

QUARTERLY REPORT

for the Quarter ended
30 September 2013

Prepared in accordance with CNVM
Regulation no 1/2006

(This is a translation from the official
Romanian version)

FONDUL
PROPRIETATEA



S.C. Fondul Proprietatea S.A.



FRANKLIN TEMPLETON
INVESTMENTS

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Company Information

The Company

- S.C. Fondul Proprietatea S.A. (“the Fund” or “Fondul Proprietatea”) was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company.
- The Fund is registered with the Bucharest Trade Registry, under the number J40/21901/2005 and has the sole registration code 18253260.
- The Fund’s Investment Objective is long-term capital appreciation via investment primarily in Romanian equities with strict adherence to the principles of value investing.
- The Sole Administrator of the Fund is Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML” or “Fund Manager”), effective since 29 September 2010.
- Since 25 January 2011 the Fund’s shares have been listed on the Bucharest Stock Exchange.

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

NAV and Share Price Developments	Q3 2013	Q3 2012	H1 2013
Total Shareholders’ Equity (RON million)	11,488.2	12,377.8	11,613.1
Total NAV (RON million)	14,920.1	12,710.7	14,998.5
NAV per Share (RON)	1.1610	0.9476	1.1514
NAV per Share change in the period (%)*	+0.8%	+1.7%	+1.3%
NAV per Share Total Return *	+0.8%	+1.7%	+4.9%
Share Price as at the end of the period (RON)	0.7600	0.5280	0.6195
Share Price Low (RON) ¹	0.6065	0.4590	0.5705
Share Price High (RON) ¹	0.7625	0.5400	0.6700
Share Price change in the period (%)*	+22.7%	+15.7%	+12.7%
Share Price Total Return*	+22.7%	+15.7%	+19.9%
Discount to NAV as at the end of the period	34.5%	44.3%	46.2%
Average Discount for the period	41.9%	46.7%	45.6%
Total Shares Turnover (RON million)	991.9	942.7	1,833.2
Average Daily Turnover (RON million)	15.3	14.7	14.8

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

*Compared to the end of the previous period

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

¹ Closing prices. Source: BVB

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

Shareholder Structure² (as at 30 September 2013)

Shareholder Categories	% of subscribed share capital	% of paid-up share capital	% of voting rights
Foreign institutional shareholders	57.07%	58.62%	61.19%
Romanian private individuals	22.06%	22.66%	23.65%
Romanian institutional shareholders	8.33%	8.56%	8.94%
Foreign private individuals	5.79%	5.95%	6.20%
Ministry of Public Finance ³	0.02%	0.02%	0.02%
Treasury shares ⁴	4.08%	4.19%	-
Unpaid shares ⁵	2.65%	-	-

There were 7,969 shareholders on 30 September 2013.

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² Source: Central Depository

³ The percentage represents the paid shares; the percentage of subscribed share capital of Ministry of Public Finance is 2.67%, including the Unpaid shares

⁴ 240,304,801 shares acquired by the Fund through the first buyback program and 322,030,700 treasury shares acquired through the second buyback program.

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

Overview

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager of Fondul Proprietatea presents the results of the Fund for the quarter ended 30 September 2013, with an unaudited net profit of RON 20.6 million (for the quarter ended 30 September 2012: net profit RON 0.7 million). Total shareholders' equity was RON 11,488.2 million as at 30 September 2013 (30 June 2013: RON 11,613.1 million). For the nine-month period ended 30 September 2013 the net profit was RON 535.2 million (for the nine-month period ended 30 September 2012 there was a net profit of RON 574.6 million).

The Fund reported a Net Asset Value ("NAV") of RON 14,920.1 million as at 30 September 2013 and a Net Asset Value per Share ("NAV/share") of RON 1.1610 (a NAV per Share total return of 0.8% compared to 30 June 2013). The NAV is prepared in accordance with local rules issued by the capital market regulator.

In the quarter ended 30 September 2013, the Bucharest Stock Exchange outperformed most of the largest markets in Central Europe in both local currency and EUR terms, as shown in the table below:

% change in Q3 2013	in local currency	in EUR
ATX (Austria)	13.7%	13.7%
BET-XT (Romania)	12.5%	12.6%
PX (Czech Republic)	9.0%	10.3%
WIG20 (Poland)	6.5%	9.3%
BUX (Hungary)	-1.9%	-2.7%

The discount of the share price to NAV was 34.5% as at 30 September 2013. In the third quarter of 2013, the discount ranged between 34.5% and 47.2%.

The following table gives a summary of the financial position of the Fund for the quarter ended 30 September 2013 ("Q3 2013"), for the quarter ended 30 September 2012 ("Q3 2012") and for half-year ended 30 June 2013 ("H1 2013"):

	Note	Q3 2013	Q3 2012	H1 2013	Change %	
					Q3 2013 vs. Q3 2012	Q3 2013 vs. H1 2013
Total Shareholders' Equity (RON million)	a	11,488.2	12,377.8	11,613.1	-7.2%	-1.1%
Net Asset Value (RON million)	b, d	14,920.1	12,710.7	14,998.5	17.4%	-0.5%
NAV per Share (RON)	b, d	1.1610	0.9476	1.1514	22.5%	0.8%
NAV per Share Total Return	c	+0.8%	+1.7%	+4.9%		
Share Price as at the end of the period (RON)		0.7600	0.5280	0.6195	43.9%	22.7%
Share Price Total Return	c	+22.7%	+15.7%	+19.9%		
Gross Dividends Declared (RON per share)		-	-	0.04089		
Share Price Discount to Net Asset Value as at the end of the period		34.5%	44.3%	46.2%		

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

Notes:

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

The NAV (calculated according to local rules issued by the capital market regulator) is higher than the value of Shareholders' equity (calculated according to Romanian Accounting Regulations), principally due to the different valuation methodologies applied to financial assets, as illustrated in the following table:

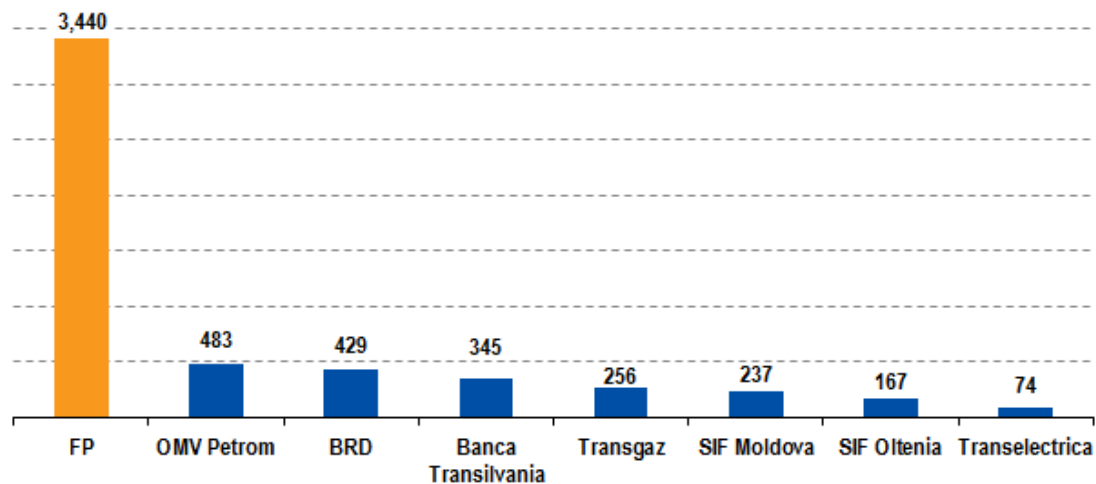
	Local Capital Market Regulations*	Romanian Accounting Regulations
Listed securities	Valued at closing market prices	Valued at cost less adjustments for impairment
Unlisted or illiquid listed securities	Valued as per latest issued annual financial statements (proportionally with the stake held) or using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

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

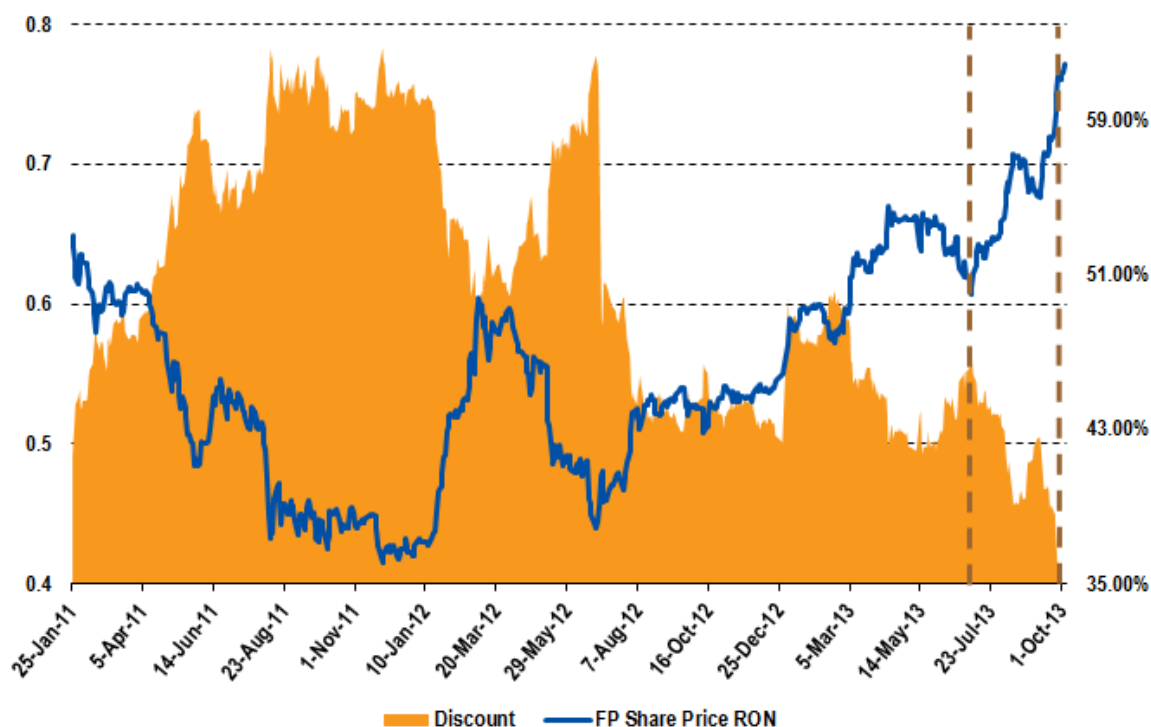
Significant Events

BVB Trading

Average Daily Turnover for the quarter ended 30 September 2013 (EUR thousands)



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



Source: BVB

Investor Relations Update

In the third quarter of 2013, the Fund Manager continued its efforts to raise the Fund's profile and visibility among a significantly broader institutional investor base and to update the current shareholders on the latest developments of the Fund and its underlying holdings. During this period, we organized road-shows in the U.S. (Chicago, Boston, and New York City), Canada (Toronto), U.K. (London), and Croatia (Zagreb). In addition, we presented the Fund's equity story in individual meetings with investment analysts and portfolio managers at the IPO Summit and UniCredit 10th Annual Emerging Europe Investment Conferences in Warsaw, and the Citi Frontier Symposium in London.

On 14 August, we held the Semi-Annual results conference call with investors and analysts to discuss the Fund's 2013 Half Year results. Overall, in the first nine months of 2013, the Fund Manager held 182 individual and group meetings and 68 conference calls with institutional investors.

Also, as part of our ongoing efforts to ensure a broader understanding of the Fund and the underlying holdings, we organised the third Annual Romanian Institutional Investor Day, with record participation from 18 local pension and mutual funds, insurance companies and SIFs. The participants had the opportunity to meet the investment team and receive updates on the latest developments regarding the Fund and its underlying companies. During the same event, we organized individual and group meetings between the institutional investors and the Fund Manager.

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

Secondary Listing Update

As mentioned in our previous reports, the Fund's shareholders approved the extension of the deadline to complete the secondary listing on the Warsaw Stock Exchange ("WSE") until 31 December 2013. Due to the extended delays from the CNVM and the Financial Supervisory Authority ("FSA") in publishing the necessary amendments to the regulations to allow the establishment of a direct link between the Romanian and the Polish central depositories, it is very likely that the current regulatory environment will not allow the Fund Manager to complete the secondary listing on the Warsaw Stock Exchange by 31 December 2013. As there is also no visibility if and when the required changes may be approved by the FSA, the Fund Manager will not request from shareholders a further extension of the authorisation for the secondary listing of the Fund on the WSE. The mandate will therefore expire on 31 December 2013.

Nevertheless, it is important to note that the feedback from institutional investors that the Fund Manager has met during the road-shows remains very supportive of the secondary listing of the Fund, and the Fund Manager will engage in a dialogue with shareholders, prospective investors, and investment banks, and following these consultations, will soon recommend the most value-enhancing option for the Fund's shareholders, including potentially a different structure and venue for the Fund's secondary listing. In the meantime, the Fund Manager will continue to engage in a constructive dialogue with the FSA in order to ensure progress in the publication of the regulations necessary to allow the secondary listing of the Fund.

Share Cancellation and Buyback 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 Buyback programme.

