

# Fondul Proprietatea SA

(This is a translation from the official Romanian version)



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# Company Information

## The Company

- Fondul Proprietatea SA (“the Fund” or “Fondul Proprietatea”) was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company.
- The Fund is registered with the Bucharest Trade Register, under the number J40/21901/2005 and has the sole registration code 18253260.
- The Fund’s Investment Objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.
- The Sole Administrator of the Fund is Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML” or “Fund Manager”), effective since 29 September 2010, and the mandate was renewed for 2 years with effect from 30 September 2014.
- Since 25 January 2011, the Fund’s shares have been listed on the Bucharest Stock Exchange (“BVB”). Since 29 April 2015, the Fund’s global depositary receipts (“GDRs”) have been listed on the Specialist Fund Market (“SFM”) of the London Stock Exchange (“LSE”).

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

NAV and Share Price Developments	Q3 2015	Q3 2014	H1 2015
Total Shareholders' Equity (RON million) <sup>2</sup>	8,266.6	10,955.5	8,676.4
Total NAV (RON million)	12,000.3	14,703.4	12,645.9
NAV per Share (RON)	1.1342	1.2438	1.1851
NAV per Share change in the period (%) <sup>1</sup>	-4.3%	-0.6%	-2.3%
NAV per Share Total Return (%) <sup>1</sup>	-4.3%	-0.6%	+1.9%
Share Price as at the end of the period (RON)	0.7900	0.9490	0.7950
Share Price Low (RON) <sup>3</sup>	0.7250	0.8255	0.7945
Share Price High (RON) <sup>3</sup>	0.8210	0.9490	0.9270
Share Price change in the period (%) <sup>1</sup>	-0.6%	+11.3%	-11.3%
Share Price Total Return (%) <sup>1</sup>	-0.6%	+11.3%	-5.8%
Share Price discount to NAV as at the end of the period (%)	30.3%	23.7%	32.9%
Average Share Price discount for the period (%)	32.8%	30.6%	27.2%
Total Share Turnover (RON million)	477.2	803.2	1,047.1
Average Daily Share Turnover (RON million) <sup>4</sup>	7.2	12.4	8.4
GDR Price as at the end of the period (USD)	10.0000	n.a	10.0000
GDR Price Low (USD) <sup>5</sup>	9.4500	n.a	9.8900
GDR Price High (USD) <sup>5</sup>	10.3000	n.a	10.8950
GDR Price change in the period (%) <sup>1</sup>	0.0%	n.a	-7.4%
GDR Price Total Return (%) <sup>1</sup>	0.0%	n.a	n.a
GDR Price discount to NAV as at the end of the period (%)	30.6%	n.a	32.5%
Average GDR Price discount for the period (%)	32.4%	n.a	30.7%
Total GDR Turnover (USD million) <sup>6</sup>	81.8	n.a	89.7
Average Daily GDR Turnover (USD million) <sup>6</sup>	2.0	n.a	1.2

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

<sup>1</sup> Compared to the end of the previous period

<sup>2</sup> Prepared on the basis of Romanian Accounting Regulations

<sup>3</sup> Source: BVB - REGS market - Closing prices

<sup>4</sup> Source: BVB

<sup>5</sup> Source: London Stock Exchange - Closing prices

<sup>6</sup> Source: London Stock Exchange

Share Capital Information	30 September 2015*	30 June 2015**	31 December 2014
Issued Share Capital (RON)	10,074,080,745.90	10,965,850,800.30	11,815,279,886.85
Paid Share Capital (RON)	9,746,649,630.90	10,638,419,685.30	11,469,658,154.35
Number of Shares in Issue	11,193,423,051	12,184,278,667	12,437,136,723
Number of Paid Shares	10,829,610,701	11,820,466,317	12,073,324,373
Nominal Value per Share (RON)	0.90	0.90	0.95

\* In August 2015, the FSA endorsed (FSA Endorsement no. 278/ 12 August 2015) the decrease of the Fund's subscribed share capital from RON 10,965,850,800.30 to RON 10,074,080,745.90, following the cancellation of 990,855,616 treasury shares acquired by the Fund during the fourth buy-back programme.

\*\* In May 2015, the FSA endorsed (through Endorsement no. 169/ 20 May 2015) the decrease of the subscribed share capital of the Fund, through the decrease of the nominal value of the Fund's shares with RON 0.05 (from RON 0.95 to RON 0.90 per share).

Share Information	
Listing	Bucharest Stock Exchange
Since	25 January 2011
Listing	SFM of LSE
Since	29 April 2015
Bucharest Stock Exchange Symbol	FP
London Stock Exchange Symbol	FP.
Bloomberg ticker on BVB	FP RO
Bloomberg ticker on LSE	FP/ LI
Reuters	FP.BX
ISIN	ROFPTAACNOR5
Financial Supervisory Authority Register No	PJR09SIIR/400006/18.08.2010
CIVM Registration No	AC-4199-2/ 26.08.2015

## Shareholder Structure<sup>1</sup> (as at 30 September 2015)

Shareholder Categories	% of subscribed share capital	% of paid-in share capital	% of voting rights
The Bank of New York Mellon (depository bank for global depository receipts) <sup>2</sup>	32.13%	33.20%	33.92%
Foreign institutional shareholders	22.53%	23.28%	23.82%
Romanian private individuals	21.28%	22.00%	22.51%
Romanian institutional shareholders	12.60%	13.03%	13.33%
Foreign private individuals	6.03%	6.23%	6.38%
Ministry of Public Finance <sup>3</sup>	0.04%	0.04%	0.04%
Treasury shares <sup>4</sup>	2.14%	2.22%	-
Unpaid shares <sup>5</sup>	3.25%	-	-

There were 8,569 shareholders as at 30 September 2015.

## Contact Details

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<sup>1</sup> Source: Central Depository

<sup>2</sup> Out of which Fondul Proprietatea held 130,411 Global Depository Receipts (6,520,550 shares equivalent)

<sup>3</sup> The percentage represents the paid shares; the percentage of subscribed share capital of Ministry of Public Finance is 3.29%, including the unpaid shares

<sup>4</sup> 12,345,186 treasury shares acquired by the Fund through the sixth buy-back programme and 227,572,250 treasury shares acquired through the fifth buy-back program

<sup>5</sup> Shares unpaid by Romanian State represented by Ministry of Public Finance

## Overview

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager of Fondul Proprietatea presents the results of the Fund in accordance with the Romanian Accounting Regulations for the quarter ended 30 September 2015, with an unaudited net profit of RON 114.5 million (the unaudited net loss for the quarter ended 30 September 2014 was of RON 70.0 million). For the nine-month period ended 30 September 2015 the net profit was RON 471.1 million (for the nine-month period ended 30 September 2014 the net profit was RON 984.5 million).

The significantly better results in the quarter ended 30 September 2015 as compared to the same period in 2014 were mainly due to higher dividend income from the Fund's portfolio companies in the third quarter of 2015, while in the third quarter of 2014, a net accounting loss on disposal of portfolio holdings was recorded. The main factors behind the lower profits in the first nine months of 2015 as compared to 2014 were the lower net accounting result on disposal of portfolio holdings and lower dividend income from the Fund's portfolio companies recorded during the first nine months of 2015, compared to the same period in 2014. For more details, please see the section *Financial Analysis*.

Total shareholders' equity was RON 8,266.6 million as at 30 September 2015 (30 June 2015: RON 8,676.4 million).

The Fund reported a Net Asset Value ("NAV") of RON 12,000.3 million as at 30 September 2015 and a Net Asset Value per Share ("NAV per share") of RON 1.1342 (a negative NAV per Share total return of - 4.3% as compared to 30 June 2015). The NAV is prepared in accordance with the local rules issued by the capital market regulator.

In the quarter ended 30 September 2015, the Bucharest Stock Exchange outperformed most of the largest markets in Central Europe, except the Czech Republic, in both local currency and EUR terms, as shown in the table below:

% change in Q3 2015	in local currency	in EUR
PX (Czech Republic)	-1.06%	-0.50%
<b>BET-XT (Romania)</b>	<b>-3.26%</b>	<b>-1.93%</b>
BUX (Hungary)	-4.61%	-4.16%
ATX (Austria)	-7.56%	-7.56%
WIG20 (Poland)	-10.85%	-12.04%

The discount of the Fund's share price to NAV was 30.3% as at 30 September 2015. In the quarter ended 30 September 2015, the discount ranged between 29.8% and 40.1%.

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

NAV and Share Price Developments	Notes	Q3 2015	Q3 2014	H1 2015	Q3 2015 vs Q3 2014	Q3 2015 vs H1 2015
Total Shareholders' Equity (RON million)	a	8,266.6	10,955.5	8,676.4	-24.5%	-4.7%
Total NAV (RON million)	b, d	12,000.3	14,703.4	12,645.9	-18.4%	-5.1%
NAV per Share (RON)	b, d	1.1342	1.2438	1.1851	-8.8%	-4.3%
NAV per Share Total Return (%)*	c	-4.3%	-0.6%	+1.9%		
Share Price as at the end of the period (RON)		0.7900	0.9490	0.7950	-16.8%	-0.6%
Share Price Total Return (%)*	c	-0.6%	+11.3%	-5.8%		
Share Price Discount to NAV as at the end of the period (%)		30.3%	23.7%	32.9%		
GDR Price as at the end of the period (USD)		10.0000	n.a.	10.0000	n.a.	0.0%
GDR Price Total Return (%)*		0.0%	n.a.	n.a.		
GDR Price Discount to NAV as at the end of the period (%)		30.6%	n.a.	32.5%		
Return of capital to shareholders (RON per share)		-	-	0.0500		

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

\*Compared to the end of the previous period

**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 / capital return reinvested, where applicable
- (d) The difference in change (%) between total NAV and NAV per share is accounted for by the change in the number of treasury shares (treasury shares acquired through buy-backs are excluded from the number of shares used in the computation of NAV per share) and in paid capital during the period

As at 30 September 2015, the NAV (calculated according to local rules issued by the capital market regulator) is higher than the value of Shareholders' equity (calculated according to Romanian Accounting Regulations), principally due to the different valuation methodologies applied to financial assets, as illustrated in the following table:

	Local Capital Market Regulations*	Romanian Accounting Regulations
Listed securities	Valued at closing market prices (regulated markets)  Valued at reference prices (Alternative Trading Systems and Rasdaq market)**	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

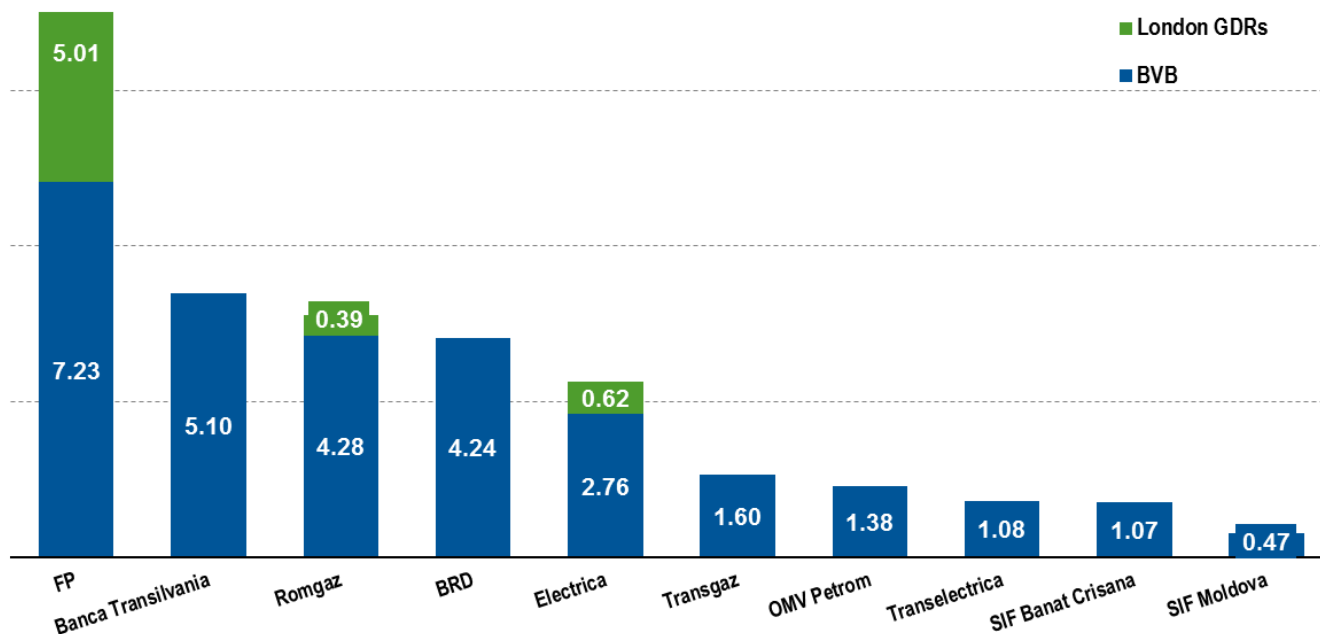
\* Details on the valuation methods used for each company are presented in the Annex 2 to this report; with effect from 31 December 2012, the shares of companies under insolvency or reorganisation procedure are valued either at zero or at a value assessed by an independent authorised valuer, using valuation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

\*\* Reference price is considered to be: the average price for the securities listed on an Alternative Trading System, the closing price for the securities listed on section RGBS of Rasdaq and the average price for the securities listed on sections XMBS of Rasdaq and UNLS.

# Significant Events

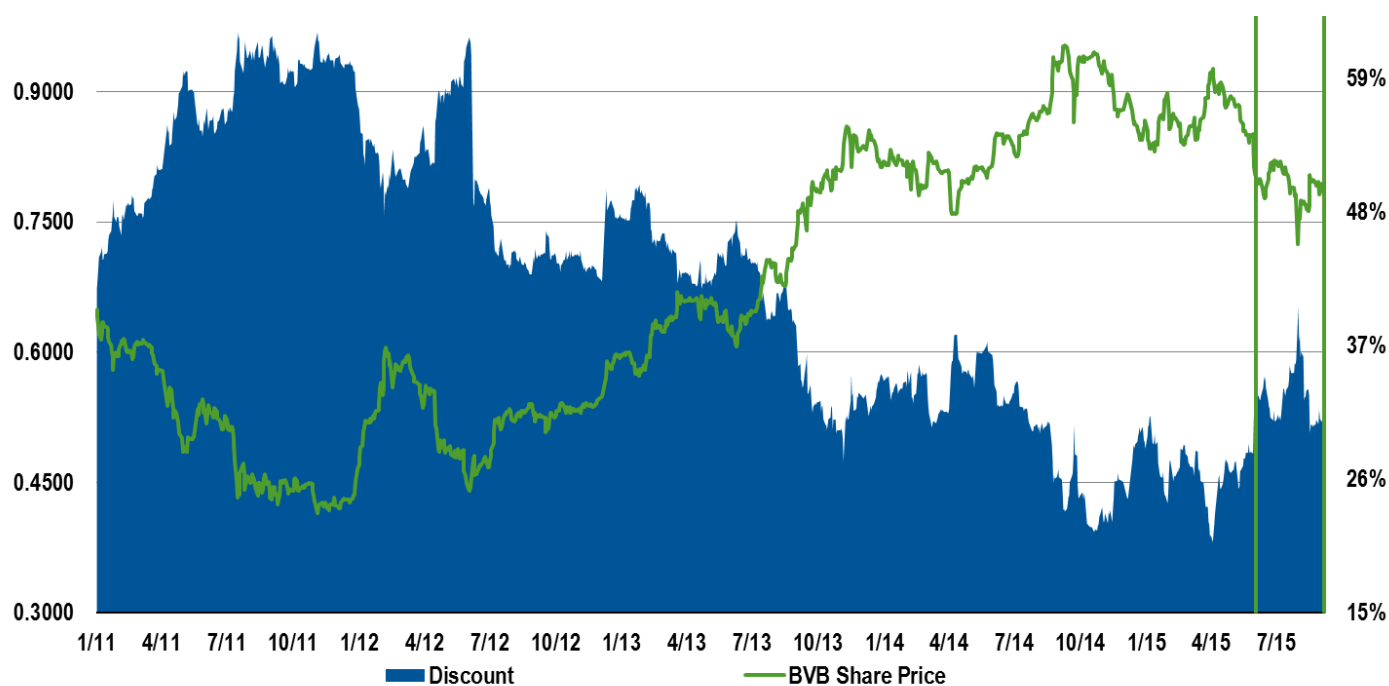
## Regulated Stock Market Trading

Average Daily Turnover in the quarter ended 30 September 2015 (RON million)



Source: BVB, Bloomberg

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



Source: BVB

## Investor Relations Update

In the third quarter of 2015, in our efforts to increase the visibility and the profile of the Fund, as well as the local capital market, and Romania, to a broader international institutional investor base, the Fund's management team participated in 5 global and regional emerging and frontier market conferences in London, New York, Warsaw, and Bucharest where we met representatives of 38 international institutional investors interested in finding out more details about the Fund and its equity story, and to receive updates on the Fund, the corporate actions, and the underlying holdings.

Also, during this quarter we organised 3 road-shows in Europe (London), and the United States (New York, Dallas, Los Angeles, Salt Lake City), where we participated in individual and group meetings with representatives from over 35 international institutional investment firms, both current shareholders and potential investors of the Fund.

In addition, we organised 22 individual meetings with current and prospective investors, as well as 18 conference calls with institutional investors and analysts covering Fondul Proprietatea, to discuss the latest developments regarding the Fund's portfolio companies and the ongoing and future corporate actions targeted at further reducing the discount of the Fund's share price to the Net Asset Value.

On 13 August, we organised the H1 2015 results conference call with analysts and investors in order to discuss the Fund's results during the first half of the year. 63 analysts and investors participated in the conference call.

On 16 September, we organised the second Retail Investor Day to update the Fund's retail investors on the latest developments of the Fund. 63 individual shareholders participated in the event.

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

## Buy-back Programmes

### The Fifth Buy-back Programme

The fifth buy-back programme started on 10 February 2015. On 30 July 2015, the Fund announced the completion of the programme, through which 227,572,250 shares of the Fund were acquired (equivalent to 1.87% of the Fund's subscribed share capital at that date) through daily acquisitions on the Bucharest Stock Exchange.

The total value of the buy-back programme was RON 193,470,259.59 (excluding brokerage fees and other acquisition related costs), and the weighted average price was approximately RON 0.8501 per share. The Fund Manager has put on the 29 October 2015 Extraordinary General Shareholders' Meeting ("EGM") agenda the approval of the cancellation of the shares repurchased during this buy-back programme. For further details regarding shareholders' decision, please see the section *Subsequent Events*.

### The Sixth Buy-back Programme

On 27 April 2015 the General Shareholders' Meeting ("GSM") approved the sixth buy-back programme for a maximum number of 891,770,055 shares or the equivalent number of global depositary receipts corresponding to shares of Fondul Proprietatea, effective until 15 November 2016. The buy-back shall be performed at a price that is neither lower than RON 0.2 per share nor higher than RON 2 per share. The buy-back transactions can only be performed for fully paid shares. The shares repurchased will be cancelled. The implementation of this buy-back programme will be subject to the availability of the necessary cash. The buy-back programme started on 9 September 2015.

As at 30 September 2015, the total number of shares repurchased during the sixth buy-back programme was 21,660,405 (14,208,305 ordinary shares and 7,452,100 equivalent shares of the GDRs repurchased) representing 2.43% of the total programme, at the weighted average price, excluding transactions costs, of RON 0.7943 per share and of USD 10.1356 per GDR (1 GDR = 50 shares), respectively.

## Share Capital Decrease

On 12 August 2015, the FSA endorsed the decrease of the subscribed share capital of the Fund from RON 10,965,850,800.30 to RON 10,074,080,745.90, following the cancellation of 990,855,616 treasury shares acquired by the Fund in the fourth buy-back programme in 2014 and 2015. The share capital decrease was effective beginning on 12 August 2015.



Therefore, starting on 12 August 2015, the new value of the Fund's subscribed share capital is RON 10,074,080,745.90, divided into 11,193,423,051 shares with a nominal value of RON 0.90 per share. The value of the paid in share capital is RON 9,746,649,630.90, divided into 10,829,610,701 shares with a nominal value of RON 0.90 per share.

As a result of the share capital decrease the new GDR facility limit, calculated as one third of the share capital, is 74,622,820 GDRs.

### Main Litigation Updates

In the administrative file regarding the legal action initiated by the Fund against the FSA for the endorsement of the Addendum no. 2 to the Investment Management Agreement signed in 2010, the Bucharest Court of Appeal announced on 24 April 2014 that it ruled against the Fund and dismissed the claim. The Fund appealed the decision and we are waiting for the Supreme Court of Justice to set the first hearing.

### Credit Facility Agreement

On 4 May 2015, Fondul Proprietatea concluded a revolving committed credit facility of RON 500 million with Citibank Europe Plc, Dublin – Romania Branch. The purpose of the credit facility is for general corporate use, including share buy-backs, but excluding investments. It is intended to be a bridging loan.

