

**Annex to the consolidated IFRS financial statements as at 31 December 2012**

The differences between the accounting treatments under Romanian Accounting Regulations (“RAR”) (CNVM Regulation 4/2011 regarding accounting regulations compliant with EEC Directive IV, approved by CNVM Order no. 13/2011 and with CNVM Instruction 1/2013 regarding the preparation and submission of annual financial statements) and International Financial Reporting Standards (“IFRS”)

*As requested by CNVM according to the Instruction no. 1/2013 on applying IFRS by entities authorized, regulated and supervised by CNVM*

**Balance Sheet / Statement of Financial Position (IFRS)**

The main difference between RAR and IFRS are related to:

- Valuation of financial assets / equity investments:
  - Under RAR all financial assets are valued at cost less impairment. Adjustments for impairment of financial assets are recorded directly through equity (starting with year 2008) in a separate (negative) reserve account, and can be reversed.
  - Under IFRS, listed, liquid investments (for which a fair value can be reliably measured), except for investments in associates, are valued at fair value, while unlisted/illiquid investments (for which a fair value can not be reliably measured) are valued at cost less impairment. Adjustments for impairment are recorded through the Income Statement and cannot be reversed. Fair value adjustments are recorded through a separate reserve account.
- Under IFRS, the investments in associates are accounting for using equity method.
- Recognition of bonus shares from portfolio companies that increased their share capital through incorporation of reserves and recognition of related deferred tax liability:
  - Under IFRS, bonus shares from portfolio companies that increased their share capital through incorporation of reserves are not recognised (Under RAR they are recognised at nominal value).
  - Under IFRS, any deferred tax liability related to bonus shares is not recognised (Under RAR it is recognised).
- Deferred tax recognition
  - Under IFRS the deferred tax liability related to fair value adjustments for equity investments valued at fair value as well as deferred tax assets related to any impairment losses for equity investments are recognised (not applicable for RAR financial statements).
- Different classification of assets, liabilities and equity items:
  - Under RAR and IFRS certain assets, liabilities and equity items are classified differently, therefore in order to perform the reconciliation between RAR and IFRS financial statements, reclassification of certain items is necessary.

For details regarding these differences, please see **Annex 1 Reconciliation of Balance Sheet / Statement of Financial Position (IFRS)**.

**Income Statement / Statement of Comprehensive Income (IFRS)**

- Valuation of financial assets / equity investments:
  - Under IFRS, any adjustments for impairment of equity investments / financial assets can not be reversed (while under RAR this reversal is possible). Under RAR, adjustments for impairment of financial assets originally recorded through Income Statement (in 2006 and 2007) are also reversed through Income Statement, while those recorded through reserves (starting from 2008) are reversed through reserves.
  - Under IFRS, impairment adjustments for equity investments are recorded through the Income Statement.
- Under IFRS the Share of profit in associates is recognised, while dividends received from associates are eliminated.
- Deferred tax recognition:
  - Under IFRS any deferred tax expenses/ liabilities related to bonus shares are not recognised (Under RAR they are recognised).
  - Under IFRS deferred tax income/assets related to adjustments for impairment for equity investments are recognised.
- Recognition of dividend income:
  - Under RAR dividend income (presented under “Revenues from financial assets” caption) is presented net of withholding tax.
  - Under IFRS dividend income is presented gross of withholding tax, withholding tax being presented under “Income tax expense” caption.
- Different classification of income and expense items:
  - Under RAR and IFRS certain income/revenues and expenses items are classified differently, therefore in order to perform the reconciliation between RAR and IFRS financial statements, reclassification of certain items is necessary.

For details regarding these differences, please see **Annex 2 Reconciliation of Income Statement / Statement of Comprehensive Income (IFRS)**

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

Oana Truța  
Legal Representative

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## ANNEX 1 Reconciliation of Balance Sheet / Statement of Financial Position (IFRS)