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

As you are aware, in an effort to return value to shareholders, on 12 April 2013 the Fund Manager started the execution of the second buy-back program to repurchase 1.1 billion shares, or 7.9% of the Fund's share capital. Since the start of the buy-back program up until 20 September 2013, the Fund has repurchased 322.0 million shares, or approximately 29% of the total buy-back program, representing 23.8% of the volume traded on the regular market during the period.

As indicated in the 2013 Semi-Annual Report, the Fund Manager has been exploring options to accelerate the buy-back program, and on 25 September it submitted for approval to the FSA the application for a buy-back tender offer for up to 600 million shares.

The tender offer was approved by the FSA on 10 October 2013. Banca Comerciala Romana SA and Wood & Company Financial Services a.s. have been contracted to assist the Fund Manager during the process. The daily execution of the buy-back program on the regular market has been suspended since 23 September; any restart after the closing of the offer will be announced in due course.

This offer has been opened to all shareholders who wanted to participate. The subscription period ends on 14 November 2013. Full details of the Tender Offer can be found on the Fund's website, in the <<Investor Relations / Tender Offer>> section.

2012 Dividend Distribution Update

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

By 30 September 2013, shareholders had collected over 97.7% of the total dividend distribution of RON 536.4 million.

General Meeting of Shareholders

On 26 September 2013 the Fund Manager announced a General Meeting of Shareholders for 22 November 2013, including the following main items on the agenda:

- The approval of some changes of the Constitutive Act and IMA as requested by FSA;
- The approval of share capital decrease for capital return to shareholders (RON 0.05 / share) with 10 December 2013 as ex-date;
- The statement of the Board of Nominees regarding the Discount Policy of the Fund;
- The approval of the new Investment Policy Statement;
- The approval of the third buy-back programme;
- Update regarding the secondary listing;
- The ratification and approval of all previous EGM and OGM decisions;
- The approval of 2014 Fund's budget;
- The appointment of the financial auditor;
- The approval in principle of a plan regarding the management of the Fund beginning with 30 September 2014 – the Fund Manager proposed two alternative scenarios: the extension of the Fund Manager agreement with 4 years or a selection.

Subsequent Events

New points added on the agenda of 22 November 2013 General Meeting of Shareholders

On 16 October 2013 one significant shareholder of the Fund, part of Elliott Associates group asked the Fund Manager to add three new points on the agenda, as follows:

- The change of the ex-date for the return of capital from 10 December 2013 to 31 January 2014;
- The change of the duration of the Fund Manager's mandate ruled by the Constitutive Act from 4 years to 2 years;

- The extension of the Fund Manager's mandate for 2 years, under two conditions that can lead to early termination of the mandate: (i) discount lower than 15% in at least two thirds of the trading days between 1 October 2014 and 30 June 2015, and (ii) the adjusted NAV/share at 30 June 2015 to be higher than NAV/share as at 30 September 2013.

New Depositary Bank

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

Following a selection process, BRD Groupe Societe Generale was appointed by Fondul Proprietatea to act as its custody and depositary bank in Romania. The contract is expected to become effective in November 2013.

The appointment of the new depositary is conditional upon the approval of the Financial Supervisory Authority

Amendments of the Constitutive Act

On 31 October 2013 the Trade Register ordered the registration and publishing in the Official Gazette of Romania, Part IV, of the shareholders resolutions for amending the Fund's Constitutive Act, as well as the updated Constitutive Act, as follows:

- the amendment of Article 12 paragraph (2) point j) of the Fund's Constitutive Act eliminating the approval of business plan by shareholders on yearly basis;
- the amendment of Article 16 Paragraph (2) of the Fund's Constitutive Act allowing the Board of Nominees to held meetings at other location than the office of the Fund;
- the amendment of Article 14 point I paragraph 1 of the Fund's Constitutive Act by eliminating the current provision of the Constitutive Act, which permits the revocation of the members of the Board of Nominees and the fund manager by a majority of at least 2/3 of the voting rights. The change means such decisions would only require a simple majority of shareholders voting to be effective.

Analysis of the Activity of the Fund

Analysis of the Portfolio of the Fund

Net Asset Value

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

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

NAV Methodology

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

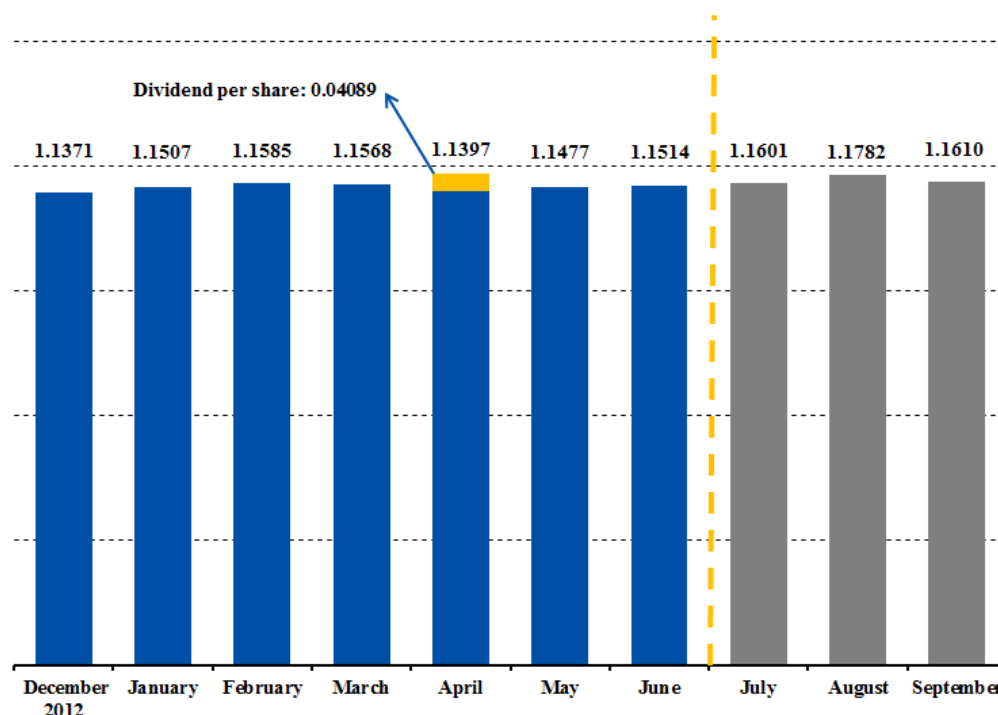
Listed securities are valued at closing market prices, while illiquid or unlisted securities are valued using either shareholders' equity value as per the latest available annual financial statements, proportionally with the stake held, or according to international valuation standards which permit fair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

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

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

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

NAV/share (RON/share)



* Source Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch

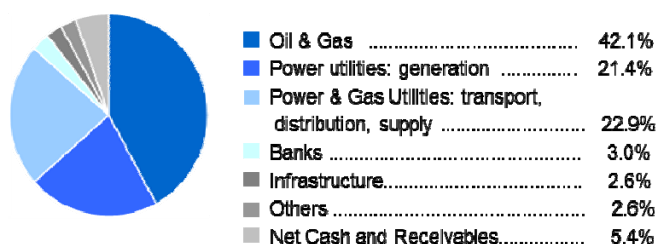
The Fund's NAV per share had a moderate upward trend in the period June – August 2013 due mainly to the positive share price trend of the Fund's listed holdings, principally OMV Petrom, and to the buyback programme carried out by the Fund during the period.

The decrease of the 30 September 2013 NAV per share as compared to the previous month NAV was due to the change of the valuation method for the holding in Nuclearelectrica S.A. from the fair value assessed by an independent valuer to the acquisition price of the shares subscribed by Fondul Proprietatea, by exercising its preemption right, in the share capital increase related to the initial public offering carried on by Nuclearelectrica S.A. The impact of this change of valuation method on the Fund's NAV was a decrease of RON 371.6 million or RON 0.0288 per share.

Investment Strategy and Portfolio Analysis

The Fund's investment objective is long-term capital appreciation, primarily through investments in Romanian equity and equity-linked securities. The equity exposure amounted 94.7% of the Fund's NAV as at 30 September 2013. As at that date, the portfolio included holdings in 66 companies (24 listed and 42 unlisted), a combination of privately held and state-controlled entities.

Portfolio Structure - by Sector



- The portfolio remained heavily weighted in power, oil and gas sectors (approx. 86% of the NAV), through a number of listed and unlisted Romanian companies.
- Net cash and receivables include bank deposits, current bank accounts, government securities, dividend receivables, as well as other assets, net of all liabilities and provisions

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

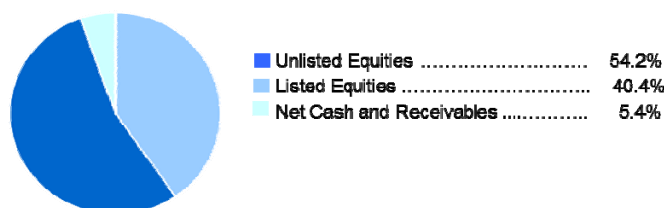
Portfolio Structure - by Country



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

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

Portfolio Structure – Equity Investments - Listed versus Unlisted



- 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 (80.0% of total value of listed companies in the portfolio).

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

Top 20 Equity Investments

No	Name	Fund's Stake (%)	Value as at 30 September 2013 (RON million)	% of NAV
1	OMV Petrom SA	18.99%	4,819.9	32.3%
2	Hidroelectrica SA	19.94%	2,001.0	13.4%
3	Romgaz SA	14.99%	1,337.6	9.0%
4	Complexul Energetic Oltenia SA	21.53%	880.0	5.9%
5	ENEL Distributie Banat SA	24.12%	485.8	3.3%
6	ENEL Distributie Muntenia SA	12.00%	434.2	2.9%
7	GDF Suez Energy Romania	12.00%	346.2	2.3%
8	Transgaz SA	14.98%	329.8	2.2%
9	ENEL Distributie Dobrogea SA	24.09%	324.2	2.2%
10	E.ON Moldova Distributie SA	22.00%	324.0	2.2%
11	Nuclearelectrica SA*	9.72%	307.0	2.1%
12	Electrica Distributie Muntenia Nord SA	21.99%	277.9	1.9%
13	CN Aeroporturi Bucuresti SA	20.00%	272.0	1.8%
14	BRD-Groupe Societe Generale	3.64%	228.5	1.5%
15	Electrica Distributie Transilvania Sud SA	21.99%	212.7	1.4%
16	Electrica Distributie Transilvania Nord SA	22.00%	200.7	1.3%
17	E.ON Gaz Distributie SA	12.00%	176.7	1.2%
18	Transelectrica SA	13.49%	135.8	0.9%
19	Conpet SA	29.70%	113.1	0.8%
20	Alro SA	10.21%	109.3	0.7%
Top 20 equity holdings			13,316.4	89.3%
Total equity holdings			14,120.7	94.6%
Net cash and receivables			799.4	5.4%
Total NAV			14,920.1	100.0%

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

*includes the value of the 2,732,159 allotment rights received by Fondul Proprietatea following exercising the pre-emption right in the share capital increase of Nuclearelectrica S.A.

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

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

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

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

Energy Sector Updates

Regulatory Changes

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

Energy Tariff Changes

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

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

Gas Tariff Changes

The implementation of the gradual elimination of the regulated gas prices has started on 1 February 2013, with an increase to RON 49 /MWh for industrial consumers and RON 45.7 /MWh for households, and was followed by three subsequent quarterly increases to RON 55.3 /MWh on 1 April 2013, RON 63.4 /MWh on 1 July 2013 and to RON 68.3 /MWh on 1 October 2013 for non-households, and to RON 49.8/MWh for households.

According to Law 123/2012, which came into force on 19 July 2012, gas prices will be fully liberalised by end December 2014 for non-households and end December 2018 for household consumers per the table below:

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

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

Update on the Top 20 Portfolio Companies

Alro

RON million	2011	2012	H1 2012	H1 2013
Turnover	2,330.1	2,348.9	1,169.9	1,091.2
Operating profit	452.1	208.7	125.6	(23.0)
Net profit/(loss)	242.9	(240.2)	(191.4)	31.1
Dividends*	225.9	-		

Source: Based on consolidated IFRS financial statements

* Based on the financial statements prepared in accordance with applicable Romanian accounting regulations (for 2011)

August: The aluminium smelter published consolidated IFRS financial statements for the first half of the year. Turnover reached RON 1.09 billion, down 6.7% year on year (“yoy”). Reported operating loss during H1 2013 reached RON 23.0 million, down from an operating profit of RON 125.6 million during the similar period of 2012. The net profit of the company for the period reached RON 31.1 million up from a net loss of RON 191.4 million in H1 2012. The first half 2013 net result adjusted for the impact of derivative contracts was a loss of RON 17.0 million as compared to a profit of RON 26.2 million during the similar period of the previous year.

