

14 February 2013

## PRELIMINARY RESULTS REPORT

for the financial year ended  
31 December 2012

(This is a translation from the official  
Romanian version)

**FONDUL**  
PROPRIETATEA



S.C. Fondul Proprietatea S.A.



FRANKLIN TEMPLETON  
INVESTMENTS

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## Company Information

- S.C. Fondul Proprietatea S.A. (“the Fund” or “Fondul Proprietatea”) was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company.
- The Fund is registered with the Bucharest Trade Registry, under the number J40/21901/2005 and has the sole registration code 18253260.
- The Fund’s Investment Objective is long-term capital appreciation via investment primarily in Romanian equities with strict adherence to the principles of value investing.
- The Sole Administrator of the Fund is Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML” or “Fund Manager”), effective since 29 September 2010.

### Stock Data (as at 31 December 2012)

NAV and Share Price Developments	Year end		
	31 December 2012	31 December 2011	31 December 2010
Total NAV as at 31 December (RON million)	14,979.2	14,465.4	15,328.2
NAV per Share as at 31 December (RON)	1.1371	1.0788	1.1124
NAV per Share change in year (%)	+5.4%	-3.0%	-
NAV per Share Total Return	+8.9%	-0.5%	-
Share Price as at 31 December (RON)	0.5495	0.4270	-
Share Price Low (RON) <sup>1</sup>	0.4270	0.4151	-
Share Price High (RON) <sup>1</sup>	0.6050	0.6495	-
Share Price change in year (%)	+28.7%	-34.3% <sup>2</sup>	-
Share Price Total Return	+38.3%	-30.2% <sup>2</sup>	-
Discount to NAV as at 31 December	51.7%	60.4%	-
Average Discount for the year	50.2%	55.7%	-
Total Shares Turnover (RON)	3,218,775,792.4	5,122,862,627.7	-
Average Daily Turnover (RON)	13,031,480.9	21,799,415.4	-

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

Share Capital Information	31 December 2012	31 December 2011	31 December 2010
Issued Share Capital (RON)	13,778,392,208	13,778,392,208	13,778,392,208
Paid Share Capital (RON)	13,412,780,166	13,407,569,096	13,778,392,208
Number of Shares in Issue as at 31 December	13,778,392,208	13,778,392,208	13,778,392,208
Number of Paid Shares as at 31 December	13,412,780,166	13,407,569,096	13,778,392,208

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

<sup>1</sup> Closing prices quoted by the BVB

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

Shareholder Structure<sup>3</sup> (as at 31 December 2012)

Shareholder Categories	% of subscribed share capital	% of voting rights
Foreign institutional shareholders	52.20%	54.60%
Romanian private individuals	27.91%	29.19%
Romanian institutional shareholders	9.41%	9.85%
Foreign private individuals	6.06%	6.34%
Ministry of Public Finance <sup>4</sup>	0.02%	0.02%
Treasury shares <sup>5</sup>	1.75%	-
Unpaid shares <sup>6</sup>	2.65%	-

There were 9,363 shareholders on 31 December 2012.

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<sup>3</sup> Source: Central Depository

<sup>4</sup> The percentage represent the paid shares; the percentage of subscribed share capital of Ministry of Public Finance is 2.67%, including the Unpaid shares

<sup>5</sup> 240,304,801 shares acquired by the Fund through buy backs

<sup>6</sup> 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 2012, with audited net profit of RON 567.0 million, an increase of RON 23.2 million compared to the audited net profit for 2011 of RON 543.8 million. Total shareholders' equity was RON 11,836.8 million as at 31 December 2012, an increase of 6.4% compared to the value of RON 11,120.7 million at 31 December 2011.

The Fund reported a Net Asset Value ("NAV") of RON 14,979.2 million as at 31 December 2012 and a Net Asset Value per Share ("NAV/share") of RON 1.1371 (a NAV per Share total return of 8.9%). The NAV is prepared in accordance with Romanian National Securities Commission ("CNVM") regulations.

The overall upwards trend of the Fund's NAV performance in 2012, despite the insolvency of Hidroelectrica was correlated with the overall conditions on the Bucharest Stock Exchange ("BVB"), which positively impacted the valuation of the listed holdings in the Fund's portfolio. In 2012, the Bucharest Stock Exchange performed generally better than the largest markets in Central Europe in local currency terms, as shown in the table below:

% change in 2012	in local currency	in EUR
ATX (Austria)	23.7%	23.7%
<b>BET-XT (Romania)</b>	<b>19.4%</b>	<b>16.4%</b>
WIG20 (Poland)	17.7%	29.2%
PX (Czech Republic)	12.4%	14.2%
BUX (Hungary)	6.0%	14.6%

The discount of the Fund's share price to NAV was 51.7% as at 31 December 2012. In 2012, the discount ranged between 42.3% and 62.4%.

The Fund Manager intends to recommend to shareholders an estimated gross dividend of RON 0.0408 per share arising from 2012 profits, based on the dividend policy stated in the Fund's listing prospectus. The distribution of dividends is expected to start in June 2013.

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

	Note	Year ended 31 December 2012	Year ended 31 December 2011	Change %
Total Shareholders' Equity (RON million)	a	11,836.8	11,120.7	6.4%
Net Asset Value (RON million)	b, d	14,979.2	14,465.4	3.6%
NAV per Share (RON)	b, d	1.1371	1.0788	5.4%
NAV per Share Total Return	c	+8.9%	-0.5%	-
Share Price (RON)		0.5495	0.4270	28.7%
Share Price Total Return	c	+38.3%	-30.2%	-
Gross Dividends Declared (RON per share)		0.03854	0.03141	-
Share Price Discount to Net Asset Value		51.7%	60.4%	-

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

**Notes:**

- (a) Prepared on the basis of Romanian Accounting Regulations
- (b) Prepared on the basis of CNVM Regulations
- (c) Calculated with dividend reinvested
- (d) The difference in change (%) between total NAV and NAV per share is accounted for by the change in paid capital during 2012 and by the change in NAV per share computation methodology with effect from 31 December 2012 (treasury shares acquired through buybacks are excluded from the number of shares used in the computation of NAV per share)

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

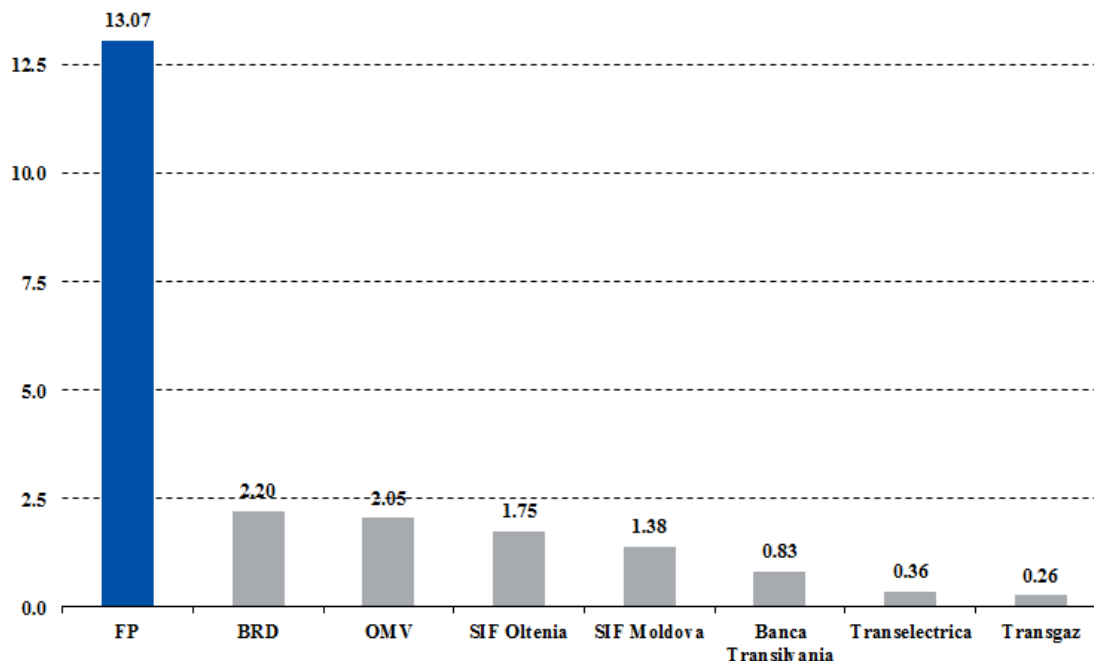
	CNVM Regulations*	Romanian Accounting Regulations
Listed securities	Valued at closing market prices	Valued at cost less adjustments for impairment
Unlisted or illiquid listed securities	Valued as per latest issued audited financial statements (proportionally with the stake held) or using fair valuation 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 authorized valuer, using valuation methods in accordance with International Valuation Standards (fair value principles). The shares of companies under judicial liquidation procedure, or any other liquidation procedures, as well as of companies under temporary or final suspension of operations, must be valued at zero until the respective procedures are completed.

## Significant Events

### BVB Trading

#### Average Daily Turnover (RON million)



#### Fund's Share Price History (RON/share)



### Investor Relations Update

In 2012, the Fund Manager continued to raise the Fund's profile and visibility among a much broader international institutional investor base and to update the current shareholders on the latest developments of the Fund and its underlying holdings. Over the course of the year, we organized 10 road-shows in 19 financial centres in Europe, Middle East, and the United States of America to meet with potential investors as well as current shareholders. In addition to the road-shows, we presented the equity story of Fondul Proprietatea in individual meetings with investment analysts and portfolio managers at 10 global and regional emerging and frontier market conferences in the United Kingdom, United States of America, Austria, Poland, and the Czech Republic.

In addition, we organized over 30 individual meetings in Bucharest with foreign investors visiting Romania, as well as conference calls to present the Fund's annual, semi-annual, and quarterly results. Overall, in 2012, the Fund Manager held 240 individual and group meetings and 79 conference calls with institutional investors.

As part of our ongoing efforts to promote the Fund, we organized Analyst and Investor Days events in April and November 2012. Around 100 Romanian and foreign analysts and institutional investors participated in our events to meet both our team and the management of the largest portfolio holdings, to learn about the latest developments of the Fund and the portfolio companies, and to visit a number of key assets: OMV Petrom's refinery and gas fired power-plant in Ploiesti, Hidroelectrica's Iron Gates power-plant on the Danube, CE Oltenia's power-plant in Craiova, Nuclearelectrica's reactors in Cenavoda, and Salrom's salt mine in Slanic Prahova. The events featured presentations from the Fund Manager, the Government of Romania, the U.S. Embassy, the International Monetary Fund, the National Bank of Romania, the Romanian Privatization Agency, the National Securities Commission, the Bucharest Stock Exchange, as well as the following portfolio companies: OMV Petrom, Hidroelectrica, Romgaz, Nuclearelectrica, CE Oltenia, ENEL Distributie Muntenia, GDF Suez, Transgaz, E.ON Romania and Bucharest Airports. In addition to these two events, we held our second Romanian Institutional Investor Days in Bucharest in July, where we met the local pension and mutual funds, and in October we held our first Analyst Day, focused on the analysts covering Fondul Proprietatea.

We continued to strive to increase the transparency and disclosure about the Fund's underlying holdings and to provide timely information about any material developments about the Fund. The Fund's website was redesigned in early 2012 to allow for quick access to all relevant information about the Fund and its portfolio to facilitate a deeper understanding of the intrinsic value of the Fund's management strategy and activity. For the latest investor reports, press releases, detailed financial statements, annual reports and auditors' reports for the largest companies, we invite you to visit the website at [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro). To receive promptly the latest news about Fondul Proprietatea by e-mail, please register here: <http://www.fondulproprietatea.ro/news-and-press-centre/email-subscription>.

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

## Secondary Listing Update

On 27 June 2012, the Fund's shareholders approved the details regarding the secondary listing of the Fund on the Warsaw Stock Exchange ("WSE"). As underlined in our previous reports, in order to achieve a successful secondary listing, the shares have to be fully fungible across the two markets, and this requires the establishment of a direct or indirect link between the depositary systems of the two markets so that trades in the shares can be settled between trading platforms. The establishment of the link between the two national depositories requires some regulatory changes by the National Securities Commission ("CNVM"). Given this slow regulatory progress, the Fund's shareholders approved in November 2012 an extension of the deadline for the completion of the secondary listing until 30 June 2013. In December 2012, CNVM published for public consultation the necessary amendments to the current regulation, and following final approval of these changes, the Romanian and Polish National Securities Depositories will be able to establish a link to facilitate the Fund's listing in Warsaw.

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

## Share Cancellation and Buy-Back Programme

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.



Also, during the same shareholder meeting, shareholders approved a second buy-back programme and authorised the Fund Manager to repurchase up to 1.1 billion shares or 7.9% of the Fund's share capital within 18 months from the publication of the shareholders' resolution in the Official Gazette.

As at 31 December 2012, the registration of the two shareholder decisions regarding the cancellation of the repurchased shares and the new buy-back programme was blocked by litigations started by a minority shareholder of the Fund, and the effects of these decisions are suspended. The cancellation of the repurchased shares will take effect 60 days from the date of publication of the Extraordinary General Meeting of Shareholders ("EGM") decision in the Official Gazette. However, following the amendments to the NAV calculation methodology published by CNVM in December 2012 among which treasury shares are excluded from the NAV per share calculation, the positive effect on the Fund's NAV per share as a result of the first buy-back programme (RON 0.0204 per share) was reflected in the 31 December 2012 NAV report.

