

13 February 2014

PRELIMINARY RESULTS REPORT

for the financial year ended
31 December 2013

(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 (“BVB”).

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

NAV and Share Price Developments	Year End		
	31 December 2013	31 December 2012	31 December 2011
Total Shareholders’ Equity (RON million)	11,019.3	11,836.8	11,120.7
Total NAV (RON million)	15,013.7	14,979.2	14,465.4
NAV per Share (RON)	1.2436	1.1371	1.0788
NAV per Share change in the period (%)*	+9.4%	+5.4%	-3.0%
NAV per Share Total Return (%)*	+13.3%	+8.9%	-0.5%
Share Price as at the end of the period (RON)	0.8335	0.5495	0.4270
Share Price Low (RON) ¹	0.5705	0.4270	0.4151
Share Price High (RON) ¹	0.8605	0.6050	0.6495
Share Price change in the period (%)*	+51.7%	+28.7%	-34.3% ²
Share Price Total Return (%)*	+61.3%	+38.3%	-30.2% ²
Discount to NAV as at the end of the period	33.0%	51.7%	60.4%
Average Discount for the period	41.3%	50.2%	55.7%
Total Share Turnover (RON million)	4,097.0	3,218.8	5,122.9
Average Daily Share Turnover (RON million)	16.4	13.0	21.8

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

*Compared to the end of the previous year

Share Capital Information	31 December 2013	31 December 2012	31 December 2011
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	13,407,569,096
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	13,407,569,096

¹ Closing prices. Source: BVB

² Closing price quoted by BVB on 25 January 2011 (first trading date): RON 0.6495 per share

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

Shareholder Structure³ (as at 31 December 2013)

Shareholder Categories	% of subscribed share capital	% of paid-up share capital	% of voting rights
Foreign institutional shareholders	53.44%	54.89%	60.99%
Romanian private individuals	20.16%	20.71%	23.00%
Romanian institutional shareholders	8.46%	8.69%	9.66%
Foreign private individuals	5.54%	5.69%	6.32%
Ministry of Public Finance ⁴	0.02%	0.02%	0.03%
Treasury shares ⁵	9.73%	10.00%	-
Unpaid shares ⁶	2.65%	-	-

There were 8,159 shareholders on 31 December 2013.

Contact Details

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³ Source: Central Depository

⁴ The percentage represents the paid shares; the percentage of subscribed share capital of Ministry of Public Finance is 2.67%, including the Unpaid shares

⁵ 240,304,801 shares acquired by the Fund through the first buyback program and 1,100,950,684 treasury shares acquired through the second buyback program.

⁶ 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 preliminary results of the Fund for the year ended 31 December 2013, with unaudited net profit of RON 682.2 million, an increase of RON 115.2 million compared to the net profit for 2012 of RON 567.0 million. Total shareholders' equity was RON 11,019.3 million as at 31 December 2013, a decrease of 6.9% compared to the value of RON 11,836.8 million as at 31 December 2012.

The Fund reported a Net Asset Value ("NAV") of RON 15,013.7 million as at 31 December 2013 and a Net Asset Value per Share ("NAV/share") of RON 1.2436 (a NAV per Share total return of 13.3% compared to 31 December 2012). The NAV is prepared in accordance with local rules issued by the capital market regulator.

The overall upwards trend of the Fund's NAV performance in 2013, was correlated with the overall conditions on the BVB, which positively impacted the valuation of the listed holdings in the Fund's portfolio.

In 2013, the Bucharest Stock Exchange outperformed all the largest markets in Central Europe in both local currency and EUR terms, as shown in the table below.

% change in 2013	in local currency	in EUR
BET-XT (Romania)	23.4%	22.2%
PX (Czech Republic)	4.8%	12.7%
WIG20 (Poland)	7.0%	8.7%
ATX (Austria)	6.1%	6.1%
BUX (Hungary)	2.2%	0.2%

The discount of the share price to NAV was 33.0% as at 31 December 2013. In 2013, the discount ranged between 27.4% and 50.2%.

Dividend Distribution

The Fund Manager will make a recommendation regarding dividend distribution with the 28 April 2014 GSM calling notice.

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

	Note	Year ended 31 December 2013	Year ended 31 December 2012	Change %
Total Shareholders' Equity (RON million)	a	11,019.3	11,836.8	-6.9%
Net Asset Value (RON million)	b, e	15,013.7	14,979.2	0.2%
Net Asset Value per Share (RON)	b, e	1.2436	1.1371	9.4%
Net Asset Value Total Return	c	+13.3%	+8.9%	-
Share Price (RON)		0.8335	0.5495	51.7%
Share Price Total Return	c	+61.3%	+38.3%	-
Gross Dividends Declared (RON per share)		0.04089	0.03854	8.3%
Share Price Discount to Net Asset Value		33.0%	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 local rules issued by the capital market regulator
- (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 the number of treasury shares and 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 local rules issued by the capital market regulator) 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:

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

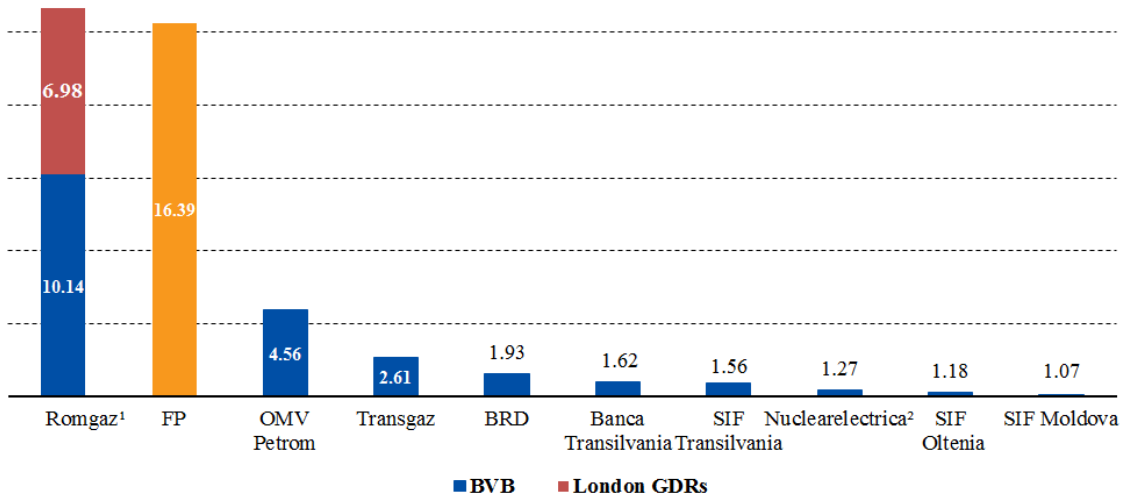
* details on the valuation methods used for each company are presented in the Annex 2 to this report; with effect from 31 December 2012, the shares of companies under insolvency or reorganisation procedure are valued either at zero or at a value assessed by an independent authorised valuer, using valuation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

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

Significant Events

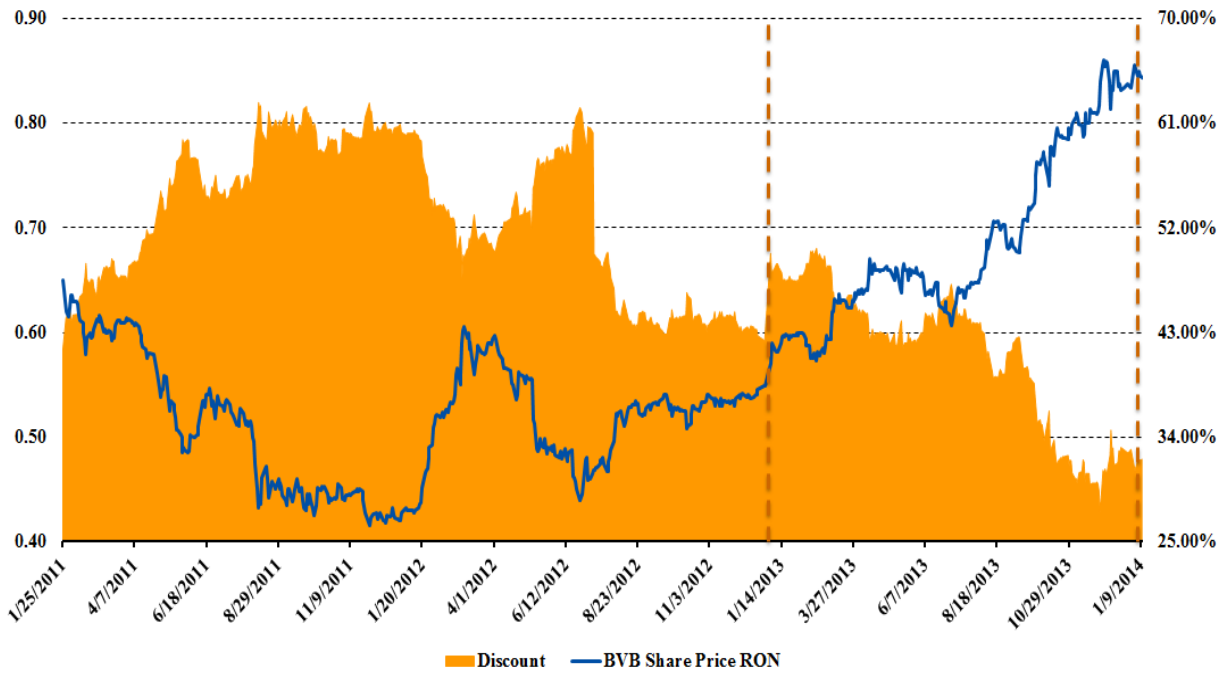
Regulated Stock Market Trading

Average Daily Turnover (RON million)



1. For the period 12 November - 31 December 2013.
 2. For the period 4 November - 31 December 2013.

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



Source: BVB

Investor Relations Update

In 2013, the Fund Manager continued its efforts to raise the profile and visibility of the Fund, the local capital market, and Romania to a broader international institutional investor base and to update the current shareholders of the latest developments of the Fund and its underlying holdings. Over the course of the year, we organised 12 road-shows in the most important financial centres in Europe, USA, Canada and Middle-East. During the road-shows, the Fund's management team met with current shareholders, but also with potential investors. In addition to the road-shows, we participated in 10 global and regional emerging and frontier market conferences in the UK, Austria, Poland, Czech Republic and the United States, where we presented the Fund's equity story in individual meetings with investment analysts and portfolio managers.

In addition, we organised 46 individual meetings in Bucharest with current and prospective foreign investors visiting Romania, as well as conference calls with analysts and investors in order to update them on the Fund's annual, semi-annual and quarterly financial results, as well on the Fund's latest developments. Overall, in 2013, the Fund Manager held 380 individual and group meetings, as well as 83 conference calls with investors.

As part of our ongoing efforts to promote the Fund, we organised events focused on the local analysts and institutional investors: in March, we held the second edition of Fondul Proprietatea Analysts' Day, addressed to local analysts covering Fondul Proprietatea, and in July we organised the third Annual Romanian Institutional Investors Day, where we met the local pension, mutual, and closed-end funds.