On 23 June 2015, the Fund drew RON 450 million from the total credit facility, with one month maturity, with the intention to roll it over monthly, if needed. On 23 July 2015 and 21 August 2015, the Fund rolled over the amount drawn of RON 450 million, while on 21 September 2015 the Fund repaid RON 100 million and rolled over the remaining RON 350 million for one month.

For further updates regarding the credit facility agreement, please see the section *Subsequent Events*.

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

The Law 74/2015 implementing Directive 2011/61/EU on Alternative Investment Fund Managers ("AIFM Directive") was published in the Official Gazette of Romania on 23 April 2015. Following the entry into force of the Law 74/2015 on 24 May 2015, the FSA approved Regulation 10/ 2015 regarding the alternative investment funds management ("Regulation 10/ 2015") on 22 July 2015, which was published in the Official Gazette of Romania on 28 July 2015. According to the FSA Regulation 10/2015, the Fund is qualified as an Alternative Investment Fund ("AIF") under the Romanian law implementing the AIFM Directive and needs to comply with the provisions of the law implementing AIFM Directive and Regulation 10/2015 before 24 May 2016.

On 15 September 2015 the Fund Manager called the General Shareholders' Meeting for 29 October 2015, proposing the AIFM Directive implementation plan at the level of the Fund as follows:

- Termination of FTIML's current mandate: the Fund revokes FTIML from its current position of Sole Director and Fund Manager of the Fund (last day of mandate shall be 31 March 2016); the termination shall occur by mutual consent, by signing an addendum to the current Investment Management Agreement as of 29 April 2014.
- Subsequent to the termination under point above, the Fund appoints Franklin Templeton International Services S.À.R.L ("FTIS") as its Sole Director and Fund Manager under AIFM Directive and local implementation regulations, and executes a new investment management agreement in order to reach AIFM Directive compliance (FTIS' mandate will commence on 1 April 2016). Considering that the replacement of the Fund Manager with another entity from the group is proposed to be done in view of complying with the Directive 2011/61/EU on Alternative Investment Fund Managers and the related national implementation laws and regulations, we propose the shareholders to approve the waiver of any selection procedure as the change is made to comply with legal requirements.
- Delegation of activities: the Board of Nominees approves the delegation of certain portfolio management and administrative activities from FTIS to FTIML.

For further details regarding shareholders' decision, please see the section *Subsequent Events*.

## Subsequent Events

### Decisions of 29 October 2015 GSM

The main decisions of the shareholders at the 29 October 2015 GSM, approved with more than 90% of the votes were the following:

- The approval of the decrease of the subscribed share capital as a result of the cancelation of the shares repurchased during the fifth buy-back programme;
- The approval of the seventh buy-back programme;
- The approval of the amendment of the Investment Policy Statement of the Fund, with effective date 1 April 2016;
- The approval for the authorisation of the Sole Administrator to execute any disposal acts over any holdings in the portfolio companies of the Fund, which either individually or cumulatively during 2015 or 2016 financial year, for each year separately, exceed 20% of the total value of the non-current assets, less receivables (up to 30% of the total value of the non-current assets, less receivables);
- The approval of AIFM Directive implementation plan, including (i) the amended Constitutive Act of the Fund, (ii) the termination of the mandate of FTIML as Fund Manager and Sole Director, (iii) the appointment of FTIS as Fund Manager and Sole Director and (iv) the new Investment Management Agreement, all with effective date 1 April 2016;
- The approval of Addendum 3 to the current Investment Management Agreement as recommended by FSA;
- The approval of Addendum 4 to the current Investment Management Agreement containing the increase of the distribution fee;
- The approval of continuation vote for the mandate of FTIML as Fondul Proprietatea's Fund Manager and Sole Director;
- The approval of the increase of the monthly remuneration of the members of the Board of Nominees;
- The approval of the Fund's budget for 2016;
- The appointing of Deloitte Audit SRL as the financial auditor of Fondul Proprietatea for 2015 and the approval of the financial audit agreement; and
- The ratification and the approval of all GSM resolutions and of all legal acts concluded, adopted and issued in the name of Fondul Proprietatea through FTIML between 6 September 2010 and 28 October 2015.

### Disposals

On 21 October 2015 the Fund sold an aggregate of 16,000,000 existing shares in SNGN Romgaz SA ("Romgaz SA"), equivalent of 4.15% of the existing share capital of Romgaz SA, or 41.51% of the Fund's holding in Romgaz SA (14,715,000 in the form of shares and 1,285,000 in the form of global depositary receipts) to qualified investors and certain other investors, not exceeding 150 natural or legal persons per Member State, other than qualified investors (all within the meaning of paragraphs (2)(a) and (2)(b) of Article 3 of the Prospectus Directive). The shares were priced at RON 28.50 and USD 7.32 (in relation to disposals via dollar-denominated global depositary receipts, based on an intraday foreign exchange rate of RON 3.8927 per USD).

In November 2015 the Fund sold its entire holding in Petrotel Lukoil SA, respectively 2,152,291 shares. The transfer of the ownership title over the shares sold was recorded by the Central Depositary on 2 November 2015.

### Updates on the Credit Facility Agreement

In October 2015 the Fund repaid the RON 350 million previously drawn from the credit facility concluded with Citibank Europe Plc, Dublin - Romania Branch.

# Analysis of the Activity of the Fund

## Analysis of the Portfolio of the Fund

### Net Asset Valuation

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

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

### NAV Methodology

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

Listed securities are valued at closing market prices if listed on regulated markets, or reference prices if listed on an Alternative Trading System ("ATS"), on Rasdaq market or on UNLS section of BVB. In case of shares listed on ATS the reference price is considered to be the average price; in case of shares listed on Rasdaq the reference price is considered to be the closing price for the shares listed on section RGBS and the average price for the shares listed on section XMBS; and in case of shares traded on UNLS section of BVB the reference price is considered to be the average price.

Illiquid or unlisted securities are valued using either the value of shareholders' equity, as per the latest available annual financial statements, proportionally with the stake held, or according to International Valuation Standards which permit fair valuation.

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

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

### Buybacks via Global Depositary Receipts

In September 2015, Fondul Proprietatea started the sixth buyback programme which is carried out by the Fund both through buying ordinary shares on the Bucharest Stock Exchange and through buying GDRs on the London Stock Exchange.

From an accounting point of view the GDRs bought back by the Fund are accounted for exactly as the own ordinary shares repurchased, as a deduction in shareholders' equity (in an account with debit balance in shareholders' equity). This is the result of the application of substance over form principle, due to the fact that buyback via GDRs is only a technical/ legal form of the transaction, the substance of the transaction being that the Fund buys back its own shares, giving the same rights to both holders of Fund's ordinary shares and of Fund's GDRs, to take part in the buyback programmes carried out by the Fund.

According to CNVM Regulation no. 4/2010, as subsequently amended, in the computation of the NAV per share, the number of own shares bought back by the Fund, held at the NAV reporting date, should be deducted from the number of shares issued and paid-in.

Due to the fact that in substance the Fund's GDRs are similar with the ordinary shares to which they correspond, in the computation of the number of shares used in the calculation of NAV per share, the equivalent number of shares corresponding to the GDRs bought back and held by the Fund as at NAV reporting date are also deducted (together with the number of the ordinary own shares bought back and held).

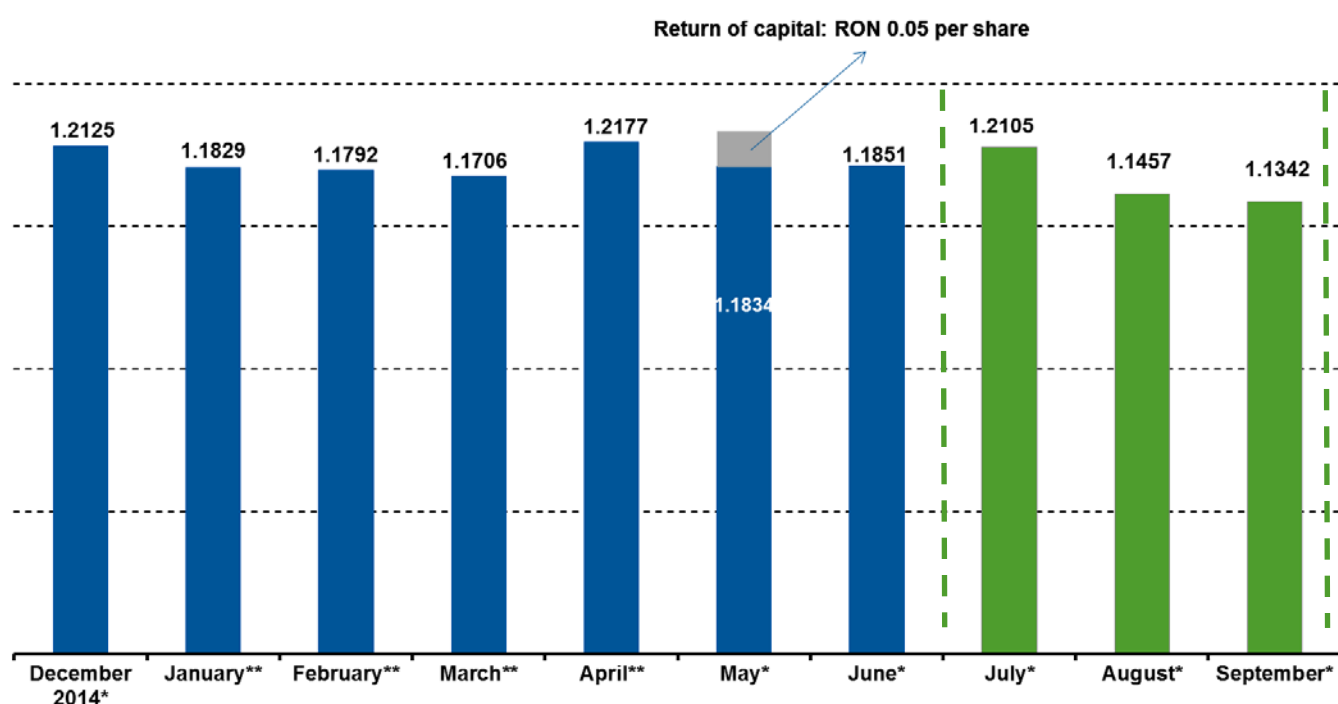
## Official accounting regulations in 2015

Starting 1 January 2015, according to FSA Instruction no. 2/6 August 2014, entities authorised, regulated and supervised by the FSA were required to apply IFRS as the basis of accounting. Therefore, starting on 1 January 2015 the Fund adopted IFRS as the statutory official accounting framework and used the accounting records under IFRS for the computation of the non-portfolio items for the 30 January 2015, 27 February 2015, 31 March 2015 and 30 April 2015 NAV reports.

In May 2015 FSA issued Instruction no. 1/19 May 2015 (which amended Instruction no. 2/2014) according to which the implementation of IFRS as the official basis of accounting is postponed until 1 January 2016 and regulated entities should continue to apply the Romanian Accounting Regulations (CNVM Regulation 4/2011) in 2015. As a result, the Fund used the accounting records according to Romanian Accounting Regulations for the computation of the non-portfolio items in the monthly NAV reports, starting the 29 May 2015 NAV report.

The following chart shows information on the monthly published NAVs per share for the period 31 December 2014 to 30 September 2015:

### NAV per share (RON per share)



Source: FTIML, based on NAV reports submitted to FSA

\*Based on Romanian Accounting Regulations for non-portfolio items

\*\*Based on IFRS for non-portfolio items

The grey section within May 2015 represents the value of the 2015 return of capital per share, approved by shareholders in January 2015, which was recorded in May 2015, following the FSA endorsement of this share capital decrease (Endorsement no. 169/ 20 May 2015), which resulted in a corresponding reduction of the NAV per share.

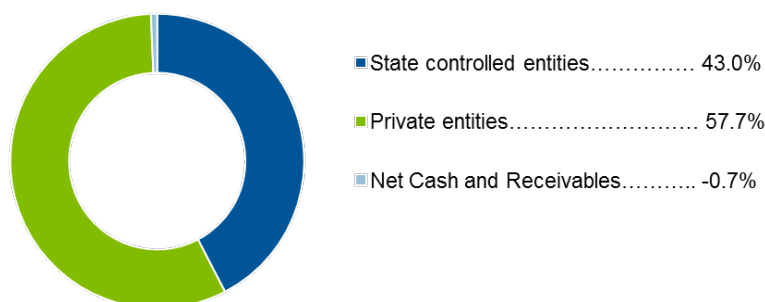
During the third quarter of 2015 the NAV per share decreased by 4.3%, mainly due to the negative impact of the decrease of the share prices of certain listed holdings, principally OMV Petrom SA (impact on the Fund's NAV of RON 450.8 million or RON 0.0426 per share) and Romgaz SA (impact on the Fund's NAV of RON 246.7 million or RON 0.0233 per share), while the buybacks carried out during the period had a slight positive impact.

During the third quarter of 2015, there were no material changes in the valuation of the Fund's unlisted holdings.

## Investment Strategy and Portfolio Analysis

The Fund's Investment Objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities. The equity exposure amounted to 100.7% of the Fund's NAV as at 30 September 2015. As at that date, the portfolio was composed of holdings in 49 companies (15 listed and 34 unlisted), containing a combination of privately held and state-controlled entities.

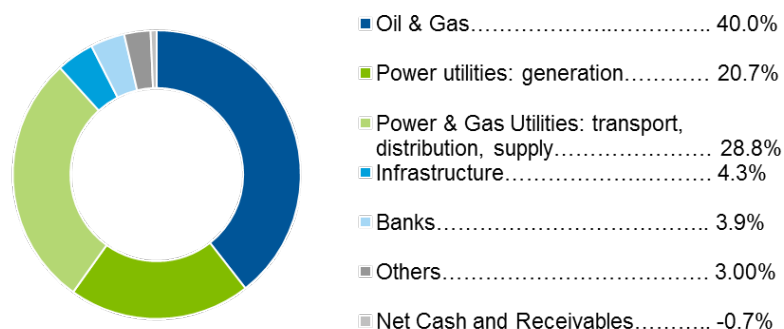
### Portfolio Structure – by Controlling Ownership



- Net cash and receivables includes bank deposits, current bank accounts, treasury bills and bonds, dividend receivables, as well as other assets, net of all liabilities (including short-term bank loans, liabilities to shareholders related to the returns of capital and dividends from previous years) and provisions.

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 September 2015

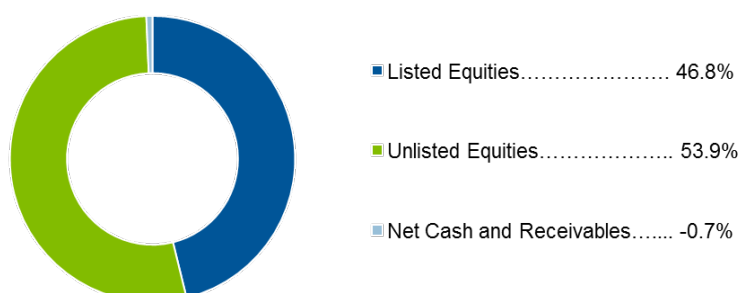
### Portfolio Structure - by Sector



- The portfolio remained heavily weighted in power, oil and gas sectors (approx. 89.5% of the NAV), through a number of listed and unlisted Romanian companies.

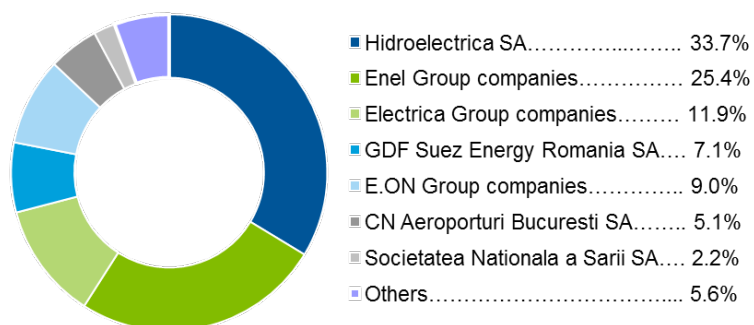
Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 September 2015, based on NAV reports submitted to FSA

### Portfolio Structure – by Asset Type



Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 September 2015, based on NAV reports submitted to FSA

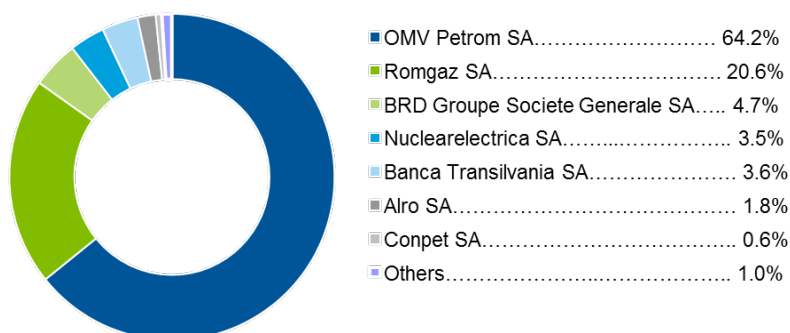
### Portfolio Structure – Unlisted entities



- The largest unlisted company is Hidroelectrica SA (33.7% of the total value of unlisted companies in the portfolio)

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 September 2015, based on NAV reports submitted to FSA

### Portfolio Structure – Listed entities



- The largest listed company is OMV Petrom SA (64.2% of the total value of listed companies in the portfolio)

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 September 2015, based on NAV reports submitted to FSA

## Top 20 Equity Investments

No	Name	Fund's Stake (%)	Value as at 30 September 2015 (RON million)	% of NAV as at 30 September 2015
1	OMV Petrom SA	18.99%	3,604.1	30.0%
2	Hidroelectrica SA	19.94%	2,178.1	18.2%
3	Romgaz SA	10.00%	1,156.3	9.6%
4	ENEL Distributie Banat SA	24.12%	640.5	5.3%
5	ENEL Distributie Muntenia SA	12.00%	465.8	3.9%
6	GDF Suez Energy Romania SA	11.99%	461.3	3.8%
7	E.ON Distributie Romania SA*	18.34%	445.9	3.7%
8	ENEL Distributie Dobrogea SA	24.09%	396.9	3.3%
9	CN Aeroporturi Bucuresti SA	20.00%	332.3	2.8%
10	BRD Groupe Societe Generale SA	3.64%	264.0	2.2%
11	Electrica Distributie Muntenia Nord SA	21.99%	235.6	2.0%
12	Electrica Distributie Transilvania Sud SA	21.99%	206.5	1.7%
13	Electrica Distributie Transilvania Nord SA	22.00%	201.6	1.7%
14	Banca Transilvania SA	2.87%	199.4	1.7%
15	Nuclearelectrica SA	9.09%	192.1	1.6%
16	Societatea Nationala a Sariei SA	48.99%	142.9	1.2%
17	E.ON Energie Romania SA	13.39%	133.9	1.1%
18	CN Administratia Porturilor Maritime SA	19.99%	132.6	1.1%
19	Electrica Furnizare SA	22.00%	126.4	1.1%
20	Complexul Energetic Oltenia SA	21.55%	108.5	0.9%
<b>Top 20 equity holdings</b>			<b>11,624.7</b>	<b>96.9%</b>
<b>Total equity holdings</b>			<b>12,081.6</b>	<b>100.70%</b>
<b>Net cash and receivables</b>			<b>-81.3</b>	<b>-0.70%</b>
<b>Total NAV</b>			<b>12,000.3</b>	<b>100.0%</b>

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 September 2015, based on NAV reports submitted to FSA  
 \* E.ON Distributie Romania SA was created at 31 December 2014 through the merger of E.ON Gaz Distributie SA (the absorbing company, whose name was changed) and E.ON Moldova Distributie SA (the absorbed company)

## Key Portfolio Developments in the Period

## Acquisitions and Disposals

In July 2015, Banca Transilvania SA completed the registration of the share capital increase (from incorporation of reserves) with the Central Depository. As a consequence, a number of 12,011,283 bonus shares received by the Fund were reflected as part of its portfolio (previously these shares were reflected in the other non-current assets category in the Fund's NAV report).

In August the Fund contributed in cash with RON 1.0 million to the share capital increase of Zirom SA. The capital increase was needed to finance an ongoing project aimed to increase the company's productivity and upgrading quality control and testing equipment.

There were no disposals of shares from the Fund's portfolio during the third quarter of 2015.



## Energy Sector Updates

The Romanian National Energy Regulatory Authority (“ANRE”) modified the tariff setting methodology for the electricity distribution service (Order 112/ 29 October 2014), with the most significant changes being the possibility given to the regulator to revise the regulatory rate of return (“RRR”) starting from the second year of the ongoing five year regulatory period (2014 - 2018). Subsequently, ANRE effectively reduced the level of the RRR (before tax and expressed in real terms) to 7.70% from the previous level of 8.52% (Order 146/ 10 December 2014). The ANRE decision was challenged in Administrative Court by Fondul Proprietatea and some of the distribution companies and these cases are ongoing.

