addendums are approved by the Fund's shareholders and concluded between the Fund and the Fund Manager, the Fund Manager decided to start legal proceedings, carefully considering any further steps that may be appropriate and will update investors of any further material developments against the regulator in order to obtain a court decision for obliging the regulator to endorse the Addendum 2. The case is in front of Bucharest Court of Appeal that set the first hearing for 21 October 2013.

Addendum no. 3 to the Investment Management Agreement

On 25 April 2013, the Fund's shareholders approved the amendment of the IMA concluded between FTIML and Fondul Proprietatea, establishing additional changes of the IMA that were prior agreed with the Board of Nominees in order to simplify the communication between the Fund Manager and the Board of Nominees.

According to CNVM Regulation 4/2010 any changes to the IMA must be endorsed by the Regulator and as a result the Fund asked for the Regulator's endorsement in May 2013. By the date of this report the Regulator has not sent any response to the request of the Fund.

Changes in the Constitutive Act

On 29 March 2013, FTIML received a request from one of the Fund's shareholders, namely Manchester Securities Corporation (managed by Elliott Associates), for supplementing the agenda of the Extraordinary General Shareholders' Meeting scheduled for 25 April 2013 with additional proposals to change the Constitutive Act of the Fund, as follows:

- Eliminate the current provision of the Constitutive Act which permits the revocation of the members of the Board of Nominees and the fund manager by a majority of at least 2/3 of the voting rights. The change would mean such decisions would only require a simple majority of shareholders voting to be effective;
- Change (clarify) the provisions regarding the appointment of the fund manager: new wording to state that the fund manager will be appointed by the shareholders based on an international tender organised by the Board of Nominees;
- Implement changes to the organisation of the GSM for reappointing / initiating the tender for selection of the fund manager (the GSM will be convened 6 months before the expiration of the current mandate).

The changes approved by shareholders were sent to Romanian Regulator (FSA) for final endorsement, but the regulator has not issued any decision by the date of this report.

Financial Statement Analysis

The unaudited Financial Statements for the six-month period ended 30 June 2013 prepared in compliance with Romanian Accounting Regulations are included in full in Annex 1 to this Report.

This section provides a commentary on the principal elements of the Fund's financial position and results for the six-month ended 30 June 2013.

Balance Sheet

RON million	31 December 2012	30 June 2013
	Audited	Unaudited
Intangible assets	0.3	0.8
Financial assets	11,097.8	10,675.1
Non-current assets - total	11,098.1	10,675.9
Current assets - total	776.5	1,390.5
Prepaid expenses	0.1	0.1
Payables within one year	21.1	435.2
Total assets less current liabilities	11,853.6	11,631.3
Provisions	16.8	18.2
Shareholders' equity	11,836.8	11,613.1

As at 30 June 2013, **intangible assets** included the value of the licences and the implementation costs of a new customised accounting and reporting software solution.

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

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

In the first six months of 2013, the value of financial assets decreased by RON 422.7 million mainly due to the partial disposal of the holding in OMV Petrom SA and to the increase of the impairment adjustments for listed equity investments, principally for Alro SA, Raiffeisen Bank International AG and OMV Petrom SA.

The significant increase in the value of **current assets** since 2012 was mainly accounted for by the increase of the bank deposits and current accounts from RON 317.9 million to RON 868.5 million as at 30 June 2013. This increase was mainly due to the cash inflows from dividend receivables (RON 552.5 million) and from the proceeds on the partial disposal of the holding in OMV Petrom SA (RON 246.7 million), net of the cash outflow related to the payment of dividends (RON 127.9 million) and to the buybacks (RON 92.5 million).

The significant increase of **payables** by RON 414.1 million in the first half of year 2013 was mainly accounted for by the approval in April of the distribution of a gross dividend of RON 536.4 million or RON 0.04089 per share, related to the Fund's 2012 profits, which was payable to shareholders with effect from 28 June 2013.

Income Statement

RON million	For the six-month period ended	
	30 June 2012	30 June 2013
	Unaudited	Unaudited
Revenues from current activity, out of which:	847.8	874.8
Revenues from financial assets	618.1	604.8
Interest income	14.0	20.7
Reversal of impairment adjustments & provisions	5.5	1.0
Revenues from disposal of financial assets	207.8	247.8
Revenues from foreign exchange differences	0.1	0.1
Other income from current activity	2.3	0.4
Expenses from current activity, out of which:	273.5	360.2
Expenses from disposal of financial assets	194.8	318.9
Expenses from foreign exchange differences	0.3	0.1
Depreciation, provisions, losses from receivables and sundry debtors	47.7	1.6
Commissions and fees	9.1	11.4
Other expenses from current activity*	21.6	28.2
Gross profit	574.3	514.6
Income tax expense	0.4	-
Net profit	573.9	514.6

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

Revenues from financial assets represent dividend income earned from the Fund's portfolio companies, mainly from OMV Petrom RON 319.0 million, Romgaz RON 158.9 million and Transgaz RON 37.6 million.

Interest income arose from deposits held with banks and from treasury bills. The higher level of income in the half year ended 30 June 2013 as compared with the same period in 2012 is a reflection of the higher level of deposits and treasury bills held in 2013 as compared to 2012.

Revenues from disposal of financial assets (RON 247.8 million in 2013 and RON 207.8 million in 2012) represents the proceeds from the sales of portfolio company holdings, while the expenses from disposal of financial assets (RON 318.9 million in 2013 and RON 194.8 million in 2012) represents the cost that these investments were held at prior to disposal.

Commissions and fees mainly include FSA's 0.1% per annum fee, calculated on the basis of the Fund's NAV, amounting to RON 7.6 million in the first half of 2013 (half year ended 30 June 2012: RON 7.8 million), and the depositary bank's fees of RON 0.9 million (half year ended 30 June 2012: RON 0.9 million). During the first six months of 2013 commissions and fees included also the brokerage fees related to the disposals of equity investments, in the amount of RON 2.0 million (H1 2012: RON 0.4 million).

Other expenses from current activity can be analysed as follows:

RON million	For the six-month period ended	
	30 June 2012	30 June 2013
	Unaudited	Unaudited
FTIML investment management and administration fees	17.1	20.5
Salaries and similar expenses	0.4	0.4
Other expenses	4.1	7.3
Other expenses from current activity	21.6	28.2

During the first half of 2013, **other expenses from current activity** increased by RON 6.6 million due to the increase of the FTIML investment management and administration fees, in line with the increase of the Fund's share price on which they are based.

Other expenses included mainly litigation assistance and legal advisory expenses and investor relations expenses. The increase of other expenses was mainly due to the higher level of legal fees generated by the increase of the number of litigations.

Analysis of 2013 Income Statement by Quarters

Although this report covers the six-month period to 30 June 2013, given that the Fund reports on a quarterly basis, the following split has been prepared to show also the actual results for the period 1 April to 30 June to aid with comparison with the first quarter reporting.

RON million	Quarter ended		Half-year ended
	31 March 2013 Unaudited	30 June 2013 Unaudited	30 June 2013 Unaudited
Revenues from current activity, out of which:	11.9	862.9	874.8
Revenues from financial assets	-	604.8	604.8
Interest income	10.5	10.2	20.7
Reversal of impairment adjustments & provisions	0.2	0.8	1.0
Revenues from disposal of financial assets	1.0	246.8	247.8
Revenues from foreign exchange differences	-	0.1	0.1
Other income from current activity	0.2	0.2	0.4
Expenses from current activity, out of which:	17.5	342.7	360.2
Expenses from disposal of financial assets	1.4	317.5	318.9
Expenses from foreign exchange differences	-	0.1	0.1
Depreciation, provisions, losses from receivables and sundry debtors	0.2	1.4	1.6
Commissions and fees	4.4	7.0	11.4
Other expenses from current activity *	11.5	16.7	28.2
Gross profit / (Loss)	(5.6)	520.2	514.6
Income tax expense	-	-	-
Net profit / (Loss)	(5.6)	520.2	514.6

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

Statement of Cash Flows

RON million	For the six-month period ended	
	30 June 2012 Unaudited	30 June 2013 Unaudited
Cash flows from operating activities		
Payments to suppliers and similar payments	(40.4)	(29.2)
Payments to employees and similar payments	(0.3)	(0.4)
Payments of other taxes and commissions	(7.9)	(7.6)
Net cash used in operating activities	(48.6)	(37.2)
Cash flow from investments		
Dividends collected	523.5	552.5
Interests received	10.6	22.2
Payments for the purchase of tangible and intangible assets	-	(0.4)
Payments for acquisitions of financial assets	(0.1)	-
Proceeds from the sales of financial assets	187.7	247.5
Other receipts related to financial assets	1.9	0.3
Net proceeds from / (payments for) government securities	60.0	(13.0)
Payments for increases in the share capital of portfolio companies	-	(1.0)
Net cash from investment activities	783.6	808.1
Cash flow from financing activities		
Dividends paid, including related withholding tax	(106.0)	(127.8)
Payments for buybacks	-	(92.5)
Net cash flow used in financing activities	(106.0)	(220.3)
Net increase in cash and cash equivalents	629.0	550.6
Cash and cash equivalents at the beginning of the period	297.4	317.9
Foreign exchange differences on cash and cash equivalents	(0.2)	-
Cash and cash equivalents at the end of the period	926.2	868.5

The payments to suppliers and similar payments were significantly higher in 2012 as compared to the current period, mainly due to the payment in January 2012 of the FTIML fees for the year 2011, of RON 27.2 million.

Dividends collected were higher in 2013 as compared to the previous comparable period, mainly because the Fund collected the main part of the dividends during the period (more than 90% of the total dividend receivables), relatively more than in the same period in 2012.

The higher level of **interest received** in the half year ended 30 June 2013 as compared with the same period in 2012 is a reflection of the higher level of interest bearing assets held during the first half of 2013 as compared with the same period in 2012.

In 2013, **the proceeds from the sales of financial assets** were mainly related to the partial disposal of the holding in OMV Petrom SA (RON 246.7 million), while other small equity investments were also disposed of during the period: Carom Broker de Asigurare, Mecanoenergetica and Commetex (RON 0.8 million in total).

Dividends paid in 2013 principally included the 2012 dividend. The Fund declared a gross dividend of RON 536.4 million or RON 0.04089 per share in April 2013 relating to 2012 profits and began its distribution on 28 June 2013. Approximately 27% of the total distribution of RON 536.4 million was paid until 30 June 2013.

Signatures:

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

Oana Truța

Legal Representative

14 August 2013

Prepared by

Mihaela Moleavin

Financial Reporting Manager

Annex 1

S.C. FONDUL PROPRIETATEA S.A.
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2013

Prepared in accordance with the National Securities Commission (“CNVM”) Regulation no. 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the Financial Supervision Authority (“FSA”), approved by CNVM Order no. 13/2011, and with CNVM Instruction no. 5/2006, as subsequently amended, regarding semi-annual accounting reporting system (“Romanian Accounting Regulations”)

(This is a translation from the official Romanian version)

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The accompanying notes are an integral part of these financial statements.
This is a translation from the official Romanian version.

S.C. FONDUL PROPRIETATEA S.A.
STATEMENT OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY
AS AT 30 JUNE 2013
FORM CODE 10

(all amounts are expressed in RON, unless otherwise specified)

The format of the Financial Statements as at 30 June 2013 for the entities authorised, regulated and monitored by the Financial Supervision Authority (FSA), for the closed-end funds (AOPC) set up under articles of association

Type of financial statement: SI

County: Bucharest

Legal entity: S.C. Fondul Proprietatea S.A.

Address: Bucharest, District 1,

78-80, Buzești Street, 7th Floor

Telephone: 021/200 96 00, **Fax:** 021/200 96 31

Trade Register no.: J40/21901/2005

Ownership type: 22

Main activity:

(CAEN group): 643

CAEN class: 6430

Sole Registration Code: 18253260

A	Row	Note	Balance	
			1 January 2013	30 June 2013
	B		1	2
A. NON-CURRENT ASSETS				
I. INTANGIBLE ASSETS				
3. Concessions, patents, licences, trademarks and similar rights and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908)	03		-	805,486
5. Advances and intangible assets in progress (acc. 233+234-2933)	05		323,413	-
TOTAL: (rows 01 to 05)	06		323,413	805,486
III. FINANCIAL ASSETS				
1. Shares held in subsidiaries (acc. 261 - 2961)	12		65,404,757	57,564,931
3. Investments in associates (acc. 263 - 2963)	14		4,876,542,832	-
5. Other investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964)	16		6,155,793,871	10,608,635,043
6. Other receivables (acc. 2673 + 2674 + 2678 + 2679 - 2966 - 2969)	17		-	8,899,705
TOTAL: (rows 12 to 17)	18	1	11,097,741,460	10,675,099,679
NON-CURRENT ASSETS - TOTAL (rows 06 + 11 + 18)	19		11,098,064,873	10,675,905,165
B. CURRENT ASSETS				
II. RECEIVABLES				
1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 - 491)	24		394	394
4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	27		3,919,151	55,166,704
TOTAL: (rows 24 to 28)	29	2	3,919,545	55,167,098
III. SHORT TERM INVESTMENTS				
2. Other short term investments (acc. 5031 + 5032 + 505 + 5061 + 5062 + 5071 + 5072 + 5081 + 5082 + 5088 + 5089 - 593 - 595 - 596 - 597 - 598 + 5113 + 5114)	31		454,732,856	466,791,788
TOTAL: (rows 30 to 31)	32		454,732,856	466,791,788

The accompanying notes are an integral part of these financial statements.
This is a translation from the official Romanian version.

