

## SEMI-ANNUAL REPORT

for the six-month period ended  
30 June 2011

prepared in accordance with  
CNVM Regulation no. 1/2006

(This is a translation from the  
official Romanian version)



FONDUL  
PROPRIETATEA



# S.C. FONDUL PROPRIETATEA S.A.



FRANKLIN TEMPLETON  
INVESTMENTS

## Contents

Company Information .....	2
Overview .....	3
Significant Events .....	5
Analysis of the Activity of the Fund .....	8
Financial Statements Analysis .....	22
Annexes	
Annex 1 <b>Statement of Assets and Obligations</b> of Fondul Proprietatea S.A. as at 30 June 2011, including the Detailed Statement of the Investments, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4) .....	28
Annex 2 <b>Condensed Separate Financial Statements</b> for the six-month period ended 30 June 2011, prepared in accordance with International Financial Reporting Standards (“IFRS”) .....	32
Annex 3 <b>Financial Statements</b> for the half-year ended 30 June 2011, prepared in accordance with the National Securities Commission (“CNVM”) Regulation 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the CNVM and CNVM Instruction 5/2011 regarding semi-annual accounting reporting system (“Romanian Accounting Regulations”) ...	57
Annex 4 <b>Statement of the persons responsible.</b> ....	84

## Company Information

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

### Stock Data (as at 30 June 2011)

BVB <sup>1</sup> Symbol	FP
Market Price <sup>2</sup>	RON 0.5350
Price Range <sup>3</sup>	RON 0.4800 – RON 0.6750
NAV/Share <sup>4</sup>	RON 1.1754
Discount	54.5%
Par Value/Share	RON 1.0000
Shares In Issue	13,778,392,208
Shares Corresponding to Paid in Capital	13,756,955,963

### Shareholder Structure<sup>5</sup> (as at 30 June 2011)

Shareholder Categories	%
Ministry of Public Finance	18.90
Romanian Private Individuals	37.02
Foreign Institutional Shareholders	27.33
Foreign Private Individuals	8.69
Romanian Institutional Shareholders	7.42
Treasury Shares <sup>6</sup>	0.49
Unpaid Shares <sup>7</sup>	0.15

There were 9,888 shareholders on 30 June 2011.

### Contact Details

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1. Bucharest Stock Exchange (“BVB”)

2. Source: BVB, closing price as at 30 June 2011

3. Source: BVB, for the period 25 January–30 June 2011

4. As at 30 June 2011

5. Source: Central Depositary

6. 67,678,300 shares acquired by the Fund through buy backs

7. Shares unpaid by Ministry of Public Finance

## Overview

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager of Fondul Proprietatea presents the results of the Fund for the half-year ended 30 June 2011, with unaudited net profits of RON 543.1 million (half year ended 30 June 2010: RON 210.5 million) and total shareholders' equity of RON 12,789.5 million (31 December 2010: RON 12,139.3 million). The Fund reported a Romanian National Securities Commission ("CNVM") net asset value ("NAV") as at 30 June 2011 of RON 16,171.2 million or RON 1.1754 per share (an increase of 5.5% since 31 December 2010).

The positive performance of the Fund's NAV in the first six months of 2011 was correlated with the overall favourable conditions on the Bucharest Stock Exchange, which was reflected in the valuation of the listed part of the Fund's portfolio. In addition, the new investments made by the Fund in the first half of the year made an important contribution to the positive NAV performance.

The discount of share price to NAV was 54.5% as at 30 June 2011. Since the Fund's listing on the BVB, the discount has ranged between 41.6% and 59.6%.

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

	Note	Half-year ended 30 June 2011	Year ended 31 December 2010	Change %
Total Shareholders' Equity (RON bn)	a	12.8	12.1	+5.8
Net Asset Value (RON bn)	b	16.2	15.3	+5.5
Net Asset Value per Share (RON)	b	1.1754	1.1124	+5.7
Net Asset Value Total Return	c	+8.4%	—	—
Share Price (RON)	—	0.5350	—	—
Share Price Total Return	c, d	-12.7%	—	—
Share Price – High	e	0.6495	—	—
Share Price – Low	e	0.4850	—	—
Gross Dividends Declared (RON per Share)	f	0.03141	0.0816	—
Share Price Discount to Net Asset Value	—	54.5%	—	—

Source: Franklin Templeton Investments and BVB

### Notes:

- (a) Prepared on the basis of Romanian Accounting Regulations
- (b) Prepared on the basis of CNVM Regulations
- (c) Calculated with dividend reinvested
- (d) For the period from listing on 25 January until 30 June 2011
- (e) Closing prices quoted by the BVB
- (f) The dividend declared in 2010 included distributable profits of both 2008 and 2009

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

	CNVM Regulations	Romanian Accounting Regulations
Listed securities	Valued at closing quoted market price	Valued at cost less adjustments for impairment
Unlisted or illiquid listed securities	Valued as per latest issued financial statements of the security (proportionally with the stake held) or using fair valuation techniques	Valued at cost less adjustments for impairment

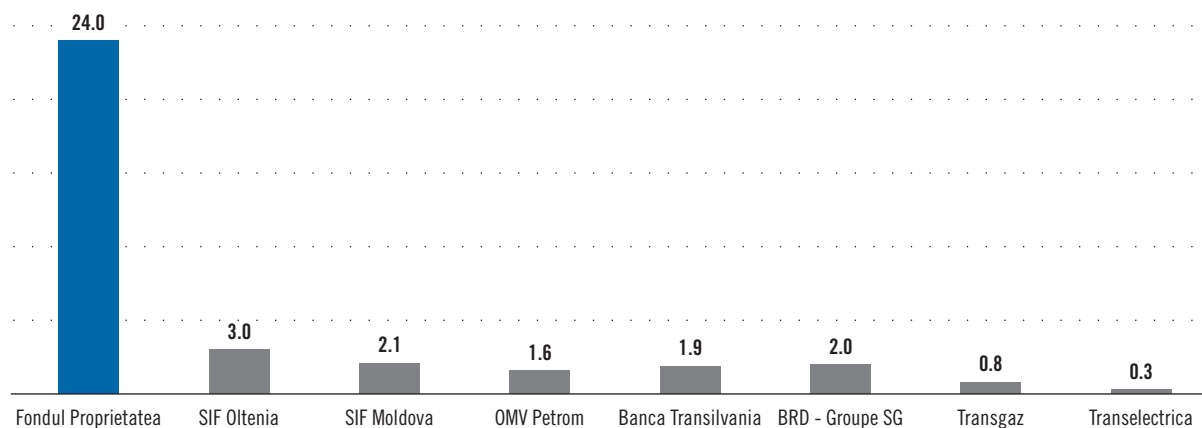
## Significant Events

### BVB Listing

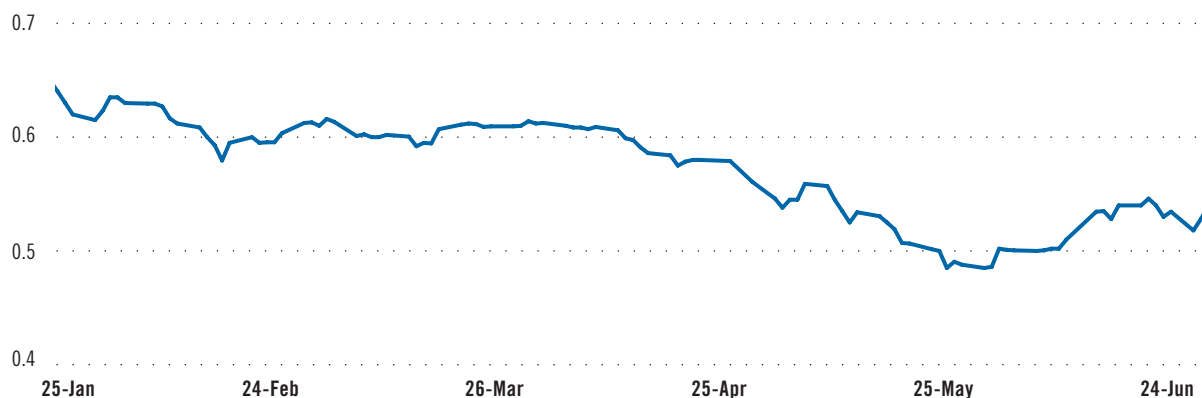
Fondul Proprietatea was listed on the Bucharest Stock Exchange on 25 January 2011. Some of the benefits arising from this event were:

- The Fund has the largest free-float on the BVB at RON 6.0 billion (EUR 1.4 billion)<sup>8</sup> and it is the most liquid share on the BVB.
- The capitalisation of the BVB increased by RON 8.2 billion (EUR 1.9 billion) on the listing of the Fund.
- Large foreign investors can now have unique exposure to key Romanian companies via Fondul Proprietatea's underlying portfolio, by investing in the Fund on the BVB.
- 4.6 billion shares of the Fund were traded on the BVB in the first six months following the Fund's listing. This is equivalent to over 33% of the Fund's equity. The value of all trades in the Fund's shares exceeded RON 2.6 billion, while the total number of trades since the listing has exceeded 70,000.<sup>9</sup>
- The listing of the Fund led to a tripling of the average daily turnover on the exchange in comparison with 2009 and 2010, with the average daily value of Fondul trades amounting to over 47% of the total turnover of the BVB: by far the most traded share.<sup>10</sup>

### Average Daily Turnover (RON mn)



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



8. Source: Central Depositary as at 30 June 2011 and BVB

9. Source: BVB for the period 25 January 2011–30 June 2011

10. Source: BVB as at 30 June 2011

### Investor Relations Update

One of the key objectives of the Fund Manager is to increase the visibility of the Fund for a broader international institutional investor base. In addition to the first quarterly results conference call for analysts and institutional investors held in May, the Fund Manager has organized two main investors' events: a Romanian Day in London, organized jointly with the Bucharest Stock Exchange, and an extensive road-show in the main financial centres in Europe and the United States of America. Through these initiatives, the Fund Manager works to enhance communication with investors, and use the result of feedback and other information gained to improve the overall understanding of the opportunities within the Fund's portfolio.

### Buy-Back Programme

In an effort to enhance shareholder value, the Fund Manager has already started a buy-back programme that allows the Fund to repurchase its own shares on the open market. Closed-end funds use such a tool to buy their shares from the market and to increase the relative ownership stake of each investor. Repurchasing shares at a significant discount means that the Fund is buying assets below their fair value, and this has a positive effect on the Net Asset Value per share when these shares are cancelled.

The Fund's buy-back programme was approved subject to certain conditions:

- The Fund can purchase up to 10% of outstanding shares until 1 March 2012;
- Shares can only be acquired within the price range of RON 0.2 to RON 1.5 per share;
- The Fund cannot purchase more than 25% of the average daily volume of the shares in any one day;
- Public disclosure of any buy-backs must be made after the repurchase of shares no later than the end of the seventh daily market session following the date of execution of the transaction.