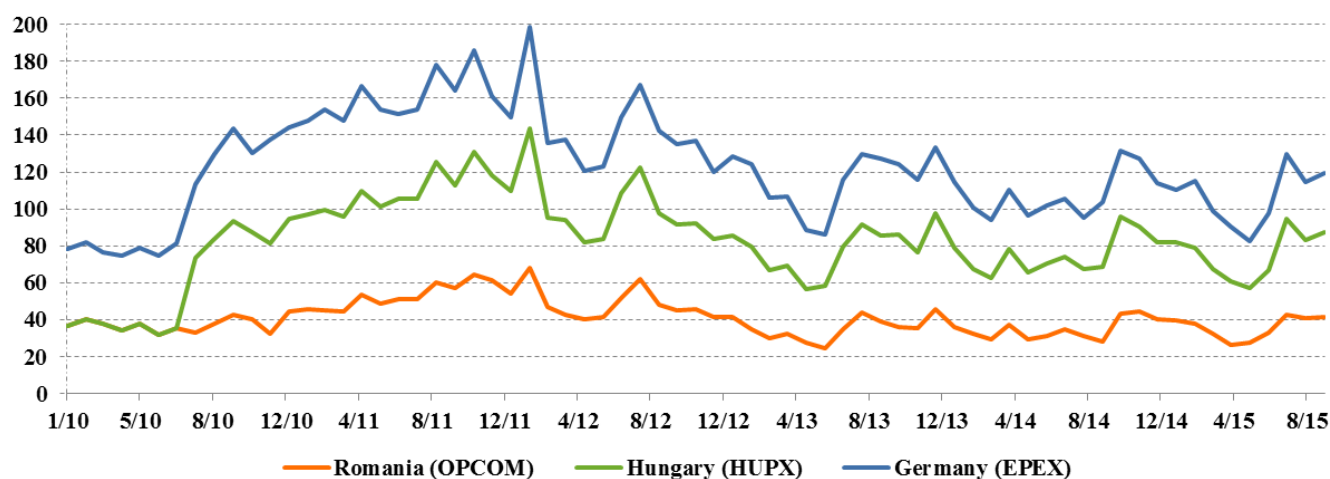
## Energy Tariff Changes

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

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

Source: ANRE

## Electricity prices (EUR/ MWh)



Source: Bloomberg, Hidroelectrica

Note: Day Ahead Market – monthly average for base load

## Energy Resources (thousand tons barrels of oil equivalent)

	January – August 2015			January – August 2014			% change		
	Total	Production	Import	Total	Production	Import	Total	Production	Import
Coal	3,354.8	2,988.8	366.0	3,194.0	2,912.1	281.9	5.0	2.6	29.8
Oil	7,119.7	2,521.8	4,597.9	6,840.4	2,536.8	4,303.6	4.1	(0.6)	6.8
Natural gas	5,773.2	5,706.1	67.1	6,101.4	5,770.8	330.6	(5.4)	(1.1)	(79.7)
Hidro, Nuclear, and Import energy	3,650.5	3,434.2	216.3	3,328.9	3,306.9	22.0	9.7	3.8	883.2
Import oil products	1,604.6	-	1,604.6	1,276.1	-	1,276.1	25.7	-	25.7
Others	325.7	-	325.7	260.2	-	260.2	25.2	-	25.2
<b>Total resources</b>	<b>21,828.5</b>	<b>14,650.9</b>	<b>7,177.6</b>	<b>21,001.0</b>	<b>14,526.6</b>	<b>6,474.4</b>	<b>3.9</b>	<b>0.9</b>	<b>10.9</b>

Source: National Institute of Statistics (INSSE)



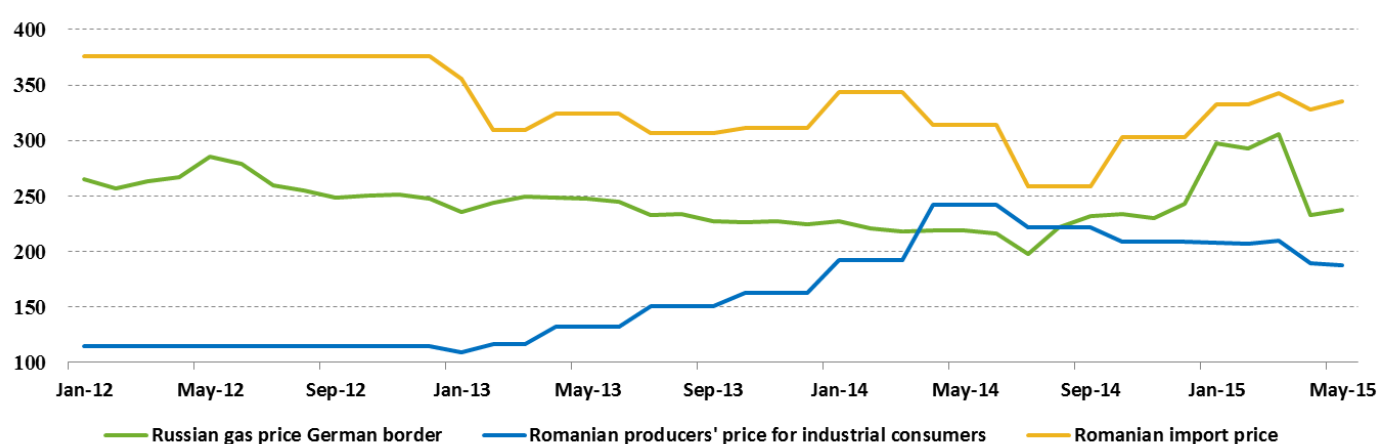
## Gas Tariff Changes

Gas prices have increased starting 1 February 2013, pursuant to the schedule for gradual elimination of regulated gas prices. As of 1 January 2015, prices for supply to non-household consumers are determined freely, based on direct negotiation or acceptances of supplier's standard offer. Based on Government Decision no. 488/2015, the Government approved the updated schedule for gas price liberalisation for household consumers and heat producers (for the energy used in residential heating) for the period 1 July 2015 – 1 April 2020.

Starting date	Household prices (RON/ MWh)
01.07.2015	60.00
01.07.2016	66.00
01.04.2017	72.00
01.04.2018	78.00
01.04.2019	84.00
01.04.2020	90.00

Source: Government Decision no. 488/2015

## Gas prices (EUR/ thousand m<sup>3</sup>)



Source: Wood & Co, Bloomberg

## Special Infrastructure Tax

Starting with January 2015, the special infrastructure tax of 1.5% of the value of the special infrastructure assets, which most of the companies in the Fund's portfolio had to pay for the first time in 2014, has been lowered by one third to 1.0% of the value of such special infrastructure assets.

## Update on the Largest 20 Portfolio Companies

### Banca Transilvania SA

RON million	2013	2014	9M 2014	9M 2015***	2014*	2015*
Operating income	1,752.9	2,078.0	1,484.5	1,721.1	942.0	2,015.0
Net impairment losses	414.3	684.4	445.2	(18.1)	430.0	550.0
Net profit	397.6	442.5	338.1	2,296.2	512.0**	596.0**

Source: based on consolidated IFRS financial statements (2013 figures have been restated)

\*Budgeted figures before revision in October 2015

\*\* Refers to budgeted gross profit, 2015 and 2014 budget does not include a line for net profit

\*\*\* Based on consolidated IFRS financial statements, including Volksbank Romania and the other companies in the group

October: Shareholders approved the merger of Banca Transilvania SA and Volksbank Romania. The integration process is expected to be finalised by the end of 2015. At the same meeting shareholders approved the revised budget for 2015, which includes the merger but excludes one-offs in the profitability estimates: it shows an improved ROE of 18.1% from 13.0% before revision of the budget, cost/ income of maximum 22.2% from 43.1% before revision of budget, and total asset growth of 22.9% from 3.9% in the previous budget.

November: The bank published the results for the first 9 months of 2015, which include the effects of the acquisition of Volksbank Romania and are therefore not directly comparable to results for the corresponding period from 2014. The bank also published a set of directly comparable results, which exclude the effects of the acquisition and show a 1.6% increase in operating income to RON 1,453.6 million, an 18.0% decline of impairment losses to RON 362.4 million and a 3.0% decline of net profit to RON 313.0 million.

### BRD – Groupe Societe Generale SA

RON million	2013	2014	9M 2014	9M 2015	2014*	2015*
Net banking income	2,850.6	2,620.5	1,966.1	1,860.1	Expected decrease due to lower net interest income	Around 3% increase
Net operating income	1,491.3	1,295.3	1,006.2	906.2	n.a.	
Net cost of risk	2,130.8	1,215.4	967.7	454.3	Significant improvement	Significant decrease
Net profit/ (loss)	(387.5)	63.1	33.6	380.1	Expected return to profitability	Significant improvement

Source: Based on consolidated IFRS financial statements

\* Budgeted figures

November: According to the unaudited consolidated IFRS financial statements for the first nine months of the year ended 30 September 2015 the bank reported a net profit of RON 380.1 million compared to a net profit of RON 33.6 million during the similar period of 2014. The net banking income decreased by 5.4% y.o.y to RON 1,860.1 million, while general operating expenses decreased by 0.6% y.o.y to RON 953.9 million, leading to a net operating income of RON 906.2 million, representing a decrease of 9.9% y.o.y. Net cost of risk decreased by 53.1% compared to the similar period of the previous year, to RON 454.3 million.

### CN Administratia Porturilor Maritime SA

RON million	2013	2014	H1 2014	H1 2015	2014*	2015*
Total revenue	302.4	305.2	140.7	157.1	297.1	306.1
Operating profit	76.6	83.8	50.9	70.7	43.3	55.1
Net profit	65.0	70.3	41.8	61.4	31.0	39.8
Dividends	50.6	32.3	n.a.	n.a.	13.5	17.6

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\* Budgeted figures

August: Financial statements for the half year ended 30 June 2015 show total revenues increased compared to the same period of 2014 by 11.7% to RON 157.1 million and net profit increased 46.9% to RON 61.4 million.

September: Total traffic increased in the first 8 months of 2015 compared with the same period of 2014 by 12.7% to 38.9 million tons.

### CN Aeroporturi Bucuresti SA

RON million	2013	2014	H1 2014	H1 2015	2014*	2015*
Total revenue	641.4	689.7	316.7	361.7	676.8	725.8
Operating profit	91.0	124.4	60.8	106.7	39.9	40.6
Net profit	69.0	98.8	52.6	90.4	25.3	44.3
Dividends	61.6	51.2	n.a.	n.a.	12.6	24.4

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\* Budgeted figures

August: Financial statements for the half year ended 30 June 2015 show total revenues increased compared to the same period of 2014 by 14.2% to RON 361.7 million and net profit increased 71.9% to RON 90.4 million.

September: Total passenger traffic increased by 11.8% to 6.1 million passengers in the first 8 months of 2015 compared with the same period of 2014.

### Complexul Energetic Oltenia SA

RON million	2013	2014	H1 2014	H1 2015	2015*
Sales	4,278.2	4,105.4	1,899.4	1,928.6	4,228.7
Operating profit / (loss)	(28.0)	(638.7)	(157.4)	94.6	98.3
Net profit / (loss)	4.5	(693.6)	(193.5)	13.6	0.7

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\* Budgeted figures

September: The company released the financial results for the half year ended 30 June 2015: electricity sold from internal production increased by 7.6% y.o.y. to 5.5 TWh, operating revenues were 1.5% up y.o.y. to RON 1,928.6 million, the company recorded an operating profit of RON 94.6 million (compared to a loss of RON 157.4 million in the first six months of 2014) and a net profit of RON 13.6 million (compared to a loss of RON 193.5 million in the first six months of 2014); however, the expenses with the CO2 certificates were only partially recognised.

### E.ON Distributie Romania SA

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

RON million	2013	2014	2014*	2015**
Sales	726.5	770.5	748.0**	1,448.0**
Operating profit	74.0	96.8	50.0	217.0
Net profit	67.8	83.0	37.0	180.0
Dividends****	-	-	-	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations (2013 and 2014 figures reflect only gas distribution business as reported by the company)

\* E.ON Gaz Distributie SA 2014 budget

\*\*2014 budget: Power distribution revenue / 2015 budget: Power and gas distribution revenue

\*\*\*Budgeted figures (includes also electricity distribution business)

\*\*\*\*E.ON Gaz Distributie dividends

### E.ON Energie Romania SA

RON million	2013*	2014*	2014***	2015***
Operating revenue	4,766.7	4,871.9	5,326.0**	4,821.0**
Operating profit	226.6	108.6	159.0	125.0
Net profit	224.5	94.0	131.0	110.0

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

\*\*Power and gas sales revenue

\*\*\*Budgeted figures

### Electrica Distributie Muntenia Nord SA ("EDMN")

RON million	2013	2014	H1 2014	H1 2015	2015*
Total revenue	792.8	805.4	388.3	394.2	778.3
Operating profit	132.6	159.6	78.1	94.3	165.5
Net profit	126.5	140.2	75.8	83.1	139.0
Dividends	105.5	112.1	n.a.	n.a.	111.1

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\*Budgeted figures

August: Financial results for the first six months of 2015 as per Romanian accounting regulations show an increase in operating revenues of 2.4% from RON 380.7 million to RON 390.0 million and a 9.6% increase in net profits from RON 75.8 million to RON 83.1 million.

### Electrica Distributie Transilvania Nord SA ("EDTN")

RON million	2013	2014	H1 2014	H1 2015	2015*
Total revenue	656.3	674.7	332.8	352.0	685.1
Operating profit	88.0	119.6	70.4	93.4	146.0
Net profit	63.7	95.3	61.1	80.0	120.3
Dividends	53.0	75.9	n.a.	n.a.	96.1

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\*Budgeted figures

August: Financial results for the first six months of 2015 as per Romanian accounting regulations show an increase in total revenues of 5.8% from RON 332.8 million to RON 352.0 million and a 30.9% increase in net profits from RON 61.1 million to RON 80.0 million.

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

RON million	2013	2014	H1 2014	H1 2015	2015*
Total revenue	716.1	739.3	366.1	383.0	779.3
Operating profit	90.3	121.4	76.3	90.9	142.2
Net profit	69.3	100.1	66.5	77.3	110.4
Dividends	57.9	79.9	n.a.	n.a.	87.8

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\*Budgeted figures

August: Financial results for the first six months of 2015 as per Romanian accounting regulations show an increase in total revenues of 4.6% from RON 366.1 million to RON 383.0 million and a 16.2% increase in net profits from RON 66.5 million to RON 77.3 million.

**Electrica Furnizare SA**

RON million	2013	2014	H1 2014	H1 2015	2015*
Total revenue	4,795.2	4,055.4	2,056.9	2,056.2	4,097.5
Operating profit	100.1	223.7	141.6	73.5	n.a.
Net profit	101.5	204.7	130.6	66.2	95.1
Dividends	89.3	174.0	n.a.	n.a.	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\*Budgeted figures

August: Financial results for the first six months of 2015 as per Romanian accounting regulations show revenues almost flat at RON 2,056.2 million compared with RON 2,056.9 million and a 49.3% decrease in net profits from RON 130.6 million to RON 66.2 million. The net profits in the first six months of 2014 were affected positively by one off events.

**ENEL Distributie Banat SA (“EDB”)**

RON million	2013	2014	2014*	2015*
Operating revenue	659.3	631.4	571.8	557.0
Operating profit	203.4	188.4	191.3	188.1
Net profit	190.7	172.2	176.1	161.8
Dividends	-	85.7	-	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\*Budgeted figures

August: Catalin Deaconescu and Gabriel Andronache were replaced as members of the board with Stanislav-Bogdan Laura Cristina and Violeta Floria following the request from SAPE (the government agency in charge with managing the state’s participation in energy companies).

**ENEL Distributie Dobrogea SA (“EDD”)**

RON million	2013	2014	2014*	2015*
Operating revenue	544.5	526.5	480.7	461.9
Operating profit	148.9	102.7	154.7	154.7
Net profit	133.5	87.7	130.6	129.3
Dividends	-	43.6	-	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\*Budgeted figures

**ENEL Distributie Muntenia SA (“EDM”)**

RON million	2013	2014	2014*	2015*
Operating revenue	997.7	1,001.4	903.4	901.1
Operating profit	220.9	246.3	287.7	244.1
Net profit	267.2	240.8	254.0	211.7
Dividends	-	-	-	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\*Budgeted figures

August: Cristian Cosmin was replaced as member of the board with Mihaela Preda following the request from SAPE (the government agency in charge with managing the state's participation in energy companies).

### GDF Suez Energy Romania SA

RON million	2013	2014	H1 2014	H1 2015	2014*	2015*
Turnover	4,127.1	4,337.2	2,332.7	2,536.7	4,667.1	4,441.4
Operating profit	518.7	560.9	416.9	426.7	372.7	262.1
Net profit	447.1	443.1	346.7	351.3	359.6	278.8
Dividends**	280.0	200.0	n.a.	n.a.	-	-

Source: consolidated IFRS financial statements

\*Budgeted figures based on separate IFRS financial statements

\*\*Dividends are based on the separate IFRS financial statements

### Hidroelectrica SA

RON million	2013	2014	H1 2014	H1 2015	2014*	2015*
Turnover	3,083.2	3,406.0	1,554.3	1,851.5	2,522.0**	2,851.3**
Operating profit	1,016.1	1,207.9	495.4	734.0	399.9	489.7
Net profit	718.8	941.5	410.0	596.9	246.5	371.9
Dividends	-	646.4	n.a.	n.a.	-	174.5

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\*Budgeted figures

\*\*Operating revenue

September: The first 8 months of 2015 results as per Romanian accounting regulations show net profits of RON 830.0 million compared with RON 719.0 million in the first 8 months of 2014.

### Nuclearelectrica SA

RON million	2013	2014	H1 2014	H1 2015	2014**	2015*
Sales	1,932.5	1,794.6	853.9	858.4	1,816.3	1,884.0
Operating profit/ (loss)	459.3	173.8	(18.4)	14.4	103.1	57.7
Net profit	426.9	131.4	14.4	1.6	99.0	30.8
Dividends***	340.9	90.4	n.a.	n.a.	47.7	15.7

Source: Based on consolidated IFRS financial statements audited

\* Budgeted figures

\*\* Revised budgeted figures

\*\*\*Dividends are based on the separate IFRS financial statements

August: The company released the financial results for the first six months of 2015: electricity output was flat y.o.y. at 5.18 TWh and total sales were up 0.5% y.o.y. to RON 858.4 million. The total costs decreased slightly y.o.y. despite the additional costs generated by the planned shutdown of Unit 2 in Q2 2015 for approximately 25 days: total operating expenses decreased 3.3% to RON 843.9 million. Salaries expenses were higher than estimated mainly due to the fact that some benefits in kind were previously booked as other expenses.

Operating profit increased to RON 14.4 million in the first six months of 2015 compared to a loss of RON 18.4 million in the first six months of 2014, mostly supported by a lower tax on special construction, which was reduced to 1.0% from 1.5% previously (paid in full amount in first quarter of 2015). The bottom line decreased to RON 1.6 million compared to RON 14.4 million in the first six months of 2014 as financial losses offset improvements in operating activity.

### OMV Petrom SA

RON million	2013	2014	9M 2014	9M 2015	2014*	2015*
Sales	24,185.2	21,541.3	16,194.6	13,626.8	17,140.0	n.a.
Operating profit	5,957.9	3,338.3	3,449.1	1,314.7	4,405.0	1,121.0
Net profit/ (loss)	4,824.0	2,099.7	2,406.7	990.7	3,936.0	1,102.0
Dividends**	1,744.6	634.4	n.a.	n.a.	-	-

Source: Based on consolidated IFRS financial statements

\*Budgeted figures

\*\*Dividends based on separate IFRS financial statements

September: Shareholders approved the company's secondary listing on the London Stock Exchange by the issuance of Global Depositary Receipts. The approval is valid until the end of 2016.

Reiner Seele was confirmed by shareholders as the new President of the Supervisory Board. He had been appointed to this position on an interim basis in July. He is the new CEO of OMV AG since July 2015 and has extensive experience in the oil and gas industry at companies such as Wintershall AG, WINGAS GmbH and BASF AG.

November: The company published the results for the third quarter and for the first 9 months of 2015, which were significantly impacted by the 49.0% decline in average realised oil price compared to the same period of 2014, which was only partially compensated by strong refining margins and cost reductions. Total sales declined in the first 9 months by 15.9% to RON 13,626.8 million, group EBIT declined by 61.9% to RON 1,314.7 million and net profit declined 58.8% to RON 990.7 million. Results were also impacted by the revision of the company's assumptions for oil prices going forward, which resulted in unscheduled depreciation expenses of RON 786.0 million during the third quarter of 2015 alone.

### Romgaz SA

RON million	2013	2014	H1 2014	H1 2015	2014**	2015**
Sales	3,894.3	4,493.3	2,526.3	2,235.1	5,089.5	4,587.5***
Net profit	995.6	1,409.9	871.0	766.6	1,160.6	1,511.9
Dividends*	990.6	1,214.1	n.a.	n.a.	-	-

Source: Based on audited IFRS financial statements

\* Dividends are based on the separate IFRS financial statements

\*\* Budgeted figures based on the Romanian Accounting Regulations

\*\*\* Total operating revenues

September: The company published a current report offering additional details regarding the contractual situation with Electrocentrale Bucuresti SA, one of its biggest clients representing approximately 20% of annual sales, which was generating overdue receivables for which Romgaz SA recorded provisions of RON 136.0 million during the first 6 months of 2015. The Board decided to extend the contract which expired on 30 September until 15 October, later further extended to 15 November, with gas deliveries conditioned on payments in advance. The continuation of the contract beyond 15 November was conditioned by a clarification of the situation of overdue receivables.