	Row	Note	Balance	
			1 January 2013	30 June 2013
	B		1	2
IV. CASH AND BANK ACCOUNTS				
(acc. 5112 + 5121 + 5122 + 5123 + 5124 + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542)	33		317,885,969	868,520,669
CURRENT ASSETS - TOTAL	34		776,538,370	1,390,479,555
(rows 23 + 29 + 32 + 33)				
C. PREPAID EXPENSES				
(acc. 471)	35		27,199	150,951
D. PAYABLES WITHIN ONE YEAR				
3. Advance from customers (acc. 419)	38		160,000	-
4. Trade payables (acc. 401 + 404 + 408)	39		10,135,208	12,187,554
8. Other payables, including tax and social security payables (acc. 1623 + 1626 + 167 + 1687 + 2698 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 4551 + 4558 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	43		10,768,970	423,029,368
TOTAL: (rows 36 to 43)	44	2	21,064,178	435,216,922
E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES				
(rows 34 + 35 - 44 - 60.2)	45		755,501,391	955,413,584
F. TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19 + 45)	46		11,853,566,264	11,631,318,749
H. PROVISIONS				
2. Provisions for taxes (acc. 1516)	57		16,798,226	18,222,178
TOTAL PROVISIONS (rows 56 + 57 + 58)	59		16,798,226	18,222,178
J. SHARE CAPITAL AND RESERVES				
I. SHARE CAPITAL (rows 62 to 63)				
out of which:	61	4	13,778,392,208	13,778,392,208
- subscribed unpaid share capital (acc. 1011)	62		365,612,042	365,254,622
- subscribed paid in capital (acc. 1012)	63		13,412,780,166	13,413,137,586
IV. RESERVES (rows 68-69+70+71+72+73+74)	67		(2,443,247,819)	(2,549,064,484)
1. Legal reserves (acc. 1061)	68		158,151,474	158,151,474
2. Reserves related to impairment adjustments of financial assets (acc.1062 - <i>debit balance</i>)	69		2,738,430,054	2,853,146,424
4. Reserves for financial assets received free of charge (acc.1065)	71		16,731,205	25,630,910
7. Other reserves (acc.1068)	74		120,299,556	120,299,556
TREASURY SHARES (acc.109 – <i>debit balance</i>)	75	4	120,268,583	216,319,260
V. RETAINED EARNINGS (acc. 117)				
Credit balance	78		83,251,853	85,455,026
VI. RESULT FOR THE YEAR (acc. 121)				
Credit balance	80		566,988,651	514,633,081
Profit allocation (acc. 129 – <i>debit balance</i>)	82		28,348,272	-
TOTAL SHAREHOLDERS' EQUITY (rows 61 + 64 + 65 - 66 + 67 -75+76-77+78 -79+80-81-82)	83		11,836,768,038	11,613,096,571

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

Oana Truța
Legal Representative

Prepared
Mihaela Moleavin
Financial Reporting Manager

The accompanying notes are an integral part of these financial statements.
This is a translation from the official Romanian version.

S.C. FONDUL PROPRIETATEA S.A.
INCOME STATEMENT
AS AT 30 JUNE 2013
FORM CODE 20

(all amounts are expressed in RON, unless otherwise specified)

A	Row	Note	Half year ended	
			30 June 2012	30 June 2013
	B		1	2
A. REVENUES FROM CURRENT ACTIVITY – TOTAL (rows 02 to 11)	01		847,772,146	874,883,978
1. Revenues from financial assets (acc. 761)	02	6	618,083,688	604,777,120
4. Revenues from disposal of financial assets (acc.758(part)+764)	05		207,777,128	247,875,671
6. Revenues from provisions, receivables previously written off and sundry debtors (acc.754+781+786)	07		5,579,540	1,064,269
7. Revenues from foreign exchange differences (acc.765)	08		50,961	50,443
8. Interest income (acc.766)	09		13,962,145	20,735,383
10. Other income from current activity (acc. 705+706+708+741+758(part)+767+768 +7815)	11		2,318,684	381,092
B. EXPENSES FROM CURRENT ACTIVITY – TOTAL (rows 13 to 20)	12		273,502,305	360,250,897
12. Expenses from disposal of financial assets (acc. 658(part) +664)	14		194,884,889	318,887,295
13. Expenses from foreign exchange differences (acc. 665)	15		297,808	51,684
15. Commissions and fees (acc.622)	17		9,130,231	11,445,724
16. Expenses for bank services and similar expenses (acc.627)	18		8,884	12,281
17. Depreciation and amortization, provisions, losses from receivables and sundry debtors (acc. 654 + 681 + 686)	19		47,695,097	1,612,406
18. Other expenses from current activity (rows 21+22+23+26+27)	20		21,485,396	28,241,507
c. Salary expenses (rows 24+25), of which:	23		317,645	404,875
c1. Salaries (acc.621+641+642 +644)	24		253,507	329,052
c2. Social security contributions (acc. 645)	25		64,138	75,823
d. Third party expenses (acc.611+612+613+614+623+624+625+626+628+658(part)+ 667 +668)	26		21,106,473	27,599,265
e. Other taxes, duties and similar expenses (acc. 635)	27		61,278	237,367
C. CURRENT RESULT				
- Profit (row 01 - 12)	28		574,269,841	514,633,081
19. TOTAL REVENUE (rows 01+30)	34		847,772,146	874,883,978
20. TOTAL EXPENSES (rows 12+31)	35		273,502,305	360,250,897
G. GROSS PROFIT:				
- Profit (row 34 - 35)	36		574,269,841	514,633,081
21. INCOME TAX EXPENSE				
- Income tax expense (acc.691)	38	5	413,706	-
H. RESULT FOR THE YEAR				
- Profit (row 36-38-39)	40		573,856,135	514,633,081

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

Oana Truța
Legal Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

The accompanying notes are an integral part of these financial statements.
This is a translation from the official Romanian version.

S.C. FONDUL PROPRIETATEA S.A.
STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2013

(all amounts are expressed in RON, unless otherwise specified)

	Half year ended	
	30 June 2012	30 June 2013
Cash flows from operating activities		
Payments to suppliers and similar payments	(40,350,110)	(29,249,198)
Payments to employees and similar payments, including related taxes and contributions	(285,895)	(358,409)
Payments related to other taxes and fees	(7,856,920)	(7,570,777)
Net cash flows used in operating activities	(48,492,925)	(37,178,384)
Cash flows from investment activities		
Dividends collected	523,518,330	552,530,255
Interest received	10,627,085	22,232,639
Payments for the acquisition of tangible and intangible assets	-	(363,810)
Payments for acquisition of financial assets	(62,217)	-
Cash contributions to share capital increases of portfolio companies	-	(997,910)
Proceeds from disposal of financial assets	187,727,409	247,472,530
Other receipts related to financial assets	1,914,147	259,644
Net proceeds from/(payments for) Government securities	60,022,509	(13,011,273)
Net cash flows generated from investment activities	783,747,263	808,122,075
Cash flows from financing activities		
Dividends paid, including related withholding tax	(106,027,816)	(127,853,911)
Payments for buybacks	-	(92,451,731)
Net cash flows used in financing activities	(106,027,816)	(220,305,642)
Net increase in cash and cash equivalents	629,226,522	550,638,049
Cash and cash equivalents as at the beginning of the period	297,393,152	317,885,969
Foreign exchange differences related to transactions in foreign currency	(234,676)	(3,349)
Cash and cash equivalents as at the end of the period	926,384,998	868,520,669

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

Oana Truța
 Legal Representative

Prepared by
 Mihaela Moleavin
 Financial Reporting Manager

The accompanying notes are an integral part of these financial statements.
 This is a translation from the official Romanian version.

FONDUL PROPRIETATEA S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT 30 JUNE 2013

(all amounts are expressed in RON, unless otherwise specified)

Element of equity	Balance as at 1 January 2013	Increases		Decreases		Balance as at 30 June 2013
		Total	Of which, by transfer	Total	Of which, by transfer	
Subscribed paid in share capital	13,412,780,166	357,420	357,420	-	-	13,413,137,586
Subscribed unpaid share capital	365,612,042	-	-	357,420	357,420	365,254,622
Legal reserves – <i>Credit balance</i>	158,151,474	-	-	-	-	158,151,474
Reserves related to impairment adjustments of financial assets – <i>Debit Balance</i>	(2,738,430,054)	(439,611,863)	-	(324,895,493)	-	(2,853,146,424)
Other reserves – <i>Credit Balance</i>	120,299,556	-	-	-	-	120,299,556
Reserves from shares received free of charge – <i>Credit balance</i>	16,731,205	8,899,705	-	-	-	25,630,910
Treasury shares – <i>Debit Balance</i>	(120,268,583)	(96,050,677)	-	-	-	(216,319,260)
Result from the adjustment of accounting errors – <i>Credit Balance</i>	74,136,468	-	-	-	-	74,136,468
Retained earnings representing profit not allocated – <i>Credit Balance</i>	9,115,385	538,640,379	538,640,379	536,437,206	-	11,318,558
Result for the period (profit) – <i>Credit Balance</i>	566,988,651	514,633,081	-	566,988,651	566,988,651	514,633,081
Allocation of profit – <i>Debit Balance</i>	(28,348,272)	-	-	(28,348,272)	(28,348,272)	-
Total equity	11,836,768,038	526,868,045	538,997,799	750,539,512	538,997,799	11,613,096,571

The decrease in *retained earnings representing profit not allocated - Credit Balance* of RON 536,437,206, represents the 2013 dividend distribution relating to 2012 earnings. The gross dividend was RON 0.04089 per share.

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

Oana Truța
 Legal Representative

Prepared by
 Mihaela Moleavin
 Financial Reporting Manager

The accompanying notes are an integral part of these financial statements.
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S.C. FONDUL PROPRIETATEA S.A.
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2013

(all amounts are expressed in RON, unless otherwise specified)

1. NON-CURRENT ASSETS

Financial assets

The movements in portfolio of investments held as financial assets are presented below:

	Financial Assets	Other non-current assets	Total
Gross value (acquisition cost/ initial valuation)			
Balance as at 1 January 2013	13,844,046,373	-	13,844,046,373
Cash contributions to share capital increases of portfolio companies	997,910	-	997,910
Shares received as contributions in kind to share capital	357,420	-	357,420
Bonus shares received from portfolio companies – incorporation of reserves	-	8,899,705	8,899,705
Disposals	(318,887,295)	-	(318,887,295)
Balance as at 30 June 2013	13,526,514,408	8,899,705	13,535,414,113
Adjustments for impairment of financial assets			
Balance as at 1 January 2013	(2,746,304,913)	-	(2,746,304,913)
Adjustments for impairment during the period through reserves (acc.1062)	(439,611,863)	-	(439,611,863)
Reversal of adjustments for impairment during the period through reserves (acc.1062)	324,895,493	-	324,895,493
Reversal of adjustments for impairment during the period through income statement (acc. 7863)	706,849	-	706,849
Balance as at 30 June 2013	(2,860,314,434)	-	(2,860,314,434)
Net book value as at 1 January 2013	11,097,741,460	-	11,097,741,460
Net book value as at 30 June 2013	10,666,199,974	8,899,705	10,675,099,679

Acquisitions and Disposals

During the first six months of 2013, the Fund sold its entire holdings in Carom Broker de Asigurare and Mecanoenergetica and finalised the disposal of its holding in Commetex.

In May 2013 the Fund disposed of 632.48 million shares in OMV Petrom, accounting for approximately 1.1% of the company's share capital. Following this transaction, the Fund's holding in OMV Petrom decreased below the significant influence threshold of 20%.

In the first half of 2013, the Fund received 35,742 shares in Romgaz (having a nominal value of RON 357,420) following share capital increases by that company, accounted for as contributions in kind to the share capital of the Fund. In the same period, the Fund executed its pre-emptive right and participated in the cash share capital increase of E.ON Gaz Distributie SA, acquiring 399,164 shares at the nominal value of RON 2.5 per share.

In May 2013, the Fund received 8,899,705 bonus shares (with a nominal value of RON 1/ share) in Banca Transilvania, as a result of share capital increase of this company from the incorporation of reserves from 2012 profits. The value of these shares is reflected in other non-current assets category until their registration is completed at the Central Depository in Fund's account.

Hidroelectrica's Insolvency

On 26 June 2013, the Bucharest Court has approved the closing of the judicial reorganisation procedure opened against Hidroelectrica in June 2012.

2. STATEMENT OF RECEIVABLES AND PAYABLES

Receivables	30 June 2013	Due date		
		< 1 year	1 – 5 years	> 5 years
	Col.1=2+3+4	2	3	4
Dividend receivables - net	53,692,078	53,692,078	-	-
Interest receivable	614,710	614,710	-	-
Profit tax receivable	436,920	436,920	-	-
Trade receivables	394	394	-	-
Other receivables	422,996	422,996	-	-
TOTAL	55,167,098	55,167,098	-	-

Receivables	1 January 2013	Due date		
		< 1 year	1 – 5 years	> 5 years
	Col.1=2+3+4	2	3	4
Dividend receivables - net	799,994	799,994	-	-
Interest receivable	1,281,109	1,281,109	-	-
Profit tax receivable	436,920	436,920	-	-
Trade receivables	394	394	-	-
Other receivables	1,401,128	1,401,128	-	-
TOTAL	3,919,545	3,919,545	-	-

As at 30 June 2013 *dividend receivables – net*, in amount of RON 53,692,078, included dividends from portfolio companies related to financial year 2012.