According to the 31 December 2010 financial statements, the Fund had RON 120.3 million in available reserves that could be used for the share buy-backs.

In March, following a tender procedure, the Fund Manager selected Wood & Company Financial Services to be the broker who acts on behalf of the Fund for executing the buy-backs on the market.

By 30 June 2011, 70,590,400 shares of the Fund had been bought back, with a total value of RON 35.3 million (shares already settled as at 30 June 2011: 67,678,300).

### 2010 Dividend Distribution

On 27 April 2011 shareholders approved the distribution of a gross dividend of RON 0.03141 per share. It should be noted that the previous dividend distribution declared in 2010 included the earnings of both financial years 2008 and 2009, while the new dividend only includes 2010 earnings.

### Selection of a New Depositary Bank

In June 2011 the Fund selected a new provider of depositary services, ING Bank N.V. Amsterdam, Bucharest Branch, whose contract will become effective following the expiry of the current depositary contract with Bancpost S.A. in August 2011.

## Subsequent Events

### Secondary Listing

In July 2011, the Fund Manager announced the decision to recommend to shareholders the secondary listing of the Fund on the Warsaw Stock Exchange targeted for the first quarter of 2012. Through a Warsaw listing, the Fund will benefit from increased visibility among institutional investors, including those specialised in investment funds, which have a long-term focus (such as Polish pension funds with aggregate assets under management of \$80 billion). Also, an investor base not currently investing in Romania will be able to access the Fund, which should result in additional demand for the Fund's shares. Additionally, the Fund will benefit from broader research coverage from a larger number of international brokers.

The Fund Manager intends to combine the secondary listing with an offering of up to 10% of the existing shares of the Fund. The secondary listing is subject to approval by the shareholders.



# Analysis of the Activity of the Fund

## Analysis of the Portfolio of the Fund

### Net Asset Valuation

The key performance indicator of the Fund is its Net Asset Value (“NAV”). The Fund is required to publish a monthly net asset value per share in accordance with CNVM regulations no later than 15 calendar days after the reporting month end.

The published NAVs for May to July 2010 were produced on a voluntary disclosure basis, before the Fund was registered with CNVM in August 2010. All of the NAVs are published on the Fund’s website at [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro).

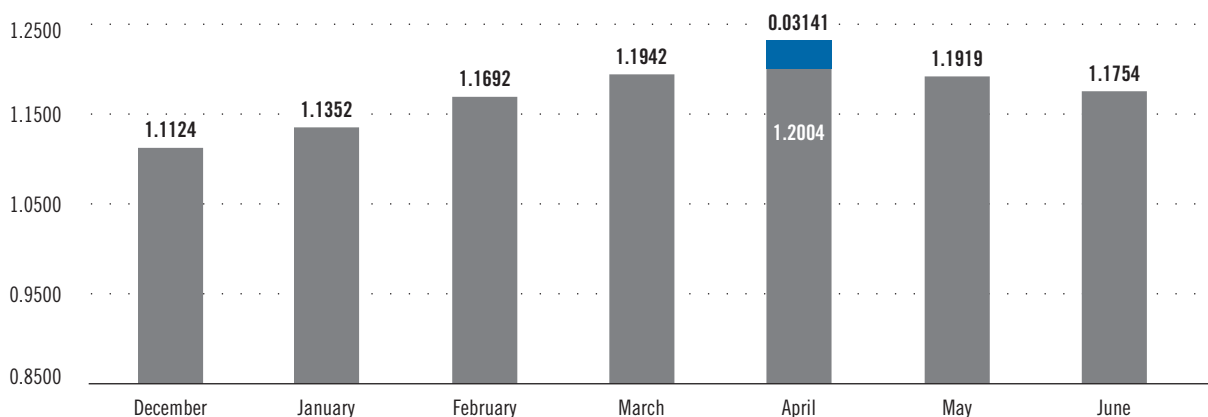
### NAV Methodology

The Fund Manager has previously reported the significant beneficial changes to the NAV methodology which came into effect in late 2010. During November 2010, CNVM Regulation 4/2010 was amended by the Disposal of Measures 17 based on best international practice suitable for a closed-end listed fund.

In 2011 listed securities have been valued at closing market prices, while illiquid or unlisted securities are valued using either shareholders’ equity value per latest financial statements, proportionally with the stake held, or according to international valuation standards which permit fair valuation.

The following chart shows information on the monthly published NAVs per share:

### NAV/share (RON/share)



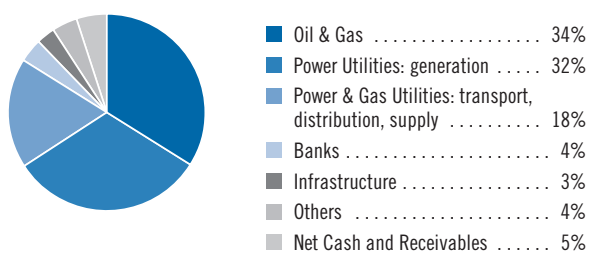
The blue section within April 2011 NAV represents the value per share of the dividend distribution approved in April 2011, which was set aside in that month, with a corresponding reduction in NAV.

Despite the reduction of NAV due to the dividend declared during April 2011, the Fund’s NAV per share rose by 5.7% between 31 December 2010 and 30 June 2011 to RON 1.1754. During the period the price of OMV Petrom rose overall, and there was a further positive overall impact due to unlisted portfolio companies reporting their 2010 results which permitted changes in their valuation in NAV, and due to the distribution of dividends by portfolio companies.

### Investment Strategy and Portfolio Analysis

The Fund’s investment objective is long-term capital appreciation through investments primarily in Romanian equity and equity-linked securities. The equity exposure amounted to 95% of the Fund’s NAV as at 30 June 2011. At that date the portfolio included holdings in 82 companies (31 listed and 51 unlisted), a combination of privately-held and state-controlled entities. During the first half of the year, the percentage share which the Fund held in its investments ranged from less than 1% up to 100%.

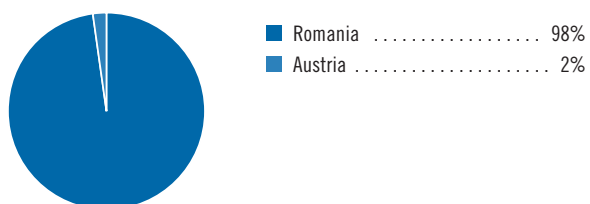
### Portfolio Structure–by Sector



- The portfolio remained heavily weighted in power, oil and gas sectors (approx. 85% of the NAV), through a number of listed and unlisted Romanian companies.
- Net cash and receivables includes bank deposits, current bank accounts, treasury bills, dividend receivables, as well as other current assets, net of all liabilities and provisions.

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2011, based on NAV submitted to CNVM.

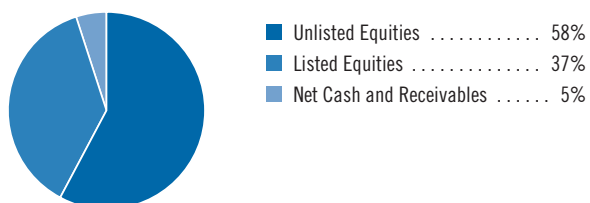
### Portfolio Structure–by Country



- The Fund added exposure to Austria (Erste Bank and Raiffeisen Bank) in the period.

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2011, based on NAV submitted to CNVM.

### Portfolio Structure–by Asset Type



- The largest unlisted company is Hidroelectrica (36% of the total value of unlisted companies in the portfolio).
- The largest listed company is OMV Petrom (72% of total value of listed companies in the portfolio).

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2011, based on NAV submitted to CNVM.

## Top 20 Equity Investments

No.	Name	Fund's Stake (%)	Value as at 30 June 2011 (RON million)	% of NAV
1	OMV Petrom S.A.	20.11%	4,351.41	26.91%
2	Hidroelectrica S.A.	19.96%	3,340.40	20.66%
3	Romgaz S.A.	14.99%	1,220.24	7.55%
4	Nuclearelectrica S.A.	9.73%	735.05	4.55%
5	Complexul Energetic Turceni S.A.	24.79%	522.60	3.23%
6	Transgaz S.A.	14.98%	406.04	2.51%
7	GDF Suez Energy Romania S.A.	12.00%	338.71	2.09%
8	ENEL Distributie Muntenia S.A.	12.00%	337.24	2.09%
9	CN Aeroporturi Bucuresti S.A.	20.00%	322.41	1.99%
10	ENEL Distributie Banat S.A.	24.13%	316.72	1.96%
11	Complexul Energetic Rovinari S.A.	23.60%	290.23	1.79%
12	Alro S.A.	10.02%	269.88	1.67%
13	Complexul Energetic Craiova S.A.	24.36%	266.80	1.65%
14	Electrica Distributie Muntenia Nord S.A.	22.00%	238.10	1.47%
15	E.ON Moldova Distributie S.A.	22.00%	220.77	1.37%
16	ENEL Distributie Dobrogea S.A.	24.09%	218.67	1.35%
17	BRD - Groupe Societe Generale S.A.	2.24%	218.56	1.35%
18	Transelectrica S.A.	13.50%	217.69	1.35%
19	Erste Group Bank AG	0.32%	187.94	1.16%
20	Electrica Distributie Transilvania Sud S.A.	22.00%	183.55	1.14%
<b>Top 20 portfolio holdings</b>			<b>14,203.02</b>	<b>87.83%</b>
<b>Total financial assets (portfolio holdings)</b>			<b>15,384.80</b>	<b>95.14%</b>
<b>Net Cash and Receivables</b>			<b>786.40</b>	<b>4.86%</b>
<b>Total NAV</b>			<b>16,171.20</b>	<b>100.00%</b>

Source: Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, data as at 30 June 2011, based on NAV submitted to CNVM.

## Key Portfolio Developments in the Period

## Acquisitions and Disposals

In the first half of 2011, the Fund increased its exposure to **Alro**, **Azomures** and **BRD - Groupe Societe Generale**.

The Fund also added three new holdings to its portfolio: **Erste Group Bank AG**, **Raiffeisen Bank International AG** and **Banca Transilvania S.A.**

The Fund sold its entire holdings in **Marlin**, **Familial Restaurant** and **Laromet** through public auctions, at prices equal or above the values carried in the NAV of the Fund, and part of its holdings in **Vitacom S.A.** and **Oil Terminal S.A.** on open market.

**Retizoh** is a company in process of liquidation. The liquidation proceeds for the investment in Retizoh have been received by the Fund in May 2011, but the Fund will be still recorded as shareholder of the company until the company is removed from the Trade Register.