### Societatea Nationala a Sarii SA (Salrom)

RON million	2013	2014	H1 2014	H1 2015	2014**	2015*
Operating revenue	326.9	297.6	133.9	154.2	335.2	324.6
Operating profit	48.8	31.8	17.6	35.0	40.3	47.0
Net profit	42.8	24.5	13.4	29.4	35.2	40.2
Dividends	40.4	20.9	n.a.	n.a.	18.2	37.0

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

\* Budgeted figures

\*\* Revised budgeted figures

August: The company released the financial results for the first six months of 2015: revenues increased by 15.2% y.o.y. to RON 154.2 million, operating profit almost doubled to RON 35.0 million and net profit rose 119.4%, reaching RON 29.4 million. The improvement in the financial results came mainly from the increase in salt quantities sold to the key clients and also from a slight cost reduction.

### Changes affecting the share capital of the Fund during the quarter ended 30 September 2015

On 12 August 2015, the FSA endorsed the decrease of the subscribed share capital of the Fund from RON 10,965,850,800.30 to RON 10,074,080,745.90, following the cancellation of 990,855,616 treasury shares acquired by the Fund in the fourth buy-back programme in 2014 and 2015. The share capital decrease was effective beginning on 12 August 2015. Therefore, starting on 12 August 2015, the new value of the Fund's subscribed share capital is RON 10,074,080,745.90, divided into 11,193,423,051 shares with a nominal value of RON 0.90 per share. The value of the paid in share capital is RON 9,746,649,630.90, divided into 10,829,610,701 shares with a nominal value of RON 0.90 per share. As a result of the share capital decrease the new GDR facility limit, calculated as one third of the share capital, is 74,622,820 GDRs.



## Financial Analysis

The unaudited Balance Sheet and Income Statement for the nine-month period ended 30 September 2015, 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 the quarter ended 30 September 2015, in compliance with Romanian Accounting Regulations.

### Balance Sheet

RON million	31 December 2014	30 June 2015	30 September 2015
	Audited	Unaudited	Unaudited
Intangible assets	0.8	0.8	0.7
Financial assets	9,075.2	8,798.4	8,348.0
<b>Non-current assets - total</b>	<b>9,076.0</b>	<b>8,799.2</b>	<b>8,348.7</b>
<b>Current assets - total</b>	<b>319.5</b>	<b>438.6</b>	<b>343.0</b>
Prepaid expenses	-	0.2	0.1
Payables within one year	41.4	544.5	408.1
<b>Total assets less current liabilities</b>	<b>9,354.1</b>	<b>8,693.5</b>	<b>8,283.7</b>
Provisions	15.1	17.1	17.1
<b>Shareholders' equity</b>	<b>9,339.0</b>	<b>8,676.4</b>	<b>8,266.6</b>

As at 30 September 2015 and as with previous periods, **intangible assets** included the value of the licenses and the implementation costs of the Fund's accounting and reporting software, net of accumulated amortisation.

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

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

In the quarter ended 30 September 2015, the value of the financial assets decreased by RON 450.4 million, mainly as a result of the increase of the impairment adjustments recorded for certain listed equity investment because of their share price decrease (principally OMV Petrom SA, with an additional impairment adjustment of RON 450.8 million).

The decrease in **current assets** of RON 95.6 million and the decrease in **payables** of RON 136.4 million in the quarter ended 30 September 2015 was mainly a result of the repayment of RON 100.0 million from the amounts drawn from the credit facility concluded with Citibank Europe Plc, Dublin - Romania Branch. Also, during the third quarter of 2015 the **payables** decreased as a result of the payments made to shareholders related to the 2015 return of capital of RON 29.0 million.

## Income Statement

RON million

	Quarter 3 2014	Quarter 3 2015	9 month period ended 30 September 2014	9 month period ended 30 September 2015
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Revenues from current activity, out of which:</b>	<b>246.8</b>	<b>137.3</b>	<b>1,699.4</b>	<b>575.9</b>
Revenues from financial assets	20.0	134.3	669.8	567.5
Interest income	8.4	0.9	16.8	2.4
Reversal of impairment adjustments and provisions	0.2	0.3	30.2	0.5
Revenues from disposal of financial assets	216.7	0.0	979.1	1.9
Revenues from foreign exchange differences	0.1	0.1	1.4	0.4
Other income from current activity	1.4	1.7	2.1	3.2
<b>Expenses from current activity, out of which:</b>	<b>307.7</b>	<b>26.1</b>	<b>690.9</b>	<b>102.8</b>
Expenses from disposal of financial assets	277.4	0.0	605.6	5.0
Expenses from foreign exchange differences	0.1	0.2	2.2	0.6
Depreciation, provisions, losses from receivables and sundry debtors	0.1	0.5	2.1	2.7
Commissions and fees	9.0	3.2	23.1	12.4
Interest expense	-	1.7	-	1.8
Other expenses from current activity*	21.1	20.5	57.9	80.3
<b>Gross profit/ (loss)</b>	<b>(60.9)</b>	<b>111.2</b>	<b>1,008.5</b>	<b>473.1</b>
Income tax expense	9.1	(3.3)	24.0	2.0
<b>Net profit/ (loss)</b>	<b>(70.0)</b>	<b>114.5</b>	<b>984.5</b>	<b>471.1</b>

\* Other expenses from current activity include third party expenses, bank charges, utilities expenses, remuneration expenses, as well as other expenses, 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 lower dividend income in the third quarter. The main part of the dividends recorded in the third quarter of 2015 was from Romgaz SA (RON 121.4 million) and Societatea Nationala a Sarii SA (RON 10.2 million).

**Commissions and fees** in the third quarter of 2015 mainly include the FSA's annual fee (which decreased in 2015 from 0.1% per year to 0.0936% per year, i.e. 0.0078% per month), calculated on the basis of the Fund's NAV, amounting to RON 2.9 million (third quarter of 2014: RON 3.7 million) and the depositary bank's fees of RON 0.3 million (third quarter of 2014: RON 0.5 million).

During the quarter ended 30 September 2015, the commissions and fees were lower than in the same period of 2014 also as a result of the higher intermediary fees related to the disposals of equity investments incurred in 2014, in amount of RON 4.3 million (quarter ended 30 September - 2015: nil) and FSA and BVB fees related to disposal of shares in amount of RON 0.5 million (quarter ended 30 September 2015: nil).

**Interest expense** recorded in the quarter ended 30 September 2015 is related to the credit facility contracted from Citibank Europe Plc, Dublin - Romania Branch.

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

	Quarter 3 2014	Quarter 3 2015	9 month period ended 30 September 2014	9 month period ended 30 September 2015
	Unaudited	Unaudited	Unaudited	Unaudited
<b>RON million</b>				
FTIML investment management and administration fees (Base fee and Distribution fee)	14.2	14.0	40.4	54.4
Remunerations and similar expenses	0.3	0.3	0.9	0.8
Other expenses	6.6	6.2	16.6	25.1
<b>Other expenses from current activity</b>	<b>21.1</b>	<b>20.5</b>	<b>57.9</b>	<b>80.3</b>



In the third quarter of 2015, other expenses included mainly the secondary listing expenses, litigation assistance, legal advisory expenses and investor relations expenses.

### Analysis of 2015 Income Statement by Quarters

Although this report covers the quarter ended 30 September 2015, 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 2015.

RON million

	Quarter			9 month period ended
	Q1 2015 Unaudited	Q2 2015 Unaudited	Q3 2015 Unaudited	30 September 2015 Unaudited
<b>Revenues from current activity, out of which:</b>	<b>1.5</b>	<b>437.1</b>	<b>137.3</b>	<b>575.9</b>
Revenues from financial assets	-	433.2	134.3	567.5
Interest income	1.1	0.4	0.9	2.4
Reversal of impairment adjustments and provisions	0.2	-	0.3	0.5
Revenues from disposal of financial assets	0.1	1.8	0.0	1.9
Revenues from foreign exchange differences	0.1	0.2	0.1	0.4
Other income from current activity	-	1.5	1.7	3.2
<b>Expenses from current activity, out of which:</b>	<b>20.9</b>	<b>55.8</b>	<b>26.1</b>	<b>102.8</b>
Expenses from disposal of financial assets	-	5.0	0.0	5.0
Expenses from foreign exchange differences	0.1	0.3	0.2	0.6
Depreciation, provisions, losses from receivables and sundry debtors	0.1	2.1	0.5	2.7
Commissions and fees	4.0	5.2	3.2	12.4
Interest expense	-	0.1	1.7	1.8
Other expenses from current activity*	16.7	43.1	20.5	80.3
<b>Gross Profit/ (loss)</b>	<b>(19.4)</b>	<b>381.3</b>	<b>111.2</b>	<b>473.1</b>
Income tax expense	2.4	2.9	(3.3)	2.0
<b>Net Profit/ (loss)</b>	<b>(21.8)</b>	<b>378.4</b>	<b>114.5</b>	<b>471.1</b>

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

## Financial Ratios

Description		30 September 2015	
<b>1. Current Liquidity ratio</b>			
<u>Current Assets</u>		=	0.8
Current Liabilities*			
*Current Liabilities include short-term borrowings (amounts drawn from the credit facility with Citibank Europe Plc, Dublin - Romania Branch)			
<b>2. Debt-to-Equity ratio (%)</b>			
<u>Borrowings*</u>	x 100	=	4.2%
Shareholders' Equity			
* Borrowings include short-term borrowings (amounts drawn from the credit facility with Citibank Europe Plc, Dublin - Romania Branch)			
<b>3. Receivable Turnover ratio (number of days)</b>			
<u>Average balance of receivables from customers</u>	x 365	=	n.a.
Turnover or sales			
This ratio is not applicable to an investment fund and was not calculated.			
<b>4. Turnover of Non-current Assets</b>			
<u>Gross turnover*</u>		=	0.069
Non-current assets			
*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 Director of Fondul Proprietatea SA

Oana Truța  
Legal Representative

12 November 2015

Prepared by  
Mihaela Moleavin  
Financial Reporting Manager

## **Annex 1**

### **FONDUL PROPRIETATEA SA**

#### **BALANCE SHEET, INCOME STATEMENT AND INFORMATIVE DATA AS AT 30 SEPTEMBER 2015**

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)

## FONDUL PROPRIETATEA SA

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2015**  
**FORM CODE 10**

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

The format of the Financial Statements as at 30 September 2015 for the entities authorised, regulated and supervised 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:** Fondul Proprietatea SA

**Address:** Bucharest, District 1,

78-80, Buzeşti Street, 7<sup>th</sup> 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

		Balance	
	Row	1 January 2015 Audited	30 September 2015 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	474,262	712,704
5. Advances and intangible assets in progress (acc. 233+234-2933)	05	363,126	16,239
TOTAL: (rows. 01 to 05)	06	837,388	728,943
III. FINANCIAL ASSETS			
1. Shares held in subsidiaries (acc. 261 - 2961)	12	52,286,860	57,638,815
3. Investments in associates (acc. 263 - 2963)	14	4,467,710,174	3,682,328,857
5. Other investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964)	16	4,555,184,931	4,608,019,423
TOTAL: (rows 12 to 17)	18	9,075,181,965	8,347,987,095
NON-CURRENT ASSETS - TOTAL (rows 06 + 11 + 18)	19	9,076,019,353	8,348,716,038
B. CURRENT ASSETS			
II. RECEIVABLES			
1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 – 491)	24	227	2,729
4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	27	8,702,027	68,805,739
TOTAL: (rows 24 to 28)	29	8,702,254	68,808,468
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	194,588,981	130,942,757
TOTAL: (rows 30 to 31)	32	194,588,981	130,942,757

	Row	Balance	
		1 January 2015 Audited	30 September 2015 Unaudited
	B	1	2
<b>IV. CASH AND BANK ACCOUNTS</b>			
(acc. 5112 + 5121 + 5122 + 5123 + 5124 + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542)	33	116,158,127	143,273,765
<b>CURRENT ASSETS - TOTAL</b>			
(rows 23 + 29 + 32 + 33)	34	319,449,362	343,024,990
<b>C. PREPAID EXPENSES</b>			
(acc. 471)	35	44,627	132,119
<b>D. PAYABLES WITHIN ONE YEAR</b>			
2. Amounts owed to credit institutions			
(acc.1621+1622+1624+1625+1627+1682+5191+5192+5198)	37	-	350,171,111
4. Trade payables (acc. 401 + 404 + 408)	39	19,348,098	27,048,757
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	22,048,305	30,889,248
<b>TOTAL: (rows 36 to 43)</b>	44	41,396,403	408,109,116
<b>E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES</b>			
(rows 34 + 35 - 44 - 60.2)	45	278,097,586	(64,952,007)
<b>F. TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19 + 45)</b>	46	9,354,116,939	8,283,764,031
<b>H. PROVISIONS</b>			
2. Provisions for taxes (acc. 1516)	57	3,688,260	5,610,063
3. Other provisions (acc. 1511+1512+1513+1514+1518)	58	11,397,683	11,528,858
<b>TOTAL PROVISIONS (rows 56 +57 + 58)</b>	59	15,085,943	17,138,921
<b>J. SHARE CAPITAL AND RESERVES</b>			
<b>I. SHARE CAPITAL (rows 62 to 63) out of which:</b>	61	11,815,279,887	10,074,080,746
- subscribed unpaid share capital (acc. 1011)	62	345,621,733	327,431,115
- subscribed paid in share capital (acc. 1012)	63	11,469,658,154	9,746,649,631
<b>IV. RESERVES (rows 68-69+70+71+72+73+74)</b>	67	(2,981,254,084)	(3,769,653,427)
1. Legal reserves (acc. 1061)	68	243,735,507	243,735,507
2. Reserves related to impairment adjustments of financial assets (acc.1062 - debit balance)	69	3,627,783,973	4,345,395,187
4. Reserves for financial assets received free of charge (acc.1065)	71	36,332,591	48,343,874
7. Other reserves (acc.1068)	74	366,461,791	283,662,379
<b>TREASURY SHARES (acc.109 – debit balance)</b>	75	1,189,918,464	203,783,031
<b>V. RETAINED EARNINGS (acc. 117)</b>			
Credit balance	78	733,501,705	1,694,923,658
<b>VI. RESULT FOR THE YEAR (acc. 121)</b>			
Credit balance	80	1,012,898,265	471,057,164
<b>Profit allocation (acc. 129 – debit balance)</b>	82	51,476,313	-
<b>TOTAL SHAREHOLDERS' EQUITY (rows 61 + 64 + 65 - 66 + 67 -75+76-77+78 -79+80-81-82)</b>	83	9,339,030,996	8,266,625,110

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch acting in the capacity of Sole Director of Fondul Proprietatea SA

Oana Truța  
Legal Representative

Prepared by  
Mihaela Moleavin  
Financial Reporting Manager

## FONDUL PROPRIETATEA SA

**INCOME STATEMENT**  
**AS AT 30 SEPTEMBER 2015**  
**FORM CODE 20**

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

	Row	Period ended	
		30 September 2014 Unaudited	30 September 2015 Unaudited
A	B	1	2
<b>A. REVENUES FROM CURRENT ACTIVITY – TOTAL</b> (rows 02 to 11)	<b>01</b>	<b>1,699,425,039</b>	<b>575,930,694</b>
1. Revenues from financial assets (acc. 761)	02	669,786,503	567,477,317
4. Revenues from disposal of financial assets (acc.758(part)+764)	05	979,130,301	1,877,301
6. Revenues from provisions, receivables previously written off and sundry debtors (acc.754+781+786)	07	30,215,575	558,240
7. Revenues from foreign exchange differences (acc.765)	08	1,420,197	393,764
8. Interest income (acc.766)	09	16,762,052	2,406,356
10. Other income from current activity (acc. 705+706+708+741+758(part)+767+768 +7815)	11	2,110,411	3,217,716
<b>B. EXPENSES FROM CURRENT ACTIVITY – TOTAL</b> (rows 13 to 20)	<b>12</b>	<b>690,937,477</b>	<b>102,854,403</b>
12. Expenses from disposal of financial assets (acc. 658(part) +664)	14	605,613,976	5,013,778
13. Expenses from foreign exchange differences (acc. 665)	15	2,238,934	579,273
14. Interest expense (acc. 666)	16	-	1,821,486
15. Commissions and fees (acc.622)	17	23,087,069	12,438,633
16. Expenses for bank services and similar expenses (acc.627)	18	78,496	45,330
17. Depreciation and amortization, provisions, losses from receivables and sundry debtors (acc. 654 + 681 + 686)	19	2,129,680	2,626,154
<b>18. Other expenses from current activity</b> (rows 21+22+23+26+27)	<b>20</b>	<b>57,789,322</b>	<b>80,329,749</b>
a. Expenses with materials (acc.602+603+604)	21	-	74
<b>c. Salary expenses</b> (rows 24+25), of which:	<b>23</b>	<b>817,650</b>	<b>826,417</b>
c1. Salaries (acc.621+641+642 +644)	24	675,000	686,961
c2. Social security contributions (acc. 645)	25	142,650	139,456
d. Third party expenses (acc.611+612+613+614+623+624+625+626+628+658(part)+ 667 +668)	26	55,426,642	77,594,134
e. Other taxes, duties and similar expenses (acc. 635)	27	1,545,030	1,909,124
<b>C. CURRENT RESULT</b>			
- Profit (row 01 - 12)	28	<b>1,008,487,562</b>	<b>473,076,291</b>
<b>19. TOTAL REVENUE</b> (rows 01+30)	<b>34</b>	<b>1,699,425,039</b>	<b>575,930,694</b>
<b>20. TOTAL EXPENSES</b> (rows 12+31)	<b>35</b>	<b>690,937,477</b>	<b>102,854,403</b>
<b>G. GROSS PROFIT:</b>			
- Profit (row 34 - 35)	36	<b>1,008,487,562</b>	<b>473,076,291</b>
<b>21. INCOME TAX</b>			
- Income tax expense (acc.691)	38	23,958,432	2,019,127
<b>H. RESULT FOR THE YEAR</b>			
- Profit (row 36-38-39)	40	<b>984,529,130</b>	<b>471,057,164</b>

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch acting in the capacity of Sole Director of Fondul Proprietatea SA

Oana Truța  
Legal Representative

Prepared by  
Mihaela Moleavin  
Financial Reporting Manager

## FONDUL PROPRIETATEA SA

**INFORMATIVE DATA**  
**AS AT 30 SEPTEMBER 2015**  
**FORM 30**

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

**Informative Data**

	No Row	No of units 1	Amounts (RON) 2
<b>I. Data regarding the financial result</b>			
Units that incurred profit	01	1	471,057,164
Units that incurred losses	02	-	-

	No row	Total Col.2+3	Of which: For the current activity	For the investment activity
<b>II. Data regarding the overdue payments</b>				
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>	<b>3</b>
Overdue liabilities-total (row 05+09+15 to 19+23), of which:	04	50,788	50,788	-
Overdue suppliers – total (row 06 to 08), of which:	05	50,788	50,788	-
- over 1 year	08	50,788	50,788	-

	No row	Amounts 1
<b>IV. Interest, dividends and royalties paid during the reporting period. Subsidies collected and overdue receivables</b>		
<b>A</b>	<b>B</b>	
Gross dividend income paid to non-resident individuals, of which:	34	2,342,038
- taxes owed to the state budget	35	-
Gross dividend income paid to non-resident juridical persons, of which:	36	495,684
- taxes owed to the state budget	37	-
Gross dividend income paid to non-resident individuals in EU member states	38	54,958
Gross services income paid to non-residents, of which:	53	12,385,783
- taxes owed to the state budget	54	2,138,193
Gross services income paid to non-residents in EU member states, of which:	55	12,151,464
- taxes owed to the state budget	56	2,097,178
Overdue receivables, which were not collected at the terms provided in commercial contracts and/ or regulations in force, of which:	61	1,705,396
- Overdue receivables from private sector entities	63	1,705,396

