

Fondul Proprietatea S.A.

(This is a translation from the official Romanian version)



Contents

Company Information	2
Overview	4
Significant events	6
Analysis of the Activity of the Fund	13
Financial Analysis	30

Annexes

Annex 1 Balance Sheet and Income Statement as at 31 December 2014, prepared in accordance with the National Securities Commission ("CNVM") Regulation 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the Financial Supervisory Authority ("FSA"), approved by CNVM Order no. 13/2011 (CNVM Regulation 4/2011) and with CNVM Instruction 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")	34
Annex 2 Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2014, prepared in accordance with International Financial Reporting Standards ("IFRS"), extracted from IFRS Financial Statements	38
Annex 3 Detailed Statement of Investments of Fondul Proprietatea S.A. as at 31 December 2014, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4)	41

Company Information

The Company

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

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

NAV and Share Price Developments	Year End		
	31 December 2014	31 December 2013	31 December 2012
Total Shareholders' Equity (RON million)	9,339.0	10,885.0	11,836.8
Total NAV (RON million)	13,236.7	15,013.7	14,979.2
NAV per Share (RON)	1.2125	1.2436	1.1371
NAV per Share change in the period (%)*	-2.5%	+9.4%	+5.4%
NAV per Share Total Return (%)*	+1.4%	+13.3%	+8.9%
Share Price as at the end of the period (RON)	0.8960	0.8335	0.5495
Share Price Low (RON) ¹	0.7590	0.5705	0.4270
Share Price High (RON) ¹	0.9535	0.8605	0.6050
Share Price change in the period (%)*	+7.5%	+51.7%	+28.7%
Share Price Total Return (%)*	+14.5%	+61.3%	+38.3%
Discount to NAV as at the end of the period	26.1%	33.0%	51.7%
Average Discount for the period	30.7%	41.3%	50.2%
Total Share Turnover (RON million)	3,735.8	4,097.0	3,218.8
Average Daily Share Turnover (RON million)	14.9	16.4	13.0

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 2014	31 December 2013	31 December 2012
Issued Share Capital (RON)	11,815,279,886.85	13,778,392,208	13,778,392,208
Paid Share Capital (RON)	11,469,658,154.35	13,413,137,586	13,412,780,166
Number of Shares in Issue	12,437,136,723	13,778,392,208	13,778,392,208
Number of Paid Shares	12,073,324,373	13,413,137,586	13,412,780,166
Nominal Value per Share (RON)	0.95	1	1

Notes:

In June 2014 the FSA endorsed (FSA Endorsement no.75/25 June 2014) the decrease of the subscribed share capital of the Fund, through the decrease of the nominal value of the Fund's shares by RON 0.05 (from RON 1 to RON 0.95 per share).

In September 2014, the FSA endorsed (FSA Endorsement no 164/25 September 2014) the decrease of the subscribed share capital from RON 12,861,183,036.65 to RON 11,815,279,886.85, following the cancellation of 1,100,950,684 treasury shares acquired by the Fund during the second buy-back programme carried out in 2013.

¹ Closing prices. Source: BVB

Share Information

Listing	Bucharest Stock Exchange
Since	25 January 2011
Bucharest Stock Exchange Symbol	FP
Bloomberg	FP RO
Reuters	FP.BX
ISIN	ROFPTAACNOR5
FSA Register No	PJR09SIIR/400006/18.08.2010
CIVM Registration No	AC-4025-2/27.10.2014

Shareholder Structure² (as at 31 December 2014)

Shareholder Categories	% of subscribed share capital	% of paid-up share capital	% of voting rights
Foreign institutional shareholders	51.84%	53.40%	59.04%
Romanian private individuals	19.82%	20.41%	22.57%
Romanian institutional shareholders	10.72%	11.05%	12.21%
Foreign private individuals	5.39%	5.55%	6.14%
Ministry of Public Finance ³	0.04%	0.04%	0.04%
Treasury shares ⁴	9.27%	9.55%	-
Unpaid shares ⁵	2.92%	-	-

There were 8,306 shareholders as at 31 December 2014.

Contact Details

Address: 78-80 Buzesti Street (7th floor), District 1,
Postal Code 011017, Bucharest, Romania.

Web: www.fondulproprietatea.ro

E-mail: investor_relations@fondulproprietatea.ro

Telephone: +40 21 200 9600

Fax: +40 21 200 9631/32

² Source: Central Depository

³ The percentage represents the paid shares; the percentage of subscribed share capital of Ministry of Public Finance is 2.96%, including the Unpaid shares

⁴ 252,858,056 treasury shares acquired by the Fund through the third buy-back programme and 900,617,879 treasury shares acquired through the fourth buy-back program.

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

Overview

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager of Fondul Proprietatea presents the preliminary results of the Fund for the year ended 31 December 2014, with unaudited net profit of RON 1,012.9 million, an increase of RON 330.7 million compared to the net profit for 2013 of RON 682.2 million. The main factor behind the higher profits during 2014 was the net accounting gain on disposal of equity investments.

Total shareholders' equity was RON 9,339.0 million as at 31 December 2014, a decrease of 14.2% compared to the value of RON 10,885.0 million as at 31 December 2013.

The Fund reported a Net Asset Value ("NAV") of RON 13,236.7 million as at 31 December 2014 and a Net Asset Value per Share ("NAV/share") of RON 1.2125 (a positive NAV/share total return of 1.39% compared to 31 December 2013). The NAV is prepared in accordance with the local rules issued by the capital market regulator.

In 2014, the Bucharest Stock Exchange outperformed the largest markets in Central Europe in both local currency and EUR terms, as shown in the table below.

% change in 2014	in local currency	in EUR
BET-XT (Romania)	6.32%	6.28%
PX (Czech Republic)	-4.27%	-5.38%
WIG20 (Poland)	-3.54%	-6.56%
ATX (Austria)	-15.18%	-15.18%
BUX (Hungary)	-10.40%	-15.66%

The discount of the share price to NAV was 26.1% as at 31 December 2014. In 2014, the discount ranged between 21.7% and 37.9%.

2014 Profit Allocation Proposal

The Fund's 2014 unaudited net profit was RON 1,012,898,265. The Fund is obliged to make transfers of at least 5% of the Fund's profit to the legal reserves until these reserves reach a value equivalent to 20% of the value of the issued share capital of the Fund. Following the 2014 transfer of RON 51,476,313, the value of these reserves is RON 243,735,507 (being 2.1% of the issued share capital).

The Fund Manager proposes to keep the remaining RON 961,421,952 within unallocated retained earnings, due to the fact that, according to the official interpretation of the FSA on the definition of "net asset value" for the Fund, dividend distributions cannot be made to shareholders at the present time, because the Fund's shareholders' equity calculated in accordance with Romanian Accounting Regulations of RON 9,339.0 million is lower than the share capital of the Fund of RON 11,815.3 million.

The Fund Manager has already recommended, and the shareholders have approved (on 21 January 2015), a cash distribution of RON 0.05 per share via the decrease of the share capital through the reduction of the nominal value of the Fund's shares. Based on our current understanding of Romanian tax law, no Romanian tax will arise for the Fund or its shareholders on this distribution.

The decrease of the share capital is subject to the endorsement from the FSA.

In addition, the Fund Manager will seek to return further value to shareholders by continuing to buy-back shares.

Please see the *Significant Events* section for the official interpretation of the FSA on the definition of the "net asset value" for the Fund, and for the updated Fund's annual cash distribution policy.

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

NAV and Share Price Developments	Note	Year ended 31 December 2014	Year ended 31 December 2013	Change %
Total Shareholders' Equity (RON million)	a	9,339.0	10,885.0	-14.2%
Net Asset Value (RON million)	b, d	13,236.7	15,013.7	-11.8%
Net Asset Value per Share (RON)	b, d	1.2125	1.2436	-2.5%
Net Asset Value Total Return (%)*	c	+1.4%	+13.3%	-
Share Price (RON)		0.8960	0.8335	+7.5%
Share Price Total Return (%)*	c	+14.5%	+61.3%	-
Gross Dividends Declared (RON per share)		-	0.04089	
Return of capital to shareholders (RON per share)		0.0500	-	
Share Price Discount to Net Asset Value		26.1%	33.0%	-

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

*Compared to the end of the previous year

Notes:

- Prepared on the basis of Romanian Accounting Regulations
- Prepared on the basis of local rules issued by the capital market regulator
- Calculated with dividend/ capital return reinvested, where applicable
- The difference in change (%) between total NAV and NAV per share is accounted for by the change in the number of treasury shares (treasury shares acquired through buy-backs are excluded from the number of shares used in the computation of NAV per share) and in paid capital during the period

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

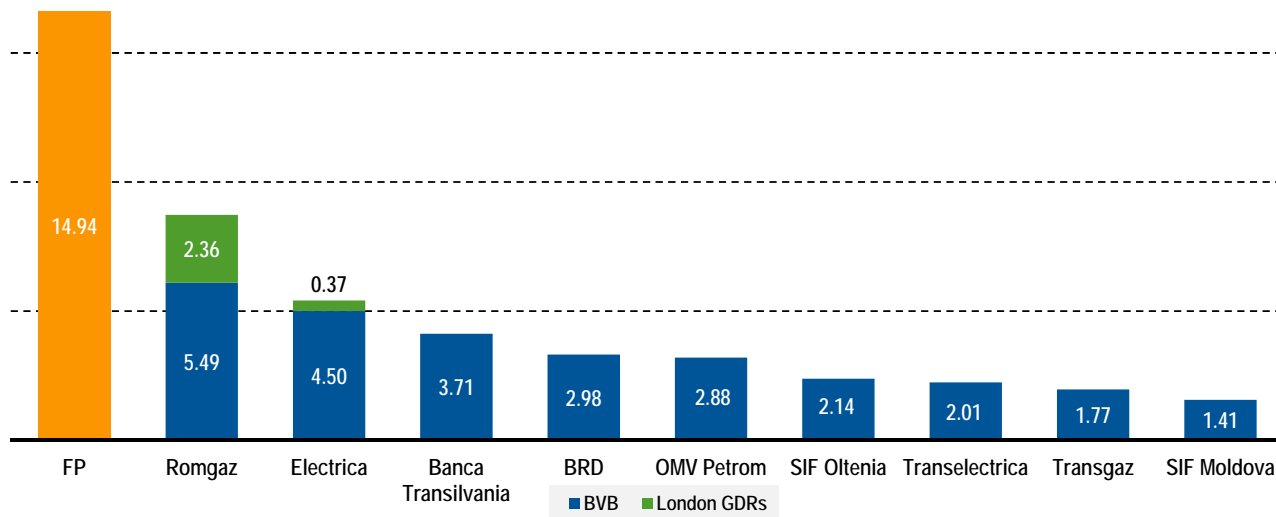
* Details on the valuation methods used for each company are presented in the Annex 3 to this report: with effect from 31 December 2012, the shares of companies under insolvency or reorganisation procedure are valued either at zero or at a value assessed by an independent authorised valuer, using valuation methods in accordance with International Valuation Standards (fair value principles). The shares of companies under judicial liquidation procedure, or any other liquidation procedures, as well as of companies under temporary or final suspension of operations, must be valued at zero until the respective procedures are completed.

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

Significant Events

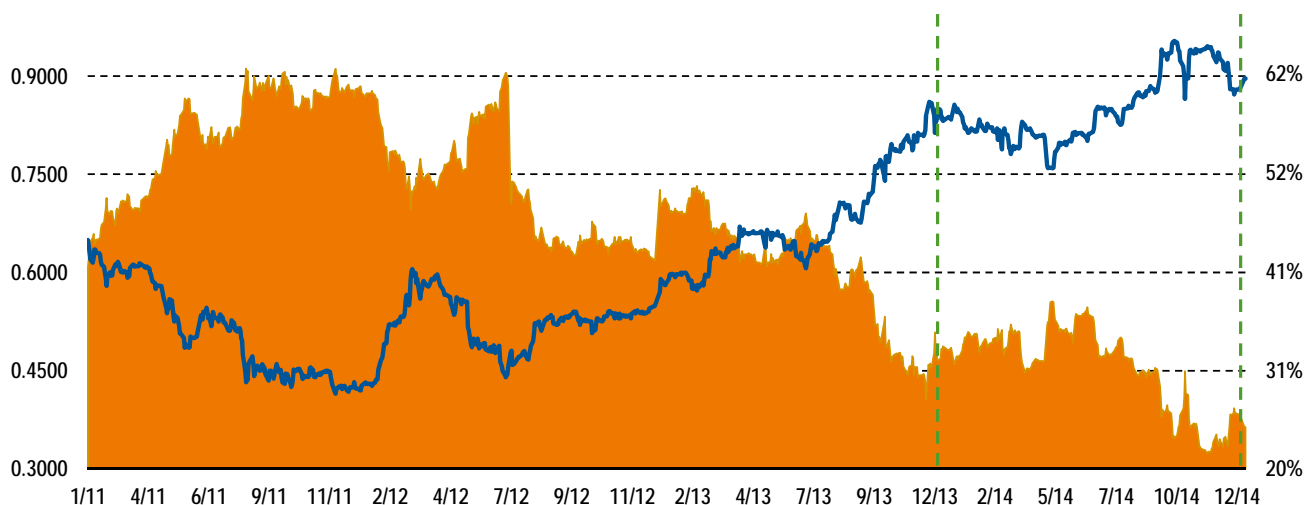
Regulated Stock Market Trading

Average Daily Turnover in 2014 (RON million)



Source: BVB, Bloomberg

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



Source: BVB

Investor Relations Update

In 2014, in our efforts to increase the visibility and profile of the Fund, as well as of the local capital market, and Romania to a broader international institutional investor base, we participated in 13 global and regional emerging and frontier market conferences in London, New York, Warsaw, Zürich, Stegersbach, and Prague, where we met with over 170 investment analysts and portfolio managers interested in finding out more details about the Fund and its equity story, and to receive updates on the Fund, its corporate actions, and its main portfolio holdings.

We also organised 11 road-shows in the most important financial centres in Europe (London), the United States (New York) and the Middle-East (Dubai). During the road-shows, the Fund's management team had individual

and group meetings with representatives from over 100 institutional investment firms, both current shareholders and potential investors.