During June 2012, when the Bucharest Court admitted the request filed by Hidroelectrica SA for opening its insolvency procedure, the Fund recorded an impairment adjustment for the 2010 dividend receivable from Hidroelectrica still outstanding at that date, in amount of RON 46,209,651, and for the related penalties levied by the Fund for late payment of dividends, in amount of RON 878,300.

Interest receivable included interest receivables on bank deposits.

As at 30 June 2013, *other receivables* included mainly the receivables related to the sell trades under settlement at period end, amounting to RON 242,290 and tax recoverable from the Austrian tax authorities relating to dividends distributed by Austrian portfolio companies, amounting to RON 141,618 (equivalent of EUR 31,762).

2. STATEMENT OF RECEIVABLES AND PAYABLES (continued)

Payables	30 June 2013	Due date		
		< 1 year	1 – 5 years	> 5 years
	Col.1=2+3+4	2	3	4
Trade payables	1,361,308	1,361,308	-	-
Accrued expenses	10,826,246	10,826,246	-	-
Dividends payable	397,793,660	397,793,660	-	-
Other taxes and fees payables	21,533,527	21,533,527	-	-
Payable to Board members	64,274	64,274	-	-
Taxes on salaries	38,960	38,960	-	-
Sundry creditors	3,598,947	3,598,947	-	-
TOTAL	435,216,922	435,216,922	-	-

Payables	1 January 2013	Due date		
		< 1 year	1 – 5 years	> 5 years
	Col.1=2+3+4	2	3	4
Trade payables	559,418	559,418	-	-
Accrued expenses	9,575,790	9,575,790	-	-
Dividends payable	9,481,720	9,481,720	-	-
Other taxes and fees payables	1,230,482	1,230,482	-	-
Payable to Board members	31,750	31,750	-	-
Taxes on salaries	25,018	25,018	-	-
Payments received in advance	160,000	160,000	-	-
TOTAL	21,064,178	21,064,178	-	-

As at 30 June 2013, *dividends payable* included dividends payable to Fund's shareholders related to the financial year 2012 of RON 389,816,225 and dividends related to years 2008 to 2011 of RON 7,977,435.

In April 2013, the Fund's General Shareholders Meeting approved the distribution of a gross dividend of RON 0.04089 per share, payable to shareholders with effect from 28 June 2013, which represented the distributable profits of the 2012 financial year. Out of this amount, by 30 June 2013, the shareholders had collected approximately 27% of the RON 536,437,206 distribution.

As at 30 June 2013, *accrued expenses* mainly included investment management and administration fees payable to the Fund Manager of RON 10,685,154 (1 January 2013: RON 8,862,463).

As at 30 June 2013, *other taxes and fees payables* included mainly tax on dividends payable to shareholders related to the financial year 2012, in amount of RON 20,073,311.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements for the half year ended 30 June 2013 have been prepared in accordance with the National Securities Commission (“CNVM”) Regulation 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the FSA, approved by CNVM Order no. 13/2011 (“CNVM Order 13/2011”) and with CNVM Instructions no. 5/2006, as subsequently amended, regarding semi-annual accounting reporting.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 prepared in accordance with CNVM Regulation 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the FSA, approved by CNVM Order 13/2011.

The Fund did not change any accounting policies during the half year ended 30 June 2013.

4. FINANCING SOURCES

Shares

As at 30 June 2013, the share capital subscribed was RON 13,778,392,208 representing 13,778,392,208 shares with a nominal value of 1 RON/share, out of which 365,254,622 shares were unpaid.

The shareholding structure as at 30 June 2013 was the following:

No	Shareholder Type	% of subscribed share capital	% of paid-up share capital	% of voting rights
1	Foreign institutional shareholders	56.141%	57.670%	59.358%
2	Romanian institutional shareholders	9.274%	9.526%	9.805%
3	Foreign private individuals	5.863%	6.023%	6.199%
4	Romanian private individuals	23.279%	23.912%	24.613%
5	Ministry of Public Finance	2.674%	0.024%	0.025%
6	Treasury shares	2.769%	2.845%	0.000%
	Total	100.000%	100.000%	100.000%

The total number of shareholders as at 30 June 2013 was 8,228.

Unpaid share capital represents the net value of certain contributions due from the Romanian State represented by the Ministry of Public Finance, as shareholder, to the Fund that were recorded in previous years as paid capital (based on Law 247/2005, with subsequent amendments), and during 2012 some of the paid capital being transferred to the unpaid share capital.

During the first six months of 2013, the paid-up capital of the Fund increased by RON 357,420, from RON 13,412,780,166 to RON 13,413,137,586, while its subscribed capital remained unchanged at RON 13,778,392,208. The increase in the paid-up capital reflects a reduction in the unpaid share capital held by the Romanian state due to the receipt by the Fund of 35,742 shares in Romgaz following a share capital increase by that company relating to the value of the land for which Romgaz obtained title deeds.

Treasury Shares

The Fund’s General Shareholders Meeting in September 2010 approved a buyback programme of up to 10% of the Fund’s share capital at prices ranging between 0.2 - 1.5 RON, which was valid until March 2012. The buyback programme started in May 2011 and by 30 September 2011 the Fund completed this programme by acquiring 240,304,801 shares equivalent to 1.74% of the Fund subscribed share capital for a total acquisition cost of RON 120,268,583.

At the General Shareholders Meeting on April 2012, the shareholders approved to cancel the treasury shares and to reduce the share capital, but the registration of the shareholders' decision with Trade Register was blocked at the request of one shareholder. In the litigation started against this shareholder, the Court irrevocably ruled in favour of the Fund, but the registration procedure with Trade Register is in progress.

The same shareholders meeting approved a second buyback programme: subject to availability of cash, the Fund Manager was authorised to repurchase a maximum number of 1.1 billion shares within the next 18 months 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 publication of this GSM decision in Official Gazette and, consequently, the beginning of the buy-back programme, were postponed by one of the legal cases opened by one shareholder.

The Bucharest Court announced on 5 March 2013 a decision in favour of the Fund and rejected the request of the minority shareholder, ordering the Trade Register to register the shareholder resolution and to publish it in Official Gazette.

The second buy-back programme started on 12 April 2013 and by 30 June 2013 the Fund had acquired 147,016,000 shares at a total cost of RON 96,050,678 (shares already settled as at 30 June 2013: 141,266,000). None of the shares had been cancelled by 30 June 2013.

5. OTHER INFORMATION

a) Information regarding the presentation of the Fund

The Fund is an undertaking for collective investments, in the form of a closed end investment company, established in accordance with Law no. 247/2005, as subsequently amended („Law 247/2005”), and registered in Bucharest on 28 December 2005. During the reporting period, the address of the Fund’s registered office was 78 – 80, Buzeşti Street, 7th Floor, District 1, Bucharest.

When established, the Fund was an entity controlled by the Romanian state represented by the Ministry of Public Finance, the stake of the state decreasing below the control threshold, as the compensation process in accordance with Law 247/2005 continued.

The Fund undertakes its activities in accordance with Law 297/2005, regarding the securities market, as amended (“Law 297/2004”), and Law no. 31/1990 regarding companies, republished, with subsequent amendments (“Law 31/1990”). In accordance with its statute, the main activity of the Fund is performing financial investments (Code CAEN 6430 – mutual funds and other similar financial entities).

Fund’s investment objective is long-term capital appreciation via investments mainly in Romanian equities or equities-linked securities.

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

The records of the shares and shareholders are kept by Depozitarul Central SA, according to the law.

In June 2009, Franklin Templeton Investment Management Ltd was selected to perform investment management and administration services for Fondul Proprietatea. The investment management agreement was signed in February 2010 and came into effect on 29 September 2010, when Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch became the Fund Manager and Sole Director of the Fund.

Since 25 January 2011 Fondul Proprietatea has been a listed company on the spot regulated market managed by the Bucharest Stock Exchange in Tier I (Shares) of the Securities Sector of the market, under ISIN number ROFPTAACNOR5 with the market symbol “FP”.

b) Information regarding the current income tax

	30 June 2012	30 June 2013
Gross profit	574,269,841	514,633,081
Income from provisions and impairment adjustments - Non taxable	(5,579,540)	(1,064,269)
Income from dividends from Romania entities - Non taxable	(614,233,747)	(604,121,072)
Expenses with provisions and impairment adjustments - Non deductible	47,695,097	1,612,406
Other non-deductible expenses	579,099	576,273
Taxable profit / (Fiscal loss) for the current period	2,730,750	(88,363,581)
Tax losses carried forward	-	(3,264,077)
Taxable profit / (Fiscal loss) taking into account tax losses carried forward from previous year	2,730,750	(91,627,658)
Current income tax (16%)	(436,920)	-
Prior year income tax adjustment	23,214	-
Income tax expense	(413,706)	-

This is a translation from the official Romanian version.

6. DIVIDEND INCOME

Company	30 June 2012	30 June 2013
OMV Petrom SA	353,125,036	318,951,645
Romgaz SA	140,639,003	158,941,766
Transgaz SA	52,515,091	37,568,760
GDF Suez Energy Romania SA	-	22,800,000
Electrica Distributie Muntenia Nord SA	1,801,112	16,206,229
Complexul Energetic Oltenia SA	-	10,343,620
CN Aeroporturi Bucuresti SA	9,415,274	9,135,228
Conpet SA	6,612,533	8,403,049
Electrica Furnizare SA	-	7,778,895
CN Administratia Porturilor Maritime SA	6,570,224	5,355,572
Transelectrica SA	10,884,733	3,997,666
Nuclearelectrica SA	-	2,326,200
CN Administratia Canalelor Navigabile SA	525,946	856,672
Aeroportul International Timisoara - Traian Vuia SA	1,687,638	672,674
Erste Group Bank AG	-	656,048
CN Administratia Porturilor Dunarii Fluviale SA	693,950	473,250
CN Administratia Porturilor Dunarii Maritime SA	200,775	227,764
Oil Terminal SA	138,868	35,229
Alcom SA	-	24,392
Ciocirlia SA	2,525	22,393
IOR SA	691	68
Alro SA	19,375,860	-
Complexul Energetic Rovinari SA	6,457,434	-
Raiffeisen Bank International AG	3,849,941	-
BRD - Group Societe Generale SA	3,559,220	-
Complexul Energetic Craiova SA	27,834	-
TOTAL	618,083,688	604,777,120

This is a translation from the official Romanian version.

7. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2013 the Fund was involved in certain litigations, either as defendant or claimant. The Fund discloses in the financial statements those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

1. 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 ("GSM") 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 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. This decision is irrevocable and it was implemented by Trade Registry, 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 versions 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 and the 23 November 2012 GSM;
- new resolutions passed during the 25 April 2012 GSM and 23 November 2012 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).

Also, on 8 April 2013 the Court announced that in file regarding the annulment request filed by the same shareholder against the EGM Resolution for modifying the Constitutive Act approved by shareholders on 29 November 2010 (the next GSM after the one for each the courts annulled 4 decisions) it ruled in favour of the Fund, rejecting the Litigant's argumentation that the annulment of certain shareholder resolutions approved in September 2010 (see file described above) should retrospectively affect the validity of shareholders' resolutions approved after this date.

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 its management agreement.

The outcome of the ongoing cases cannot be determined with certainty at this stage. However, management 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:

1. The Fund is due to receive the following amounts from the Romanian State:
 - an amount resulting from the trading on the Romanian or foreign stock exchange markets of the first 3% of Romtelecom SA shares;
 - 20% of the amounts resulting from the privatization of Romtelecom SA;
 - 9.9% of the amounts resulting from the privatisation of C.E.C. SA.

7. CONTINGENT ASSETS AND LIABILITIES (continued)

These amounts should be recorded as payments for the unpaid capital or as increases of the share capital by the Romanian State once they are collected, with the approval of shareholders, according to the legislation in force.

2. The receivables from World Trade Center Bucharest SA:

Title II, Article 4 of GEO 81/2007 stipulates the transfer from the Authority for State Assets Recovery (“AVAS”) to the Fund of receivables from World Trade Center Bucharest SA amounting to USD 68,814,198 (including the original principal and related interest and penalties) on 29 June 2007.

Until 30 June 2013, the Fund recovered from World Trade Center Bucharest SA USD 510,131, EUR 148,701, RON 8,724,888.

Currently, World Trade Center Bucharest SA is the object of insolvency procedure, the next hearing being set for 18 December 2013.

Given the uncertainties regarding their recoverability, the World Trade Center Bucharest SA receivables were recognised on receipt basis in the Fund’s financial statements.

8. SUBSEQUENT EVENTS

Selection of a new depositary bank

In April 2013, ING Bank N.V. Amsterdam, Bucharest Branch, the current depositary bank of the Fund announced their decision to discontinue the custody and depositary business in certain Central and Eastern European countries, including Romania.

As a result, in July 2013 the Fund began a tender process to select a new provider of depositary services and the winning tenderer is expected to be announced soon, with handover effective from November 2013.

S.C. FONDUL PROPRIETATEA S.A.
INFORMATIVE DATA
AS AT 30 JUNE 2013
FORM 30

(all amounts are expressed in RON, unless otherwise specified)

Informative Data

I. Data regarding the financial result	No Row	No of units 1	Amounts (RON) 2
Units that incurred profit	01	1	514,633,081
Units that incurred losses	02	-	-

III. Average number of employees A	No row B	30 June 2012 1	30 June 2013 2
Average number of employees	24	1	-
Effective number of employees at the end of period	25	1	-

IV. Payments of interest, dividends and royalties A	No row B	Amounts 1
Gross dividends income paid by Romanian juridical persons to non-residents, of which:	34	55,279,831
- taxes owed to the state budget	35	7,774,021

This is a translation from the official Romanian version.