VIII. Other information	No row	30 September 2014	30 September 2015
A	B	1	2
<b>Financial assets, gross values (row 75+ 84), of which:</b>	<b>74</b>	<b>12,764,924,086</b>	<b>12,698,704,429</b>
<b>Shares held in subsidiaries, investments in associates, other non-current investments and bonds, gross values (row 76 to 83), of which:</b>	<b>75</b>	<b>12,764,924,086</b>	<b>12,698,704,429</b>
- listed shares issued by residents	<b>76</b>	7,441,759,326	7,389,927,168
- unlisted shares issued by residents	<b>77</b>	5,323,164,760	5,308,777,261
<b>Trade receivables, advances to suppliers and other similar accounts, gross values (account 4092 + 411 + 413 + 418), of which:</b>	<b>87</b>	<b>29,304</b>	<b>2,502</b>
-external trade receivables, advances to foreign suppliers and other similar accounts, gross values (from account 4092 + from account 411 + from account 413 + from account 418), of which	<b>88</b>	-	-
<b>Receivables from social security and state budget (account 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 92 to 96), of which:</b>	<b>91</b>	<b>83,593</b>	<b>5,978,031</b>
- receivables from social securities (account 431 + 437 + 4382)	<b>92</b>	38,305	-
- fiscal receivables from state budget (account 441 + 4424+ 4428 + 444 + 446)	<b>93</b>	45,288	5,978,031
<b>Other receivables (account 452 + 456 + 4582 + 461 + 471 + 473), of which:</b>	<b>99</b>	<b>4,110,457</b>	<b>64,298,153</b>
- other receivables from individuals and legal entities, other than receivables from public institutions, (from account 461 + from account 471 + from account 473)	<b>101</b>	4,110,457	64,298,153
Interest receivable (account 5187), of which	<b>103</b>	132,783	11,565
- from non-residents	<b>104</b>	-	-
<b>Short term investments, in gross amounts (account 501 + 503+ 505 + 506 + 507+ from the account 508) (row 107 to 115), of which:</b>	<b>106</b>	<b>893,679,360</b>	<b>130,942,757</b>
- bonds issued by residents	<b>110</b>	893,679,360	130,942,757
<b>Petty cash in RON and currency (row 118 + 119), of which:</b>	<b>117</b>	<b>38</b>	<b>381</b>
- in RON (account 5311)	<b>118</b>	38	381
<b>Bank accounts, in RON and currency (row 121 + 123), of which:</b>	<b>120</b>	<b>334,225,429</b>	<b>143,273,384</b>
- in RON (account 5121), of which:	<b>121</b>	334,221,456	143,269,249
Bank accounts in RON opened with non-resident banks	<b>122</b>	-	-
- in currency (account 5124), of which:	<b>123</b>	3,973	4,135
Bank accounts in currency opened with non-resident banks	<b>124</b>	-	-



VIII. Other information (continued)	No row	30 September 2014	30 September 2015
A		1	2
<b>Liabilities (row 129 + 132 + 135 + 138 + 141 + 144 + 147 + 150 + 153 + 156 + 159 + 160 + 164 + 166 + 167 + 172 + 173 + 174 + 180), of which:</b>	<b>128</b>	<b>50,097,824</b>	<b>408,109,116</b>
<b>Short-term domestic bank loans (acc. 5191 + 5192 + 5197 ), (row. 136 + 137 ), of which:</b>	<b>135</b>	<b>-</b>	<b>350,000,000</b>
- in RON	136	-	350,000,000
<b>Accrued interest on short term domestic loans (from acc. 5198), (row 139 + 140), of which:</b>	<b>138</b>	<b>-</b>	<b>171,111</b>
- in RON	139	-	171,111
<b>Trade payables, advances from clients and other similar accounts, gross values (account 401 + 403 + 404 + 405 + 408 + 419), of which:</b>	<b>164</b>	<b>14,509,128</b>	<b>27,048,757</b>
- 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)	165	50,727	134,545
<b>Liabilities to employees and similar accounts (account 421 + 423 + 424 + 426 + 427 + 4281)</b>	<b>166</b>	<b>54,470</b>	<b>-</b>
<b>Liabilities to social security and state budget (account 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481), (row 168 to 171), of which:</b>	<b>167</b>	<b>10,259,803</b>	<b>987,135</b>
- liabilities to social securities (account 431 + 437 + 4381)	168	26,005	26,105
- fiscal liabilities to state budget (account 441 + 4423+ 4428 + 444 + 446)	169	10,233,798	961,030
<b>Other liabilities (account 452 + 456 +457 + 4581+ 462 + 472 + 473 + 269 + 509), of which:</b>	<b>174</b>	<b>25,274,423</b>	<b>29,902,113</b>
- settlements from associates, settlements with shareholders related to share capital, settlement related to joint ventures (from account 452 + 456 + 457 + 4581)	175	25,274,423	28,044,755
- other liabilities from individuals and juridical persons, other than liabilities to public institutions, (from account 462 + from account 472 + from account 473)	176	-	1,857,358
<b>Subscribed paid in share capital (account 1012), (row 183 to 186), of which:</b>	<b>182</b>	<b>11,469,656,814</b>	<b>9,746,649,631</b>
- listed shares	183	11,469,656,814	9,746,649,631
<b>Brevets and licences (from account 205)</b>	<b>187</b>	<b>5,139</b>	<b>5,139</b>

IX. Subscribed paid in share capital	Nr. rd.	30 September 2014		30 September 2015	
A	B	1		2	
		Amount	%	Amount	%
		(1)	(2)	(1)	(2)
<b>Subscribed paid in share capital (account 1012) (row 189 + 192 + 196 to 198)</b>	<b>188</b>	<b>11,469,656,814</b>	<b>100.00%</b>	<b>9,746,649,631</b>	<b>100.00%</b>
<b>- share capital owned by public institutions, of which:</b>	<b>189</b>	<b>4,472,431</b>	<b>0.04%</b>	<b>4,238,310</b>	<b>0.04%</b>
- <i>public institution with Central subordination</i>	190	4,472,431	0.04%	4,238,310	0.04%
- owned by companies with private capital	196	8,118,741,246	70.78%	6,767,332,406	69.43%
- owned by individuals	197	3,077,777,957	26.84%	2,751,435,430	28.24%
- owned by other entities	198	268,665,180	2.34%	223,643,485	2.29%

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch acting in the capacity of Sole Director of Fondul Proprietatea SA

Oana Truța  
Legal Representative

Prepared by  
Mihaela Moleavin  
Financial Reporting Manager

## Annex 2 Statement of Assets and Obligations of Fondul Proprietatea SA as at 30 September 2015, prepared in accordance with CNVM Regulation 4/2010

(Annex no. 4)

Item	31 December 2014				30 September 2015				Differences	
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON		RON
<b>I. Total assets</b>	<b>100.4265%</b>	<b>100.0000%</b>		<b>13,293,182,958.63</b>	<b>103.5442%</b>	<b>100.0000%</b>		<b>12,425,513,848.20</b>	<b>(867,669,110.43)</b>	
1 <b>Securities and money market instruments, out of which:*</b>	<b>49.3065%</b>	<b>49.0972%</b>		<b>6,526,570,470.26</b>	<b>47.4279%</b>	<b>45.8045%</b>		<b>5,691,465,466.63</b>	<b>(835,105,003.63)</b>	
1.1. securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	49.3065%	49.0972%	-	6,526,570,470.26	47.4279%	45.8045%	-	5,691,465,466.63	(835,105,003.63)	
1.1.1 listed shares traded in the last 30 trading days	49.0112%	48.8033%	-	6,487,488,092.22	46.6641%	45.0668%	-	5,599,798,772.59	(887,689,319.63)	
1.1.2 listed shares not traded in the last 30 trading days	0.0554%	0.0551%	-	7,332,797.35	0.0887%	0.0857%	-	10,649,639.24	3,316,841.89	
1.1.3 government bonds	0.2399%	0.2388%	-	31,749,580.69	0.6751%	0.6520%	-	81,017,054.80	49,267,474.11	
1.1.4 allotment rights not admitted at trading on a regulated market	-	-	-	-	-	-	-	-	-	
1.2. securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	-	-	-	-	-	-	-	-	-	
1.2.1 listed shares traded in the last 30 trading days	-	-	-	-	-	-	-	-	-	
1.2.2 listed shares not traded in the last 30 trading days	-	-	-	-	-	-	-	-	-	
1.3. securities and money market instruments admitted on a stock exchange from a non-member state or negotiated on another regulated market from a non-member state, that operates on a regular basis and is recognised and opened to the public, approved by the 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:	48.9398%	48.7321%	-	6,478,030,691.25	53.9255%	52.0797%	-	6,471,179,383.70	(6,851,307.55)	
- shares not admitted at trading on a regulated market	48.9398%	48.7321%	-	6,478,030,691.25	53.9255%	52.0797%	-	6,471,179,383.70	(6,851,307.55)	
4 Bank deposits, out of which:	0.8267%	0.8232%	-	109,424,929.82	1.1159%	1.0776%	-	133,880,817.48	24,455,887.66	
4.1. bank deposits made with credit institutions from Romania	0.8267%	0.8232%	-	109,424,929.82	1.1159%	1.0776%	-	133,880,817.48	24,455,887.66	
- in RON	0.8267%	0.8232%	-	109,424,929.82	1.1159%	1.0776%	-	133,880,817.48	24,455,887.66	
- in EUR	-	-	-	-	-	-	-	-	-	
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:	0.0520%	0.0517%	-	6,879,128.79	0.0783%	0.0757%	-	9,404,513.21	2,525,384.42	
- in RON	0.0520%	0.0517%	-	6,877,087.90	0.0783%	0.0757%	-	9,400,377.80	2,523,289.90	
- in EUR	0.0000%	0.0000%	EUR 295.30	1,323.57	0.0000%	0.0000%	EUR 721.51	3,186.69	1,863.12	
- in USD	0.0000%	0.0000%	USD 103.36	381.07	0.0000%	0.0000%	USD 191.12	751.90	370.83	
- in GBP	0.0000%	0.0000%	GBP 58.55	336.25	0.0000%	0.0000%	GBP 32.93	196.82	(139.43)	
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:	1.2302%	1.2250%	-	162,839,401.16	0.4160%	0.4018%	-	49,925,702.81	(112,913,698.35)	
- Treasury bills with discount, with original maturities of less than 1 year	1.2302%	1.2250%	-	162,839,401.16	0.4160%	0.4018%	-	49,925,702.81	(112,913,698.35)	
8 Participation titles of OCII and/or UCITS (A.O.P.C./O.P.C.V.M.)	-	-	-	-	-	-	-	-	-	
9 Other assets out of which:	0.0713%	0.0708%	-	9,438,337.35	0.5806%	0.5607%	-	69,657,964.37	60,219,627.02	
- net dividend receivable from Romanian companies	-	-	-	-	0.3217%	0.3106%	-	38,599,121.65	38,599,121.65	
- receivable representing the amount transferred to Central Depository for 2015 return of capital and not yet paid to / collected by shareholders until the end of the period	-	-	-	-	0.1864%	0.1801%	-	22,373,874.70	22,373,874.70	
- dividend withholding tax to be recovered from Austrian Tax Authorities	0.0078%	0.0078%	EUR 231,495.58	1,037,586.34	0.0085%	0.0082%	EUR 231,495.58	1,022,446.53	(15,139.81)	
- tax on dividends to be recovered from the State Budget	0.0011%	0.0011%	-	149,764.00	0.0056%	0.0054%	-	666,718.00	516,954.00	
- tax on profit to be recovered from the State Budget	0.0554%	0.0551%	-	7,330,440.00	0.0443%	0.0427%	-	5,311,313.00	(2,019,127.00)	
- intangible assets	0.0063%	0.0063%	-	837,387.74	0.0060%	0.0059%	-	728,943.31	(108,444.43)	
- other receivables, out of which:	0.0003%	0.0002%	-	38,531.79	0.0069%	0.0066%	-	823,428.39	784,896.60	
- in RON	0.0003%	0.0002%	-	38,531.79	0.0069%	0.0066%	-	823,428.39	784,896.60	
- prepaid expenses	0.0004%	0.0003%	-	44,627.48	0.0012%	0.0012%	-	132,118.79	87,491.31	
<b>II. Total liabilities</b>	<b>0.4265%</b>	<b>0.4249%</b>		<b>56,482,344.50</b>	<b>3.5442%</b>	<b>3.4225%</b>		<b>425,248,037.60</b>	<b>368,765,693.10</b>	
1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.1213%	0.1208%	-	16,064,203.32	0.2219%	0.2143%	-	26,624,111.77	10,559,908.45	
2 Liabilities related to the fees payable to the depository bank	0.0015%	0.0015%	-	201,047.17	0.0009%	0.0009%	-	106,114.29	(94,932.88)	
3 Liabilities related to the fees payable to intermediaries	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
4 Liabilities related to commissions and other bank services	-	-	-	-	-	-	-	-	-	
5 Interest payable	-	-	-	-	0.0014%	0.0014%	-	171,111.00	171,111.00	
6 Liabilities related to issuance costs	-	-	-	-	-	-	-	-	-	
7 Liabilities in relation with the fees/commissions to FSA	0.0088%	0.0088%	-	1,164,864.63	0.0079%	0.0076%	-	947,485.55	(217,379.08)	
8 Liabilities related to audit fees	-	-	-	-	-	-	-	-	-	
9 Other liabilities, out of which:	0.2949%	0.2938%	-	39,052,229.38	3.3121%	3.1983%	-	397,399,214.99	358,346,985.61	
- short term credit facility	-	-	-	-	2.9167%	2.8168%	-	350,000,000.00	350,000,000.00	
- liabilities related to the return of capital	0.0863%	0.0860%	-	11,434,903.60	0.2216%	0.2139%	-	26,579,831.85	15,144,928.25	
- dividends payable	0.0412%	0.0410%	-	5,455,306.19	0.0123%	0.0118%	-	1,464,922.85	(3,990,383.34)	
- provisions for risks and expenses	0.1139%	0.1135%	-	15,085,941.78	0.1429%	0.1379%	-	17,138,921.97	2,052,980.19	
- liabilities related to buybacks under settlement	0.0262%	0.0261%	-	3,468,113.79	0.0155%	0.0148%	-	1,841,524.42	(1,626,589.37)	
- remunerations and related contributions	0.0002%	0.0002%	-	25,420.00	0.0002%	0.0002%	-	26,234.00	814.00	
- VAT payable to State Budget	0.0038%	0.0038%	-	499,696.28	0.0001%	0.0001%	-	13,546.80	(486,149.48)	
- other liabilities, out of which:	0.0233%	0.0232%	-	3,082,847.74	0.0028%	0.0028%	-	334,233.10	(2,748,614.64)	

**FONDUL PROPRIETATEA SA**

Item	31 December 2014				30 September 2015				Differences
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON	
- in RON	0.0222%	0.0221%	-	2,938,636.95	0.0017%	0.0017%	-	205,652.35	(2,732,984.60)
- in EUR	0.0004%	0.0004%	EUR 11,499.00	51,539.67	0.0010%	0.0010%	EUR 27,502.01	121,468.12	69,928.45
- in GBP	0.0007%	0.0007%	GBP 16,136.36	92,671.12	0.0001%	0.0001%	GBP 1,190.00	7,112.63	(85,558.49)
<b>III. Net Asset Value (I - II)</b>	<b>100.0000%</b>	<b>99.5751%</b>		<b>13,236,700,614.13</b>	<b>100.0000%</b>	<b>96.5775%</b>		<b>12,000,265,810.60</b>	<b>(1,236,434,803.53)</b>

\* = Includes also the value of holdings in companies admitted to trading on Rasdaq market and AeRo market (alternative trading system)

**Unitary Net Asset Value**

Item	30 September 2015	31 December 2014	Differences
<b>Net Asset Value</b>	12,000,265,810.60	13,236,700,614.13	(1,236,434,803.53)
Number of outstanding shares	10,580,378,046	10,915,975,273	(335,597,227)
Unitary net asset value	1.1342	1.2125	(0.0783)

**Detailed statement of investments as at 30 September 2015**
**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
Alro Slatina SA	ALR	30/Sep/2015	72,884,714	0.5	1.3900	101,309,752.46	10.21%	0.8153%	0.8442%	Closing price
Banca Transilvania SA	TLV	30/Sep/2015	87,081,804	1	2.2900	199,417,331.16	2.87%	1.6049%	1.6618%	Closing price
BRD-Groupe Societe Generale SA	BRD	30/Sep/2015	25,387,456	1	10.4000	264,029,542.40	3.64%	2.1249%	2.2002%	Closing price
Conpet SA	COTE	30/Sep/2015	524,366	3.3	67.8000	35,552,014.80	6.05%	0.2861%	0.2963%	Closing price
IOR SA	IORB	1/Sep/2015	2,622,273	0.1	0.3002	787,206.35	2.81%	0.0063%	0.0066%	Reference price - Average price
Nuclearelectrica SA	SNN	30/Sep/2015	27,408,381	10	7.0100	192,132,750.81	9.09%	1.5463%	1.6011%	Closing price
Oil Terminal SA	OIL	30/Sep/2015	36,796,026	0.1	0.0994	3,657,524.98	6.31%	0.0294%	0.0305%	Closing price
OMV Petrom SA	SNP	30/Sep/2015	10,758,648,186	0.1	0.3350	3,604,147,142.31	18.99%	29.0060%	30.0339%	Closing price
Palace SA	PACY	2/Sep/2015	5,832,482	0.1	0.3129	1,824,983.62	15.42%	0.0147%	0.0152%	Reference price - Average price
Primcom SA	PRIB	28/Sep/2015	1,427,188	0.1	12.4000	17,697,131.20	76.03%	0.1424%	0.1475%	Reference price - Average price
Romaero SA	RORX	29/Sep/2015	1,311,691	2.5	17.5000	22,954,592.50	20.99%	0.1847%	0.1913%	Reference price - Average price
Romgaz SA	SNG	30/Sep/2015	38,542,960	1	30.0000	1,156,288,800.00	10.00%	9.3058%	9.6355%	Closing price
<b>Total</b>						<b>5,599,798,772.59</b>		<b>45.0668%</b>	<b>46.6641%</b>	

**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
Alcom SA	ALCQ	27/Jul/2015	89,249	2.5	116.6335	10,409,423.24	71.89%	0.0838%	0.0867%	Fair value / share (Shareholders' equity as of 31 December 2014 adjusted with dividends declared/ share)
Mecon SA	MECP	14/Jul/2015	60,054	11.6	4.0000	240,216.00	12.51%	0.0019%	0.0020%	Fair value / share (last trading price)
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)
<b>Total</b>						<b>10,649,639.24</b>		<b>0.0857%</b>	<b>0.0887%</b>	

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

## Unlisted shares

Issuer	No. of shares held	Date of acquisition *	Acquisition price (total price of 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	98.4498	2,279,998.92	20.00%	0.0183%	0.0190%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 March 2014)
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	122.9046	3,934,913.67	20.00%	0.0317%	0.0328%	Unlisted companies, in function	Shareholders' equity as of 31 December 2014/ share
BAT Service SA	194,022	19/Jul/2005	656,686	0.0000	0.00	33.00%	0.0000%	0.0000%	Dissolution	Priced at zero
Cetatea SA	354,468	19/Jul/2005	118,840	0.9504	336,886.39	20.43%	0.0027%	0.0028%	Unlisted companies, in function	Shareholders' equity as of 31 December 2014/ share
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	81.0905	16,474,345.98	20.00%	0.1326%	0.1373%	Unlisted companies, in function	Fair value / share (Shareholders' equity as of 31 December 2014 adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	0.0000	0.00	20.00%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: Nil
CN Administratia Porturilor Dunarii Maritime SA	56,675	19/Jul/2005	1,706,051	20.4381	1,158,329.32	7.70%	0.0093%	0.0097%	Unlisted companies, in function	Fair value / share (Shareholders' equity as of 31 December 2014 adjusted with dividends declared/ share)
CN Administratia Porturilor Maritime SA	2,651,113	19/Jul/2005	65,441,294	50.0144	132,593,826.03	19.99%	1.0671%	1.1049%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
CN Aeroporturi Bucuresti SA **	2,875,443	5/Feb/2010	131,168,263	115.5599	332,285,905.54	20.00%	2.6742%	2.7690%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Complexul Energetic Oltenia SA****	27,387,940	31/May/2012	670,353,852	3.9606	108,472,675.16	21.55%	0.8730%	0.9039%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Comsig SA	75,655	19/Jul/2005	132,633	22.7467	1,720,901.59	69.94%	0.0138%	0.0143%	Unlisted companies, in function	Shareholders' equity as of 31 December 2014/ share
E.ON Distributie Romania SA*****	56,749,014	19/Jul/2005	169,541,165	7.8577	445,916,727.31	18.34%	3.5887%	3.7159%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 December 2014)
E.ON Energie Romania SA	9,903,524	19/Jul/2005	45,765,358	13.5204	133,899,605.89	13.39%	1.0776%	1.1158%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Electrica Distributie Muntenia Nord SA	7,796,022	19/Jul/2005	165,221,141	30.2205	235,599,682.85	21.99%	1.8961%	1.9633%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Electrica Distributie Transilvania Nord SA	8,167,813	19/Jul/2005	113,299,904	24.6822	201,599,594.03	22.00%	1.6225%	1.6800%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Electrica Distributie Transilvania Sud SA	9,327,282	19/Jul/2005	125,918,629	22.1393	206,499,494.38	21.99%	1.6619%	1.7208%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Electrica Furnizare SA ***	1,366,412	22/Jul/2011	17,819,672	92.4816	126,367,968.02	22.00%	1.0170%	1.0530%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Enel Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	69.4627	640,490,827.98	24.12%	5.1546%	5.3373%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Enel Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	58.7720	396,894,780.04	24.09%	3.1942%	3.3074%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Enel Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	143.0320	465,768,832.67	12.00%	3.7485%	3.8813%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	146.7028	65,143,965.15	12.00%	0.5243%	0.5429%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Enel Energie SA	1,680,000	19/Jul/2005	26,124,808	44.2720	74,376,960.00	12.00%	0.5986%	0.6198%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
GDF Suez Energy Romania SA	2,390,698	19/Jul/2005	62,610,812	192.9649	461,320,800.50	11.99%	3.7127%	3.8443%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.76%	0.0000%	0.0000%	Dissolution	Priced at zero
Hidroelectrica SA	89,378,235	19/Jul/2005	3,107,667,996	24.3694	2,178,093,960.01	19.94%	17.5292%	18.1504%	Judicial reorganisation	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Petrotel - Lukoil SA	2,152,291	19/Jul/2005	2,787,316	0.0000	0.00	0.97%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (negative equity)
Plafar SA	132,784	28/Jun/2007	3,160,329	13.8119	1,833,999.33	48.99%	0.0148%	0.0153%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	3.7584	55,894,725.60	25.00%	0.4498%	0.4658%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
Salubriserv SA	43,263	19/Jul/2005	207,601	0.0000	0.00	17.48%	0.0000%	0.0000%	Insolvency	Priced at zero
Simtex SA	132,859	28/Jun/2007	3,059,858	0.0000	0.00	30.00%	0.0000%	0.0000%	Judicial reorganisation	Priced at zero
Societatea Nationala a Sarii SA	2,005,884	28/Jun/2007	76,347,715	71.2314	142,881,925.56	48.99%	1.1499%	1.1907%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	0.0000	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
World Trade Hotel SA	17,912	19/Jul/2005	17,912	0.0000	0.00	19.90%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (lack of annual financial statements for the year-ended 31 December 2014)
Zirom SA	4,835,083	28/Jun/2007	48,138,072	8.1359	39,337,751.78	100.00%	0.3166%	0.3278%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2014)
<b>Total</b>			<b>5,308,777,261</b>		<b>6,471,179,383.70</b>		<b>52.0797%</b>	<b>53.9255%</b>		