The Fund Manager is ready to start the second buy-back programme immediately after the EGM decision is published in the Official Gazette. The next hearing in front of the Bucharest Court in the court case regarding the blocking of the registration with the Trade Register of the EGM Resolution no. 4 of 25 April 2012 for the approval of the buyback programme should be set by the Court.

## 2011 Dividend Distribution

By 31 December 2012, shareholders had collected almost 99.1% of the total gross dividend distribution of RON 507.7 million (or RON 0.03854 per share) approved by shareholders on 25 April 2012.

## Subsequent Events

### Addendum no. 2 to the Investment Management Agreement

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

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

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

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

- the structure of fees (fixed fee, performance fee) provided in the final offer document of FTIML submitted in the international tender for appointing the portfolio manager of the Fund;
- the fees provided by the Appendix 2 of the IMA were not set in accordance with the Regulation for organizing the international tender for appointing the portfolio manager of the Fund;
- providing supplemental distribution through special dividend does not meet the objective proposed by FTIML in course the international tender for appointing the portfolio manager of the Fund.

Given that the IMA and subsequent addendums are approved by the Fund's shareholders and concluded between the Fund and the Fund Manager, the Fund Manager will carefully consider further steps that may be appropriate and will update investors of any further material developments.

## New Taxes in Energy Sector

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

- Taxes for gas and electricity distributors and transmission/transport operators, charged per MWh, as follows:

Explanations		Tax value (RON /MWh)
Gas	Quantity transferred to distribution system	0.1
	Distributed quantity	0.75
	Quantity transferred only through transportation system	0.85
Energy	Quantity extracted from the transmission system	0.1
	Quantity distributed to final consumer	0.75
	Quantity extracted from the transmission system and delivered to the final consumer or exported	0.85

- Taxes imposed following the gas market liberalisation: companies performing both natural gas extraction and distribution in Romania, will be charged 60% of additional revenues less investments in upstream activity (up to 30% of additional revenues) and less royalties;
- Special tax of 0.5% for revenues from exploration of natural resources other than natural gas.

## 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 CNVM regulations no later than 15 calendar days after the reporting month end.

All NAVs are published on the Fund’s website at [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro), together with share price and discount information.

#### NAV Methodology

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

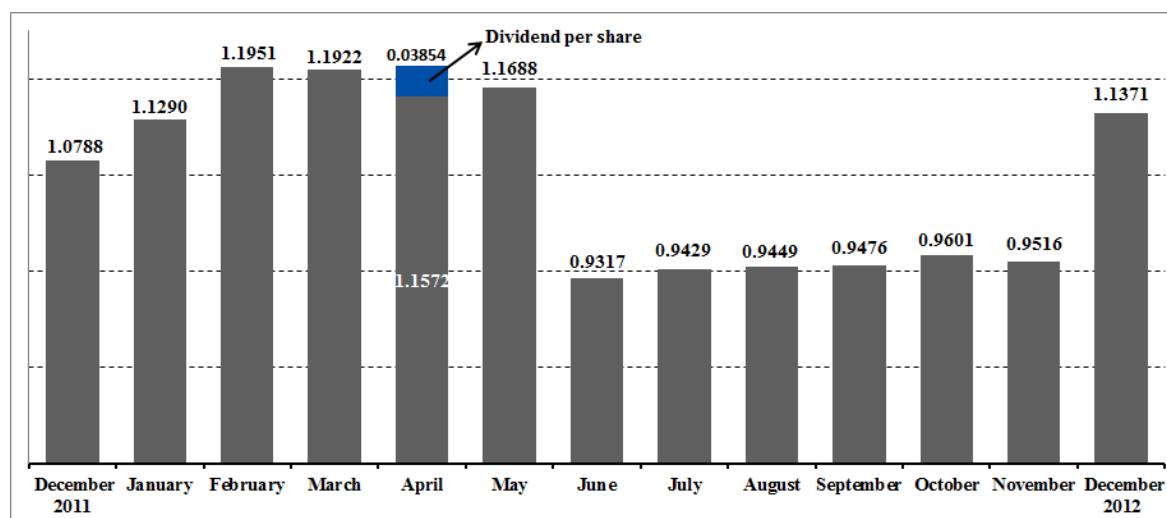
Listed securities are valued at closing market prices, while illiquid or unlisted securities are valued using either shareholders’ equity value per latest annual financial statements, proportionally with the stake held, or according to international valuation standards which permit fair valuation.

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

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

The following chart shows information on the monthly published NAVs per share for the period 31 December 2011 to 31 December 2012:

#### NAV/share (RON/share)



\* Source FTIML

The blue section within the 30 April 2012 NAV represents the value per share of the dividend distribution approved and recorded in April 2012, with a corresponding reduction in NAV.

After an overall increase in the first five months of 2012, which was mainly due to the positive share price trend of the Fund's listed holdings, principally of OMV Petrom, on 30 June 2012 the Fund's NAV had decreased by 13.6% compared with 31 December 2011. The significant decrease of the NAV on 30 June 2012 was principally caused by Hidroelectrica's insolvency. According to CNVM Regulation no. 4/2010 (art.19, paragraph (4)) applicable to Fondul Proprietatea at that time, the shares of companies under insolvency, reorganisation or bankruptcy procedure had to be valued at zero, when calculating the NAV, until the end of the respective procedure.

On 20 June, the Bucharest Court admitted the request filed by Hidroelectrica for opening its insolvency procedure. Consequently, the Fund's holding in Hidroelectrica had to be temporary valued at zero, until the insolvency procedure was concluded. The negative impact on the Fund's NAV between May and June due to the revaluation of Hidroelectrica was RON 3,288.7 million or RON 0.2452 per share.

The NAV per share increased slightly from July until November. Between November and December the NAV per share increased by 19.5%. This was principally due to important changes in the CNVM regulations on NAV methodology, which became effective in December. CNVM Regulation no 11/2012 amended CNVM Regulation no. 4/2010, by permitting investments in companies going through insolvency or reorganisation procedures to be valued either at zero or at a value assessed by an independent valuer. The Fund Manager commissioned an external valuation for the holding in Hidroelectrica, which determined a value of RON 2,001.0 million in the December NAV, as compared to a value of nil in the period June to November.

Additionally, six other unlisted holdings were valued independently in December. The valuation of all seven holdings was performed by KPMG, in accordance with International Valuation Standards.

Name	Value in 31 Dec 2012 NAV (RON mil)	Value in 30 Nov 2012 NAV (RON mil)	Impact on Total NAV (RON mil)	Impact*on NAV/share (RON)
Hidroelectrica SA	2,001.0	0.0	2,001.0	0.1492
Nuclearelectrica SA	648.0	497.6	150.4	0.0112
Complexul Energetic Oltenia SA	880.0	1,075.1	-195.1	-0.0145
E.ON Moldova Distributie SA	324.0	399.8	-75.8	-0.0056
CN Aeroporturi Bucuresti SA	272.0	322.4	-50.4	-0.0038
Zirom SA	36.3	52.8	-16.5	-0.0012
Posta Romana SA	80.8	96.4	-15.6	-0.0012
<b>TOTAL</b>	<b>4,242.1</b>	<b>2,444.1</b>	<b>1,798.0</b>	<b>0.1341</b>

\*Calculated based on the number of shares used in the NAV per share computation as at 30 November 2012.

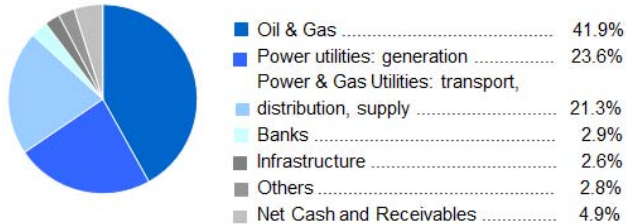
The change in regulation in December also permitted the exclusion of treasury shares acquired through buybacks from the number of shares used for the purpose of NAV per share computation. This had a positive impact of RON 0.0204 per share in December.

Finally, the Fund's December NAV was also positively influenced by the rise in OMV Petrom's share price from RON 0.3978 to RON 0.4281 per share during December. This uplifted the NAV by RON 345.2 million or of RON 0.0257 per share as compared to the November NAV.

## Investment Strategy and Portfolio Analysis

The Fund's investment objective is long-term capital appreciation, primarily through investments in Romanian equity and equity-linked securities. The equity exposure amounted to 95.1% of the Fund's NAV as at 31 December 2012. As at that date the portfolio included holdings in 69 companies (25 listed and 44 unlisted), a combination of privately-held and state-controlled entities.

### Portfolio Structure - by Sector



- The portfolio remained heavily weighted in power, oil and gas sectors (approx. 86.8% of the NAV), through a number of listed and unlisted Romanian companies.
- Net cash and receivables includes bank deposits, current bank accounts, treasury bills, dividend receivables, as well as other current assets, net of all liabilities and provisions

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 December 2012, based on NAV submitted to CNVM.

### Portfolio Structure - by Country



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

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 December 2012, based on NAV submitted to CNVM.

### Portfolio Structure – by Asset Type



- The largest unlisted company is Hidroelectrica (24.7% of the total value of unlisted companies in the portfolio).
- The largest listed company is OMV Petrom (79.6% of total value of listed companies in the portfolio).

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 December 2012, based on NAV submitted to CNVM.

**Top 20 Equity Investments**

No	Name	Fund's Stake (%)	Value as at 31 December 2012 (RON million)	% of NAV
1	OMV Petrom SA	20.10%	4,876.5	32.6%
2	Hidroelectrica	19.94%	2,001.0	13.4%
3	Romgaz SA	14.99%	1,296.3	8.7%
4	Complexul Energetic Oltenia SA	21.53%	880.0	5.9%
5	Nuclearelectrica SA	9.72%	648.0	4.3%
6	ENEL Distributie Banat SA	24.12%	445.5	3.0%
7	Transgaz SA	14.98%	384.7	2.6%
8	ENEL Distributie Muntenia SA	12.00%	344.0	2.3%
9	GDF Suez Energy Romania	12.00%	339.6	2.3%
10	E.ON Moldova Distributie SA	22.00%	324.0	2.2%
11	ENEL Distributie Dobrogea SA	24.09%	301.4	2.0%
12	Electrica Distributie Muntenia Nord SA	21.99%	274.9	1.8%
13	CN Aeroporturi Bucuresti SA	20.00%	272.0	1.8%
14	BRD-Groupe Societe Generale	3.64%	205.9	1.4%
15	Electrica Distributie Transilvania Sud SA	21.99%	202.6	1.4%
16	Electrica Distributie Transilvania Nord SA	22.00%	189.0	1.3%
17	Alro SA	10.21%	145.8	1.0%
18	E.ON Gaz Distributie SA	11.99%	143.3	1.0%
19	Transelectrica SA	13.49%	125.6	0.8%
20	Raiffeisen Bank International AG	0.43%	118.9	0.8%
<b>Top 20 portfolio holdings</b>			<b>13,519.0</b>	<b>90.6%</b>
<b>Total financial assets (portfolio holdings)</b>			<b>14,240.2</b>	<b>95.1%</b>
<b>Net cash and receivables</b>			<b>739.0</b>	<b>4.9%</b>
<b>Total NAV</b>			<b>14,979.2</b>	<b>100.0%</b>

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 31 December 2012, based on NAV submitted to CNVM.

**Key Portfolio Developments in 2012****Acquisitions and Disposals**

During 2012, the Fund sold its entire holdings in Azomures SA within a takeover bid initiated by the main shareholder of this company (at RON 2.22 per share), and in Comcereal Fundulea SA on the open market, and part of the holdings in Erste Group Bank AG and Raiffeisen Bank International AG.

In 2012, the Fund received 521,107 shares in Hidroelectrica SA accounted for as contributions in kind to the share capital of the Fund, whose nominal value (of 10 RON/share) was set off against the receivable related to the unpaid share capital of the Fund. These shares were received following the application of the provisions of the Title VII of the Law no. 247/2005 regarding the reform in property and justice, as well as certain adjacent measure, as amended ("Law 247/2005"). The source of the increases in share capital is the land for which the company obtained title deeds.

In July 2012, Banca Transilvania completed the registration with the Central Depository of the share capital increase (from incorporation of reserves and earnings). As a consequence, the 3,804,610 bonus shares received by the Fund were reflected as part of its portfolio (previously, these shares were reflected in the other current assets category in the Fund's NAV report).

In October 2012, the Fund received 1,281,988 bonus shares in CN Administratia Porturilor Maritime SA as a result of a share capital increase through incorporation of reserves. The Fund participated to the cash share capital increase of GDF Suez SA, acquiring 253,984 shares at the nominal value of RON 10 per share.

### **Mergers**

During 2012, the following mergers between companies in Fund's portfolio have been registered with the Trade Register:

- On 31 January 2012 the merger of Primcom SA, Delfincom SA and Prestari Servicii SA was completed. This merger was approved in November 2011 by the General Shareholders Meetings of the three companies, with Primcom SA as absorbing company, and Delfincom SA and Prestari Servicii SA as absorbed companies. Following the merger, the Fund holds 75.48% in Primcom SA, while Delfincom SA and Prestari Servicii SA have been removed from the Trade Register.
- In May 2012, the merger of Complexul Energetic Turceni SA, Complexul Energetic Craiova SA, Complexul Energetic Rovinari SA and Societatea Nationala a Lignitului Oltenia SA to create the new Complexul Energetic Oltenia SA was completed. The merger was approved by the General Shareholders Meeting of these companies on 30 April 2012 and was recorded with the Trade Register in May 2012. Fondul Proprietatea holds 21.54% of the new company.