The Fund submitted a request to dispose of its shares held in **Comcereal Harghita S.A.** at the price approved by the General Shareholders Meeting of the company during the delisting process from the Bucharest Stock Exchange. The proceeds from the disposal of the investment in Comcereal were received by the Fund in May 2011, but the Fund will be still recorded as shareholder of the company until the transfer of shares is effected by the Central Depositary.

### Mergers

In November 2010, the General Shareholders Meetings of **Electrica Furnizare Transilvania Nord S.A.**, **Electrica Furnizare Muntenia Nord S.A.** and **Electrica Furnizare Transilvania Sud S.A.** approved in principle the merger of the three companies and delegated the responsibility for the merger project planning to the companies' Boards of Directors.

On 17 March 2011, General Shareholders Meetings of all three companies formally approved their merger into SC Electrica Furnizare S.A.. On 21 April 2011, the Court rejected the registration at the Trade Register of the merger request. The decision of the Court was appealed and on 23 June 2011 the Court of Appeal ruled in favour of the merger. The registration of the new company Electrica Furnizare was completed by the Trade Registry on 22 July 2011.

### Information on the Top 20 Portfolio Companies

The following data is extracted from the companies' financial statements prepared on the basis of Romanian Accounting Regulations, except for OMV Petrom's financial statements which are prepared in accordance with IFRS.

#### Alro

##### Fund's stake: 10.02%

RON million	2009	2010	2011*
Sales	1,410.5	1,812.2	2,033.9
Operating profit	61.9	289.4	—
Net profit	78.2	159.8	178.7
Dividends**	133.9	159.8	—

\*budgeted figures prepared in USD and converted at 2.79 RON/USD

\*\* 2009 = paid

The company's majority shareholder Vimetco N.V. announced in the second quarter of the year its intention to conduct together with Conef S.A. a secondary public offering of up to 21% of the company's shares. On 30 June 2011, Vimetco announced that they have chosen to postpone the offering due to adverse market conditions.

#### BRD - Groupe Societe Generale

##### Fund's stake: 2.24%

RON million	2009	2010	2011*
Net Banking Income	3,605	3,687	around +5%
Gross Operating Income	2,074	2,244	stable or slight increase
Net Risk Cost	1,134	1,598	stable or slight increase
Net profit	774	533	stable or slight increase
Dividends	195	125	—

\* budgeted guidance

**CN Aeroporturi Bucuresti****Fund's stake: 20%**

RON million	2009	2010	2011*
Sales	396.5	460.1	546.6
Operating profit	82.5	54.2	111.9
Net profit	74.1	52.8	99.2
Dividends**	37.0	49.7	—

\* budgeted figures

\*\* 2009 = paid

The new terminal of Bucharest Henri Coanda International Airport became operational for passengers on 29 March 2011. The project was part of Phase III of the airport's Development and Modernisation Program. Works started in 2009 and total investment for this project amounted to EUR 60 million. The international departures terminal now has 14 air bridges, from 5 previously and 24 boarding gates from 9 previously.

**Complexul Energetic Craiova****Fund's stake: 24.36%**

RON million	2009	2010	2011*
Sales	1,132.4	1,094.0	1,268.2
Operating profit	-0.7	8.0	23.7
Net profit	0.3	0.2	2.4
Dividends**	0.1	0.0	—

\* budgeted figures

\*\* 2009 = paid

In the first 6 months of 2011 CE Craiova produced 2.75 TWh of electricity, recording 20% increase compared with the first half of 2010. The revenues amounted to RON 728 million being with 15% higher than in the first half of 2010.

**Complexul Energetic Rovinari****Fund's stake: 23.6%**

RON million	2009	2010	2011*
Sales	1,277.4	1,201.3	1,307.8
Operating profit	13.7	32.0	54.3
Net profit	5.6	0.6	1.7
Dividends**	0.5	0.1	—

\* budgeted figures

\*\* 2009 = paid

In the first 6 months of 2011 CE Rovinari produced 2.65 TWh of electricity recording 15% increase compared with first half of 2010. For the same period, revenues reached RON 650 million and a 15% increase compared with the first 6 months of 2010.

**Complexul Energetic Turceni****Fund's stake: 24.79%**

RON million	2009	2010	2011*
Sales	1,625.3	1,477.4	1,548.8
Operating profit	30.2	4.8	8.6
Net profit/(loss)	21.3	(69.3)	6.0

\* budgeted figures

In the first 6 months of 2011, CE Turceni produced 3.73 TWh of electricity, recording 44% increase compared with first half of 2010. Revenues reached RON 1,026 million, 60% increase from the first 6 months of 2010.

**Electrica Distributie Muntenia Nord ("EDMN")****Fund's stake: 22%**

RON million	2009	2010
Sales	611.5	596.1
Operating profit	27.7	27.1
Net profit	24.7	26.7

**Electrica Distributie Transilvania Sud ("EDTS")****Fund's stake: 22%**

RON million	2009	2010
Sales	539.2	593.0
Operating profit	29.8	21.5
Net profit	23.2	11.9

While the tariffs of EDTS have decreased in 2011 compared to 2010 by an average of 3%, EDMN has experienced an average increase of 12%.

Tariffs for both companies are set by Romanian Energy Regulatory Authority ("ANRE")

RON/MWh Distribution tariffs	2010 <sup>11</sup>		2011 <sup>12</sup>	
	EDTS	EDMN	EDTS	EDMN
High Voltage	21	13.26	21	15.3
Medium Voltage	39.19	34.92	38.53	38.49
Low Voltage	119.36	120.97	114.77	136.28

**ENEL Distributie Banat ("EDB")****Fund's stake: 24.13%**

RON million	2009	2010	2011*
Sales	526.4	556.0	567.9
Operating profit	140.3	159.7	163.1
Net profit	150.7	148.4	140.2
Dividends	0.0	83.6	N.A.

\* budgeted figures

11. ANRE order 100/23.12.2009

12. ANRE order 44/23.12.2010

**ENEL Distributie Dobrogea ("EDD")****Fund's stake: 24.09%**

RON million	2009	2010	2011*
Sales	391.5	408.0	436.5
Operating profit	85.0	107.2	103.8
Net profit	92.1	99.6	87.8
Dividends	0.0	56.2	N.A.

\* budgeted figures

**ENEL Distributie Muntenia ("EDM")****Fund's stake: 12%**

RON million	2009	2010	2011*
Sales	732.7	733.8	730.6
Operating profit	122.9	76.0	69.4
Net profit	280.1	105.1	84

\* budgeted figures

For both EDB and EDD, ANRE set higher distribution tariffs in 2011, while EDM experienced a decrease in distribution tariffs of about 6.3% on average.

RON/MWh Distribution tariffs	2010 <sup>13</sup>			2011 <sup>14</sup>		
	EDM	EDB	EDD	EDM	EDB	EDD
High Voltage	9.39	21.00	21.00	8.92	21.00	21.00
Medium Voltage	28.09	42.00	42.00	26.44	42.00	42.00
Low Voltage	125.77	126.28	112.67	115.85	129.66	123.72

In March 2011 a new Country Manager and President of the Board of Directors, Mr Luca D'Agnese, was appointed to the ENEL group in Romania. Mr D'Agnese replaced Mr Claudio Zito, whose two years mandate in Romania expired.

**E.ON Moldova Distributie****Fund's stake: 22%**

RON million	2009	2010	2011*
Sales	630.1	626.2	615
Operating profit	81.0	190.1	103
Net profit	53.6	165.4	80

For 2011, ANRE approved higher distribution tariffs on the low-voltage segment for E.ON Moldova Distributie.

**Distribution tariffs**

RON/MWh	2010 <sup>15</sup>	2011 <sup>16</sup>
High Voltage	21.0	21.0
Medium Voltage	42.0	42.0
Low Voltage	125.17	133.15

13. ANRE order 100/23.12.2009

14. ANRE order 44/23.12.2010

15. ANRE Order 100/23.12.2009

16. ANRE Order 44/23.12.2010

**Erste Group Bank AG****Fund's stake: 0.32%**

EUR million	2009	2010
Net Banking Income	7,578.8	7,804.7
Gross Operating Income	3,317.8	3,546.2
Net Risk Cost	2,056.6	2,031.1
Net profit after minorities	903.4	1,015.4
Dividends	245.7	264.7

**GDF Suez Energy Romania****Fund's stake: 12%**

RON million	2009	2010	2011*
Sales	3,628.8	3,763.9	3,917.0
Operating profit	446.7	205.9	387.0
Net profit	380.4	199.4	326.0

\* budgeted figures

On 24 June 2011 ANRE issued an order<sup>17</sup> which sets higher end consumer prices by approximately 10% for industrial consumers. For households, end consumer prices are maintained at the same level as set by ANRE in 2009.

**Hidroelectrica****Fund's stake: 19.96%**

RON million	2009	2010	2011*
Sales	2,420.8	3,273.7	—
Operating profit	162.0	502.7	85.0
Net profit	48.4	292.3	71.0
Dividends**	32.6	263.1	—

\* budgeted figures

\*\* 2009 = paid

In the first five months of 2011 hydro power generation reached 6.61<sup>18</sup> TWh, a 9.3% increase from the first five months of 2010 (Hidroelectrica produces around 97% of the hydro power generated in Romania).

2011 financial numbers to be negatively affected by increased tariffs imposed for water used by power plants (estimated increase per MWh produced from 5 lei/MWh to 21 lei/MWh).

Company has recently signed a 110m EUR loan with EBRD for the upgrade of the Stejaru-Bicaz power plant.

The Letter of Intent signed by the Government with IMF in June 2011 mentions the government's intention to list the company by the end of March 2012.

17. ANRE order 29/24.06.2011

18. As reported by the National Institute of Statistics.



**Nuclearelectrica****Fund's stake: 9.73%**

RON million	2009	2010	2011*
Sales	1,526.7	1,540.3	1,640.6
Operating profit	325.3	155.9	225.8
Net profit	49.4	13.1	13.6

\* budgeted figures

In September 2010 CEZ decided to withdraw from Energonuclear, the project company set up to build reactors 3 and 4 at the Cernavoda nuclear facility, due to unclear regulations surrounding the project. According to the Investors' Agreement, if a shareholder decides to withdraw from the project, the State (through Nuclearelectrica) must acquire the shares from the company withdrawing. As a result, Nuclearelectrica bought CEZ's participation in the project and increased its stake to 60.15%. In January 2011 GDF Suez, RWE and Iberdrola also withdrew from the project. As a result, Nuclearelectrica increased its participation to 84.65% by purchasing the shares previously owned by these three companies.

**OMV Petrom****Fund's stake: 20.11%**

RON million	2009	2010
Sales	16,089.7	18,615.7
Operating profit	1,620.5	2,985.5
Net profit	833.3	2,189.7
Dividends*	0.0	1,002.6

\*2009 = paid; 2010 = proposed by the company

**March:** OMV Petrom announced the decision to permanently close the Arpechim refinery, which had been operational for only 3 months during 2010. A sale was deemed unfeasible, given excess refining capacity in Europe and lack of interest from potential buyers. The site will be partially converted into a crude and fuel storage facility and employees will benefit from severance payments.