BRD – Groupe Societe Generale

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

* Based on consolidated IFRS financial statements

** Based on separate IFRS financial statements

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

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

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

CN Aeroporturi Bucuresti

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

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

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

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

Complexul Energetic Oltenia

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

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

* Period actually covered 31 May – 30 June 2012

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

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

Conpet SA

RON million	2011	2012	H1 2012	H1 2013
Turnover	341.8	334.6	162.5	171.8
Operating profit	26.8	29.0	19.2	25.2
Net profit	28.6	30.9	20.5	25.8
Dividends	22.3	28.3		

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

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

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

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

E.ON Gaz Distributie (“EGD”)

RON million	2011	2012
Operating Revenues	819.5	764.5
Operating profit	264.8	82.7
Net profit	230.5	73.0
Dividends	-	n/a

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

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

E.ON Moldova Distributie (“EMOD”)

RON million	2011	2012
Operating Revenues	661.2	688.8
Operating profit	22.0	83.8
Net profit	7.2	71.3
Dividends	-	n/a

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

Electrica Distributie Muntenia Nord (“EDMN”)

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

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

Electrica Distributie Transilvania Nord (“EDTN”)

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

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

Electrica Distributie Transilvania Sud (“EDTS”)

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

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

ENEL Distributie Banat (“EDB”)

RON million	2011	2012
Turnover	585.8	603.2
Operating profit	238.3	181.1
Net profit	220.5	167.2
Dividends	-	-

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

ENEL Distributie Dobrogea (“EDD”)

RON million	2011	2012
Turnover	459.0	480.3
Operating profit	126.4	103.0
Net profit	108.9	94.5
Dividends	-	-

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

ENEL Distributie Muntenia (“EDM”)

RON million	2011	2012
Turnover	705.9	869.9
Operating profit	51.6	172.4
Net profit	50.5	206.3
Dividends	-	-

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

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

GDF Suez Energy Romania

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

* IFRS separate financial statements

** As per consolidated IFRS financial statements

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

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

Hidroelectrica

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

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

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

The company is run by a Supervisory Board composed of 7 members and a Directorate composed of 5 members.

The current Supervisory Board is composed of: Remus Borza (President of the Board), Remus Vulpescu, Mihai Grosan, Elena Popescu, Sandu Gabriela and Oana Truta. The Supervisory Board's mandate is until the implementation of EGO 109/2011, but no longer than 2 years.

During the first 8 months ended 30 August 2013, the company recorded significant improvements in the financial indicators, compared with results in the same period of 2012, as follow: sales increase up 25.8% to RON 2,090.2 million, operating profit up increased to RON 686.6 million and net profit increased to RON 543.4 million.

RON million	8 months 31.08. 2012	8 months 31.08. 2013
Turnover	1,661.5	2,090.2
Operating profit	(55.9)	686.6
Net profit	(210.1)	543.4

Nuclearelectrica

RON million	2011	2012	H1 2012	H1 2013
Sales	1,615.3	1,675.8	791.2	976.6
Operating profit	162.6	152.7	58.8	237.1
Net profit	95.0	34.4	(33.7)	213.2
Dividends	-	28.5		

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

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

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

OMV Petrom

RON million	2011	2012	H1 2012	H1 2013
Sales	22,613.7	26,258.1	12,202.0	11,576.0
Operating profit	4,935.8	5,662.0	2,703.0	2,970.0
Net profit	3,758.6	3,946.1	2,027.0	2,391.0
Dividends	1,756.0	1,586.0		

Source: Based on consolidated IFRS financial statements

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

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

August: The company announced results for the first 6 months of 2013, sales decrease yoy by 5% to RON 11,576.0 million, a 10% increase yoy in EBIT to RON 2,970 million, and an 18% increase in net income to RON 2,391 million.

Romgaz

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

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

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

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

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

Transelectrica

RON million	2011*	2012*	H1 2012*	H1 2013*
Revenues	3,152.3	2,801.0	1,496.9	1,142.0
Operating profit	209.4	112.8	90.0	144.4
Net profit	135.5	47.9	37.6	109.0
Dividends**	80.6	29.6		

* Based on consolidated IFRS financial statements

**Dividends based on individual financial statements

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

September: The Supervisory Board replaced two members of the directorate, Ioan Diaconu and Adrian Constantin Rusu, with Gabriel Mustea and Florin Mihaita Boangiu. The shareholders' meeting approved the administration plan of the supervisory board for the next 4 years. Also, the company was authorized to issue up to RON 900 million in bonds for the next 4 years, of which RON 200 million are expected to be raised by the end of this year.

Shareholders approved a share capital increase for an in kind contribution represented by plots of land for which the company obtained property rights. The state will receive shares worth RON 3.2 million in exchange for the in kind contribution, whereas minority shareholders will have to bring cash in order to maintain their stake in the company.

Transgaz

RON million	2011	2012	H1 2012	H1 2013
Turnover	1,337.0	1,328.0	718.3	739.3
Operating profit	442.0	364.9	265.1	290.0
Net profit	387.2	329.3	233.2	130.1
Dividends*	350.4*	250.7		

Source: Based on separate IFRS financial statements

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

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

Financial Analysis

The unaudited Balance Sheet and Income Statement for the nine-month period ended 30 September 2013 prepared in compliance with Romanian Accounting Regulations are included in full in Annex 1 to this Report.

This section provides a commentary on the principal elements of the Fund's financial position and results for quarter ended 30 September 2013.

Balance Sheet

RON million	31 December 2012	30 June 2013	30 September 2013
	Audited	Unaudited	Unaudited
Intangible assets	0.3	0.8	0.8
Financial assets	11,097.8	10,675.1	10,688.7
Non-current assets - total	11,098.1	10,675.9	10,689.5
Current assets - total	776.5	1,390.5	860.6
Prepaid expenses	0.1	0.1	0.1
Payables within one year	21.1	435.2	32.8
Total assets less current liabilities	11,853.6	11,631.3	11,517.4
Provisions	16.8	18.2	29.2
Shareholders' equity	11,836.8	11,613.1	11,488.2

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

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

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

The value of financial assets did not vary significantly over the quarter ended 30 September 2013, as the additional impairment adjustment for the holding in Nuclearelectrica (RON 350.8 million) was entirely offset by the reversal of the impairment adjustments for certain listed equity investments, mainly OMV Petrom (RON 288.3 million) and BRD – Groupe Societe Generale (RON 38.0 million), and by the additional investments in Zirom and Nuclearelectrica during the quarter.

The fall in **current assets** of RON 529.9 million and in **payables** of RON 402.4 million in the third quarter of 2013, were mainly accounted for by the payment of the 2012 dividend and related taxes. The decrease of current assets is also partially explained by the use of cash in the buyback programme carried out by the Fund during the quarter.

The **provisions** increase of RON 11.0 million in the quarter ended 30 September 2013 is related to the legal case started by World Trade Center București against the Fund in August 2013, asking the Fund to pay back the amounts recovered from the enforcement procedure against this company during 2010 and 2011 and to pay the related legal interest. The amounts recovered from the enforcement procedure (approximately RON 9.5 million equivalent) were originally accounted for by the Fund as contributions of Ministry of Public Finance to the share capital of the Fund, decreasing the receivable related to the unpaid capital.

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

Income Statement

RON million	Quarter 3 2012	9 month period ended 30 September 2012	Quarter 3 2013	9 month period ended 30 September 2013
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues from current activity, out of which:	13.5	861.3	49.8	924.6
Revenues from financial assets	0.9	619.0	15.0	619.8
Interest income	10.5	24.5	10.4	31.1
Reversal of impairment adjustments & provisions	0.1	5.6	23.6	24.6
Revenues from disposal of financial assets	0.3	208.1	0.2	248.0
Revenues from foreign exchange differences	-	0.1	-	0.1
Other income from current activity	1.7	4.0	0.6	1.0
Expenses from current activity, out of which:	12.8	286.3	29.2	389.4
Expenses from disposal of financial assets	0.2	195.0	0.2	319.1
Expenses from foreign exchange differences	-	0.3	0.0	0.1
Depreciation, provisions, losses from receivables and sundry debtors	-	47.7	11.1	12.7
Commissions and fees	3.3	12.4	4.3	15.7
Other expenses from current activity*	9.3	30.9	13.6	41.8
Gross profit	0.7	575.0	20.6	535.2
Income tax expense	-	0.4	-	-
Net profit	0.7	574.6	20.6	535.2

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

Revenues from financial assets represent dividend income earned from the Fund's portfolio companies. In Romania, companies typically declare dividends in the second quarter of the year, which explains the reduced dividend income in the third quarter. The main part of the dividends recorded in the third quarter of 2013 was received from Raiffeisen International AG and Societatea Nationala a Sarii.

Interest income arises from deposits held with banks and from government securities.

In the quarter ended 30 September 2013, the Fund recorded as revenue from **reversal of impairment adjustments & provisions** the reversal of the impairment adjustment related to the part of the receivable (2010 dividend and related penalties) due by Hidroelectrica, collected by the Fund during the quarter, according to payment schedule agreed between Hidroelectrica and Fondul Proprietatea.

Other income from current activity included mainly penalties levied by the Fund for late payment of the dividends.

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

Commissions and fees in the third quarter of 2013 mainly included FSA's 0.1% per annum fee, calculated on the basis of the Fund's NAV, amounting to RON 3.8 million (RON 2.9 million in the third quarter of 2012) and the depositary bank's fees of RON 0.4 million (RON 0.4 million in the third quarter of 2012). The increase was due to higher NAVs during the third quarter of 2013 as compared to the same period of 2012.

Other expenses from current activity can be analysed as follows:

RON million	Quarter 3 2012	9 month period ended 30 September 2012	Quarter 3 2013	9 month period ended 30 September 2013
	Unaudited	Unaudited	Unaudited	Unaudited
FTIML investment management and administration fees	8.4	25.5	11.3	31.8
Salaries	0.2	0.6	0.3	0.7
Stamp duties for litigations	-	-	0.1	0.1
Other expenses	0.7	4.8	1.9	9.2
Other expenses from current activity	9.3	30.9	13.6	41.8

During the third quarter of 2013, other expenses from current activity increased by RON 4.3 million compared to the same period of 2012. This was mainly due to the increase of the FTIML's investment management and administration fees, in line with the increase of the Fund's share price on which they are based.

Other expenses included mainly litigation assistance and legal advisory expenses and investor relations expenses. The increase of other expenses was mainly due to the higher level of legal fees generated by the increase of the number of litigations as compared to the same period in 2012.

Analysis of 2013 Income Statement by Quarters

Although this report covers the quarter ended 30 September 2013, given that the Fund reports on a quarterly basis, the following split has been prepared to show also the actual results for the nine-month period ended 30 September 2013.

RON million	Quarter ended			9 month period ended
	Q1 2013 Unaudited	Q2 2013 Unaudited	Q3 2013 Unaudited	30 September 2013 Unaudited
Revenues from current activity, out of which:	11.9	862.9	49.8	924.6
Revenues from financial assets	-	604.8	15.0	619.8
Interest income	10.5	10.2	10.4	31.1
Reversal of impairment adjustments & provisions	0.2	0.8	23.6	24.6
Revenues from disposal of financial assets	1.0	246.8	0.2	248.0
Revenues from foreign exchange differences	-	0.1	-	0.1
Other income from current activity	0.2	0.2	0.6	1.0
Expenses from current activity, out of which:	17.5	342.7	29.2	389.4
Expenses from disposal of financial assets	1.4	317.5	0.2	319.1
Expenses from foreign exchange differences	-	0.1	-	0.1
Depreciation, provisions, losses from receivables and sundry debtors	0.2	1.4	11.1	12.7
Commissions and fees	4.4	7.0	4.3	15.7
Other expenses from current activity *	11.5	16.7	13.6	41.8
Gross profit / (Loss)	(5.6)	520.2	20.6	535.2
Income tax expense	-	-	-	-
Net profit / (Loss)	(5.6)	520.2	20.6	535.2

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

				30 September 2013
1.	Current Liquidity ratio			
	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$		=	26.2
2.	Debt-to-Equity ratio (%)			
	$\frac{\text{Borrowings}^*}{\text{Shareholders' Equity}} \times 100$	x 100	=	0
	*The Fund had no borrowings at the end of the period, therefore this ratio is nil			
3.	Debt Turnover ratio (number of days)			
	$\frac{\text{Average balance of debtors}}{\text{Turnover or sales}} \times 365$	x 365	=	n.a.
	This ratio is not applicable to an investment fund and cannot be calculated.			
4.	Turnover of Non-current Assets			
	$\frac{\text{Gross turnover}^*}{\text{Non-current assets}}$		=	0.09
	*Total Revenues from current activity have been used in computation of this ratio. This ratio has no real significance for an investment fund.			

Signatures:

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

Oana Truța
Legal Representative
13 November 2013

Prepared by
Mihaela Moleavin
Financial Reporting Manager

Annex 1

S.C. FONDUL PROPRIETATEA S.A.
BALANCE SHEET, INCOME STATEMENT
AND INFORMATIVE DATA
AS AT 30 SEPTEMBER 2013

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

(This is a translation from the official Romanian version)

S.C. FONDUL PROPRIETATEA S.A.