Also, the Fund Manager continued the series of investor events to raise the profile of the Fund, the portfolio companies, the Bucharest Stock Exchange, and Romania in general, among international institutional investors. We organised two Analyst and Investor Days events held in April and November 2013 in Romania with record participation: over 150 analysts and institutional investors with over EUR 300 billion of assets under management participated in the event to meet both our team and the management of the largest portfolio companies, and to visit a number of key portfolio assets: CE Oltenia's coal fired power-plant in Turceni, Hidroelectrica's Iron Gates power-plant in Drobeta Turnu Severin, which is the third largest hydro power-plant in Europe, Nuclearelectrica's nuclear reactors in Cernavoda, which together produce approximately 20% of total electricity consumed annually in Romania, Romgaz (gas producer) and Transgaz (gas transportation) operations in Medias, the center of the gas industry in Romania. Also, the events featured presentations and speeches from the U.S. Embassy, the International Monetary Fund, Ministry of Transportation, Ministry of Economy, Privatisation and State Ownership Office, OPCOM (Romanian Electricity Exchange), Bucharest Stock Exchange, Financial Supervisory Authority, Fiscal Council, National Energy Regulatory Authority as well as the Fund Manager and the management teams of the largest portfolio companies: OMV Petrom, Hidroelectrica, Romgaz, Nuclearelectrica, CE Oltenia, Transgaz and BRD Groupe Societe Generale. Also, as part of the events, we organised over 100 individual and group meetings between institutional investors and the Fund Manager and management of a number portfolio companies.

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

Following the shareholders' approval on 25 April 2013 to extend the Fund Manager's authorisation for the secondary listing of the Fund on the Warsaw Stock Exchange ("WSE"), the Fund Manager and the Consortium continued their efforts to cooperate with the Romanian National Securities Commission ("CNVM") and the newly created Financial Supervisory Authority ("FSA") to support the timely approval of the regulations necessary to allow a link between the central securities depositories in Warsaw and Bucharest. The successful completion of the secondary listing process has been purely dependent on the establishment of this link, which was outside of the Fund's and the Fund Manager's control. For this to be possible, the CNVM and subsequently the FSA consider that it

is necessary to amend the existing regulations to allow for the creation of the link between the two depositaries. Due to the very extended delays from the CNVM and the FSA, the current regulatory environment did not allow the Fund Manager to complete the secondary listing on the WSE by 31 December 2013. As there is no visibility if and when the required changes may be approved by the FSA, the Fund Manager did not request from shareholders a further extension of the authorisation for the secondary listing of the Fund on the WSE at the General Shareholders' Meeting on 22 November 2013. The mandate expired therefore on 31 December 2013 and the consortium appointment was terminated.

Considering the benefits of a secondary listing, the Fund Manager engaged in a dialogue with shareholders, prospective investors, and investment banks, and intends to recommend the most value-enhancing option for the Fund's shareholders, including potentially a different structure and venue for the Fund's secondary listing. The Fund Manager will update investors and shareholders in the first quarter of 2014.

Share Cancellation

At the Annual Shareholder Meeting on 25 April 2012, the Fund's shareholders approved the decrease of the share capital of the Fund through the cancellation of the 240.3 million shares repurchased by the Fund in 2011, during the first Buyback programme.

The registration with Trade Register of the shareholder resolution was blocked by litigations started by a shareholder of the Fund, and the results of this decision were suspended for a long period of time. The process of registration of the share capital decrease is ongoing and the resolution needs to be endorsed by the FSA as a condition to be put into force. The share capital decrease is expected to be completed after the FSA approval and the final registration in front of the Trade Register.

Buy-Back Programmes

On 12 April 2013 the Fund Manager started the execution of the Second buy-back program to repurchase 1.1 billion shares, or 7.9% of the Fund's share capital. Since the start of the buy-back program up until 20 September 2013, the Fund has repurchased 322.0 million shares, or approximately 29% of the total buy-back program, representing 23.8% of the volume traded on the regular market during the period. Therefore, the Fund Manager explored several options to accelerate the buy-back program, and after receiving FSA approval, launched a buy-back tender offer for 600 million shares at RON 1 per share.

The Tender offer was finalised on 14 November and the Fund Manager re-launched the execution of daily buy-backs on 25 November. The second buy-back program was finalised on 17 December, and 1,100,950,684 shares were acquired at an average price of RON 0.8743 per share.

In an effort to return value to shareholders, the Fund Manager requested and received approval from shareholders during the 22 November General Shareholders Meeting for the launch of a third buy-back program to repurchase 252,858,056 shares or 1.89% of the paid share capital. The third buy-back program can start after the FSA approval is received for the cancellation of the shares repurchased in the first buy-back program, the registration with the Trade Register and the publication in the Official Gazette of the 22 November 2013 shareholder resolution approving the buy-back. The execution of the program is authorised for a maximum period of 18 months as of the date when the shareholders' resolution is published in the Official Gazette of Romania. The buy-back shall be performed at a price between RON 0.2 / share and RON 1.5 / share. The shares repurchased in the third buy-back program will be cancelled.

2012 Dividend Distribution

By 31 December 2013, shareholders had collected over 98% of the total gross dividend distribution of RON 536.4 million (or RON 0.04089 per share) approved by shareholders on 25 April 2013.

New Depositary Bank

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

Following a selection process, BRD Groupe Societe Generale was appointed by Fondul Proprietatea to act as its custody and depositary bank. The contract became effective on 27 November 2013.

Subsequent Events

General Meeting of Shareholders

On 16 December 2013 the Fund Manager announced the calling of a new Extraordinary General Meeting of Shareholders for 3 February 2014, having on the agenda a change of the Constitutive Act and the distribution of RON 0.05 per share, following the share capital decrease through the reduction of the nominal value of Fund's shares.

The main decisions of the shareholders during 3 February 2014 General Shareholders Meeting were the following:

- The amendments of the Constitutive Act as follows:
 - For the validity of the deliberation of the extraordinary meeting of the shareholders regarding a share capital decrease, the attendance of the shareholders representing:
 - At least a fourth of the shares having voting rights upon the first convocation, and
 - At least one fifth of the total number of the shares having voting rights, upon the second convocation is required;
 - The attendance of shareholders representing at least 50% of the total number of the voting rights, both at the first and the second convocation is required for the validity of deliberations of the extraordinary meeting of the shareholders to adopt a decision regarding:
 - A share capital increase;
 - The anticipated dissolution of Fondul Proprietatea, made under the conditions of the law.
- The approval of the decrease of the subscribed share capital of Fondul Proprietatea from RON 13,538,087,407 to RON 12,861,183,036.65 through the reduction of the nominal value of the shares of the Fund from RON 1.00 to RON 0.95.
- The approval of the payment to the shareholders registered as such at the registration date, of RON 0.05/share, proportionally with their participation to the paid share capital of Fondul Proprietatea. The payment shall start within 30 days after the decrease of the share capital mentioned above is effective.
- The approval of 30 April 2014 as the registration date.
- The ratification and approval of any and all of the other resolutions taken by the general shareholders meetings during the period commencing on 6 September 2010 and ending on the day of this shareholders meeting.

Analysis of the Activity of the Fund

Analysis of the Portfolio of the Fund

Net Asset Valuation

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

All 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.

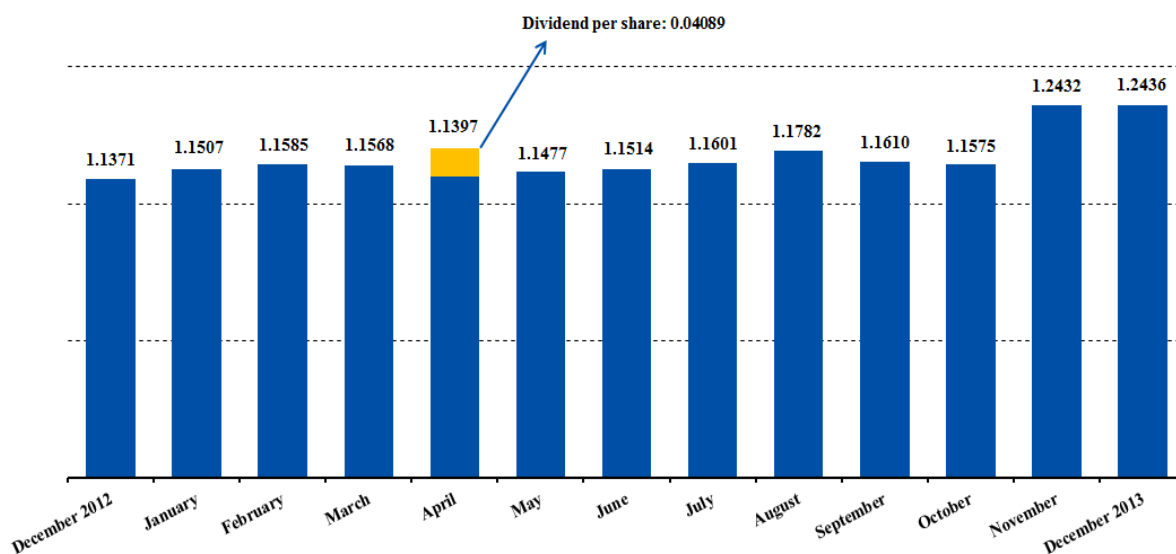
Listed securities are valued at closing market prices if listed on regulated markets or reference prices, if listed on Rasdaq (reference price is considered the closing price for the shares listed on section RGSB of Rasdaq and the average price for the securities listed on sections XMBS of Rasdaq and UNLS). 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 31 December 2013:

NAV/share (RON/share)



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

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

The Fund's NAV per share had a moderate upward trend in the period January – October 2013 due mainly to the positive share price trend of the Fund's listed holdings, principally OMV Petrom, and to the second buyback programme carried out by the Fund during the period, starting April 2013.

The significant increase in the NAV per share in November (of 7.4% as compared to October) was due mainly to the significant positive impact of the increase of the price of Romgaz's shares following their dual listing on Bucharest Stock Exchange and London Stock Exchange (via GDRs) and to the increase of the share price of OMV Petrom. The positive impact on the Fund's NAV between October and November due to the increase of Romgaz's share price following the listing was of RON 713.8 million or RON 0.0555 per share and due to the increase of OMV Petrom's share price was of RON 161.4 million or RON 0.0126 per share.

In November, the tender offer of 600 million shares carried out by the Fund, as part of the second buyback programme mentioned above, contributed with RON 0.0068 to the increase of NAV per share.

Fourteen unlisted holdings were independently valued in December (for six of them, this was a valuation update). The valuation was performed by KPMG Romania or Ernst&Young Service, in accordance with International Valuation Standards. The overall impact was not significant, a decrease of RON 75.3 million or RON 0.0059 per share.