## FONDUL PROPRIETATEA SA

### 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" SA and S.N. "Aeroportul International Bucuresti Baneasa - Aurel Vlaicu" SA

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

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

\*\*\*\*\* = on 31 December 2014, E.ON Moldova Distribuție SA (absorbed company) merged into E.ON Gaz Distribuție SA (absorbing company) and the name of the combined entity became E.ON Distribuție România SA

## 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 issue	No. of instruments	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
RO1515CTN096	5,000	25/Aug/2015	25/Nov/2015	24,939,452.50	658.13	24,350.63	24,963,803.13	0.2009%	0.2080%	Raiffeisen Bank	Acquisition price cumulated with the related interest since the acquisition date
RO1515CTN096	5,000	28/Aug/2015	25/Nov/2015	24,938,346.75	692.73	23,552.93	24,961,899.68	0.2009%	0.2080%	Raiffeisen Bank	
<b>Total</b>							<b>49,925,702.81</b>	<b>0.4018%</b>	<b>0.4160%</b>		

### 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 Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Ministry of Finance	RO1215DBN073	9/Mar/2015	2,500	28/Jul/2015	26/Oct/2015	26/Oct/2015	25,000,000.00	3,972.60	1,350,684.93	-	10,262.00	27,005,684.93	0.2173%	0.2250%	
Ministry of Finance	RO1215DBN073	9/Mar/2015	5,000	10/Sep/2015	26/Oct/2015	26/Oct/2015	50,000,000.00	7,945.21	2,701,369.87	-	10,262.00	54,011,369.87	0.4347%	0.4501%	Closing price (Gross price)
<b>Total</b>												<b>81,017,054.80</b>	<b>0.6520%</b>	<b>0.6751%</b>	

### Bank 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
BRD Groupe Societe Generale	25/Sep/2015	2/Oct/2015	RON 20,500,000.00	RON 455.55	RON 2,733.33	RON 20,502,733.33	0.1650%	0.1709%	
Banca Comerciala Romana	28/Sep/2015	5/Oct/2015	RON 75,000,000.00	RON 2,583.33	RON 7,750.00	RON 75,007,750.00	0.6037%	0.6251%	
BRD Groupe Societe Generale	30/Sep/2015	1/Oct/2015	RON 9,954,080.32	RON 326.27	RON 326.27	RON 9,954,406.59	0.0801%	0.0830%	Bank deposit value cumulated with the daily related interest for the period from starting date
BRD Groupe Societe Generale	30/Sep/2015	1/Oct/2015	RON 5,215,171.83	RON 214.40	RON 214.40	RON 5,215,386.23	0.0420%	0.0435%	
CITI Bank	30/Sep/2015	1/Oct/2015	RON 11,600,000.00	RON 219.11	RON 219.11	RON 11,600,219.11	0.0934%	0.0967%	
ING BANK	30/Sep/2015	1/Oct/2015	RON 11,600,000.00	RON 322.22	RON 322.22	RON 11,600,322.22	0.0934%	0.0967%	
<b>TOTAL</b>						<b>133,880,817.48</b>	<b>1.0776%</b>	<b>1.1159%</b>	

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

	31 December 2013	31 December 2014	30 September 2015
<b>Net Asset</b>	15,013,742,081.74	13,236,700,614.13	12,000,265,810.60
<b>NAV/share</b>	1.2436	1.2125	1.1342

Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch, acting as Sole Administrator on behalf of FONDUL PROPRIETATEA SA

Oana Truța  
Legal representative

Marius Nechifor  
Compliance Officer

BRD Groupe Societe Generale

Claudia Ionescu  
Director

Victor Strâmbei  
Manager Depositary Department

## **Annex 3**

**FONDUL PROPRIETATEA SA**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE-MONTH PERIOD ENDED**

**30 SEPTEMBER 2015**

Prepared in accordance with IAS 34 Interim Financial Reporting

(This is a translation from the official Romanian version)

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# CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	<b>9 months ended 30 September 2015</b>	<b>9 months ended 30 September 2014</b>
Gross dividend income	5	569,303,358	675,092,766
Net gain /(loss) from equity investments at fair value through profit or loss	6	(774,829,123)	52,212,606
Impairment losses on equity investments available for sale	11	(28,701,247)	(291,457,849)
Interest income		2,406,356	16,762,052
Reversal of impairment losses on receivables, net		17,915,291	19,631,431
Gain /(Loss) on disposal of equity investments available for sale, net	7	(93)	588,871,666
Net foreign exchange losses		(185,509)	(818,736)
Other income / (expenses), net		2,911,755	(1,834,039)
<b>Net operating income/ (loss)</b>		<b>(211,179,212)</b>	<b>1,058,459,897</b>
<b>Operating expenses</b>	8	<b>(92,548,801)</b>	<b>(77,873,921)</b>
<b>Finance costs</b>	14	<b>(1,950,236)</b>	<b>-</b>
<b>Profit/ (Loss) before income tax</b>		<b>(305,678,249)</b>	<b>980,585,976</b>
Income tax expense	9	(126,677,251)	(27,075,865)
<b>Profit / (Loss) for the period</b>		<b>(432,355,500)</b>	<b>953,510,111</b>
<b>Other comprehensive income</b>			
Net change in fair value of available for sale equity investments		(76,772,393)	416,591,558
Deferred tax on other comprehensive income		(29,846,867)	(2,531,018)
Decrease in fair value reserve following the disposal of available for sale equity investments		(702,288)	(566,229,166)
<b>Total other comprehensive income</b>		<b>(107,321,548)</b>	<b>(152,168,626)</b>
<b>Total comprehensive income for the period</b>		<b>(539,677,048)</b>	<b>801,341,485</b>
<b>Basic and diluted earnings per share</b>		<b>(0.0359)</b>	<b>0.0703</b>

The financial statements were authorised for issue on 12 November 2015 by:

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch acting in the capacity of Sole Director of Fondul Proprietatea SA

Oana Truta  
Legal Representative

Prepared by  
Mihaela Moleavin  
Financial Reporting Manager

The notes on pages 44 to 65 are an integral part of these financial statements.



## CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Assets</b>			
Cash and current accounts		9,404,513	6,879,129
Deposits with banks		133,880,817	109,424,930
Treasury bills		49,925,703	162,839,401
Government bonds		81,017,055	31,749,581
Dividends receivable	10	38,599,122	-
Equity investments	11	12,046,084,774	12,927,656,781
Deferred tax assets	12	-	152,678,949
Other assets		31,058,843	9,438,338
<b>Total assets</b>		<b>12,389,970,827</b>	<b>13,400,667,109</b>
<b>Liabilities</b>			
Short term bank loans	14	350,171,111	-
Other liabilities	13	69,466,862	52,794,086
<b>Total liabilities</b>		<b>419,637,973</b>	<b>52,794,086</b>
<b>Equity</b>			
Share capital	15	10,074,080,746	11,815,279,887
Fair value reserve on available for sale financial assets	15	3,913,033,924	4,020,355,472
Other reserves		527,397,886	610,197,299
Treasury shares	15	(203,783,031)	(1,189,918,464)
Retained earnings		(2,340,396,671)	(1,908,041,171)
<b>Total equity</b>		<b>11,970,332,854</b>	<b>13,347,873,023</b>
<b>Total liabilities and equity</b>		<b>12,389,970,827</b>	<b>13,400,667,109</b>

The notes on pages 44 to 65 are an integral part of these financial statements.

# CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

	Share capital	Fair value reserve on available for sale financial assets	Other reserves	Treasury shares	Retained earnings / (Accumulated losses)	Total attributable to the equity holders of the Fund
<b>Balance as at 1 January 2015</b>	<b>11,815,279,887</b>	<b>4,020,355,472</b>	<b>610,197,299</b>	<b>(1,189,918,464)</b>	<b>(1,908,041,171)</b>	<b>13,347,873,023</b>
<b>Comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(432,355,500)	(432,355,500)
<b>Other comprehensive income</b>						
Net change in fair value of available for sale equity investments	-	(76,772,393)	-	-	-	(76,772,393)
Decrease in fair value following the disposal of available for sale equity investments	-	(702,288)	-	-	-	(702,288)
Deferred tax on other comprehensive income	-	(29,846,867)	-	-	-	(29,846,867)
<b>Total other comprehensive income</b>	<b>-</b>	<b>(107,321,548)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(107,321,548)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(107,321,548)</b>	<b>-</b>	<b>-</b>	<b>(432,355,500)</b>	<b>(539,677,048)</b>
<b>Transactions with owners, recorded directly in equity</b>						
Decrease of the nominal value of the shares	(609,213,933)	-	-	56,700,448	-	(552,513,485)
Acquisition of treasury shares	-	-	-	(285,349,636)	-	(285,349,636)
Cancellation of treasury shares	(1,131,985,208)	-	(82,799,413)	1,214,784,621	-	-
<b>Total transactions with owners recorded directly in equity</b>	<b>(1,741,199,141)</b>	<b>-</b>	<b>(82,799,413)</b>	<b>986,135,433</b>	<b>-</b>	<b>(837,863,121)</b>
<b>Balance as at 30 September 2015</b>	<b>10,074,080,746</b>	<b>3,913,033,924</b>	<b>527,397,886</b>	<b>(203,783,031)</b>	<b>(2,340,396,671)</b>	<b>11,970,332,854</b>

The notes on pages 44 to 65 are an integral part of these financial statements.

# CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

	Share capital	Fair value reserve on available for sale financial assets	Other reserves	Treasury shares	Retained earnings / (Accumulated losses)	Total attributable to the equity holders of the Fund
<b>Balance as at 1 January 2014</b>	<b>13,778,392,208</b>	<b>4,013,118,750</b>	<b>312,558,751</b>	<b>(1,095,093,250)</b>	<b>(2,283,751,148)</b>	<b>14,725,225,311</b>
<b>Comprehensive income for the period</b>						
Profit of the period	-	-	-	-	953,510,111	953,510,111
<b>Other comprehensive income</b>						
Net change in fair value of available for sale equity investments	-	416,591,558	-	-	-	416,591,558
Decrease in fair value following the disposal of available for sale equity investments	-	(566,229,166)	-	-	-	(566,229,166)
Deferred tax on other comprehensive income	-	(2,531,018)	-	-	-	(2,531,018)
<b>Total other comprehensive income</b>	<b>-</b>	<b>(152,168,626)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(152,168,626)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(152,168,626)</b>	<b>-</b>	<b>-</b>	<b>953,510,111</b>	<b>801,341,485</b>
<b>Transactions with owners, recorded directly in equity</b>						
Decrease of the nominal value of the shares	(676,904,370)	-	-	57,379,239	-	(619,525,131)
Acquisition of treasury shares	-	-	-	(205,784,683)	-	(205,784,683)
Cancellation of treasury shares	(1,286,207,951)	-	246,162,235	1,040,045,716	-	-
<b>Total transactions with owners recorded directly in equity</b>	<b>(1,963,112,321)</b>	<b>-</b>	<b>246,162,235</b>	<b>891,640,272</b>	<b>-</b>	<b>(825,309,814)</b>
<b>Balance as at 30 September 2014</b>	<b>11,815,279,887</b>	<b>3,860,950,124</b>	<b>558,720,986</b>	<b>(203,452,978)</b>	<b>(1,330,241,037)</b>	<b>14,701,256,982</b>

The notes on pages 44 to 65 are an integral part of these financial statements.

# CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

	9 months ended 30 September 2015	9 months ended 30 September 2014
<b>Cash flows from operating activities</b>		
Disposals/ maturity of treasury bills and bonds	307,723,489	682,387,206
Dividends received (net of withholding tax)	528,878,195	669,796,058
Maturity of bank deposits with original maturities of more than three months	25,000,000	-
Interest received	4,020,719	12,219,073
Proceeds from sale of equity investments	842,240	978,451,705
Suppliers and other taxes and fees paid	(84,526,128)	(79,361,920)
Acquisitions of treasury bills and bonds	(244,482,961)	(1,361,207,874)
Remunerations and related taxes paid	(825,603)	(773,000)
Income tax paid	-	(14,547,546)
Subscriptions to share capital increase of portfolio companies	(1,079,970)	-
Realised foreign exchange loss on cash and cash equivalents	(96,759)	(938,466)
Other receipts	236,802	3,775,341
<b>Net cash flows from operating activities</b>	<b>535,690,024</b>	<b>889,800,577</b>
<b>Cash flows from financing activities</b>		
Short term bank loans	450,000,000	-
Return of capital to shareholders	(519,159,908)	(582,439,925)
Acquisition of treasury shares and buyback of GDRs	(287,050,998)	(205,783,760)
Repayment of short term bank loans	(100,000,000)	-
Payments to Central Depository in relation with 2015 return of capital to shareholders	(22,391,907)	-
Dividends paid (including related taxes)	(3,208,281)	(4,925,040)
Payment of interest and fees related to the short term bank loans	(1,763,292)	-
<b>Net cash flows used in financing activities</b>	<b>(483,574,386)</b>	<b>(793,148,725)</b>
<b>Net increase in cash and cash equivalents</b>	<b>52,115,638</b>	<b>96,651,852</b>
Cash and cash equivalents at the beginning of the period	91,158,127	237,573,615
<b>Cash and cash equivalents at the end of the period</b>	<b>143,273,765</b>	<b>334,225,467</b>
	<b>30 September 2015</b>	<b>30 September 2014</b>
Cash	9,404,513	1,119,597
Bank deposits with original maturities of less than three months	133,869,252	333,105,870
	<b>143,273,765</b>	<b>334,225,467</b>

The notes on pages 44 to 65 are an integral part of these financial statements.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

### 1. General information

Fondul Proprietatea SA (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 247/2005 regarding the reform in property and justice, as well as certain adjacent measures, as subsequently amended (“Law 247/2005”) and registered in Bucharest on 28 December 2005. The address of the Fund’s registered office is 78 - 80, Buzzești Street, 7<sup>th</sup> Floor, District 1, Bucharest.

The Fund undertakes its activities in accordance with Law 247/2005, Law 297/2004 regarding the capital market, as subsequently amended (“Law 297/2004”), and Law 31/1990 regarding companies, republished as subsequently amended (“Law 31/1990”) and it is an entity authorised, regulated and supervised by the Financial Supervisory Authority (“FSA”), formerly known as the National Securities Commission (“CNVM”).

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 Limited United Kingdom Bucharest Branch (“Fund Manager” or “FTIML”) was appointed on 29 September 2010 as the Fund Manager and Sole Director of the Fund and the mandate was renewed on 30 September 2014 for two years.

Starting 25 January 2011, Fondul Proprietatea is a listed company on the spot regulated market managed by the Bucharest Stock Exchange in Tier I shares of the Equity Sector of the market (renamed starting 5 January 2015 as Premium Tier shares), under ISIN number ROFPTAACNOR5 with the market symbol “FP”.

Starting 29 April 2015, the Fund’s Global Depositary Receipts (“GDR”) have been listed on the London Stock Exchange – Specialist Fund Market, under ISIN number US34460G1067, with the market symbol “FP.”. The Bank of New York Mellon has been appointed by the Fund to act as depositary bank in relation to the GDR facility. The GDR facility is limited to one-third of the Fund’s subscribed share capital under the Romanian securities regulations, or 81,228,524 GDRs between 29 April and 12 August 2015 and 74,622,820 GDRs after this date, each GDR representing 50 shares, and the currency of the GDRs is US dollar.

These condensed interim financial statements for the nine-month period ended 30 September 2015 are not audited.

### 2. Basis of preparation

#### (a) Statement of compliance

On 6 August 2014, the FSA issued Instruction no. 2/ 6.08.2014 („Instruction 2/2014”), whereby entities authorised, regulated and supervised by the FSA in the Financial Investments and Instruments Sector (including the Fund), were required to apply International Financial Reporting Standards as adopted by European Union (“IFRS”) as official accounting regulations with effect from 1 January 2015. As a result, starting 1 January 2015, the Fund adopted IFRS as the official basis of accounting.

However, during 2015, the FSA decided to postpone the implementation of IFRS as the official accounting regulations for regulated entities. FSA Instruction no. 1/19.05.2015 regarding the amendment of Instruction 2/2014 („Instruction 1/2015”), was published in the Official Gazette of Romania and entered into force on 19 May 2015, delaying the implementation of IFRS as the official accounting regulations until 1 January 2016. As a result, starting May 2015 the official accounting regulations for the Fund again became Romanian Accounting Regulations for the year 2015.

The Fund has prepared these financial statements for informative purposes, in order to provide users of the Fund’s financial reports with supplementary financial information on the Fund’s financial position.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

### 2. Basis of preparation (continued)

#### (a) Statement of compliance (continued)

These condensed interim financial statements for the nine-month period ended 30 September 2015 have been prepared in accordance with *IAS 34 Interim financial reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, prepared in accordance with IFRS.

Due to the application of the *Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities)* starting 1 January 2014, being an investment entity, the Fund no longer consolidates its subsidiaries and in consequence, the Fund no longer prepares consolidated financial statements, the separate financial statements being the Fund's only financial statements.

#### (b) Basis of measurement

The condensed interim financial statements have been prepared on a fair value basis for the main part of the Fund's assets (equity investments, treasury bills and short-term government bonds respectively), and on a historical cost or amortised cost basis for the rest of the items included in the condensed interim financial statements.

#### (c) Functional and presentation currency

These condensed interim 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 the condensed interim 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 impact on the amounts recognised in the condensed interim financial statements is included in the following notes:

- Note 8 – Operating expenses;
- Note 11 – Equity investments;
- Note 12 – Deferred tax assets;
- Note 13 – Other liabilities;
- Note 16 – Contingencies.

### 3. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Fund's financial statements as at and for the year ended 31 December 2014 and have been applied consistently to all periods presented in these condensed interim financial statements.

Starting from 2014, the Fund applied the *Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities)*, being classified as an investment entity. As a result, the Fund changed its accounting policies for investments in subsidiaries and associates, classifying and measuring them at fair value through profit or loss, while all the other equity investments of the Fund were classified as available for sale financial assets with the changes in fair value recognised in other comprehensive income (equity).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE  
NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**  
(all amounts are in RON unless otherwise stated)

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**3. Significant accounting policies (continued)***Comparative financial information*

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

Following the changes in local accounting legislation, according to the Instruction no. 2/2014 issued by the FSA in August 2014 (before its subsequent amendment in May 2015), starting 1 January 2015, IFRS became the official accounting regulation of the Fund for both accounting and fiscal basis.

In that context, the classification and measurement of the equity investments of the Fund were reconsidered for the preparation of the annual financial statements for the year ended 31 December 2014, the initial classification and valuation of other equity investments (other than subsidiaries and associates, which continued to be recorded at fair value through profit or loss), as reported in the previously published annual IFRS financial statements (as available for sale financial assets) was considered the most appropriate option.

As a result, for consistency with the current period (nine-month period ended 30 September 2015), the comparative information for the nine-month period ended 30 September 2014 was restated accordingly.