### **Hidroelectrica's Insolvency**

On 20 June 2012, the Bucharest Court admitted the request filed by Hidroelectrica SA for opening its insolvency procedure.

According to CNVM Regulation no. 4/2010 (art.19, paragraph (4)) applicable to Fondul Proprietatea at that time, the valuation of the shares of the companies under insolvency, reorganisation or liquidation procedure had to be reflected at zero value in NAV until the end of the respective procedure. With effect from December 2012, the shares in companies going through an insolvency or reorganization procedure can be 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.

### **Plafar**

In June 2012, the Company was removed from the insolvency procedure initiated in 2009, at the request of the company's Board of Directors. This resolution was registered with the Trade Register on 26 September 2012.

### **Energy Sector Regulatory Changes**

On 19 July 2012, the Electricity and Gas Law (Law no. 123/2012) entered into force. The main provisions of the law cover the functioning of the Romanian Energy Regulatory Authority; the ownership unbundling; the electricity price liberalisation (deadline for liberalisation for the non-household consumers is end December 2013 and deadline for liberalisation of household consumers is end December 2017); and the gas price liberalisation (deadline for liberalisation for the non-household consumers is end December 2014 and deadline for liberalisation of household consumers is end December 2018).

On 19 December 2012, the National Authority for Energy Regulation ("ANRE") approved order 51/19.12.2012 for setting the distribution tariffs for 2013. Starting 1 January 2013 ANRE increased by nearly the same percentage (c. 5.1%) the distribution tariffs for all private or state owned operators.

The new tariffs are valid for the year 2013, which is regarded by ANRE as a transition year between the 2<sup>nd</sup> regulatory period ending 2012 and the 3<sup>rd</sup> regulatory period of 5 year that will start in 2014.

The regulated rate of return considered for the year 2013 has been set at 8.52% in real terms, down from 10% during the 2<sup>nd</sup> regulatory period for the private operators and up from 7% during the 2<sup>nd</sup> regulatory period for the state owned operators.

### Implementation of Emergency Government Ordinance 109/2011 regarding corporate governance in state owned enterprises provisions

None of the state owned companies in Fund's portfolio has fully implemented the Emergency Government Ordinance 109/2011 (EGO 109/2011) regarding corporate governance in State Owned enterprises, including provisions regarding the selection of independent boards and professional management.

### Update on the Largest Portfolio Companies

#### Alro

RON million	2010	2011	2012*	9m 2011	9m 2012
Turnover	1,812.2	2,241.4	2,136.8	1,702.8	1,582.3
Operating profit	289.4	368.4	n.a.	332.4	87.8
Net profit	159.8	228.3	238.4	222.4	78.8
Dividends	159.8	225.9	n.a.	n.a.	n.a.

\*Budgeted figures 1 USD = 3.3411 RON

August: On 13 August, the company announced that it concluded the negotiations with Hidroelectrica for electricity purchases: Hidroelectrica will supply 3 TWh/year until 2018 and the formula for the electricity price will be based on a series of factors including the aluminium price on the London Stock Exchange and the OPCOM market.

#### BRD – Groupe Societe Generale

RON million	2010*	2011*	9m 2011***	9m 2012***
Operating income	3,585.0	3,268.0	2,315.1	2,181.4
Gross Operating Income	2,110.0	1,808.0	1,271.2	1,176.6
Net Risk Cost	883.0	1,253.0	737.3	1,162.1
Net profit	1,009.0	498.0	446.6	10.4
Dividends**	125.0	116.3	n.a.	n.a.

\*based on consolidated IFRS financial statements

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

\*\*\* based on unconsolidated and unaudited IFRS financial statements

January: Starting 2012 Romanian banks prepare financial statements only according to International Financial Reporting Standards (IFRS). While BRD has already been publishing annual IFRS financial statements along with the statutory statements, the quarterly and semi-annual financial statements were still published only under local accounting regulations.

July: The Bank announced Mr. Philippe Lhotte, as its new CEO starting 1 September 2012, the appointment being valid only after the approval of the National Bank of Romania. Before his appointment in BRD, Mr. Lhotte was the CEO and Chairman of SG Expressbank AD, the subsidiary of Societe Generale in Bulgaria. The announcement came after the bank initially designated Mr. Alexandre Maymat for the position.

November: Mr Philippe Lhotte took over as the bank's new administrator and CEO after receiving the approval of the National Bank of Romania.

#### CN Aeroporturi Bucuresti

RON million	2010	2011	2012*	H1 2011	H1 2012
Turnover	396.8	474.3	603.2	214.8	242.6
Operating profit	54.2	111.9	37.5	57.4	45.1
Net profit	52.8	99.2	27.2	47.8	30.3
Dividends	38.3	47.1	n.a.	n.a.	n.a.

\*Budgeted figures



March: All commercial flights previously operated from Aurel Vlaicu Airport have been moved to Henri Coanda Airport starting 25 March 2012. Aurel Vlaicu Airport will be refurbished to be used as a ‘city airport’, accommodating mainly business, leisure and smaller aircrafts.

June: Mr. Cornel Constantin Poterasu became the new interim General Manager, replacing Mr. Tudor Jidav, who was appointed General Manager of Henri Coanda International Airport, the larger of the two airports managed by the company.

Mr. Poterasu has previous experience in the construction sector and several roles with the Auto Registration Authority and also the Chamber of Deputies in the Romanian Parliament.

September: Mr. Cristinel Smadu replaced Mr. Poterasu as the General Manager of the company, following a decision of the company’s Board of Directors.

November: The new extension of the departures terminal at Henri Coanda Airport was officially opened on 6 November. It has a total built area of 19,600 square meters and adds 52 new check-in desks, 400 square meters of retail space and 244 new parking spaces in the reconfigured parking area in front of the terminal. It will serve all domestic departures as well as selected international departures. The total investment for the new extension was EUR 53 million.

December: Mr. Poterasu returned to the position of General Manager, following the appointment of the new Government and the new Minister of Transports and Infrastructure.

December: Company announced that total passengers traffic in 2012 increased compared to 2011 by 1.33% to 7,547,465 passengers, while total aircraft movements reached 98,592.

### Complexul Energetic Oltenia

RON million	2010*	2011*	H1 2012**
Operating revenues	3,165.8	4,026.5	406.3
Operating profit	(25.0)	348.0	10.6
Net profit	(126.6)	179.9	24.5
Dividends	n.a. ***	n.a. ***	n.a.

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

\*\* based on statutory financial statements for the period 31 May – 30 June 2012

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

CE Oltenia became the largest integrated coal fired power producer in Romania with an installed capacity of 3,570MW and a total coal (lignite) production capacity of 30 million tonnes/year. The company estimated a 30% market share in electricity generation in 2012.

The Ministry of Economy, Commerce and Business Environment has contracted Kienbaum International, a reputable recruitment company, for the selection process for the CEO and Supervisory Board members of CE Oltenia.

December: ANRE issued decisions for quantity and the selling price on the regulated market for CE Oltenia in 2013. The quantity to be sold on the regulated market is of 4TWh (representing approx. 25% of the estimated net production) at a regulated price of RON 190.3 /MWh (a 10.5% increase compared to 2012).

### E.ON Gaz Distributie SA (“EGD”)

RON million	2010	2011	2012*
Turnover	794.2	800.5	745.0
Operating profit	195.8	264.8	116.0
Net profit	159.6	230.5	98.0
Dividends	-	-	n.a.

\* Budgeted figures (turnover includes only distribution services)

As per Order no 22 /2012 issued by ANRE, gas distribution tariffs will remain unchanged until 1 July 2013, when the parameters of the 3<sup>rd</sup> regulatory period still to be approved by ANRE will become effective.

**E.ON Moldova Distributie (“EMOD”)**

RON million	2010	2011	2012*
Turnover	626.2	636.1	642.0
Operating profit	190.1	22.1	99.0
Net profit	165.4	7.2	73.0
Dividends	-	-	n.a.

\* Budgeted figures (turnover includes only distribution services)

December: Starting 1 January 2013 ANRE increased by nearly the same percentage (c. 5.1%) the low, medium and high voltage distribution tariffs of EMOD.

The new tariffs are valid for 2013, which is regarded by ANRE as a transition year between the 2nd regulatory period ending in 2012 and the 3rd regulatory period of 5 year which will start in 2014.

The regulated rate of return considered for 2013 for EMOD has been 8.52% in real terms, down from 10% during the 2nd regulatory period.

December: The shareholders approved the transfer of activity (sale) of the non-core technical services and maintenance activities of both EMOD and EGD to a common Technical Services Operator owned by E.ON.

RON/Mwh	2011 <sup>7</sup>	1 July 2012 <sup>8</sup>	1 January 2013 <sup>9</sup>
<b>Distribution tariffs</b>			
High Voltage	21.0	21.0	22.07
Medium Voltage	42.0	42.0	44.17
Low Voltage	133.2	139.0	146.09

**Electrica Distributie Muntenia Nord (“EDMN”)**

RON million	2010	2011	2012*	H1 2011	H1 2012
Total revenues	659.1	712.8	735.5	349.9	353.6
Operating profit	27.1	72.4	32.4	43.9	38.5
Net profit	26.7	67.4	27.2	39.8	35.4
Dividends	-	8.2	n.a.	n.a.	n.a.

\* Budgeted figures

March: The Government approved the listing of a 15% stake in the company on the BVB.

June: ANRE has published Order no. 24/2012 for the approval of electricity distribution tariffs for 2012.

October: The General Shareholders Meeting mandated the Board of Directors to appoint Mr. Darius Dumitru Mesca as General Manager. This mandate given was not in compliance with the Companies Law and EGO 109/2011 provisions. Mr. Darius Dumitru Mesca is a former State Secretary in the Ministry of Economy, Commerce and Business Environment and Advisor of the President of the Prahova County Council.

December: EDMN appointed three Board members who did not rank among top candidates in the ranking resulting from the candidates’ assessment done by both the independent human resources consultant involved in the selection process and the Committee for Nomination and Remuneration of EDMN, while two of them are politically affiliated.

December: ANRE approved order 51/19.12.2012 for setting the distribution tariffs for 2013.

<sup>7</sup> ANRE order 44/23.12.2010

<sup>8</sup> ANRE order 24/25.06.2012

<sup>9</sup> ANRE order 51/19.12.2012

RON/Mwh	2011 <sup>10</sup>	1 July 2012 <sup>11</sup>	2013 <sup>12</sup>
<b>Distribution tariffs</b>			
High Voltage	15.3	18	18.92
Medium Voltage	38.49	42	44.14
Low Voltage	136.28	139	146.09

**Electrica Distributie Transilvania Nord (“EDTN”)**

RON million	2010	2011	2012*	H1 2011	H1 2012
Total revenues	545.3	570.1	574.7	289.0	295.6
Operating profit	13.9	40.2	12.1	41.9	40.9
Net profit	8.5	29.1	9.2	35.6	32.4
Dividends	-	-	n.a.	n.a.	n.a.

\* Budgeted figures

March: The Government approved the listing of a 15% stake in the company on the BVB.

June: ANRE has published Order no. 24/2012 for the approval of electricity distribution tariffs for 2012.

December: ANRE approved order 51/19.12.2012 for setting the distribution tariffs for 2013.

RON/Mwh	2011 <sup>13</sup>	1 July 2012 <sup>14</sup>	2013 <sup>15</sup>
<b>Distribution tariffs</b>			
High Voltage	20.96	21	22.07
Medium Voltage	42	42	44.14
Low Voltage	88.64	101.42	106.59

**Electrica Distributie Transilvania Sud (“EDTS”)**

RON million	2010	2011	2012*	H1 2011	H1 2012
Total revenues	593.0	638.8	651.4	321.9	317.9
Operating profit	21.5	27.8	18.7	11.6	18.4
Net profit	11.9	19.6	15.8	7.1	9.9
Dividends	-	-	n.a.	n.a.	n.a.

\* Budgeted figures

March: the Government approved the listing of a 15% stake in the company on the BVB.

June: ANRE has published Order no. 24/2012 for the approval of electricity distribution tariffs for 2012.

June: Mr. Rosca Ioan, the General Manager of the company was appointed as General Manager of the parent company, Electrica SA. He was replaced at the helm of the company by Mr. Ion Dobre, the Technical Director of the company.

December: ANRE approved order 51/19.12.2012 for setting the distribution tariffs for 2013.

RON/Mwh	2011 <sup>16</sup>	1 July 2012 <sup>17</sup>	2013 <sup>18</sup>
<b>Distribution tariffs</b>			
High Voltage	21	21	22.07
Medium Voltage	38.53	41.98	44.12
Low Voltage	114.77	123.27	129.56

<sup>10</sup> ANRE order 44/23.12.2010<sup>11</sup> ANRE order 24/25.06.2012<sup>12</sup> ANRE order 51/19.12.2012<sup>13</sup> ANRE order 44/23.12.2010<sup>14</sup> ANRE order 24/25.06.2012<sup>15</sup> ANRE order 51/19.12.2012<sup>16</sup> ANRE order 44/23.12.2010<sup>17</sup> ANRE order 24/25.06.2012<sup>18</sup> ANRE order 51/19.12.2012

**ENEL Distributie Banat (“EDB”)**

RON million	2010	2011	2012*	H1 2011	H1 2012
Turnover	556.0	585.8	589.2	289.9	292.5
Operating profit	159.7	238.3	175.9	125.1	85.7
Net profit	148.4	220.5	138.1	114.5	77.6
Dividends	83.6	-	n.a.	n.a.	n.a.