VIII. Other information	No row	30 June 2012	30 June 2013
A	B	1	2
Financial assets, gross values (row 61 + 70), of which:	60	13,825,052,573	13,526,514,408
Shares held in subsidiaries, investments in associates, other non-current investments and bonds, gross values (row 62 to 69), of which:	61	13,825,052,573	13,526,514,408
- listed shares issued by residents	62	6,923,850,194	6,609,952,465
- unlisted shares issued by residents	63	6,685,559,490	6,700,919,054
- shares issued by non-residents	68	215,642,889	215,642,889
Trade receivables, advances to suppliers and other similar accounts, gross values (account 4092 + 411 + 413 + 418), of which:	73	1,979	1,979
- trade receivables not collected in due time (from account 4092 + from account 411 + from account 413)	75	1,979	1,979
Receivables from social security and state budget (account 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 78 to 82), of which:	77	38,305	475,230
- receivables from social securities (account 431 + 437 + 4382)	78	38,305	38,305
- fiscal receivables from state budget (account 441 + 4424 + 4428 + 444 + 446)	79	-	436,920
- other receivables from state budget (account 4482)	82	-	5
Other receivables (account 452 + 456 + 4582 + 461 + 471 + 473), of which:	85	174,947,424	106,583,098
- settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 452 + 456 + 4582)	86	4,790,234	4,432,814
- other receivables from individuals and legal entities, other than receivables from public institutions, (from account 461 + from account 471 + from account 473)	87	170,157,190	102,150,284
Interest receivable (account 5187), of which	89	264,785	614,710
- from non-residents	90	-	-
Short term investments, in gross amounts (account 501 + 503 + 505 + 506 + 507 + from the account 508) (row 93 to 101), of which:	92	139,843,896	466,791,788
- treasury bonds issued by residents	96	139,843,896	466,791,788
Petty cash in RON and currency (row 104 + 105), of which:	103	3,298	829
- in RON (account 5311)	104	3,298	829
Bank accounts, in RON and currency (row 107 + 109), of which:	106	926,381,700	868,519,840
- in RON (account 5121), of which:	107	926,375,386	868,518,746
Bank accounts in RON opened with non-residents banks	108	-	-
- in currency (account 5124), of which:	109	6,314	1,094
Bank accounts in currency opened with non-residents banks	110	-	-

This is a translation from the official Romanian version.

VIII. Other information	No row	30 June 2012	30 June 2013
A		1	2
Liabilities (row 115 + 118 + 121 + 124 + 127 + 130 + 133 + 136 + 139 + 142 + 145 + 146 + 149 + 150 + 152 + 153 + 158 + 160 + 166), of which:	114	425,887,371	435,216,922
Trade payables, advances from clients and other similar accounts, gross values (account 401 + 403 + 404 + 405 + 408 + 419), of which:	150	9,234,700	12,187,554
- external trade payables, advances from foreign clients and other similar accounts, gross values (from account 401 + from account 403 + from account 404 + from account 405 + from account 408 + from account 419)	151	15,573	59,507
Liabilities to employees and similar accounts (account 421 + 423 + 424 + 426 + 427 + 4281)	152	31,750	64,274
Liabilities to social security and state budget (account 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481), (row 154 to 157), of which:	153	19,385,953	21,572,487
- liabilities to social securities (account 431 + 437 + 4381)	154	18,968	26,719
- fiscal liabilities to state budget (account 441 + 4423+ 4428 + 444 + 446)	155	19,366,985	21,545,768
Other liabilities (account 452 + 456 +457 + 4581+ 462 + 472 + 473 + 269 + 509),	160	397,234,968	401,392,607
- settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 452 + 456 + 457 + 4581)	161	397,077,166	397,793,660
- other liabilities from individuals and juridical persons, other than liabilities to public institutions, (from account 462 + from account 472 + from account 473)	162	157,802	3,598,947
Subscribed paid in share capital (account 1012) (row 169 to 172), of which:	168	13,412,780,166	13,413,137,586
- listed shares	169	13,412,780,166	13,413,137,586
Subscribed paid in share capital (account 1012) (row 174 + 177 + 181 to 183)	173	13,412,780,166	13,413,137,586
- share capital owned by public institutions, of which:	174	795,803	3,253,221
- public institution with Central subordination	175	795,803	3,253,221
- owned by companies with private capital	181	7,968,667,947	9,087,763,030
- owned by individuals	182	5,104,107,960	4,015,269,805
- owned by other entities	183	339,208,456	306,851,530
Brevets and licences (from account 205)	184	5,139	5,139

This is a translation from the official Romanian version.

XI. Dividends of entities with state capital	No row	30 June 2012	30 June 2013
A	B	1	2
Dividends of entities with state capital, of which:	189	21,987	124,843
Dividends related to previous financial year, distributed to public institutions, of which:	190	21,987	124,843
-to public institutions with Central subordination	191	21,987	124,843

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

Oana Truța
Legal Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

Annex 2 STATEMENT OF ASSETS AND OBLIGATIONS AS AT 30 JUNE 2013 PREPARED IN ACCORDANCE WITH CNVM REGULATION NO. 4/2010 (ANNEX NO. 4)

Item	31 December 2012				30 June 2013				Differences Lei
	% of the net asset	% of the total asset	Currency		% of the net asset	% of the total asset	Currency		
			EUR	Lei			EUR	Lei	
I. Total assets	100.2527%	100.0000%		15,017,064,409.30	103.0234%	100.0000%		15,451,917,184.40	434,852,775.10
1 Securities and money market instruments, out of which:	40.8826%	40.7796%	-	6,123,898,146.23	37.8141%	36.7045%	-	5,671,546,202.28	(452,351,943.95)
1.1 securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	39.8068%	39.7065%	-	5,962,749,939.79	37.0037%	35.9178%	-	5,549,996,065.15	(412,753,874.64)
1.1.1 listed shares traded in the last 30 trading days	39.5731%	39.4733%	-	5,927,734,779.24	36.5772%	35.5038%	-	5,486,013,923.50	(441,720,855.74)
1.1.2 listed shares not traded in the last 30 trading days	0.2337%	0.2332%	-	35,015,160.55	0.1568%	0.1522%	-	23,523,589.15	(11,491,571.40)
1.1.3 Government bonds	0.0000%	0.0000%	-	-	0.2698%	0.2618%	-	40,458,552.50	40,458,552.50
1.2 securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	1.0758%	1.0731%	EUR36,387,261.12	161,148,206.44	0.8104%	0.7866%	EUR 27,260,728.70	121,550,137.13	(39,598,069.31)
1.2.1 listed shares traded in the last trading 30 days	1.0758%	1.0731%	EUR36,387,261.12	161,148,206.44	0.8104%	0.7866%	EUR 27,260,728.70	121,550,137.13	(39,598,069.31)
1.2.2 listed shares not traded in the last trading 30 days	-	-	-	-	-	-	-	-	-
1.3 securities and money market instruments admitted on a stock exchange from a state not a member or negotiates 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 National Commission of Securities (C.N.V.M.)	-	-	-	-	-	-	-	-	-
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:	54.1836%	54.0470%	-	8,116,277,279.82	56.1286%	54.4815%	-	8,418,438,004.74	302,160,724.92
- shares not admitted at trading	54.1836%	54.0470%	-	8,116,277,279.82	56.1286%	54.4815%	-	8,418,438,004.74	302,160,724.92
4 Bank deposits, out of which:	2.1183%	2.1130%	-	317,309,451.54	5.7198%	5.5518%	-	857,857,352.95	540,547,901.41
4.1 bank deposits made with credit institutions from Romania	2.1183%	2.1130%	-	317,309,451.54	5.7198%	5.5518%	-	857,857,352.95	540,547,901.41
- in lei	-	-	-	-	5.7198%	5.5518%	-	857,857,082.26	857,857,082.26
- in euro	-	-	-	-	0.0000%	0.0000%	EUR 60.71	270.69	270.69
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:	0.0124%	0.0124%	-	1,857,627.12	0.0752%	0.0730%	-	11,278,025.52	9,420,398.40
- in lei	0.0124%	0.0123%	-	1,851,973.75	0.0752%	0.0730%	-	11,277,202.44	9,425,228.69
- in euro	0.0000%	0.0000%	EUR 1,276.53	5,653.37	0.0000%	0.0000%	EUR 6.00	26.75	(5,626.62)
- in USD	0.0000%	0.0000%	-	-	0.0000%	0.0000%	USD 233.18	796.33	796.33
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:	3.0358%	3.0281%	-	454,732,856.81	2.8425%	2.7591%	-	426,333,235.28	(28,399,621.53)
- Treasury bills with original maturities of less than 1 year	3.0358%	3.0281%	-	454,732,856.81	2.8425%	2.7591%	-	426,333,235.28	(28,399,621.53)
8 Participation titles of UCHTS and/or of OCIU (A.O.P.C./ O.P.C.V.M.)	-	-	-	-	-	-	-	-	-
9 Other assets out of which:	0.0200%	0.0199%	-	2,989,047.78	0.4431%	0.4301%	-	66,464,363.63	63,475,315.85
- net dividend receivable from Romanian companies	0.0053%	0.0053%	-	799,994.00	0.3580%	0.3475%	-	53,692,077.67	52,892,083.67
- the value of bonus shares from Banca Transilvania following the share capital increase from the incorporation of current year profits and retained earnings	-	-	-	-	0.0730%	0.0709%	-	10,955,536.86	10,955,536.86
- receivables related to transactions under settlement	-	-	-	-	0.0016%	0.0016%	-	242,290.50	242,290.50
- dividend withholding tax to be recovered from Austrian Tax Authorities	0.0054%	0.0054%	EUR 181,517.91	803,888.37	0.0009%	0.0009%	EUR 31,761.60	141,618.62	(662,269.75)
- tax on dividends to be recovered from the State Budget	0.0013%	0.0013%	-	198,044.00	0.0000%	0.0000%	-	-	(198,044.00)
- tax on profit to be recovered from the State Budget	0.0029%	0.0029%	-	436,920.00	0.0029%	0.0028%	-	436,920.00	-
- receivables from penalties levied for late payment of dividends	0.0024%	0.0024%	-	360,106.88	0.0000%	0.0000%	-	-	(360,106.88)
- intangible assets	-	-	-	-	0.0054%	0.0052%	-	805,486.32	805,486.32
- other debts	0.0003%	0.0003%	-	39,482.51	0.0003%	0.0003%	-	39,482.51	-
- advance payments intangible assets	0.0022%	0.0022%	-	323,413.45	0.0000%	0.0000%	-	-	(323,413.45)
- prepaid expenses	0.0002%	0.0002%	-	27,198.57	0.0010%	0.0010%	-	150,951.15	123,752.58
II. Total liabilities	0.2528%	0.2521%		37,862,403.66	3.0232%	2.9345%		453,439,099.93	415,576,696.27
1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.0592%	0.0590%	-	8,862,463.06	0.0712%	0.0692%	-	10,685,154.21	1,822,691.15
2 Liabilities related to the fees payable to the depositary bank	0.0010%	0.0010%	-	144,251.80	0.0009%	0.0009%	-	141,091.47	(3,160.33)
3 Liabilities related to the fees payable to intermediaries	-	-	-	-	-	-	-	-	-
4 Liabilities related to commissions and other bank services	-	-	-	-	-	-	-	-	-
5 Interest payable	-	-	-	-	-	-	-	-	-
6 Issuance expense	-	-	-	-	-	-	-	-	-
7 Liabilities in relation with the fees/commissions to C.N.V.M.	0.0082%	0.0082%	-	1,230,482.00	0.0083%	0.0081%	-	1,250,361.25	19,879.25
8 Audit fees	-	-	-	-	0.0008%	0.0008%	-	120,412.92	120,412.92
9 Other Liabilities, out of which:	0.1844%	0.1840%	-	27,625,206.80	2.9419%	2.8556%	-	441,242,080.08	413,616,873.28
- payable dividends	0.0633%	0.0631%	-	9,481,720.07	2.6522%	2.5744%	-	397,793,659.92	388,311,939.85
- tax on dividends	0.0000%	0.0000%	-	0.00	0.1338%	0.1299%	-	20,073,311.00	20,073,311.00
- provisions for risks and expenses	0.1121%	0.1119%	-	16,798,225.40	0.1175%	0.1179%	-	18,222,178.20	1,423,952.80
- payables related to buybacks under settlement	-	-	-	-	0.0240%	0.0233%	-	3,598,946.78	3,598,946.78
- salaries and related contributions	0.0004%	0.0004%	-	56,768.00	0.0007%	0.0007%	-	103,234.00	46,466.00
- other liabilities out of which:	0.0086%	0.0086%	-	1,288,493.33	0.0097%	0.0094%	-	1,450,750.18	162,256.85
- in lei	0.0071%	0.0071%	-	1,065,905.54	0.0093%	0.0090%	-	1,391,243.22	325,337.68
- in EUR	0.0015%	0.0015%	EUR 50,260.30	222,587.79	-	-	-	-	(222,587.79)
- in USD	-	-	-	-	0.0004%	0.0004%	USD 17,424.66	59,506.96	59,506.96
III. Net Asset Value (I - II)	100.0000%	99.7479%		14,979,202,005.64	100.0000%	97.0655%		14,998,478,084.47	19,276,078.83