**May:** In the first quarter of 2011 the company achieved sales of RON 18.6 billion, up 16% compared to the same quarter of 2010 and net income of RON 2.19 billion, up 163% year on year. This resulted in an improvement of ROE from 5.2% in the first quarter of 2010 to 12.6% in the first quarter of 2011.

**May:** OMV Petrom announced the success of five new key wells which will contribute around 6% of OMV Petrom's daily gas production in Romania.

**June:** The company made the first deliveries of electricity to the grid from the newly built Brazi gas fired power plant.

**July:** OMV Petrom announced a potentially significant gas discovery in south-western Romania. A test well yielded a maximum rate of around 3,100 boe/day of gas.

**July:** The Government's attempt to sell 9.84% stake through a Secondary Public Offering on the Bucharest Stock Exchange was not subscribed at the minimum level necessary for the offering to be considered successful, namely 80%. Government officials have stated there will be another attempt to sell the same stake in the first quarter of 2012.

**Romgaz****Fund's stake: 14.99%**

RON million	2009	2010	2011*
Sales	3,193.5	3,852.9	3,950.2
Operating profit	716.9	812.2	821.8
Net profit	572.5	651.2	651.2
Dividends**	572.5	720.1	—

\* budgeted figures

\*\* 2009 = paid; 2010 = proposed by the company

In the first 6 months of 2011 total revenues amounted to RON 1.9 million, up close to 7% compared to the same period of 2010 with net income reaching RON 488 million, up over 100% compared to the same period of 2010.

Dividends proposed for 2010 are higher than reported net profit due to Romgaz's Board of Directors proposal to distribute an additional special dividend from previous years' undistributed income of RON 134.1 million. This would be in addition to the 90% payout ratio from 2010 net income required by law.

**Transelectrica****Fund's stake: 13.5%**

RON million	2009	2010	2011*
Sales	2,485.1	2,545.7	2,781.4
Operating profit	100.0	79.6	80.7
Net profit	6.1	9.6	16.6
Dividends	3.7	8.5	—

\* budgeted figures

The transmission tariff set by ANRE is 10.4% higher for 2011 compared to 2010.

**Transgaz****Fund's stake: 14.98%**

RON million	2009	2010	2011*
Sales	1,187.4	1,313.0	1,253.7
Operating profit	345.1	443.7	—
Net profit	298.6	376.4	123.9
Dividends**	153.3	338.7	—

\* budgeted figures

\*\* 2009 = paid

The estimated Regulated Asset Base of the company for 2010 was RON 2.3 billion.

## Key Financial Activity of the Fund

### Fund Liquidity

#### Summary % net cash & cash equivalents in NAV

	RON million		
	31 December 2010	31 March 2011	30 June 2011
Current accounts	7.2	8.3	29.8
Bank deposits	1,071.30	598.1	672.9
Treasury bills	248	283.6	15.9
Total liabilities	-69.3	-51.7	-245.4
<b>Net cash &amp; cash equivalents</b>	<b>1,257.1</b>	<b>838.3</b>	<b>473.2</b>
<b>Net Assets Value</b>	<b>15,328.2</b>	<b>16,455.2</b>	<b>16,171.2</b>
<b>% net cash &amp; cash equivalents in NAV</b>	<b>8.20%</b>	<b>5.09%</b>	<b>2.93%</b>

The table above shows the change in the net cash position as a percentage of the NAV.

The significant increase of the liabilities in June was mainly accounted for by the approval in April of the distribution of a gross dividend of RON 432.7 million or RON 0.03141 per share, related to 2010 profits, payable to shareholders with effect from 30 June 2011.

The decrease of the bank deposits during 2011 as compared to December 2010 was due to the cash outflows related to the acquisitions of shares. The slight increase in May and June was mainly accounted for by the collection of dividends from the portfolio companies.

The decrease of the treasury bills balance in June was due to treasury bills reaching maturity during that month, while the increase of cash available in bank current accounts was due to the cash transfer in the bank current account used for the payment of 2010 dividends.

### Capital Expenditure

The Fund did not incur any capital expenditures in the first half of 2011.

### Total Expense Ratio

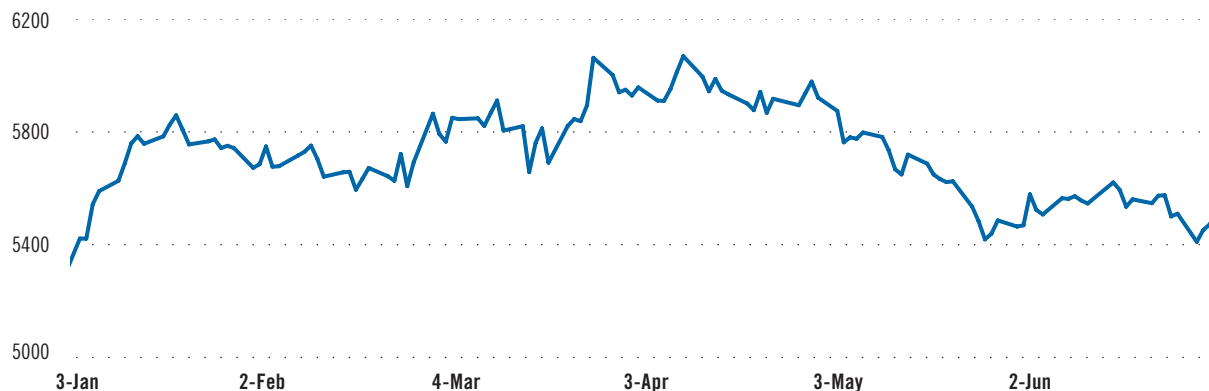
The annualised total expense ratio of the Fund as at 30 June 2011 was 0.59% (2010: 0.34%). This figure represents the total expenses of the Fund divided by the period end NAV. For the purpose of this calculation, expenses do not include foreign exchange losses, interest expense or income tax. It should be noted that the expenses and fees have been chargeable on a different basis before and after 29 September 2010, due to the different administration systems in place. Some expenses such as CNVM fees and investment management fees were only charged for part of 2010, and the total expense ratio for 2011 takes account of these for the whole year.

### Income from Investments

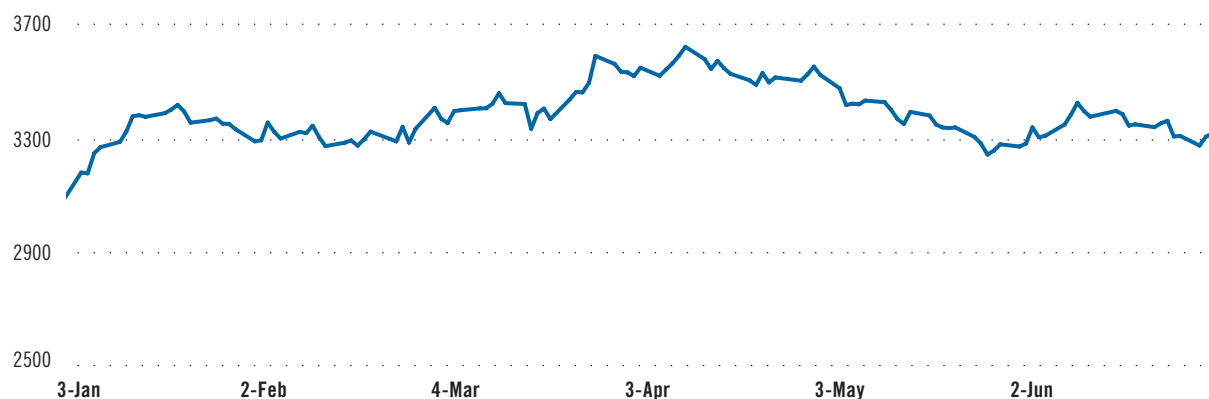
The main activity of the Fund is investments in Romanian equities. As such, the activity of the Romanian stock market can affect the performance of the Fund. Overall local stock market evolution has been positive in 2011 so far.

Since the end of 2010, the BET Index, which reflects the performance of the top 10 most liquid stocks listed on the Tier 1 of the BSE, increased by 4.6%. Also, the BET Index had a cumulative performance of 16.1% compared with June 2010. At the same time the broader BET-C Index advanced by 6.5% in the first 6 months and 18.1% since June 2010.

#### BET



#### BET-C



Source: BVB

The income arising from the main activities of the Fund is influenced by the performance of the portfolio companies and their decision on dividend distributions, as well as by money market performance.

Further information on the Fund's financial results can be found in the later section "*Financial Statements Analysis*".

## Changes Affecting the Capital and the Administration of the Fund

### Changes in Share Capital of the Fund

During the first half of 2011 there were some changes in the number of Fund's shares corresponding to paid-in share capital as a result of the Romanian High Court of Justice and Cassation's decision issued in Electromecanica Ploiesti S.A. ("Electromecanica") case.

The Fund Manager announced on 31 May 2011 that the Romanian High Court of Justice and Cassation rejected the second appeal filed by Fondul Proprietatea against the decision issued by the Ploiesti Court of Appeal in the file regarding Electromecanica. The decision issued by the Romanian High Court of Justice and Cassation is irrevocable.

The appeal related to an earlier claim by the Fund against Electromecanica, lodged in 2009 with the Prahova Court, requesting the court to honour a decision that Electromecanica be compelled to register with its shareholders' registry the Fund's ownership in relation to 1,002,301 shares issued by Electromecanica pursuant to the Emergency Government Ordinance no. 81/2007. The shares in question were valued at RON 21,436,245 according to the independent valuation carried out by Finevex SRL, but reflected at zero in the Fund's NAV pending the registration of the Fund's ownership.

By Decision no. 25 of 31 May 2011, FTIML, as the Sole Administrator and Fund Manager of the Fund, confirmed that the Romanian State, represented by the Ministry of Public Finance, has not satisfied the payment of share capital due to the Fund in respect of the Fund's shares which had been transferred to the State in exchange for a contribution in kind of the aforementioned shares of Electromecanica. As a result, the subscribed capital of the Fund is RON 13,778,392,208, and the paid-up capital is RON 13,756,955,963. In this regard, the Fund Manager will take all necessary measures on behalf the Fund for recovering the unpaid capital amounts from the Romanian State, represented by the Ministry of Public Finance.

### Potential Changes in the Share Capital of the Fund

The Fund had other legal actions at the High Court of Cassation and Justice against Uzina Mecanica Bucuresti S.A. in a case similar to the Electromecanica case.

If the court rules against the Fund in this litigation, the Fund will ask the Ministry of Public Finance to pay the amounts mentioned in the valuation report issued in October 2007 by an independent evaluator (Finevex S.R.L. Constanta, "Finevex") for the shares presumed to be owned by the Fund in Uzina Mecanica Bucuresti, a subsidiary of Romarm, because in fact the Ministry of Public Finance did not contribute to the share capital of the Fund with these amounts.