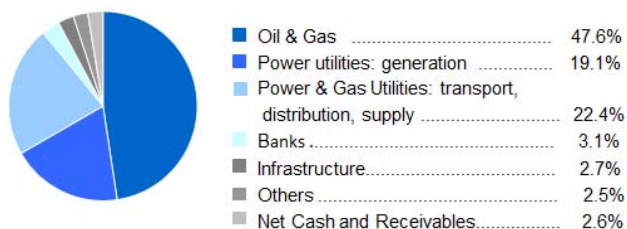
Name	Value in 31 Dec 2013 NAV (RON million)	Value in 30 Nov 2013 NAV (RON million)	Impact on Total NAV (RON million)	Impact on NAV/ share* (RON)
Hidroelectrica	2,239.4	2,001.0	238.4	0.0196
ENEL Distributie Banat	573.2	485.8	87.4	0.0072
ENEL Distributie Muntenia	473.1	434.2	38.9	0.0032
GDF Suez Energy Romania	404.4	346.2	58.2	0.0048
ENEL Distributie Dobrogea	379.1	324.2	54.9	0.0045
E.ON Moldova Distributie	345.4	324.0	21.4	0.0018
CE Oltenia	321.6	880.0	(558.4)	(0.0458)
Electrica Distributie Muntenia Nord	296.2	277.9	18.3	0.0015
Aeroporturi Bucuresti	287.7	272.0	15.7	0.0013
Electrica Distributie Transilvania Nord	206.7	200.7	6.0	0.0005
Electrica Distributie Transilvania Sud	192.0	212.7	(20.7)	(0.0017)
E.ON Gaz Distributie	165.2	176.7	(11.5)	(0.0009)
Posta Romana	60.8	80.8	(20.0)	(0.0016)
Zirom	43.5	47.4	(3.9)	(0.0003)
TOTAL	5,988.3	6,063.6	(75.3)	(0.0059)

*Computed based on the number of shares used in NAV per share computation as at 30 November 2013

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 to 97.4% of the Fund's NAV as at 31 December 2013. As at that date, the portfolio is composed of holdings in 62 companies (24 listed and 38 unlisted), containing a combination of privately held and state-controlled entities.

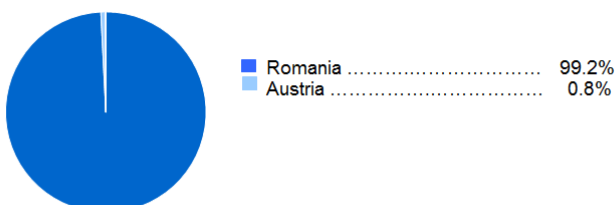
Portfolio Structure - by Sector



- The portfolio remained heavily weighted in power, oil and gas sectors (approx. 89.1% of the NAV), through a number of listed and unlisted Romanian companies.
- Net cash and receivables include bank deposits, current bank accounts, government securities, 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 31 December 2013, based on NAV reports 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 31 December 2013, based on NAV reports submitted to FSA.

Portfolio Structure – by Asset Type



- The largest listed company is OMV Petrom (61.3% of total value of listed companies in the portfolio)
- The largest unlisted company is Hidroelectrica (35.1% of the total value of unlisted companies in the portfolio).

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 December 2013, based on NAV reports submitted to FSA.

Top 20 Equity Investments

No	Name	Fund's Stake (%)	Value as at 31 December 2013 (RON million)	% of NAV
1	OMV Petrom SA	18.99%	5,054.4	33.7%
2	Hidroelectrica SA	19.94%	2,239.4	14.9%
3	Romgaz SA	14.99%	1,975.7	13.2%
4	ENEL Distributie Banat SA	24.12%	573.2	3.8%
5	ENEL Distributie Muntenia SA	12.00%	473.1	3.2%
6	GDF Suez Energy Romania	12.00%	404.4	2.7%
7	ENEL Distributie Dobrogea SA	24.09%	379.1	2.5%
8	E.ON Moldova Distributie SA	22.00%	345.4	2.3%
9	Complexul Energetic Oltenia SA	21.53%	321.6	2.1%
10	Nuclearelectrica SA	9.72%	306.7	2.0%
11	Electrica Distributie Muntenia Nord SA	21.99%	296.2	2.0%
12	CN Aeroporturi Bucuresti SA	20.00%	287.7	1.9%
13	BRD-Groupe Societe Generale	3.64%	228.5	1.5%
14	Electrica Distributie Transilvania Nord SA	22.00%	206.7	1.4%
15	Electrica Distributie Transilvania Sud SA	21.99%	192.0	1.3%
16	E.ON Gaz Distributie SA	12.00%	165.2	1.1%
17	Transelectrica SA	13.49%	156.2	1.0%
18	Conpet SA	29.70%	115.7	0.7%
19	Banca Transilvania	2.93%	106.8	0.7%
20	Societatea Nationala a Sarii SA	48.99%	106.3	0.7%
Top 20 equity holdings			13,934.3	92.8%
Total equity holdings			14,619.3	97.4%
Net cash and receivables			394.4	2.6%
Total NAV			15,013.7	100.0%

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 December 2013, based on NAV reports submitted to FSA.

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

During the year 2013, the Fund sold its entire holdings in Carom Broker de Asigurare Mecanoenergetica, Ciocirlia, Telerom Proiect, Celuloză și Otel and Transgaz 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 threshold of 20%. Also, in the last quarter of 2013, the Fund sold part of the holdings in Raiffeisen Bank International AG.

In May, the Fund executed its pre-emption 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 (RON 997,910 in total).

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.

In July 2013, Banca Transilvania completed the registration of the share capital increase (from incorporation of reserves and earnings) with the Trade Register. Subsequently, 8,899,704 bonus shares received by the Fund were reflected as part of its portfolio (previously, these shares were reflected in the other current assets category in the Fund's NAV report).

In July 2013, the Fund subscribed 1,111,575 new shares, in the cash share capital increase of Zirom, at the nominal value of RON 10 per share (RON 11,115,750 in total). The funds will be used to support the company's forging shop project, co-financed with RON 12 million, non-refundable money from the European Union. The project is scheduled for commissioning during H1 2014.

In September 2013, the Fund executed its pre-emption right and participated in the share capital increase of Nuclearelectrica, receiving 2,732,159 allotment rights (which were to be converted into shares upon the listing of the shares of Nuclearelectrica on the BVB), acquired at RON 11.2 per share (RON 30,600,181 in total), the acquisition price in the Initial Public Offering carried out by this company.

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).

According to the tariff setting methodology published by ANRE in October 2013 (ANRE Order 72/2 October 2013), the pre-tax regulated rate of return ("RRR") for the 3rd regulatory period starting in 2014 was set at 8.52% p.a. for all the electricity distributors. The methodology allows for an additional 50bps increase in the RRR at the end of the regulatory period, for investments implementing smart metering solutions that lead to a further 1% reduction of technological losses below the limit agreed with the regulator.

According to ANRE Order no. 108 /18 December 2013, the pre-tax RRR for the 3rd regulatory period, for the gas distribution and regulated supply businesses was set at 8.43% p.a. Also, the regulation grants as incentive an additional 1.4% p.a. return for several categories of long-term assets. According to ANRE Order 42 / 26 June 2013, for the gas distribution business, the 3rd regulatory period has started on January 2013 until December 2017.

Energy Tariff Changes

The proposed timetable for gradual elimination of the regulated energy prices for non-household consumers and for household consumers is detailed in the table below:

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

Gas Tariff Changes

The implementation of the gradual elimination of the regulated gas prices 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 as 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		
	Convergence degree (%)	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

Starting date	Non-household consumers		
	Convergence degree (%)	Internal production price (RON/MWH)	Final price growth (%)
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

On 15 November 2013 the Government Emergency Ordinance no. 102/2013 (“GEO no. 102/2013”) entered into force, which modifies Law no. 571/2013 regarding the Fiscal Code and regulation of certain financial and fiscal measures.

A new tax of 1.5% was introduced by GEO no. 102/2013 on the value of special constructions as defined by the Fiscal Code.

The new tax will be due by Romanian companies, by permanent establishments of non-resident companies and by legal entities established in Romania in accordance with European law.

The tax must be self-assessed and declared by 25 May of the year for which the tax is due.

The new tax will have a negative impact on the financial situations of some of the companies in the Fund’s portfolio. In total, the private and state-owned companies from the Fund’s portfolio are estimated to contribute more than RON 900 million to the State Budget. The impact of the tax on the Fund’s share profit is of RON 156.8 million.

The impact on selected portfolio companies is presented in the table below:

Company	2012 Net Profit (RON million)	Estimated Tax (RON million)	% of Net Profit
OMV Petrom	3,946	265 – 330 ⁷	7 – 8%
Nuclearelectrica	34	100	294%
Hidroelectrica	(508)	168	N/A*
Electrica Distributie Transilvania Nord	53	15	28%
Electrica Distributie Muntenia Nord	87	15	17%
Electrica Distributie Transilvania Sud	46	17	37%
CE Oltenia	118	31	26%

*the company incurred losses

Source: Fund Manager estimations.

⁷ As stated by the company’s CFO at Fondul Proprietatea Investor Days in November 2013

On 20 November 2013 ANRE issued Order no. 83/2013 (the “Order”) that establishes the methodology for determining the regulated prices which the electricity producers will be obliged to use when selling on the electricity regulated market and that provides the quantities that some of the producers are obliged to sell on such regulated market.

Based on the new methodology approved by the Order, only two categories of producers are obliged to sell on the regulated market, namely producers that possess/commercially exploit units/groups with nuclear power and hydro power capacities.

Further, the Order provides that these producers can be obliged to sell on the regulated market quantities at a maximum level of up to: 50% of the annual electricity quantity supplied by the hydro power units/groups; and 40% of the annual electricity quantity supplied by the nuclear power groups.

Update on the Largest 20 Portfolio Companies

BRD – Groupe Societe Generale

RON million	2011*	2012*	2013**	9 months 2012**	9 months 2013**
Net Banking Income	3,242.0	3,045.6	Around +2%	2,180.7	2,059.5
Gross Operating Income	1,777.3	1,613.5		1,177.5	1,111.0
Net Risk Cost	1,222.5	1,943.0	Material decrease	1,163.1	1,041.4
Net profit / (loss)	498.5	(290.6)	Positive	10.4	50.5
Dividends***	116.3	-			

* Based on consolidated IFRS financial statements

** Based on separate IFRS financial statements

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

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% year-on-year (“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.

August: The bank published unconsolidated IFRS financial statements for the first half of the year. During the first six months of the year, the bank reported a net profit of RON 62.2 million (vs. RON 39.4 million during the similar period of the previous year). Net banking income decreased by 5.0% yoy to RON 1,360.5 million, while general operating expenses decreased by 8.9% yoy to RON 612 million, leading to a gross operating result of RON 748.2 million, down 1.7% yoy. Net cost of risk during H1 2013 decreased by 7.8% yoy to RON 659.2 million.

November: The bank published unconsolidated IFRS financial statements for the nine months of the year 2013. During the period, the bank reported a net profit of RON 50.5 million (vs. RON 10.4 million during the similar period of the previous year). Net banking income decreased by 5.6% yoy to RON 2,059.5 million, while general operating expenses decreased by 5.5% yoy to RON 948.5 million, leading to a gross operating income of RON 1,111.0 million, down 5.6% yoy. Net cost of risk during the period decreased by 10.5% yoy to RON 1,041.4 million.

CN Aeroporturi Bucuresti

RON million	2011	2012	2013*	H1 2012	H1 2013
Sales	474.3	555.5	643.5	242.6	268.5
Operating profit	88.5	80.9	37.6	45.1	40.5
Net profit	52.6	53.1	19.1	30.3	31.1
Dividends	47.1	45.7			

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

*Budgeted figures

April: The General Shareholders Meeting appointed a new Board of Directors following a selection process conducted as per provisions of Emergency Government Ordinance no. 109/2011 (“EGO 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% compared to the same period of 2012.