\* Budgeted figures

**ENEL Distributie Dobrogea (“EDD”)**

RON million	2010	2011	2012*	H1 2011	H1 2012
Turnover	408.0	459.0	449.1	220.4	225.4
Operating profit	107.2	126.4	107.8	65.1	45.0
Net profit	99.6	108.9	93.7	57.2	42.3
Dividends	56.2	-	n.a.	n.a.	n.a.

\* Budgeted figures

**ENEL Distributie Muntenia (“EDM”)**

RON million	2010	2011	2012*	H1 2011	H1 2012
Turnover	733.8	705.9	872.1	348.5	395.1
Operating profit	76.0	51.6	204.2	30.2	43.6
Net profit	105.1	50.5	150.6	27.6	91.1
Dividends	-	-	n.a.	n.a.	n.a.

\* Budgeted figures

June: ANRE set higher distribution tariffs for all distribution companies controlled by ENEL. The increase in tariffs ranges from 7% in the case of EDB and 12% for EDD to over 17% for EDM for low voltage, effective on 1 July 2012.

December: ANRE adjusted upward by 5.1% the distribution tariffs for the 3 ENEL companies for 2013. At the same time, the regulated rate of the return for the year 2013 was set at 8.52%. It is expected that the new 5 years regulatory period will start in 2014.

December: The Romanian Government issued a decision to exercise the PUT option held by state owned Electrica in Enel Distributie Muntenia and Enel Energie Muntenia<sup>19</sup>. The option for a 13.6% stake in both these companies was valued at approximately EUR 521 million. The transaction is not yet finalized.

RON/Mwh	2011 <sup>20</sup>			1 July 2012 <sup>21</sup>		
	EDM	EDB	EDD	EDM	EDB	EDD
High Voltage	8.92	21.00	21.00	10.49	21.00	21.00
Medium Voltage	26.44	42.00	42.00	31.11	42.00	42.00
Low Voltage	115.85	129.66	123.72	136.32	139.00	139.00

**GDF Suez Energy Romania**

RON million	2010*	2011*	2012**	H1 2011***	H1 2012***
Turnover	3,593.0	3,862.4	3,937.0	2,275.8	2,538.2
Operating profit	322.0	298.6	428.0	4.3	122.2
Net profit	271.0	261.9	346.0	6.0	102.4
Dividends	80.0	-	n.a.	n.a.	n.a.

\* Consolidated financial statements

\*\* Budgeted figures, consolidated financial statements

\*\*\* As per non-audited statutory financial statements

<sup>19</sup> Government decision no. 1163/2012 published on 7 December 2012 in the Official Gazette

<sup>20</sup> ANRE order 44/23.12.2010

<sup>21</sup> ANRE order 24/25.06.2012

May: The shareholders of GDF Suez Energy Romania approved to increase the share capital by issuing additional 2,116,536 shares with an issue price equal to the nominal value of 10 RON/share

September: Following ANRE's order<sup>22</sup> no. 31/2012, starting 15 September 2012 gas prices for industrial consumers have increased by approximately 10%, while gas prices paid by household customers have increased by around 5%. This is the first increase in gas prices for household customers since 2009.

October: The company successfully completed a RON 250 million bond offering for institutional investors. The bonds were listed on the BVB in November.

### Hidroelectrica

RON million	2010	2011	2012*	H1 2011	H1 2012
Turnover	3,273.7	3,020.6	2,928.0	1,640.0	1,262.9
Operating profit	502.7	161.2	100.0	60.5	(80.4)
Net profit	292.3	6.5	42.4	23.4	(202.1)
Dividends	263.1	-	n.a.	n.a.	n.a.

\*\* Budgeted figures

According to the Letter of Intent no 12/290/ October 2012 signed by the Romanian Government with the International Monetary Fund ("IMF"), the IPO of Hidroelectrica will take place after the company exits insolvency through an issuance of new shares of 10% of the Company.

The Consortium formed by Citi, BRD-Societe Generale and Intercapital was selected as the intermediary of the listing.

March: The number of members of the Board of Directors was reduced from 7 to 5. The company has initiated the selection of Board members in accordance with EGO 109/2011 on corporate governance in state-owned enterprises.

April: The European Commission has announced the start of an in-depth inquiry into preferential electricity tariffs granted by Hidroelectrica, to various companies.

June: On 20 June 2012, the Bucharest Court admitted the request filed by Hidroelectrica SA to open its insolvency procedure. Euro Insol SPRL was appointed as the judicial administrator of the company until the first General Meeting of the Creditors.

June: On 26 June, Remus Vulpescu was appointed by the General Shareholders Meeting as the special administrator of the company.

June: The judicial administrator started the restructuring process of the company with a view to increase revenues and cut down costs.

August: The report on the causes that led to the insolvency of the company was published by the judicial administrator.

September: The General Creditors Meeting reconfirmed Euro Insol as the judicial administrator of the company and set its remuneration.

October: The Court of Appeal irrevocably ruled against the appeals filed by Alpiq Romindustries, Alpiq RomEnergie and Hidrosind against the decision of Bucharest Court that approved the request of the company to start the insolvency proceedings.

December: ANRE issued the decision according to which Hidroelectrica will sell the energy on the regulated market in 2013 at an average price of RON 125 /MWh for a quantity of 3.97 TWh (compared with a price of RON 72 /MWh in 2012 )

December: The Bucharest Court of Appeal ruled against the Romanian Government in the first stage in the case started by Hidrosind (Trade Unions) and decided to annul the Government Decision 38/2012 for approving the strategy of privatisation of the company. The decision can be appealed by the Romanian Government.

<sup>22</sup> ANRE order no 31 issued on the 30 August 2012

**Nuclearelectrica**

RON million	2010	2011	2012*	H1 2011	H1 2012
Sales	1,540.3	1,588.4	1,793.1	754.1	772.3
Operating profit	155.9	162.6	221.2	44.2	58.8
Net profit	13.1	95.0	51.1	82.7	(33.7)
Dividends	-	-	n.a.	n.a.	n.a.

\* Budgeted figures

On 29 December 2011, an Emergency Ordinance published in the Official Gazette stated that in the future, the heavy water needed for reactors 3 and 4 would be purchased directly by the Romanian State and not by Nuclearelectrica. Consequently, starting January 2012, Nuclearelectrica would no longer receive budget allocations to purchase heavy water for these nuclear reactors.

June: According to the Letter of Intent signed by the Romanian Government with the IMF in June 2012, the company will be listed on the BVB in 2012.

August: According to the latest letter of intent to the IMF, the Government will expedite the IPO of Nuclearelectrica, but will miss the agreed deadline of end-2012 by one quarter.

September: On 28 September, two broker consortia submitted bids to intermediate the IPO of Nuclearelectrica. The first consortium includes Wood & Company Financial Services SA and SSIF Intercapital Invest SA, and the second comprises SSIF Swiss Capital SA and SSIF BT Securities SA.

October: SSIF Swiss Capital SA and SSIF BT Securities SA were selected to complete the IPO of Nuclearelectrica in 2013.

December: ANRE issued decisions for the quantity and the selling price on the regulated market to be respected by Nuclearelectria in 2013. The quantity to be sold on the regulated market is 5.3 TWh (vs 7.5 TWh in 2012) at a regulated price of RON 141.9 /MWh (+15.7% vs 2012).

**OMV Petrom**

RON million (IFRS)	2010	2011	2012*	9m 2011	9m 2012
Sales	18,615.7	22,613.7	15,796.0	16,224.0	19,185.0
Operating profit	2,985.5	4,935.8	4,392.0	3,754.0	3,989.0
Net profit	2,189.7	3,758.6	3,612.0	2,921.0	2,892.0
Dividends	1,002.6	1,756.0	n.a.	n.a.	n.a.

\* Budgeted figures

January: The company received confirmation from the Competition Council about the conclusion of the antitrust investigation, which resulted in a fine of RON 366.5 million for OMV Petrom and RON 137.3 million for OMV Petrom Marketing SRL, a wholly owned subsidiary of OMV Petrom.

The company's position is that the fines imposed are not justified and has challenged in court the decision of the Competition Council.

February: The company confirmed a potentially significant gas discovery offshore Romania in the Black Sea. The Domino-1 well, operated in a 50/50 joint venture with Exxon Mobil, is the first deep water well offshore Romania, and is located 170 km offshore Romania in water approximately 930 meters deep and a total depth of 3,000 metres below sea level. The preliminary estimate for the accumulation was between 42 and 84 billion cubic meters.

March: OMV Bulgaria OOD, a 99.9% subsidiary of OMV Petrom, has been notified regarding an alleged breach of antitrust regulations by the Bulgarian Commission for Protection of Competition. The investigation, which has not been finalized yet, concerns a number of companies on the Bulgarian fuels market.

May: Petrom announced results for the first quarter of 2012: compared to the same quarter of 2011, sales increased 21% to RON 22.61 billion, EBIT increased 65% to RON 4.93 billion and net income increased 72% to RON 3.76 billion. Net debt decreased 15% to RON 1.95 billion while capital expenditures decreased 1% to RON 4.8 billion.

June: The company published an update regarding its 2022 Strategy. Some of the highlights were the increased focus on exploration and production, with 80% of capital investments being focused on this area, compared to 64% during 2009-2011, the continued efforts to enhance the value of equity gas through the start of production of the Brazi gas fired power plant, potential development of a regional gas hub and continued focus on developing the Nabucco pipeline. For the refining and marketing division, the main areas of focus will be to modernise and improve efficiency of Petrobrazi refinery, fuel storage network and optimize filling stations network.

June: OMV Petrom announced the sale of Petrom LPG, its gas bottling and distribution activities, to Crimbo Gas International. The decision is part of the company's strategy to optimise its refining and marketing portfolio. Gas cylinder and auto gas marketing activities will continue through the Petrom and OMV fuel distribution network. The company did not disclose the value of this transaction.

June: OMV Petrom announced the completion of the investment project aimed at upgrading the crude vacuum distillation unit at the Petrobrazi refinery, at a total cost of approximately EUR 100 million. Following this investment, the refinery is now able to produce the entire domestic crude production of OMV Petrom. At the same time, yields for middle distillates are expected to increase and energy consumption is expected to decrease.

July: The company announced a change in the Executive Board: Mr Cristian Secosan replaced Mr Hilmar Kroat-Reder and took over responsibilities for the Gas and Power division. Prior to joining OMV Petrom, Mr Secosan was the General Manager of Siemens Romania. He also has previous experience in various management positions with multinationals active in Romania, such as ABB, Alstom and E.ON.

August: OMV Petrom announced results for the second quarter and the first half of 2012. The main highlights of the report for the first half of the year include an increase in sales of 19% to RON 12.2 billion, an increase in EBIT of 12% to RON 2.7 billion and an increase of 10% in net income to RON 2.7 billion, equivalent to an ROE of 19%, up from 18.6% for the same period of 2011.

November: The company announced that starting 1 January 2013, Mr. Andreas Peter Matje will replace Mr. Daniel Turnheim as the CFO of OMV Petrom, following Mr. Turnheim's appointment as Vice President of Corporate Finance within OMV AG. Mr. Matje has extensive experience with OMV AG, having occupied the position of Senior Vice President Controlling for 4 years prior to joining Petrom. He has a degree in Business Administration from University of Vienna and Global Executive MBA from Rotman Business School, University of Toronto.

November: The company announced results for the third quarter and the first 9 months of 2012. The main highlights of the report for the first 9 months include an increase of sales of 18% to RON 19.18 billion, an increase in EBIT of 6% to RON 3.99 billion and a slight decrease of 1% in net income to RON 2.89 billion. This is equivalent to an ROE of 17.8%, compared to 20% for the same period of 2011.

November: OMV Petrom inaugurated a new fuel terminal at Isalnita. This is the third greenfield fuel terminal finalized in the last three years, it has a total capacity of 11,000 cubic meters and cost of project was EUR 26 million.

December: The company announced that, it will be conducting the largest 3D seismic program in the Black Sea in partnership with ExxonMobil, with data being collected on 6,000 square kilometres in the deep water sector of the Neptun Block. The company also announced the start of exploration works in the shallow water sector of the Neptun Block, where OMV Petrom is the sole owner of the exploration license.

December: OMV Petrom and Expert Petroleum announced a new partnership for production enhancement services for 13 small mature oil and gas fields in Western Romania, with the aim to achieve a significant increase of cumulative production above the estimated natural decline.

**Raiffeissen Bank International**

EUR million	2010	2011	9m 2011	9m 2012
Net revenue	6,764.7	7,024.4	4,099.0	3,885.0
Net interest income	3,577.9	3,667.1	2,724.0	2,596.0
Consolidated profit	1,087.4	967.6	745.0	842.0
Dividends	204.3	205.0	n.a.	n.a.