The Fund has taken legal actions against Nuclearelectrica and the Ministry of Economy and Commerce (now the Ministry of Economy, Trade and Business Environment) and asked the court to record the transfer of a total of 20,077,653 shares from the Ministry's ownership to the Fund's ownership in order to update the initial stake of the Fund in Nuclearelectrica to reflect the share capital increases that took place between 1 February 2006 and 13 November 2007. The litigation was resolved in the first stage in the Bucharest Court and the Court ruled against the Fund. If the court rules irrevocably against the Fund in this litigation, the Fund will ask the Ministry of Public Finance to pay the difference between the amount set out in the Finevex evaluation report for the shares presumed to be owned by the Fund at Nuclearelectrica, for which an equivalent value of the Fund's shares were allotted to the Ministry of Public Finance, and the value of the actual number of Nuclearelectrica shares finally attributed to the Fund.

**Changes in Board of Nominees**

On 27 April 2011 the General Meeting of Shareholders (“GSM”) approved the following changes in the composition of the Fund’s Board of Nominees:

- The revocation of Mrs Monica Maurer - George as a member;
- The appointment of Mr Doru - Petru Dudaş as a member as a result of the revocation;
- The appointment of Mr Simion - Dorin Rusu as a member following Mr Corin - Ioan Trandafir’s resignation.

The Fund’s Board of Nominees currently consists of the following members:

- Mr Bogdan-Alexandru Drăgoi, President of the Board of Nominees, was appointed as a member of the Board of Nominees by Ordinary General Meeting of Shareholders resolution dated 6 September 2010 for a mandate of 3 years which commenced on 29 September 2010;
- Mr Cristian Busu, Member, was appointed as a member of the Board of Nominees by Ordinary General Meeting of Shareholders resolution dated 6 September 2010 for a mandate of 3 years which commenced on 29 September 2010;
- Mr Sorin Mândruţescu, Member, was appointed as a member of the Board of Nominees by Ordinary General Meeting of Shareholders resolution dated 6 September 2010 for a mandate of 3 years which commenced on 29 September 2010;
- Mr Doru - Petru Dudaş, Member, was appointed as a member of the Board of Nominees by Ordinary General Meeting of Shareholders resolution dated 27 April 2011 for a mandate of 3 years which commenced on 28 April 2011;
- Mr Simion - Dorin Rusu, Member, was appointed as a member of the Board of Nominees by Ordinary General Meeting of Shareholders resolution dated 27 April 2011 for a mandate of 3 years which commenced on 28 April 2011.

**Significant Transactions**

There were no related party transactions or transactions with persons acting in concert.

## Financial Statements Analysis

The unaudited financial statements for the six-month period ended 30 June 2011 prepared in compliance with Romanian Accounting Regulations are included in full in Annex 3 to this Report.

This section provides a commentary on the principal elements of the Fund's statutory financial statements.

### Balance Sheet

	31 December 2010 Audited RON	30 June 2011 Unaudited RON
Financial assets	10,890,522,931	12,003,138,866
<b>Non-current assets – total</b>	<b>10,890,522,931</b>	<b>12,003,138,866</b>
<b>Current assets – total</b>	<b>1,332,432,934</b>	<b>1,045,861,950</b>
Prepaid expenses	31,004	128,895
Payables within one year	69,287,395	245,396,120
<b>Total assets less current liabilities</b>	<b>12,153,699,474</b>	<b>12,803,733,591</b>
Provisions	14,424,098	14,197,829
<b>Shareholders' equity</b>	<b>12,139,275,376</b>	<b>12,789,535,762</b>

**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 any adjustments for impairment.

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

The value of financial assets increased by RON 1,112.6 million in the first six months of 2011, mainly due to the reversal of impairment adjustments for equity investments recorded in the previous years (principally for OMV Petrom) and to the acquisitions of listed equity investments in Romania and Austria.

The drop in **current assets** of RON 286.5 million was mainly related to the decrease of cash balances due to the acquisition of listed equity investments and to the payment of 2010 dividends which started in June. Cash was positively influenced however by dividends declared by the portfolio companies during the period. The majority of dividend distributions from Romanian companies are declared in the second quarter of the calendar year.

**Payables** increased by RON 176.1 million, mainly accounted for by the uncollected portion of the 2010 dividend. The Fund declared the 2010 dividend in April 2011, and the payment of the dividend started on 30 June.

## Income Statement

	For the 6-month period ended	
	30 June 2010 RON Unaudited	30 June 2011 RON Unaudited
<b>Revenues from current activity, out of which:</b>	<b>267,749,209</b>	<b>593,708,256</b>
Revenues from financial assets	173,185,462	513,207,854
Interest income	53,421,869	29,195,557
Reversal of impairment adjustments & provisions	—	28,780,922
Revenues from disposal of financial assets	—	9,706,333
Revenues from foreign exchange differences	41,103,388	1,466,344
Other income from current activity	38,490	11,351,246
<b>Expenses from current activity, out of which:</b>	<b>50,173,359</b>	<b>48,521,622</b>
Expenses from disposal of financial assets	—	3,980,309
Expenses from foreign exchange differences	40,790,968	630,762
Depreciation, provisions, losses from receivables and sundry debtors	82,078	11,705,864
Commissions and fees	2,880	8,998,887
Other expenses from current activity*	9,297,433	23,205,800
<b>Gross profit</b>	<b>217,575,850</b>	<b>545,186,634</b>
Income tax expense	7,084,629	2,044,577
<b>Net profit</b>	<b>210,491,221</b>	<b>543,142,057</b>

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

**Revenues from financial assets** represent dividend income earned from the Fund's portfolio companies. This income significantly increased in the first half of 2011 compared to the same period in 2010, due to a higher level of dividend distributions from portfolio companies (mainly OMV Petrom RON 201.6 million, Romgaz RON 106.0 million, Hidroelectrica RON 52.5 million, and Transgaz RON 50.8 million).

The Fund's dividend income for the six-month period ended 30 June 2010 was overstated by RON 30.8 million. The main part is related to the fact that the Fund had recorded a net dividend receivable from GDF Suez Energy Romania in amount of RON 30 million, even though the company did not declared any dividends in 2010. The corrections were made in Fund's records in October 2010, after the appointment of the Fund Manager.

**Interest income** arose from deposits held with banks and from treasury bills. The lower level of income in the half year ended 30 June 2011 as compared to the same period in 2010 is a reflection of the lower level of deposits and treasury bills during 2011, with the payment of the 2008 and 2009 dividend to shareholders from October 2010, and the acquisition of equity investments in 2011 having an adverse impact.

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



**Revenues from disposal of financial assets** (RON 9.7 million in 2011) represent the proceeds from the sales of portfolio company holdings, while the expenses from disposal of financial assets (RON 4 million) represent the cost or carrying value that these investments were held at prior to disposal. The pre-tax net gain in the first half of 2011 was RON 5.7 million, while there were no such sales in the corresponding period of 2010.

**Other income from current activity** principally includes penalties levied by the Fund for late payment of dividends and litigation expenses recovered. The main elements of these revenues in 2011, RON 4 million and RON 5.8 million respectively, relate to the 2005 Transgaz and Romgaz dividend receivables mentioned above.

**Depreciation, provisions, losses from receivables and sundry debtors** includes the impairment loss adjustment in respect of the receivable related to equity contribution of the Ministry of Public Finance. This receivable written off is the difference between the amount due from Ministry following the cancellation of the contribution corresponding to the holding in Electromecanica Ploiesti (after the decision of the High Court of Cassation and Justice, which irrevocably rejected in May 2011 the request of the Fund to be registered as a shareholder of this company), amounting to RON 21.4 million, and the cash and equity received from Ministry of Public Finance, not converted into share capital, amounting to RON 9.7 million. The Fund recorded an impairment loss adjustment for this whole amount due by the Ministry of Public Finance in respect of equity contribution.

**Commissions and fees** in the first half of 2011 mainly included CNVM's 0.1% per annum fee (amounting to RON 8.1 million in the period), and the Depositary's fee of RON 0.8 million in the period. Both of these fees are calculated based on the Fund's NAV.

#### Other Expenses from Current Activity Can Be Analysed As Follows:

	For the 6-month period ended	
	30 June 2010 RON	30 June 2011 RON
FTIML investment management and administration fee	—	20,158,234
Salaries and similar expenses	2,569,404	508,121
Stamp duties for litigations	3,933,819	112,575
Other expenses	2,794,210	2,426,870
<b>Other expenses from current activity</b>	<b>9,297,433</b>	<b>23,205,800</b>

These expenses increased in the first half of 2011 by RON 13.9 million as compared to the same period in the previous year. This increase is mainly related to the commencement of the Fund Manager's investment management and administration agreement which became effective on 29 September 2010. Until the listing of the Fund on 25 January 2011, the management fee of 0.379% and the administration fee of 0.1% per annum were based on the Fund's NAV, while afterwards the basis changed to the market capitalisation of the Fund.

The higher charge in the prior period for stamp duties was related to actual litigation activity principally related to the litigation with the Romanian State on the privatization of BCR.

The change in the nature of the other expenses in this category is largely attributable to the differing administration structures in place before and after September 2010. Prior to this date the Fund was self-administered and had its own employees and infrastructure. Following the appointment of FTIML as sole administrator, the Fund no longer incurred these types of expenses, and instead incurred an administration fee.

**Income tax expense** in the first half of 2011 was significantly lower than in the comparable period in 2010. It is important to note that the revenues from financial assets (dividend income) are recorded net of any tax withheld at source (if applicable). Consequently these revenues are considered non-taxable in the computation of income tax expense.

### Analysis of 2011 Income Statement by Quarters

Although this report covers the six-month period to 30 June 2011, given that the Fund reports on a quarterly basis, the following split has been prepared to show also the actual results for the period 1 April to 30 June to aid with comparison with the first quarter reporting.