July: The total number of passengers serviced in the first 7 months of 2013 was 4.29 million, an increase of 0.6% over the same period of 2012.

August: The company reported the financial results for the first 6 months of 2013, with highlights including: operating revenues +10.9% yoy to RON 282.9 million, operating profit (-)10.1% yoy to RON 40.5 million and net profit +2.9% yoy to RON 31.1 million.

December: The company published a press release disclosing results for the first 11 months of 2013: total revenues increased 7.2% compared to the same period of 2012, reaching RON 593 million, while gross profit reached RON 90 million, which represents a 46% increase compared to gross profit for the entire year in 2012. The number of passengers serviced reached 7.08 million passengers.

Complexul Energetic Oltenia

RON million	2012	2013***	H1 2012*	H1 2013
Sales	3,347.1	6,081.0	406.3	2,023.9
Operating profit	44.5	248.9	10.6	26.5
Net profit	118.3	151.2	24.5	76.9
Dividends**	57.2	59.5		

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

* Period actually covered 31 May – 30 June 2012

** 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),

*** Budgeted figures

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.

August: The company reported the 2013 half year results: sales of RON 2,023.9 million, operating profit of RON 26.5 million and net profit of RON 76.9 million. The comparison with the similar period of 2012 has no relevance since the CE Oltenia was created only in May 2012.

Conpet SA

RON million	2011	2012	2013*	9 months 2012	9 months 2013
Turnover	341.8	334.6	341.2	249.9	261.4
Operating profit	26.8	29.0	13.3	29.6	39.0
Net profit	28.6	30.9	19.8	31.0	39.8
Dividends	22.3	28.3			

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

*Budgeted figures

August: The crude oil transport operator published 2013 first half results. During the first six months of the year, the company registered a turnover of RON 171.8 million, up 5.7% yoy, while operating profit advanced to RON 25.2 million as compared to RON 19.2 million during the similar period of the previous year. All in all, net profit for the period increased to at RON 25.8 million (vs. RON 20.5 million during H12012).

September: The company transferred its shares from the Rasdaq market to the BVB main market. The 1st day of trading on the Tier 1 of the Bucharest Stock Exchange was 5 September 2013.

September: Fondul Proprietatea announced its intention to sell up to 10% in Conpet.

November / December: Shareholders appointed a new Board with a four year mandate following a selection process carried out by the Ministry of Economy based on the provisions of EGO 109/2011. The new Board reconfirmed Mr Ilasi, as General Manager of the company.

E.ON Gaz Distributie SA

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	

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

*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.

December: The company distributed to shareholders a total dividend of RON 249.5 million from undistributed earnings of past years. The decision came as part of a settlement mechanism agreed by E.ON with the Government allowing the gas and electricity supplier E.ON Energie Romania to recover RON 92.3 million worth of uncollected receivables from CFR SA.

E.ON Moldova Distributie

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	

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

*Budgeted figures

November: According to the Paris Court of Arbitration ruling issued in connection with the call option exercised by E.ON back in November 2010, the majority shareholder is entitled to acquire from Electrica S.A. 17% of the shares in E.ON Moldova Distributie and proportionally 2.38% of the shares in E.ON Energie Romania.

RON/Mwh	2011 ⁸	1 July 2012 ⁹	1 January 2013 ¹⁰	1 January 2014 ¹¹	2014 vs 2013 (%)
Distribution tariffs					
High Voltage	21.00	21.00	22.07	20.85	-5.53%
Medium Voltage	42.00	42.00	44.17	46.25	+4.71%
Low Voltage	133.20	139.00	146.09	147.40	+0.90%
TOTAL	196.20	202.00	212.33	214.50	+1.21%

⁸ ANRE order 44/23.12.2010

⁹ ANRE order 24/25.06.2012

¹⁰ ANRE order 51/19.12.2012

¹¹ ANRE Order 103 /23.12.2013

Electrica Distributie Muntenia Nord (“EDMN”)

RON million	2011	2012	2013*	H1 2012	H1 2013
Total revenues	712.8	752.3	807.0	353.6	396.9
Operating profit	72.4	99.1	87.6	38.5	78.1
Net profit	67.4	87.1	73.6	35.4	74.9
Dividends	8.2	73.7			

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

*Budgeted figures

December: ANRE approved order 98/18.12.2013 for setting the distribution tariffs for 2014.

RON/MWh	2011 ¹²	1 July 2012 ¹³	2013 ¹⁴	2014 ¹⁵	2014 vs 2013 (%)
Distribution tariffs					
High Voltage	15.30	18.00	18.92	18.90	-0.11%
Medium Voltage	38.49	42.00	44.14	44.23	+0.20%
Low Voltage	136.28	139.00	146.09	142.92	-2.17%
TOTAL	190.07	199.00	209.15	206.05	-1.48%

Electrica Distributie Transilvania Nord (“EDTN”)

RON million	2011	2012	2013*	H1 2012	H1 2013
Total revenues	570.1	609.1	640.6	295.6	325.4
Operating profit	40.2	68.8	50.8	40.9	60.7
Net profit	29.1	53.1	34.0	32.4	50.8
Dividends	-	-			

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

*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.

October: A new Board of Directors was appointed. The Board members are: Emil Merdan (President of the Board), Ioan Dumbrava, Ciprian Diaconu, Costica Vlad, Oana Truta.

December: ANRE approved the Order 104/23.12.2013 for setting the distribution tariffs for 2014.

RON/MWh	2011 ¹⁶	1 July 2012 ¹⁷	2013 ¹⁸	2014 ¹⁹	2014 vs 2013 (%)
Distribution tariffs					
High Voltage	20.96	21.00	22.07	20.65	-6.43%
Medium Voltage	42	42.00	44.14	46.63	+5.64%
Low Voltage	88.64	101.42	106.59	111.47	+4.58%
TOTAL	151.6	164.42	172.80	178.75	+3.44%

¹² ANRE order 44/23.12.2010

¹³ ANRE order 24/25.06.2012

¹⁴ ANRE order 51/19.12.2012

¹⁵ ANRE order 98/18.12.2013

¹⁶ ANRE order 44/23.12.2010

¹⁷ ANRE order 24/25.06.2012

¹⁸ ANRE order 51/19.12.2012

¹⁹ ANRE order 104/23.12.2013

Electrica Distributie Transilvania Sud (“EDTS”)

RON million	2011	2012	2013*	H1 2012	H1 2013
Total revenues	638.8	674.4	696.9	317.9	354.8
Operating profit	27.8	61.7	42.8	18.4	45.7
Net profit	19.6	45.8	31.0	9.9	33.6
Dividends	-	-			

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

*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.

December: ANRE approved order 105/18.12.2013 for setting the distribution tariffs for 2014.

RON/Mwh	2011 ²⁰	1 July 2012 ²¹	2013 ²²	2014 ²³	2014 vs 2013 (%)
Distribution tariffs					
High Voltage	21.00	21.00	22.07	23.46	6.30%
Medium Voltage	38.53	41.98	44.12	46.99	6.50%
Low Voltage	114.77	123.27	129.56	124.29	-4.07%
TOTAL	174.3	186.25	195.75	194.74	-0.52%

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	-	-	

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

*Budgeted figures

For 2014, ANRE decided to increase the medium and high voltage distribution tariffs by approx. 4%, while it decreased the low voltage distribution tariff by 6.5%.

RON/MWh	2011 ²⁰	2012 ²¹	2013 ²⁴	2014 ²⁵	2014 vs 2013 (%)
Distribution tariffs					
High Voltage	21.00	21.00	22.07	22.80	+3.20%
Medium Voltage	42.00	42.00	44.14	46.17	+4.40%
Low Voltage	129.66	139.00	146.09	136.66	-6.90%
TOTAL	192.66	202.00	212.30	205.63	+0.70%

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	-	-	

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

*Budgeted figures

²⁰ ANRE order 44/23.12.2010

²¹ ANRE order 24/25.06.2012

²² ANRE order 51/19.12.2012

²³ ANRE order 105/18.12.2013

²⁴ ANRE order 21/19.12.2012

²⁵ ANRE order 100/18.12.2013

For 2014, ANRE decided to decrease the low voltage distribution tariff by 0.4%, while it kept flat the medium and high voltage distribution tariff.

RON/MWh	2011 ²⁰	2012 ²¹	2013 ²⁴	2014 ²⁵	2014 vs 2013 (%)
Distribution tariffs					
High Voltage	21.00	21.00	22.07	22.07	-
Medium Voltage	42.00	42.00	44.14	44.14	-
Low Voltage	123.72	139.00	146.09	145.46	-0.43%
TOTAL	186.72	202.00	212.3	211.67	-0.43%

ENEL Distribuție 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	-	-	-

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

For 2014, ANRE decided to increase the medium and high voltage distribution tariffs by approx. 10.6%, while it decreased the low voltage distribution tariff by 6.4%.

The energy regulator set the regulated rate of return for the third regulatory period (2014-2018) at 8.5% for all electricity distribution companies, including Enel’s. If technological losses are reduced by more than 1 percentage point above the target during the regulatory period, the distributions companies will be allowed to earn an extra 0.5% in return.

RON/MWh	2011 ²⁰	2012 ²¹	2013 ²⁴	2014 ²⁵	2014 vs 2013 (%)
Distribution tariffs					
High Voltage	8.92	8.92	11.02	12.19	+9.60%
Medium Voltage	26.44	26.44	32.7	36.16	+9.57%
Low Voltage	115.85	136.32	143.27	134.12	-6.82%
TOTAL	151.21	171.68	182.47	182.47	+12.34%

GDF Suez Energy Romania

RON million	2011*	2012*	2013***	H1 2012**	H1 2013**
Turnover	4,087.7	4,315.8	4,395.0	2,056.6	1,883.9
Operating profit	138.1	299.9	258.0	317.7	428.4
Net profit	192.1	379.4	302.0	260.1	352.6
Dividends	-	190.0	-	-	-

* IFRS separate financial statements

** As per consolidated IFRS financial statements

***Budgeted figures

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.

October: As of 1 October 2013 the regulated gas tariffs were increased again by 1.5% for households and 1.8% for industrial consumers.

Hidroelectrica

RON million	2011	2012	2013*	H1 2012	H1 2013
Turnover	3,020.6	2,402.8	2,710.0	1,262.9	1,601.0
Operating profit	161.2	(321.6)	601.1	(80.4)	524.5
Net profit	6.5	(508.0)	367.7	(202.1)	382.8
Dividends	-	-			

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

*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. The company generated 8.2 TWh in the first 6 months of 2013 compared with 7 TWh in the same period of 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 Supervisory Board, at that time was composed of: Remus Borza (President of the Board), Remus Vulpescu, Ion Mihaila, Mihai Grosan, Florin Marin and Oana Truta. The Supervisory Board's mandate is until the implementation of EGO 109/2011, but not longer than 2 years.

November: The General Shareholders Meeting appointed a new Supervisory Board, composed of: George Cristodorescu (President of the Board), Victor Cionga, Mihai Grosan, Adrian Rusu, Mihaela Preda and Oana Truta. The Supervisory Board's mandate is for 4 years.