Financial statements for the year ended 31 December 2012 prepared in accordance to Romanian Accounting Regulations	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	Consolidated IFRS financial statements for the year ended 31 December 2012	
Lei	Lei	Lei	Lei	Lei	Lei	Lei	
Intangible assets					(323,413)	Intangible assets	-
Financial assets	11,097,741,460	(305,768,436)	(4,553,451,158)	154,679,640		Equity investments	6,393,201,506
<b>Non-current assets - Total</b>	<b>11,098,064,873</b>					Investment in associate	4,706,829,818
Receivables	3,919,545		4,706,829,818		(3,119,551)	Dividends receivable	799,994
Short term financial investments	454,732,857					Treasury bills	454,732,857
					229,462,919	Deferred tax assets	229,462,919
					2,189,054	Other assets	2,189,054
Cash and bank accounts	317,885,969				(316,028,341)	Cash and current accounts	1,857,628
<b>Current assets - Total</b>	<b>776,538,371</b>				317,309,452	Deposits with banks	317,309,452
Prepaid expenses	27,199				(27,199)	<b>Total assets</b>	<b>12,106,383,228</b>
Payables within one year	(21,064,179)					Other liabilities	(21,064,179)
<b>Total assets less current liabilities</b>	<b>11,853,566,264</b>						
Provisions	(16,798,226)	16,798,226				<b>Total liabilities</b>	<b>(21,064,179)</b>
Share capital	(13,778,392,208)					Share capital	(13,778,392,208)
Legal reserve	(158,151,474)				158,151,474		-
Reserves related to impairment adjustments of financial assets	2,738,430,054		(2,738,430,054)				-
Reserves for securities received free of charge	(16,731,205)	16,731,205					-
			(154,679,640)	24,748,742		Fair value reserve on available- for-sale financial assets	(129,930,898)
Other reserves	(120,299,556)				(158,151,476)	Other reserves	(278,451,032)
Treasury shares	120,268,583					Treasury shares	120,268,583
Retained earnings	(83,251,853)	274,898,924	1,817,117,260		(130,888,427)	Accumulated losses	1,981,186,506
Profit for the year	(566,988,651)	(2,659,919)	767,934,134		(123,323,234)		-
Profit allocation	28,348,272				(28,348,272)		-
<b>Shareholders' equity</b>	<b>(11,836,768,038)</b>					<b>Total equity</b>	<b>(12,085,319,049)</b>
						<b>Total liabilities and equity</b>	<b>(12,106,383,228)</b>

### Adjustments:

- This adjustment represents the derecognition of bonus shares from Nuclearelectrica in 2006 (200,779,530 Lei), Hidroelectrica in 2006 (88,257,700 Lei), Comcereal Cluj in 2009 (106,715 Lei), Banca Transilvania in 2012 (3,804,610 Lei) and Administratia Porturilor Maritime Constanta (12,819,880 Lei) as well as the related derecognition of deferred tax associated with: Hidroelectrica shares (14,121,232 Lei), Comcereal Cluj shares (17,074 Lei), Banca Transilvania shares (608,738 Lei) and Administratia Porturilor Maritime Constanta shares (2,051,181 Lei).
- This adjustment cumulates the following valuation adjustments: derecognition of RAR adjustment for impairment of financial assets, except OMV Petrom (+1,908,650,425 Lei), recognition of IFRS impairment loss adjustment for equity investments (-1,585,558,750 Lei), reclassification of investment in OMV Petrom from Financial assets to Investment in associate (-4,706,829,818 Lei) and related adjustments for the valuation of investment in associate according to the equity method (-169,713,015 Lei).
- This adjustment represents the recognition of fair value adjustment for equity investments valued at fair value (+154,679,639 Lei).
- This adjustment represents the recognition of deferred tax according to IFRS.
- This adjustment includes a number of reclassification adjustments, as follows: allocation of Deposits with banks into a separate line in IFRS financial statements (316,028,341 Lei), reclassification of interest receivables for bank deposits from Receivables to Deposits with banks in IFRS financial statements (1,281,111 Lei), reclassification of prepaid expenses into Other assets (27,199 Lei), reclassification of receivables other than dividends receivables from Receivables to Other assets (1,838,440 Lei), reclassification of intangible assets to Other assets (323,413 Lei), presentation of Legal reserves under Other reserves in IFRS financial statements (158,151,476 Lei) and presentation of Retained earnings, Result for the year - Profit, net of Profit allocation under Accumulated losses in IFRS financial statements.