In February, in collaboration with the Bucharest Stock Exchange and Raiffeisen Bank, we organised the “Romania Investor Days” event in New York, the first such event focused on Romania and the local capital market. More than 60 representatives from international institutional investors (with assets under management of over EUR 700 billion) participated in the event. The first day featured presentations from the Romanian Prime Minister’s Advisor, the Deputy Governor of the Romanian National Bank, the Privatisation Director of the Energy Department from the Ministry of Economy, the Secretary of State within the Ministry of Economy, the Secretary of State within the Ministry of Public Finance, the President of the Romanian Fiscal Council, the CEO and the President of the Bucharest Stock Exchange, the Vice-President of Raiffeisen Treasury and Capital Markets, and the Fund Manager of Fondul Proprietatea. During the second day, over 100 individual and group meetings were organised between the institutional investors and the 11 Romanian listed and unlisted companies participating in the conference.

On 31 March, as part of our ongoing efforts to ensure a broader understanding of the Fund and the underlying holdings, we held the third edition of the Analysts Day event, addressed to analysts covering the Fund. Also, as part of our efforts to promote the Fund, the Romanian local market, and the country in general, we continued our series of events focused on analysts and institutional investors, and in June and November 2014, we organised the 6th and the 7th editions of the Fondul Proprietatea Analyst and Investor Days. Over 170 institutional investors (with EUR 900 billion in assets under management), analysts covering the Fund, and corporates, participated on both occasions in the three days events. The participants had the opportunity to visit the nuclear reactors of Nuclearelectrica SA, in Cernavoda; the operations of the Port of Constanta; the OMV Petrom Refinery and Power-Plant in Ploiesti; and Salrom’s salt mine in Slanic Prahova. Also, the events featured presentations from the U.S. Chargé d’Affaires and the U.K. Ambassador, the Minister of Energy, the International Monetary Fund (“IMF”), the World Bank, the National Bank of Romania, the Fiscal Council, the Financial Supervisory Authority, the Romanian Senate, the Bucharest Stock Exchange, the Privatization Office within the Energy Department, A.T. Kearney, Renaissance Capital, and the Fund, as well as the management of the top portfolio companies: OMV Petrom SA, Romgaz SA, Nuclearelectrica SA, CE Oltenia SA, Transelectrica SA, Hidroelectrica SA, and Posta Romana SA. Over 200 individual and group meetings were organised during these events, between institutional investors and the management of some of the largest listed and unlisted companies in Romania.

In November, we held the first Retail Investor Day event, dedicated to the Fund’s retail shareholders, in order to update them on the ongoing and future corporate actions envisaged by the Fund Manager, and to answer any queries.

Communication between the Fund Manager and investors remains our top priority as we aim to ensure that investors are informed about the latest developments and obtain their feedback as we continue to focus on maximising shareholder value. Therefore, during the year, we held four conference calls with analysts and investors related to the Fund’s 2013 preliminary financial results, and to the 2014 quarterly financial results. We also facilitated at the end of February a conference call between investors and analysts and the judicial administrator of Hidroelectrica, following the Court of Appeal’s decision to reopen the insolvency procedure of Hidroelectrica.

In addition, the Fund’s management team had more than 60 individual meetings with current and prospective investors, as well as over 80 conference calls with institutional investors interested in the Fund and its underlying portfolio holdings.

Secondary Listing Update

On 26 November, the Romanian Financial Supervisory Authority did not approve the Depository Interests (“DI”) Regulation needed to complete the Fund’s listing in London in December 2014, according to the mandate given by the Fund’s shareholders in April 2014. The Fund Manager considers that the Fund’s listing on the London Stock Exchange (“LSE”) would be in the best long-term interest of the Fund and its shareholders as it should broaden the foreign institutional investor base not currently active in Romania, it should increase the research coverage from international brokers, and the incremental demand for the Fund’s shares generated by the listing on the LSE should contribute to the narrowing of the discount to NAV at which the Fund’s shares currently trade.

The Fund’s listing on the LSE could not be completed in December 2014 through the use of DIs, because the FSA did not approve the Regulation regarding the listing on foreign European Union Markets through DIs because it did not meet the majority of required votes. However, the recent regulatory changes now allow for the Fund to be

listed on the LSE via the use of Global Depositary Receipts (“GDR”). The Fund Manager remains committed to working with the FSA to approve the DI regulation, but ultimately the final decision and the timing of that is solely under the control of the FSA. In December 2014, Elliott Associates proposed a resolution for the General Shareholders Meeting on 21 January 2015 for a new mandate to list the Fund in London until 10 July 2015, which shareholders have approved. The Fund Manager will work to achieve the Fund’s listing on the LSE as soon as possible through GDRs; however, if the DI regulation is approved by the FSA in the meantime, the Fund Manager will pursue this route to complete the LSE listing.

Buy-back Programmes

The Third Buy-back Programme

The third buy-back programme, approved by shareholders on 22 November 2013, started in March 2014. On 24 July, the Fund announced the completion of the programme, through which the Fund Manager acquired 252,858,056 shares of the Fund (equivalent to 2.02% of the Fund’s paid share capital) through daily acquisitions on the Bucharest Stock Exchange. The total value of the buy-back programme was RON 205,460,540 (excluding brokerage fees and other acquisition related costs), and the average price was approximately RON 0.8125 per share. The shareholders approved the cancellation of the shares repurchased in the third buy-back programme at the 23 September 2014 General Shareholders’ Meeting (“GSM”). For further details regarding the cancellation of the shares repurchased in the third buy-back programme, please read the *Share Cancellation* and *Subsequent Events* sections.

The Fourth Buy-back Programme

The fourth buy-back programme refers to the acquisition of a maximum number of 990,855,616 shares. The price range is a minimum of RON 0.2 per share and a maximum of RON 2.0 per share. The buy-back programme started on 1 October 2014 and can be executed until 27 November 2015. The shares repurchased during the fourth buy-back programme will be cancelled. On 20 October, the Fund Manager announced its intention to accelerate the buy-back programme via a Public Tender Offer to acquire 750 million shares, and selected Raiffeisen Bank to provide brokerage services for the Tender Offer. The price offered was RON 1.11 per share and the subscription period was 3 November – 2 December. On 4 December, the Fund Manager announced the results of the Tender Offer: 10,109,789,738 total shares subscribed (an oversubscription rate of 13.48, and an allocation ratio of 0.0741855191). As at 31 December 2014, the total number of shares repurchased during the fourth buy-back programme was 904.5 million, representing 91.3% of the total programme, at an average share price of RON 1.0743 per share.

As at 31 December 2014, the total value of the shares acquired in the fourth buy-back programme was RON 986.5 million, out of which related fees were RON 14.7 million, including fees charged by the FSA in amount of RON 12.5 million.

The Fifth Buy-back Programme

On 19 November 2014 the Fund’s shareholders approved the fifth buy-back programme that refers to the acquisition of a maximum number of (i) 227,572,250 shares or (ii) 10% of the subscribed share capital at the relevant time, whichever is the lesser, starting with the date when the share capital decrease approved through EGM Resolution on 23 September 2014 (regarding the cancellation of the shares purchased by the Fund during the third buy-back programme) is effective until August 2016. The buy-back shall be performed at a price that cannot be lower than RON 0.2 per share nor higher than RON 2 per share. The buy-back transaction can only be applied for fully paid shares. The shares purchased will be cancelled. The implementation of this buy-back programme will be subject to the availability of the necessary cash.

Share Cancellation

The share cancellation after the First Buy-back Programme

On 24 February 2014, the Fund Manager received from the FSA the decision regarding the approval of the decrease of the Fund’s share capital through the cancellation of the 240.3 million shares repurchased during the first buy-back programme. The decision was effective on the same day.

The share cancellation after the Second Buy-back Programme

On 28 April 2014, shareholders voted for the decrease of the share capital through the cancellation of 1.1 billion shares repurchased by the Fund during the second buy-back programme. On 25 September 2014, the FSA issued Decision no. 164 through which it endorsed the change of the constitutive act reflecting the decrease of the Fund's subscribed share capital through the cancellation of 1.1 billion shares repurchased during the second buy-back programme. The decision was effective on 26 September 2014.

The share cancellation after the Third Buy-back Programme

During the Extraordinary General Shareholders' Meeting ("EGM") held on 23 September 2014, shareholders approved the decrease of the share capital through the cancellation of 252,858,056 shares repurchased by the Fund during the third buy-back programme. The share capital decrease is effective beginning with 27 January 2015. For further details on the cancellation of shares acquired during the third buy-back programme, please see the *Subsequent Events* section.

Distributions to Shareholders

On 4 February 2014, the Fund's shareholders approved by EGM Resolution no. 2/2014 the reduction of the Fund's share capital by reducing the nominal value of the shares from RON 1 to RON 0.95 and the return of the RON 0.05 per share to the shareholders registered at the registration date (30 April 2014), proportionally with their participation to the Fund's paid share capital.

On 25 June 2014 the FSA endorsed the above-mentioned share capital reduction, and thus, in accordance with the provisions of the Shareholders' Resolution no. 2/2014, the payment started on 25 July 2014.

By 31 December 2014, shareholders had collected over 98% of the total distribution of RON 601.3 million.

Official interpretation of the Financial Supervisory Authority on the definition of "net asset value" for the Fund, meaning that dividend distributions cannot be made to shareholders at the present time

On 30 April 2014, the Fund filed with the FSA a request for obtaining an official interpretation regarding the scope of article 17 of CNVM Regulation 4/2010, as amended, providing for the methodology of computation of the "net asset value" of the Fund, in connection with article 69 of the Companies Law. The need for this request became apparent after receiving certain letters from public authorities that were inconsistent with previous letters from public authorities on aspects of potential relevance for this topic.

In response to the request, the Fund received on 19 June 2014 the FSA Endorsement no. 71/19.06.2014 stating, in essence, that the "net asset value" determined in accordance with Regulation no. 4/2010 is for regulatory reporting and investors' information purposes only. The FSA confirmed that the Endorsement has effect prospectively from the date of its publication.

Based on our review, the FSA's official interpretation has the direct effect that the ability to distribute dividends should be established based on the concept of "total shareholders' equity" calculated in accordance with CNVM Regulation no. 4/2011.

For the prior year, as at 31 December 2013, the "total shareholders' equity" in the financial statements (prepared in accordance with Regulation 4/2011) was RON 10,885.0 million, which was below the share capital of the Fund of RON 13,778.4 million. Therefore, according to the FSA interpretation, the Fund Manager could neither propose nor make any dividend distributions to the Fund's shareholders. The situation remains the same as at 31 December 2014, because the "total shareholders' equity" in the financial statements (prepared in accordance with Regulation 4/2011) was RON 9,339.0 million, which is below the share capital of the Fund of RON 11,815.3 million.

According to Regulation 4/2011, the financial assets (i.e. the Fund's portfolio holdings), both listed and unlisted (which are the main asset category of Fondul Proprietatea), can only be valued in the financial statements of the Fund at the historical cost (i.e. cost/ initial value less cumulated adjustments for impairment), even if their fair values would be higher than this cost/ initial value. This has a negative impact on the "total shareholders' equity" computed based on Regulation 4/2011.

Please find below a table outlining the main differences in the valuation of the Fund's financial assets in accordance with CNVM Regulation no. 4/2010 and CNVM Regulation no. 4/2011.

	Regulation no. 4/2011 (Romanian Accounting Regulations, "total shareholders' equity")	Regulation no. 4/2010 ("Net asset value" computation for regulatory reporting)
Listed shares	Valued at cost less adjustments for impairment	Valued at closing market prices (regulated markets) Valued at reference prices (Rasdaq market)*
Unlisted or illiquid listed shares	Valued at cost less adjustments for impairment	Valued as per latest issued annual financial statements (proportionally with the stake held) or using fair valuation methodologies
Total shareholders' equity / net asset value as at 31 Dec 2013	RON 10,885,061,292	RON 15,013,742,081.74
Total shareholders' equity / net asset value as at 31 Dec 2014	RON 9,339,030,996	RON 13,236,700,614.13

* 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.

The Fund Manager analysed the interpretation and amended the Fund's policy for annual cash distributions to shareholders.

Annual Cash Distribution Policy

Following the official interpretation received from the FSA on computation methodology for the "net asset value" to be used by the Fund in the application of Article 69 of Companies Law no. 31/1990, related to the distribution of profits to shareholders, which in essence limits the Fund's current ability to distribute dividends, the Fund Manager remains committed to returning cash to shareholders on an annual basis (subject to applicable law and necessary approvals) and has amended the Fund's annual cash distribution policy as follows:

"In the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations, the Fund Manager intends to recommend to shareholders a cash distribution related to each financial year equivalent to 100% of the sum of (i) the Fund's dividend income from portfolio companies, (ii) plus interest on cash balances, (iii) less expenses and taxation and (iv) less compulsory allocations to reserves according to the regulations in force, in each case for that year. The cash distributions would be paid to shareholders either in the form of a return of capital (by decreasing the nominal value per share) or in the form of dividends, in each case subject to any restrictions under Romanian legal or tax regulations. In the case of dividend distributions (where permitted by applicable law), the distributable amount will be assessed based on audited financial information. In the case of a return of capital, the distributable amount will be based on a best estimate according to the latest management accounts at the time of proposing the resolution".

The annual cash distribution policy does not limit additional cash returns and share buy-backs that can be recommended by the Fund Manager separately, subject to available cash and depending on the discount level, according to the Investment Policy Statement.

Main litigation updates

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

Subsequent Events

21 January 2015 GSM Decisions

The main decisions of the shareholders at the 21 January 2015 GSM were the following:

- The approval of the decrease of the subscribed share capital of Fondul Proprietatea from RON 11,575,064,733.65 to RON 10,965,850,800.30 through the reduction of the nominal value of the shares of the Fund from RON 0.95 to RON 0.90 and the approval of the payment to the shareholders registered with the Central Depository on 24 June 2015 of RON 0.05 per share, proportionally with their participation to the paid-up share capital of the Fund. The payment will start on 29 June 2015, provided that the decrease of the share capital mentioned above is effective by that time;
- The approval of the secondary listing of the Fund on the London Stock Exchange via GDRs or DIs by 10 July 2015.
- The ratification and the approval of all EGM resolutions and of all legal acts concluded, adopted and issued in the name of Fondul Proprietatea SA through Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, between 6 September 2010 and 20 January 2015.