During the first 8 months ended 31 August 2013, the company recorded significant improvements in the financial indicators, compared with results in the same period of 2012, as follows: sales increase by 25.8% to RON 2,090.2 million, operating profit increased to RON 686.6 million and net profit increased to RON 543.4 million.

RON million	8 months 2012	8 months 2013
Turnover	1,661.5	2,090.2
Operating profit	(55.9)	686.6
Net profit	(210.1)	543.4

Nuclearelectrica

RON million	2011	2012	2013*	9 months 2012	9 months 2013
Sales	1,615.3	1,675.8	2,090.4	1,195.6	1,425.3
Operating profit	162.6	152.7	438.0	112.6	362.9
Net profit	95.0	34.4	131.9	(34.0)	331.2
Dividends	-	28.5			

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

*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 SA.

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

The candidate recommended by Fondul Proprietatea was not appointed to the new Board.

August: The company announced the financial results for the first half of 2013 which show significant improvements yoy: sales were up 23.4% to RON 976.6 million, operating profit jumped to RON 237.1 million (4 times higher yoy) and net profit reached a historical high of RON 213.2 million compared to a loss of RON 33.7 million in the same period of 2012. The improved financial performance is mainly a result of the implementation of the electricity market liberalization schedule.

September: The IPO was closed successfully at the lower end of the price range: RON 11.2 per share. The total funds received by the company amount to RON 312.4 million. The allotment rights started trading in October 2013.

November: The company published the financial results for the first 9 months of 2013: sales of RON 1,348.0 million (+19% y.o.y.), operating profit of RON 362.0 million (+220% y.o.y.) and net profit of RON 331 million (vs a loss of RON 34 million in the same period of 2012).

December: The General Shareholders Meeting appointed Mr Sebastian Tcaciuc, the candidate proposed by Fondul Proprietatea, as Board member.

OMV Petrom

RON million	2011	2012	2013*	9 months 2012	9 months 2013
Sales	22,613.7	26,258.1	n/a	19,185.0	18,150.0
Operating profit	4,935.8	5,662.0	5,129.0	3,989.0	4,556.0
Net profit	3,758.6	3,946.1	4,430.0	2,892.0	3,666.0
Dividends	1,756.0	1,586.0			

Source: Based on 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.

July: OMV Petrom sold its 99.99% stake in Petrom Distributie Gaze SRL gas distribution business to Ligatne SRL. The company stated that the decision was in line with OMV Petrom’s strategy of optimizing the downstream operations by this exit from the gas distribution activity to end customers while it will continue to focus on supplying gas to commercial and industrial clients.

August: The company announced the commissioning of a new gas desulphurization and sulphur recovery unit at the Petrobrazi refinery, an investment of EUR 40 million implemented with the aim to reduce polluting emissions and increase energy efficiency of the refinery. The investment is part of a EUR 600 million modernization program of the Petrobrazi refinery, which is scheduled to be completed in 2014.

August: The company announced results for the first 6 months of 2013: sales decreased by 5% compared to the same period of 2012 to RON 11,576.0 million, EBIT increased by 10% to RON 2,970 million, while net income increased 18% to RON 2,391.0 million.

September: Mr Johann Pleininger replaced Mr Jacobus Gerardus Huijskes on the Supervisory Board of the company. Mr Pleininger was also appointed as Senior Vice President of the newly set-up CEE & Black Sea Region Division within OMV starting with 1 September. Previously he was a member of the Executive Board of OMV Petrom responsible for Exploration and Production activities. Before joining Petrom in 2005, he held various positions in OMV and has worked in the oil and gas industry since 1977.

November: OMV Petrom published results for the first 9 months of 2013: sales decreased by 5% compared to the same period of 2012 to RON 18,150.0 million, EBIT increased by 14% to RON 4,556.0 million, while net income increased 27% to RON 3,666.0 million.

November: The company published an update regarding the litigation against the RON 366.0 million fine received in 2012 from the Competition Council. The Bucharest Court of Appeal rejected OMV Petrom’s request and the company will file an appeal with the High Court of Cassation and Justice, whose decision will be irrevocable in this matter.

Romgaz

RON million	2011	2012	2013*	H1 2012	H1 2013
Sales	4,551.8	4,339.1	4,843.7	2,197.2	1,901.1
Operating profit	1,264.5	1,432.5	1,394.0	681.0	861.5
Net profit	1,031.7	1,244.0	1,175.5	557.7	771.4
Dividends	938.0	1,060.1			

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

*Budgeted figures

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 800MW.

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 EGO 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 that were 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).

The candidate recommended by Fondul Proprietatea was not appointed to the new Board.

July: The company reported financials for the first 6 months of 2013: operating revenues decreased 11.7% to RON 2,088 million, operating profit increased by 25.6% to RON 861.5 million and net profit increased by 38.3% to RON 771.4 million.

September: A shareholder meeting held on 30 September 2013 issued a decision to increase the number of Board members from 5 to 7. The two additional positions will be filled following a successful IPO of the company, which is expected to be completed in the first half of November 2013.

October: The IPO for a 15% stake in Romgaz took place during 22 - 31 October. The selling shareholder was the Ministry of Economy through the Department of Energy. 80% of the total shares sold were allocated to institutional investors and the remaining 20% were allocated to retail investors. The IPO was priced on 1 November at RON 30 per share for the institutional tranche, with retail investors receiving discounts of up to 5% based on the timing and size of their orders. 36% of shares sold were allocated to Global Depositary Receipts ("GDR"), which were priced at USD 9.25 per unit. GDRs are traded on the London Stock Exchange, with the balance of the shares sold being traded on the Bucharest Stock Exchange. The offer was oversubscribed 14 times on the retail tranche, no details were made public regarding the oversubscription rate on the institutional tranche. Romgaz shares started trading on 12 November 2013.

December: A General Shareholders Meeting held in December approved the revised budget for 2013. The most important revisions included an 11.8% reduction in total budgeted revenues to RON 4.34 billion, a 3.9% decline in total budgeted expenses, which lead to gross budgeted profit of RON 1.22 billion, compared to RON 1.67 billion in the previous budget.

December: The Board of Directors was re-elected based on the cumulative voting method, which resulted in the appointment to the Board of 3 new members and the confirmation of 4 of the previous 5 members. The 3 new members are: Mrs Ecaterina Popescu, recommended by the Department for Energy within the Ministry of Economy; Mrs Popescu is the General Manager of SC Chimforex SA Pleasa since 1998, having been with the company since 1981; Mr Peter Jansen, recommended by Fondul Proprietatea; Mr Jansen is currently Associate Lecturer with the London School of Business and Finance and Partner in Brainovate, a company specialized in top management coaching and training, team efficiency and leadership development; Mr David Klingensmith, recommended by EBRD and Fondul Proprietatea; Mr Klingensmith has been with EBRD since 1996 in various leadership roles, having been involved in many of EBRD's transactions with oil and gas companies across Central and Eastern Europe.

Societatea Nationala a Sarii SA

RON million	2011	2012	2013*
Operating Revenues	282.7	303.5	323.3
Operating profit	5.2	25.3	28.9
Net profit	1.4	20.8	26.0
Dividends	0.2	19.0	22.5

*Budgeted figures

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 Oena branch.

Transelectrica

RON million	2011*	2012*	2013**	9 months 2012***	9 months 2013***
Operating Revenues	3,152.3	2,801.0	2,787.9	2,108.8	1,688.2
Operating profit	209.4	112.8	113.8	83.1	159.5
Net profit	135.5	47.9	29.0	10.5	131.6
Dividends****	80.6	29.6			

* Based on consolidated IFRS financial statements

** Budgeted figures

*** Based on separate IFRS financial statements

**** Dividends based on individual financial statements

At the end of 2012 the energy regulator (ANRE) set the tariffs for 2013: the transmission tariff was increased by 12.7%, while the 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 members in the Directorate from 3 to 5, 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 Privatisation 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. 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 National Power Dispatcher will be left under the authority of the Ministry of Economy. 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 EGO 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 BVB.

August: System tariffs for the company were increased by 23% by the energy regulator in order to bring system costs and revenues in balance (non-profit activity).

September: The Supervisory Board replaced two members of the directorate, Ioan Diaconu and Adrian Constantin Rusu, with Gabriel Mustea and Florin Mihaita Boangiu. The shareholders' meeting approved the administration plan of the supervisory board for the next 4 years. Also, the company was authorised to issue up to RON 900 million in bonds for the next 4 years.

Shareholders approved a share capital increase for an in kind contribution represented by plots of land for which the company obtained property rights. The state will receive shares worth RON 3.2 million in exchange for the in kind contribution, whereas minority shareholders will have to bring cash in order to maintain their stake in the company. The procedure for the share capital increase was not finalised by the end of the year.

October: Shareholders approved the management contract of the members of the supervisory board. The remuneration scheme includes a variable component which is linked to the performance of the share price.

December: The transmission tariff for 2014 was increased by 4.7% by the energy regulator.

The prospectus for a RON 200 million bond issue was approved by the FSA and the bonds began trading on the Bucharest Stock Exchange in January 2014.

Members of the Supervisory Board named Mr Dragos Andrei as temporary Supervisory Board member following the appointment of Mr Ciprian Gheorghe Diaconu as member of the Directorate.

Banca Transilvania

RON million	2011*	2012*	9 months 2012**	9 months 2013**
Operating Income	1,489.7	1,639.9	1,117.2	1,147.7
Operating Expenses	1,134.3	1,270.1	561.5	582.7
Net profit	297.2	346.5	265.4	240.2

* Based on consolidated IFRS financial statements

** Based on separate IFRS financial statements

January: The company announced the decision of the Board to commence a buyback programme for a total number of 7 million shares at a maximum price of RON 2 per share during 29 January 2013 – 26 April 2013; shares bought back will be used for an employee variable remuneration plan.

February: The bank announced that Mr Horia Ciorcila, the President of the Board, was delegated to coordinate the bank's Executive Board. The Board of Directors also appointed 3 new Deputy General Managers, namely Mrs Gabriela Nistor as Executive Manager for Retail Banking, Mr Leontin Toderici as Executive Manager, Chief Operations Officer and Mr Andrei Dudoiu as Regional Executive Manager for Bucharest. Mrs Luminita Runcan was also authorised by the National Bank of Romania to occupy the position of Deputy General Manager.

April: The bank announced its decision to launch a convertible bonds issue denominated in EUR with 7 year maturity, coupon of EURIBOR 6 months + 6.25% and face value of EUR 0.6. The total value of the issue was EUR 30 million. The offer was successfully completed in May.

April: Financial results for the first 3 months of 2013 showed an 8.1% decrease in net income compared to the same period of 2012 to RON 84.4 million, a 9.7% decline of provision expenses to RON 75.7 million and a 2% increase in total assets to RON 30.2 billion.

April: A General Shareholders Meeting approved a capital increase of RON 303.4 million representing capitalized reserves from 2012 net income; the capital increase was finalised in July; the same Shareholders Meeting approved a buyback programme for a total of 17.25 million shares (0.9% of total shares) at a maximum price of RON 2 per share over an 18 month period; shares bought back are to be used for an employee variable remuneration plan.

May: The bank announced the appointment of Mr Omer Tetik as the new General Manager for a mandate until the end of 2016, with an effective start date following the approval of the appointment by the National Bank of Romania.