**Romgaz**

RON million	2010	2011	2012*	H1 2011	H1 2012
Sales	3,574.2	4,211.1	4,247.2	1,996.2	2,197.2
Operating profit	905.6	1,264.5	1,065.9	607.9	681.0
Net profit	651.2	1,031.7	876.0	488.0	557.7
Dividends	720.1	938.0	n.a.	n.a.	n.a.

\* Budgeted figures

January: A consortium formed by Goldman Sachs, Erste-BCR and Raiffeissen Capital & Investment was selected to manage the listing of a 15% stake in Romgaz on the BVB.

June: Mr. Corin Emil Cindrea was appointed as the company's interim General Manager, pending implementation of EGO 109/2011. The change in leadership came shortly after the new Government lead by Mr. Victor Ponta took office. Mr. Cindrea was previously the Human Resources Manager of Romgaz.

June: Mr. Gelu Stefan Diaconu and Mr. Stefan Cosmeanu were appointed as interim Board Members, pending implementation of EGO 109/2011. They replaced Mr. Paul Gheorghiu and Mr. Marius Catalin Oprea, previously counsellors of the Minister of Economy in the Government lead by Mr. Mihai Răzvan Ungureanu. Mr. Diaconu had recently been appointed as Counsellor of the Minister of Economy while Mr. Cosmeanu had been appointed Secretary of State in the Ministry of Economy after the new Government lead by Mr. Victor Ponta took office.

August: Three new members were appointed to the company's Board of Directors, namely Mr Gelu Stefan Diaconu, Counselor of the Minister of Economy, Commerce and Business Environment, Mr Stefan Cosmeanu, Secretary of State at the Ministry of Economy and Mr Emil Corin Cindrea, who was also appointed as the new General Manager of Romgaz. These appointments followed resignations of three previous members.

All appointments were done on an interim basis, until the implementation of provisions from EGO 109/2011, regarding the selection and appointment of new Board Members in State owned companies.

September: Some highlights from the company's results for the first half of 2012 include an increase in sales of 7.1% to RON 2.36 billion an increase in EBIT of 12% to RON 681 million and an increase in net income of 14.3% to RON 557.75 million.

November: A shareholders meeting approved the addition of an environmental due diligence report to the Engagement Letter signed by the company with the Consortium of investment banks preparing the listing on the Bucharest Stock Exchange. The same shareholders meeting approved Deloitte as the provider of the comfort letter needed for the listing documents.

November: Mrs. Eufemia Musat was appointed as interim member of the Board, replacing Ioana Apan, who was previously the President of the Board. Mr. Gelu Stefan Diaconu, Secretary of State in the Ministry of Economy, was appointed as the new President of the Board.

November: A new Energy Subsidiary was established, in preparation for the takeover of the Iernut gas fired power plant. The new subsidiary will be in charge of all activities related to the company's entry on the electricity production market.

December: A shareholders meeting approved the final version of the contract to be signed with DeGolyer and Macnaughton as provider of the Competent Person Report regarding the hydrocarbon reserves of Romgaz. This report will be part of the documentation needed for the company's listing on the Bucharest Stock Exchange.



**Transelectrica**

RON million	2010	2011	2012*	9m 2011	9m 2012
Turnover	2,545.7	3,113.1	2,623.0	1,955.9	2,096.8
Operating profit	79.6	159.5	84.5	215.8	96.2
Net profit	9.6	90.9	40.0	153.5	19.2
Dividends	8.5	80.6	n.a	n.a.	n.a.

\* Budgeted figures

May: The board of directors acknowledged the resignation of Mr. Horia Hahaian and appointed as interim directors Mr. Dumitru Pirvulescu and Mr. Remus Dumitru Vulpescu until the implementation of the provisions of EGO 109/2011 regarding corporate governance in state owned companies.

May: The board of directors decided that Mr. Octavian Lohan is no longer general manager of the company and the responsibilities of the position are assumed by Mr. Marius Mateescu until the provisions of EGO 109/2011 regarding corporate governance in state owned companies are implemented.

June: Mr. Stefan Gheorghe was appointed as interim Board director.

June: Mr. Stefan Gheorghe resigned as Board member. Mr. Mircea Ciopraga was appointed as Board member and as President of the Board of directors until the implementation of the provisions of EGO 109/2011 concerning corporate governance in state owned companies.

July: On 5 July 2012, Transelectrica announced that Moody's Investors Service had downgraded the company's rating from Baa3 to Ba1. The downgrade of a company's share to 'speculative grade' is motivated by Moody's, amongst other reasons, by the reduced likelihood of a government's intervention when a company runs into problems, as recently seen with Hidroelectrica's insolvency.

July: The company signed an agreement with the Ministry of Economy, Commerce and Business Environment for a non-refundable financing deal worth RON 50 million for modernising the power grid.

July: Shareholders approved the change of the management system, and adopted the dual system with a supervisory board and directorate. The new members of the supervisory board were appointed by shareholders in November.

October: On 24 October 2012, the Board of Directors of the company decided to dismiss the general manager and appoint a new person in that position. The new general manager used to work for McKinsey in the past and had been a member in the Board of Directors of the company since 2010. The board gave no explanations for the dismissal of the former general manager.

December: The regulator approved a 12.7% increase in transmission tariff for 2013<sup>23</sup>. The regulated rate of return was set at 8.52% compared to the previous rate of 7.5% for the 2008-2012 period. The next 5 years regulatory period will start in 2014, and 2013 is considered a transition year.

**Transgaz**

RON million	2010	2011	2012*	9m 2011	9m 2012
Turnover	1,313.0	1,343.3	1,463.4	940.5	945.6
Operating profit	443.7	442.5	419.4	327.9	243.6
Net profit	376.4	379.5	355.1	283.9	215.2
Dividends	338.7	350.4	n.a.	n.a.	n.a.

\* Budgeted figures

The Ministry of Economy, Trade and Business Environment will conduct a secondary Public Offering for a 15% stake. Raiffeissen Capital & Investment, Wood & Co and BT Securities were selected to intermediate the placement.

<sup>23</sup> ANRE order no.52 published on the 27 December 2012 in the Official Gazette

June: Standard and Poor's has placed the company's rating at BB+ on watch with negative implications, the rating action reflecting the likelihood that S&P will downgrade the company in the near term..

June: Mr. Ioan Rusu was appointed by the Board of Directors as General Manager of the company replacing Mr. Cosma Florin.

July: Mr Ioan Rusu was appointed to the company's Board, effective until the implementation of the provisions of EGO 109/2011 on corporate governance in state owned companies.

October: The Government approved the structure of the secondary public offering for a 15% stake.

November: The Government announced it will not go forward with the SPO.

## Changes affecting the capital and the administration of the Fund

### **Cancellation of the restrictions of the voting rights**

On 23 November 2011 the Extraordinary General Shareholders Meeting approved a number of amendments to the Constitutive Act, one of the most important being the cancellation of the restrictions of the voting rights. The new Constitutive Act with the restriction rights cancelled was approved by CNVM on 12 January 2012.

Since 13 January 2012, when the new Constitutive Act became effective, the restrictions of the voting rights related to the number of shares owned by the Fund's shareholders were eliminated and the principle of one paid share having one voting right has been now applied.

The shareholders decisions were approved during 4 April 2012 GSMs, 25 April 2012 GSMs, 27 June 2012 GSMs and 23 November 2012 GSMs without any restriction of the voting rights – except the restrictions for treasury shares and for unpaid shares that are applied to all companies according to Romanian legislation.

### **The paid-up share capital**

On 2 February 2012 and on 23 April 2012, the paid-up share capital of the Fund increased by RON 4,985,760 and by RON 225,310 respectively, to RON 13,412,780,166, while its subscribed share capital remained unchanged at RON 13,778,392,208. The increase in the paid-up share capital reflects a reduction in the unpaid share capital held by the Romanian State due to the receipt by the Fund of 521,107 shares in Hidroelectrica following a share capital increase by this company relating to the value of land for which Hidroelectrica obtained title deeds.

There are no litigations related to the remaining unpaid capital.

### **The subscribed share capital decrease**

On 25 April 2012, the Extraordinary General Meeting of Shareholders of the Fund approved a share capital decrease of the Fund. According to Extraordinary General Meeting of Shareholders Decision no. 3 / 25 April 2012 the shareholders approved the decrease of the subscribed registered share capital of the Fund from RON 13,778,392,208 to RON 13,538,087,407, pursuant to the cancellation of 240,304,801 own shares acquired by the Fund. After the share capital decrease, the subscribed share capital of the Fund will be RON 13,538,087,407 being divided into 13,538,087,407 shares, with a nominal value of RON 1 / share. The subscribed share capital decrease will take place based on Article 207 paragraph 1 letter c) of Law 31/1990. The subscribed share capital decrease will be effective after two months calculated from the day when Extraordinary General Meeting of Shareholders Decision no. 3 / 25 April 2012 is published in the Official Gazette, Part IV, if CNVM approves the changing of Article 7 of the Constitutive Act.

A shareholder of the Fund has started a case against the Fund trying to block the publication of the Extraordinary General Meeting of Shareholders Decision no. 3 / 25 April 2012 in the Official Gazette. The share capital decrease approved by Extraordinary General Meeting of Shareholders Decision no. 3 / 25 April 2012 is suspended.

On 9 October 2012, the Bucharest Court ruled against the Fund and decided to reject the request of registration with Trade Register. On 24 October 2012 the Fund appealed the first court decision. The Bucharest Court of Appeal set the next hearing for February 2013.

## Changes in Board of Nominees

### Update regarding the Chairman of the Board of Nominees

On 9 February 2012 Mr. Bogdan Alexandru Drăgoi, the Chairman of the Board of Nominees, resigned from his position as member of Fondul Proprietatea's Board of Nominees as a result of his appointment as a member of the Romanian Government, as the Minister of Public Finance.

Since 13 February 2012 the new Chairman of the Board of Nominees has been Mr. Sorin Mihai Mîndruțescu.

### Requests for calling the General Shareholders' Meeting of the Fund

On 8 February 2012, the Fund received a request from Georgia Palade van Dusen, Philippe Palade, Grantelast Limited and POAH One Acquisition Holdings IV Limited, as shareholders of the Fund owning together more than 5%, to call a General Shareholders Meeting of the Fund, having on the agenda, besides other points:

- The recalling of all members of the Board of Nominees;
- The appointment of members of the Board of Nominees.

Beginning with April 2012 the Board of Nominees has the following members:

- Mr. Sorin Mihai Mindrutescu, Chairman – the mandate will end on 29 September 2013;
- Mr. Cristian Busu, Member – the mandate will end on 29 September 2013;
- Mr. Julian Rupert Francis Healy, Member – the mandate will end on 4 April 2015;
- Mr. Steven van Groningen, Member – the mandate will end on 4 April 2015 and
- Mr. Piotr Rymaszewski, Member – the mandate will end on 4 April 2015.

### Addendums to the Investment Management Agreement

On 23 November 2011, the Ordinary General Shareholders Meeting approved the Addendum number 1 to the Investment Management Agreement. This addendum was endorsed by CNVM on 1 February 2012. The change refers to the payment of Fund Manager's fees on a quarterly basis, starting from 1 January 2012 (previously the fees were paid annually). The calculation of the fees is based on the number of shares in issue multiplied by the average market price of the Fund's shares calculated for the respective quarter.

On 15 February 2012 a formal request for convening a GSM was received from Manchester Securities Corporation, a shareholder owning more than 5% of the Fund. The GSM agenda was to include an amendment of the Investment Management Agreement ("IMA") concluded between FTIML and Fondul Proprietatea establishing a revised administration and management fee. The proposed addendum to the IMA was attached to the request.

According to the proposed addendum, in case of excess distributions (special dividends, buybacks for the purpose of cancellation of shares or other distributions), FTIML would be entitled to receive an additional fee of 1.5% of the excess distribution (if distributions take place in 2012 and 2013) and 1% (after 2013, until the termination of the IMA).

This proposal was approved by shareholders on 4 April 2012 and enters into force after the endorsement of CNVM. The Fund Manager received on 23 January 2013 a letter from CNVM announcing that it decided not to endorse the Addendum 2 of the IMA approved by shareholders on 4 April 2012. For other details please see section Subsequent Events.

## Financial Analysis

The audited Balance Sheet and Income Statement for the year ended 31 December 2012 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 which will take place in April 2013.

This section provides a commentary on the principal elements of the Fund's financial position and results in the year ended 31 December 2012.

### Balance Sheet

	30 December 2011	31 December 2012
	Audited RON million	Audited RON million
Intangible assets	-	0.3
Financial assets	10,627.9	11,097.8
<b>Non-current assets – total</b>	<b>10,627.9</b>	<b>11,098.1</b>
<b>Current assets – total</b>	<b>549.2</b>	<b>776.5</b>
Prepaid expenses	-	0.1
Payables within one year	42.2	21.1
<b>Total assets less current liabilities</b>	<b>11,134.9</b>	<b>11,853.6</b>
Provisions	14.2	16.8
<b>Shareholders' equity</b>	<b>11,120.7</b>	<b>11,836.8</b>

As at 31 December 2012, **intangible assets** included the value of licences for a new specialized accounting and reporting software. The Fund will start using the software in 2013, after its implementation is completed.

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

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

During 2012, the value of financial assets increased by RON 469.9 million, mainly due to the reversal of the impairment adjustments for listed equity investments during the year, principally for OMV Petrom (by RON 1,573.1 million), offset by the impairment adjustment recorded for Hidroelectrica, for RON 1,105.5 million, calculated on the bases of an independent valuation.