Updates on the Fourth and Fifth Buy-Back Programme

On 4 February 2015, the Fund announced the completion of the 4th buy-back programme, through which the Fund acquired 990,855,616 shares of the Fund (equivalent to 8.13% of the Fund's subscribed share capital) through a tender offer for 750,000,000 shares (shares actually purchased: 749,998,142) and daily acquisitions on the Bucharest Stock Exchange. The total value of the buy-back programme was RON 1,046,128,420.15 (excluding brokerage fees and other acquisition related costs), and the weighted average price was approximately RON 1.0557 per share. The Fund Manager will request shareholders' approval for the cancellation of the shares repurchased during this buy-back programme at the next general shareholders' meeting.

The Fund Manager intends to continue with share buy-backs in accordance with the Fund's Investment Policy Statement, and started the fifth buy-back programme, approved by shareholders on 19 November 2014, on 10 February 2015.

Updates on the Shares Cancellation

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

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

On 12 January 2015, Law no. 10/2015 was published in the Part I of the Official Gazette no. 22 ("Law 10"). Law 10 amends, among others, Title VII of Law no. 247/2005 governing mainly the organization and functioning of the Fund ("Fund Law"). Law 10 will enter into force on 15 January 2015, according to Article 78 of the Constitution, and from this moment onwards the following main amendments related to the Fund are applicable, namely:

- Any inconsistencies there might have been in the past legislation regarding the right of the Fund's shareholders to freely appoint the fund manager are now clarified; the provisions of Article 12 (2) of the Fund Law, stating that the fund manager is appointed through an international tender organised by the State are repealed.
- The provisions related to the State's special treatment for its contributions to the increase of the Fund's share capital are repealed.
- The Fund's receivable against World Trade Center București S.A. is transferred back to the Ministry of Public Finance.
- A consolidated version of the Fund Law containing the amendments brought by Law 10 can be found on the Fund's website.

Litigation regarding the shares in Conpet SA

On 19 April 2007, the Authority for State Assets Recovery (AVAS) filed an ownership claim with the 5th District First Instance Court against the Fund, the Central Depository, the FSA and Conpet SA, requesting the Court to rule upon the ownership rights of the claimant over a number of 524,366 shares in Conpet SA's share capital and to impose on the other defendants the obligation to register accordingly the shares in the shareholders' registry.

Beginning with 2007 there were several rounds of hearings and court decisions and several reorganisations, as the plaintiff in this case is in present the Department of Energy as a successor of AVAS.

On 19 March 2014 Bucharest Court ruled in favour of the Fund and rejected the request of Department of Energy. Against this decision of the Bucharest Tribunal, the Department of Energy file an appeal and on 30 January 2015 the Bucharest Court of Appeal ruled in favour of the Department of Energy obliging the Fund to transfer a number of 524,366 shares in Conpet SA's share capital to Department of Energy. The Fund can file the final appeal against the decision of Bucharest Court of Appeal within 15 days after the full decision is received from the Court.

This litigation was in progress as at 31 December 2014. This indicates that these conditions existed before the end of Fund's reporting period and meet the requirements of an adjusting event after the end of the reporting period. As a result, at 31 December 2014, the Fund recorded impairment adjustment for the holding in Conpet SA.

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

NAV Methodology

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

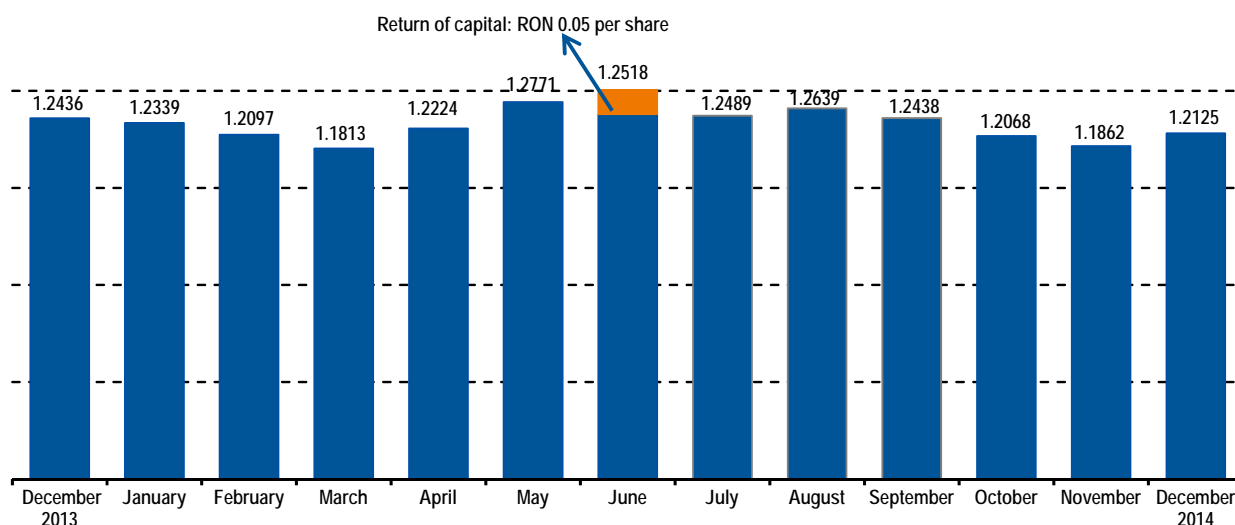
Listed securities are valued at closing market prices - if listed on regulated markets, or reference prices - if listed on Rasdaq (the reference price is considered to be the closing price for the securities listed on section RGBS of Rasdaq and the average price for the securities listed on section XMBS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

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

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

The following chart shows information on the monthly published NAVs per share for the period 31 December 2013 to 31 December 2014:

NAV/share (RON/share)



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

The **orange section** within the June 2014 NAV represents the value per share of the return of capital approved by shareholders in February 2014, which was recorded in June, following the FSA's endorsement of this share capital decrease, resulting in a corresponding reduction in the NAV.

During the **first quarter of 2014** the NAV per share decreased by 5% mainly due to the negative impact of the decrease of the share prices of certain listed holdings, principally OMV Petrom (impact on the Fund's NAV of RON 460.5 million or RON 0.0382 per share), and Romgaz (impact on the Fund's NAV of RON 68.8 million or RON 0.0057 per share), and due to the update of the independent valuation of the holding in Hidroelectrica in February 2014, after the Bucharest Court of Appeal decided to place Hidroelectrica back under the reorganisation procedure (the impact was a decrease of RON 134.2 million or RON 0.0111 per share).

In the **second quarter of 2014**, the NAV per share had a moderate upward trend, due mainly to the positive share price evolution of Fund's listed holdings, principally OMV Petrom (impact on the Fund's NAV of RON 591.7 million or RON 0.0499 per share as at 30 June versus 31 March 2014), and to the third buy-back programme carried out by the Fund during this period.

The holding in Electrica Furnizare SA (previously valued at zero) was independently valued in May 2014. The valuation was performed by KPMG Romania, in accordance with International Valuation Standards. The impact was an increase of RON 88 million of the total NAV. Five unlisted holdings were independently valued in June 2014 (for Complexul Energetic Oltenia SA this was a valuation update, while for the other holdings, the previous valuation was based on the shareholders' equity from the most recent annual financial statements, according to FSA regulations in force). The valuation was performed by KPMG Romania, in accordance with International Valuation Standards. The overall impact as at 30 June 2014, compared to the previous month NAV, was a decrease of RON 123.1 million or RON 0.0101 per share.

The Fund's NAV per share had a slight downward trend in the **third quarter of 2014**, mainly due to the negative impact of the decrease of the share price of certain portfolio companies, principally OMV Petrom (impact of RON 125.9 million or RON 0.0106 per share), while the increase of the share price of other portfolio companies, mainly Romgaz (impact of RON 50.1 million or RON 0.0042 per share) had a positive influence. During the third quarter of 2014, there was no change in the valuation of the Fund's unlisted holdings.

In the **last quarter of 2014**, the NAV per share had a slight downward trend which was mainly due to the decrease of OMV Petrom share price (impact of RON 670.3 million or RON 0.0614 per share as at 31 December versus 30 September 2014), while the fourth buy-back programme (including the tender offer of 750 million shares) carried out by the Fund during this quarter had a positive impact.

At the end of the year, 20 unlisted holdings, representing 99.5% of the total unlisted portfolio, were independently valued (including valuation updates for 17 of the holdings). The valuations were performed by KPMG Romania and Ernst & Young Service, in accordance with International Valuation Standards. The overall impact was an increase of RON 241.7 million or RON 0.0205 per share, as compared to the previous valuation (28 November 2014 NAV).

	Portfolio company name	Value in 31 Dec 2014 NAV (RON Million)	Value in 28 Nov 2014 NAV (RON Million)	Impact on Total NAV (RON Million)	Impact on NAV per share* (RON)
1	Hidroelectrica SA	2,178.1	2,105.1	73.0	0.0062
2	ENEL Distributie Banat SA	640.5	573.2	67.3	0.0057
3	ENEL Distributie Muntenia SA	465.8	473.1	(7.3)	(0.0006)
4	GDF Suez Energy Romania SA	461.3	404.4	56.9	0.0048
5	E.ON Distributie Romania SA**	441.4	510.6	(69.2)	(0.0059)
6	ENEL Distributie Dobrogea SA	396.9	379.1	17.8	0.0015
7	CN Aeroporturi Bucuresti SA	332.3	287.7	44.6	0.0038
8	Electrica Distributie Muntenia Nord SA	235.6	296.2	(60.6)	(0.0051)
9	Electrica Distributie Transilvania Sud SA	206.5	192.0	14.5	0.0012
10	Electrica Distributie Transilvania Nord SA	201.6	206.7	(5.1)	(0.0004)
11	Societatea Nationala a Sarii SA (Salrom)	142.9	114.1	28.8	0.0024
12	E.ON Energie Romania SA	133.9	130.9	3.0	0.0003
13	Administratia Porturilor Maritime Constanta SA	132.6	69.5	63.1	0.0053

Portfolio company name	Value in 31 Dec 2014 NAV (RON Million)	Value in 28 Nov 2014 NAV (RON Million)	Impact on Total NAV (RON Million)	Impact on NAV per share* (RON)
14 Electrica Furnizare SA	126.4	88.0	38.4	0.0033
15 Complexul Energetic Oltenia SA	108.5	120.0	(11.5)	(0.0010)
16 ENEL Energie SA	74.4	74.3	0.1	-
17 ENEL Energie Mutenia SA	65.1	65.1	-	-
18 Posta Romana SA	55.9	60.8	(4.9)	(0.0004)
19 Ziron SA	39.3	43.5	(4.2)	(0.0004)
20 Plafar SA	1.8	4.8	(3.0)	(0.0003)
TOTAL	6,440.8	6,199.1	241.7	0.0205

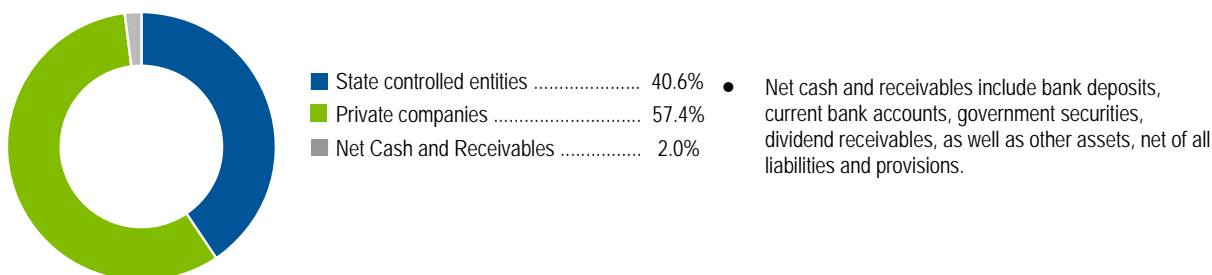
* computed based on the number of shares used in NAV per share computation as at 28 November 2014

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

Investment Strategy and Portfolio Analysis

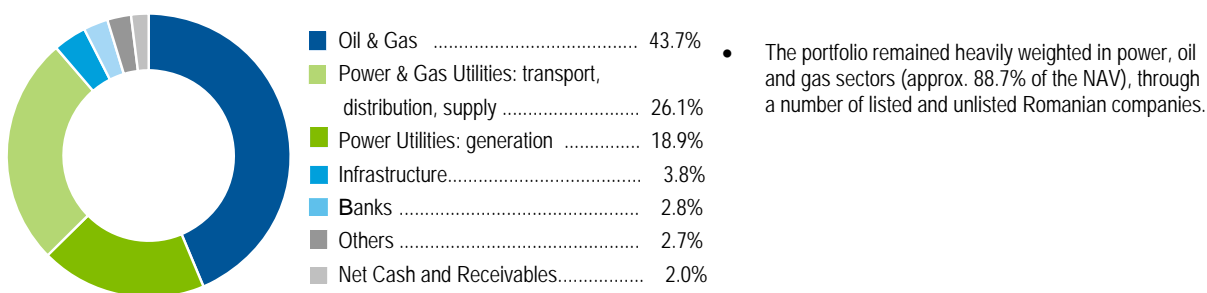
The Fund's Investment Objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities. The equity exposure amounted to 98% of the Fund's NAV as at 31 December 2014. As at that date, the portfolio was composed of holdings in 53 companies (17 listed and 36 unlisted), containing a combination of privately held and state-controlled entities.

Portfolio Structure – by Controlling Ownership



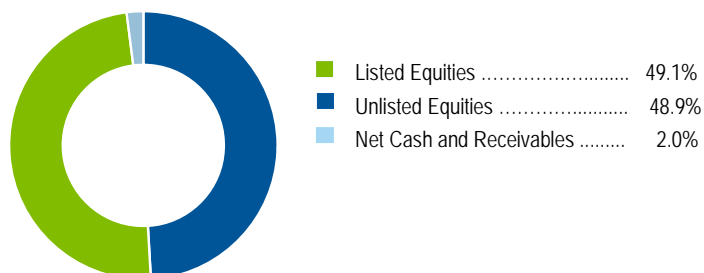
Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 December 2014

Portfolio Structure - by Sector



Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 December 2014, based on NAV reports submitted to FSA.

Portfolio Structure – by Asset Type



- The largest listed company is OMV Petrom (67.6% of total value of listed companies in the portfolio)
- The largest unlisted company is Hidroelectrica (33.6% 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 2014, based on NAV reports submitted to FSA.