August: Financial results for the first 6 months of 2013 showed a 0.3% increase in net income compared to the same period of 2012 to RON 180.2 million, a 22.8% decline of provision expenses to RON 141.03 million and a 2% increase in total assets compared to the end of 2012 to RON 30.12 billion.

October: Financial results for the first 9 months of 2013 showed a 4% increase in gross income compared to the same period of 2012 to RON 284.5 million, a flat evolution of provision expenses which reached RON 280.5 million and a 2% increase in total assets compared to the end of 2012 to RON 30.3 billion.

Changes affecting the capital and Management 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 (with a nominal value of RON 10 per share) 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 became 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 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	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, the CNVM notified the Fund that it had issued 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 next hearing for 12 March 2014.

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.

On 12 August 2013 the Regulator issued Decision no. 29/2013 endorsing the Addendum 3 with some changes (the meaning of this decision is in fact that the FSA has not endorsed the Addendum). The changes proposed by the FSA were almost identical with the IMA in force, and the shareholders of the Fund rejected the text proposed by the FSA during the Ordinary General Meeting of Shareholders that took place on 22 November 2013.

On 12 September 2013 the Fund filed a complaint against FSA Decision no. 29/12.08.2013. Through the Decision 997/06.11.2013, the FSA upheld in part the complaint against the FSA Decision 29/12.08.2013, meaning that acknowledged the Fund's criticism about insufficient motivation of the decision, but did not revoke the FSA Decision 29/12.08.2013, but just provided the motivation that should have been included in the original Decision 29/12.08.2013. On 16 December 2013 the Fund filed a new complaint, this time against both the FSA Decision 29/12.08.2013 and Decision no. 997/06.11.2013. The FSA response to this complaint was not received by the date of this report.

Changes in the Constitutive Act

On 25 April 2013 the Extraordinary General Shareholders' Meeting approved twelve changes of the Constitutive Act of the Fund as follows:

- Article 7: the text approved in April 2012 was re-approved with exactly the same wording;
- Article 12: for renouncing to some documents that are not required under Romanian legislation;

- Article 12: a change pointing that in case that an international tender for selecting the new Fund Manager is needed this will be managed by the Board of Nominees;
- Article 14 paragraph (1): a change in order to eliminate the previous 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 means that such decisions requires a simple majority of shareholders voting to be effective;
- Article 14 paragraph (10): for simplifying the documentation that should be attached to the minute of the general meeting of shareholders, a proposal in line with the legal provisions in force;
- Article 14 paragraph (19): for simplifying the documentation that should be sent by shareholders for the general meeting of shareholders, a proposal in line with the legal provisions in force;
- Article 16: for allowing the Board of Nominees to have meetings in other places than the office of the Fund;
- Article 17 paragraphs (4) and (5): for renouncing to some documents that are not required under Romanian legislation;
- Article 17 paragraph (11): for simplifying the procedure regarding the activity of Board of Nominees;
- Article 19: a change pointing out that in case that an international tender for selecting the new Fund Manager is needed, this will be managed by the Board of Nominees and that the GSM for reappointing / initiating the tender for selection of the Fund Manager will take place at least 6 months before the expiration of the current mandate.

The changes approved by shareholders were sent to the FSA for endorsement.

On 12 August 2013 the Regulator issued Decision no. 28/2013 endorsing the following three changes of the Constitutive Act without comments:

- Article 12: for renouncing some documents that are not required under Romanian legislation;
- Article 14 paragraph (1): a change in order to eliminate the previous 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 means that such decisions requires a simple majority of shareholders voting to be effective;
- Article 16: for allowing the Board of Nominees to have meetings in other places than the office of the Fund.

The three changes entered into force beginning on the 31 October 2013, the date with the changes of the Constitutive Act were published in Official Gazette.

The FSA announced that endorsed with comments, another ten changes of the Constitutive Act (the meaning of this decision is that in fact the FSA has not endorsed these changes of the Constitutive Act). The changes proposed by the FSA were almost identical with the Constitutive Act in force and the shareholders of the Fund rejected the text proposed by the FSA during the Extraordinary General Meeting of Shareholders that took place on 22 November 2013.

On 12 September 2013 the Fund filed a complaint against FSA Decision no. 29/12.08.2013. Through the Decision 997/06.11.2013, the FSA upheld in part the complaint against the FSA Decision 29/12.08.2013, meaning that acknowledged the Fund's criticism about insufficient motivation of the decision, but did not revoke the FSA Decision 29/12.08.2013, but just provided the motivation that should have been included in the original Decision 29/12.08.2013. On 16 December 2013 the Fund filed a new complaint, this time against both the FSA Decision 29/12.08.2013 and Decision no. 997/06.11.2013. The FSA response to this complaint was not received by the date of this report.

Also, on 22 November 2013 the Extraordinary General Shareholders' Meeting approved a change of the Constitutive Act of the Fund for modifying the article 19 by reducing the mandate of the Fund Manager from 4 years to 2 years and ruling that the GSM for reappointing / initiating the tender for selection of the Fund Manager should be called at least 6 months before the expiration of the current mandate.

This change approved by shareholders was sent to the FSA for endorsement, but the Regulator has not issued any decision by the date of this report.

Financial Analysis

The unaudited Balance Sheet and Income Statement for the year ended 31 December 2013 prepared in compliance with Romanian Accounting Regulations are included in full in Annex 1 to this Report. The financial statements prepared in compliance with Romanian Accounting Regulations will be submitted for shareholders' approval at the General Shareholders' Meeting expected to take place on 28 April 2014.

This section provides a commentary on the principal elements of the Fund's financial position and results in the year ended 31 December 2013.

Balance Sheet

	31 December 2012	31 December 2013
	Audited	Unaudited
	RON million	RON million
Intangible assets	0.3	0.8
Financial assets	11,097.8	10,624.9
Non-current assets - total	11,098.1	10,625.7
Current assets - total	776.5	454.1
Prepaid expenses	0.1	-
Payables within one year	21.1	31.2
Total assets less current liabilities	11,853.6	11,048.6
Provisions	16.8	29.3
Shareholders' equity	11,836.8	11,019.3

As at 31 December 2013, **intangible assets** included the value of 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 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 independent valuers, and any adverse result is booked as impairment. In performing the impairment test, the financial information from the most recent financial statements of the companies is corroborated with the most recent public available qualitative and quantitative information regarding the assets.

During 2013, the value of financial assets decreased by RON 472.9 million, mainly due to the disposals of equity investments in this period: the entire holding in Transgaz (impact of RON 177.4 million) and part of the holding in OMV Petrom (impact of RON 270.8 million) and Raiffeisen Bank International AG (impact of RON 24.6 million).

The increase of the impairment adjustments for Nuclearelectrica (RON 320.4 million) and CE Oltenia (RON 348.4 million), were entirely offset by the reversal of the impairment adjustments for Hidroelectrica (RON 238.4 million) and OMV Petrom (RON 448.6 million).

The fall in the **current assets** of RON 322.4 million was mainly accounted for by the decrease in treasury bills and short-term government bonds from RON 454.7 million as at 31 December 2012 to RON 213.6 million as at 31 December 2013 and of bank deposits from RON 317.9 million to RON 237.6 million.

This decrease was principally due to the funding of the second buyback program (RON 974.8 million) and payment of 2012 dividends and related taxes (RON 530.7 million), net of the proceeds from the disposal of portfolio holdings (RON 570.8 million) and dividends collected from portfolio companies during the year (RON 696.3 million).

The **provisions** increase of RON 12.5 million during the year is mainly related to the legal case started by World Trade Center București against the Fund in August 2013, asking the Fund to pay back the amounts recovered from the enforcement procedure against this company during 2010 and 2011 and to pay the related legal interest. The amounts recovered from the enforcement procedure (approximately RON 9.5 million equivalent) were originally accounted for by the Fund as contributions of Ministry of Public Finance to the share capital of the Fund, decreasing the receivable related to the unpaid capital.

Consequently, these amounts are to be recovered by the Fund from the Ministry of Public Finance (being accounted for as a receivable over this shareholder of the Fund, for which an impairment adjustment was recorded), while the legal interest was recorded as an expense with provisions for litigations.

Income Statement

	2012 Audited RON million	2013 Unaudited RON million
Revenues from current activity, out of which:	871.8	1,311.2
Revenues from financial assets	619.0	649.7
Interest income	34.9	36.2
Reversal of impairment adjustments & provisions	5.7	48.3
Revenues from disposal of financial assets	208.1	573.1
Revenues from foreign exchange differences	0.1	0.3
Other income from current activity	4.0	3.6
Expenses from current activity, out of which:	304.8	629.0
Expenses from disposal of financial assets	195.1	528.7
Expenses from foreign exchange differences	0.3	0.2
Depreciation, provisions, losses from receivables and sundry debtors	49.7	13.0
Commissions and fees	16.2	26.3
Other expenses from current activity *	43.5	60.8
Gross profit	567.0	682.2
Income tax expense	-	-
Net profit	567.0	682.2

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

Revenues from financial assets represent dividend income earned from the Fund's portfolio companies. This income increased in 2013 compared to 2012, due to a higher level of dividend distributions from portfolio companies (mainly 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 short-term government securities.

During the year 2013, the Fund recorded as **revenue from reversal of impairment adjustments and provisions** the reversal of the impairment adjustment related to the receivable due by Hidroelectrica (2010 dividend and related penalties), collected by the Fund during the year, according to the payment schedule agreed between Hidroelectrica and Fondul Proprietatea (for RON 47.1 million).

Revenues from disposal of financial assets (RON 573.1 million in 2013 and RON 208.1 million in 2012) represent the proceeds from the sales of portfolio company holdings, while the **expenses from disposal of financial assets** (RON 528.7 million in 2013 and RON 195.1 million in 2012) represent the cost the investments disposed of.

During the year 2013, the **depreciation, provisions, losses from receivables and sundry debtors** included mainly the expenses with impairment adjustment related to the receivable from the Ministry of Public Finance (RON 9.5 million) and the legal interest and similar expenses (RON 1.6 million), both related to the litigation started by World Trade Center București against the Fund, mentioned above.

Commissions and fees mainly include FSA's 0.1% per annum fee, calculated on the basis of the Fund's NAV, amounting to RON 15.1 million in 2013 (2012: RON 14.1 million), and the depository bank's fees of RON 1.8 million (2012: RON 1.7 million). During 2013 commissions and fees included also the brokerage fees related to the disposals of equity investments, in the amount of RON 7.7 million (2012: RON 0.4 million) and FSA and BVB fees related to these disposals, in amount of RON 1.3 million.

Other expenses from current activity can be analysed as follows:

	2012	2013
	Audited RON million	Unaudited RON million
FTIML investment management and administration fees	34.3	45.3
Salaries and similar expenses	0.7	0.9
Stamp duties for litigations	0.1	0.1
Other expenses	8.4	14.5
Other expenses from current activity	43.5	60.8

During 2013, **other expenses from current activity** increased by RON 17.3 million compared to 2012. This was mainly due to the increase of the FTIML's investment management and administration fees, in line with the increase of the Fund's share price upon 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 as compared to 2012.