The increase in the value of **current assets** since 2011 was mainly accounted for by the increase in treasury bills from RON 195.9 million as at 31 December 2011 to RON 454.7 million as at 31 December 2012. This increase was principally due to the cash inflows from dividend receivables (RON 625.4 million) and from the disposal of the entire holding in Azomures and part of the holdings in Raiffeisen Bank and Erste Group Bank AG (RON 207.7 million), net of the cash outflows from the payment of dividends and related taxes (RON 510.5 million).

The decrease in **payables** by RON 21.1 million was mainly accounted for by the payment of the 2011 dividend and related taxes and by the decrease of the liability to FTIML for the investment management and administration fees following the switch from annual to quarterly payments of these fees, since 1 January 2012.

### Income Statement

	2011	2012
	Audited	Audited
	RON million	RON million
<b>Revenues from current activity, out of which:</b>	<b>617.9</b>	<b>871.8</b>
Revenues from financial assets	519.1	619.0
Interest income	41.1	34.9
Reversal of impairment adjustments & provisions	30.5	5.7
Revenues from disposal of financial assets	13.4	208.1
Revenues from foreign exchange differences	1.6	0.1
Other income from current activity	12.2	4.0
<b>Expenses from current activity, out of which:</b>	<b>72.3</b>	<b>304.8</b>
Expenses from disposal of financial assets	4.6	195.1
Expenses from foreign exchange differences	0.9	0.3
Depreciation, provisions, losses from receivables and sundry debtors	11.7	49.7
Commissions and fees	17.2	16.2
Other expenses from current activity *	37.9	43.5
<b>Gross profit</b>	<b>545.6</b>	<b>567.0</b>
Income tax expense	1.8	-
<b>Net profit</b>	<b>543.8</b>	<b>567.0</b>

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

**Revenues from financial assets** represent dividend income earned from the Fund's portfolio companies. This income increased in 2012 compared to 2011, due to a higher level of dividend distributions from portfolio companies (mainly OMV Petrom RON 353.1 million, Romgaz RON 140.6 million and Transgaz RON 52.5 million).

During 2012, the company recognised the 2005 dividends due by two companies which are currently part of Enel Group (Enel Distributie Muntenia SA and Enel Energie Muntenia SA). The litigation against these companies for the recovery of these dividends (worth RON 0.8 million) and of related penalties for late payment was irrevocably found in favour of the Fund in September.

**Interest income** arose from deposits held with banks and from treasury bills. The lower level of income during the 2012 compared to 2011 is mainly a reflection of the lower average level of deposits and treasury bills during the first half of 2012.

**Reversal of impairment adjustments & provisions** during 2012 was mostly accounted for by the reversal of impairment adjustments for receivables of RON 5.2 million, related to share capital unpaid by the Romanian State. During 2012, the Fund received 521,107 shares in Hidroelectrica (following its share capital increase with the value of land for which Hidroelectrica obtained title) whose nominal value (RON 10 per share) was set off against the receivable related to the unpaid share capital.

During 2011 the reversal of impairment adjustments & provisions was mostly accounted for by the reversal of impairment adjustments for the 2005 dividend receivables from Transgaz, of RON 9.6 million, and Romgaz, of RON 18.7 million. The litigations against Transgaz and Romgaz for the recovery of these dividends and the related penalties for late payment were irrevocably found in the Fund's favour in 2011.

**Revenues from disposal of financial assets** (RON 208.1 million in 2012 and RON 13.4 million in 2011) represent the proceeds from the sales of portfolio holdings, while the **expenses from disposal of financial assets** (RON 195.1 million in 2012 and RON 4.6 million 2011) represent the cost or carrying value that these investments were held at prior to disposal. The pre-tax net gain in the 2012 was approximately RON 13.0 million, while in 2011 it was RON 8.8 million.

During 2012 **the other income from current activity** included penalties levied by the Fund for late payment of dividends related to the 2010 Hidroelectrica dividend, still partially outstanding, and penalties levied by the Fund for late payment of the 2005 dividends due by the above companies which are currently part of Enel Group (Enel Distributie Muntenia SA and Enel Energie Muntenia SA).

In 2012 the expenses for **depreciation, provisions, losses from receivables and sundry debtors** include the impairment adjustment related to the outstanding Hidroelectrica 2010 dividend and related penalties levied by the Fund for late payment of dividends, for RON 47.1 million in total. The impairment adjustment was recorded during June 2012 when the Bucharest Court admitted the request filed by Hidroelectrica SA for its insolvency.

**Commissions and fees** mainly include CNVM's 0.1% per annum fee, calculated on the basis of the Fund's NAV, amounting to RON 14.1 million in 2012 (2011: RON 15.6 million) and the Depository banks' fees of RON 1.7 million (2011: RON 1.6 million). During 2012, commissions and fees included also the brokerage fees related to the disposal of equity investments, of RON 0.4 million.

**Other expenses from current activity** can be analysed as follows:

	2011 Audited RON million	2012 Audited RON million
FTIML investment management and administration fees	32.1	34.3
Salaries and similar expenses	0.8	0.7
Stamp duties for litigations	0.1	0.1
Other expenses	4.9	8.4
<b>Other expenses from current activity</b>	<b>37.9</b>	<b>43.5</b>

During 2012, other expenses from current activity increased by RON 5.6 million compared to 2011. This was mainly due to the RON 3.5 million increase in **other expenses** which mainly includes litigation assistance and other legal expenses, investor relations expenses and audit fees.

### Analysis of 2012 Income Statement by Quarters

Although this report covers the year ended 31 December 2012, given that the Fund reports on a quarterly basis, the following split has been prepared to also illustrate the actual results per quarter in 2012.

	Quarter 1 2012	Quarter 2 2012	Quarter 3 2012	Quarter 4 2012	Year end 31 December 2012 Audited
	RON million	RON million	RON million	RON million	RON million
<b>Revenues from current activity, out of which:</b>	<b>13.4</b>	<b>834.4</b>	<b>13.5</b>	<b>10.5</b>	<b>871.8</b>
Revenues from financial assets	-	618.1	0.9	-	619.0
Interest income	7.0	7.0	10.5	10.4	34.9
Reversal of impairment adjustments & provisions	5.0	0.5	0.1	0.1	5.7
Revenues from disposal of financial assets	0.1	207.7	0.3	-	208.1
Revenues from foreign exchange differences	-	0.1	-	-	0.1
Other income from current activity	1.3	1.0	1.7	-	4.0
<b>Expenses from current activity, out of which:</b>	<b>14.9</b>	<b>258.6</b>	<b>12.8</b>	<b>18.5</b>	<b>304.8</b>
Expenses from disposal of financial assets	0.1	194.7	0.2	0.1	195.1
Expenses from foreign exchange differences	-	0.3	-	-	0.3
Depreciation, provisions, losses from receivables and sundry debtors	-	47.7	-	2.0	49.7
Commissions and fees	4.4	4.7	3.3	3.8	16.2
Other expenses from current activity *	10.4	11.2	9.3	12.6	43.5
<b>Gross profit / (Loss)</b>	<b>(1.5)</b>	<b>575.8</b>	<b>0.7</b>	<b>(8.0)</b>	<b>567.0</b>
Income tax expense	-	0.4	-	(0.4)	-
<b>Net profit / (Loss)</b>	<b>(1.5)</b>	<b>575.4</b>	<b>0.7</b>	<b>(7.6)</b>	<b>567.0</b>

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

### Signatures:

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

Grzegorz Maciej Konieczny  
Legal Representative

Prepared by  
Mihaela Moleavin  
Financial Reporting Manager



## Annex 1

**S.C. FONDUL PROPRIETATEA S.A.**  
**BALANCE SHEET AND INCOME STATEMENT**  
**AS AT 31 DECEMBER 2012**

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 National Securities Commission, approved by Order of the President of CNVM no. 13/2011 and with CNVM Instructions no. 1/2013 regarding the preparation and submission of annual financial statements (“Romanian Accounting Regulations”)

**(This is a translation from the official Romanian version)**

**S.C. FONDUL PROPRIETATEA S.A.**  
**BALANCE SHEET**  
**AS OF 31 DECEMBER 2012**  
**FORM CODE 10**

(all amounts are expressed in RON)

The format of the Financial Statements as at 31 December 2012 for the entities authorised, regulated and monitored by the National Securities Commission (CNVM), for the closed-end funds (AOPC) set up under articles of association

Type of financial statement: SI

County: Bucharest

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

Address: Bucharest, District 1,

78-80, Buzesti 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 B	Balance	
		1 January 2012 1	31 December 2012 2
<b>A. NON-CURRENT ASSETS</b>			
<b>I. INTANGIBLE ASSETS</b>			
5. Advances and intangible assets in progress (acc. 233+234-2933)	05	-	323,413
<b>TOTAL: (rows 01 to 05)</b>	<b>06</b>	<b>-</b>	<b>323,413</b>
<b>III. FINANCIAL ASSETS</b>			
1. Shares held in subsidiaries (acc. 261 - 2961)	12	59,670,661	65,404,757
3. Investments in associates (acc. 263 - 2963)	14	3,303,427,753	4,876,542,832
5. Other investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964)	16	7,264,779,666	6,155,793,871
<b>TOTAL: (rows 12 to 17)</b>	<b>18</b>	<b>10,627,878,080</b>	<b>11,097,741,460</b>
<b>NON-CURRENT ASSETS - TOTAL</b> (rows 06 + 11 + 18)	<b>19</b>	<b>10,627,878,080</b>	<b>11,098,064,873</b>
<b>B. CURRENT ASSETS</b>			
<b>II. RECEIVABLES</b>			
1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 - 491)	24	1,476	394
4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	27	55,884,511	3,919,151
<b>TOTAL: (rows 24 to 28)</b>	<b>29</b>	<b>55,885,987</b>	<b>3,919,545</b>
<b>III. SHORT TERM INVESTMENTS</b>			
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	195,919,673	454,732,856
<b>TOTAL: (rows 30 to 31)</b>	<b>32</b>	<b>195,919,673</b>	<b>454,732,856</b>
<b>IV. CASH AND BANK ACCOUNTS</b>			
(acc. 5112 + 5121 + 5122 + 5123 + 5124 + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542)	33	297,393,152	317,885,969
<b>CURRENT ASSETS - TOTAL</b> (rows 23 + 29 + 32 + 33)	<b>34</b>	<b>549,198,812</b>	<b>776,538,370</b>

This is a translation from the official Romanian version.

A	B	Balance	
		1 January 2012	31 December 2012
		1	2
<b>C. PREPAID EXPENSES</b> (acc. 471)	<b>35</b>	28,412	27,199
<b>D. PAYABLES WITHIN ONE YEAR</b>			
3. Advance from customers (acc. 419)	<b>38</b>	50,000	160,000
4. Trade payables (acc. 401 + 404 + 408)	<b>39</b>	27,540,485	10,135,208
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)	<b>43</b>	14,616,288	10,768,970
<b>TOTAL:</b> (rows 36 to 43)	<b>44</b>	<b>42,206,773</b>	<b>21,064,178</b>
<b>E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES</b> (rows 34 + 35 - 44 - 60.2)	<b>45</b>	<b>507,020,451</b>	<b>755,501,391</b>
<b>F. TOTAL ASSETS LESS CURRENT LIABILITIES</b> (rows 19 + 45)	<b>46</b>	<b>11,134,898,531</b>	<b>11,853,566,264</b>
<b>H. PROVISIONS</b>			
2. Provisions for taxes (acc. 1516)	<b>57</b>	14,138,306	16,798,226
3. Other provisions (acc. 1511+1512+1513+1514+1518)	<b>58</b>	59,523	-
<b>TOTAL PROVISIONS</b> (rows 56 +57 + 58)	<b>59</b>	<b>14,197,829</b>	<b>16,798,226</b>
<b>J. SHARE CAPITAL AND RESERVES</b>			
<b>I. SHARE CAPITAL</b> (rows 62 to 63) out of which:	<b>61</b>	<b>13,778,392,208</b>	<b>13,778,392,208</b>
- subscribed unpaid share capital (acc. 1011)	<b>62</b>	370,823,112	365,612,042
- subscribed paid in capital (acc. 1012)	<b>63</b>	13,407,569,096	13,412,780,166
<b>IV. RESERVES</b> (rows 68-69+70+71+72+73+74)	<b>67</b>	<b>(3,128,333,293)</b>	<b>(2,443,247,819)</b>
1. Legal reserves (acc. 1061)	<b>68</b>	129,803,202	158,151,474
2. Reserves related to impairment adjustments of financial assets (acc.1062 - <i>debit balance</i> )	<b>69</b>	3,378,542,766	2,738,430,054
4. Reserves for financial assets received free of charge (acc.1065)	<b>71</b>	106,715	16,731,205
7. Other reserves (acc.1068)	<b>74</b>	120,299,556	120,299,556
<b>TREASURY SHARES</b> (acc.109 – <i>debit balance</i> )	<b>75</b>	120,268,583	120,268,583
<b>V. RETAINED EARNINGS</b> (acc. 117)			
Credit balance	<b>78</b>	74,364,048	83,251,853
<b>VI. RESULT FOR THE YEAR</b> (acc. 121)			
Credit balance	<b>80</b>	543,825,216	566,988,651
<b>Profit allocation</b> (acc. 129 – <i>debit balance</i> )	<b>82</b>	27,278,894	28,348,272
<b>TOTAL SHAREHOLDERS' EQUITY</b> (rows 61 + 64 + 65 - 66 + 67 -75+76-77+78 -79+80-81-82)	<b>83</b>	<b>11,120,700,702</b>	<b>11,836,768,038</b>