Top 20 Equity Investments

No	Name	Fund's Stake (%)	Value as at 31 December 2014 (RON million)	% of NAV as at 31 December 2014
1	OMV Petrom SA	18.99%	4,389.5	33.2%
2	Hidroelectrica SA	19.94%	2,178.1	16.5%
3	Romgaz SA	10.00%	1,362.9	10.3%
4	ENEL Distributie Banat SA	24.12%	640.5	4.8%
5	ENEL Distributie Muntenia SA	12.00%	465.8	3.5%
6	GDF Suez Energy Romania SA	12.00%	461.3	3.5%
7	E.ON Distributie Romania SA*	18.35%	441.5	3.3%
8	ENEL Distributie Dobrogea SA	24.09%	396.9	3.0%
9	CN Aeroporturi Bucuresti SA	20.00%	332.3	2.5%
10	Electrica Distributie Muntenia Nord SA	21.99%	235.6	1.8%
11	BRD-Groupe Societe Generale SA	3.64%	222.1	1.7%
12	Nuclearelectrica SA	9.72%	212.1	1.6%
13	Electrica Distributie Transilvania Sud SA	22.00%	206.5	1.6%
14	Electrica Distributie Transilvania Nord SA	22.00%	201.6	1.5%
15	Banca Transilvania SA	2.88%	143.2	1.1%
16	Societatea Nationala a Sarii SA (Salrom)	49.00%	142.9	1.1%
17	CN Administratia Porturilor Maritime SA	13.39%	133.9	1.0%
18	Electrica Furnizare SA	20.00%	132.6	1.0%
19	E.ON Energie Romania SA	22.00%	126.4	0.9%
20	Complexul Energetic Oltenia SA	21.55%	108.5	0.8%
Top 20 equity holdings			12,534.2	94.7%
Total equity holdings			12,972.8	98.0%
Net cash and receivables			263.9	2.0%
Total NAV			13,236.7	100.0%

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 December 2014, based on NAV reports submitted to FSA.

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

Key Portfolio Developments in the Period

Acquisitions and Disposals

In 2014, the Fund sold its entire holdings in Transelectrica SA (9,895,212 ordinary shares at RON 21.50 per share, following the completion of the book building process which was announced on 9 July 2014), Erste Group Bank, Raiffeisen Bank, Resib SA, Turdapan SA, Transilvania Com SA, Severnav SA and parts of its holdings in Romgaz SA (19,243,000 shares, at a price of RON 33.50 per share or USD 10.32 per share, through an accelerated book building offering), Conpet SA (2,047,095 shares at a price of RON 48.75 following the completion of the book building process), Oil Terminal SA and Primcom SA (134,793 shares, at a price of RON 30 per share, in a buy-back tender offer conducted by Primcom SA).

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

In 2014, the Fund received in compensation for the receivable related to the unpaid share capital:

- 26,904 shares in CE Oltenia SA (having a nominal value of RON 269,040), following a share capital increase by the company in April 2014.
- 116,457 shares in Hidroelectrica SA with a total nominal value of RON 1,164,570, following share capital increases of Hidroelectrica SA in April, September and October 2014, equivalent to the value of land for which Hidroelectrica SA obtained title, recorded as contributions in kind by the Romanian state, represented by the Ministry of Public Finance, to the share capital of the Fund.

In May 2014, the Fund received 35,438 bonus shares from Administratia Porturilor Dunarii Maritime SA, following a share capital increase through the incorporation of reserves. At the same time, there was also a cash share capital increase in which Fondul Proprietatea did not participate and decided to challenge it in Court. After these changes in the company's share capital, the new total number of shares held by the Fund in Administratia Porturilor Dunarii Maritime SA increased to 56,675 shares (from 21,237 shares held previously), while the percentage holding decreased to 7.7% (from a 20% holding). The Fund continues to seek a Court annulment of the share capital increase operation.

In July 2014, Banca Transilvania SA completed the registration of a share capital increase (from incorporation of reserves and earnings) with the Central Depository and the number of 10,347,302 bonus shares received by the Fund in May 2014, 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 October 2014, Carbid Fox SA was erased from the Trade Register, at the end of the bankruptcy procedure.

Mergers

In November 2014, the General Shareholders Meetings of E.ON Gaz Distributie SA and E.ON Moldova Distributie SA approved the merger of the companies, with E.ON Gaz Distributie SA as the absorbing company and E.ON Moldova Distributie SA as the absorbed company. Following the merger, E.ON Gaz Distributie SA changed its name to E.ON Distributie Romania SA and E.ON Moldova Distributie SA was erased from the Trade Register. The registration of the new company was completed by the Trade Registry on 31 December 2014. After the merger, the Fund holds 18.34% in E.ON Distributie Romania SA.

Energy Sector Updates

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

Energy Tariff Changes

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

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

Gas Tariff Changes

The implementation of the calendar for gradual elimination of regulated gas prices started on 1 February 2013. Following the implementation of the 6th increase on 1 April 2014, prices have increased in line with the calendar to 89.4 RON/MWh for non-household consumers and to 51.8 RON/MWh for household consumers.

On 24 June 2014, the Government Emergency Ordinance no. 35/2014, which modifies Law no. 123/2012 regarding Electricity and Natural Gas, entered into force. The changes were done in order to introduce the obligation for natural gas producers to sell a certain percentage of their production on the regulated market, as per the decisions of ANRE, the Romanian energy market regulator. Following these changes, the remaining price increases for the year in the liberalisation calendar were no longer implemented. The Government subsequently decided to postpone the further liberalisation of gas prices for household consumers until at least June 2015 while the liberalisation process for non-household consumers was considered finalised by the Romanian Government given that local prices have reached a level close to the European prices. Starting 1 January 2015 ANRE no longer sets reference prices for non-household consumers. Gas prices for household consumers have been frozen at RON 53.3/MWh until 30 June 2015. ANRE will have to publish a new calendar for the gas price liberalization for household consumers starting 1 July 2015 until 1 July 2021.

Hidroelectrica Insolvency

On 25 February 2014 the Bucharest Court of Appeal took the following decisions:

- Cancelled the initial decision of the Bucharest Court whereby the judicial reorganisation procedure of Hidroelectrica was closed for procedural reasons. As a result, the case will be sent back to the syndic judge for a retrial. As a consequence, the company was placed back under the reorganisation procedure and the former judicial administrator was reinstated with immediate effect.
- Cancelled and sent back to the syndic judge for retrial several other cases related to the force majeure clause in 2011 and the table of creditors.

Update on the Largest 20 Portfolio Companies

Banca Transilvania SA

RON million	2012	2013	9 months 2013	9 months 2014	2014*
Operating income	1,587.3	1,759.6	1,147.7	1,449.3	942.0
Net impairment losses	379.6	414.3	280.5	442.0	430.0
Net profit	346.5	408.6	240.2	338.1	512.0**

Source: based on IFRS financial statements

*Budgeted figures

**Gross profit

April: Bank of Cyprus reported a transaction through which it sold the entire 9.99% stake held in Banca Transilvania SA.

The bank reported results for the first quarter of 2014. Operating revenues increased by 19% to RON 424.8 million and net income increased by 22.6% to RON 103.4 million. Total assets increased by 2.7% to RON 32.9 billion.

May: Horia Ciorcila, the President of the bank's Board of Directors was reported to have a holding of 5.06%, of which 4.89% is held through an investment vehicle.

June: Fitch has confirmed their BB- rating for Banca Transilvania's long-term foreign currency financing and B for short-term foreign currency financing.

August: Banca Transilvania SA reported the results for the first 6 months of 2014: compared to the same period of 2013, operating revenues increased by 23.6% to RON 906.6 million, operating expenses increased by 5.5% to RON 404.2 million, net impairment losses increased by 81.7% to RON 256.3 million and net profit increased by 17.7% to RON 212.1 million.

October: Banca Transilvania SA reported the results for the first 9 months of 2014: compared to the same period of 2013, operating revenues increased by 26.3% to RON 1,449.3 million, net impairment losses increased by 57.6% to RON 442.0 million, and net profit increased by 40.8% to RON 338.1 million.

November: The bank announced the registration with the Central Depository of a capital increase following the conversion into shares of previously issued convertible bonds. Following this operation the total number of issued shares increased by 49.44 million shares, to 2,559.18 million shares.

December: The bank announced that its Board of Directors approved the transaction regarding the acquisition of 100% of Volksbank Romania. The two entities are to operate separately until all legal procedures are fulfilled and all approvals are obtained. The value of the transaction was not disclosed.

BRD – Groupe Societe Generale SA

RON million	2012	2013	9 months 2013**	9 months 2014**	2014*
Net Banking Income	3,046.6	2,836.3	2,059.4	1,878.8	Expected decrease due to lower net interest income
Gross operating income	1,613.5	1,491.3	1,111.0	970.2	n/a
Net cost of risk	1,943.0	2,130.8	1,041.4	951.7	Significant improvement
Net profit/ (loss)	(298.8)	(387.5)	50.5	20.1	Expected return to profitability
Dividends	-	-			

Source: Based on consolidated IFRS financial statements

* Budget

** IFRS unconsolidated results

August: The bank published the 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 122.9 million (vs. RON 62.2 million during the similar period of the previous year). Net banking income decreased by 8.6% year on year ("y.o.y") to RON 1,243.7 million, while general operating expenses decreased by 0.9% y.o.y. to RON 608 million, leading to a gross operating results of RON 636 million, down by 15.0% y.o.y. Net cost of risk decreased by 25.3% y.o.y. compared to the similar period of the previous year to RON 492.1 million.

November: The bank published the unconsolidated IFRS financial statements for the first nine months of the year. During the period, the bank reported a net profit of RON 20.1 million (compared with RON 50.5 million during the similar period of the previous year). Net banking income decreased by 8.8% y.o.y to RON 1,878.8 million, while general operating expenses decreased by 4.2% y.o.y. to RON 909 million, leading to a gross operating results of RON 970.2 million, down by 12.7% y.o.y. Net cost of risk decreased by 8.6% y.o.y. compared to the similar period of the previous year, to RON 951.7 million.

CN Administratia Porturilor Maritime SA

RON million	2012	2013	H1 2013	H1 2014	2014*
Total revenues	284.8	302.4	142.6	140.5	297.1
Operating profit	46.2	76.6	33.7	50.9	43.3
Net profit	35.6	65.0	29.7	41.8	31.0
Dividends	26.7	50.6			13.5

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

* Budgeted figures

September: The company's results for the first 6 months of the year include a 3.6% increase in operating revenues compared to the same period of 2013, to RON 137.2 million, a 51% increase in operating profits to RON 50.9 million and, a 40.1% increase in net profit to RON 41.8 million.

December: According to a decision of the Constitutional Court of Romania, the law which allocated 20% of the company to the Local Council of Constanta is unconstitutional. As a result, the 20% will be allocated back to the Ministry of Transports.

CN Aeroporturi Bucuresti SA

RON million	2012	2013	H1 2013	H1 2014	2014*
Sales	555.5	582.6	268.5	294.1	676.8
Operating profit	80.9	91.0	40.5	60.8	40.1
Net profit	53.1	69.0	31.1	52.6	25.3
Dividends	45.7	61.6	-	-	-

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

* Budgeted figures

May: The company's entire Board of Directors was replaced in a shareholder meeting held on 29 May. The General Manager was also suspended from his position in the same GSM. A new Board and General Manager were appointed on an interim basis, until the implementation of the selection and the appointment procedures as outlined by the Emergency Government Ordinance ("EGO") 109/2011. Fondul Proprietatea has contested in the courts the legality of the decisions taken by this GSM.

Total passenger traffic for the first five months of 2014 reached 2.94 million passengers, representing a 6% increase compared to the same period in 2013.

August: The company reported passenger traffic numbers for the first 7 months of 2014, which showed a 7.46% increase y.o.y to 5.23 million passengers.

Unaudited financial statements for the first 6 months of 2014 show a 7.9% increase in operating revenues to RON 305.3 million, a 50% increase in operational profits to RON 60.8 million, and a 68.9% increase in net income to RON 52.6 million.

December: The number of passengers serviced in 2014 reached 8.32 million, which represents an 8.8% increase compared to 2013.

Complexul Energetic Oltenia SA

RON million	2012	2013	H1 2013	H1 2014
Sales	3,347.1	4,278.2	2,023.9	1,899.4
Operating profit / (loss)	44.5	(28.0)	26.5	(157.3)
Net profit / (loss)	118.3	4.5	76.9	(193.5)
Dividends*	57.2	-		

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

* CE Oltenia was created in 2012, through the merger of CE Craiova, CE Oltenia, 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)

May: In the first quarter of 2014 CE Oltenia SA reported a net electricity production of 2.72 TWh (+2.6% y.o.y.), operating revenues of RON 1,013.9 million (-13.3% y.o.y.), operating profit of RON 58.4 million (-45.5% y.o.y.) and a gross profit of RON 40.1 million (-73% y.o.y.). The reasons for the decrease in revenues and profitability are mainly related to a 13% drop in the average selling price of electricity y.o.y. from RON 208.2 /MWh in first quarter 2013 to RON 181.2 /MWh in the same period of 2014.

July: the General Shareholders' Meeting approved an extension of one year of the contract signed with the consortium of brokers that includes BRD – Groupe Societe Generale and SSIF Swiss Capital for intermediation of the IPO process.

August: the General Shareholders' Meeting approved the creation of CEO Trading, a subsidiary 100% owned by CE Oltenia SA, with the main purpose of dealing with export contracts.

October: The shareholders approved to mandate the Directorate to negotiate with CET Govora (a state owned company) the sale of its mining assets from the Berbesti branch. The main reason for selling the mining assets is the large value of overdue receivables (approx. RON 188 million at 30 June 2014) to be recovered from CET

Govora which buys all the coal produced by Berbesti. The Fund requested to have the final terms and conditions of the asset sale contract approved in a subsequent shareholders meeting.