Also, for the nine-month period ended 30 September 2014 the Fund reclassified certain items in the Statement of Comprehensive Income, in order to be consistent with current period presentation.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**  
 (all amounts are in RON unless otherwise stated)

**4. Financial assets and financial liabilities**
**Accounting classifications and fair values**

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

	Loans and receivables	Available for sale	At fair value through profit or loss	Other amortised cost	Total carrying amount	Fair value
<b>30 September 2015</b>						
Cash and current accounts	9,404,513	-	-	-	9,404,513	9,404,513
Deposits with banks	133,880,817	-	-	-	133,880,817	133,880,817
Treasury bills	-	49,925,703	-	-	49,925,703	49,925,703
Government bonds	-	81,017,055	-	-	81,017,055	81,017,055
Dividends receivable	38,599,122	-	-	-	38,599,122	38,599,122
Equity investments	-	8,228,056,176	3,818,028,598	-	12,046,084,774	12,046,084,774
Other receivables	31,058,843	-	-	-	31,058,843	31,058,843
Short term bank loans	-	-	-	(350,171,111)	(350,171,111)	(350,171,111)
Other liabilities	-	-	-	(69,466,862)	(69,466,862)	(69,466,862)
	<b>212,943,295</b>	<b>8,358,998,934</b>	<b>3,818,028,598</b>	<b>(419,637,973)</b>	<b>11,970,332,854</b>	<b>11,970,332,854</b>

	Loans and receivables	Available for sale	At fair value through profit or loss	Other amortised cost	Total carrying amount	Fair value
<b>31 December 2014</b>						
Cash and current accounts	6,879,129	-	-	-	6,879,129	6,879,129
Deposits with banks	109,424,930	-	-	-	109,424,930	109,424,930
Treasury bills	-	162,839,401	-	-	162,839,401	162,839,401
Government bonds	-	31,749,581	-	-	31,749,581	31,749,581
Equity investments	-	8,335,790,680	4,591,866,101	-	12,927,656,781	12,927,656,781
Other receivables	9,438,338	-	-	-	9,438,338	9,438,338
Other liabilities	-	-	-	(52,794,086)	(52,794,086)	(52,794,086)
	<b>125,742,397</b>	<b>8,530,379,662</b>	<b>4,591,866,101</b>	<b>(52,794,086)</b>	<b>13,195,194,074</b>	<b>13,195,194,074</b>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**5. Gross dividend income**

	<b>9 months ended 30 September 2015</b>	<b>9 months ended 30 September 2014</b>
Hidroelectrica SA	128,915,585	-
Romgaz SA	121,410,324	148,525,046
OMV Petrom SA	120,496,860	331,366,364
Electrica Furnizare SA	38,285,340	19,637,608
Electrica Distributie Muntenia Nord SA	24,653,096	23,212,248
GDF Suez Energy Romania SA	24,000,000	33,600,000
Enel Distributie Banat SA	20,673,959	-
Electrica Distributie Transilvania Sud SA	17,568,497	12,733,949
Electrica Distributie Transilvania Nord SA	16,701,520	11,666,197
Enel Distributie Dobrogea SA	10,504,848	-
Societatea Nationala a Sarii SA	10,234,109	19,808,540
CN Aeroporturi Bucuresti SA	10,232,630	-
Nuclearelectrica SA	8,222,514	33,164,141
Enel Energie SA	7,420,314	-
CN Administratia Porturilor Maritime SA	6,453,568	10,118,830
CN Administratia Canalelor Navigabile SA	235,450	175,612
Transelectrica SA	-	22,046,532
Conpet SA	-	8,773,485
Others	3,294,744	264,214
	<b>569,303,358</b>	<b>675,092,766</b>

The dividend income was subject to 16% withholding tax. In cases where the relevant shareholding of the Fund was larger than 10% of total issued shares of the company, for at least one year prior to the dividend distribution, no withholding tax was due.

**6. Net gain/ (loss) from equity investments at fair value through profit or loss**

	<b>9 months ended 30 September 2015</b>	<b>9 months ended 30 September 2014</b>
Realised net gain / (loss) from equity instruments	-	2,023,243
Unrealised net gain / (loss) from equity instruments	(774,829,123)	50,189,363
<b>Total</b>	<b>(774,829,123)</b>	<b>52,212,606</b>

The unrealised net loss from equity investments at fair value through profit or loss for the first nine months of 2015 was mainly generated by the net change in the fair value for the holding in OMV Petrom, due to the evolution of the price of the shares of this company during the respective period.

No realised net gain or loss from equity investments at fair value through profit or loss was recorded in the nine month period ended 30 September 2015 (as there were no such disposals). Realised net gain from equity investments at fair value through profit or loss for the nine-month period ended 30 September 2014 was calculated as the difference between the proceeds from the disposal during the period of the relevant equity investments and the fair value of the equity investments disposed of at the beginning of the period. If we calculate this realised net gain from equity investments at fair value through profit or loss by reference to the historical cost, this gain would be RON 1,972,612.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**7. Gain/ (Loss) on disposal of equity investments available for sale**

During the nine-month period ended 30 September 2015 the Fund sold its entire holdings in Forsev SA, SIFI CJ Agro SA and Electroconstructia Elco Cluj SA. The net loss on disposal of these equity investments was RON 93 representing the difference between the proceeds from disposals (RON 1,646,833) and the carrying values of the equity investments as at disposal date (RON 2,349,214), plus the net unrealised gain related to these investments disposed, transferred from equity (other comprehensive income) to profit or loss upon their derecognition (RON 702,288).

During the nine-month period ended 30 September 2014, the Fund sold its entire holdings in Erste Group Bank, Raiffeisen Bank, Resib SA, Turdapan SA, Transelectrica SA, Transilvania-Com SA, Severnav SA and part of its holdings in Oil Terminal SA and Romgaz SA. The net gain on disposal of these equity investments was RON 588,871,666 representing the difference between the proceeds from disposals (RON 975,086,511) and the carrying values of the equity investments as at disposal date (RON 952,444,011), plus the net unrealised gain related to these investments disposed, transferred from equity (other comprehensive income) to profit or loss upon their derecognition (RON 566,229,166).

**8. Operating expenses**

	<b>9 months ended 30 September 2015</b>	<b>9 months ended 30 September 2014</b>
Investment management and administration fees	54,444,904	40,414,825
Financial Supervisory Authority monthly fees	8,804,321	11,087,081
Depository fee	1,025,641	1,382,155
Remunerations and related taxes	826,417	817,650
Intermediaries fees related to disposal of portfolio holdings	-	8,060,583
Other fees related to disposal of portfolio holdings	-	1,739,376
Third party services	24,049,850	11,791,963
Other operating expenses	3,397,668	2,580,288
	<b>92,548,801</b>	<b>77,873,921</b>

Investment management and administration fees increased in the nine-month period ended 30 September 2015 as compared to the nine-month period ended 30 September 2014 mainly due to the distribution fees which were accrued starting 20 March 2015 (RON 14.0 million) when the Amendment no. 2 to the new Investment Management Agreement was partially endorsed by the FSA, but also to the change in the base fee rate starting September 2014 from 0.479% per year to 0.60% per year (when the new Investment Management Agreement entered into force). The investment management and administration fees are invoiced and paid on quarterly basis.

Financial Supervisory Authority monthly fees decreased, mainly due to the decrease of the FSA fee rate from 0.1% per year to 0.0936% per year (i.e. 0.0078% per month) and due to the decrease of the Fund's total NAV on which these fees are based.

Third party services increased in the first nine months of 2015 as compared to the same period in 2014, mainly due to the secondary listing expenses incurred in this period.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**9. Income tax expense**

	9 months ended 30 September 2015	9 months ended 30 September 2014
<b>Current tax expense</b>		
Current tax (16%)	(2,019,127)	(23,958,432)
Dividend withholding tax	(1,826,041)	(5,306,263)
	<b>(3,845,168)</b>	<b>(29,264,695)</b>
<b>Deferred tax related to:</b>		
Equity investments	(122,832,083)	2,531,018
Fiscal loss used	-	(342,188)
	<b>(122,832,083)</b>	<b>2,188,830</b>
<b>Income tax expense</b>	<b>(126,677,251)</b>	<b>(27,075,865)</b>

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

	9 months ended 30 September 2015	9 months ended 30 September 2014
<b>Reconciliation of effective tax rate</b>		
Profit / (Loss) for the period	(432,355,500)	953,510,111
Income tax expense	(126,677,251)	(27,075,865)
<b>Profit excluding income tax</b>	<b>(305,678,249)</b>	<b>980,585,976</b>

<b>Income tax using the standard tax rate (16%)</b>	<b>48,908,520</b>	<b>(156,893,756)</b>
Effect of:		
Taxation applied on dividend income	87,728,627	98,209,649
Gain on cancellation of treasury shares (taxable equity item)	(5,508,875)	(39,385,958)
Decrease of the nominal value of the treasury shares (taxable equity item)	(9,072,072)	(373,073)
Non-taxable income	3,070,738	141,452,009
Non-deductible expenses	(945,943)	(68,387,327)
Reversal of deferred tax previously recognised	(152,732,979)	-
Impact of non-recognition of deferred tax on change in fair value of equity investments	(98,125,267)	(1,697,409)
<b>Income tax expense</b>	<b>(126,677,251)</b>	<b>(27,075,865)</b>

	9 months ended 30 September 2015	9 months ended 30 September 2014
<b>Income tax recognised directly in equity:</b>		
On equity investments carried at fair value	(29,846,867)	(2,531,018)

Please see note 12 for details regarding deferred tax computation and recognition.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**10. Dividends receivable**

	30 September 2015	31 December 2014
<b>Dividends receivable</b>		
Enel Distributie Banat SA	20,673,959	-
Enel Distributie Dobrogea SA	10,504,848	-
Enel Energie SA	7,420,314	-
CN Aeroporturi Bucuresti SA	332,509	47,839
Other dividends receivable	809,258	819,414
	<b>39,740,887</b>	<b>867,253</b>
<b>Impairment loss allowance</b>	<b>(1,141,765)</b>	<b>(867,253)</b>
	<b>38,599,122</b>	<b>-</b>

**11. Equity investments**

The equity investments of the Fund are classified as financial assets at fair value through profit or loss (respectively Fund's associates and subsidiaries) or as financial assets available for sale (all the other equity investments) and are valued as follows:

- Either at fair value, determined by reference to published bid price quotations on the stock exchange where shares are traded (listed and liquid securities), or assessed by independent valuers, using valuation techniques in accordance with International Valuation Standards (unlisted securities);
- Or at values considered to be equivalent to fair values, being the values used in the calculation of the net asset value of the Fund, determined in accordance to the regulations issued by the FSA/CNVM (listed but illiquid securities and unlisted securities for which fair values assessed by independent valuers were not available at that date).

The movement in the carrying amounts of equity investments for the nine-month period ended 30 September 2015 and the nine-month period ended 30 September 2014 is presented below:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**  
 (all amounts are in RON unless otherwise stated)

**11. Equity investments (continued)**

	Equity investments at fair value through profit or loss	Equity investments available for sale	Total equity investments
<b>1 January 2015</b>	<b>4,591,866,101</b>	<b>8,335,790,680</b>	<b>12,927,656,781</b>
Subscriptions to share capital increase of portfolio companies	991,620	88,350	<b>1,079,970</b>
Disposals	-	(2,349,214)	<b>(2,349,214)</b>
Impairment losses	-	(28,701,247)	<b>(28,701,247)</b>
Net change in fair value of available for sale equity investments (recorded in other comprehensive income)	-	(76,772,393)	<b>(76,772,393)</b>
Net loss from equity investments at fair value through profit or loss	(774,829,123)	-	<b>(774,829,123)</b>
<b>30 September 2015</b>	<b>3,818,028,598</b>	<b>8,228,056,176</b>	<b>12,046,084,774</b>
	Equity investments at fair value through profit or loss	Equity investments available for sale	Total equity investments
<b>1 January 2014</b>	<b>5,127,828,720</b>	<b>9,184,400,405</b>	<b>14,312,229,125</b>
Equity investments classified as investments in associates starting 2014	76,049,556	(76,049,556)	-
Shares contributions in kind by State	-	1,432,270	<b>1,432,270</b>
Disposals	(2,020,548)	(952,444,010)	<b>(954,464,558)</b>
Impairment losses	-	(291,457,849)	<b>(291,457,849)</b>
Return of share capital by portfolio companies	(3,748,753)	-	<b>(3,748,753)</b>
Net change in fair value of available for sale equity investments (recorded in other comprehensive income)	-	416,591,558	<b>416,591,558</b>
Net gain from equity investments at fair value through profit or loss	50,189,363	-	<b>50,189,363</b>
<b>30 September 2014</b>	<b>5,248,298,338</b>	<b>8,282,472,818</b>	<b>13,530,771,156</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**11. Equity investments (continued)**
**Impairment losses**

The equity investments for which the Fund recorded impairment losses were the following:

<b>Company</b>	<b>9 months ended 30 September 2015</b>	<b>9 months ended 30 September 2014</b>
Nuclearelectrica SA	20,008,118	80,580,640
Alro SA	8,017,319	8,945,169
CN Administratia Porturilor Dunarii Fluviale SA	675,810	-
Complexul Energetic Oltenia SA	-	201,932,040
<b>Total</b>	<b>28,701,247</b>	<b>291,457,849</b>

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

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Equity investments at fair value through profit or loss</b>		
OMV Petrom SA	3,604,147,142	4,389,528,460
Societatea Nationala a Sariei SA	142,882,000	142,882,000
Zirom SA	39,338,000	39,338,000
Primcom SA	17,697,131	12,345,176
Other	13,964,325	7,772,465
	<b>3,818,028,598</b>	<b>4,591,866,101</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**11. Equity investments (continued)**

<b>Equity investments available for sale</b>	<b>30 September 2015</b>	<b>31 December 2014</b>
Hydroelectrica SA	2,178,094,000	2,178,094,000
Romgaz SA	1,156,288,800	1,362,879,066
Enel Distributie Banat SA	640,491,000	640,491,000
Enel Distributie Muntenia SA	465,769,000	465,769,000
GDF Suez Energy Romania SA	461,321,000	461,321,000
E.ON Distributie Romania SA	445,920,000	441,456,000
Enel Distributie Dobrogea SA	396,895,000	396,895,000
CN Aeroporturi Bucuresti SA	332,286,000	332,286,000
BRD Groupe Societe Generale SA	264,029,542	222,140,240
Electrica Distributie Muntenia Nord SA	235,600,000	235,600,000
Electrica Distributie Transilvania Sud SA	206,500,000	206,500,000
Electrica Distributie Transilvania Nord SA	201,600,000	201,600,000
Banca Transilvania SA	199,417,331	143,234,554
Nuclearelectrica SA	192,132,751	212,140,869
E.ON Energie Romania SA	133,900,000	133,900,000
Administratia Porturilor Maritime SA	132,594,000	132,594,000
Electrica Furnizare SA	126,368,000	126,368,000
Complexul Energetic Oltenia SA	108,474,000	108,474,000
Alro SA	101,309,752	84,546,268
Enel Energie SA	74,377,000	74,377,000
Enel Energie Muntenia SA	65,144,000	65,144,000
Posta Romana SA	55,896,000	55,896,000
Other	53,648,999	54,084,683
	<b>8,228,056,176</b>	<b>8,335,790,680</b>
<b>Total equity investments</b>	<b>12,046,084,774</b>	<b>12,927,656,781</b>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**11. Equity investments (continued)****Fair value hierarchy**

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

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement, the different levels being defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- 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).

**As at 30 September 2015:**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments	5,520,982,844	-	6,447,563,000	11,968,545,844
Treasury bills	49,925,703	-	-	49,925,703
Government bonds	81,017,055	-	-	81,017,055
	<b>5,651,925,602</b>	<b>-</b>	<b>6,447,563,000</b>	<b>12,099,488,602</b>

**As at 31 December 2014:**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments	6,417,755,342	-	6,443,756,000	12,861,511,342
Treasury bills	162,839,401	-	-	162,839,401
Government bonds	31,749,581	-	-	31,749,581
	<b>6,612,344,324</b>	<b>-</b>	<b>6,443,756,000</b>	<b>13,056,100,324</b>

The level in the fair value hierarchy within which the fair value measurement is categorised, is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that financial instrument is classified in Level 3. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset. The assessment of what constitutes observable requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For all Level 3, the equity investments valuation was performed by independent valuers, based on financial information provided by the Fund, using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs, under the supervision and review of the Fund's Management, who ensures that all underlying data used in the report is accurate, and appropriate inputs are used in the valuation.

As the valuation reports were prepared as at 30 September 2014 (except the valuation for E.ON Distribuție România SA for which it was used an independent valuation report as at 31 December 2014), based on financial information available for the companies under valuation as at the respective dates, the Fund's management has analysed, based on the available information, the period between the date of the valuation reports and the reporting date (30 September 2015). There was no information known or available to the Fund's management which may have significant impact on the fair values of the equity investments as at the reporting date, as they are presented in these condensed interim financial statements.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

### 11. Equity investments (continued)

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties to the extent that the Fund believes that a third party market participant would take into account these factors in pricing a transaction.

As a result of strong volatility in the capital market and severe restrictions in the credit markets both globally and in Romania, notwithstanding any potential economic stabilisation measures that may be put into place by the Romanian State, economic uncertainties arose surrounding the continual availability and cost of credit for the Fund's counterparties, future development of the market and demand for goods and services they produce. The economic uncertainties are expected to continue in the foreseeable future and, as a consequence, there is a possibility that assets of the Fund are not recovered at their carrying amount in the ordinary course of business. A corresponding impact on the Fund's profitability cannot be estimated reliably as of the date of these condensed interim financial statements.

For the equity investments classified under Level 1, the Fund had sufficient available information with respect to active markets, with sufficient trading volume for accurate price discovery.

As at 30 September 2015, the equity investments included equity investments valued at values used in the calculation of the net asset value of the Fund as at that date, determined in accordance to the regulations issued by the FSA/CNVM, in amount of RON 77,538,930 (31 December 2014: RON 66,145,439).

As at 30 September 2015, unlisted equity investments with a carrying amount of RON 6,447,563,000 (31 December 2014: RON 6,443,756,000) were classified into Level 3 of the fair value hierarchy. Out of this, an amount of RON 2,841,152,854 represents the total net change in fair value recognised in equity (other comprehensive income) as at 30 September 2015 (31 December 2014: RON 2,836,777,204). The fair values for these equity investments were assessed by independent valuers, using valuation methods in accordance with International Valuation Standards.

The following table sets out information about significant unobservable inputs used at 30 September 2015 and 31 December 2014 in measuring equity instruments categorised as Level 3 in the fair value hierarchy:

Financial assets	Fair value as at 30 September 2015	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>6,447,563,000</b>			
Unlisted equity instruments	6,099,139,000	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 3.88 to 9.36  Discount for lack of marketability: 15% or 20%	The higher EBITDA multiple, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	108,474,000	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 1  Discount for lack of marketability: 20%	The higher Revenue multiple, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	239,950,000	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 12.17% to 16.26%.  Discount for lack of marketability ranging from 0% to 15%.  Discount for lack of control ranging from 0% to 20%.  Long-term revenue growth rate ranging from 1.5% to 2.5%	The lower the weighted average cost of capital, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.  The lower discount for lack of control, the higher the fair value.  The higher the long-term revenue growth rate, the higher the fair value.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

### 11. Equity investments (continued)

Financial assets	Fair value as at 31 December 2014	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>6,443,756,000</b>			
Unlisted equity instruments	6,094,675,000	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 3.88 to 9.36  Discount for lack of marketability: 15% or 20%	The higher EBITDA multiple, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	108,474,000	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 1  Discount for lack of marketability: 20%	The higher Revenue multiple, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	240,607,000	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 12.17% to 16.26%.  Discount for lack of marketability ranging from 0% to 15%.  Discount for lack of control ranging from 0% to 20%.  Long-term revenue growth rate ranging from 1.5% to 2.5%	The lower the weighted average cost of capital, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.  The lower discount for lack of control, the higher the fair value.  The higher the long-term revenue growth rate, the higher the fair value.

Significant unobservable inputs are the following:

*Revenue multiple:* is a tool used to appraise businesses based on market comparison to similar public companies. Revenue based business value estimation may be preferred to earnings multiple valuation whenever there is uncertainty or doubt regarding some of the company's expenses. The most common tendency is to value a firm based on its sales whenever this number is the most direct indication of the company's earning capacity.

*EBITDA multiple:* represents the most relevant multiple used when pricing the investments and it is calculated using information from comparable public companies (similar geographic location, industry size, target markets and other factors that valuers consider to be reasonable). The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

*Discount for lack of marketability:* represents the discount applied to the comparable market multiples to reflect the liquidity differences between a portfolio company relative to the comparable peer group. Valuers estimate the discount for lack of marketability based on professional judgement after considering market liquidity conditions and company-specific factors.

*Discount for lack of control:* represents the discount applied to reflect the absence of the control power and it was considered under the discounted cash flow method, in order to derive the value of a minority shareholding in the equity of the subject companies.

*Weighted average cost of capital:* represents the calculation of a company's cost of capital in nominal terms (including inflation), based on the "Capital Asset Pricing Model". All capital sources – shares, bonds and any other long-term debts - are included in a weighted average cost of capital calculation.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

### 12. Deferred tax assets

	30 September 2015	31 December 2014
<i>Temporary differences - deductible</i>		
On equity investments	-	954,243,433
<b>Recognised deferred tax asset at 16%</b>	<b>-</b>	<b>152,678,949</b>

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

The recognition of deferred tax assets as at 31 December 2014 in amount of RON 152,678,949 has been made based on the Fund's assessment regarding the recoverability of such deferred tax asset position out of future taxable profit of the Fund, in accordance with the Romanian fiscal legislation applicable at that date.