BALANCE SHEET

AS AT 30 SEPTEMBER 2013

FORM CODE 10

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

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

Type of financial statement: SI

County: Bucharest

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

Address: Bucharest, District 1,

78-80, 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	Balance	
		1 January 2013 Audited	30 September 2013 Unaudited
A	B	1	2
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
3. Concessions, patents, licences, trademarks and similar rights and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908)	03	-	776,143
5. Advances and intangible assets in progress (acc. 233+234-2933)	05	323,413	-
TOTAL: (rows. 01 to 05)	06	323,413	776,143
III. FINANCIAL ASSETS			
1. Shares held in subsidiaries (acc. 261 - 2961)	12	65,404,757	63,385,565
3. Investments in associates (acc. 263 - 2963)	14	4,876,542,832	-
5. Other investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964)	16	6,155,793,871	10,625,373,889
TOTAL: (rows 12 to 17)	18	11,097,741,460	10,688,759,454
NON-CURRENT ASSETS - TOTAL (rows 06 + 11 + 18)	19	11,098,064,873	10,689,535,597
B. CURRENT ASSETS			
II. RECEIVABLES			
1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 - 491)	24	394	8,172
4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	27	3,919,151	13,116,142
TOTAL: (rows 24 to 28)	29	3,919,545	13,124,314
III. SHORT TERM INVESTMENTS			
2. Other short term investments (acc. 5031 + 5032 + 505 + 5061 + 5062 + 5071 + 5072 + 5081 + 5082 + 5088 + 5089 - 593 - 595 - 596 - 597 - 598 + 5113 + 5114)	31	454,732,856	482,054,945
TOTAL: (rows 30 to 31)	32	454,732,856	482,054,945

This is a translation from the official Romanian version.

	Row	Balance	
		1 January 2013 Audited	30 September 2013 Unaudited
	B	1	2
IV. CASH AND BANK ACCOUNTS			
(acc. 5112 + 5121 + 5122 + 5123 + 5124 + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542)	33	317,885,969	365,371,887
CURRENT ASSETS - TOTAL (rows 23 + 29 + 32 + 33)	34	776,538,370	860,551,146
C. PREPAID EXPENSES (acc. 471)	35	27,199	92,209
D. PAYABLES WITHIN ONE YEAR			
3. Advance from customers (acc. 419)	38	160,000	-
4. Trade payables (acc. 401 + 404 + 408)	39	10,135,208	11,467,514
8. Other payables, including tax and social security payables (acc. 1623 + 1626 + 167 + 1687 + 2698 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 4551 + 4558 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	43	10,768,970	21,317,116
TOTAL: (rows 36 to 43)	44	21,064,178	32,784,630
E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES (rows 34 + 35 - 44 - 60.2)	45	755,501,391	827,858,725
F. TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19 + 45)	46	11,853,566,264	11,517,394,322
H. PROVISIONS			
2. Provisions for taxes (acc. 1516)	57	16,798,226	18,222,179
3. Other provisions (acc. 1511+1512+1513+1514+1518)	58	-	11,012,867
TOTAL PROVISIONS (rows 56 +57 + 58)	59	16,798,226	29,235,046
J. SHARE CAPITAL AND RESERVES			
I. SHARE CAPITAL (rows 62 to 63) out of which:	61	13,778,392,208	13,778,392,208
- subscribed unpaid share capital (acc. 1011)	62	365,612,042	365,254,622
- subscribed paid in capital (acc. 1012)	63	13,412,780,166	13,413,137,586
IV. RESERVES (rows 68-69+70+71+72+73+74)	67	(2,443,247,819)	(2,577,120,639)
1. Legal reserves (acc. 1061)	68	158,151,474	158,151,474
2. Reserves related to impairment adjustments of financial assets (acc.1062 - <i>debit balance</i>)	69	2,738,430,054	2,881,202,578
4. Reserves for financial assets received free of charge (acc.1065)	71	16,731,205	25,630,909
7. Other reserves (acc.1068)	74	120,299,556	120,299,556
TREASURY SHARES (acc.109 – <i>debit balance</i>)	75	120,268,583	333,770,134
V. RETAINED EARNINGS (acc. 117)			
Credit balance	78	83,251,853	85,455,026
VI. RESULT FOR THE YEAR (acc. 121)			
Credit balance	80	566,988,651	535,202,815
Profit allocation (acc. 129 – <i>debit balance</i>)	82	28,348,272	-
TOTAL SHAREHOLDERS' EQUITY (rows 61 + 64 + 65 - 66 + 67 -75+76-77+78 -79+80-81-82)	83	11,836,768,038	11,488,159,276

This is a translation from the official Romanian version.

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

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

	Row	Period ended	
		30 September 2012 Unaudited	30 September 2013 Unaudited
A	B	1	2
A. REVENUES FROM CURRENT ACTIVITY – TOTAL (rows 02 to 11)	01	861,228,006	924,586,980
1. Revenues from financial assets (acc. 761)	02	618,971,284	619,767,993
4. Revenues from disposal of financial assets (acc.758(part)+764)	05	208,134,752	247,995,509
6. Revenues from provisions, receivables previously written off and sundry debtors (acc.754+781+786)	07	5,639,063	24,608,245
7. Revenues from foreign exchange differences (acc.765)	08	129,315	123,189
8. Interest income (acc.766)	09	24,422,824	31,110,372
10. Other income from current activity (acc. 705+706+708+741+758(part)+767+768 +7815)	11	3,930,768	981,672
B. EXPENSES FROM CURRENT ACTIVITY – TOTAL (rows 13 to 20)	12	286,302,414	389,384,165
12. Expenses from disposal of financial assets (acc. 658(part) +664)	14	195,055,419	319,098,903
13. Expenses from foreign exchange differences (acc. 665)	15	327,250	123,400
15. Commissions and fees (acc.622)	17	12,402,162	15,674,687
16. Expenses for bank services and similar expenses (acc.627)	18	58,508	65,885
17. Depreciation and amortization, provisions, losses from receivables and sundry debtors (acc. 654 + 681 + 686)	19	47,696,689	12,694,686
18. Other expenses from current activity (rows 21+22+23+26+27)	20	30,762,386	41,726,604
c. Salary expenses (rows 24+25), of which:	23	547,858	676,255
c1. Salaries (acc.621+641+642 +644)	24	441,170	554,052
c2. Social security contributions (acc. 645)	25	106,688	122,203
d. Third party expenses (acc.611+612+613+614+623+624+625+626+628+658(part)+ 667 +668)	26	30,153,250	40,734,358
e. Other taxes, duties and similar expenses (acc. 635)	27	61,278	315,991
C. CURRENT RESULT			
- Profit (row 01 - 12)	28	574,925,592	535,202,815
19. TOTAL REVENUE (rows 01+30)	34	861,228,006	924,586,980
20. TOTAL EXPENSES (rows 12+31)	35	286,302,414	389,384,165
G. GROSS PROFIT:			
- Profit (row 34 - 35)	36	574,925,592	535,202,815
21. INCOME TAX EXPENSE			
- Income tax expense (acc.691)	38	371,838	-
H. RESULT FOR THE YEAR			
- Profit (row 36-38-39)	40	574,553,754	535,202,815

This is a translation from the official Romanian version.

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

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

Informative Data

I. Data regarding the financial result	No Row	No of units 1	Amounts (RON) 2
Units that incurred profit	01	1	535,202,815
Units that incurred losses	02	-	-

IV. Interest, dividends and royalties paid during the reporting period. Subsidies collected and overdue receivables	No row	Amounts
A	B	1
Gross dividends income paid by Romanian juridical persons to non-residents, of which:	34	344,341,423
- taxes owed to the state budget	35	42,029,489
Gross services income paid by Romanian juridical persons to non-residents, of which:	45	1,419,911
- taxes owed to the state budget	46	220,067
Gross services income paid by Romanian juridical persons to non-residents in EU member states, of which:	47	1,419,911
- taxes owed to the state budget	48	220,067

This is a translation from the official Romanian version.

VIII. Other information	No row	30 September 2012	30 September 2013
A	B	1	2
Advances for intangible assets (account 234)	64	161,169	-
Financial assets, gross values (row 67 + 76), of which:	66	13,828,686,653	13,577,130,042
Shares held in subsidiaries, investments in associates, other non-current investments and bonds, gross values (row 68 to 75), of which:	67	13,828,686,653	13,577,130,042
- listed shares issued by residents	68	6,927,484,274	6,618,852,168
- unlisted shares issued by residents	69	6,685,559,490	6,742,634,985
- shares issued by non-residents	74	215,642,889	215,642,889
Trade receivables, advances to suppliers and other similar accounts, gross values (account 4092 + 411 + 413 + 418), of which:	79	1,979	9,757
- trade receivables not collected in due time (from account 4092 + from account 411 + from account 413)	81	1,979	9,757
Receivables from social security and state budget (account 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 84 to 88), of which:	83	80,464	475,225
- receivables from social securities (account 431 + 437 + 4382)	84	38,305	38,305
- fiscal receivables from state budget (account 441 + 4424 + 4428 + 444 + 446)	85	41,868	436,920
- other receivables from state budget (account 4482)	88	291	-
Other receivables (account 452 + 456 + 4582 + 461 + 471 + 473), of which:	91	68,568,522	50,315,946
- settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 452 + 456 + 4582)	92	4,790,234	13,828,455
- other receivables from individuals and legal entities, other than receivables from public institutions, (from account 461 + from account 471 + from account 473)	93	63,778,288	36,487,491
Interest receivable (account 5187), of which	95	2,630,679	624,228
- from non-residents	96	-	-
Short term investments, in gross amounts (account 501 + 503 + 505 + 506 + 507 + from the account 508) (row 99 to 107), of which:	98	262,932,640	482,054,945
- treasury bonds issued by residents	102	262,932,640	482,054,945
Petty cash in RON and currency (row 110 + 111), of which:	109	2,606	829
- in RON (account 5311)	110	2,606	829
Bank accounts, in RON and currency (row 113 + 115), of which:	112	508,712,295	365,371,058
- in RON (account 5121), of which:	113	508,706,793	365,370,370
Bank accounts in RON opened with non-residents banks	114	-	-
- in currency (account 5124), of which:	115	5,502	688
Bank accounts in currency opened with non-residents banks	116	-	-

This is a translation from the official Romanian version.

VIII. Other information	No row	30 September 2012	30 September 2013
A		1	2
Liabilities (row 121 + 124 + 127 + 130 + 133 + 136 + 139 + 142 + 145 + 148 + 151 + 152 + 156 + 158 + 159 + 164 + 165 + 166 + 172), of which:	120	26,686,118	32,784,630
Trade payables, advances from clients and other similar accounts, gross values (account 401 + 403 + 404 + 405 + 408 + 419), of which:	156	8,780,062	11,467,514
- external trade payables, advances from foreign clients and other similar accounts, gross values (from account 401 + from account 403 + from account 404 + from account 405 + from account 408 + from account 419)	157	-	-
Liabilities to employees and similar accounts (account 421 + 423 + 424 + 426 + 427 + 4281)	158	31,750	54,635
Liabilities to social security and state budget (account 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481), (row 160 to 163), of which:	159	1,809,666	1,593,913
- liabilities to social securities (account 431 + 437 + 4381)	160	29,715	25,420
- fiscal liabilities to state budget (account 441 + 4423+ 4428 + 444 + 446)	161	1,779,951	1,568,493
Other liabilities (account 452 + 456 +457 + 4581+ 462 + 472 + 473 + 478 + 269 + 509),	166	16,064,640	19,668,568
- settlements related to equity, settlements with shareholders related to share capital, settlement related to joint ventures (from account 452 + 456 + 457 + 4581)	167	16,064,640	19,668,568
Subscribed paid in share capital (account 1012), of which:	174	13,412,780,166	13,413,137,586
- listed shares	175	13,412,780,166	13,413,137,586
Subscribed paid in share capital (account 1012) (row 180 + 183 + 187 to 189)	179	13,412,780,166	13,413,137,586
- share capital owned by public institutions, of which:	180	795,803	3,253,221
- public institution with Central subordination	181	795,803	3,253,221
- owned by companies with private capital	187	8,233,982,663	9,267,965,218
- owned by individuals	188	4,855,765,325	3,836,367,392
- owned by other entities	189	322,236,375	305,551,755
Brevets and licences (from account 205)	190	5,139	5,139

This is a translation from the official Romanian version.