E.ON Distributie Romania SA

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

E.ON Gaz Distributie SA				E.ON Moldova Distributie SA			
RON million	2012	2013	2014*	RON million	2012	2013	2014*
Operating revenues	764.5	796.4	748.0**	Operating revenues	688.8	766.4	679.0**
Operating profit	82.7	73.9	50.0	Operating profit	83.8	106.7	85.0
Net profit	73.0	67.8	37.0	Net profit	71.3	87.0	71.0
Dividends	-	249.5***	-	Dividends	-	-	-

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

*Budgeted figures

** Distribution revenues

***The dividend was distributed to shareholders in December 2013 out of past years' retained earnings

April: Starting 1 April 2014, the regulated gas distribution tariff of E.ON Gaz Distributie SA increased by 28% to 33%, depending on the consumption category (based on ANRE Order no. 26 issued on 28 March 2014).

July: According to a merger project endorsed by the boards of the two companies and made public at the beginning of July, E.ON intends to merge through absorption the electricity distributor E.ON Moldova Distributie SA with the gas distributor E.ON Gaz Distributie SA.

November: At the beginning of the month the General Shareholders Meetings of both companies voted in favour of the merger. Based on the merger project, the Fund's stake in the combined entity is around 18.3%. The effective date of the merger was 31 December 2014.

E.ON Energie Romania SA

RON million	2012	2013	2014*
Operating revenues	5,369.3	4,766.7	5,326.0
Operating profit / (Loss)	(15.8)	226.6	159.0
Net profit / (Loss)	(32.6)	224.5	131.0
Dividends	-	-	-

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

*Budgeted figures

Electrica Distributie Muntenia Nord SA ("EDMN")

RON million	2012	2013	H1 2013	H1 2014
Total revenues	752.3	792.8	396.9	388.3
Operating profit	99.1	132.6	78.1	78.1
Net profit	87.1	126.5	74.9	75.8
Dividends	73.7	105.5		

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

December: Starting 1 January 2015, the regulated electricity distribution tariffs decreased by 2% for high voltage, by 3% for medium and low voltage (based on ANRE Order no. 154 issued on 15 December 2014).

Electrica Distributie Transilvania Nord SA (“EDTN”)

RON million	2012	2013	H1 2013	H1 2014
Total revenues	609.1	656.3	325.4	332.8
Operating profit	68.8	88.0	60.7	70.4
Net profit	53.1	63.7	50.8	61.1
Dividends	-	-		

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

December: Starting 1 January 2015, the regulated electricity distribution tariffs increased by 2% for high voltage, by 1.5% for medium voltage, and by 0.6% for low voltage (based on ANRE Order no. 155 issued on 15 December 2014).

Electrica Distributie Transilvania Sud SA (“EDTS”)

RON million	2012	2013	H1 2013	H1 2014
Total revenues	674.4	716.1	354.8	366.1
Operating profit	61.7	90.3	45.7	76.3
Net profit	45.8	69.3	33.6	66.5
Dividends	-	55.2		

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

December: Starting 1 January 2015, the regulated electricity distribution tariffs decreased by 0.2% for high and medium voltage, and by 1.5% for low voltage (based on ANRE Order no. 156 issued on 15 December 2014).

Electrica Furnizare SA

RON million	2012	2013	H1 2013	H1 2014
Operating revenues	4,524.9	4,792.8	2,453.8	2,056.0
Operating profit	99.0	100.1	54.8	141.6
Net profit	90.5	101.5	55.1	130.6
Dividends	42.1	89.3	-	-

ENEL Distributie Banat SA (“EDB”)

RON million	2012	2013	2014*
Operating revenues	636.6	659.3	571.8
Operating profit	181.1	203.4	191.3
Net profit	167.2	190.7	176.1
Dividends	-	-	

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

*Budgeted figures

April: Starting 30 April 2014, Toni Volpe is the Country Manager and CEO of Enel Romania. Between 2011 and 2014 he was Head of Human Resources Planning, Compensation, Development, Training and Recruiting at Group level reporting to the Enel Head of Human Resources and Organization. From 2005 to 2011, he was Country Manager in North America for Enel Green Power.

July: Enel Italy announced its intention to withdraw its presence from the Romanian market in the electricity distribution and supply business. Citibank and Unicredit were selected by Enel to advise on the transactions. In the case of Enel Distributie Muntenia SA and Enel Energie Muntenia SA, Fondul Proprietatea has tag along rights for its shares according to the privatisation contract.

December: Starting 1 January 2015, the regulated electricity distribution tariffs decreased by 3.1% for high voltage, by 2.9% for medium voltage and by 2.2% for low voltage (based on ANRE Order no. 151 issued on 15 December 2014).

ENEL Distributie Dobrogea SA (“EDD”)

RON million	2012	2013	2014*
Operating revenues	509.4	544.5	480.7
Operating profit	103.0	148.9	154.7
Net profit	94.5	133.5	130.6
Dividends	-	-	-

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

*Budgeted figures

December: Starting 1 January 2015, the regulated electricity distribution tariffs decreased by 0.1% for high and low voltage and by 0.4% for medium voltage (based on ANRE Order no. 152 issued on 15 December 2014).

ENEL Distributie Muntenia SA (“EDM”)

RON million	2012	2013	2014*
Operating revenues	966.7	997.7	903.4
Operating profit	172.4	220.9	287.7
Net profit	206.3	267.2	254.0
Dividends	-	-	-

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

*Budgeted figures

December: Starting 1 January 2015, the regulated electricity distribution tariffs decreased by 0.1% for high voltage, but increased by 0.3% for medium voltage and by 0.7% for low voltage (based on ANRE Order no. 153 issued on 15 December 2014).

GDF Suez Energy Romania SA

RON million	2012	2013	H1 2013	H1 2014	2014*
Turnover	4,047.0	4,127.1	2,242.4	2,332.7	4,448.6
Operating profit	423.3	518.7	428.4	416.9	453.3
Net profit	360.1	447.1	346.7	352.6	352.2
Dividends**	190.0	33.6	-	-	-

Source: IFRS consolidated financial statements

*Budgeted figures

**Dividends are based on the separate financial statements

April: Starting 1 April 2014 the regulated prices paid by the final consumers connected to the distribution network were reduced, on average, by 3.8% for non-household consumers and 5.7% for households⁶.

July: The company announced that it finalised the acquisition of a controlling stake (85.8%) in Congaz Constanta from E.ON Ruhrgas and OMV Petrom. Congaz Constanta is a regional gas distributor which operates approximately 850 km of network. Before this transaction, GDF Suez Energy Romania owned 28.6% in Congaz Constanta.

Hidroelectrica SA

RON million	2012	2013	9 months 2013	9 months 2014	2014*
Turnover	2,402.8	3,083.0	2,283.0	2,477.0	2,522.0**
Operating profit	(321.6)	1,016.0	740.0	832.0	399.9
Net profit / (loss)	(508.0)	718.0	544.0	661.0	246.5
Dividends	-	-	-	-	-

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

*Budgeted figures

**Operating revenues

July: New top and middle management has been hired for most of the company’s key positions: Trading, Finance, Investments, IT, Internal Audit, Internal Control, Procurement and Strategy.

December: Following the implementation of the initiatives to optimise the cost base, and the increase in revenues due to better hydrology, the company reported for the 11 month-period, the strongest profitability in its history: pre-tax profit of RON 1,073 million compared with a pre-tax profit of RON 841 million in 2013.

⁶ ANRE Order no. 22 issued on 28 March 2014

Nuclearelectrica SA

RON million	2012	2013	9 months 2013**	9 months 2014**	2014*
Sales	1,652.4	1,932.5	1,425.4	1,306.3	1,816.3
Operating profit	156.5	459.3	357.4	108.0	103.1
Net profit	19.9	426.9	313.6	99.8	99.0
Dividends***	28.5	340.9			47.7

Source: Based on IFRS consolidated financial statements audited

* Budgeted figures

** Based on IFRS separate financial statements unaudited

***Dividends for 2012 are based on the financial statements prepared in accordance with applicable Romanian accounting regulations; Dividends for 2013 are based on the separate IFRS financial statements

January: The company disclosed the ANRE decision no. 3906/20.12.2013 for 2014 whereby Nuclearelectrica will reduce the electricity sold on the regulated market to 3.74 TWh (approx. 35.5% of the electricity production estimated for 2014) from 5.3 TWh in 2013. at a regulated tariff of RON 145.8 /MWh (+2.6% y.o.y). On 23 January 2014 the company started a litigation against this decision due to the fact that the regulator did not recognise in the regulated tariff part of the costs incurred by Nuclearelectrica.

March: The Board appointed Mr Mihai Darie as CFO after a selection process assisted by Quest Advisors, an independent HR company. Mr Darie graduated from the Academy of Economic Studies and he is a member of the ACCA (UK) and CFA Institutes. He has 14 years of experience in the financial industry.

The shareholders' meeting approved Nuclearelectrica's equity investment in Hidro Tarnita SA project company by subscribing new shares with a total value of RON 8.9 million, and also the company's participation to the set-up of HVDCC Romania-Turkey S.A. project Company by subscribing new shares with a total value of EUR 2 million. The Fund challenged in Court the GSM decisions of Nuclearelectrica regarding the approval of the participation to the project and the case is ongoing.

The company released the 2013 preliminary financial statements and the Board submitted its proposal for the dividend payment; 2013 was the best year in the company's history in terms of profitability. The payout ratio proposed by the Board is 81.6%, respectively a gross dividend of RON 1.21 per share. The General Meeting of Shareholders approved the 2013 financial statements on 29 April, together with the proposal for the dividend distributions as approved by the Board.

May: The company released the first quarter 2014 financial results: operating revenues of RON 461 million (-10% y.o.y.), operating profit of RON 89 million (-50% y.o.y.) and net profit of RON 101.8 million (-30% y.o.y.). Electricity production sold was flat y.o.y. at 2.8 TWh, but the average selling price on the competitive market dropped by 13% y.o.y. Profitability was negatively impacted by the tax on special infrastructure, which diminished the operating profit by RON 22 million.

June: The company announced a change in the ANRE's decision for the regulated tariff which will increase starting with 1 July 2014 by 5.6%, from RON 145.8 /MWh to RON 154.07 /MWh.

July: On 31 July 2014 the General Shareholders' Meeting of Nuclearelectrica SA rejected Fondul Proprietatea's proposal to grant variable remuneration linked to the performance of the company's shares for the company's directors.

September: The company announced that it is analysing the opportunity to expand their investment portfolio given the announced potential disposal of Enel's operations in Romania. Any investment decision will be subject to shareholders' decision in a future GSM.

The company updated the bottom line estimate at RON 99 million (vs RON 27.9 million in the previous budget) and a gross profit of RON 124.3 million (+213.5% vs. previous budget). Revenues are increasing by RON 89.7 million mainly on the back of (1) results achieved in the 7 months of 2014 and contracts concluded until end of August, both on the competitive and regulated market, (2) the increase of the transport tariff for the electricity billed to customers from RON 10.02 /MWh to RON 10.32 /MWh as of 1 July (this is matched by the corresponding increase in the cost of energy transport), and (3) foreign exchange gains for the first half of 2014 larger than budgeted for the entire 2014 result. Expenses are increasing by RON 5.1 million (+0.3%).

China General Nuclear Power Holding Corporation ("CGN") submitted the only non-binding bid for the EUR 6 billion construction project for two new nuclear reactors at the Cernavoda plant. Nuclearelectrica and CGN may sign an agreement to set up a new project company for the reactors by the year end.

October: The shareholders approved a RON 239.2 million share capital increase of which RON 194.4 million represent the cash contribution of the Romanian State and RON 44.8 million is the maximum amount to be subscribed for by the other shareholders in case they do not want to be diluted. The Fund would need to bring approximately RON 23.2 million (approximately EUR 5.3 million) in the share capital increase in order to maintain its current 9.72% stake in the company. As we previously mentioned, the Fund will use all the legal rights to block the share capital increase.

Shareholders also approved the purchase of support services, legal advice and/or representation, brokerage services etc. in connection with a possible acquisition of the assets on sale owned by Enel Group in Romania, and the drafting by the year end of a Board of Directors' report on Nuclearelectrica's development strategy for 2015-2025.

The company announced that CGN was designated the selected investor for the development of Cernavoda Units 3&4. CGN was the sole company to submit an offer for the project, in which CGN would have at stake of at least 51%. The Joint Letter of Intent was signed on 17 October 2014, while the memorandum of understanding will be submitted for Nuclearelectrica's shareholders approval.

November: The company released the 2014 third quarter results: gross electricity production for the quarter was up 0.1% y.o.y. at 3.1 TWh, and electricity sales were down 0.9% y.o.y. to 2.8 TWh. Starting July, the price for the regulated market was hiked to RON 154.1 /MWh, from RON 145.8/MWh in the first six months of 2014. The net realised price on the competitive market was RON 160/MWh, down 15% y.o.y.. The average net price in the third quarter of 2014 was RON 158.3/MWh, down 5% y.o.y., corresponding to a gross price of RON 168.6/MWh. The 2014 third quarter net profit stood at RON 39 million, down 66% y.o.y., while for the first 9 months 2014, the stand-alone net profit was RON 100 million, down 68% y.o.y..

December: ANRE issued the decision no. 2719/15.12.2014 whereby Nuclearelectrica will reduce the electricity sold on the regulated market to 2.25 TWh (approx. 21.4% of the electricity production estimated for 2015) from 3.74 TWh in 2014 at a regulated tariff of RON 158.63/MWh (+2.9% vs the regulated tariff for the second half year 2014).

OMV Petrom SA

RON million	2012	2013	9 months 2013	9 months 2014	2014*
Sales	26,258.1	24,185.2	18,150.0	16,195.0	17,140.0
Operating profit	5,662.0	5,957.9	4,556.0	3,449.0	4,405.0
Net profit	3,946.1	4,824.0	3,666.0	2,407.0	3,936.0
Dividends**	1,586.0	1,744.6			

Source: Based on consolidated IFRS financial statements

*Budgeted figures

**Dividends based on separate individual IFRS financial statements

January: OMV Petrom and Exxon Mobil Exploration and Production Ltd. became titleholders for the deep water portion of the XV Midia block, following a Government decision validating the transfer agreement through which the exploration rights were bought from Sterling Resources in October 2012. The participating interests in this block are: ExxonMobil 42.5%, OMV Petrom 42.5%, Gas Plus 15%.

March: The Company announced the decision to consolidate multiple support services into a newly established entity called OMV Petrom Global Solutions SRL, which will provide services to the Petrom and OMV Groups in the countries where they operate. This is part of the company's ongoing efforts to increase efficiency.