Analysis of 2013 Income Statement by Quarters

	Quarter 1 2013	Quarter 2 2013	Quarter 3 2013	Quarter 4 2013	Year end 31 December 2013
	Unaudited				
	RON million	RON million	RON million	RON million	RON million
Revenues from current activity, out of which:	11.9	862.9	49.8	386.6	1,311.2
Revenues from financial assets	-	604.8	15.0	29.9	649.7
Interest income	10.5	10.2	10.4	5.1	36.2
Reversal of impairment adjustments & provisions	0.2	0.8	23.6	23.7	48.3
Revenues from disposal of financial assets	1.0	246.8	0.2	325.1	573.1
Revenues from foreign exchange differences	-	0.1	-	0.2	0.3
Other income from current activity	0.2	0.2	0.6	2.6	3.6
Expenses from current activity, out of which:	17.5	342.7	29.2	239.6	629.0
Expenses from disposal of financial assets	1.4	317.5	0.2	209.6	528.7
Expenses from foreign exchange differences	-	0.1	-	0.1	0.2
Depreciation, provisions, losses from receivables and sundry debtors	0.2	1.4	11.1	0.3	13.0
Commissions and fees	4.4	7.0	4.3	10.6	26.3
Other expenses from current activity *	11.5	16.7	13.6	19.0	60.8
Gross profit / (Loss)	(5.6)	520.2	20.6	147.0	682.2
Income tax expense	-	-	-	-	-
Net profit / (Loss)	(5.6)	520.2	20.6	147.0	682.2

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

Signatures:

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

Grzegorz Maciej Konieczny
Legal Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

Annex 1

S.C. FONDUL PROPRIETATEA S.A.
BALANCE SHEET AND INCOME STATEMENT
AS AT 31 DECEMBER 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 Order of the President of CNVM no. 13/2011 and with CNVM Instructions no. 2/2007 regarding the preparation and submission of annual financial statements, applicable to the entities authorised, regulated and monitored by the FSA, as subsequently amended (“Romanian Accounting Regulations”)

(This is a translation from the official Romanian version)

S.C. FONDUL PROPRIETATEA S.A.
BALANCE SHEET
AS OF 31 DECEMBER 2013
FORM CODE 10

(all amounts are expressed in RON)

The format of the Financial Statements as at 31 December 2013 for the entities authorised, regulated and monitored by the Financial Supervisory 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, Buzeşti 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	Balance	
		1 January 2013	31 December 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	-	760,113
5. Advances and intangible assets in progress (acc. 233+234-2933)	05	323,413	-
TOTAL: (rows 01 to 05)	06	323,413	760,113
III. FINANCIAL ASSETS			
1. Shares held in subsidiaries (acc. 261 - 2961)	12	65,404,757	67,481,778
3. Investments in associates (acc. 263 - 2963)	14	4,876,542,832	5,054,412,918
5. Other investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964)	16	6,155,793,871	5,502,985,780
TOTAL: (rows 12 to 17)	18	11,097,741,460	10,624,880,476
NON-CURRENT ASSETS - TOTAL (rows 06 + 11 + 18)	19	11,098,064,873	10,625,640,589
B. CURRENT ASSETS			
II. RECEIVABLES			
1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 - 491)	24	394	1,712
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	2,907,389
TOTAL: (rows 24 to 28)	29	3,919,545	2,909,101
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	213,635,521
TOTAL: (rows 30 to 31)	32	454,732,856	213,635,521
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	237,573,615
CURRENT ASSETS - TOTAL (rows 23 + 29 + 32 + 33)	34	776,538,370	454,118,237

This is a translation from the official Romanian version.

A	Row	Balance	
		1 January 2013	31 December 2013
	B	1	2
C. PREPAID EXPENSES (acc. 471)	35	27,199	43,882
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	17,189,337
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	13,974,834
TOTAL: (rows 36 to 43)	44	21,064,178	31,164,171
E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES (rows 34 + 35 - 44 - 60.2)	45	755,501,391	422,997,948
F. TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19 + 45)	46	11,853,566,264	11,048,638,537
H. PROVISIONS			
2. Provisions for taxes (acc. 1516)	57	16,798,226	18,222,179
3. Other provisions (acc. 1511+1512+1513+1514+1518)	58	-	11,104,066
TOTAL PROVISIONS (rows 56 +57 + 58)	59	16,798,226	29,326,245
J. SHARE CAPITAL AND RESERVES			
I. SHARE CAPITAL (rows 62 to 63) out of which:	61	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)	(2,397,488,371)
1. Legal reserves (acc. 1061)	68	158,151,474	192,259,194
2. Reserves related to impairment adjustments of financial assets (acc.1062 - <i>debit balance</i>)	69	2,738,430,054	2,735,678,030
4. Reserves for financial assets received free of charge (acc.1065)	71	16,731,205	25,630,909
7. Other reserves (acc.1068)	74	120,299,556	120,299,556
TREASURY SHARES (acc.109 – <i>debit balance</i>)	75	120,268,583	1,095,093,250
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	682,154,399
Profit allocation (acc. 129 – <i>debit balance</i>)	82	28,348,272	34,107,720
TOTAL SHAREHOLDERS' EQUITY (rows 61 + 64 + 65 - 66 + 67 -75+76-77+78 -79+80-81-82)	83	11,836,768,038	11,019,312,292

S.C. FONDUL PROPRIETATEA S.A.
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013
FORM CODE 20
(all amounts are expressed in RON)

A	Row B	Financial year end	
		31 December 2012 1	31 December 2013 2
A. REVENUES FROM CURRENT ACTIVITY – TOTAL (rows 02 to 11)	01	871,748,228	1,311,202,217
1. Revenues from financial assets (acc. 761)	02	618,971,283	649,701,517
4. Revenues from disposal of financial assets (acc.758(part)+764)	05	208,134,752	573,117,053
6. Revenues from provisions, receivables previously written off and sundry debtors (acc.754+781+786)	07	5,639,063	48,323,844
7. Revenues from foreign exchange differences (acc.765)	08	130,402	275,376
8. Interest income (acc.766)	09	34,922,880	36,143,817
10. Other income from current activity (acc. 705+706+708+741+758(part)+767+768 +7815)	11	3,949,848	3,640,610
B. EXPENSES FROM CURRENT ACTIVITY – TOTAL (rows 13 to 20)	12	304,782,791	629,047,818
12. Expenses from disposal of financial assets (acc. 658(part) +664)	14	195,055,419	528,672,074
13. Expenses from foreign exchange differences (acc. 665)	15	348,131	241,275
15. Commissions and fees (acc.622)	17	16,185,344	26,318,786
16. Expenses for bank services and similar expenses (acc.627)	18	64,296	74,337
17. Depreciation and amortisation, provisions, losses from receivables and sundry debtors (acc.654+681+686)	19	49,747,870	13,045,331
18. Other expenses from current activity (rows 21+22+23+26+27)	20	43,381,731	60,696,015
c. Salary expenses (rows 24+25), of which:	23	718,162	947,635
c1. Salaries (acc.621+641+642 +644)	24	576,170	779,052
c2. Social security contributions (acc. 645)	25	141,992	168,583
d. Third party expenses (acc.611+612+613+614+623+624+625+626+628+658(part)+667 +668)	26	42,551,910	59,408,117
e. Other taxes, duties and similar expenses (acc. 635)	27	111,659	340,263
C. CURRENT RESULT			
- Profit (row 01 - 12)	28	566,965,437	682,154,399
19. TOTAL REVENUE (rows 01+30)	34	871,748,228	1,311,202,217
20. TOTAL EXPENSES (rows 12+31)	35	304,782,791	629,047,818
G. GROSS PROFIT:			
- Profit (row 34 - 35)	36	566,965,437	682,154,399
21. INCOME TAX EXPENSE			
- Income tax expense (acc.691)	38	(23,214)	-
H. RESULT FOR THE YEAR			
- Profit (row 36-38-39)	40	566,988,651	682,154,399

Annex 2

S.C. FONDUL PROPRIETATEA S.A.
STATEMENT OF COMPREHENSIVE INCOME AND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

Prepared in accordance with International Financial Reporting Standards (“IFRS”),
Extract from Separate IFRS financial statements

(This is a translation from the official Romanian version)

FONDUL PROPRIETATEA S.A.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013
(all amounts are in RON)

A	Financial year end	
	31 December 2013 Unaudited 1	31 December 2012 Audited 2
Gross dividend income	652,380,173	623,658,450
Gains on disposal of equity investments	247,822,287	17,878,048
Interest income	36,143,817	34,922,880
Reversal of impairment losses / (Impairment losses) on dividends receivable, net	46,907,126	(46,209,651)
Reversal of impairment losses / (impairment losses) on receivables in respect of equity contributions, net	(9,038,221)	5,211,070
Impairment losses on equity investments	(835,772,382)	(772,364,379)
Impairment losses on other assets	(194,535)	(878,300)
Net foreign exchange gains /(loss)	34,102	(217,729)
Other operating income, net	3,130,519	3,949,848
Net operating income / (loss)	141,412,886	(134,049,763)
Personnel expenses	(947,635)	(658,639)
Other operating expenses	(87,691,418)	(58,913,209)
Operating expenses	(88,639,053)	(59,571,848)
Profit / (Loss) before income tax	52,773,833	(193,621,611)
Income tax (expense) / benefit	41,319,716	118,659,281
Profit / (Loss) for the period	94,093,549	(74,962,330)
Other comprehensive income		
Net change in fair value of available-for-sale equity investments	4,647,024,086	1,492,909,826
Income tax expenses on other comprehensive income	(743,523,854)	(238,865,572)
Decrease in fair value reserve following the disposal of available-for-sale equity investments	(299,452,821)	-
Total other comprehensive income	3,604,047,411	1,254,044,254
Total comprehensive income for the period	3,698,140,960	1,179,081,924
Basic and diluted earnings / (losses) per share	0.0068	(0.0054)

Note: For 31 December 2013, an important part of Fondul Proprietatea's unlisted holdings (15 holdings) were valued at fair value by independent valuers. As a consequence, they were reclassified from *Equity investments at cost* into *Equity investments at fair value* category, the net change in fair value of these available-for-sale equity investments being recorded through *Other comprehensive income*.