	3-month period ended		6-month period ended
	31 March 2011 RON Unaudited	30 June 2011 RON Unaudited	30 June 2011 RON Unaudited
<b>Revenues from current activity, out of which:</b>	<b>33,330,581</b>	<b>560,377,675</b>	<b>593,708,256</b>
Revenues from financial assets	—	513,207,854	513,207,854
Interest income	17,357,679	11,837,878	29,195,557
Reversal of impairment adjustments & provisions	9,798,164	18,982,758	28,780,922
Revenues from disposal of financial assets	67,392	9,638,941	9,706,333
Revenues from foreign exchange differences	1,126,283	340,061	1,466,344
Other income from current activity	4,981,063	6,370,183	11,351,246
<b>Expenses from current activity, out of which:</b>	<b>18,560,379</b>	<b>29,961,243</b>	<b>48,521,622</b>
Expenses from disposal of financial assets	36,468	3,943,841	3,980,309
Expenses from foreign exchange differences	309,110	321,652	630,762
Depreciation, provisions, losses from receivables and sundry debtors	—	11,705,864	11,705,864
Commissions and fees	4,427,492	4,571,395	8,998,887
Other expenses from current activity*	13,787,309	9,418,491	23,205,800
<b>Gross profit</b>	<b>14,770,202</b>	<b>530,416,432</b>	<b>545,186,634</b>
Income tax expense	700,314	1,344,263	2,044,577
<b>Net profit</b>	<b>14,069,888</b>	<b>529,072,169</b>	<b>543,142,057</b>

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

## Statement of Cash Flows

	For the 6-month period ended	
	30 June 2010 RON Unaudited	30 June 2011 RON Unaudited
<b>Cash flows from operating activities</b>		
Payments to suppliers and similar payments	(2,752,008)	(25,998,522)
Payments to employees and similar payments	(4,601,692)	(436,052)
Payments of other taxes and commissions	(3,959,448)	(8,119,391)
Other receipts, net of other payments	—	97,339
Interests paid	(210)	(13)
Income tax paid	(3,252,084)	—
<b>Net cash used in operating activities</b>	<b>(14,565,442)</b>	<b>(34,456,639)</b>
<b>Cash flow from investments</b>		
Dividends received	4,880,002	228,639,164
Interests received	71,448,684	36,710,525
Payments for the purchase of tangible and intangible assets	(22,426)	—
Proceeds from the sales of tangible assets	73,169	—
Payments for acquisitions of financial assets	—	(558,743,016)
Proceeds from the sales of financial assets	—	9,984,271
Other receipts	38,488	1,885,901
Net proceeds from disposal of treasury bills	—	230,783,642
Net collection/(payments) on deposits with maturity of more than 3 months	(260,467,966)	378,486,499
<b>Net cash from investment activities</b>	<b>(184,050,049)</b>	<b>327,746,986</b>
<b>Cash flow from financing activities</b>		
Receipts from shareholders for share capital increase	13,341,950	—
Dividends paid	(187,169)	(250,411,127)
Payments for buybacks	—	(33,725,643)
<b>Net cash flow from/(used in) financing activities</b>	<b>13,154,781</b>	<b>(284,136,770)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(185,460,710)</b>	<b>9,153,577</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>842,566,966</b>	<b>693,486,892</b>
Foreign exchange differences on cash and cash equivalents	374,099	(304,487)
<b>Cash and cash equivalents at the end of the period</b>	<b>657,480,355</b>	<b>702,335,982</b>

The **payments of other taxes and commissions** recorded in 2011 mainly refer to the commissions paid to CNVM, following the Fund's registration in 2010.

**Dividends received** are significantly higher in the six-month period ended 30 June 2011 as compared to the same period in the previous year, mainly because the portfolio companies distributed relatively higher dividends in 2011 and the Fund collected part of these dividends during the period (mainly from OMV Petrom, RON 201.6 million).

The **acquisitions of financial** assets relate entirely to the purchases of listed equity investments in Romania and Austria.

**Dividends paid** in 2011 principally included the 2010 dividend whose distribution started on 30 June. 58% of the total distribution of RON 432.7 million was paid on 30 June.

Fund declared in April 2011 and began to distribute starting 30 June a gross dividend of RON 432.7 million or RON 0.03141 per share. This dividend represented the distributable 2010 profits.

Signatures:

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

Grzegorz Maciej Konieczny  
Legal Representative

Mihaela Moleavin  
Financial Reporting Manager

Annex 1

STATEMENT OF ASSETS AND OBLIGATIONS AS AT 30 JUNE 2011 PREPARED IN ACCORDANCE WITH CNVM REGULATION 4/2010 (ANNEX NO.4)

Item	31 December 2010				30 June 2011				Differences RON
	% of the Net Asset	% of the Total Asset	Currency	RON	% of the Net Asset	% of the Total Asset	Currency	RON	
I. Total assets	100.5461%	100.0000%	—	15,411,879,343.18	101.6053%	100.0000%		16,430,788,980.79	1,018,909,637.61
1 Securities and money market instruments, out of which:	32.1909%	32.0161%	—	4,934,276,388.53	37.1218%	36.5353%	EUR 82,964,509.71	6,003,042,118.06	1,068,765,729.53
1.1. securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	32.1909%	32.0161%	—	4,934,276,388.53	34.9496%	34.3974%	—	5,651,762,087.49	717,485,698.96
1.1.1 listed shares traded in the last 30 days	31.9900%	31.8162%	—	4,903,476,207.29	34.8749%	34.3239%	—	5,639,693,298.39	736,217,091.10
1.1.2 listed shares not traded in the last 30 days	0.2009%	0.1998%	—	30,800,181.24	0.0746%	0.0735%	—	12,068,789.10	(18,731,392.14)
1.2. securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	—	—	—	—	2.1723%	2.1379%	EUR 82,964,509.71	351,280,030.57	351,280,030.57
1.2.1 listed shares traded in the last 30 days	—	—	—	—	2.1723%	2.1379%	EUR 82,964,509.71	351,280,030.57	351,280,030.57
1.2.2 listed shares not traded in the last 30 days	—	—	—	—	—	—	—	—	—
1.3. securities and money market instruments admitted at the official rate of a stock exchange from a state not a member or negotiates on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the National Commission of Securities (C.N.V.M.)	—	—	—	—	—	—	—	—	—
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:	59.6615%	59.3374%	—	9,145,014,928.04	58.0152%	57.0986%	—	9,381,756,016.93	236,741,088.89
– shares not admitted at trading	59.6615%	59.3374%	—	9,145,014,928.04	58.0152%	57.0986%	—	9,381,756,016.93	236,741,088.89
4 Bank deposits, out of which:	6.9889%	6.9509%	—	1,071,263,725.89	4.1608%	4.0951%	—	672,855,256.82	(398,408,469.07)
4.1. bank deposits made with credit institutions from Romania	6.9889%	6.9509%	—	1,071,263,725.89	4.1608%	4.0951%	—	672,855,256.82	(398,408,469.07)
4.2. bank deposits made with credit institutions from an EU state	—	—	—	—	—	—	—	—	—
4.3. bank deposits made with credit institutions from an non-EU state	—	—	—	—	—	—	—	—	—
5 Derivatives financial instruments traded on a regulated market:	—	—	—	—	—	—	—	—	—
5.1. instrumente financiare derivate tranzacționate pe o piață reglementată din România, pe categorii;	—	—	—	—	—	—	—	—	—
5.2. instrumente financiare derivate tranzacționate pe o piață reglementată dintr-un stat membru, pe categorii	—	—	—	—	—	—	—	—	—
5.3. instrumente financiare derivate tranzacționate pe o piață reglementată dintr-un stat nemembru, pe categorii	—	—	—	—	—	—	—	—	—
5.4. Instrumente financiare derivate negociate în afara piețelor reglementate, pe categorii de instrumente	—	—	—	—	—	—	—	—	—
6 Current accounts and petty cash out of which:	0.0470%	0.0468%		7,207,864.71	0.1845%	0.1816%		29,835,252.03	22,627,387.32
– in lei	0.0469%	0.0467%	—	7,192,034.23	0.1843%	0.1814%	—	29,800,844.72	22,608,810.49
– in euro	0.0001%	0.0001%	EUR 3,294.97	14,118.29	0.0002%	0.0002%	EUR 8,126.24	34,407.31	20,289.02
– in USD	0.0000%	0.0000%	USD 286.73	901.97	0.0000%	0.0000%	USD —	—	(901.97)
– in GBP	0.0000%	0.0000%	GBP 163.11	810.22	0.0000%	0.0000%	GBP —	—	(810.22)
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:	1.6181%	1.6093%	—	248,021,474.90	0.0981%	0.0966%	—	15,866,537.59	(232,154,937.31)
– Treasury bills with original maturities of less than 1 year	1.6181%	1.6093%	—	248,021,474.90	0.0981%	0.0966%	—	15,866,537.59	(232,154,937.31)
8 Participation titles of UCITS and/or OCIU (A.O.P.C./O.P.C.V.M.)	—	—	—	—	—	—	—	—	—
9 Other assets out of which:	0.0398%	0.0395%	—	6,094,961.11	2.0248%	1.9928%	—	327,433,799.36	321,338,838.25
– net dividend receivable from Romanian companies	0.0265%	0.0264%	—	4,069,236.53	1.9500%	1.9192%	—	315,335,241.19	311,266,004.66
– net dividend receivable from EU companies	—	—	—	—	0.0105%	0.0103%	EUR 399,879.07	1,693,127.97	1,693,127.97
– tax on profit to be recovered from the State Budget	0.0069%	0.0069%	—	1,058,958.07	0.0000%	0.0000%	—	—	(1,058,958.07)
– receivables from penalties levied for late payment of dividends	0.0053%	0.0053%	—	811,131.45	0.0633%	0.0623%	—	10,236,474.89	9,425,343.44
– other debts	0.0008%	0.0008%	—	124,631.06	0.0002%	0.0002%	—	40,059.95	(84,571.11)
– prepaid expenses	0.0002%	0.0002%	—	31,004.00	0.0008%	0.0008%	—	128,895.36	97,891.36
II. Total liabilities	0.5461%	0.5432%		83,711,494.60	1.6053%	1.5799%	—	259,593,946.75	175,882,452.15
1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.1171%	0.1165%	—	17,954,157.30	0.0939%	0.0924%	—	15,187,791.49	(2,766,365.81)
2 Liabilities related to the fees payable to the depositary bank	0.0009%	0.0009%	—	132,097.98	0.0009%	0.0009%	—	142,335.34	10,237.36
3 Liabilities related to the fees payable to intermediaries	—	—	—	—	—	—	—	—	—
4 Liabilities related to commissions and other bank services	—	—	—	—	—	—	—	—	—
5 Interest payable	—	—	—	—	—	—	—	—	—
6 Issuance expense	—	—	—	—	—	—	—	—	—
7 Liabilities in relation with the fees/commissions to C.N.V.M.	0.0083%	0.0082%	—	1,268,222.00	0.0085%	0.0083%	—	1,366,507.00	98,285.00
8 Audit fees	—	—	—	—	0.0019%	0.0019%	—	313,648.08	313,648.08
9 Other Liabilities, out of which:	0.4199%	0.4176%	—	64,357,017.32	1.5001%	1.4764%	—	242,583,664.84	178,226,647.52
– payable dividends	0.1619%	0.1611%	—	24,821,842.40	1.2470%	1.2272%	—	201,646,831.63	176,824,989.23
– payables in respect of acquired shares	—	—	—	—	0.0182%	0.0179%	—	2,945,556.99	2,945,556.99
– payables in respect of buy-backs	—	—	—	—	0.0096%	0.0095%	—	1,559,284.62	1,559,284.62
– tax on dividends	0.0513%	0.0510%	—	7,859,711.00	0.0826%	0.0813%	—	13,352,641.00	5,492,930.00
– advisory fee payable for the selection of the Fund administrator	0.0483%	0.0480%	EUR 1,727,501.53	7,401,998.56	0.0452%	0.0445%	EUR 1,727,501.53	7,314,414.23	(87,584.33)
– payables in respect of equity contributions	0.0635%	0.0631%	—	9,730,381.35	0.0000%	0.0000%	—	—	(9,730,381.35)
– salaries and related contributions	0.0005%	0.0005%	—	71,679.00	0.0009%	0.0009%	—	143,267.00	71,588.00
– tax on profit	—	—	—	—	0.0069%	0.0068%	—	1,109,706.93	1,109,706.93
– provisions for risks and expenses	0.0941%	0.0936%	—	14,424,098.40	0.0878%	0.0864%	—	14,197,829.40	(226,269.00)
– other liabilities	0.0003%	0.0003%	—	47,306.61	0.0019%	0.0019%	—	314,133.04	266,826.43
III. Net Asset Value (I–II)	100.0000%	99.4568%	—	15,328,176,848.58	100.0000%	98.4201%		16,171,195,034.04	843,027,185.46