May: The company reported results for first quarter 2014: Total sales decreased by 9% to RON 5.3 billion, EBIT decreased by 7% to RON 1.47 billion and net income decreased by 19% to RON 1.07 billion. Total hydrocarbon production reached 16.36 million barrels of oil equivalent ("boe"), a decline of 1% compared to the same period in 2013.

July: OMV Petrom announced a new oil discovery in the shallow water region of the Black Sea, 60 kilometres from shore. The Marina 1 exploration well, which required investments of around EUR 19 million, showed production potential of 1,500-2,000 barrels of oil equivalent per day.

The company announced the start of drilling at the Domino-2 test well in the deep water sector of the Neptun Block offshore Romania in the Black Sea. Data collected during this upcoming drilling program will be used to assess the size and commercial viability of the gas field discovered by the Domino-1 well in 2012. The Domino-2

well is located 200 kilometres offshore and is being drilled from the Ocean Endeavor rig in waters with depths of around 800 meters.

The company announced that it finalised the modernisation project for the Petrobrazi refinery. Total investment in the project was around EUR 600 million over 4 years. The refinery is now fully adapted to process the company's entire crude production in Romania, the product yield structure is better adapted to market demand through increased diesel output, energy consumption has been reduced by 25% compared to 2009 levels, while the refinery's Nelson index has increased to 11.28.

OMV Petrom announced the sale of its 28.59% holding in Congaz Constanta, a gas distribution and supply company with activities in Constanta and along the Black Sea Coast, to GDF Suez SA. This sale was part of the company's exit strategy from the distribution and supply of natural gas to the regulated market. The value of the transaction was not disclosed.

October: The company announced the start of drilling on a new exploration well in the Neptun Block targeting a new prospect 155 km offshore in the Romanian sector of the Black Sea. OMV Petrom is exploring this area in a joint venture with ExxonMobil Exploration where each company holds a 50% stake.

November: OMV Petrom announced results for the first nine months of 2014: compared with the same period of 2013 sales decrease by 10.7% to RON 16,195.0 million, EBIT decreased by 24.3% to RON 3,449.0 million, while net profit decreased by 34.4% to RON 2,407.0 million.

OMV Petrom announced the implementation of a field redevelopment project worth EUR 30 million over 2014-2015 on the Tuzlau field located in North East Romania, with the objective of unlocking additional oil reserves of 3.2 million barrels.

December: The company announced a new onshore discovery of oil and gas in Buzau County, which could potentially be the largest such discovery in the last 30 years in the Muntenia region. Estimates from production tests indicate potential production of 1,200 to 2,100 boe per day from two geological layers. Total investment in the exploration well amounted to EUR 5 million. OMV Petrom is exploring this area in partnership with Hunt Oil.

Romgaz SA

RON million	2012	2013	9 months 2013	9 months 2014	2014**
Sales	3,837.9	3,894.3	2,587.1	3,286.7	5,089.5
Net profit	1,119.2	995.6	796.9	1,114.0	1,160.6
Dividends*	1,060.1	990.6			

Source: Based on audited IFRS financial statements

* Dividends for 2012 are based on the financial statements prepared in accordance with applicable Romanian accounting regulations / dividends for 2013 are based on the separate IFRS financial statements.

**Budgeted figures

March: The company announced that starting 1 April 2014, Mr Dragos Doros resigned from his position as member of the Board of Directors. The Board initiated the process for selecting a new Board member for this vacant position.

May: The company reported results for first quarter 2014. Total sales increased by 25.3% to RON 1.45 billion and net income increased by 82.8% to RON 608.4 million. Gas production was stable compared to the same quarter of 2013 at 1.48 billion cubic meters.

June: Mr. Dumitru Chisalita was appointed as a new member of the company's Board of Directors. Mr. Chisalita has extensive experience in the gas sector, having previously held several roles in Romgaz, including that of CEO and Head of the Commercial Department.

The company announced that starting 13 June 2014, Mr. Adrian Volintiru resigned from his position as member of the Board of Directors. The Board initiated the process for selecting a new Board member for this vacant position.

Romgaz announced that Electrocentrale Galati SA, which is amongst the company's 5 largest clients in terms of volumes delivered, filed for insolvency on 16 June. In 2013 total sales of Romgaz to Electrocentrale Galati reached RON 131 million, equivalent to 4.7% of revenues from domestic gas sales, while in first quarter 2014 sales to this client amounted to RON 54.5 million, equivalent to 5% of revenues from domestic gas sales. As at the end of first quarter 2014, Romgaz reported total provisions related to receivables from Electrocentrale Galati of RON 50.3 million.

July: On 30 July 2014, the General Shareholders' Meeting of Romgaz SA rejected Fondul Proprietatea's proposal to grant variable remuneration linked to the performance of the company's shares to the administrators of the company. In the same meeting, the shareholders appointed Sergiu Manea, Executive Vice-President, Corporate Banking and Capital Markets at BCR, as member of the Board of Administrators.

August: Romgaz announced results for the first 6 months of 2014: compared to the same period of 2013 sales increased by 32.9% to RON 2,526 million, while net profit increased by 39.9% to RON 870.9 million. Total extracted gas increased by 0.1% to 2.86 billion cubic meters, total gas sold increased by 11.6% to 2.92 billion cubic meters, while sales of imported gas decreased by 67.4% to 69.9 million cubic meters.

October: A General Shareholders Meeting decided, amongst other points, that the company's Board of Directors will draft by the end of 2014 the company's Development Strategy for the period 2015-2025.

November: Romgaz announced results for the first 9 months of 2014: compared to the same period of 2013 sales increased by 27.1% to RON 3,286.8 million, while net profit increased by 39.8% to RON 1,114 million. Total extracted gas increased by 0.7% to 4.23 billion cubic meters, total gas sold increased by 7.9% to 3.84 billion cubic meters, while sales of imported gas decreased by 69.4% to 72.9 million cubic meters.

December: A General Shareholders Meeting decided, amongst other points, the creation of a separate entity for the activity of underground gas storage, which is 100% owned by Romgaz. This was done in order to comply with EU regulations regarding the separation of natural gas storage and production activities.

According to provisions of Emergency Government Ordinance 86/17.12.2014, the state entity which holds the shares in Romgaz controlled by the Romanian state is the Ministry of Energy, Small and Medium Sized Enterprises and Business Environment.

Societatea Nationala a Sarii SA (Salrom)

RON million	2012	2013	H1 2013	H1 2014
Operating revenues	303.5	326.9	146.6	133.9
Operating profit	25.3	48.8	21.0	17.6
Net profit	20.8	42.8	18.3	13.4
Dividends	19.0	40.4		

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

July: the company released the 2014 semi-annual results - compared with the same period of 2013, the revenues decreased by 8.7% to RON 133.9 million, operating profits by 16% to RON 17.6 million, and net profit by 36.6% to RON 13.4 million.

Changes affecting the Capital and Management of the Fund

Capital of the Fund

Cancellation of the treasury shares acquired in the first buy-back programme in 2011

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 buy-back programme.

The implementation of the shareholders' resolution was delayed by litigations started by a shareholder of the Fund. According with the FSA decision no.1/21 February 2014, the FSA endorsed the decrease of the subscribed share capital of the Fund, from RON 13,778,392,208 to RON 13,538,087,407, following the cancellation of 240,304,801 treasury shares acquired by the Fund during the first buy-back programme in 2011. The share capital decrease was effective from 24 February 2014.

Share capital decrease for returning the capital to shareholders

In the EGM of Fondul Proprietatea, the shareholders approved the share capital decrease of the Fund from RON 13,538,087,407 to RON 12,861,183,036.65, through the reduction of the nominal value of the shares of Fondul Proprietatea from RON 1.00 to RON 0.95, as well as the approval of the payment to shareholders of a part of their contributions, proportionally with their participation to the paid share capital of the Fund, published in the Official Gazette of Romania, Part IV, no. 2216/15 April 2014. According with the FSA decision no.75/25 June 2014, the FSA endorsed the decrease of the subscribed share capital of the Fund from RON 13,538,087,407 to RON 12,861,183,036.65 (divided in 13,538,087,407 shares by a nominal value of RON 0.95 per share) and the value of

the paid-up share capital of RON 12,515,396,724.25 (divided in 13,174,101,815 shares by a nominal value of RON 0.95 per share). The share capital decrease was effective beginning with 25 June 2014.

Cancellation of the treasury shares acquired in the second buy-back programme in 2013

At the Annual Shareholder Meeting on 28 April 2014, the Fund's shareholders approved the decrease of the share capital of the Fund through the cancellation of the 1,100.95 million shares repurchased by the Fund in 2013, in the second buy-back programme.

In September, the FSA endorsed the decrease of the subscribed share capital, effective on 26 September 2014.

Cancellation of the treasury shares acquired in the third buy-back programme in 2014

During the EGM Meeting held on 23 September 2014, shareholders approved the decrease of the share capital through the cancellation of 252,858,056 shares repurchased by the Fund during the third buy-back programme. The share capital decrease is effective beginning with 27 January 2015. For further details on the cancellation of shares acquired in the third buy-back programme, please see *Subsequent Events* section.

Changes of the paid-up share capital due to the new shares received by the Fund

During the year, the Fund's paid-up share capital increased as follows:

- In April the Fund Manager issued Decision 14/4 April 2014, in which it acknowledged that the Romanian State had transferred 26,904 shares in CE Oltenia with a total nominal value of RON 269,040, as share capital contribution against the unpaid capital, according to EGO 81/2007.
- In April the Fund Manager issued Decision 16/7 April 2014, in which it acknowledged that the Romanian State had transferred 99,999 shares in Hidroelectrica with a total nominal value of RON 999,990, as share capital contribution against the unpaid capital, according to EGO 81/2007. This was a share capital increase in Hidroelectrica equivalent to the value of land for which Hidroelectrica obtained title.
- In September the Fund Manager issued Decision 34/16 September 2014, in which it acknowledged that the Romanian State had transferred 16,324 shares in Hidroelectrica with a total nominal value of RON 163,240 as share capital contribution against the unpaid capital, according to EGO 81/2007. This was a share capital increase in Hidroelectrica equivalent to the value of land for which Hidroelectrica obtained title.
- On 26 September 2014 as a result of the cancellation of the shares acquired during the second buy-back programme (1,100,950,684 shares) the new value of the Fund's subscribed share capital is RON 11,815,279,886.85, being divided into 12,437,136,723 shares and the value of the paid-up share capital is RON 11,469,656,813.90, being divided into 12,073,322,962 shares.
- In October the Fund Manager issued Decision 40/27 October 2014, in which it acknowledged that the Romanian State had transferred 134 shares in Hidroelectrica with a total nominal value of RON 1,340 as share capital contribution against the unpaid capital, according to EGO 81/2007. This was a share capital increase in Hidroelectrica, equivalent to the value of land for which Hidroelectrica obtained title.

As a result of these decisions, the subscribed capital of the Fund is RON 11,815,279,886.85 and the paid-up capital increased to RON 11,469,658,154.35.

For further updates, please see the *Subsequent Events* section.

Addendum 3 to the First Investment Management Agreement

On 19 June 2014, the FSA issued Decision no. 70/ 19 June 2014, whereby it endorsed certain amendments to the First Investment Management Agreement (the one in place between 29 September 2010 and 29 September 2014) concluded between the Fund and FTIML Bucharest Branch ("IMA"), according to Addendum no. 3/17 May 2013, which was approved by Resolution no. 3 of the Fund's Ordinary General Shareholders Meeting held on 25 April 2013.

Changes to the Constitutive Act

During 2014 there were several changes in the constitutive act, as follows:

- On 17 April 2014, the FSA issued Decision no. 3/17 April 2014 endorsing certain amendments to the Fund's constitutive act approved by the shareholders starting with April 2013.

- On 25 June 2014, the FSA issued Decision no. 75/25 June 2014 endorsing several amendments to the Fund's constitutive act approved by the Fund's shareholders in the February and April 2014 General Shareholders Meetings.
- On 23 December 2014 the FSA issued Decision no. 267/23 December 2014 endorsing without comments the amendments to the Fund's constitutive act as approved by the Resolution no. 18/19 November 2014 of the EGM.

The renewal of the mandate of the Fund Manager and Sole Director

On 28 April 2014, the shareholders of the Fund approved the renewal of the mandate of the Fund Manager and Sole Director for two years beginning on 30 September 2014. The new mandate was registered with the Trade Register and endorsed by the FSA. The new Investment Management Agreement as amended by Addendum 1 entered into force beginning on 30 September 2014.

The constitutive act of the Fund, the Investment Management Agreement, signed between the Fund and Franklin Templeton Investment Management Limited United Kingdom and the Addendum 1, as well as the Investment Policy Statement are all available on the Fund's website.

Financial Analysis

The unaudited Balance Sheet and Income Statement for the year ended 31 December 2014, 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 will take place on 27 April 2015.

This section provides a commentary on the principal elements of the Fund's financial position and results in the year ended 31 December 2014.

Balance Sheet

RON million	31 December 2013	31 December 2014
	Audited	Unaudited
Intangible assets	0.8	0.8
Financial assets	10,490.6	9,075.2
Non-current assets - total	10,491.4	9,076.0
Current assets - total	454.1	319.5
Prepaid expenses	-	-
Payables within one year	31.2	41.4
Total assets less current liabilities	10,914.3	9,354.1
Provisions	29.3	15.1
Shareholders' equity	10,885.0	9,339.0

As at 31 December 2014, **intangible assets** included the value of the licenses and the implementation costs of the Fund's accounting and reporting software, net of accumulated amortisation.

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 records 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 publicly available qualitative and quantitative information regarding the assets.

During 2014, the value of financial assets decreased by RON 1,415.4 million mainly due to the disposals of the entire holdings in Transelectrica (total impact RON 156.2 million), Raiffeisen Bank (total impact RON 77.8 million), and Erste Group Bank (total impact RON 45.1 million), and also part of the holding in Romgaz SA (total impact RON 138.8 million), combined with the increase of the impairment adjustments for the holdings in OMV Petrom (RON 664.9 million), Nuclearelectrica (RON 94.6 million) and CE Oltenia (RON 213.2 million).