XI. Dividends of entities with state capital paid during the reporting period	No row	30 September 2012	30 September 2013
A	B	1	2
Dividends of entities with state capital paid during the reporting period, of which:	195	18,469	124,843
Dividends related to previous financial year-end, paid to public institutions during the reporting period, of which:	196	18,469	124,843
-to public institutions with Central subordination	197	18,469	124,843

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

Oana Truța
Legal Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

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

Item		31 December 2012				30 September 2013				Differences
		% of the net asset	% of the total asset	Currency	Lei	% of the net asset	% of the total asset	Currency	Lei	
I.	Total assets	100.2527%	100.0000%		15,017,064,409.30	100.4157%	100.0000%		14,982,134,676.02	(34,929,733.28)
1	Securities and money market instruments, out of which:	40.8826%	40.7796%	-	6,123,898,146.23	40.7003%	40.5320%	-	6,072,529,907.29	(51,368,238.94)
1.1.	securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	39.8068%	39.7065%	-	5,962,749,939.79	39.8058%	39.6412%	-	5,939,065,370.84	(23,684,568.95)
	1.1.1 listed shares traded in the last trading 30 days	39.5731%	39.4733%	-	5,927,734,779.24	39.4015%	39.2384%	-	5,878,739,612.92	(48,995,166.32)
	1.1.2 listed shares not traded in the last trading 30 days	0.2337%	0.2332%	-	35,015,160.55	0.0808%	0.0806%	-	12,058,985.82	(22,956,174.73)
	1.1.3 Government bonds	-	-	-	-	0.3235%	0.3222%	-	48,266,772.10	48,266,772.10
1.2.	securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	1.0758%	1.0731%	EUR36,387,261.12	161,148,206.44	0.8945%	0.8908%	EUR 29,922,100.36	133,464,536.45	(27,683,669.99)
	1.2.1 listed shares traded in the last trading 30 days	1.0758%	1.0731%	EUR36,387,261.12	161,148,206.44	0.8945%	0.8908%	EUR 29,922,100.36	133,464,536.45	(27,683,669.99)
	1.2.2 listed shares not traded in the last trading 30 days	-	-	-	-	-	-	-	-	-
1.3.	securities and money market instruments admitted on a stock exchange from a state not a member or negotiates on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the Financial Supervisory Authority ("FSA")	-	-	-	-	-	-	-	-	-
2	New issued securities	-	-	-	-	-	-	-	-	-
3	Other securities and money market instruments mentioned at art. 187 letter a) of the Regulation no.15/2004, out of which:	54.1836%	54.0470%	-	8,116,277,279.82	54.2654%	54.0407%	-	8,096,452,042.63	(19,825,237.19)
	- shares not admitted at trading	54.1836%	54.0470%	-	8,116,277,279.82	54.0603%	53.8365%	-	8,065,851,861.83	(50,425,417.99)
	- allotment rights not admitted at trading	-	-	-	-	0.2051%	0.2042%	-	30,600,180.80	30,600,180.80
4	Bank deposits, out of which:	2.1183%	2.1130%	-	317,309,451.54	2.4375%	2.4272%	-	363,669,231.90	46,359,780.36
4.1.	bank deposits made with credit institutions from Romania	2.1183%	2.1130%	-	317,309,451.54	2.4375%	2.4272%	-	363,669,231.90	46,359,780.36
	- in lei	-	-	-	-	2.4375%	2.4272%	-	363,668,683.63	363,668,683.63
	- in euro	-	-	-	-	-	-	EUR 122.92	548.27	548.27
4.2.	bank deposits made with credit institutions from an EU state	-	-	-	-	-	-	-	-	-
4.3.	bank deposits made with credit institutions from a non-EU state	-	-	-	-	-	-	-	-	-
5	Derivatives financial instruments traded on a regulated market	-	-	-	-	-	-	-	-	-
6	Current accounts and petty cash out of which:	0.0124%	0.0124%	-	1,857,627.12	0.0156%	0.0155%	-	2,326,882.88	469,255.76
	- in lei	0.0124%	0.0124%	-	1,851,973.75	0.0156%	0.0155%	-	2,326,742.85	474,769.10
	- in euro	-	-	EUR 1,276.53	5,653.37	-	-	EUR 3.00	13.38	(5,639.99)
	- in USD	-	-	-	-	-	-	USD 38.32	126.65	126.65
	- in GBP	-	-	-	-	-	-	-	-	-
7	Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004 regarding the capital market, with subsequent additions and amendments, out of which:	3.0358%	3.0281%	-	454,732,856.81	2.9073%	2.8954%	-	433,788,173.22	(20,944,683.59)
	- Treasury bills with original maturities of less than 1 year	3.0358%	3.0281%	-	454,732,856.81	2.9073%	2.8954%	-	433,788,173.22	(20,944,683.59)
8	Participation titles of UCITS and/or of OCII (A.O.P.C./ O.P.C.V.M.)	-	-	-	-	-	-	-	-	-
9	Other assets out of which:	0.0200%	0.0199%	-	2,989,047.78	0.0896%	0.0892%	-	13,368,438.10	10,379,390.32
	- net dividend receivable from Romanian companies	0.0053%	0.0053%	-	799,994.00	0.0726%	0.0723%	-	10,829,823.33	10,029,831.33
	- dividend withholding tax to be recovered from Austrian Tax Authorities	0.0054%	0.0054%	EUR 181,517.91	803,888.37	0.0069%	0.0069%	EUR 231,495.58	1,032,562.89	228,674.52
	- tax on dividends to be recovered from the State Budget	0.0013%	0.0013%	-	198,044.00	-	-	-	-	(198,044.00)
	- tax on profit to be recovered from the State Budget	0.0029%	0.0029%	-	436,920.00	0.0029%	0.0029%	-	436,920.00	-
	- receivables from penalties levied for late payment of dividends	0.0024%	0.0024%	-	360,106.88	0.0010%	0.0010%	-	153,522.72	(206,584.16)
	- intangible assets	-	-	-	-	0.0053%	0.0052%	-	776,143.07	776,143.07
	- other debts	0.0003%	0.0003%	-	39,482.51	0.0003%	0.0003%	-	47,255.27	7,772.76
	- advance payments intangible assets	0.0022%	0.0022%	-	323,413.45	-	-	-	-	(323,413.45)
	- prepaid expenses	0.0002%	0.0002%	-	27,198.57	0.0006%	0.0006%	-	92,208.82	65,010.25
II.	Total liabilities	0.2528%	0.2521%		37,862,403.66	0.4157%	0.4140%		62,019,675.07	24,157,271.41
1	Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.0592%	0.0590%	-	8,862,463.06	0.0758%	0.0755%	-	11,314,945.17	2,452,482.11
2	Liabilities related to the fees payable to the depositary bank	0.0010%	0.0010%	-	144,251.80	0.0010%	0.0010%	-	144,890.85	639.05
3	Liabilities related to the fees payable to intermediaries	-	-	-	-	-	-	-	-	-
4	Liabilities related to commissions and other bank services	-	-	-	-	-	-	-	-	-
5	Interest payable	-	-	-	-	-	-	-	-	-
6	Issuance expense	-	-	-	-	-	-	-	-	-
7	Liabilities in relation with the fees/commissions to FSA	0.0082%	0.0082%	-	1,230,482.00	0.0085%	0.0084%	-	1,265,396.90	34,914.90
8	Audit fees	-	-	-	-	-	-	-	-	-
9	Other Liabilities, out of which:	0.1844%	0.1840%	-	27,625,206.80	0.3304%	0.3291%	-	49,294,442.15	21,669,235.35
	- payable dividends	0.0633%	0.0631%	-	9,481,720.07	0.1318%	0.1313%	-	19,668,567.86	10,186,847.79
	- tax on dividends	-	-	-	-	0.0020%	0.0020%	-	292,691.00	292,691.00
	- provisions for risks and expenses	0.1121%	0.1119%	-	16,798,225.40	0.1959%	0.1951%	-	29,235,044.80	12,436,819.40
	- salaries and related contributions	0.0004%	0.0004%	-	56,768.00	0.0006%	0.0006%	-	90,460.00	33,692.00
	- other liabilities out of which:	0.0086%	0.0086%	-	1,288,493.33	0.0001%	0.0001%	-	7,678.49	(1,280,814.84)
	- in lei	0.0071%	0.0071%	-	1,065,905.54	0.0001%	0.0001%	-	7,678.49	(1,058,227.05)
	- in euro	0.0015%	0.0015%	EUR 50,260.30	222,587.79	-	-	-	-	(222,587.79)
	- in USD	-	-	-	-	-	-	-	-	-
III.	Net Asset Value (I - II)	100.0000%	99.7479%		14,979,202,005.64	100.0000%	99.5860%		14,920,115,000.95	(59,087,004.69)

S.C. FONDUL PROPRIETATEA S.A.

Unitary Net Asset Value

Item	30 September 2013	31 December 2012	Differences
Net Asset Value	14,920,115,000.95	14,979,202,005.64	(59,087,004.69)
Number of outstanding shares	12,850,802,085	13,172,475,365	(321,673,280)
Unitary net asset value	1.1610	1.1371	0.0239

DETAILED STATEMENT OF INVESTMENTS AS AT 30 SEPTEMBER 2013

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

1.1 listed shares traded in the last 30 trading days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alcom SA	ALCQ	27/Sep/2013	89,249	2.5	51.0000	4,551,699.00	71.89%	0.0304%	0.0305%	Closing price
Alro Slatina SA	ALR	30/Sep/2013	72,884,714	0.5	1.5000	109,327,071.00	10.21%	0.7297%	0.7327%	Closing price
Banca Transilvania SA	TLV	30/Sep/2013	64,723,219	1	1.4350	92,877,819.27	2.93%	0.6199%	0.6225%	Closing price
BRD-Groupe Societe Generale SA	BRD	30/Sep/2013	25,387,456	1	9.0000	228,487,104.00	3.64%	1.5251%	1.5314%	Closing price
Conpet SA	COTE	30/Sep/2013	2,571,461	3.3	44.0000	113,144,284.00	29.70%	0.7552%	0.7583%	Closing price
IOR SA	IORB	30/Sep/2013	2,622,273	0.1	0.3300	865,350.09	2.81%	0.0058%	0.0058%	Closing price
Mecon SA	MECP	9/Sep/2013	60,054	11.6	2.4100	144,730.14	12.51%	0.0010%	0.0010%	Closing price
Oil Terminal SA	OIL	30/Sep/2013	49,216,526	0.1	0.1300	6,398,148.38	8.45%	0.0427%	0.0429%	Closing price
OMV Petrom SA	SNP	30/Sep/2013	10,758,648,186	0.1	0.4480	4,819,874,387.33	18.99%	32.1708%	32.3045%	Closing price
Primcom SA	PRIB	27/Sep/2013	1,561,981	2.5	10.0100	15,635,429.81	75.48%	0.1044%	0.1048%	Closing price
Romaero SA	RORX	24/Sep/2013	1,311,691	2.5	15.0000	19,675,365.00	20.99%	0.1313%	0.1319%	Closing price
Severnav SA	SEVE	30/Sep/2013	1,971,566	2.5	1.1100	2,188,438.26	39.10%	0.0146%	0.0147%	Closing price
Transelectrica SA	TEL	27/Sep/2013	9,895,212	10	13.7200	135,762,308.64	13.49%	0.9062%	0.9099%	Closing price
Transgaz SA	TGN	30/Sep/2013	1,764,620	10	186.9000	329,807,478.00	14.98%	2.2013%	2.2105%	Closing price
Total						5,878,739,612.92		39.2384%	39.4015%	

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

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Comcereal Cluj SA	COCL	6/Aug/2010	256,116	2.5	4.0115	1,027,409.33	11.36%	0.0069%	0.0069%	Shareholders equity/share
Forsev SA	FORS	26/Nov/2009	954,376	2.5	7.5835	7,237,510.40	28.14%	0.0483%	0.0485%	Shareholders equity/share
Palace SA	PACY	22/Apr/2013	5,832,482	0.1	0.3484	2,032,036.73	15.42%	0.0136%	0.0136%	Shareholders equity/share
Resib SA	RESI	3/Jun/2004	894,600	0.10	0.0000	0.00	2.87%	0.0000%	0.0000%	Priced at zero (negative equity)
Romplumb SA	ROMR	5/Oct/2001	1,595,520	2.5	0.0000	0.00	33.26%	0.0000%	0.0000%	Priced at zero (company in insolvency)
Telerom Proiect INPPT SA	TEBV	2/Aug/2013	673,862	0.11	0.0000	0.00	68.63%	0.0000%	0.0000%	Priced at zero (negative equity)
Transilvania-Com SA	TRVC	15/Aug/2007	77,234	2.5	21.4470	1,656,437.60	39.99%	0.0111%	0.0111%	Shareholders equity/share
Turdapan SA	TUSB	29/Dec/2010	155,855	2.5	0.6775	105,591.76	44.06%	0.0007%	0.0007%	Shareholders equity/share
Total						12,058,985.82		0.0806%	0.0808%	

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	30/Sep/2013	397,020	EUR 33.8010	EUR 23.3600	9,274,387.20	41,367,476.67	0.10%	0.2761%	0.2773%	Closing price
RAIFFEISEN BANK INTERNATIONAL AG	RBI	30/Sep/2013	853,564	EUR 49.9670	EUR 24.1900	20,647,713.16	92,097,059.78	0.43%	0.6147%	0.6173%	Closing price
Total						29,922,100.36	133,464,536.45		0.8908%	0.8945%	