Unitary Net Asset Value

Item	30 June 2013	31 December 2012	Differences
Net Asset Value	14,998,478,084.47	14,979,202,005.64	19,276,078.82
Number of outstanding shares	13,025,816,785	13,172,475,365	(146,658,580)
Unitary net asset value	1.1514	1.1371	0.0143

DETAILED STATEMENT OF INVESTMENTS AS AT 30 JUNE 2013

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 SA	ALR	26/Jun/2013	72,884,714	0.5	1.5300	111,513,612.42	10.21%	0.7217%	0.7435%	Closing price
Banca Transilvania SA	TLV	28/Jun/2013	55,823,515	1	1.2310	68,718,746.97	2.93%	0.4447%	0.4582%	Closing price
BRD-Groupe Societe Generale SA	BRD	28/Jun/2013	25,387,456	1	7.4850	190,025,108.16	3.64%	1.2298%	1.2670%	Closing price
Compet SA	COTE	26/Jun/2013	2,571,461	3.3	33.7500	86,786,808.75	29.70%	0.5617%	0.5786%	Closing price
IOR SA	IORB	28/Jun/2013	2,622,273	0.1	0.4000	1,048,909.20	2.81%	0.0068%	0.0070%	Closing price
Oil Terminal SA	OIL	27/Jun/2013	49,216,526	0.1	0.1330	6,545,797.96	8.45%	0.0424%	0.0436%	Closing price
OMV Petrom SA	SNP	28/Jun/2013	10,758,648,186	0.1	0.4212	4,531,542,615.94	18.99%	29.3267%	30.2133%	Closing price
Primcom SA	PRIB	19/Jun/2013	1,561,981	2.5	13.4000	20,930,545.40	75.48%	0.1355%	0.1396%	Closing price
Romaero SA	RORX	19/Jun/2013	1,311,691	2.5	16.5000	21,642,901.50	20.99%	0.1401%	0.1443%	Closing price
Transelctrica SA	TEL	28/Jun/2013	9,895,212	10	13.1000	129,627,277.20	13.49%	0.8389%	0.8643%	Closing price
Transgaz SA	TGN	28/Jun/2013	1,764,620	10	180.0000	317,631,600.00	14.98%	2.0556%	2.1178%	Closing price
Total						5,486,013,923.50		35.5038%	36.5772%	

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 SA	ALCQ	28/Mar/2013	89,249	2.5	76.7732	6,851,931.33	71.89%	0.0443%	0.0457%	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Comercial Cluj SA	COCL	6/Aug/2010	256,116	2.5	4.0115	1,027,409.33	11.36%	0.0066%	0.0069%	Shareholders equity/share
Forsev SA	FORS	26/Nov/2009	954,376	2.5	7.5835	7,237,510.40	28.14%	0.0468%	0.0483%	Shareholders equity/share
Mecon SA	MECP	23/Oct/2012	60,054	11.6	1.3000	78,070.20	12.51%	0.0005%	0.0005%	Fair value/share: Last trading price
Palace SA	PACY	22/Apr/2013	5,832,482	0.1	0.3484	2,032,036.73	15.42%	0.0132%	0.0135%	Shareholders equity/share
Resib SA	RESI	3/Jun/2004	894,600	0.10	0.0000	0.00	2.87%	0.0000%	0.0000%	Priced at zero (negative equity)
Romplumb SA	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)
Severnav SA	SEVE	23/Apr/2013	1,971,566	2.5	2.3000	4,534,601.80	39.10%	0.0293%	0.0302%	Fair value/share: Last trading price
Telerom Proiect INPPT SA	TEBV	27/Mar/2013	673,862	0.11	0.0000	0.00	68.63%	0.0000%	0.0000%	Priced at zero (negative equity)
Transilvania-Com SA	TRVC	15/Aug/2007	77,234	2.5	21.4470	1,656,437.60	39.99%	0.0107%	0.0110%	Shareholders equity/share
Turdapan SA	TUSB	29/Dec/2010	155,855	2.5	0.6775	105,591.76	44.06%	0.0007%	0.0007%	Shareholders equity/share
Total						23,523,589.15		0.1522%	0.1568%	

Securities admitted or traded on a regulated market from a member state:

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value *	Share value	Total value in Euro	Total value in LEI	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
ERSTE GROUP BANK AG	EBS	28/Jun/2013	397,020	EUR 34.3300	EUR 20.5050	8,140,895.10	36,298,623.07	0.10%	0.2349%	0.2420%	Closing price
RAIFFEISEN BANK INTERNATIONAL AG	RBI	28/Jun/2013	853,564	EUR 53.0500	EUR 22.4000	19,119,833.60	85,251,514.06	0.43%	0.5517%	0.5684%	Closing price
Total						27,260,728.70	121,550,137.13		0.7866%	0.8104%	

* = shareholders equity / share as at 30 June 2013

Instruments mentioned at art. 187 letter a) of the Regulation no.15/2004 (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 SA	23,159	19/Jul/2005	1,490,898	203.2355	4,706,730.94	20.00%	0.0305%	0.0314%	Unlisted companies, in function	Shareholders equity/share
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	193.9870	6,210,687.79	20.00%	0.0402%	0.0414%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Celuloza si Otel SA (former Remat Timis)	3,814	19/Jul/2005	230,675	287.8975	1,098,041.07	8.62%	0.0071%	0.0073%	Unlisted companies, in function	Shareholders equity/share
Cetatea SA	354,468	19/Jul/2005	118,840	1.0859	384,916.80	20.43%	0.0025%	0.0026%	Unlisted companies, in function	Shareholders equity/share
Ciocarla SA	5,298	19/Jul/2005	37,125	70.6207	374,148.47	1.68%	0.0024%	0.0025%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	128.4952	3,540,556.74	20.00%	0.0229%	0.0236%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	79.8313	16,218,526.91	20.00%	0.1050%	0.1081%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Maritime SA	21,237	19/Jul/2005	1,351,671	0.0000	0.00	20.00%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
CN Administratia Porturilor Maritime SA	2,651,113	19/Jul/2005	65,441,294	25.0479	66,404,813.31	19.99%	0.4298%	0.4427%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Aeroporturi Bucuresti SA **	2,875,443	5/Feb/2010	131,168,263	94.5941	271,999,942.69	20.00%	1.7603%	1.8135%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Complexul Energetic Oltenia SA****	27,361,036	31/May/2012	670,084,812	32.1625	879,999,320.35	21.53%	5.6951%	5.8673%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Comsig SA	75,655	19/Jul/2005	132,633	21.5321	1,629,011.03	69.94%	0.0105%	0.0109%	Unlisted companies, in function	Shareholders equity/share
E.ON Gaz Distributie SA	13,557,204	19/Jul/2005	38,468,154	13.0319	176,676,126.81	12.00%	1.1434%	1.1780%	Unlisted companies, in function	Shareholders equity/share
E.ON Energie Romania SA	9,903,524	19/Jul/2005	45,765,358	6.5765	65,130,525.59	13.39%	0.4215%	0.4342%	Unlisted companies, in function	Shareholders equity/share
E.ON Moldova Distributie SA	10,994,457	19/Jul/2005	131,073,011	29.4694	324,000,051.12	22.00%	2.0968%	2.1602%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Distributie Muntenia Nord SA	7,796,022	19/Jul/2005	165,221,141	35.6443	277,883,746.97	21.99%	1.7984%	1.8527%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Electrica Distributie Transilvania Nord SA	8,167,813	19/Jul/2005	113,299,904	24.5689	200,674,180.82	22.00%	1.2987%	1.3380%	Unlisted companies, in function	Shareholders equity/share
Electrica Distributie Transilvania Sud SA	9,327,282	19/Jul/2005	125,918,629	22.8032	212,691,876.90	21.99%	1.3765%	1.4181%	Unlisted companies, in function	Shareholders equity/share
Electroconstructia Elco Cluj SA	322,530	19/Jul/2005	319,656	1.6925	545,882.03	7.61%	0.0035%	0.0036%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	52.6866	485,804,382.17	24.12%	3.1440%	3.2390%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	48.0081	324,204,796.33	24.09%	2.0982%	2.1616%	Unlisted companies, in function	Shareholders equity/share
Enel Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	133.3407	434,210,122.12	12.00%	2.8101%	2.8950%	Unlisted companies, in function	Shareholders equity/share
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	103.3027	45,871,977.15	12.00%	0.2969%	0.3058%	Unlisted companies, in function	Shareholders equity/share
ENEL Energie SA	1,680,000	19/Jul/2005	26,124,808	32.3173	54,293,064.00	12.00%	0.3514%	0.3620%	Unlisted companies, in function	Shareholders equity/share
GDF Suez Energy Romania	2,381,863	19/Jul/2005	62,522,462	145.3435	346,188,304.94	12.00%	2.2404%	2.3082%	Unlisted companies, in function	Fair value / share (Shareholders' equity as per IFRS separate financial statements adjusted with dividends declared/ share)
Hidroelectrica SA	89,261,778	19/Jul/2005	3,106,503,426	22.4172	2,000,999,129.78	19.94%	12.9498%	13.3413%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Nuclearelectrica SA	24,676,222	19/Jul/2005	967,926,936	26.2601	648,000,057.34	9.72%	4.1937%	4.3204%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Plafar SA	132,784	28/Jun/2007	3,160,329	39.2487	5,211,599.38	48.99%	0.0337%	0.0347%	Unlisted companies, in function	Shareholders equity/share
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	5.4345	80,821,595.97	25.00%	0.5231%	0.5389%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Romgaz SA	5,778,596	19/Jul/2005	416,658,864	231.4829	1,337,646,160.01	14.99%	8.6568%	8.9185%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Salubriserv SA	43,263	19/Jul/2005	207,601	248.6356	10,756,721.96	17.48%	0.0696%	0.0717%	Unlisted companies, in function	Shareholders equity/share
Societatea Nationala a Sarrii SA	2,005,884	28/Jun/2007	76,347,715	48.8339	97,955,138.67	48.99%	0.6339%	0.6531%	Unlisted companies, in function	Fair value (Shareholder equity adjusted with dividends declared/ share)
World Trade Hotel SA	17,912	19/Jul/2005	17,912	0.8335	14,929.65	19.90%	0.0001%	0.0001%	Unlisted companies, in function	Shareholders equity/share
Zirom SA	3,624,346	28/Jun/2007	36,030,702	10.0131	36,290,938.93	100.00%	0.2349%	0.2420%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Furnizare SA ***	1,366,412	22/Jul/2011	17,819,672	0.0000	0.00	22.00%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
BAT Service SA	194,022	19/Jul/2005	656,686	0.0000	0.00	33.00%	0.0000%	0.0000%	Dissolution	Priced at zero
Carbid Fox SA	10,191,630	19/Jul/2005	927,357	0.0000	0.00	7.96%	0.0000%	0.0000%	Bankruptcy	Priced at zero
FECNE SA	778,442	19/Jul/2005	0	0.0000	0.00	12.12%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.76%	0.0000%	0.0000%	Dissolution	Priced at zero
Petrotel - Lukoil SA	2,152,291	19/Jul/2005	2,787,316	0.0000	0.00	1.78%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (negative equity)
Simtex SA	132,859	28/Jun/2007	3,059,858	0.0000	0.00	30.00%	0.0000%	0.0000%	Bankruptcy	Priced at zero
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	0.0000	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
Total			6,680,894,164		8,418,438,004.74		54.4815%	56.1286%		

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.

Note: Uzina Mecanica Bucuresti SA was not included in Fondul Proprietatea's portfolio because Ministry of Public Finance actually did not transfer to the fund the holding in this company.