The decrease in **current assets** of RON 134.6 million was mainly due to the funding of the third and fourth buy-back programme (RON 1,188.7 million) and by the payment of the return of capital to shareholders that started on 25 July 2014 (RON 589.9 million), net of the proceeds from the disposals of portfolio holdings, mainly Romgaz, Transelectrica, Conpet, Raiffeisen Bank and Erste Group Bank (RON 1,080.2 million) and dividends collected from portfolio companies during the year (RON 682.1 million).

The provisions decreased by RON 14.2 million, due to the reversal of the provisions for taxes (related to the reserves for bonus shares received from portfolio companies that increased their share capital through incorporation of reserves in previous years), as a result of a change to the Romanian Fiscal Code. With effect from 1 January 2014, no income tax was applied to the sale of equity instruments held in Romanian entities or entities resident in a country with which Romania has a tax treaty, where the holding represent at least 10% of the share capital and has been held for an uninterrupted period of at least 1 year.

Income Statement

RON million	2013	2014
	Audited	Unaudited
Revenues from current activity, out of which:	1,311.2	1,822.7
Revenues from financial assets	649.7	682.1
Interest income	36.2	20.9
Reversal of impairment adjustments & provisions	48.3	37.0
Revenues from disposal of financial assets	573.1	1,079.0
Revenues from foreign exchange differences	0.3	1.5
Other income from current activity	3.6	2.2
Expenses from current activity, out of which:	629.0	793.2
Expenses from disposal of financial assets	528.7	661.7
Expenses from foreign exchange differences	0.2	2.3
Depreciation, provisions, losses from receivables and sundry debtors	13.0	8.2
Commissions and fees	26.3	30.9
Other expenses from current activity *	60.8	90.1
Gross profit	682.2	1,029.5
Income tax expense	-	16.6
Net profit	682.2	1,012.9

* Other expenses from current activity include third party expenses, bank charges, utilities expenses, remuneration expenses, as well as duties and other taxes

Revenues from financial assets represent dividend income earned from the Fund's portfolio companies, mainly OMV Petrom RON 331.4 million, Romgaz RON 148.5 million and GDF Suez Energy Romania RON 33.6 million.

Interest income arose from deposits held with banks and from short-term government securities. The lower level of interest income during 2014 compared to 2013 is a reflection of both, lower level of interest rates and a lower average level of interest bearing assets during 2014.

Revenues from disposal of financial assets represent the proceeds from the sales of portfolio holdings (mainly Transelectrica, Romgaz, Conpet, Raiffeisen Bank, Erste Bank in 2014), while the **expenses from disposal of financial assets** represent the cost of the investments disposed of.

Commissions and fees mainly include the FSA's 0.1% per annum fee, calculated on the basis of the Fund's NAV, amounting to RON 14.6 million in 2014 (2013: RON 15.1 million), and the depositary bank's fees of RON 1.8 million (2013: RON 1.8 million). During 2014 commissions and fees included also the intermediaries fees related to the disposals of equity investments, in the amount of RON 11.8 million (2013: RON 7.7 million) and FSA and BVB fees related to the disposals, in amount of RON 2.0 million (2013: RON 1.3 million).

The **income tax expense** arising in 2014 is tax due, among others, from the cancellation of treasury shares bought back by the Fund in the first buy-back programme and the second buy-back programme, and from the decrease in the nominal value of the treasury shares held by the Fund on the date the return of capital was recorded, which were treated for tax purposes as taxable revenues. In 2014 the main non-taxable revenues constituted of dividends received from portfolio companies and proceeds from the sale of securities of portfolio companies subject to the above mentioned holding exemption. On the other hand, the main non-tax-deductible expenses constituted of expenses related to the disposal of portfolio securities covered with the holding exemption.

Other expenses from current activity can be analysed as follows:

RON million	2013	2014
	Audited	Unaudited
FTIML investment management and administration fees	45.3	56.4
Remunerations and similar expenses	0.9	1.2
Stamp duties for litigations	0.1	0.1
Other expenses	14.5	32.4
Other expenses from current activity	60.8	90.1

During 2014, other expenses from current activity increased by RON 29.3 million, mainly due to the rise in FTIML investment management and administration fees (due to the increase of the Fund's share price upon which the fees are based and due to the change in the base fee rate effective from September 2014, when the new IMA entered into force).

Other expenses included mainly litigation assistance and legal advisory expenses (including expenses related to portfolio transactions), other expenses related to transactions (including withholding tax expenses, where applicable), investor relations expenses, expenses related to the valuation of the unlisted holdings, other advisory fees (for the Fund or Board of Nominees members), expenses related to secondary listing and sponsorship expenses (the full amount of sponsorship expenses was deducted, according to the provisions of Romanian Fiscal Code, from the corporate tax expense for 2014). The increase of this category of expenses was mainly due to the higher value of transactions and advisory related costs.

Analysis of 2014 Income Statement by Quarters

RON million

	Quarters				Year ended 31 December 2014 Unaudited
	Q1 2014 Unaudited	Q2 2014 Unaudited	Q3 2014 Unaudited	Q4 2014 Unaudited	
Revenues from current activity, out of which:	135.2	1,317.4	246.8	123.3	1,822.7
Revenues from financial assets	-	649.8	20.0	12.3	682.1
Interest income	3.7	4.7	8.4	4.1	20.9
Reversal of impairment adjustments & provisions	16.2	13.8	0.2	6.8	37.0
Revenues from disposal of financial assets	114.9	647.5	216.7	99.9	1,079.0
Revenues from foreign exchange differences	0.3	1.0	0.1	0.1	1.5
Other income from current activity	0.1	0.6	1.4	0.1	2.2
Expenses from current activity, out of which:	209.8	173.4	307.7	102.3	793.2
Expenses from disposal of financial assets	186.9	141.3	277.4	56.1	661.7
Expenses from foreign exchange differences	0.6	1.5	0.1	0.1	2.3
Depreciation, provisions, losses from receivables and sundry debtors	0.2	1.8	0.1	6.1	8.2
Commissions and fees	4.6	9.5	9.0	7.8	30.9
Other expenses from current activity *	17.5	19.3	21.1	32.2	90.1
Gross Profit / (Loss)	(74.6)	1,144.0	(60.9)	21.0	1,029.5
Income tax expense	4.4	10.5	9.1	(7.4)	16.6
Net Profit / (Loss)	(79.0)	1,133.5	(70.0)	28.4	1,012.9

* Other expenses from current activity include third party expenses, bank charges, utilities expenses, remuneration 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 Fondul Proprietatea S.A.

Oana Truța
Legal Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

Annex 1

FONDUL PROPRIETATEA S.A. BALANCE SHEET AND INCOME STATEMENT AS AT 31 DECEMBER 2014

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)

FONDUL PROPRIETATEA S.A.

BALANCE SHEET
AS OF 31 DECEMBER 2014
FORM CODE 10

(all amounts are expressed in RON)

The format of the Financial Statements as at 31 December 2014 for the entities authorised, regulated and monitored by the FSA, for the closed-end funds (AOPC) set up under articles of association

Type of financial statement: SI

County: Bucharest

Legal entity: 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 2014 Audited	31 December 2014 Unaudited
	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	474,262
5. Advances and intangible assets in progress (acc. 233+234-2933)	05	-	363,126
TOTAL: (rows. 01 to 05)	06	760,113	837,388
III. FINANCIAL ASSETS			
1. Shares held in subsidiaries (acc. 261 - 2961)	12	67,481,778	52,286,860
3. Investments in associates (acc. 263 - 2963)	14	5,054,412,918	4,467,710,174
5. Other investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964)	16	5,368,734,780	4,555,184,931
TOTAL: (rows 12 to 17)	18	10,490,629,476	9,075,181,965
NON-CURRENT ASSETS - TOTAL (rows 06 + 11 + 18)	19	10,491,389,589	9,076,019,353
B. CURRENT ASSETS			
II. RECEIVABLES			
1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 - 491)	24	1,712	227
4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	27	2,907,389	8,702,027
TOTAL: (rows 24 to 28)	29	2,909,101	8,702,254
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	213,635,521	194,588,981
TOTAL: (rows 30 to 31)	32	213,635,521	194,588,981
IV. CASH AND BANK ACCOUNTS			
(acc. 5112 + 5121 + 5122 + 5123 + 5124 + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542)	33	237,573,615	116,158,127
CURRENT ASSETS - TOTAL (rows 23 + 29 + 32 + 33)	34	454,118,237	319,449,362
C. PREPAID EXPENSES			
(acc. 471)	35	43,882	44,627

A	Row	Balance	
		1 January 2014	31 December 2014
		Audited	Unaudited
	B	1	2
D. PAYABLES WITHIN ONE YEAR			
4. Trade payables (acc. 401 + 404 + 408)	39	17,189,337	19,348,098
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	13,974,834	22,048,305
TOTAL: (rows 36 to 43)	44	31,164,171	41,396,403
E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES (rows 34 + 35 - 44 - 60.2)			
	45	422,997,948	278,097,586
F. TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19 + 45)			
	46	10,914,387,537	9,354,116,939
H. PROVISIONS			
2. Provisions for taxes (acc. 1516)	57	18,222,179	3,688,260
3. Other provisions (acc. 1511+1512+1513+1514+1518)	58	11,104,066	11,397,683
TOTAL PROVISIONS (rows 56 +57 + 58)	59	29,326,245	15,085,943
J. SHARE CAPITAL AND RESERVES			
I. SHARE CAPITAL (rows 62 to 63)			
out of which:	61	13,778,392,208	11,815,279,887
- subscribed unpaid share capital (acc. 1011)	62	365,254,622	345,621,733
- subscribed paid in capital (acc. 1012)	63	13,413,137,586	11,469,658,154
IV. RESERVES (rows 68-69+70+71+72+73+74)			
	67	(2,531,739,371)	(2,981,254,084)
1. Legal reserves (acc. 1061)	68	192,259,194	243,735,507
2. Reserves related to impairment adjustments of financial assets (acc.1062 - <i>debit balance</i>)	69	2,869,929,030	3,627,783,973
4. Reserves for financial assets received free of charge (acc.1065)	71	25,630,909	36,332,591
7. Other reserves (acc.1068)	74	120,299,556	366,461,791
TREASURY SHARES (acc.109 – <i>debit balance</i>)	75	1,095,093,250	1,189,918,464
V. RETAINED EARNINGS (acc. 117)			
Credit balance	78	85,455,026	733,501,705
VI. RESULT FOR THE YEAR (acc. 121)			
Credit balance	80	682,154,399	1,012,898,265
Profit allocation (acc. 129 – <i>debit balance</i>)	82	34,107,720	51,476,313
TOTAL SHAREHOLDERS' EQUITY (rows 61 + 64 + 65 - 66 + 67 -75+76-77+78 -79+80-81-82)			
	83	10,885,061,292	9,339,030,996

FONDUL PROPRIETATEA S.A.
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014
FORM CODE 20
(all amounts are expressed in RON)

A	Row	Financial year end	
		31 December 2013	31 December 2014
		Audited	Unaudited
	B	1	2
A. REVENUES FROM CURRENT ACTIVITY – TOTAL (rows 02 to 11)	01	1,311,202,217	1,822,717,746
1. Revenues from financial assets (acc. 761)	02	649,701,517	682,104,761
4. Revenues from disposal of financial assets (acc.758(part)+764)	05	573,117,053	1,079,000,354
6. Revenues from provisions, receivables previously written off and sundry debtors (acc.754+781+786)	07	48,323,844	36,985,540
7. Revenues from foreign exchange differences (acc.765)	08	275,376	1,484,534
8. Interest income (acc.766)	09	36,143,817	20,896,979
10. Other income from current activity (acc. 705+706+708+741+758(part)+767+768 +7815)	11	3,640,610	2,245,578
B. EXPENSES FROM CURRENT ACTIVITY – TOTAL (rows 13 to 20)	12	629,047,818	793,191,489
12. Expenses from disposal of financial assets (acc. 658(part) +664)	14	528,672,074	661,720,488
13. Expenses from foreign exchange differences (acc. 665)	15	241,275	2,308,361
15. Commissions and fees (acc.622)	17	26,318,786	30,933,812
16. Expenses for bank services and similar expenses (acc.627)	18	74,337	93,338
17. Depreciation and amortisation, provisions, losses from receivables and sundry debtors (acc.654+681+686)	19	13,045,331	8,134,255
18. Other expenses from current activity (rows 21+22+23+26+27)	20	60,696,015	90,001,235
c. Salary expenses (rows 24+25), of which:	23	947,635	1,120,313
c1. Salaries (acc.621+641+642 +644)	24	779,052	913,360
c2. Social security contributions (acc. 645)	25	168,583	206,953
d. Third party expenses (acc.611+612+613+614+623+624+625+626+628+ 658(part)+667 +668)	26	59,408,117	86,549,475
e. Other taxes, duties and similar expenses (acc. 635)	27	340,263	2,331,447
C. CURRENT RESULT			
- Profit (row 01 - 12)	28	682,154,399	1,029,526,257
19. TOTAL REVENUE (rows 01+30)	34	1,311,202,217	1,822,717,746
20. TOTAL EXPENSES (rows 12+31)	35	629,047,818	793,191,489
G. GROSS PROFIT:			
- Profit (row 34 - 35)	36	682,154,399	1,029,526,257
21. INCOME TAX EXPENSE			
- Income tax expense (acc.691)	38	-	16,627,992
H. RESULT FOR THE YEAR			
- Profit (row 36-38-39)	40	682,154,399	1,012,898,265

Annex 2

FONDUL PROPRIETATEA S.A.

**STATEMENT OF COMPREHENSIVE INCOME AND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

prepared in accordance with International Financial Reporting Standards ("IFRS"), extracted from IFRS Financial Statements

(This is a translation from the official Romanian version)

FONDUL PROPRIETATEA S.A.