Unitary Net Asset Value

Item	30 June 2011	31 December 2011	Differences
Net Asset Value	16,171,195,031.26	15,328,167,848.58	843,027,182.68
Number of outstanding shares	13,756,955,963	13,778,392,208	(21,436,245)
Unitary net asset value	1.1754	1.1124	0.0630

Detailed Statement of the Investments As At 30 June 2011

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

1.1 Listed Shares Traded in the Last 30 Days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alcom S.A.	ALCQ	29/Jun/2011	89,249	2.5	52.0000	4,640,948.00	71.8900%	0.0282%	0.0287%	Closing price
Alro Slatina S.A.	ALR	30/Jun/2011	71,586,514	0.5	3.7700	269,881,157.78	10.0200%	1.6425%	1.6689%	Closing price
Azomures S.A.	AZO	30/Jun/2011	56,508,066	0.1	0.7900	44,641,372.14	10.7400%	0.2717%	0.2761%	Closing price
IOR S.A.	IORB	28/Jun/2011	2,622,273	0.1	0.5700	1,494,695.61	2.8100%	0.0091%	0.0092%	Closing price
Mecanoenergetica S.A.	MEGU	3/Jun/2011	1,620,975	0.3	0.0400	64,839.00	10.0700%	0.0004%	0.0004%	Closing price
Conpet S.A.	COTE	30/Jun/2011	1,736,420	3.3	34.0000	59,038,280.00	20.0500%	0.3593%	0.3651%	Closing price
Delfincom S.A.	DELF	30/Jun/2011	645,647	2.5	6.2000	4,003,011.40	65.5000%	0.0244%	0.0248%	Closing price
Oil Terminal S.A.	OIL	30/Jun/2011	49,216,526	0.1	0.2500	12,304,131.50	8.4500%	0.0749%	0.0761%	Closing price
Romaero S.A.	RORX	28/Jun/2011	1,311,691	2.5	15.0000	19,675,365.00	20.9900%	0.1197%	0.1217%	Closing price
OMV Petrom S.A.	SNP	30/Jun/2011	11,391,130,186	0.1	0.3820	4,351,411,731.05	20.1000%	26.4833%	26.9084%	Closing price
Transelectrica S.A.	TEL	30/Jun/2011	9,895,212	10	22.0000	217,694,664.00	13.4900%	1.3249%	1.3462%	Closing price
Transgaz S.A.	TGN	30/Jun/2011	1,764,620	10	230.1000	406,039,062.00	14.9800%	2.4712%	2.5109%	Closing price
Primcom S.A.	PRIB	30/Jun/2011	1,154,234	2.5	17.5900	20,302,976.06	78.9700%	0.1236%	0.1256%	Closing price
BRD - Groupe Societe Generale S.A.	BRD	30/Jun/2011	15,611,620	1	14.0000	218,562,680.00	2.2400%	1.3302%	1.3516%	Closing price
Banca Transilvania S.A.	TLV	30/Jun/2011	1,905,500	1	1.2500	2,381,875.00	0.1200%	0.0145%	0.0147%	Closing price
Severnav S.A.	SEVE	27/Jun/2011	1,971,566	2.5	3.1030	6,117,769.30	39.1000%	0.0372%	0.0378%	Closing price
Prestari Servicii S.A.	PRVD	15/Jun/2011	200,170	2.5	4.9000	980,833.00	70.5500%	0.0060%	0.0061%	Closing price
Comcereal Fundulea S.A.	CCFD	3/Jun/2011	59,604	2.5	2.2000	131,128.80	5.3500%	0.0008%	0.0008%	Closing price
Vitacom S.A.	VITO	8/Jun/2011	726,175	0.1	0.4500	326,778.75	46.4000%	0.0020%	0.0020%	Closing price
Total						5,639,693,298.39		34.3239%	34.8749%	

1.2 Listed Shares but not Traded in the Last 30 Days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Palace S.A.	PACY	10/May/2011	5,832,482	0.1	0.3425	1,997,625.09	15.4200%	0.0122%	0.0124%	Shareholder equity/share
Mecon S.A.	MECP	11/Feb/2011	60,054	11.6	9.7000	582,523.80	12.5100%	0.0035%	0.0036%	Fair value/share: Last Trading Price
Comcereal Cluj S.A.	COCL	6/Aug/2010	256,116	2.5	4.1212	1,055,505.26	11.3600%	0.0064%	0.0065%	Shareholder equity/share
Comcereal Harghita S.A.	CHAR	12/Jul/2007	38,813	2.5	4.8649	188,821.36	10.0300%	0.0011%	0.0012%	Shareholder equity/share
Forsev S.A.	FORS	26/Nov/2009	954,376	2.5	7.1407	6,814,912.70	28.1400%	0.0415%	0.0421%	Shareholder equity/share
Romplumb S.A.	ROMR	5/Oct/2001	1,595,520	2.5	0.0000	0.00	51.0000%	0.0000%	0.0000%	Fair value/share: NIL
Transilvania-Com S.A.	TRVC	15/Aug/2007	77,234	2.5	16.5034	1,274,623.60	39.9900%	0.0078%	0.0079%	Shareholder equity/share
Turdapan S.A.	TUSB	29/Dec/2010	155,855	2.5	0.6740	105,046.27	44.0600%	0.0006%	0.0006%	Shareholder equity/share
Telerom Proiect INPPT S.A.	TEBV	14/Feb/2011	673,862	0.11	0.0738	49,731.02	68.6300%	0.0003%	0.0003%	Shareholder equity/share
Resib S.A.	RESI	3/Jun/2004	894,600	0.10	0.0000	0.00	2.8700%	0.0000%	0.0000%	Priced at zero (negative equity)
Total						12,068,789.10		0.0735%	0.0746%	

Securities Admitted or Traded On a Regulated Market from a Member State:

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value*	Share value	Total value in Euro	Total value in LEI	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
ERSTE GROUP BANK AG	EBS	30/Jun/2011	1,227,870	EUR 37.3000	EUR 36.1500	44,387,500.50	187,941,115.87	0.3200%	1.1438%	1.1622%	Closing price
RAIFFEISEN BANK INTERNATIONAL AG	RBI	30/Jun/2011	1,085,606	EUR 48.9350	EUR 35.5350	38,577,009.21	163,338,914.70	0.5500%	0.9941%	1.0101%	Closing price
						82,964,509.71	351,280,030.57		2.1379%	2.1723%	

\* = shareholders equity / share as at 30 June 2011



Instruments Mentioned at Art. 187 Letter a) of the Regulation no.15/2004 (Unlisted Shares)