S.C. 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 bond	No of bonds	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
RO1213CTN0P5	4,245	7/Nov/2012	6/Nov/2013	39,991,975.20	6,752.82	1,593,664.43	41,585,639.63	0.2691%	0.2773%	ING Bank	Acquisition price cumulated with the related interest since the acquisition date
RO1213CTN0P5	1,139	4/Feb/2013	6/Nov/2013	10,918,749.80	1,713.64	251,904.65	11,170,654.45	0.0723%	0.0745%	BRD Groupe Societe Generale	
RO1213CTN0R1	2,000	5/Dec/2012	4/Dec/2013	18,805,520.00	3,281.54	682,560.00	19,488,080.00	0.1261%	0.1299%	RBS Bank	
RO1313CTN039	1,818	23/Jan/2013	24/Jul/2013	17,685,085.86	2,719.31	432,370.05	18,117,455.91	0.1173%	0.1208%	ING Bank	
RO1314CTN029	2,215	17/Jan/2013	15/Jan/2014	20,996,172.83	3,178.59	524,466.90	21,520,639.73	0.1393%	0.1435%	Raiffeisen Bank	
RO1314CTN029	2,500	27/Jun/2013	15/Jan/2014	24,377,625.75	3,081.06	12,324.24	24,389,949.99	0.1578%	0.1626%	Raiffeisen Bank	
RO1314CTN045	5,278	6/Feb/2013	5/Feb/2014	49,996,224.46	7,647.74	1,108,921.58	51,105,146.04	0.3307%	0.3407%	ING Bank	
RO1314CTN060	2,300	8/Apr/2013	12/Mar/2014	21,988,411.01	2,992.87	251,400.81	22,239,811.82	0.1439%	0.1483%	RBS Bank	
RO1314CTN060	4,500	27/Jun/2013	12/Mar/2014	43,639,537.50	5,273.11	21,092.44	43,660,629.94	0.2826%	0.2911%	CITI Bank	
RO1213CTN0F6	2,520	31/May/2013	7/Aug/2013	24,999,310.98	2,951.31	91,490.58	25,090,801.56	0.1624%	0.1673%	Raiffeisen Bank	
RO1213CTN0N0	2,530	31/May/2013	11/Sep/2013	24,996,054.91	2,950.92	91,478.62	25,087,533.53	0.1624%	0.1673%	Raiffeisen Bank	
RO1213CTN0N0	2,500	20/Jun/2013	11/Sep/2013	24,768,722.00	2,786.48	30,651.30	24,799,373.30	0.1605%	0.1653%	CITI Bank	
RO1313CTN088	1,105	18/Jun/2013	27/Nov/2013	10,842,634.61	1,280.03	16,640.43	10,859,275.04	0.0703%	0.0724%	Raiffeisen Bank	
RO1313CTN088	3,776	18/Jun/2013	27/Nov/2013	37,051,392.13	4,374.12	56,863.60	37,108,255.73	0.2402%	0.2474%	Raiffeisen Bank	
RO1313CTN088	5,100	14/Jun/2013	27/Nov/2013	50,008,443.69	5,973.23	101,544.92	50,109,988.61	0.3243%	0.3341%	Raiffeisen Bank	
Total							426,333,235.28	2.7591%	2.8425%		

Government bonds

Issuer	ISIN code	Date of the last trading session	No. of bonds	Date of acquisition	Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Cumulated discount	Market price	Current value	Stake in FP total assets	Stake in FP net asset	Evaluation method
Ministry of Public Finance	RO1013DBN023	22-apr.-2013	3,820	4-apr.-2013	25-iul.-2012	25-iul.-2013	40,004,421.85	6,541.10	2,230,513.70	-	10,007.34	40,458,552.50	0.2618%	0.2698%	Closing price (Gross price)
Total												40,458,552.50	0.2618%	0.2698%	

Term 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
BRD Groupe Societe Generale	18/Jun/2013	18/Jul/2013	RON 65,000,000.00	RON 6,951.39	RON 90,368.06	RON 65,090,368.06	0.4212%	0.4340%	Term deposit value cumulated with the related interest
CITI Bank	26/Jun/2013	10/Jul/2013	RON 67,000,000.00	RON 7,444.44	RON 37,222.22	RON 67,037,222.22	0.4338%	0.4470%	
ING Bank	27/Jun/2013	1/Jul/2013	RON 20,000,000.00	RON 2,250.00	RON 9,000.00	RON 20,009,000.00	0.1295%	0.1334%	
ING Bank	28/Jun/2013	1/Jul/2013	RON 37,000,000.00	RON 4,111.11	RON 12,333.33	RON 37,012,333.33	0.2395%	0.2468%	
Raiffeisen Bank	10/Jun/2013	24/Jul/2013	RON 22,000,000.00	RON 2,138.89	RON 44,916.67	RON 22,044,916.67	0.1427%	0.1470%	
Raiffeisen Bank	28/Jun/2013	29/Jul/2013	RON 50,000,000.00	RON 5,277.78	RON 15,833.33	RON 50,015,833.33	0.3237%	0.3335%	
Raiffeisen Bank	28/Jun/2013	28/Aug/2013	RON 40,000,000.00	RON 4,277.78	RON 12,833.33	RON 40,012,833.33	0.2590%	0.2668%	
RBS Bank	28/Jun/2013	29/Jul/2013	RON 50,000,000.00	RON 5,625.00	RON 16,875.00	RON 50,016,875.00	0.3237%	0.3335%	
Unicredit Tiriac Bank	18/Jun/2013	2/Jul/2013	RON 65,000,000.00	RON 7,493.06	RON 97,409.72	RON 65,097,409.72	0.4213%	0.4340%	
Unicredit Tiriac Bank	25/Jun/2013	2/Jul/2013	RON 14,000,000.00	RON 1,652.78	RON 9,916.67	RON 14,009,916.67	0.0907%	0.0934%	
Unicredit Tiriac Bank	10/Jun/2013	24/Jul/2013	RON 40,000,000.00	RON 4,722.22	RON 99,166.67	RON 40,099,166.67	0.2595%	0.2674%	
Unicredit Tiriac Bank	28/Jun/2013	29/Jul/2013	RON 50,000,000.00	RON 5,902.78	RON 17,708.33	RON 50,017,708.33	0.3237%	0.3335%	
ING Bank	28/Jun/2013	1/Jul/2013	RON 12,927,778.67	RON 377.06	RON 1,131.18	RON 12,928,909.85	0.0837%	0.0862%	
ING Bank	28/Jun/2013	1/Jul/2013	EUR 60.71	EUR -	EUR -	RON 270.69	0.0000%	0.0000%	
BRD Groupe Societe Generale	28/Jun/2013	1/Jul/2013	RON 324,314,593.58	RON 49,998.50	RON 149,995.50	RON 324,464,589.08	2.0998%	2.1633%	
TOTAL						857,857,352.95	5.5518%	5.7198%	

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

	Year T-2/ 31 Dec 2011	Year T-1 / 31 Dec 2012	Year T/ 30 June 2013
Net Asset	14,465,379,292.28	14,979,202,005.64	14,998,478,084.47
NAV/share	1.0788	1.1371	1.1514

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

Oana Truța
Legal representative

Marius Nechifor
Compliance Officer

ING Bank N.V. Amsterdam – Bucharest Branch

Cristina Bulata
Director Settlements & Trade Commercial Banking

Mihaela Savu
Economist

Annex 3

S.C. FONDUL PROPRIETATEA S.A.

**CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2013**

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)

	<i>Note</i>	6 months ended 30 June 2013	6 months ended 30 June 2012
Gross dividend income	5	608,717,630	622,681,966
Interest income		20,735,383	13,962,145
Reversal of impairment losses on receivables in respect of equity contributions		357,420	5,211,070
Gain/ (Loss) on disposal of equity investments	9	131,864,230	17,677,975
Impairment losses on dividends receivable		-	(46,209,651)
Impairment losses on other assets		(188,453)	(878,300)
Net foreign exchange gains / (losses)		(1,240)	(246,847)
Other operating income		381,092	2,318,684
Net operating income		761,866,062	614,517,042
Personnel expenses		(404,875)	(317,645)
Other operating expenses	6	(39,294,636)	(30,306,865)
Operating expenses		(39,699,511)	(30,624,510)
Profit before income tax		722,166,551	583,892,532
Income tax expense	7	(47,268,283)	(5,777,703)
Profit for the period		674,898,268	578,114,829
Other comprehensive income			
Net change in fair value of available-for-sale equity investments	9	(236,631,711)	795,110,055
Deferred tax on other comprehensive income	7	37,861,074	(127,217,609)
Decrease in fair value reserve following the disposal of available-for-sale equity investments		(131,280,494)	-
Total other comprehensive income		(330,051,131)	667,892,446
Total comprehensive income for the period		344,847,137	1,246,007,275
Basic and diluted earnings per share		0.0490	0.0420

The financial statements were authorised for issue on 14 August 2013 by:

Oana Truța
as Legal Representative on behalf of
Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch
acting in the capacity of Sole Director of S.C. Fondul Proprietatea S.A.

The notes on pages 61 to 75 are an integral part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013
(all amounts are in RON unless otherwise stated)

	<i>Note</i>	30 June 2013	31 December 2012
Assets			
Cash and current accounts		11,278,026	1,857,628
Deposits with banks		857,857,353	317,309,452
Treasury bills		426,333,235	454,732,857
Government bonds		40,458,553	-
Dividends receivable	8	53,692,078	799,994
Equity investments	9	10,762,170,216	11,269,744,338
Deferred tax assets	10	383,026,738	363,487,628
Other assets		1,816,748	2,189,053
Total assets		12,536,632,947	12,410,120,950
Liabilities			
Other liabilities	11	435,216,922	21,064,179
Total liabilities		435,216,922	21,064,179
Equity			
Share capital	12	13,778,392,208	13,778,392,208
Fair value reserve on available-for-sale financial assets	12	2,164,268,312	2,494,319,443
Other reserves		278,451,031	278,451,031
Treasury shares	12	(216,319,260)	(120,268,583)
Accumulated losses		(3,903,376,266)	(4,041,837,328)
Total equity		12,101,416,025	12,389,056,771
Total liabilities and equity		12,536,632,947	12,410,120,950

The notes on pages 61 to 75 are an integral part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)**

	Share capital	Fair value reserves on available-for-sale financial assets	Other reserves	Treasury shares	Accumulated losses	Total attributable to the equity holders of the Fund
Balance at 31 December 2012	13,778,392,208	2,494,319,443	278,451,031	(120,268,583)	(4,041,837,328)	12,389,056,771
Comprehensive income for the period						
Profit for the period	-	-	-	-	674,898,268	674,898,268
Other comprehensive income						
Net change in fair value of available-for-sale equity investments	-	(236,631,711)	-	-	-	(236,631,711)
Decrease in fair value following the disposal of available-for-sale equity investments	-	(131,280,494)	-	-	-	(131,280,494)
Income tax on income and expense recognised directly in equity	-	37,861,074	-	-	-	37,861,074
Total other comprehensive income	-	(330,051,131)	-	-	-	(330,051,131)
Total comprehensive income for the period	-	(330,051,131)	-	-	674,898,268	344,847,137
Transactions with owners, recorded directly in equity						
Buybacks	-	-	-	(96,050,677)	-	(96,050,677)
Dividends declared	-	-	-	-	(536,437,206)	(536,437,206)
Total transactions with owners recorded directly in equity	-	-	-	(96,050,677)	(536,437,206)	(632,487,883)
Balance at 30 June 2013	13,778,392,208	2,164,268,312	278,451,031	(216,319,260)	(3,903,376,266)	12,101,416,025

The notes on pages 61 to 75 are an integral part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)**

	Share capital	Fair value reserves on available-for-sale financial assets	Other reserves	Treasury shares	Accumulated losses	Total attributable to the equity holders of the Fund
Balance at 31 December 2011	13,778,392,208	1,240,275,189	250,102,759	(120,268,583)	(3,430,868,209)	11,717,633,364
Comprehensive income for the period						
Profit for the period	-	-	-	-	578,114,829	578,114,829
Other comprehensive income						
Net change in fair value of available-for-sale equity investments	-	795,110,055	-	-	-	795,110,055
Income tax on income and expense recognised directly in equity	-	(127,217,609)	-	-	-	(127,217,609)
Total other comprehensive income	-	667,892,446	-	-	-	667,892,446
Total comprehensive income for the period	-	667,892,446	-	-	578,114,829	1,246,007,275
Transactions with owners, recorded directly in equity						
Dividends declared	-	-	-	-	(507,658,517)	(507,658,517)
Total transactions with owners recorded directly in equity	-	-	-	-	(507,658,517)	(507,658,517)
Balance at 30 June 2012	13,778,392,208	1,908,167,635	250,102,759	(120,268,583)	(3,360,411,897)	12,455,982,122

The notes on pages 61 to 75 are an integral part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)**

	6 months ended 30 June 2013	6 months ended 30 June 2012
Cash flows from operating activities		
Proceeds from sale of equity instruments	247,472,530	187,727,409
Acquisition of treasury bills and bonds, net	(13,011,273)	60,022,509
Interest received	22,232,638	10,627,085
Dividends received (net of withholding tax)	552,530,255	523,518,329
Realised foreign exchange loss on cash and cash equivalents	(3,350)	(234,675)
Interest and penalties received in relation with the dividends late payments	259,644	1,755,785
Subscriptions to share capital increase of portfolio companies	(997,910)	-
Other receipts	-	158,362
Salaries and related taxes paid	(358,409)	(285,895)
Suppliers and other taxes and fees paid	(37,183,785)	(48,207,031)
Acquisition of equity investments	-	(62,217)
Net cash flows from operating activities	770,940,340	735,019,662
Cash flows from financing activities		
Dividends paid (including related taxes)	(127,853,911)	(106,027,816)
Acquisition of treasury shares	(92,451,731)	-
Net cash flows used in financing activities	(220,305,642)	(106,027,816)
Net decrease in cash and cash equivalents	550,634,698	628,991,846
Cash and cash equivalents at the beginning of the period	317,885,971	297,393,152
Cash and cash equivalents at the end of the period	868,520,669	926,384,998
	30 June 2013	30 June 2012
Cash	11,278,026	30,967,073
Bank deposits with original maturities of less than three months	857,242,643	895,417,925
	868,520,669	926,384,998

The notes on pages 61 to 75 are an integral part of these financial statements.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(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 no. 247/2005 regarding the reform in property and justice, as well as certain adjacent measure, as amended (“Law 247/2005”) and Government Decision no. 1481/2005 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, with subsequent amendments, and Law 31/1990 regarding companies, republished with subsequent amendments (“Law 31/1990”).

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 Ltd United Kingdom Bucharest Branch (“Fund Manager”) was appointed on 29 September 2010 as the Fund Manager and Sole Director of the Fund.

Since 25 January 2011 Fondul Proprietatea has been a listed company on the spot regulated market managed by the Bucharest Stock Exchange in Tier I (Shares) of the Securities Sector of the market, under ISIN number ROFPTAACNOR5 with the market symbol “FP”.

These condensed separate financial statements for the six month period ended 30 June 2013 are not audited.