As at 31 December 2014, in the context of applying IFRS as statutory accounting regulation starting 1 January 2015, the Fund recognised only the net deferred tax asset generated by the equity investments at fair value through profit or loss, considering that the negative changes in the fair value of these equity investments (tax deductible expenses) are due to temporary market conditions and are expected to be reversible in the foreseeable future, and, consequently, will be offset by future positive changes in fair value (taxable income).

In the nine-month period ended 30 September 2015, the Fund reversed the deferred tax assets recorded as at 31 December 2014, for prudence reasons, due to the fact that, even if starting 1 January 2015 Instruction 2/2014, stating IFRS as official accounting regulations for entities authorised, regulated and supervised by the FSA entered into force, in May 2015 the FSA issued Instruction 1/2015 according to which the adoption of IFRS as statutory accounting basis (official accounting regulations) is postponed until 1 January 2016.

### 13. Other liabilities

	30 September 2015	31 December 2014
Investment Management and Administration fees	26,624,112	16,064,203
Payable to shareholders related to the return of capital	26,579,832	11,434,904
Provision for litigations	11,528,858	11,397,683
Prior years dividends payable	1,464,923	5,455,306
Payables related to treasury shares under settlement	1,841,524	3,468,114
Financial Supervisory Authority fees	947,486	1,164,865
Other liabilities	480,127	3,809,011
	<b>69,466,862</b>	<b>52,794,086</b>

The provisions for litigations are related to the legal case started by World Trade Center București SA against the Fund in August 2013, requesting 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.

### 14. Short term bank loans

As at 30 September 2015, short term bank loans included the amounts drawn from the revolving credit facility granted by Citibank Europe Plc, Dublin – Romania Branch and related accrued interest payable.

On 23 June 2015 the Fund drew an amount of RON 450 million from the total credit facility of RON 500 million, which was used for the funding of the 2015 return of capital to shareholders. On 23 July 2015 and 21 August 2015, the Fund rolled over the amount drawn of RON 450 million, while on 21 September 2015 the Fund repaid RON 100 million and rolled over the remaining RON 350 million for one month.

The finance costs category included in the Statement of Comprehensive Income comprised of the accrued interest expense on the amounts drawn from the credit facility and of the commitment fee on undrawn amounts.

For further updates regarding the credit facility agreement, please see note 18 Subsequent events.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**15. Shareholders' equity****(a) Share capital**

As at 30 September 2015, the subscribed share capital was RON 10,074,080,745.90 (31 December 2014: RON 11,815,279,886.85) representing 11,193,423,051 shares (31 December 2014: 12,437,136,723 shares) with a nominal value of RON 0.90 per share (31 December 2014: RON 0.95 per share), out of which 363,812,350 shares were unpaid (31 December 2014: 363,812,350 unpaid shares).

The following changes in share capital were recorded in the nine-month period ended 30 September 2015:

- In January 2015, the paid in share capital of the Fund decreased by RON 240,215,153 following the cancellation of 252,858,056 treasury shares acquired by the Fund in the third buy-back programme carried on in 2014.
- In May 2015, the paid in share capital of the Fund decreased by RON 591,023,316 following the reduction of the nominal value of the shares from RON 0.95 to RON 0.90 per share.
- In August 2015, the paid in share capital of the Fund decreased by RON 891,770,054.40 following the cancellation of 990,855,616 treasury shares acquired by the Fund in the fourth buy-back programme carried on in 2014 and 2015.

Following all these changes, the paid in capital of the Fund decreased from RON 11,469,658,154.35 as at 31 December 2014 to RON 9,746,649,630.90 as at 30 September 2015 (divided in 10,829,610,701 shares with a nominal value of RON 0.90 per share) and the subscribed share capital of the Fund decreased from RON 11,815,279,886.85 as at 31 December 2014 to RON 10,074,080,745.90 as at 30 September 2015 (divided in 11,193,423,051 shares with a nominal value of RON 0.90 per share).

Unpaid share capital represents the net value of certain contributions due to the Fund by the Romanian State represented by the Ministry of Public Finance as shareholder, that were recorded in previous years as paid in share capital (based on Law 247/2005). Holders of unpaid shares are not entitled to vote or to receive dividends.

As at 30 September 2015, the Romanian State's share in the Fund's subscribed share capital was 3.29% (31 December 2014: 2.96%) and the share in the Fund's paid in share capital was of 0.04% (31 December 2014: 0.04%).

**(b) Fair value reserve on available for sale financial assets**

The fair value reserve of RON 3,913,033,924 as at 30 September 2015 (31 December 2014: RON 4,020,355,472) comprised of the cumulative net change in the fair value of available for sale financial assets recognised in other comprehensive income until the investments are derecognised or impaired, net of the related deferred tax recognised through equity.

**(c) Treasury shares*****The third buy-back programme***

At the General Shareholders' Meeting ("GSM") in November 2013, the shareholders approved the third buy-back programme: the Fund Manager was authorised to repurchase a maximum number of 252,858,056 shares or 1.89% of the paid in share capital, within 18 months of the date when the shareholders' resolution is published in the Official Gazette of Romania, within the price range of RON 0.2 per share to RON 1.5 per share, to be cancelled upon completion of the buy-back programme. The execution of the third buy-back programme started on 25 March 2014 and until 23 July 2014, all 252,858,056 treasury shares were acquired, at a total acquisition value, including transaction costs, of RON 205,784,683. The cancellation of the shares acquired within this buy-back programme was effective on 27 January 2015.

***The fourth buy-back programme***

In the 28 April 2014 GSM, the shareholders approved the fourth buy-back programme, for a maximum number of (i) 990,855,616 shares or (ii) 10% of the subscribed share capital at the relevant time, whichever is the lesser, starting with the date when the third buy-back programme is completed.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**15. Shareholders' equity (continued)****(c) Treasury shares (continued)**

The programme could be executed within 18 months of the date when the shareholders' resolution was published in the Official Gazette of Romania within the price range of RON 0.2 per share to RON 2 per share, to be cancelled upon completion of the buy-back programme. The execution of the fourth buy-back programme started on 1 October 2014 and until 2 February 2015, all 990,855,616 treasury shares were acquired, at a total acquisition value, including transaction costs, of RON 1,060,874,423. During the GSM held on 27 April 2015 Fund's the shareholders approved the decrease of the share capital through the cancellation of the shares repurchased by the Fund in the fourth buy-back programme.

The cancellation of the shares acquired within this buy-back programme was effective on 12 August 2015, when the new Constitutive Act was endorsed by FSA.

***The fifth buy-back programme***

On 19 November 2014 the Fund's shareholders approved the fifth buy-back programme that refers to the acquisition of a maximum number of (i) 227,572,250 shares or (ii) 10% of the subscribed share capital at the relevant time, whichever is the lesser, starting with the date when the share capital decrease approved through Extraordinary General Shareholders' Meeting ("EGM") Resolution on 23 September 2014 (regarding the cancellation of the shares purchased by the Fund in the third buy-back programme) is effective, until August 2016. The buy-back could be performed within the price range of RON 0.2 per share to RON 2 per share, to be cancelled upon completion of the buy-back programme. The execution of the fifth buy-back programme started on 10 February 2015 and until 29 July 2015, all 227,572,250 treasury shares were acquired, at a total acquisition value, including transaction costs, of RON 193,699,522. The Fund Manager has requested shareholders' approval for the cancellation of the shares repurchased during this buy-back programme at the GSM held on 29 October 2015. For further updates regarding the shareholders' decisions in the 29 October 2015 GSM, please see note 18 Subsequent events.

***The sixth buy-back programme***

The Fund Manager intends to continue with share buy-backs in accordance with the Fund's Investment Policy Statement, and in the 27 April 2015 GSM the shareholders approved a new buy-back programme for a maximum number of (i) 891,770,055 shares or the equivalent number of global depositary receipts corresponding to the shares of Fondul Proprietatea or (ii) 10% of the subscribed share capital at the relevant time, whichever is the lesser, until 15 November 2016. The buy-back shall be performed at a price that is neither lower than RON 0.2 per share nor higher than RON 2 per share. The buy-back transactions can only be applied for fully paid shares. The shares repurchased will be cancelled. The implementation of this buy-back programme is subject to the availability of the necessary cash.

The execution of the six buy-back programme started on 9 September 2015 and until 30 September 2015, the total number of shares repurchased was 21,660,405 (14,208,305 ordinary shares and 7,452,100 equivalent shares of the GDRs repurchased, where 1 GDR = 50 ordinary shares), at a total acquisition value, including transaction costs, of RON 17,241,176.

**(d) Return of capital to shareholders**

At the 21 January 2015 GSM, the Fund's shareholders approved the return to shareholders of RON 0.05 per share, following the share capital decrease through the reduction of the nominal value of Fund's share from RON 0.95 to RON 0.90. The shareholders resolution was published in the Official Gazette of Romania on 4 February 2015 and the endorsement by the FSA of the new Constitutive Act reflecting the share capital decrease was received on 21 May 2015.

The shareholders registered in the shareholders' registry with the Central Depositary on 24 June 2015 have the right to receive RON 0.05 per share, proportionally with their participation to the paid in share capital of the Fund. The payment started on 29 June 2015 and by 30 September 2015, shareholders had collected over 95% of the total distribution of RON 534,322,868.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

### 15. Shareholders' equity (continued)

#### (e) Dividends

In June 2014, the FSA has issued the Endorsement no.71/19.06.2014, which states the fact that the methodology for net asset value computation in accordance with the CNVM Regulation 4/2010, as subsequently amended, shall not be applied in the context of the requirements of article 69 in Law 31/1990 related to profit distribution. The FSA has also clarified that the Endorsement is applicable prospectively from the date of its official publication, respectively 19 June 2014.

According to this official interpretation of the FSA regarding the computation of Fund 'net asset value', dividend distributions cannot be made to shareholders at the present time because the Fund's shareholders' equity computed in accordance with Romanian accounting regulations (CNVM Regulation 4/2011, as subsequently amended), of RON 9,339,030,996 as at 31 December 2014 is lower than the share capital of the Fund of RON 11,815,279,887 as at 31 December 2014.

The Fund Manager remains committed to ensuring annual cash distributions to the Fund's shareholders, based on the compliance with the applicable regulations. The Fund Manager has recommended, and the shareholders have approved (on 21 January 2015), a cash distribution of RON 0.05 per share via the decrease of the share capital through the reduction of the nominal value of the Fund's shares. Based on current understanding of Romanian tax law, no Romanian tax will arise for the Fund or its shareholders on this distribution. For details, please see note 15 (d) above.

### 16. Contingencies

#### 1. Litigations

As at 30 September 2015 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 has disclosed in these condensed interim financial statements those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

- One former minority shareholder of the Fund has filed litigations against the Fund on various grounds, including some seeking the cancellation of certain resolutions of the General Shareholders' Meeting. These litigations are at various stages of process within the Romanian Court system and updates are frequently reported by Management through the Bucharest 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 Register, 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 changes and versions of the Constitutive Act 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, the 23 November 2012 GSM, the 25 April 2013 GSM, the 22 November 2013 GSM, the 3 February 2014 GSM, the 28 April 2014 GSM, the 23 September 2014 GSM, the 19 November 2014 GSM, the 21 January 2015 GSM and the 27 April 2015 GSM;
- new resolutions passed during the 25 April 2012 GSM, the 23 November 2012 GSM, the 25 April 2013 GSM, the 22 November 2013 GSM, the 3 February 2014 GSM, the 28 April 2014 GSM, the 23 September 2014 GSM, the 19 November 2014 GSM, the 21 January 2015 GSM and the 27 April 2015 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);

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

(all amounts are in RON unless otherwise stated)

### 16. Contingencies (continued)

- FTIML was appointed for a new 2-year mandate as Sole Director and Fund Manager of Fondul Proprietatea starting with 30 September 2014.

As at 30 September 2015 the litigant is not a shareholder of Fondul Proprietatea anymore.

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 with the Investment Management Agreement in force.

In June 2014, in another case started by the Fund against the shareholder mentioned above, the court confirmed the shareholder's circumstantiated abuse of procedural rights against the Fund. Also, there are several court decisions confirming the fact that this shareholder did not prove a legitimate interest to promote certain annulment actions, and in one of these cases the decision is final – the Bucharest Court of Appeal issued the final decision in November 2014. In other files in December 2014 and February 2015 the Bucharest Court of Appeal issued irrevocable decisions maintaining as legal and valid the shareholders' resolutions approved by shareholders in November 2012, April and November 2013, which were challenged initially in these files.

The outcome of the ongoing cases cannot be determined with certainty at this stage; however, the Fund Manager 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 the receivables from World Trade Center București SA as follows:

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

Until 30 September 2015, the Fund recovered from World Trade Center București SA, USD 510,131, EUR 148,701, RON 8,724,888. Given the uncertainties regarding the recoverability of the amounts due by World Trade Center București SA, the above amounts were recognised on receipt basis in the Fund's financial statements.

In August 2013, World Trade Center București SA filed a claim against the Fund asking to pay back the amounts received through the enforcement procedure during 2010 and 2011 (EUR 148,701, USD 10,131 and RON 8,829,663). The amounts recovered from the enforcement procedure were originally accounted for by the Fund as contributions of Ministry of Public Finance to the share capital of the Fund, decreasing the receivable related to the unpaid capital.

Consequently, these amounts are to be recovered by the Fund from the Ministry of Public Finance (being accounted for as a receivable over this shareholder of the Fund, for which an impairment adjustment was recorded), while the legal interest was recorded as an expense with provisions for litigations. The next hearing in front of Bucharest Court for this file was set for 11 December 2015.

Currently, World Trade Center București SA is the object of insolvency procedure, but the Fund is not a party in this file, while the Ministry of Public Finance is a party in accordance with article IV of Law no. 10/2015 *"Beginning with the date when this law is in force the receivable mentioned at article 4 of Title II from Emergency Ordinance of the Government no. 81/2007 [...] will be transferred from Fondul Proprietatea to Ministry of Public Finance together with additional interests"*.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**17. Related parties****(a) Key management**

	<b>9 months ended 30 September 2015</b>	<b>9 months ended 30 September 2014</b>
<b>Remunerations</b>		
Members of the Board of Nominees	675,000	675,000

There were no loans to or other transactions between the Fund and the members of the Board of Nominees in the nine-month period ended 30 September 2015 or in the nine-month period ended 30 September 2014.

Franklin Templeton Investment Management Limited 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 the following:

<b>Transactions</b>	<b>9 months ended 30 September 2015</b>	<b>9 months ended 30 September 2014</b>
Investment management and administration fees	54,444,904	40,414,825
Rental expense	50,458	69,537
Operating cost	18,249	17,770
	<b>54,513,611</b>	<b>40,502,132</b>

During the nine month period ended 30 September 2015, the Fund recorded also an amount of RON 1,543,212 representing expenses incurred by the Fund Manager on its behalf (nine-month period ended 30 September 2014: RON 1,587,948). These expenses were primarily related to promotional activities for the Fund (investor relations). The recharge of these expenses to the Fund followed the provisions of the Investment Management Agreement and was subject to Board of Nominees' approval.

As at 30 September 2015, the Fund owed an amount of RON 26,624,112 to the Fund Manager (31 December 2014: RON 17,189,421).

There are no other elements of compensation for key management.

**(b) Subsidiaries**

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

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Ownership interest</b>		
Alcom SA	72%	72%
Comsig SA	70%	70%
Primcom SA	76%	69%
Zirom SA	100%	100%

On 13 February 2015, Primcom SA finalised the registration within the Romanian Central Depository of its share capital decrease by RON 19,237 through the cancellation of 192,372 shares according with the resolution of the General Shareholders' Meeting held on 17 July 2014. The number of shares owned by Fondul Proprietatea in Primcom SA, respectively 1,427,188 shares did not change, but the holding percentage increased from 69% to 76%.

In August 2015, the Fund participated in the cash share capital increase of Zirom SA subscribing 99,162 new shares, at the nominal value of RON 10 per share (in total of RON 991,620).



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**17. Related parties (continued)****(b) Subsidiaries (continued)**

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

The fair value of investments in subsidiaries is presented in the table below:

	<b>30 September 2015</b>	<b>31 December 2014</b>
Alcom SA	10,409,423	4,399,976
Comsig SA	1,720,902	1,538,490
Primcom SA	17,697,131	12,345,176
Zirom SA	39,338,000	39,338,000
	<b>69,165,456</b>	<b>57,621,642</b>

As at 30 September 2015, the Fund has no commitment or intention to provide financial or other support to its subsidiaries, including commitments or intentions to assist the subsidiaries in obtaining financial support. Also, no financial or other support was provided by the Fund during the reporting periods.

As at 30 September 2015 and 31 December 2014, there is no restriction on the ability of any of the subsidiaries to transfer funds to Fondul Proprietatea in any form of distributions.

During the nine-month period ended 30 September 2015, the Fund recorded and received a dividend of RON 104,524 from Alcom SA (nine-month period ended 30 September 2014: nil).

**(c) Associates**

As at 30 September 2015 and 31 December 2014, the Fund had three associates, all of them incorporated in Romania:

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Ownership interest</b>		
OMV Petrom SA	19%	19%
Societatea Nationala a Sarii SA	49%	49%
Plafar SA	49%	49%

During the nine-month period ended 30 September 2015, the Fund recorded and collected from OMV Petrom SA a dividend of RON 120,496,860 (nine-month period ended 30 September 2014: RON 331,366,364) and from Societatea Nationala a Sarii SA a dividend of RON 10,234,109 (nine-month period ended 30 September 2014: RON 19,808,540).

**18. Subsequent events****Decisions of 29 October 2015 GSM**

The main decisions of the shareholders in the 29 October 2015 GSM were the following:

- The approval of the seventh buy-back programme for a maximum number of shares computed so that all the outstanding treasury shares (acquired during this programme and/or previous ones) will not exceed 10% of the issued share capital at the relevant time, starting with the date when the share capital decrease regarding the cancellation of the shares repurchased within the fifth buy-back programme is effective, for a maximum period of 18 months as of the date when this shareholders' resolution is published in the Official Gazette of Romania. The buy-back shall be performed at a price that cannot be lower than RON 0.2 per share or higher than RON 2 per share. The transaction can only have as object fully paid shares, global depositary receipts or depositary interests corresponding to the shares of the Fund. The buy-back programme is aimed at the share capital decrease. This buy-back programme implementation will be subject to the availability of the necessary cash.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(all amounts are in RON unless otherwise stated)

**18. Subsequent events (continued)****Decisions of 29 October 2015 GSM (continued)**

- The approval of the decrease of the subscribed share capital of the Fund from RON 10,074,080,745.90 to RON 9,869,265,720.90 pursuant to the cancellation of 227,572,250 own shares repurchased by the Fund during the fifth buy-back; the share capital decrease will be effective after the registration with the Trade Register;
- The approval of the amendment of the Investment Policy Statement, with effective date 1 April 2016;
- The authorisation of the sole administrator to execute any disposal acts over any holdings in the portfolio companies of the Fund, which either individually or cumulatively during 2015 or 2016 financial year, for each year separately, exceed 20% of the total value of the non-current assets, less receivables (up to 30% of the total value of the non-current assets, less receivables);
- The approval of Alternative Investment Fund Managers Directive implementation plan, including (i) the amended Constitutive Act of the Fund, (ii) the termination of the mandate of FTIML as Fund Manager and Sole Director, (iii) the appointment of Franklin Templeton International Services S.À R.L as Fund Manager and Sole Director and (iv) the new Investment Management Agreement, all with effective date 1 April 2016;
- The approval of Addendum 3 to the current Investment Management Agreement as recommended by FSA;
- The approval of Addendum 4 to the current Investment Management Agreement containing the increase of the distribution fee;
- The appointing of Deloitte Audit SRL as the financial auditor of the Fund for 2015 and the approval of the financial audit agreement;
- The ratification and the approval of all GSM resolutions and of all legal acts concluded, adopted and issued in the name of Fondul Proprietatea through FTIML between 6 September 2010 and 28 October 2015;
- The approval of the continuation of the current mandate of FTIML as Fund Manager and Sole Director of Fondul Proprietatea;
- The approval of the 2016 budget of Fondul Proprietatea;
- Approval of the increase of the gross monthly remuneration for each member of the Board of Nominees to RON 20,000 per month, starting with 1 November 2015.

**Disposals**

On 21 October 2015 the Fund sold an aggregate of 16,000,000 existing shares in SNGN Romgaz SA ("Romgaz SA"), equivalent of 4.15% of the existing share capital of Romgaz SA, or 41.51% of the Fund's holding in Romgaz SA (14,715,000 in the form of shares and 1,285,000 in the form of global depositary receipts) to qualified investors and certain other investors, not exceeding 150 natural or legal persons per Member State, other than qualified investors (all within the meaning of paragraphs (2)(a) and (2)(b) of Article 3 of the Prospectus Directive). The shares were priced at RON 28.50 and USD 7.32 (in relation to disposals via dollar-denominated global depositary receipts, based on an intraday foreign exchange rate of RON 3.8927 per USD).

In November 2015 the Fund sold its entire holding in Petrotel Lukoil SA, respectively 2,152,291 shares. The transfer of the ownership title over the shares sold was recorded by the Central Depositary on 2 November 2015.

**Updates on the Credit Facility Agreement**

In October 2015 the Fund repaid the RON 350 million previously drawn from the credit facility concluded with Citibank Europe Plc, Dublin - Romania Branch.



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