FONDUL PROPRIETATEA S.A.
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2013
(all amounts are in RON)

A	Balance	
	31 December 2013 Unaudited	31 December 2012 Audited
	1	2
Assets		
Cash and current accounts	5,552,477	1,857,628
Deposits with banks	232,110,013	317,309,452
Treasury bills	129,887,375	454,732,857
Government bonds	83,748,146	-
Dividends receivable	-	799,994
Equity investments	14,442,281,083	11,269,744,338
Deferred tax assets	-	363,487,628
Other assets	3,624,221	2,189,053
Total assets	14,897,203,315	12,410,120,950
Liabilities		
Deferred tax liability	278,999,220	-
Other liabilities	42,268,236	21,064,179
Total liabilities	321,267,456	21,064,179
Equity		
Share capital	13,778,392,208	13,778,392,208
Fair value reserve on available-for-sale financial assets	6,098,366,854	2,494,319,443
Other reserves	312,558,751	278,451,031
Treasury shares	(1,095,093,250)	(120,268,583)
Accumulated losses	(4,518,288,704)	(4,041,837,328)
Total equity	14,575,935,859	12,389,056,771
Total liabilities and equity	14,897,203,315	12,410,120,950

Annex 3

DETAILED STATEMENT OF INVESTMENTS AS AT 31 DECEMBER 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*
Alcom SA	ALCQ	12/Dec/2013	89,249	2.5	55.0000	4,908,695.00	71.89%	0.0326%	0.0327%	Reference price - Average price
Alro Slatina SA	ALR	30/Dec/2013	72,884,714	0.5	1.4470	105,464,181.16	10.21%	0.6996%	0.7025%	Closing price
Banca Transilvania SA	TLV	30/Dec/2013	64,723,219	1	1.6500	106,793,311.35	2.93%	0.7084%	0.7113%	Closing price
BRD-Groupe Societe Generale SA	BRD	30/Dec/2013	25,387,456	1	9.0000	228,487,104.00	3.64%	1.5157%	1.5219%	Closing price
Conpet SA	COTE	30/Dec/2013	2,571,461	3.3	45.0000	115,715,745.00	29.70%	0.7676%	0.7707%	Closing price
IOR SA	IORB	30/Dec/2013	2,622,273	0.1	0.2300	603,122.79	2.81%	0.0040%	0.0040%	Reference price - Average price
Mecon SA	MECP	16/Dec/2013	60,054	11.6	3.0000	180,162.00	12.51%	0.0012%	0.0012%	Reference price - Closing price
Nuclearelectrica SA	SNN	30/Dec/2013	27,408,381	10	11.1900	306,699,783.39	9.72%	2.0346%	2.0428%	Closing price
Oil Terminal SA	OIL	30/Dec/2013	49,216,526	0.1	0.1135	5,586,075.70	8.45%	0.0371%	0.0372%	Closing price
OMV Petrom SA	SNP	30/Dec/2013	10,758,648,186	0.1	0.4698	5,054,412,917.78	18.99%	33.5302%	33.6652%	Closing price
Palace SA	PACY	23/Dec/2013	5,832,482	0.1	0.2100	1,224,821.22	15.42%	0.0081%	0.0082%	Reference price - Average price
Primcom SA	PRIB	12/Dec/2013	1,561,981	2.5	14.9900	23,414,095.19	75.48%	0.1553%	0.1560%	Reference price - Average price
Romaero SA	RORX	30/Dec/2013	1,311,691	2.5	15.8000	20,724,717.80	20.99%	0.1375%	0.1380%	Reference price - Average price
Severn SA	SEVE	11/Dec/2013	1,971,566	2.5	2.6000	5,126,071.60	39.10%	0.0340%	0.0341%	Reference price - Closing price
Romgaz SA	SNG	27/Dec/2013	57,785,960	1	34.1900	1,975,701,972.40	14.99%	13.1065%	13.1593%	Closing price
Transselectrica SA	TEL	30/Dec/2013	9,895,212	10	15.7900	156,245,397.48	13.49%	1.0365%	1.0407%	Closing price
Total						8,111,288,173.86		53.8089%	54.0258%	

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

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

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Comercereal Cluj SA	COCL	9/Oct/2013	256,116	2.5	4.0115	1,027,409.33	11.36%	0.0068%	0.0068%	Shareholders equity/share
Forsev S.A.	FORS	26/Nov/2009	954,376	2.5	7.5835	7,237,510.40	28.14%	0.0480%	0.0482%	Shareholders equity/share
Resib SA	RESI	3/Jun/2004	894,600	0.10	-	-	2.87%	-	-	Priced at zero (negative equity)
Romplumb SA	ROMR	5/Oct/2001	1,595,520	2.5	-	-	33.26%	-	-	Priced at zero (company in insolvency)
Transilvania-Com SA	TRVC	15/Aug/2007	77,234	2.5	21.4470	1,656,437.60	39.99%	0.0110%	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						10,026,949.09		0.0665%	0.0667%	

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	31/Dec/2013	397,020	EUR 28.6780	EUR 25.3300	10,056,516.60	45,100,460.00	0.10%	0.2992%	0.3004%	Closing price
RAIFFEISEN BANK INTERNATIONAL AG	RBI	31/Dec/2013	677,064	EUR 50.5420	EUR 25.6200	17,346,379.68	77,793,308.95	0.34%	0.5161%	0.5181%	Closing price
Total						27,402,896.28	122,893,768.95		0.8153%	0.8185%	

* = shareholders equity / share as at 31 December 2013

Instruments mentioned at art. 187 letter a) of the Regulation no.15/2004 (unlisted shares)

a) 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%	0.0312%	0.0313%	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%	0.0412%	0.0414%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ 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
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	128.4952	3,540,556.74	20.00%	0.0235%	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%	0.1076%	0.1080%	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%	0.4405%	0.4423%	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	100.0381	287,653,854.38	20.00%	1.9082%	1.9159%	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	11.7555	321,642,658.70	21.53%	2.1337%	2.1423%	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%	0.0108%	0.0109%	Unlisted companies, in function	Shareholders equity/share
E.ON Gaz Distributie SA	13,557,204	19/Jul/2005	38,468,154	12.1854	165,199,953.62	12.00%	1.0959%	1.1003%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
E.ON Energie Romania SA	9,903,524	19/Jul/2005	45,765,358	6.5765	65,130,525.59	13.39%	0.4321%	0.4338%	Unlisted companies, in function	Shareholders equity/share
E.ON Moldova Distributie SA	10,994,457	19/Jul/2005	131,073,011	31.4121	345,358,982.73	22.00%	2.2911%	2.3003%	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	37.9937	296,199,721.06	21.99%	1.9649%	1.9729%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Distributie Transilvania Nord SA	8,167,813	19/Jul/2005	113,299,904	25.3066	206,699,576.47	22.00%	1.3712%	1.3767%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Distributie Transilvania Sud SA	9,327,282	19/Jul/2005	125,918,629	20.5847	191,999,301.79	21.99%	1.2737%	1.2788%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electroconstructia Elco Cluj SA	322,530	19/Jul/2005	319,656	1.6925	545,882.03	7.61%	0.0036%	0.0036%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	62.1702	573,249,281.61	24.12%	3.8028%	3.8183%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
ENEL Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	56.1384	379,109,744.78	24.09%	2.5150%	2.5251%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Enel Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	145.2741	473,069,998.14	12.00%	3.1383%	3.1509%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	103.3027	45,871,977.15	12.00%	0.3043%	0.3055%	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%	0.3602%	0.3616%	Unlisted companies, in function	Shareholders equity/share
GDF Suez Energy Romania	2,381,863	19/Jul/2005	62,522,462	169.7872	404,409,849.55	12.00%	2.6828%	2.6936%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Hidroelectrica SA	89,261,778	19/Jul/2005	3,106,503,426	25.0881	2,239,408,412.64	19.94%	14.8559%	14.9158%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Plafar SA	132,784	28/Jun/2007	3,160,329	36.0686	4,789,332.98	48.99%	0.0318%	0.0319%	Unlisted companies, in function	Shareholders equity/share
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	4.0875	60,789,083.36	25.00%	0.4033%	0.4049%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Salubriserv SA	43,263	19/Jul/2005	207,601	248.6356	10,756,721.96	17.48%	0.0714%	0.0716%	Unlisted companies, in function	Shareholders equity/share
Societatea Nationala a Sarii SA	2,005,884	28/Jun/2007	76,347,715	53.0187	106,349,362.03	48.99%	0.7055%	0.7083%	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	4,735,921	28/Jun/2007	47,146,452	9.1775	43,463,914.98	100.00%	0.2883%	0.2895%	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	-	-	22.00%	-	-	Unlisted companies, in function	Fair value/share: NIL
BAT Service SA	194,022	19/Jul/2005	656,686	-	-	33.00%	-	-	Dissolution	Priced at zero
Carbid Fox SA	10,191,630	19/Jul/2005	927,357	-	-	7.96%	-	-	Bankruptcy	Priced at zero
FECNE SA	778,442	19/Jul/2005	-	-	-	12.12%	-	-	Bankruptcy	Priced at zero
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	-	-	9.76%	-	-	Dissolution	Priced at zero
Petrotel - Lukoil SA	2,152,291	19/Jul/2005	2,787,316	-	-	1.78%	-	-	Unlisted companies, in function	Priced at zero (negative equity)
Simtex SA	132,859	28/Jun/2007	3,059,858	-	-	30.00%	-	-	Bankruptcy	Priced at zero
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	-	-	19.90%	-	-	Insolvency	Priced at zero
Total			5,307,156,314		6,375,101,372.72		42.2914%	42.4618%		

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
RO1314CTN0E7	10,800	23/Dec/2013	30/Apr/2014	53,482,762.26	4,040.92	36,368.28	53,519,130.54	0.3550%	0.3565%	RBS Bank	Acquisition price cumulated with the related interest since the acquisition date
RO1314CTN060	4,500	27/Jun/2013	12/Mar/2014	43,639,537.50	5,273.11	991,344.77	44,630,882.27	0.2962%	0.2973%	CITI Bank	
RO1314CTN060	3,200	2/Jul/2013	12/Mar/2014	31,050,752.64	3,751.97	686,609.75	31,737,362.39	0.2105%	0.2114%	CITI Bank	
Total							129,887,375.20	0.8617%	0.8652%		

Government bonds

Issuer	ISIN code	Date of the last trading session	No. of bonds	Date of acquisition	Last Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Cumulated discount / premium	Market price	Current value	Stake in FP total assets	Stake in FP net asset	Evaluation method
Ministry of Public Finance	RO1214DBN027	25/Oct/2013	4,647	14/Aug/2013	23/Apr/2013	23/Apr/2014	47,136,419	7,575.25	1,916,537.38	-	10,125.91	48,971,641.15	0.3249%	0.3262%	Closing price (Gross price)
Ministry of Public Finance	RO1214DBN027	25/Oct/2013	3,300	23/Dec/2013	23/Apr/2013	23/Apr/2014	33,333,912	5,379.45	1,361,001.37	-	10,125.91	34,776,504.37	0.2307%	0.2316%	
Total												83,748,145.52	0.5556%	0.5578%	

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
CITI Bank	30/Dec/2013	3/Jan/2014	RON 58,000,000.00	RON 1,852.78	RON 3,705.56	RON 58,003,705.56	0.3848%	0.3863%	Term deposit value cumulated with the related interest
ING Bank	17/Dec/2013	6/Jan/2014	RON 75,000,000.00	RON 1,875.00	RON 28,125.00	RON 75,028,125.00	0.4977%	0.4997%	
Unicredit Tiriac Bank	17/Dec/2013	13/Jan/2014	RON 75,000,000.00	RON 3,750.00	RON 56,250.00	RON 75,056,250.00	0.4979%	0.4999%	
BRD Groupe Societe Generale	31/Dec/2013	3/Jan/2014	RON 9,614,592.16	RON 397.94	RON 397.94	RON 9,614,990.10	0.0638%	0.0640%	
BRD Groupe Societe Generale	31/Dec/2013	3/Jan/2014	RON 14,406,545.93	RON 396.18	RON 396.18	RON 14,406,942.11	0.0956%	0.0960%	
TOTAL						232,110,012.77	1.5398%	1.5459%	

< GAIN FROM OUR PERSPECTIVE >



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