* = shareholders equity / share as at 30 September 2013

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

a) Unlisted shares

Issuer	No. of shares held	Date of acquisition *	Acquisition price (total price of acquisition of shares)	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Company status	Evaluation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	19/Jul/2005	1,490,898	203.2355	4,706,730.94	20.00%	0.0314%	0.0315%	Unlisted companies, in function	Shareholders equity/share
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	193.9870	6,210,687.79	20.00%	0.0415%	0.0416%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Celuloza si Otel SA (former Remat Timis)	3,814	19/Jul/2005	230,675	287.8975	1,098,041.07	8.62%	0.0073%	0.0074%	Unlisted companies, in function	Shareholders equity/share
Cetatea SA	354,468	19/Jul/2005	118,840	1.0859	384,916.80	20.43%	0.0026%	0.0026%	Unlisted companies, in function	Shareholders equity/share
Ciocarla SA	5,298	19/Jul/2005	37,125	70.6207	374,148.47	1.68%	0.0025%	0.0025%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	128.4952	3,540,556.74	20.00%	0.0236%	0.0237%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	79.8313	16,218,526.91	20.00%	0.1083%	0.1087%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Maritime SA	21,237	19/Jul/2005	1,351,671	0.0000	0.00	20.00%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
CN Administratia Porturilor Maritime SA	2,651,113	19/Jul/2005	65,441,294	25.0479	66,404,813.31	19.99%	0.4432%	0.4451%	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%	1.8155%	1.8230%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Complexul Energetic Oltenia SA****	27,361,036	31/May/2012	670,084,812	32.1625	879,999,320.35	21.53%	5.8737%	5.8981%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Comsig SA	75,655	19/Jul/2005	132,633	21.5321	1,629,011.03	69.94%	0.0109%	0.0109%	Unlisted companies, in function	Shareholders equity/share
E.ON Gaz Distributie SA	13,557,204	19/Jul/2005	38,468,154	13.0319	176,676,126.81	12.00%	1.1792%	1.1841%	Unlisted companies, in function	Shareholders equity/share
E.ON Energie Romania SA	9,903,524	19/Jul/2005	45,765,358	6.5765	65,130,525.59	13.39%	0.4347%	0.4365%	Unlisted companies, in function	Shareholders equity/share
E.ON Moldova Distributie SA	10,994,457	19/Jul/2005	131,073,011	29.4694	324,000,051.12	22.00%	2.1626%	2.1716%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Electrica Distributie Muntenia Nord SA	7,796,022	19/Jul/2005	165,221,141	35.6443	277,883,746.97	21.99%	1.8548%	1.8625%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Electrica Distributie Transilvania Nord SA	8,167,813	19/Jul/2005	113,299,904	24.5689	200,674,180.82	22.00%	1.3394%	1.3450%	Unlisted companies, in function	Shareholders equity/share
Electrica Distributie Transilvania Sud SA	9,327,282	19/Jul/2005	125,918,629	22.8032	212,691,876.90	21.99%	1.4196%	1.4255%	Unlisted companies, in function	Shareholders equity/share
Electroconstructia Elco Cluj SA	322,530	19/Jul/2005	319,656	1.6925	545,882.03	7.61%	0.0036%	0.0037%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	52.6866	485,804,382.17	24.12%	3.2426%	3.2560%	Unlisted companies, in function	Shareholders equity/share
ENEL Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	48.0081	324,204,796.33	24.09%	2.1639%	2.1729%	Unlisted companies, in function	Shareholders equity/share
Enel Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	133.3407	434,210,122.12	12.00%	2.8982%	2.9102%	Unlisted companies, in function	Shareholders equity/share
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	103.3027	45,871,977.15	12.00%	0.3062%	0.3075%	Unlisted companies, in function	Shareholders equity/share
ENEL Energie SA	1,680,000	19/Jul/2005	26,124,808	32.3173	54,293,064.00	12.00%	0.3624%	0.3639%	Unlisted companies, in function	Shareholders equity/share
GDF Suez Energy Romania	2,381,863	19/Jul/2005	62,522,462	145.3435	346,188,304.94	12.00%	2.3107%	2.3203%	Unlisted companies, in function	Fair value / share (Shareholders' equity as per IFRS separate financial statements adjusted with dividends declared/ share)
Hidroelectrica SA	89,261,778	19/Jul/2005	3,106,503,426	22.4172	2,000,999,129.78	19.94%	13.3559%	13.4114%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Nuclearelectrica SA	24,676,222	19/Jul/2005	967,926,936	11.2000	276,373,686.40	9.72%	1.8447%	1.8524%	Unlisted companies, in function	Fair value / share (Acquisition price of shares subscribed)
Plafar SA	132,784	28/Jun/2007	3,160,329	36.0686	4,789,332.98	48.99%	0.0320%	0.0321%	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%	0.5395%	0.5417%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report)
Romgaz SA	5,778,596	19/Jul/2005	416,658,864	231.4829	1,337,646,160.01	14.99%	8.9283%	8.9654%	Unlisted companies, in function	Fair value / share (Shareholders' equity adjusted with dividends declared/ share)
Salubriserv SA	43,263	19/Jul/2005	207,601	248.6356	10,756,721.96	17.48%	0.0718%	0.0721%	Unlisted companies, in function	Shareholders equity/share
Societatea Nationala a Sarii SA	2,005,884	28/Jun/2007	76,347,715	53.0187	106,349,362.03	48.99%	0.7098%	0.7128%	Unlisted companies, in function	Fair value (Shareholder equity adjusted with dividends declared/share)
World Trade Hotel SA	17,912	19/Jul/2005	17,912	0.8335	14,929.65	19.90%	0.0001%	0.0001%	Unlisted companies, in function	Shareholders equity/share
Zirom SA	4,735,921	28/Jun/2007	47,146,452	10.0000	47,359,210.00	100.00%	0.3161%	0.3174%	Unlisted companies, in function	Fair value / share (Subscription price)
Electrica Furnizare SA ***	1,366,412	22/Jul/2011	17,819,672	-	-	22.00%	-	-	Unlisted companies, in function	Fair value/share: NIL
BAT Service SA	194,022	19/Jul/2005	656,686	-	-	33.00%	-	-	Dissolution	Priced at zero
Carbid Fox SA	10,191,630	19/Jul/2005	927,357	-	-	7.96%	-	-	Bankruptcy	Priced at zero
FECNE SA	778,442	19/Jul/2005	0	-	-	12.12%	-	-	Bankruptcy	Priced at zero
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	-	-	9.76%	-	-	Dissolution	Priced at zero
Petrotel - Lukoil SA	2,152,291	19/Jul/2005	2,787,316	-	-	1.78%	-	-	Unlisted companies, in function	Priced at zero (negative equity)
Simtex SA	132,859	28/Jun/2007	3,059,858	-	-	30.00%	-	-	Bankruptcy	Priced at zero
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	-	-	19.90%	-	-	Insolvency	Priced at zero
Total			6,692,009,914		8,065,851,861.83		53.8365%	54.0603%		

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 Banasa - Aurel Vlaicu" S.A.

*** = company formed as a result of the merger between S.C. Electrica Furnizare Transilvania Nord S.A., S.C. Electrica Furnizare Transilvania Sud S.A. and S.C. Electrica Furnizare Muntenia Nord S.A.

**** = company formed as a result of the merger between S.C. Complexul Energetic Turceni S.A., S.C. Complexul Energetic Craiova S.A., S.C. Complexul Energetic Rovinari S.A., Societatea Nationala a Lignitului Oltenia S.A.

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

S.C. FONDUL PROPRIETATEA S.A.

b) Allotment rights (before the admission at trading)

Issuer	Symbol	Date of acquisition	No. of allotment rights	Allotment right price	Total value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Nuclearelectrica S.A.	SNNR01	25/Sep/2013	2,732,159	11.20	30,600,180.80	0.2042%	0.2051%	Fair value / share (Acquisition price of shares subscribed)

Bonds or other debt instruments issued or guaranteed by the state or central public administration authorities

Treasury bills with discount

Series and number of the bond	No of bonds	Date of acquisition	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Intermediary Bank	Evaluation method
RO1213CTN0P5	4,245	7/Nov/2012	6/Nov/2013	39,991,975.20	6,752.82	2,214,923.45	42,206,898.65	0.2817%	0.2829%	ING Bank	Acquisition price cumulated with the related interest since the acquisition date
RO1213CTN0P5	1,139	4/Feb/2013	6/Nov/2013	10,918,749.80	1,713.64	409,559.26	11,328,309.06	0.0756%	0.0759%	BRD Groupe Societe Generale	
RO1213CTN0R1	2,000	5/Dec/2012	4/Dec/2013	18,805,520.00	3,281.54	984,461.54	19,789,981.54	0.1321%	0.1326%	RBS Bank	
RO1314CTN029	2,215	17/Jan/2013	15/Jan/2014	20,996,172.83	3,178.59	816,896.92	21,813,069.75	0.1456%	0.1462%	Raiffeisen Bank	
RO1314CTN029	2,500	27/Jun/2013	15/Jan/2014	24,377,625.75	3,081.06	295,781.82	24,673,407.57	0.1647%	0.1654%	Raiffeisen Bank	
RO1314CTN045	5,278	6/Feb/2013	5/Feb/2014	49,996,224.46	7,647.74	1,812,513.20	51,808,737.66	0.3458%	0.3472%	ING Bank	
RO1314CTN060	2,300	3/Apr/2013	12/Mar/2014	21,988,411.01	2,992.87	526,744.56	22,515,155.57	0.1503%	0.1509%	RBS Bank	
RO1314CTN060	4,500	27/Jun/2013	12/Mar/2014	43,639,537.49	5,273.11	506,218.61	44,145,756.10	0.2947%	0.2959%	CITI Bank	
RO1313CTN088	1,105	18/Jun/2013	27/Nov/2013	10,842,634.61	1,280.03	134,403.49	10,977,038.10	0.0733%	0.0736%	Raiffeisen Bank	
RO1313CTN088	3,776	18/Jun/2013	27/Nov/2013	37,051,392.13	4,374.12	459,282.88	37,510,675.01	0.2504%	0.2514%	Raiffeisen Bank	
RO1313CTN088	5,100	14/Jun/2013	27/Nov/2013	50,008,443.69	5,973.23	651,082.16	50,659,525.85	0.3381%	0.3395%	Raiffeisen Bank	
RO1213CTN0Q3	1,249	30/Jul/2013	13/Nov/2013	12,341,016.53	1,405.50	88,546.78	12,429,563.31	0.0830%	0.0833%	ING Bank	
RO1314CTN060	3,200	2/Jul/2013	12/Mar/2014	31,050,752.64	3,751.97	341,428.89	31,392,181.53	0.2095%	0.2104%	CITI Bank	
RO1314CTN0A5	2,153	15/Jul/2013	15/Jan/2014	21,077,870.00	2,484.23	188,801.54	21,266,671.54	0.1419%	0.1425%	ING Bank	
RO1314CTN0A5	3,165	17/Jul/2013	15/Jan/2014	30,999,610.94	3,573.57	271,591.04	31,271,201.98	0.2087%	0.2096%	ING Bank	
Total							433,788,173.22	2.8954%	2.9073%		

Government bonds

Issuer	ISIN code	Date of the last trading session	No. of bonds	Date of acquisition	Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Cumulated discount	Market price	Current value	stake in FP total assets	Stake in FP net asset	Evaluation method
Ministry of Finance	RO1214DBN027	26-sept-2013	4,647	14-aug.-2013	23-apr.-2013	23-apr.-2014	47,136,419	7,575.25	1,219,614.70	-	10,124.20	48,266,772.10	0.3222%	0.3235%	Closing price (Gross price)
Total												48,266,772.10	0.3222%	0.3235%	

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	26/Jul/2013	1/Oct/2013	RON 18,000,000.00	RON 1,950.00	RON 130,650.00	RON 18,130,650.00	0.1210%	0.1215%	Term deposit value cumulated with the related interest
ING Bank	26/Sep/2013	4/Oct/2013	RON 35,300,000.00	RON 2,206.25	RON 11,031.25	RON 35,311,031.25	0.2357%	0.2367%	
Banca Comerciala Romana	20/Sep/2013	5/Nov/2013	RON 185,000,000.00	RON 14,131.94	RON 155,451.39	RON 185,155,451.39	1.2358%	1.2410%	
CITI Bank	30/Sep/2013	2/Oct/2013	RON 29,700,000.00	RON 2,062.50	RON 2,062.50	RON 29,702,062.50	0.1982%	0.1991%	
BRD Groupe Societe Generale	30/Sep/2013	7/Oct/2013	RON 29,700,000.00	RON 2,351.25	RON 2,351.25	RON 29,702,351.25	0.1983%	0.1991%	
Unicredit Tiriac Bank	25/Jul/2013	25/Oct/2013	RON 40,000,000.00	RON 4,722.22	RON 321,111.11	RON 40,321,111.11	0.2691%	0.2702%	
ING Bank	30/Sep/2013	1/Oct/2013	RON 9,983,981.78	RON 166.40	RON 166.40	RON 9,984,148.18	0.0666%	0.0669%	
ING Bank	30/Sep/2013	1/Oct/2013	EUR 122.92	EUR -	EUR -	RON 548.27	0.0000%	0.0000%	
BRD Groupe Societe Generale	30/Sep/2013	1/Oct/2013	RON 15,360,474.17	RON 1,403.78	RON 1,403.78	RON 15,361,877.95	0.1025%	0.1030%	
TOTAL						363,669,231.90	2.4272%	2.4375%	

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

	Year T-2/ 31 Dec 2011	Year T-1 / 31 Dec 2012	Year T/ 30 Sep 2013
Net Asset	14,465,379,292.28	14,979,202,005.64	14,920,115,000.95
NAV/share	1.0788	1.1371	1.1610

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

Oana Truța
Legal representative

Marius Nechifor
Compliance Officer

ING Bank N.V. Amsterdam – Bucharest Branch

Cristina Bulata
Director Settlements & Trade Commercial Banking

Mihaela Savu
Economist

Annex 3

S.C. FONDUL PROPRIETATEA S.A.

**CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2013**

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

	<i>Note</i>	9 months ended 30 September 2013	9 months ended 30 September 2012
Gross dividend income	5	622,448,470	623,658,450
Interest income		31,110,372	24,422,824
Reversal of impairment losses on receivables in respect of equity contributions		357,420	5,211,070
Reversal of impairment losses/ (impairment losses) on dividends receivable		23,543,976	(46,209,651)
Impairment losses on equity investments	9	(305,472,325)	-
Gains on disposal of equity investments		131,772,460	17,878,048
Impairment losses on other assets		(9,584,094)	(878,300)
Net foreign exchange gains / (losses)		(212)	(197,934)
Other operating income		981,672	3,930,768
Net operating income		495,157,739	627,815,275
Personnel expenses		(676,255)	(488,335)
Other operating expenses	6	(58,477,559)	(42,675,198)
Operating expenses		(59,153,814)	(43,163,533)
Profit before income tax		436,003,925	584,651,742
Income tax (expense)/ benefit	7	3,286,394	(5,836,324)
Profit for the period		439,290,319	578,815,418
Other comprehensive income			
Net change in fair value of available-for-sale equity investments	9	168,569,723	1,003,004,553
Deferred tax on other comprehensive income	7	(26,971,156)	(160,480,728)
Decrease in fair value reserve following the disposal of available-for-sale equity investments		(131,280,494)	-
Total other comprehensive income		10,318,073	842,523,825
Total comprehensive income for the period		449,608,392	1,421,339,243
Basic and diluted earnings per share		0.0319	0.0420

The financial statements were authorised for issue on 13 November 2013 by:

Oana Truța

as Legal Representative on behalf of

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

The notes on pages 45 to 61 are an integral part of these financial statements.

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

	<i>Note</i>	30 September 2013	31 December 2012
Assets			
Cash and current accounts		2,326,883	1,857,628
Deposits with banks		363,669,232	317,309,452
Treasury bills		433,788,174	454,732,857
Government bonds		48,266,772	-
Dividends receivable	8	10,829,825	799,994
Equity investments	9	10,903,615,254	11,269,744,338
Deferred tax assets	10	367,489,150	363,487,628
Other assets		2,538,613	2,189,053
Total assets		12,132,523,903	12,410,120,950
Liabilities			
Other liabilities	11	43,797,497	21,064,179
Total liabilities		43,797,497	21,064,179
Equity			
Share capital	12	13,778,392,208	13,778,392,208
Fair value reserve on available-for-sale financial assets	12	2,504,637,516	2,494,319,443
Other reserves		278,451,031	278,451,031
Treasury shares	12	(333,770,134)	(120,268,583)
Accumulated losses		(4,138,984,215)	(4,041,837,328)
Total equity		12,088,726,406	12,389,056,771
Total liabilities and equity		12,132,523,903	12,410,120,950

The notes on pages 45 to 61 are an integral part of these financial statements.

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

	Share capital	Fair value reserves on available-for-sale financial assets	Other reserves	Treasury shares	Accumulated losses	Total attributable to the equity holders of the Fund
Balance at 31 December 2012	13,778,392,208	2,494,319,443	278,451,031	(120,268,583)	(4,041,837,328)	12,389,056,771
Comprehensive income for the period						
Profit for the period	-	-	-	-	439,290,319	439,290,319
Other comprehensive income						
Net change in fair value of available-for-sale equity investments	-	168,569,723	-	-	-	168,569,723
Decrease in fair value following the disposal of available-for-sale equity investments	-	(131,280,494)	-	-	-	(131,280,494)
Income tax on income and expense recognised directly in equity	-	(26,971,156)	-	-	-	(26,971,156)
Total other comprehensive income	-	10,318,073	-	-	-	10,318,073
Total comprehensive income for the period	-	10,318,073	-	-	439,290,319	449,608,392
Transactions with owners, recorded directly in equity						
Buybacks	-	-	-	(213,501,551)	-	(213,501,551)
Dividends declared	-	-	-	-	(536,437,206)	(536,437,206)
Total transactions with owners recorded directly in equity	-	-	-	(213,501,551)	(536,437,206)	(749,938,757)
Balance at 30 September 2013	13,778,392,208	2,504,637,516	278,451,031	(333,770,134)	(4,138,984,215)	12,088,726,406

The notes on pages 45 to 61 are an integral part of these financial statements.

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

	Share capital	Fair value reserves on available-for-sale financial assets	Other reserves	Treasury shares	Accumulated losses	Total attributable to the equity holders of the Fund
Balance at 31 December 2011	13,778,392,208	1,240,275,189	250,102,759	(120,268,583)	(3,430,868,209)	11,717,633,364
Comprehensive income for the period						
Profit for the period	-	-	-	-	578,815,418	578,815,418
Other comprehensive income						
Net change in fair value of available-for-sale equity investments	-	1,003,004,553	-	-	-	1,003,004,553
Income tax on income and expense recognised directly in equity	-	(160,480,728)	-	-	-	(160,480,728)
Total other comprehensive income	-	842,523,825	-	-	-	842,523,825
Total comprehensive income for the period	-	842,523,825	-	-	578,815,418	1,421,339,243
Transactions with owners, recorded directly in equity						
Dividends declared	-	-	-	-	(507,658,517)	(507,658,517)
Total transactions with owners recorded directly in equity	-	-	-	-	(507,658,517)	(507,658,517)
Balance at 30 September 2012	13,778,392,208	2,082,799,014	250,102,759	(120,268,583)	(3,359,711,308)	12,631,314,090

The notes on pages 45 to 61 are an integral part of these financial statements.

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

	9 months ended 30 September 2013	9 months ended 30 September 2012
Cash flows from operating activities		
Proceeds from sale of equity instruments	247,832,339	207,870,803
Acquisition of treasury bills and bonds, net	(23,294,025)	(67,737,936)
Interest received	27,502,093	23,393,571
Dividends received (net of withholding tax)	632,162,419	613,896,774
Realised foreign exchange loss on cash and cash equivalents	(2,269)	(199,032)
Collection of bank deposits maturing in more than 3 months, net	-	(150,000,000)
Interest and penalties received in relation with the dividends late payments	1,145,832	1,755,785
Subscriptions to share capital increase of portfolio companies	(42,713,841)	(2,539,840)
Other receipts	-	158,362
Income tax paid	-	(121,794)
Salaries and related taxes paid	(642,563)	(497,821)
Suppliers and other taxes and fees paid	(55,230,142)	(61,609,069)
Acquisition of equity investments	-	(62,217)
Net cash flows from operating activities	786,759,843	564,307,586
Cash flows from financing activities		
Dividends paid (including related taxes)	(525,772,376)	(502,985,837)
Acquisition of treasury shares	(213,501,551)	-
Net cash flows used in financing activities	(739,273,927)	(502,985,837)
Net increase in cash and cash equivalents	47,485,916	61,321,749
Cash and cash equivalents at the beginning of the period	317,885,971	297,393,152
Cash and cash equivalents at the end of the period	365,371,887	358,714,901
	30 September 2013	30 September 2012
Cash	2,326,883	2,192,456
Bank deposits with original maturities of less than three months	363,045,004	356,522,445
	365,371,887	358,714,901

The notes on pages 45 to 61 are an integral part of these financial statements.

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

1. General information

Fondul Proprietatea S.A. (referred to as “Fondul Proprietatea” or “the Fund”) is an undertaking for collective investments, in the form of a closed end investment company, established in accordance with Law no. 247/2005 regarding the reform in property and justice, as well as certain adjacent measure, as amended (“Law 247/2005”) and Government Decision no. 1481/2005 and registered in Bucharest on 28 December 2005. The address of the Fund’s registered office is 78 - 80, Buzzești Street, 7th Floor, District 1, Bucharest.

The Fund undertakes its activities in accordance with Law 247/2005, Law 297/2004 regarding the capital market, with subsequent amendments, and Law 31/1990 regarding companies, republished with subsequent amendments (“Law 31/1990”).

In accordance with its constitutive act, the main activity of the Fund is the management and administration of its portfolio.

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

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

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

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

2. Basis of preparation

(a) Statement of compliance

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

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

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

2. Basis of preparation (continued)

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Romanian Lei (RON), which is the Fund's functional currency. All financial information presented in RON has been rounded to the nearest unit.

(d) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

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

3. Significant accounting policies

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

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

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

4. Financial assets and financial liabilities

Accounting classifications and fair values

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

	Loans and receivables	Held to maturity	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
30 September 2013						
Cash and current accounts	2,326,883	-	-	-	2,326,883	2,326,883
Deposits with banks	363,669,232	-	-	-	363,669,232	363,669,232
Treasury bills	-	-	433,788,174	-	433,788,174	433,788,174
Government bonds	-	-	48,266,772	-	48,266,772	48,266,772
Dividends receivable	10,829,825	-	-	-	10,829,825	10,829,825
Equity investments at fair value	-	-	5,969,143,139	-	5,969,143,139	5,969,143,139
Equity investments at cost	-	-	4,934,472,115	-	4,934,472,115	Not available
Other receivables	2,538,613	-	-	-	2,538,613	2,538,613
Other liabilities	-	-	-	(43,797,497)	(43,797,497)	(43,797,497)
	379,364,553	-	11,385,670,200	(43,797,497)	11,721,237,256	Not available

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

4. Financial assets and financial liabilities (continued)

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

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

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

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

5. Gross dividend income

	9 months ended 30 September 2013	9 months ended 30 September 2012
OMV Petrom SA	318,951,645	353,125,036
Romgaz SA	158,941,766	140,639,003
Transgaz SA	37,568,760	52,515,091
GDF Suez Energy Romania SA	22,800,000	-
Electrica Distributie Muntenia Nord SA	16,206,229	1,801,112
Complexul Energetic Oltenia SA	12,313,834	-
CN Aeroporturi Bucuresti SA	9,135,228	9,415,274
Conpet SA	8,403,049	6,612,533
Societatea Nationala a Sarii SA	9,297,643	87,602
Electrica Furnizare SA	9,260,589	-
Raiffeisen Bank International AG	4,433,195	4,052,568
CN Administratia Porturilor Maritime SA	5,355,571	6,570,224
Transelectrica SA	3,997,666	10,884,733
Nuclearelectrica SA	2,769,286	-
CN Administratia Canalelor Navigabile SA	856,672	525,946
Aeroportul International Timisoara - Traian Vuia SA	672,674	1,687,638
Alro SA	-	23,066,500
Complexul Energetic Rovinari SA	-	6,457,434
BRD - Group Societe General SA	-	4,237,166
Others	1,484,663	1,980,590
	622,448,470	623,658,450

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

6. Other operating expenses

	9 months ended 30 September 2013	9 months ended 30 September 2012
Investment management and administration fee	31,801,365	25,462,625
Financial Supervisory Authority fees	11,354,608	10,743,090
Depository fee	1,345,230	1,266,135
Third party services	10,976,098	4,385,159
Other operating expenses	3,000,258	818,189
	58,477,559	42,675,198

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

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

7. Income tax

	9 months ended 30 September 2013	9 months ended 30 September 2012
Current tax expense		
Current tax (16%)	-	(395,052)
Dividend withholding tax	(2,680,476)	(4,687,167)
Prior year income tax adjustment	-	23,214
	(2,680,476)	(5,059,005)
Deferred tax related to:		
Equity investments	(8,590,373)	(767,795)
Fiscal loss carried forward	14,557,243	-
Provisions for restructuring	-	(9,524)
	5,966,870	(777,319)
Total income tax benefit/ (expense)	3,286,394	(5,836,324)

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

	9 months ended 30 September 2013	9 months ended 30 September 2012
Reconciliation of effective tax rate		
Profit for the period	439,290,319	578,815,418
Income tax (expense) / benefit	3,286,394	(5,836,324)
Profit excluding income tax	436,003,925	584,651,742
Income tax using the standard tax rate (16%)	(69,760,628)	(93,544,279)
Effect of:		
Lower tax rate on dividend income	96,360,017	94,652,303
Decrease of fair value reserve following the disposal of available-for-sale equity investments	(25,005,808)	-
Other non-taxable income	3,824,225	833,771
Other non-deductible expenses	(1,875,223)	(7,598,823)
Austrian dividend withholding tax	(256,189)	(202,510)
Prior year profit tax correction	-	23,214
Total income tax benefit/ (expense)	3,286,394	(5,836,324)

	9 months ended 30 September 2013	9 months ended 30 September 2012
Tax (expense)/income recognised directly in equity:		
On equity investments carried at fair value	(26,971,156)	(160,480,728)

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

8. Dividends receivables

	30 September 2013	31 December 2012
Dividends receivable		
Hidroelectrica SA	23,543,975	46,209,651
Complexul Energetic Oltenia SA	10,343,621	-
Other dividends receivable	1,132,368	1,446,159
	35,019,964	47,655,810
Impairment loss allowance		
Hidroelectrica S.A.	(23,543,975)	(46,209,651)
Other dividends receivable	(646,164)	(646,165)
	(24,190,139)	(46,855,816)
	10,829,825	799,994

9. Equity investments

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

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

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

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

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

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

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

9. Equity investments (continued)

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

	Equity investments at fair value	Equity investments at cost	Total equity investments
31 December 2011	4,768,466,068	5,963,176,400	10,731,642,468
Shares contributions in kind by State	-	5,211,070	5,211,070
Acquisitions	62,217	-	62,217
Disposals	(194,884,889)	(170,531)	(195,055,420)
Reversal of impairment loss on disposals	4,785,736	12,979	4,798,715
Changes in fair value	1,003,004,553	-	1,003,004,553
30 September 2012	5,581,433,685	5,968,229,918	11,549,663,603
	Equity investments at fair value	Equity investments at cost	Total equity investments
31 December 2012	6,071,338,958	5,198,405,380	11,269,744,338
Shares contributions in kind by State	-	357,420	357,420
Cash contributions to portfolio companies share capital increases	-	42,713,840	42,713,840
Disposals	(270,765,542)	(1,532,200)	(272,297,742)
Impairment loss	-	(305,472,325)	(305,472,325)
Changes in fair value	168,569,723	-	168,569,723
30 September 2013	5,969,143,139	4,934,472,115	10,903,615,254

During the nine-month period ended 30 September 2013, the Fund received 35,742 shares in Romgaz SA (having a nominal value of RON 357,420) following a share capital increases by that company, accounted for as contributions in kind to the share capital of the Fund.