**S.C. FONDUL PROPRIETATEA S.A.**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**  
**FORM CODE 20**  
(all amounts are expressed in RON)

A	Row B	Financial year end	
		31 December 2011 1	31 December 2012 2
<b>A. REVENUES FROM CURRENT ACTIVITY – TOTAL (rows 02 to 11)</b>	<b>01</b>	<b>617,888,992</b>	<b>871,748,228</b>
1. Revenues from financial assets (acc. 761)	02	519,065,354	618,971,283
4. Revenues from disposal of financial assets (acc.758(part)+764)	05	13,375,649	208,134,752
6. Revenues from provisions, receivables previously written off and sundry debtors (acc.754+781+786)	07	30,514,774	5,639,063
7. Revenues from foreign exchange differences (acc.765)	08	1,616,566	130,402
8. Interest income (acc.766)	09	41,129,291	34,922,880
10. Other income from current activity (acc. 705+706+708+741+758(part)+767+768 +7815)	11	12,187,358	3,949,848
<b>B. EXPENSES FROM CURRENT ACTIVITY – TOTAL (rows 13 to 20)</b>	<b>12</b>	<b>72,311,111</b>	<b>304,782,791</b>
12. Expenses from disposal of financial assets (acc. 658(part) +664)	14	4,575,871	195,055,419
13. Expenses from foreign exchange differences (acc. 665)	15	915,724	348,131
14. Interest expense (acc. 666)	16	13	-
15. Commissions and fees (acc.622)	17	17,241,312	16,185,344
16. Expenses for bank services and similar expenses (acc.627)	18	57,490	64,296
17. Depreciation and amortisation, provisions, losses from receivables and sundry debtors (acc.654+681+686)	19	11,705,864	49,747,870
<b>18. Other expenses from current activity (rows 21+22+23+26+27)</b>	<b>20</b>	<b>37,814,837</b>	<b>43,381,731</b>
a. Materials expenses (acc.602+603+604)	21	332	-
<b>c. Salary expenses (rows 24+25), of which:</b>	<b>23</b>	<b>848,729</b>	<b>718,162</b>
c1. Salaries (acc.621+641+642 +644)	24	687,346	576,170
c2. Social security contributions (acc. 645)	25	161,383	141,992
d. Third party expenses (acc.611+612+613+614+623+624+625+626+628+658(part)+667 +668)	26	36,808,396	42,551,910
e. Other taxes, duties and similar expenses (acc. 635)	27	157,380	111,659
<b>C. CURRENT RESULT</b>			
- Profit (row 01 - 12)	28	545,577,881	566,965,437
<b>19. TOTAL REVENUE (rows 01+30)</b>	<b>34</b>	<b>617,888,992</b>	<b>871,748,228</b>
<b>20. TOTAL EXPENSES (rows 12+31)</b>	<b>35</b>	<b>72,311,111</b>	<b>304,782,791</b>
<b>G. GROSS PROFIT:</b>			
- Profit (row 34 - 35)	36	545,577,881	566,965,437
<b>21. INCOME TAX EXPENSE</b>			
- Income tax expense (acc.691)	38	1,752,665	(23,214)
<b>H. RESULT FOR THE YEAR</b>			
- Profit (row 36-38-39)	40	543,825,216	566,988,651

## Annex 2

**S.C. FONDUL PROPRIETATEA S.A.  
STATEMENT OF COMPREHENSIVE INCOME  
AND  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

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

**(This is a translation from the official Romanian version)**

**FONDUL PROPRIETATEA S.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**  
(all amounts are in RON)

A	Financial year end	
	31 December 2012	31 December 2011
	Unaudited	Audited
	1	2
Gross dividend income	623,658,450	522,433,185
Interest income	34,922,880	41,129,291
Reversal of impairment losses on dividends receivable	-	28,323,677
Reversal of impairment losses on disposed equity investments	4,798,715	21,545,871
Reversal of impairment losses / (impairment losses) on receivables in respect of equity contributions	5,211,070	(10,001,304)
Impairment losses on dividends receivable	(46,209,651)	-
Impairment losses on other receivables	(878,300)	-
Impairment losses on equity investments	(772,364,379)	(51,691,805)
Gains on disposal of equity investments	13,079,333	8,799,778
Net foreign exchange gains /(loss)	(217,729)	700,842
Other operating income	3,949,848	12,187,358
<b>Net operating income / (loss)</b>	<b>(134,049,763)</b>	<b>573,426,893</b>
Personnel expenses	(658,639)	(644,081)
Other operating expenses	(58,913,209)	(54,243,301)
<b>Operating expenses</b>	<b>(59,571,848)</b>	<b>(54,887,382)</b>
<b>Profit / (Loss) before income tax</b>	<b>(193,621,611)</b>	<b>518,539,511</b>
Income tax (expense) / benefit	118,659,281	(472,220)
<b>Profit / (Loss) for the period</b>	<b>(74,962,330)</b>	<b>518,067,291</b>
<b>Other comprehensive income</b>		
Net change in fair value of available-for-sale equity investments	1,492,909,826	(846,265,840)
Income tax expenses on other comprehensive income	(238,865,572)	135,402,535
<b>Total other comprehensive income</b>	<b>1,254,044,254</b>	<b>(710,863,305)</b>
<b>Total comprehensive income for the period</b>	<b>1,179,081,924</b>	<b>(192,796,014)</b>
<b>Basic and diluted earnings / (losses) per share</b>	<b>(0.005)</b>	<b>0.038</b>

**FONDUL PROPRIETATEA S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF 31 DECEMBER 2012**  
(all amounts are in RON)

A	Balance	
	31 December 2012	31 December 2011
	Unaudited	Audited
	1	2
<b>Assets</b>		
Cash and current accounts	1,857,628	1,912,808
Deposits with banks	317,309,452	296,356,801
Treasury bills	454,732,857	195,919,673
Dividends receivable	799,994	52,479,298
Equity investments	11,269,744,338	10,731,642,468
Deferred tax assets	363,487,628	479,029,966
Other assets	2,189,053	2,558,644
<b>Total assets</b>	<b>12,410,120,950</b>	<b>11,759,899,658</b>
<b>Liabilities</b>		
Other liabilities	21,064,179	42,266,294
<b>Total liabilities</b>	<b>21,064,179</b>	<b>42,266,294</b>
<b>Equity</b>		
Share capital	13,778,392,208	13,778,392,208
Fair value reserve on available-for-sale financial assets	2,494,319,443	1,240,275,189
Other reserves	278,451,031	250,102,759
Treasury shares	(120,268,583)	(120,268,583)
Accumulated losses	(4,041,837,328)	(3,430,868,209)
<b>Total equity</b>	<b>12,389,056,771</b>	<b>11,717,633,364</b>
<b>Total liabilities and equity</b>	<b>12,410,120,950</b>	<b>11,759,899,658</b>

## Annex 3

DETAILED STATEMENT OF INVESTMENTS AS AT 31 DECEMBER 2012 prepared in accordance with CNVM Regulation no. 4/2010 (Annex no. 4)

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

## 1.1 listed shares traded in the last 30 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	11/Dec/2012	89,249	2.5	30.0000	2,677,470.00	71.89%	0.0178%	0.0179%	Closing price
Alro Slatina SA	ALR	28/Dec/2012	72,884,714	0.5	2.0000	145,769,428.00	10.21%	0.9707%	0.9731%	Closing price
Compet SA	COTE	28/Dec/2012	2,571,461	3.3	36.1500	92,958,315.15	29.70%	0.6190%	0.6206%	Closing price
IOR SA	IORB	28/Dec/2012	2,622,273	0.1	0.4900	1,284,913.77	2.81%	0.0086%	0.0086%	Closing price
Mecanoenergetica SA	MEGU	18/Dec/2012	1,620,975	0.3	0.0844	136,810.29	10.07%	0.0009%	0.0009%	Closing price
Oil Terminal SA	OIL	28/Dec/2012	49,216,526	0.1	0.1600	7,874,644.16	8.45%	0.0524%	0.0526%	Closing price
Romaero SA	RORX	4/Dec/2012	1,311,691	2.5	10.2500	13,444,832.75	20.99%	0.0895%	0.0898%	Closing price
OMV Petrom SA	SNP	28/Dec/2012	11,391,130,186	0.1	0.4281	4,876,542,832.63	20.10%	32.4733%	32.5554%	Closing price
Transelectrica SA	TEL	28/Dec/2012	9,895,212	10	12.6900	125,570,240.28	13.49%	0.8362%	0.8383%	Closing price
Transgaz SA	TGN	28/Dec/2012	1,764,620	10	218.0000	384,687,160.00	14.98%	2.5617%	2.5681%	Closing price
BRD-Groupe Societe Generale SA	BRD	28/Dec/2012	25,387,456	1	8.1100	205,892,268.16	3.64%	1.3711%	1.3745%	Closing price
Banca Transilvania SA	TLV	28/Dec/2012	55,823,515	1	1.2700	70,895,864.05	2.93%	0.4721%	0.4733%	Closing price
<b>Total</b>						<b>5,927,734,779.24</b>		<b>39.4733%</b>	<b>39.5731%</b>	

## 1.2 listed shares but not traded in the last 30 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
Comercial Cluj SA	COCL	6/Aug/2010	256,116	2.5	4.2853	1,097,533.89	11.36%	0.0073%	0.0073%	Shareholders equity/share
Forsev SA	FORS	26/Nov/2009	954,376	2.5	6.6116	6,309,952.36	28.14%	0.0420%	0.0421%	Shareholders equity/share
Mecon SA	MECP	23/Oct/2012	60,054	11.6	1.3000	78,070.20	12.51%	0.0005%	0.0005%	Fair value/share: Last trading price
Palace SA	PACY	19/Oct/2012	5,832,482	0.1	0.3468	2,022,704.76	15.42%	0.0135%	0.0135%	Fair value/share: Last trading price
Primcom SA	PRIB	29/Nov/2012	1,561,981	2.5	14.9900	23,414,095.19	75.48%	0.1559%	0.1563%	Fair value/share: Last trading price
Resib SA	RESI	3/Jun/2004	894,600	0.10	0.0000	0.00	2.87%	0.0000%	0.0000%	Priced at zero (negative equity)
Romplumb SA	ROMR	5/Oct/2001	1,595,520	2.5	0.0000	0.00	33.26%	0.0000%	0.0000%	Priced at zero (company in insolvency)
Severnav SA	SEVE	17/Jul/2012	1,971,566	2.5	0.1780	350,938.75	39.10%	0.0023%	0.0023%	Fair value/share: Last trading price
Telerom Proiect INPPT SA	TEBV	27/Sep/2012	673,862	0.11	0.0795	53,572.03	68.63%	0.0004%	0.0004%	Shareholders equity/share
Transilvania-Com SA	TRVC	15/Aug/2007	77,234	2.5	20.4933	1,582,779.53	39.99%	0.0105%	0.0106%	Shareholders equity/share
Turdapan SA	TUSB	29/Dec/2010	155,855	2.5	0.6770	105,513.84	44.06%	0.0007%	0.0007%	Shareholders equity/share
<b>Total</b>						<b>35,015,160.55</b>		<b>0.2332%</b>	<b>0.2337%</b>	

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

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value *	Share value	Total value in Euro	Total value in LEI	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
ERSTE GROUP BANK AG	EBS	28/Dec/2012	397,020	EUR 32.8130	EUR 24.0250	9,538,405.50	42,242,729.49	0.10%	0.2813%	0.2820%	Closing price
RAIFFEISEN BANK INTERNATIONAL AG	RBI	28/Dec/2012	853,564	EUR 52.5680	EUR 31.4550	26,848,855.62	118,905,476.95	0.43%	0.7918%	0.7938%	Closing price
<b>Total</b>						<b>36,387,261.12</b>	<b>161,148,206.44</b>		<b>1.0731%</b>	<b>1.0758%</b>	