STATEMENT OF FINANCIAL POSITION

As of 31 DECEMBER 2014

(all amounts are in RON)

	Balance as at	
	31 December 2014	31 December 2013
	Unaudited	As restated Unaudited
Assets		
Cash and current accounts	6,879,129	5,552,477
Deposits with banks	109,424,930	232,110,013
Treasury bills	162,839,401	129,887,375
Government bonds	31,749,581	83,748,146
Equity investments	12,927,656,781	14,312,229,125
Deferred tax assets	152,678,949	342,189
Other assets	9,438,338	3,624,222
Total assets	13,400,667,109	14,767,493,547
Liabilities		
Other liabilities	52,794,086	42,268,236
Total liabilities	52,794,086	42,268,236
Equity		
Share capital	11,815,279,887	13,778,392,208
Fair value reserve on available-for-sale financial assets	4,020,355,472	4,013,118,750
Other reserves	610,197,299	312,558,751
Treasury shares	(1,189,918,464)	(1,095,093,250)
Retained earnings	(1,908,041,171)	(2,283,751,148)
Total equity	13,347,873,023	14,725,225,311
Total liabilities and equity	13,400,667,109	14,767,493,547

Note:

Starting from 2014, the Fund applies the *Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities)* (the “Amendments”), being classified as an investment entity. As a result, the Fund changed its accounting policies for investments in subsidiaries and associates, classifying and measuring them at fair value through profit or loss.

In this respect, the Fund retrospectively adjusted both the period that immediately precedes the date of initial application (year ended 31 December 2013) and the Statement of financial position at the beginning of the immediately preceding period (1 January 2013) for the difference between the previous carrying value and the current fair value of the equity investments for which the change in accounting policies mentioned before applies. The cumulative amount of fair value adjustments previously recognised in equity (other comprehensive income) for these equity investments classified as subsidiaries and associates, was transferred to retained earnings at the beginning of the immediately preceding period (1 January 2013).

All the other equity investments of the Fund remained classified as available for sale financial assets and recorded at the same values as reported in previous annual IFRS financial statements. For 31 December 2013 and 1 January 2013, where available, equity investments were measured at their fair values, otherwise, they were valued at cost less impairment adjustments.

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

Following the changes in local accounting legislation according to the Instruction no. 2/2014 issued by FSA in August 2014, starting 1 January 2015, IFRS as adopted by EU, will be the official accounting regulations, for both accounting and fiscal basis.

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

FONDUL PROPRIETATEA S.A.
STATEMENT OF COMPREHENSIVE INCOME
AS OF 31 DECEMBER 2014
(all amounts are in RON)

	Financial year ended	
	31 December 2014	31 December 2013
	Unaudited	As restated Unaudited
Gross dividend income	687,411,023	652,380,173
Gain on disposal of equity investments available for sale, net	645,546,303	115,106,096
Interest income	20,896,979	36,143,817
Reversal of impairment losses on receivables, net	19,581,829	37,674,370
Net gain/ (loss) from equity instruments at fair value through profit or loss	(604,219,630)	422,350,522
Impairment losses on equity investments available for sale	(344,087,673)	(835,772,382)
Net foreign exchange gains/ (losses)	(823,827)	34,102
Other income/ (expenses), net	(6,072,824)	3,910,032
Net operating income	418,232,180	431,826,730
Operating expenses	(113,641,656)	(88,427,445)
Profit before income tax	304,590,524	343,399,285
Income tax (expense)/ benefit	122,595,766	(382,143,213)
Profit/ (Loss) for the period	427,186,290	(38,743,928)
Other comprehensive income		
Net change in fair value of available for sale equity investments	616,204,928	4,066,505,032
Deferred tax on other comprehensive income	7,806,738	16,887,972
Decrease in fair value reserve following the disposal of available for sale equity investments	(616,774,944)	(200,205,152)
Total other comprehensive income	7,236,722	3,883,187,852
Total comprehensive income for the period	434,423,012	3,844,443,924
Basic and diluted earnings per share	0.0321	(0.0028)

Annex 3

DETAILED STATEMENT OF INVESTMENTS AS AT 31 DECEMBER 2014

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	15/Dec/2014	89,249	2.5	49.3000	4,399,975.70	71.89%	0.0331%	0.0332%	Reference price - Average price
Alro SA	ALR	30/Dec/2014	72,884,714	0.5	1.1600	84,546,268.24	10.21%	0.6360%	0.6387%	Closing price
Banca Transilvania SA	TLV	30/Dec/2014	75,070,521	1	1.9080	143,234,554.07	2.87%	1.0775%	1.0821%	Closing price
BRD Groupe Societe Generale SA	BRD	30/Dec/2014	25,387,456	1	8.7500	222,140,240.00	3.64%	1.6711%	1.6782%	Closing price
Conpet SA Ploiesti	COTE	30/Dec/2014	524,366	3.3	55.0500	28,866,348.30	6.05%	0.2172%	0.2181%	Closing price
IOR SA	IORB	14/Nov/2014	2,622,273	0.1	0.3000	786,681.90	2.81%	0.0059%	0.0059%	Reference price - Average price
Nuclearelectrica SA	SNN	30/Dec/2014	27,408,381	10	7.7400	212,140,868.94	9.72%	1.5959%	1.6027%	Closing price
Oil Terminal SA	OIL	30/Dec/2014	36,796,026	0.1	0.0893	3,285,885.12	6.31%	0.0247%	0.0248%	Closing price
OMV Petrom SA	SNP	30/Dec/2014	10,758,648,186	0.1	0.4080	4,389,528,459.89	18.99%	33.0209%	33.1618%	Closing price
Palace SA	PACY	8/Dec/2014	5,832,482	0.1	0.3800	2,216,343.16	15.42%	0.0167%	0.0167%	Reference price - Average price
Primcom SA	PRIB	30/Dec/2014	1,427,188	0.1	8.6500	12,345,176.20	68.97%	0.0929%	0.0933%	Reference price - Average price
Romaero SA	RORX	17/Dec/2014	1,311,691	2.5	16.1000	21,118,225.10	20.99%	0.1589%	0.1595%	Reference price - Average price
Societatea Nationala de Gaze Naturale Romgaz SA	SNG	30/Dec/2014	38,542,960	1	35.3600	1,362,879,065.60	10.00%	10.2525%	10.2962%	Closing price
Total						6,487,488,092.22		48.8033%	49.0112%	

* = 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
Comcereal Cluj SA	COCL	9/Oct/2013	256,116	2.5	3.8055	974,649.44	11.36%	0.0073%	0.0074%	Shareholders equity/share
Forsev SA	FORS	26/Nov/2009	954,376	2.5	6.4104	6,117,931.91	26.50%	0.0460%	0.0462%	Shareholders equity/share
Mecon SA	MECP	1/Jul/2014	60,054	11.6	4.0000	240,216.00	12.51%	0.0018%	0.0018%	Fair value / share (last trading price)
Romplumb SA	ROMR	5/Oct/2001	1,595,520	2.5	-	-	33.26%	-	-	Priced at zero (company in insolvency)
Total						7,332,797.35		0.0551%	0.0554%	

Instruments mentioned at art. 187 letter a) of the Regulation no.15/2004 out of which:

Unlisted shares

Issuer	No. of shares held	Date of acquisition*	Acquisition price (total price of 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	98.4498	2,279,998.92	20.00%	0.0172%	0.0172%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	51.7646	1,657,295.43	20.00%	0.0125%	0.0125%	Unlisted companies, in function	Shareholders equity/share
BAT Service SA	194,022	19/Jul/2005	656,686	-	-	33.00%	-	-	Dissolution	Priced at zero
Cetatea SA	354,468	19/Jul/2005	118,840	1.0248	363,258.81	20.43%	0.0027%	0.0027%	Unlisted companies, in function	Shareholders equity/share
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	79.9682	16,246,339.51	20.00%	0.1222%	0.1227%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	128.5194	3,541,223.55	20.00%	0.0266%	0.0268%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Maritime SA	56,675	19/Jul/2005	1,706,051	-	-	7.70%	-	-	Unlisted companies, in function	Fair value/share: Nil
CN Administratia Porturilor Maritime SA	2,651,113	19/Jul/2005	65,441,294	50.0144	132,593,826.03	19.99%	0.9975%	1.0017%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
CN Aeroporturi Bucuresti SA **	2,875,443	5/Feb/2010	131,168,263	115.5599	332,285,905.54	20.00%	2.4997%	2.5103%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Complexul Energetic Oltenia SA****	27,387,940	31/May/2012	670,353,852	3.9606	108,472,675.16	21.55%	0.8160%	0.8195%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Comsig SA	75,655	19/Jul/2005	132,633	20.3356	1,538,489.82	69.94%	0.0116%	0.0116%	Unlisted companies, in function	Shareholders equity/share
E.ON Distributie Romania SA*****	56,749,014	19/Jul/2005	169,541,165	7.7790	441,450,579.91	18.34%	3.3209%	3.3350%	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	13.5204	133,899,605.89	13.39%	1.0073%	1.0116%	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	30.2205	235,599,682.85	21.99%	1.7723%	1.7799%	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	24.6822	201,599,594.03	22.00%	1.5166%	1.5230%	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	22.1393	206,499,494.38	21.99%	1.5534%	1.5601%	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	92.4816	126,367,968.02	22.00%	0.9506%	0.9547%	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	2.2248	717,564.74	7.61%	0.0054%	0.0054%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	69.4627	640,490,827.98	24.12%	4.8182%	4.8387%	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	58.7720	396,894,780.04	24.09%	2.9857%	2.9984%	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	143.0320	465,768,832.67	12.00%	3.5038%	3.5188%	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	146.7028	65,143,965.15	12.00%	0.4901%	0.4921%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
ENEL Energie SA	1,680,000	19/Jul/2005	26,124,808	44.2720	74,376,960.00	12.00%	0.5595%	0.5619%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
FECNE SA	778,442	19/Jul/2005	-	-	-	12.12%	-	-	Bankruptcy	Priced at zero
GDF Suez Energy Romania SA	2,381,863	19/Jul/2005	62,522,462	193.6807	461,320,893.14	11.99%	3.4704%	3.4852%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	-	-	9.76%	-	-	Dissolution	Priced at zero
Hidroelectrica SA	89,378,235	19/Jul/2005	3,107,667,996	24.3694	2,178,093,960.01	19.94%	16.3850%	16.4550%	Judicial reorganisation	Fair value / share (Value as per independent valuator's report)
Petrotel - Lukoil SA	2,152,291	19/Jul/2005	2,787,316	-	-	1.18%	-	-	Unlisted companies, in function	Priced at zero (negative equity)
Plafar SA	132,784	28/Jun/2007	3,160,329	13.8119	1,833,999.33	48.99%	0.0138%	0.0139%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)

FONDUL PROPRIETATEA S.A.

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
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	3.7584	55,894,725.60	25.00%	0.4205%	0.4223%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Salubriserv SA	43,263	19/Jul/2005	207,601	251.4467	10,878,338.58	17.48%	0.0818%	0.0822%	Unlisted companies, in function	Shareholders equity/share
Simtex SA	132,859	28/Jun/2007	3,059,858	-	-	30.00%	-	-	Juridical reorganisation	Priced at zero
Societatea Nationala a Sarrii SA	2,005,884	28/Jun/2007	76,347,715	71.2314	142,881,925.56	48.99%	1.0749%	1.0794%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	-	-	19.90%	-	-	Insolvency	Priced at zero
World Trade Hotel SA	17,912	19/Jul/2005	17,912	-	-	19.90%	-	-	Unlisted companies, in function	Priced at zero (lack of annual financial statements for the year-ended 31 December 2013)
Zirom SA	4,735,921	28/Jun/2007	47,146,452	8.3063	39,337,980.60	100.00%	0.2959%	0.2972%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Total			5,308,016,947		6,478,030,691.25		48.7321%	48.9398%		

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 Turcei S.A., S.C. Complexul Energetic Craiova S.A., S.C. Complexul Energetic Rovinari S.A., Societatea Nationala a Lignitului Otlenia S.A.

***** = on 31 Dec 2014, E.ON Moldova Distribuție S.A. merged into E.ON Gaz Distribuție S.A. and the name of the combined entity became E.ON Distribuție România 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.

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
RO1415CTN024	2,187	7/Aug/2014	26/Jan/2015	10,842,298.35	542.11	79,148.78	10,921,447.13	0.0822%	0.0825%	BRD Groupe Societe Generale	Acquisition price cumulated with the related interest since the acquisition date
RO1415CTN057	5,000	30/Jul/2014	30/Mar/2015	24,718,687.60	1,167.27	178,592.52	24,897,280.12	0.1873%	0.1881%	Banca Comerciala Romana	
RO1415CTN073	11,866	30/Jul/2014	27/May/2015	58,498,508.44	2,762.43	428,176.71	58,926,685.16	0.4433%	0.4452%	Raiffeisen Bank	
RO1415CTN081	5,600	8/Aug/2014	9/Jun/2015	27,544,934.72	1,492.02	217,834.53	27,762,769.25	0.2088%	0.2097%	Banca Comerciala Romana	
RO1415CTN0B1	8,169	7/Aug/2014	10/Aug/2015	39,998,773.29	2,324.80	332,446.21	40,331,219.50	0.3034%	0.3047%	BRD Groupe Societe Generale	
Total							162,839,401.16	1.2250%	1.2302%		

Government bonds

Issuer	ISIN code	Date of the last trading session	No. of bonds	Date of acquisition	Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Cumulated discount	Market price	Current value	Stake in FP total assets	Stake in FP net asset	Evaluation method
Ministry of Public Finance	RO1015DBN010	8/Dec/2014	3,000	7/Aug/2014	30/Apr/2014	30/Apr/2015	31,365,692.58	4,931.51	1,213,150.69	-	10,178.81	31,749,580.69	0.2388%	0.2399%	Closing price (Gross price)
Total												31,749,580.69	0.2388%	0.2399%	

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
Unicredit Tiriac Bank	20-aug.-2014	20-feb.-2015	RON 25,000,000.00	RON 1,076.39	RON 144,236.11	RON 25,144,236.11	0.1892%	0.1900%	Term deposit value cumulated with the related interest
Banca Comerciala Romana	30-dec.-2014	5-ian.-2015	RON 68,700,000.00	RON 763.34	RON 1,526.67	RON 68,701,526.67	0.5168%	0.5190%	
BRD Groupe Societe Generale	31-dec.-2014	5-ian.-2015	RON 15,578,998.27	RON 168.77	RON 168.77	RON 15,579,167.04	0.1172%	0.1177%	
Total						109,424,929.82	0.8232%	0.8267%	



**Franklin Templeton Investment
Management Limited Bucharest Branch**
Premium Point
78-80 Buzesti Street, 1st District
Bucharest 011017
Romania

**FONDUL
PROPRIETATEA**

Fondul Proprietatea S.A.
Premium Point (7th Floor)
78-80 Buzesti Street, 1st District
Bucharest 011017
Romania