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

In June 2013, the Ordinary General Shareholders Meeting of Zirom SA approved the increase of company's share capital by issuing 1,111,575 new shares, with a nominal value of 10 RON per share. In July 2013, the Fund subscribed the total value of above-mentioned shares, in amount of RON 11,115,750.

In September 2013, the Fund exercised its pre-emption right and participated in the share capital increase of Nuclearelectrica SA, receiving 2,732,159 allotment rights (which will be converted into shares upon the listing of the shares of Nuclearelectrica SA on Bucharest Stock Exchange), acquired at the acquisition price in the Initial Public Offering carried on by this company, of RON 11.2 per share.

During the nine-month period ended 30 September 2013, the Fund sold its entire holdings in Carom - Broker de Asiguraire SA and Mecanoenergetica SA, and finalised the disposal of its holding in Commetex SA. Also, in May 2013, the Fund disposed of 632,480,000 shares in OMV Petrom SA, accounting for approximately 1.1% of company's share capital. Following this transaction, the Fund's holding in OMV Petrom SA decreased below the significant influence threshold of 20%.

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

9. Equity investments (continued)

Hidroelectrica's Insolvency

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

Impairment loss

As at 30 September 2013, the Fund recorded an impairment adjustment of RON 305,472,325 for the holding in Nuclearelectrica SA, based on the value of this holding assessed using the acquisition price of shares subscribed by the Fund, by exercising the preemption right, in the share capital increase related to the Initial Public Offering carried on by Nuclearelectrica SA during September 2013. Consequently, the carrying value of the equity investment in Nuclearelectrica SA as at 30 September 2013, including also RON 30,600,181 representing the value of the 2,732,159 allotment rights received by the Fund, was of RON 306,973,868 (31 December 2012: RON 581,846,011).

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

	30 September 2013	31 December 2012
Equity investments at fair value		
OMV Petrom S.A.	4,819,874,388	4,876,542,833
Transgaz S.A.	329,807,478	384,687,160
BRD - Groupe Societe Generale S.A.	228,487,104	205,892,268
Transelectrica S.A.	135,762,309	125,570,240
Conpet S.A.	113,144,284	92,958,315
Alro Slatina S.A.	109,327,071	145,769,428
Banca Transilvania S.A.	92,877,820	70,895,864
Raiffeisen Bank International AG	92,097,060	118,905,477
Other	47,765,625	50,117,373
	5,969,143,139	6,071,338,958
Equity investments at cost		
Hidroelectrica S.A.	2,001,000,000	2,001,000,000
Complexul Energetic Oltenia S.A.	670,084,812	670,084,812
Nuclearelectrica S.A.	306,973,868	581,846,011
Romgaz S.A.	416,658,864	416,301,444
Electrica Distributie Muntenia Nord S.A.	165,223,950	165,223,950
Enel Distributie Banat S.A.	141,578,929	141,578,929
Aeroportul International Henri Coanda Bucuresti S.A.	131,168,262	131,168,262
E.ON Moldova Distributie S.A.	131,073,011	131,073,011
Electrica Distributie Transilvania Sud S.A.	125,918,628	125,918,628
Electrica Distributie Transilvania Nord S.A.	115,755,059	115,755,059
Enel Distributie Dobrogea S.A.	114,760,052	114,760,052
Enel Distributie Muntenia S.A.	107,277,263	107,277,263
Posta Romana S.A.	80,822,000	80,822,000
Other	426,177,417	415,595,959
	4,934,472,115	5,198,405,380
Total equity investments	10,903,615,254	11,269,744,338

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

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

9. Equity investments (continued)

Potential future sale

In September 2013, the Fund announced that is considering strategic options relating to the potential sale of a part of its holding in Conpet SA, not exceeding 10% of all outstanding shares in this company. No sale decision was undertaken as of the date of these financial statements.

Fair value hierarchy

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

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 September 2013:

	Level 1	Level 2	Level 3	Total
Equity investments at fair value	5,969,143,139	-	-	5,969,143,139
Treasury bills	433,788,173	-	-	433,788,173
Government bonds	48,266,772	-	-	48,266,772
	6,451,198,084	-	-	6,451,198,084

At 31 December 2012:

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

As at 30 September 2013, the equity investments classified as available for sale included equity investments valued at cost less impairment in amount of RON 4,934,472,115 (31 December 2012: RON 5,198,405,380).

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10. Deferred tax assets

	30 September 2013	31 December 2012
<i>Temporary differences deductible (taxable)</i>		
Impairment losses on equity investments	5,340,557,975	5,237,961,506
Changes in fair values of equity investments	(3,137,997,631)	(2,969,427,906)
Fiscal loss carried forward	94,246,845	3,264,075
	2,296,807,189	2,271,797,675
Deferred tax assets at 16%	367,489,150	363,487,628

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

11. Other liabilities

	30 September 2013	31 December 2012
Dividends payable	19,668,568	9,481,720
Investment Management and Administration f	11,314,945	8,862,463
Provision for litigations	11,012,867	-
Financial Supervisory Authority commission	1,265,397	1,230,482
Tax on dividends	292,691	-
Other liabilities	243,029	1,489,514
	43,797,497	21,064,179

The provision for litigations was recorded in relation with the legal case started by World Trade Center against the Fund in August 2013, asking the Fund to pay back the amounts recovered from the enforcement procedure against this company during 2010 and 2011 and the related legal interest (please see details in Note 13 Contingencies). The amounts recovered from the enforcement procedure (approximately RON 9.5 million equivalent) were originally accounted for by the Fund as contributions of Ministry of Public Finance to the share capital of the Fund, decreasing the receivable related to unpaid capital.

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

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12. Shareholders' equity

(a) Share capital

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

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

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

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

By 30 September 2013, the State's share in Fund's issued capital was 2.67% (31 December 2012: 2.68%) out of which only 0.024% was paid.

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

The fair value reserves of RON 2,504,637,516 at 30 September 2013 (31 December 2012: RON 2,494,319,443) comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

(c) Treasury shares

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

In the litigation started against this shareholder, the Court irrevocably ruled in favour of the Fund, the shareholders' resolution being registered with Trade Register and published in the Official Gazette on 31 July 2013. The legislation requires that after two months the resolution is published in the Official Gazette, the Fund Manager to ask the Financial Supervisory Authority to approve the share capital decrease. Thus, the share capital decrease will be effective after the obtaining of the Financial Supervisory Authority approval. As of the date of the present financial statements, the approval was not obtained.

The same shareholders meeting approved a second buyback programme: subject to cash availability, the Fund Manager was authorised to repurchase a maximum number of 1.1 billion shares within the next 18 months within the price range of RON 0.2 per share to RON 1.5 per share to be cancelled upon completion of the buyback programme. The publication of this decision in the Official Gazette and, consequently, the beginning of the buyback programme, were also postponed by the litigations opened by one shareholder.

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

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12. Shareholders' equity (continued)

(c) Treasury shares (continued)

The second buy-back programme started on 12 April 2013 and by 30 September 2013 the Fund had acquired 322,030,700 shares at a total acquisition value of RON 213,501,551 fully settled as at 30 September 2013. None of the shares had been cancelled by 30 September 2013.

(d) Dividends

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

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

13. Contingencies

As at 30 September 2013 the Fund was involved in certain litigations, either as defendant or claimant. According to the requirements of the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Fund discloses in the financial statements those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

1. Some minority shareholders of the Fund (acting individually) have filed litigations against the Fund on various grounds, including some seeking the cancellation of certain resolutions of the General Shareholders Meeting ("GSM") and others seeking to block the registration of some resolutions with the Trade Register. These litigations are at various stages of process within the Romanian Court system and updates are frequently reported by management through the Stock Exchange news system.

In one of these cases, on 10 October 2012 the Bucharest Court of Appeal rejected the appeal filed by the Fund and upheld the decision of the Bucharest Court to partly admit a claim to annul certain resolutions from the 6 September 2010 GSM relating to (inter alia) approval of a new Constitutive Act and the first appointment of FTIML as the administrator of the Fund.

This decision is irrevocable and it was implemented by Trade Registry, without any changes in the management of the Fund considering that:

- the version of the Constitutive Act to which the Court decision relates is not the one currently in force, as new versions were adopted by the Fund's shareholders with vast majority during the 29 November 2010 GSM, the 23 November 2011 GSM, the 4 April 2012 GSM and the 23 November 2012 GSM;
- new resolutions passed during the 25 April 2012 GSM and 23 November 2012 GSM specifically ratified and re-approved the objects of all the resolutions to which this Court decision relates (these resolutions were proposed by a shareholder and approved with a significant majority).

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

Therefore, FTIML as the Fund Manager of Fondul Proprietatea is liable to observe the current Constitutive Act and the shareholders' resolutions in force, and consequently will continue to manage the Fund in accordance with these and its management agreement.

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13. Contingencies (continued)

The outcome of the ongoing cases cannot be determined with certainty at this stage. However, management intends to defend the interests of the Fund and its shareholders in all these cases in accordance with the applicable laws.

2. Other contingencies of the Fund included:

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

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

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

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

Until 30 September 2013, the Fund recovered from World Trade Center Bucharest SA, USD 510,131, EUR 148,701, RON 8,724,888. Given the uncertainties regarding their recoverability, the World Trade Center Bucharest SA receivables were recognised on receipt basis in the Fund's financial statements.

In August 2013, World Trade Center Bucuresti SA filed a claim against the Fund asking to pay back the amounts received through the enforcement procedure during 2010 and 2011 (EUR 148,700.76, USD 10,130.69 and RON 8,829,662.56). The next hearing in front of Bucharest Court for this file was set for 1 November 2013.

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

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14. Related parties

(a) Key management

	9 months ended 30 September 2013	9 months ended 30 September 2012
Salaries		
Members of the Board of Nominees	554,052	388,507

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

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

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

Transactions	9 months ended 30 September 2013	9 months ended 30 September 2012
Investment management fee	25,162,249	20,146,837
Administration fee	6,639,116	5,315,788
Rental expense	77,954	78,630
Operating cost	21,057	20,840
	31,900,376	25,562,095

During the first nine months of 2013, the Fund recorded also an amount of RON 905,836 representing expenses incurred by the Fund Manager on its behalf (30 September 2012: RON 568,102). The recharge of these expenses to the Fund followed the provisions of the Investment Management Agreement, and was subject to Board of Nominee approval.

As at 30 September 2013, the Fund owed an amount of RON 11,459,836 to the Fund Manager (31 December 2012: RON 9,146,226).

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14. Related parties (continued)

(b) Subsidiaries

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

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

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

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

	9 months ended 30 September 2013	9 months ended 30 September 2012
Gross dividend income		
Alcom	24,392	-
Dividends received		
Alcom	24,392	-
	30 September 2013	31 December 2012
Dividends receivable		
Carom - Broker de Asigurare S.A. Bucuresti	10,158	10,158
	10,158	10,158
Impairment loss allowance		
Carom - Broker de Asigurare S.A. Bucuresti	(10,158)	(10,158)
	(10,158)	(10,158)
	-	-

(c) Associates

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

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

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15. Subsequent events

Appointment of a new depository bank

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

Following a selection process, BRD Groupe Societe Generale was appointed by Fondul Proprietatea to act as its custody and depository bank in Romania. The contract is expected to become effective in November 2013.

The appointment of the new depository is conditional upon the approval of the Financial Supervisory Authority.

Approval of the Public Tender Offer initiated by the Fund in view of the acceleration of the second buy-back programme

On 10 October 2013, the Financial Supervisory Authority ("FSA") approved the Fund's application for the Public Tender Offer for the purposes of carrying out the second buy-back programme approved through the Shareholders' Resolution no. 4/25 in April 2012. The key details of the offer are as follows:

- the number of shares to be repurchased is 600,000,000 representing 4.35% of the Fund share capital
- the purchasing price is 1 RON per share
- the subscription period is 15 October – 4 November 2013
- the intermediaries of the offer are Banca Comerciala Romana and Wood & Company Financial Services

On 14 October 2013, the Fund has submitted for approval to the FSA the request for the extension of the subscription period until 14 November 2013. This amendment was approved by FSA on 17 October 2013.

< GAIN FROM OUR PERSPECTIVE >



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