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- Fiscal Identification Code (CIF): 18253260, registered with the Trade Registry under no: J40/21901/2005 • Registered on Data Protection Notification Registry under number 18668
- Subscribed share capital RON 13,778,392,208, Paid Share Capital: RON 13,413,137,586 • Tel.: +40 21 200 9600; Fax: +40 21 200 9631; Email: office@fondulproprietatea.ro; Internet: www.fondulproprietatea.ro

## ANNEX 2 Reconciliation of Income Statement / Statement of Comprehensive Income (IFRS)

Financial statements for the year ended 31 December 2012 prepared in accordance to Romanian Accounting Regulations		Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	Adjustment 6	Consolidated IFRS financial statements for the year ended 31 December 2012	
Lei		Lei	Lei	Lei	Lei	Lei	Lei	Lei	
<b>Revenues from current activity, out of which:</b>	<b>871,748,228</b>								
Revenues from financial assets	618,971,283	4,687,167					(353,125,036)	Gross dividend income	270,533,414
Interest income	34,922,880							Interest income	34,922,880
Reversal of impairment adjustments & provisions	5,639,063		(368,470)	(767,565,664)	(10,069,308)			Impairment losses on equity investments	(772,364,379)
					(46,209,651)			Impairment losses on dividends receivable	(46,209,651)
					(878,300)			Impairment losses on other receivables	(878,300)
					4,798,715			Reversal of impairment losses on disposed equity investments	4,798,715
					5,211,070			Reversal of impairment losses on receivables in respect of equity contributions	5,211,070
Revenues disposal of financial assets	208,134,752				(195,055,419)			Gains on disposal of equity investments	13,079,333
							793,560,710	Share of profit in associates (net of income tax)	793,560,710
Revenues from foreign exchange differences	130,402				(348,131)			Net foreign exchange gains /(losses)	(217,729)
Other income from current activity	3,949,848							Other operating income	3,949,848
								<b>Net operating income</b>	<b>306,385,911</b>
<b>Expenses from current activity, out of which:</b>	<b>(304,782,791)</b>								
Expenses from disposal of financial assets	(195,055,419)				(658,639)			Personnel expenses	(658,639)
Expenses from foreign exchange differences	(348,131)				195,055,419				-
Other expenses from current activity *	(109,379,241)				348,131			Other operating expenses	(58,913,209)
					47,806,113	2,659,919		<b>Operating expenses</b>	<b>(59,571,848)</b>
<b>Gross profit</b>	<b>566,965,437</b>							<b>Profit before tax</b>	<b>246,814,063</b>
Income tax expense	23,214	(4,687,167)				123,323,234		Income tax benefit	118,659,281
<b>Net profit</b>	<b>566,988,651</b>	-	<b>(368,470)</b>	<b>(767,565,664)</b>	-	<b>125,983,153</b>	<b>440,435,674</b>	<b>Profit for the period</b>	<b>365,473,344</b>

\* Other expenses from current activity includes commissions and fees, bank services expenses, depreciation, amortisation and provisions, interest expense, material and utilities expenses, salary costs, third party expenses as well as duties and other taxes.

### Adjustments:

- This adjustment represents the gross up of dividend income with withholding tax
- This adjustment represents the derecognition under IFRS of RAR Income Statement impact of the reversal of the adjustment for impairment of financial assets
- This adjustment represents the recognition in the IFRS financial statements of the Income Statement impact of the impairment loss for equity investments
- This includes a number of reclassification adjustments, as follows:
  - reclassification of the reversal of provision (10,069,308 Lei) to: Reversal of impairment losses on disposed equity investments (4,798,715 Lei), Impairment losses on receivables in respect of equity contributions (5,211,070 Lei) and personnel expenses (59,523 Lei)
  - net off of Revenues from disposal of financial assets with Expenses from disposal of financial assets
  - net off of Revenues from foreign exchange differences with Expenses from foreign exchange differences
  - reclassification of Other expenses from current activity (47,806,113 Lei) to: Impairment losses on dividends receivable (46,209,651 Lei), Impairment losses on other receivables (878,300 Lei) and to personnel expenses (718,162 Lei).
- This adjustment represents the derecognition of provision for taxes recorded on RAR Income Statement (2,659,919 Lei) in relation with bonus shares received from Banca Transilvania and Administratia Porturilor Maritime and the recognition of deferred tax according to IFRS of 123,323,234 Lei (Income Statement impact).
- This adjustment represents the recognition of Share of profit in associate - OMV Petrom (793,560,710 Lei) and elimination of dividends received from associate in amount of 353,125,036 Lei.

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