\* = shareholders equity / share as at 31 December 2012



**S.C. FONDUL PROPRIETATEA S.A.**

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

Issuer	No. of shares held	Date of acquisition *	Acquisition price (total price of acquisition of shares)	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Company status	Evaluation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	19/Jul/2005	1,490,898	214.1274	4,958,976.46	20.00%	0.0330%	0.0331%	Unlisted companies, in function	Shareholders equity/share
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	198.5121	6,355,563.39	20.00%	0.0423%	0.0424%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Carom - Broker Asigurare SA	17,500	19/Jul/2005	1,161,986	60.6045	1,060,578.75	70.00%	0.0071%	0.0071%	Unlisted companies, in function	Shareholders equity/share
Celuloza si Otel SA (former Remat Timis)	3,814	19/Jul/2005	230,675	270.4939	1,031,663.73	8.62%	0.0069%	0.0069%	Unlisted companies, in function	Shareholders equity/share
Cetatea SA	354,468	19/Jul/2005	118,840	1.1474	406,716.58	20.43%	0.0027%	0.0027%	Unlisted companies, in function	Shareholders equity/share
Ciocarla SA	5,298	19/Jul/2005	37,125	72.8696	386,063.14	1.68%	0.0026%	0.0026%	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	127.4849	3,512,718.93	20.00%	0.0234%	0.0235%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	76.5186	15,545,518.78	20.00%	0.1035%	0.1038%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Maritime SA	21,237	19/Jul/2005	1,351,671	0.0000	0.00	20.00%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
CN Administratia Porturilor Maritime SA	2,651,113	19/Jul/2005	65,441,294	25.4353	67,431,854.49	19.99%	0.4490%	0.4502%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Aeroporturi Bucuresti SA **	2,875,443	5/Feb/2010	131,168,263	94.5941	271,999,942.69	20.00%	1.8113%	1.8159%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Commetex SA	67,533	19/Jul/2005	193,500	3.2000	216,105.60	15.99%	0.0014%	0.0014%	Unlisted companies, in function	Fair value / share (Selling price)
Complexul Energetic Oltenia SA****	27,361,036	31/May/2012	670,084,812	32.1625	879,999,320.35	21.53%	5.8600%	5.8748%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Comsig SA	75,655	19/Jul/2005	132,633	23.0794	1,746,072.01	69.94%	0.0116%	0.0117%	Unlisted companies, in function	Shareholders equity/share
E.ON Gaz Distributie SA	13,158,040	19/Jul/2005	37,470,244	10.8906	143,298,950.42	11.99%	0.9542%	0.9567%	Unlisted companies, in function	Shareholders equity/share
E.ON Energie Romania SA	9,903,524	19/Jul/2005	45,765,358	6.9106	68,439,292.95	13.39%	0.4557%	0.4569%	Unlisted companies, in function	Shareholders equity/share
E.ON Moldova Distributie SA	10,994,457	19/Jul/2005	131,073,011	29.4694	323,999,941.17	22.00%	2.1575%	2.1630%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Distributie Muntenia Nord SA	7,796,022	19/Jul/2005	165,221,141	35.2638	274,917,360.60	21.99%	1.8307%	1.8353%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Electrica Distributie Transilvania Nord SA	8,167,813	19/Jul/2005	113,299,904	23.1392	188,996,658.57	22.00%	1.2585%	1.2617%	Unlisted companies, in function	Shareholders equity/share
Electrica Distributie Transilvania Sud SA	9,327,282	19/Jul/2005	125,918,629	21.7228	202,614,681.43	21.99%	1.3492%	1.3526%	Unlisted companies, in function	Shareholders equity/share
Electroconstructia Elco Cluj SA	322,530	19/Jul/2005	319,656	1.6750	540,237.75	7.61%	0.0036%	0.0036%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	48.3105	445,453,921.96	24.12%	2.9663%	2.9738%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	44.6374	301,442,031.15	24.09%	2.0073%	2.0124%	Unlisted companies, in function	Shareholders equity/share
Enel Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	105.6497	344,037,260.48	12.00%	2.2910%	2.2968%	Unlisted companies, in function	Shareholders equity/share
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	83.7404	37,185,259.58	12.00%	0.2476%	0.2482%	Unlisted companies, in function	Shareholders equity/share
ENEL Energie SA	1,680,000	19/Jul/2005	26,124,808	8.6566	14,543,088.00	12.00%	0.0968%	0.0971%	Unlisted companies, in function	Shareholders equity/share
GDF Suez Energy Romania (former Distrigaz Sud)	2,381,863	19/Jul/2005	62,522,462	142.5925	339,635,799.83	12.00%	2.2617%	2.2674%	Unlisted companies, in function	Shareholders equity/share
Nuclearelectrica SA	24,676,222	19/Jul/2005	967,926,936	26.2601	647,999,810.58	9.72%	4.3151%	4.3260%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Plafar SA	132,784	28/Jun/2007	3,160,329	39.2487	5,211,599.38	48.99%	0.0347%	0.0348%	Unlisted companies, in function	Shareholders equity/share
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	5.4345	80,821,595.97	25.00%	0.5382%	0.5396%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Romgaz SA	5,742,854	19/Jul/2005	416,301,444	225.7258	1,296,310,313.43	14.99%	8.6322%	8.6541%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Salubriserv SA	43,263	19/Jul/2005	207,601	252.3518	10,917,495.92	17.48%	0.0727%	0.0729%	Unlisted companies, in function	Shareholders equity/share
Societatea Nationala a Sarii SA	2,005,884	28/Jun/2007	76,347,715	48.8339	97,955,138.67	48.99%	0.6523%	0.6539%	Unlisted companies, in function	Shareholders equity/share
World Trade Hotel SA	17,912	19/Jul/2005	17,912	0.8753	15,678.37	19.90%	0.0001%	0.0001%	Unlisted companies, in function	Shareholders equity/share
Zirom SA	3,624,346	28/Jun/2007	36,030,702	10.0131	36,290,938.93	100.00%	0.2417%	0.2423%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Furnizare SA ***	1,366,412	22/Jul/2011	17,819,672	0.0000	0.00	22.00%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
BAT Service SA	194,022	19/Jul/2005	656,686	0.0000	0.00	33.00%	0.0000%	0.0000%	Dissolution	Priced at zero
Carbid Fox SA	10,191,630	19/Jul/2005	927,357	0.0000	0.00	7.96%	0.0000%	0.0000%	Bankruptcy	Priced at zero
FECNE SA	778,442	19/Jul/2005	0	0.0000	0.00	12.12%	0.0000%	0.0000%	bankruptcy	Priced at zero
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.76%	0.0000%	0.0000%	Dissolution	Priced at zero
Hydroelectrica SA	89,261,778	19/Jul/2005	3,106,503,426	22.4172	2,000,999,129.78	19.94%	13.3248%	13.3585%	Insolvency	Fair value / share (Value as per independent valuator's report)
Petrotel - Lukoil SA	2,152,291	19/Jul/2005	2,787,316	0.0000	0.00	1.78%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (negative equity)
Simtex SA	132,859	28/Jun/2007	3,059,858	0.0000	0.00	30.00%	0.0000%	0.0000%	Bankruptcy	Priced at zero
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	0.0000	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
<b>Total</b>			<b>6,680,894,320</b>		<b>8,116,277,279.82</b>		<b>54.0470%</b>	<b>54.1836%</b>		

**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 Turcenti S.A., S.C. Complexul Energetic Craiova S.A., S.C. Complexul Energetic Rovinari S.A., Societatea Nationala a Lignitului Oltenia S.A.

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

## 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
RO1213CTN010	2,600	5/Sep/2012	7/May/2013	24,983,984.63	4,164.00	491,351.70	25,475,336.33	0.1696%	0.1701%	Citi Bank	Acquisition price cumulated with the related interest since the acquisition date
RO1213CTN010	5,207	5/Sep/2012	7/May/2013	49,997,822.28	8,492.53	1,002,118.73	50,999,941.01	0.3396%	0.3405%	ING Bank	
RO1213CTN0K6	2,819	12/Sep/2012	14/May/2013	27,090,871.90	4,504.62	500,013.19	27,590,885.09	0.1837%	0.1842%	ING Bank	
RO1213CTN023	1,950	27/Sep/2012	16/Jan/2013	19,171,920.50	2,955.67	283,744.43	19,455,664.93	0.1296%	0.1299%	ING Bank	
RO1213CTN0G4	2,603	16/Aug/2012	24/Apr/2013	24,999,680.54	4,104.86	566,470.46	25,566,151.00	0.1702%	0.1707%	ING Bank	
RO1213CTN015	2,500	12/Jul/2012	9/Jan/2013	24,345,149.25	3,617.96	625,907.07	24,971,056.32	0.1663%	0.1667%	Banca Comerciala Romana	
RO1213CTN023	2,500	27/Jul/2012	16/Jan/2013	24,379,078.50	3,589.14	567,084.38	24,946,162.88	0.1661%	0.1665%	Raiffeisen Bank	
RO1213CTN023	2,200	22/Aug/2012	16/Jan/2013	21,495,308.12	3,433.28	453,192.71	21,948,500.83	0.1462%	0.1465%	Raiffeisen Bank	
RO1213CTN023	271	3/Oct/2012	16/Jan/2013	2,666,830.68	411.14	37,002.27	2,703,832.95	0.0180%	0.0181%	Raiffeisen Bank	
RO1213CTN023	529	3/Oct/2012	16/Jan/2013	5,205,732.20	802.55	72,229.54	5,277,961.74	0.0351%	0.0352%	Raiffeisen Bank	
RO1213CTN056	2,581	12/Jul/2012	13/Feb/2013	25,001,450.13	3,743.29	647,588.55	25,649,038.68	0.1708%	0.1712%	Raiffeisen Bank	
RO1213CTN080	2,050	17/Oct/2012	20/Mar/2013	20,003,695.00	3,222.76	244,929.74	20,248,624.74	0.1348%	0.1352%	Raiffeisen Bank	
RO1213CTN0M2	2,059	3/Oct/2012	3/Apr/2013	19,992,169.35	3,284.78	295,630.54	20,287,799.89	0.1351%	0.1354%	ING Bank	
RO1213CTN0P5	4,245	7/Nov/2012	6/Nov/2013	39,991,975.20	6,752.82	371,404.85	40,363,380.05	0.2688%	0.2695%	ING Bank	
RO1213CTN023	3,250	16/Nov/2012	16/Jan/2013	32,194,509.75	5,008.04	230,369.70	32,424,879.45	0.2159%	0.2165%	ING Bank	
RO1213CTN049	2,000	12/Nov/2012	6/Feb/2013	19,731,325.20	3,124.13	156,206.28	19,887,531.48	0.1324%	0.1328%	RBS Bank	
RO1213CTN049	4,833	27/Dec/2012	6/Feb/2013	48,001,986.22	8,000.34	40,001.68	48,041,987.90	0.3199%	0.3207%	BRD Groupe Societe Generale	
RO1213CTN0R1	2,000	5/Dec/2012	4/Dec/2013	18,805,520.00	3,281.54	88,601.54	18,894,121.54	0.1258%	0.1261%	RBS Bank	
<b>Total</b>							<b>454,732,856.81</b>	<b>3.0281%</b>	<b>3.0358%</b>		

## 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
Banca Comerciala Romana	12/Dec/2012	8/Jan/2013	RON 40,900,000.00	RON 5,907.78	RON 118,155.56	RON 41,018,155.56	0.2731%	0.2738%	Term deposit value cumulated with the related interest
Banca Comerciala Romana	7/Dec/2012	14/Jan/2013	RON 5,000,000.00	RON 750.00	RON 18,750.00	RON 5,018,750.00	0.0334%	0.0335%	
Banca Comerciala Romana	10/Dec/2012	14/Jan/2013	RON 25,000,000.00	RON 3,715.28	RON 81,736.11	RON 25,081,736.11	0.1670%	0.1674%	
ING Bank	17/Oct/2012	8/Jan/2013	RON 12,000,000.00	RON 1,500.00	RON 114,000.00	RON 12,114,000.00	0.0807%	0.0809%	
Raiffeisen Bank	21/Dec/2012	1/Feb/2013	RON 26,700,000.00	RON 9,431.53	RON 44,462.92	RON 26,744,462.92	0.1781%	0.1785%	
Raiffeisen Bank	16/Oct/2012	3/Jan/2013	RON 25,000,000.00	RON 3,645.83	RON 280,729.17	RON 25,280,729.17	0.1683%	0.1688%	
Citi Bank	27/Nov/2012	3/Jan/2013	RON 15,000,000.00	RON 2,000.00	RON 70,000.00	RON 15,070,000.00	0.1004%	0.1006%	
Citi Bank	29/Nov/2012	8/Jan/2013	RON 23,600,000.00	RON 3,179.44	RON 104,921.67	RON 23,704,921.67	0.1579%	0.1583%	
Citi Bank	21/Dec/2012	25/Jan/2013	RON 50,000,000.00	RON 7,291.67	RON 80,208.33	RON 50,080,208.33	0.3335%	0.3343%	
RBS Bank	27/Nov/2012	3/Jan/2013	RON 15,000,000.00	RON 2,000.00	RON 70,000.00	RON 15,070,000.00	0.1004%	0.1006%	
RBS Bank	5/Dec/2012	7/Jan/2013	RON 25,000,000.00	RON 3,263.89	RON 88,125.00	RON 25,088,125.00	0.1671%	0.1675%	
Unicredit Tiriac Bank	16/Oct/2012	3/Jan/2013	RON 15,000,000.00	RON 2,083.33	RON 160,416.67	RON 15,160,416.67	0.1010%	0.1012%	
Unicredit Tiriac Bank	21/Dec/2012	18/Jan/2013	RON 25,000,000.00	RON 4,375.00	RON 48,125.00	RON 25,048,125.00	0.1668%	0.1672%	
ING Bank	31/Dec/2012	3/Jan/2013	RON 5,131,112.42	RON 185.29	RON 185.29	RON 5,131,297.71	0.0342%	0.0343%	
ING Bank	31/Dec/2012	3/Jan/2013	EUR 567.25	EUR -	EUR -	RON 2,512.18	0.0000%	0.0000%	
BRD Groupe Societe Generale	31/Dec/2012	3/Jan/2013	RON 7,694,718.08	RON 1,293.14	RON 1,293.14	RON 7,696,011.22	0.0512%	0.0514%	
<b>Total</b>						<b>317,309,451.54</b>	<b>2.1130%</b>	<b>2.1183%</b>	

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