2. Basis of preparation

(a) Statement of compliance

These condensed separate financial statements for the six month period ended 30 June 2013 have been prepared in accordance with IAS 34 “Interim financial reporting”. The condensed separate interim financial statements should be read in conjunction with the annual separate financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards as adopted by European Union (“IFRS”).

The Fund has prepared these financial statements in order to provide users of the Fund’s financial reports with supplementary financial information on the Fund’s financial position. The Fund will not prepare consolidated financial statements for the six month period ended 30 June 2013.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)**

2. Basis of preparation (continued)

(b) Basis of measurement

The condensed separate interim financial statements have been prepared on the historical cost basis except for equity investments that are quoted on an active market and treasury bills and government bonds, which are measured at fair value.

(c) Functional and presentation currency

These 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.

(d) Use of estimates

The preparation of 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 effect on the amounts recognised in the financial statements is included in the following notes:

- Note 6 – Other operating expenses
- Note 9 – Equity investments;
- Note 10 – Deferred tax assets;
- Note 11 – Other liabilities;
- Note 13 – Contingencies.

3. Significant accounting policies

The accounting policies are consistent with those in the annual separate financial statements for the year ended 31 December 2012.

The Fund reclassified in the Statement of comprehensive income for the half-year ended 30 June 2012, the income from the category reversal of impairment losses of equity investments into the category gain / loss on disposal of equity investments, in order to be consistent with current period presentation.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)**

4. Financial assets and financial liabilities

Accounting classifications and fair values

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

	Loans and receivables	Held to maturity	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
30 June 2013						
Cash and current accounts	11,278,026	-	-	-	11,278,026	11,278,026
Deposits with banks	857,857,353	-	-	-	857,857,353	857,857,353
Treasury bills	-	-	426,333,235	-	426,333,235	426,333,235
Government bonds	-	-	40,458,553	-	40,458,553	40,458,553
Dividends receivable	53,692,078	-	-	-	53,692,078	53,692,078
Equity investments at fair value	-	-	5,563,941,704	-	5,563,941,704	5,563,941,704
Equity investments at cost	-	-	5,198,228,512	-	5,198,228,512	Not available
Other receivables	1,816,748	-	-	-	1,816,748	1,816,748
Other liabilities	-	-	-	(435,216,922)	(435,216,922)	(435,216,922)
	924,644,205	-	11,228,962,004	(435,216,922)	11,718,389,287	Not available

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)**

4. Financial assets and financial liabilities (continued)

	Loans and receivables	Held to maturity	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
31 December 2012						
Cash and current accounts	1,857,628	-	-	-	1,857,628	1,857,628
Deposits with banks	317,309,452	-	-	-	317,309,452	317,309,452
Treasury bills	-	-	454,732,857	-	454,732,857	454,732,857
Dividends receivable	799,994	-	-	-	799,994	799,994
Equity investments at fair value	-	-	6,071,338,958	-	6,071,338,958	6,071,338,958
Equity investments at cost	-	-	5,198,405,380	-	5,198,405,380	Not available
Other receivables	2,189,053	-	-	-	2,189,053	2,189,053
Other liabilities	-	-	-	(21,064,179)	(21,064,179)	(21,064,179)
	322,156,127	-	11,724,477,195	(21,064,179)	12,025,569,143	Not available

As at 30 June 2013 and 31 December 2012, management estimated that the dividends receivable for which no impairment losses were recognised would be collected within a short period of time and therefore their carrying amount approximated fair value.

Equity investments carried at cost do not have reliably measurable fair values.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)**

5. Gross dividend income

	6 months ended 30 June 2013	6 months ended 30 June 2012
OMV Petrom SA	318,951,645	353,125,036
Romgaz SA	158,941,766	140,639,003
Transgaz SA	37,568,760	52,515,091
GDF Suez Energy Romania SA	22,800,000	-
Electrica Distributie Muntenia Nord SA	16,206,229	1,801,112
Complexul Energetic Oltenia SA	12,313,834	-
CN Aeroporturi Bucuresti SA	9,135,228	9,415,274
Conpet SA	8,403,049	6,612,533
Electrica Furnizare SA	9,260,589	-
CN Administratia Porturilor Maritime SA	5,355,572	6,570,224
Transelectrica SA	3,997,666	10,884,733
Nuclearelectrica SA	2,769,286	-
CN Administratia Canalelor Navigabile SA	856,672	525,946
Aeroportul International Timisoara - Traian Vuia SA	672,674	1,687,638
Alro SA	-	23,066,500
Complexul Energetic Rovinari SA	-	6,457,434
Raiffeisen Bank International AG	-	4,052,568
BRD - Group Societe General SA	-	4,237,166
Others	1,484,660	1,091,708
	608,717,630	622,681,966

The dividend income was subject to 16% withholding tax for Romanian equity investments and 5% withholding tax for Austrian equity investments. In cases where the relevant shareholding was larger than 10% for at least two years prior to the dividend distribution, no withholding tax was due.

6. Other operating expenses

	6 months ended 30 June 2013	6 months ended 30 June 2012
Investment management and administration fee	20,486,420	17,066,876
Financial Supervisory Authority fees	7,571,459	7,841,677
Depositary fee	910,838	900,385
Third party services	9,537,619	3,807,271
Other operating expenses	788,300	690,656
	39,294,636	30,306,865

Third party services increase was mainly due to the higher level of legal fees generated by the increase of the number of litigations.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)**

7. Income tax

	6 months ended 30 June 2013	6 months ended 30 June 2012
Current tax expense		
Current tax (16%)	-	436,920
Dividend withholding tax	3,940,511	4,598,279
Prior year income tax adjustment	-	(23,214)
	3,940,511	5,011,985
Deferred tax expense		
Net (loss)/ gain from equity investments	57,465,945	765,718
Fiscal loss carried forward	(14,138,173)	-
	43,327,772	765,718
Total income tax expense	47,268,283	5,777,703

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

	6 months ended 30 June 2013	6 months ended 30 June 2012
Reconciliation of effective tax rate		
Profit for the period	674,898,268	578,114,829
Income tax expense	47,268,283	5,777,703
Profit excluding income tax	722,166,551	583,892,532
Income tax using the standard tax rate (16%)	115,546,648	93,422,805
Effect of:		
Lower tax rate on dividend income	(93,377,746)	(94,584,953)
Decrease of fair value reserve following the disposal of available-for-sale equity investments	25,005,808	-
Other non-taxable income	(57,187)	(833,771)
Other non-deductible expenses	116,946	7,594,326
Austrian dividend withholding tax non deductible from fiscal point of view	33,814	202,510
Prior year profit tax correction	-	(23,214)
Total income tax expense	47,268,283	5,777,703

	6 months ended 30 June 2013	6 months ended 30 June 2012
Tax expense/(income) recognised directly in equity:		
On equity investments carried at fair value	(37,861,074)	127,217,609

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013
(all amounts are in RON unless otherwise stated)**

8. Dividends receivables

	30 June 2013	31 December 2012
Dividends receivable		
Hidroelectrica SA	46,209,651	46,209,651
Electrica Distributie Muntenia Nord SA	16,206,229	-
Complexul Energetic Oltenia SA	10,343,621	-
CN Aeroporturi Bucuresti SA	9,135,228	-
Conpet SA	8,403,049	-
Electrica Furnizare SA	7,778,895	-
CN Administratia Canalelor Navigabile SA	856,672	-
Other dividends receivable	1,614,548	1,446,159
	100,547,893	47,655,810
Impairment loss allowance		
Hidroelectrica S.A.	(46,209,651)	(46,209,651)
Other dividends receivable	(646,164)	(646,165)
	(46,855,815)	(46,855,816)
	53,692,078	799,994

9. Equity investments

In accordance with Law 247/2005, as amended by Government Emergency Ordinance no.209/2005, the Fund received, at its establishment on 28 December 2005, shares in 117 companies as contribution in kind from the Romanian State, as sole shareholder.

In June 2007, Government Emergency Ordinance no. 81/2007 for the acceleration of the procedure for granting compensations for the property abusively nationalised (“GEO 81/2007”) came into force, in accordance with which:

- 32 new shareholdings were added to the Fund’s portfolio as contribution in kind to its share capital (21 shareholdings in companies already in the portfolio and 11 shareholdings in companies not previously in the portfolio);
- 39 shareholdings were removed from the Fund’s portfolio and transferred back to the State.

The valuation of the shares contributed by the Romanian state in December 2005 and June 2007 was performed in October 2007 by an independent evaluator (Finevex S.R.L. Constanta), who followed the valuation methodology set forth by Law 247/2005. The value of the shareholdings, as determined by the evaluator, represents the cost of the equity investments.

Equity investments are available-for-sale financial assets and are carried at fair value, except for the investments whose fair value cannot be reliably measured, which are carried at cost less impairment.

Fair values at 30 June 2013 and 31 December 2012 were determined by reference to published bid price quotations on the stock exchange where shares are traded, where applicable. Equity investments quoted on the Bucharest Stock Exchange which are not actively traded, and unquoted securities, are carried at cost less impairment.

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9. Equity investments (continued)

At 30 June 2013 and 31 December 2012, for equity investments carried at cost, no fair values could be determined using valuation techniques as the range of reasonable fair value estimates was significant and the probabilities of the various estimates could not be reasonably assessed.

The movement in the carrying amounts of equity investments is as follows:

	Equity investments at fair value	Equity investments at cost	Total equity investments
31 December 2011	4,768,466,068	5,963,176,400	10,731,642,468
Shares contributions in kind by State	-	5,211,070	5,211,070
Acquisitions	62,217	-	62,217
Disposals	(190,099,153)	-	(190,099,153)
Changes in fair value	795,110,055	-	795,110,055
30 June 2012	5,373,539,187	5,968,387,470	11,341,926,657
	Equity investments at fair value	Equity investments at cost	Total equity investments
31 December 2012	6,071,338,958	5,198,405,380	11,269,744,338
Shares contributions in kind by State	-	357,420	357,420
Cash contributions to portfolio companies share capital increases	-	997,910	997,910
Disposals	(270,765,543)	(1,532,198)	(272,297,741)
Changes in fair value	(236,631,711)	-	(236,631,711)
30 June 2013	5,563,941,704	5,198,228,512	10,762,170,216

During the first six months of 2013, the Fund sold its entire holdings in Carom - Broker de Asigurare SA and Mecanoenergetica SA, and finalised the disposal of its holding in Commetex SA.

In May 2013, the Fund disposed of 632,480,000 shares in OMV Petrom SA, accounting for approximately 1.1% of company's share capital. Following this transaction, the Fund's holding in OMV Petrom SA decreased below the significant influence threshold of 20%.

In the first half of 2013, the Fund received 35,742 shares in Romgaz (having a nominal value of RON 357,420) following a share capital increases by that company, accounted for as contributions in kind to the share capital of the Fund.

In May 2013, the Fund executed its pre-emptive right and participated to the cash share capital increase of E.ON Gaz Distribuție SA, acquiring 399,164 shares at the nominal value of RON 2.5 per share.

Hidroelectrică's Insolvency

On 26 June 2013, the Bucharest Court has approved the closing of the judicial reorganisation procedure opened against Hidroelectrică in June 2012.

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9. Equity investments (continued)

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

	30 June 2013	31 December 2012
Equity investments at fair value		
OMV Petrom S.A.	4,531,542,616	4,876,542,833
Transgaz S.A.	317,631,600	384,687,160
BRD - Groupe Societe Generale S.A.	190,025,108	205,892,268
Alro Slatina S.A.	111,513,612	145,769,428
Transelectrica S.A.	129,627,277	125,570,240
Raiffeisen Bank International AG	85,251,514	118,905,477
Conpet S.A.	86,786,809	92,958,315
Erste Group Bank AG	36,298,623	42,242,729
Other	75,264,544	78,770,507
	5,563,941,704	6,071,338,958
Equity investments at cost		
Hydroelectrica S.A.	2,001,000,000	2,001,000,000
Complexul Energetic Oltenia S.A.	670,084,812	670,084,812
Nuclearelectrica S.A.	581,846,011	581,846,011
Romgaz S.A.	416,658,864	416,301,444
Electrica Distributie Muntenia Nord S.A.	165,223,950	165,223,950
Enel Distributie Banat S.A.	141,578,929	141,578,929
Aeroportul International Henri Coanda Bucuresti S.A.	131,168,262	131,168,262
E.ON Moldova Distributie S.A.	131,073,011	131,073,011
Electrica Distributie Transilvania Sud S.A.	125,918,628	125,918,628
Electrica Distributie Transilvania Nord S.A.	115,755,059	115,755,059
Enel Distributie Dobrogea S.A.	114,760,052	114,760,052
Enel Distributie Muntenia S.A.	107,277,263	107,277,263
Posta Romana S.A.	80,822,000	80,822,000
Other	415,061,671	415,595,959
	5,198,228,512	5,198,405,380
Total equity investments	10,762,170,216	11,269,744,338

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

Fair value hierarchy

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

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9. Equity investments (continued)

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- 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).

At 30 June 2013:

	Level 1	Level 2	Level 3	Total
Equity investments at fair value	5,563,941,704	-	-	5,563,941,704
Treasury bills	426,333,235	-	-	426,333,235
Government bonds	40,458,553	-	-	40,458,553
	6,030,733,492	-	-	6,030,733,492

At 31 December 2012:

	Level 1	Level 2	Level 3	Total
Equity investments at fair value	6,071,338,958	-	-	6,071,338,958
Treasury bills	454,732,857	-	-	454,732,857
	6,526,071,815	-	-	6,526,071,815

As at 30 June 2013, the equity investments classified as available for sale included equity investments valued at cost less impairment in amount of RON 5,198,228,512 (31 December 2012: RON 5,198,405,380).

10. Deferred tax assets

	30 June 2013	31 December 2012
<i>Temporary differences deductible (taxable)</i>		
Impairment losses on equity investments	5,035,085,650	5,237,961,506
Changes in fair values of equity investments	(2,732,796,200)	(2,969,427,906)
Fiscal loss carried forward	91,627,658	3,264,075
	2,393,917,108	2,271,797,675
Deferred tax assets at 16%	383,026,738	363,487,628
Total deferred tax assets	383,026,738	363,487,628

The effective tax rate used to calculate the deferred tax position of the Fund as at 30 June 2013 and as at 31 December 2012 was 16% (standard tax rate).

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11. Other liabilities

	30 June 2013	31 December 2012
Dividends payable	397,793,660	9,481,720
Tax on dividends	20,073,311	-
Investment Management and Administration fees	10,685,154	8,862,463
Payables for buy backs	3,598,947	-
Financial Supervisory Authority commission	1,250,361	1,230,482
Other liabilities	1,815,489	1,489,514
	435,216,922	21,064,179

12. Shareholders' equity

(a) Share capital

As of 30 June 2013, the authorised and issued share capital comprised 13,778,392,208 ordinary shares at a nominal value of RON 1 per share out of which 365,254,622 shares were unpaid.

Unpaid share capital represents the net value of certain contributions due to the Fund from the Romanian State represented by the Ministry of Public Finance, as shareholder, that were recorded in previous years as paid capital (based on Law 247/2005) and during 2012 some of the paid capital being transferred to the unpaid share capital.

Holders of unpaid shares are not entitled to vote or to receive dividends.

At 31 December 2012, the authorised and issued share capital comprised 13,778,392,208 ordinary shares at a nominal value of RON 1 per share out of which 365,612,042 shares were unpaid.

By 30 June 2013, the State's share in Fund's issued capital was 2.67% (31 December 2012: 2.68%) out of which only 0.022% was paid.

(b) Fair value reserves on available-for-sale financial assets

The fair value reserves of RON 2,164,268,313 at 30 June 2013 (31 December 2012: RON 2,494,319,443) comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

(c) Treasury shares

The Fund's General Shareholders Meeting in September 2010 approved a buyback programme of up to 10% of the Fund's share capital at prices ranging between 0.2 - 1.5 RON, which was valid until March 2012. The buyback programme started in May 2011 and by 30 September 2011 the Fund completed this programme by acquiring 240,304,801 shares equivalent to 1.74% of the Fund subscribed share capital for a total acquisition cost of RON 120,268,583. At the General Shareholders Meeting on April 2012, the shareholders approved to cancel the treasury shares and to reduce the share capital, but the registration of the shareholders' decision with Trade Register was blocked at the request of one shareholder. In the litigation started against this shareholder, the Court irrevocably ruled in favour of the Fund, but the registration procedure with Trade Register is in progress.

The same shareholders meeting approved a second buyback programme: subject to availability of cash, the Fund Manager was authorised to repurchase a maximum number of 1.1 billion shares within the next 18 months 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 publication of this decision in the Official Gazette and, consequently, the beginning of the buyback programme, were also postponed by the litigations opened by one shareholder.

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12. Shareholders' equity (continued)

(c) Treasury shares (continued)

On 5 March 2013, the Court announced that it has rejected the litigant's request of intervention and admitted the Fund's registration request at Trade Register and in April 2013, the Fund started the second buyback programme.

The second buy-back programme started on 12 April 2013 and by 30 June 2013 the Fund had acquired 147,016,000 shares at a total cost of RON 96,050,678 (shares already settled as at 30 June 2013: 141,266,000). None of the shares had been cancelled by 30 June 2013.

(d) Dividends

The distribution of a gross dividend of RON 0.04089 per share, in relation to 2012 statutory profits was approved by the Fund's General Shareholders Meeting in April 2013.

During 2012 the Fund's General Shareholders Meeting approved the distribution of a gross dividend of RON 0.03854 per share, in relation to 2011 statutory profits.

13. Contingencies

As at 30 June 2013 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 discloses in the financial statements those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

1. 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 ("GSM") 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 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. This decision is irrevocable and it was implemented by Trade Registry, 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 versions 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 and the 23 November 2012 GSM;
- new resolutions passed during the 25 April 2012 GSM and 23 November 2012 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).

Also, on 8 April 2013 the Court announced that in file regarding the annulment request filed by the same shareholder against the EGM Resolution for modifying the Constitutive Act approved by shareholders on 29 November 2010 (the next GSM after the one for each the courts annulled 4 decisions) it ruled in favour of the Fund, rejecting the litigant's argumentation that the annulment of certain shareholder resolutions approved in September 2010 (see file described above) should retrospectively affect the validity of shareholders' resolutions approved after this date.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS
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13. 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 its management agreement.

The outcome of the ongoing cases cannot be determined with certainty at this stage. However, management 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:

- i. The Fund is due to receive the following amounts from the Romanian State:
- the amount resulted from the trading on the Romanian or foreign stock exchange markets of the first 3% of Romtelecom SA shares;
 - 20% of the amounts resulting from the privatization of Romtelecom SA;
 - 9.9% of the amounts resulting from the privatisation of C.E.C. SA.

These amounts should be recorded as payments for the unpaid capital or as increases of the share capital by the Romanian State once they are collected, with the approval of shareholders, according to the legislation in force.

- ii. The receivables from World Trade Center Bucharest SA:

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

Until 30 June 2013, the Fund recovered from World Trade Center Bucharest SA USD 510,131, EUR 148,701, RON 8,724,888.

Currently, World Trade Center Bucharest SA is the object of insolvency procedure, the next hearing being set for 18 December 2013.

Given the uncertainties regarding their recoverability, the World Trade Center Bucharest SA receivables were recognised on receipt basis in the Fund's financial statements.

14. Related parties

(a) Key management

	6 months ended 30 June 2013	6 months ended 30 June 2012
Salaries		
Members of the Board of Nominees	329,052	253,507

There were no loans to or other transactions between the Fund and its management in 2012 and in the first six months of 2013.

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

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14. Related parties (continued)

The transactions carried between the Fund and Fund Manager were as follows:

Transactions	6 months ended 30 June 2013	6 months ended 30 June 2012
Investment management fee	16,209,506	13,503,854
Administration fee	4,276,914	3,563,022
Rental expense	51,749	51,953
Operating cost	13,898	45,739
	20,552,067	17,164,568

During the first six months of 2013, the Fund recorded also an amount of RON 758,703 representing expenses incurred by the Fund Manager on its behalf (30 June 2012: RON 508,920). The recharge of these expenses to the Fund followed the provisions of the Investment Management Agreement, and was subject to Board of Nominee approval.

As at 30 June 2013, the Fund owed an amount of RON 11,374,001 to the Fund Manager (31 December 2012: RON 9,146,226).

(b) Subsidiaries

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

	30 June 2013	31 December 2012
Ownership interest		
Alcom S.A. Timisoara	72%	72%
Comsig S.A. Sighisoara	70%	70%
Primcom S.A. Bucuresti	75%	75%
Telerom Proiect S.A. Bucuresti	69%	69%
Zirom S.A. Giurgiu	100%	100%
Carom - Broker de Asigurare S.A. Bucuresti*	-	70%

*In February 2013, the Fund sold its entire holding in Carom - Broker de Asigurare S.A.

The transactions carry out by the Fund with its subsidiaries were as follows:

	6 months ended 30 June 2013	6 months ended 30 June 2012
Gross dividend income		
Alcom	24,392	-
Dividends received		
Alcom	24,392	-
	30 June 2013	31 December 2012
Dividends receivable		
Carom - Broker de Asigurare S.A. Bucuresti	10,158	10,158
	10,158	10,158
Impairment loss allowance		
Carom - Broker de Asigurare S.A. Bucuresti	(10,158)	(10,158)
	(10,158)	(10,158)
	-	-

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14. Related parties (continued)

(c) Associates

In May 2013 the Fund disposed of 632,480,000 shares in OMV Petrom SA and following this transaction, the Fund's holding in OMV Petrom decreased below the significant influence threshold of 20%.

As at 31 December 2012, the Fund had only one associate, respectively OMV Petrom SA.

15. Subsequent events

Zirom's share capital increase

In June 2013, at the Ordinary General Shareholders Meeting of Zirom SA approved the increase of company's share capital by issuing 1,111,575 new shares, with a nominal value of 10 RON per share. In July 2013, the Fund subscribed the total value of above-mentioned shares, in amount of RON 11,115,750. The funds from the share capital increase will be used to finance Zirom Forging project, partially financed with EU funds.

Selection of a new depositary bank

In April 2013, ING Bank N.V. Amsterdam, Bucharest Branch, the current depositary bank of the Fund announced their decision to discontinue the custody and depositary business in certain Central and Eastern European countries, including Romania.

As a result, in July 2013 the Fund began a tender process to select a new provider of depositary services and the winning tenderer is expected to be announced soon, with handover effective from November 2013.

Annex 4

STATEMENT OF PERSONS RESPONSIBLE

Provisions of Art.30 of Accounting Law no. 82/1991 and
CNVM Regulations no. 1/2006, Art.112¹, par. 1, letter c

The semi-annual financial statements as at 30 June 2013 prepared for:

Entity: S.C. Fondul Proprietatea S.A.

Address: Bucharest, District 1, 78–80, Buzești Street, 7th Floor

Trade Registry Number: J40/21901/28.12.2005

Form of property: 22 (joint ownership with public capital under 50%, domestic and foreign public and private capital companies)

CAEN code and name: 6430 “Trusts, funds and similar financial entities”

Sole Registration Code: 18253260

The undersigned, Oana Truța, Legal representative, and Mihaela Moleavin, Financial reporting manager with Franklin Templeton Investment Management Ltd. United Kingdom, Bucharest Branch, as sole administrator of S.C. Fondul Proprietatea S.A., undertake the responsibility for the preparation of the semi-annual financial statements as at 30 June 2013 and confirm that:

- a) The accounting policies used for preparation of the semi-annual financial statements are in compliance with the applicable accounting regulations;
- b) The semi-annual financial statements give a true and fair view of the financial position and performance and of other information regarding the conducted business.
- c) The company is conducting its business on the going concern basis.
- d) The semi-annual Administrator’s Report of Franklin Templeton Investment Management Ltd. United Kingdom, Bucharest Branch, regarding the management and administration of Fondul Proprietatea S.A. for the first half of year 2013, includes an accurate overview of the developments and performance of Fondul Proprietatea S.A., as well as a description of the main risks and uncertainties related to the business.

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

Oana Truța
Legal Representative

Mihaela Moleavin
Financial Reporting Manager

Annex 5

Documents of the changes in administration and the management structures for the Fund in the first half of 2013

Decision no. 13 / 23 April 2013

The Board of Nominees of SC Fondul Proprietatea SA (“the Fund”), appointed by Resolution of the Ordinary General Meeting of Shareholders (“OGM”) no. 9 of 6 September 2010, OGM Resolution no. 3 of 4 April 2012, OGM Resolution no. 4 of 4 April 2012, and OGM Resolution no. 5 of 4 April 2012,

Convened on 23 April 2013, duly and statutorily, in the presence of the following members:

Sorin Mihai MÎNDRUȚESCU – Chairman

Steven Cornelis van GRONINGEN – Member

Julian Rupert Francis HEALY – Member

Piotr RYMASYEWSKI – Member

Preamble

Whereas Mr. Cristian Bușu has resigned from his position of member of the Board of Nominees by notice no. 1211/22 April 2013;

Considering the provisions of Article 16 (5) of the Fund’s Articles of Association: “In case of vacancy of the seat of one or more members of the Board of Nominees, the general meeting of the shareholders shall be immediately convoked for the appointment of new members. For the period in time by the decision of the general meeting, the other members of the Board of Nominees will nominate members ad interim to fulfil the vacant positions. The decision of the Board of Nominees on nominating members ad interim will be communicated to the Fund Manager, the auditor and will be filed with the Trade Registry”;

And casting the following votes:

Sorin Mihai MÎNDRUȚESCU - for

Steven Cornelis van GRONINGEN – for

Julian Rupert Francis HEALY – for

Piotr RYMASZEWSKI - for

Now, the Board of Nominees, with unanimity of vote:

DECIDE

Article 1 – To appoint Mr. Mark Henry Gitenstein, United States citizen, born on 7 March 1946 in Alabama, United States of America, identified with Passport no. 472398190 issued by the United States Department of State on 10 June 2010 and valid until 9 June 2020, as interim member within the Board of Nominees.

Article 2 – The appointment of Mr. Mark Henry Gitenstein shall be effective upon the registration of this herein decision with the Trade Registry.

Article 3 - Franklin Templeton Investment Management Limited United Bucharest Branch shall take all necessary steps for enforcing this Decision.

This herein decision was signed today, 23 April 2013, in two (2) original counterparts, both in Romanian and English. In case of any discrepancies between these two versions, the Romanian one shall prevail.

Mr. Sorin Mihai MÎNDRUȚESCU
Chairman

Mr./ Julian Rupert Francis HEALY
Member

Mr. Steven Cornelis van GRONINGEN
Member

Mr. Piotr RYMASZEWSKI
Member

Drafted by
Valeriu IONITA
Technical secretary

< GAIN FROM OUR PERSPECTIVE >



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**FONDUL
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