Issuer	No. of shares held	Date of acquisition**	Acquisition price (total price of acquisition of shares)	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Company status	Evaluation method
Aeroportul International Mihail Kogalniceanu - Constanta S.A.	23,159	19/Jul/2005	1,490,898	107.7014	2,494,256.72	20.0000%	0.0152%	0.0154%	Unlisted companies, in function	Shareholder equity/share
Aeroportul International Timisoara - Traian Vuia S.A.	32,016	19/Jul/2005	2,652,588	244.1807	7,817,689.29	20.0000%	0.0476%	0.0483%	Unlisted companies, in function	Shareholder equity/share
Carom - Broker Asigurare S.A.	17,500	19/Jul/2005	1,161,986	59.4394	1,040,189.50	70.0000%	0.0063%	0.0064%	Unlisted companies, in function	Shareholder equity/share
Celuloza si Otel S.A. (fost Remat Timis)	3,814	19/Jul/2005	230,675	229.2837	874,488.03	8.6200%	0.0053%	0.0054%	Unlisted companies, in function	Shareholder equity/share
Cetatea S.A.	354,468	19/Jul/2005	118,840	1.2092	428,622.71	20.4300%	0.0026%	0.0027%	Unlisted companies, in function	Shareholder equity/share
Ciocarlia S.A.	5,298	19/Jul/2005	37,125	79.6012	421,727.16	1.6800%	0.0026%	0.0026%	Unlisted companies, in function	Shareholder equity/share
CN Administratia Porturilor Dunarii Fluviale S.A.	27,554	19/Jul/2005	675,810	144.5292	3,982,357.58	20.0000%	0.0242%	0.0246%	Unlisted companies, in function	Shareholder equity/share
CN Administratia Canalelor Navigabile S.A.	203,160	19/Jul/2005	15,194,209	77.1863	15,681,168.71	20.0000%	0.0954%	0.0970%	Unlisted companies, in function	Shareholder equity/share
CN Administratia Porturilor Dunarii Maritime S.A.	21,237	19/Jul/2005	1,351,671	97.8493	2,078,025.58	20.0000%	0.0126%	0.0129%	Unlisted companies, in function	Shareholder equity/share
CN Administratia Porturilor Maritime S.A.	1,369,125	19/Jul/2005	52,621,414	45.1186	61,773,003.23	19.9900%	0.3760%	0.3820%	Unlisted companies, in function	Shareholder equity/share
CN Aeroporturi Bucuresti S.A.*	2,875,443	5/Feb/2010	131,168,263	112.1258	322,411,346.73	20.0000%	1.9622%	1.9937%	Unlisted companies, in function	Fair value/share (Value as per independent valuator's report)
Commetex S.A.	67,533	19/Jul/2005	193,500	2.6605	179,671.55	15.9900%	0.0011%	0.0011%	Unlisted companies, in function	Shareholder equity/share
Complexul Energetic Craiova S.A.	6,301,669	19/Jul/2005	250,169,153	42.3386	266,803,843.12	24.3500%	1.6238%	1.6499%	Unlisted companies, in function	Shareholder equity/share
Complexul Energetic Rovinari S.A.	5,525,167	19/Jul/2005	137,615,732	52.5279	290,225,419.66	23.6000%	1.7664%	1.7947%	Unlisted companies, in function	Shareholder equity/share
Complexul Energetic Turceni S.A.	11,387,991	19/Jul/2005	282,299,927	45.8901	522,596,045.79	24.7800%	3.1806%	3.2316%	Unlisted companies, in function	Shareholder equity/share
Comsig S.A.	75,655	19/Jul/2005	132,633	2.0656	156,272.97	69.9400%	0.0010%	0.0010%	Unlisted companies, in function	Shareholder equity/share
E.ON Gaz Distributie S.A.	13,158,040	19/Jul/2005	37,470,244	8.7833	115,571,012.73	11.9900%	0.7034%	0.7147%	Unlisted companies, in function	Shareholder equity/share
E.ON Energie Romania S.A. (fosta E.ON Gaz Romania S.A.)	9,903,524	19/Jul/2005	45,765,358	9.5236	94,317,201.17	13.3900%	0.5740%	0.5832%	Unlisted companies, in function	Shareholder equity/share
E.ON Moldova Distributie S.A.	10,994,457	19/Jul/2005	131,073,011	20.0797	220,765,398.22	22.0000%	1.3436%	1.3652%	Unlisted companies, in function	Shareholder equity/share
Electrica Distributie Muntenia Nord S.A.	7,796,022	19/Jul/2005	165,221,141	30.5416	238,102,985.52	21.9900%	1.4491%	1.4724%	Unlisted companies, in function	Shareholder equity/share
Electrica Distributie Transilvania Nord S.A.	8,167,813	19/Jul/2005	113,299,904	20.9177	170,851,861.99	22.0000%	1.0398%	1.0565%	Unlisted companies, in function	Shareholder equity/share
Electrica Distributie Transilvania Sud S.A.	9,327,282	19/Jul/2005	125,918,629	19.6783	183,545,053.38	21.9900%	1.1171%	1.1350%	Unlisted companies, in function	Shareholder equity/share
Electroconstructia Elco Cluj S.A.	322,530	19/Jul/2005	319,656	1.6702	538,689.61	7.6100%	0.0033%	0.0033%	Unlisted companies, in function	Shareholder equity/share
ENEL Distributie Banat S.A.	9,220,644	19/Jul/2005	141,578,929	34.3494	316,723,589.01	24.1200%	1.9276%	1.9586%	Unlisted companies, in function	Shareholder equity/share
ENEL Distributie Dobrogea S.A.	6,753,127	19/Jul/2005	114,760,053	32.3808	218,671,654.76	24.0900%	1.3309%	1.3522%	Unlisted companies, in function	Shareholder equity/share
Enel Distributie Muntenia S.A.	3,256,396	19/Jul/2005	107,277,263	103.5620	337,238,882.55	12.0000%	2.0525%	2.0854%	Unlisted companies, in function	Shareholder equity/share
Enel Energie Muntenia S.A.	444,054	19/Jul/2005	2,833,769	84.0910	37,340,944.91	12.0000%	0.2273%	0.2309%	Unlisted companies, in function	Shareholder equity/share
ENEL Energie S.A.	1,680,000	19/Jul/2005	26,124,808	11.7378	19,719,504.00	12.0000%	0.1200%	0.1219%	Unlisted companies, in function	Shareholder equity/share
GDF Suez Energy Romania (fost Distrigaz Sud)	2,127,879	19/Jul/2005	59,982,622	159.1765	338,708,331.64	12.0000%	2.0614%	2.0945%	Unlisted companies, in function	Shareholder equity/share
Hidroelectrica S.A.	88,570,215	19/Jul/2005	3,099,587,796	37.7147	3,340,399,087.66	19.9400%	20.3301%	20.6565%	Unlisted companies, in function	Shareholder equity/share
Nuclearelectrica S.A.	24,676,222	19/Jul/2005	967,926,936	29.7879	735,052,833.31	9.7200%	4.4736%	4.5454%	Unlisted companies, in function	Shareholder equity/share
Posta Romana S.A.	14,871,947	19/Jul/2005	84,664,380	9.3869	139,601,479.29	25.0000%	0.8496%	0.8633%	Unlisted companies, in function	Shareholder equity/share
Romgaz S.A.	5,742,854	19/Jul/2005	416,301,444	212.4799	1,220,241,043.63	14.9900%	7.4266%	7.5458%	Unlisted companies, in function	Shareholder equity/share
Salubriserv S.A.	43,263	19/Jul/2005	207,601	175.2167	7,580,400.09	17.4800%	0.0461%	0.0469%	Unlisted companies, in function	Shareholder equity/share
Societatea Nationala a Sarii S.A.	2,005,884	28/Jun/2007	76,347,715	43.2684	86,791,391.27	48.9900%	0.5282%	0.5367%	Unlisted companies, in function	Shareholder equity/share
World Trade Hotel S.A.	17,912	19/Jul/2005	17,912	0.9103	16,305.29	19.9000%	0.0001%	0.0001%	Unlisted companies, in function	Shareholder equity/share
Zamur Targu Mures S.A.	402,516	19/Jul/2005	319,724	7.9611	3,204,470.13	7.1800%	0.0195%	0.0198%	Unlisted companies, in function	Shareholder equity/share
Zirom S.A.	3,624,346	28/Jun/2007	36,030,702	15.9504	57,809,768.44	100.0000%	0.3518%	0.3575%	Unlisted companies, in function	Shareholder equity/share
Electrica Furnizare Muntenia Nord S.A.	572,039	19/Jul/2005	6,412,890	0.0000	0.00	22.0000%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
Electrica Furnizare Transilvania Nord S.A.	356,309	19/Jul/2005	5,178,405	0.0000	0.00	22.0000%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
Electrica Furnizare Transilvania Sud S.A.	438,064	19/Jul/2005	6,228,377	0.0000	0.00	22.0000%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: NIL
BAT Service S.A.	194,022	19/Jul/2005	656,686	0.0000	0.00	33.0000%	0.0000%	0.0000%	Dissolution	Priced at zero
Carbid Fox S.A.	10,191,630	19/Jul/2005	927,357	0.0000	0.00	7.9600%	0.0000%	0.0000%	Bankruptcy	Priced at zero
FECNE S.A.	778,442	19/Jul/2005	0	0.0000	0.00	12.1200%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Gerovital Cosmetics S.A.	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.7600%	0.0000%	0.0000%	Dissolution	Priced at zero
Plafar S.A.	132,784	28/Jun/2007	3,160,329	0.0000	0.00	48.9900%	0.0000%	0.0000%	Insolvency	Priced at zero
Petrotel - Lukoil S.A.	2,152,291	19/Jul/2005	2,787,316	0.0000	0.00	2.1800%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (negative equity)
Retizoh S.A.	3,611	19/Jul/2005	64,560	0.0000	0.00	7.3700%	0.0000%	0.0000%	Liquidation	Priced at zero
Simtex S.A.	132,859	28/Jun/2007	3,059,858	0.0000	0.00	30.0000%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Uzina Mecanica Bucuresti S.A.	2,951,053	19/Jul/2005	20,024,890	0.0000	0.00	36.5900%	0.0000%	0.0000%	Fondul Proprietatea is not recorded as shareholder in the company's Shareholders Register	Priced at zero
World Trade Center Bucuresti S.A.	198,860	19/Jul/2005	42,459	0.0000	0.00	19.9000%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (negative equity)
Total			6,679,028,144		9,381,756,016.93		57.0986%	58.0152%		

Legend: \* = company formed as a result of the merger between CN “Aeroportul International Henri Coanda - Bucuresti” S.A. and S.N. “Aeroportul International Bucuresti Baneasa - Aurel Vlaicu” S.A.

\*\* = 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.

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

Treasury Bills with discount

Series and number of the bond	No of bonds	Date of acquisition	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Intermediary Bank	Evaluation method
RO1111CTN060	1,600	18/Feb/2011	17/Aug/2011	15,488,867.36	2,839.63	377,670.23	15,866,537.59	0.0966%	0.0981%	Raiffeisen Bank	Acquisition price cumulated with the related interest since the acquisition date
Total							15,866,537.59	0.0966%	0.0981%		

Term Deposits

Name of the bank	Starting date	Maturity date	Initial value		Daily Interest		Cumulative interest		Current value		Stake in the Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Banca Comerciala Romana	30/Jun/2011	1/Jul/2011	RON	35,000,000.00	RON	3,743.06	RON	3,743.06	RON	35,003,743.06	0.2130%	0.2165%	Term deposit value cumulated with the related interest
Banca Comerciala Romana	22/Jun/2011	20/Jul/2011	RON	70,000,000.00	RON	10,888.89	RON	98,000.00	RON	70,098,000.00	0.4266%	0.4335%	
Banca Comerciala Romana	27/Jun/2011	25/Jul/2011	RON	35,000,000.00	RON	5,104.17	RON	20,416.67	RON	35,020,416.67	0.2131%	0.2166%	
BRD Groupe Societe Generale	24/Jun/2011	15/Jul/2011	RON	52,700,000.00	RON	7,465.83	RON	52,260.83	RON	52,752,260.83	0.3211%	0.3262%	
Marfin Bank (Romania)	28/Jun/2011	28/Jul/2011	RON	80,000,000.00	RON	16,666.67	RON	50,000.00	RON	80,050,000.00	0.4872%	0.4950%	
RAIFFEISEN Bank	27/Jun/2011	11/Jul/2011	RON	50,000,000.00	RON	6,041.67	RON	24,166.67	RON	50,024,166.67	0.3045%	0.3093%	
RAIFFEISEN Bank	28/Jun/2011	15/Jul/2011	RON	44,500,000.00	RON	5,438.89	RON	16,316.67	RON	44,516,316.67	0.2709%	0.2753%	
UNICREDIT TIRIAC Bank	30/Jun/2011	4/Jul/2011	RON	33,700,000.00	RON	4,212.50	RON	4,212.50	RON	33,704,212.50	0.2051%	0.2084%	
UNICREDIT TIRIAC Bank	23/Jun/2011	7/Jul/2011	RON	66,100,000.00	RON	8,262.50	RON	66,100.00	RON	66,166,100.00	0.4027%	0.4092%	
UNICREDIT TIRIAC Bank	28/Jun/2011	11/Jul/2011	RON	44,500,000.00	RON	5,933.33	RON	17,800.00	RON	44,517,800.00	0.2709%	0.2753%	
BRD Groupe Societe Generale	30/Jun/2011	1/Jul/2011	RON	141,567,847.97	RON	16,201.65	RON	16,201.65	RON	141,584,049.62	0.8617%	0.8755%	
BANCPPOST	30/Jun/2011	1/Jul/2011	RON	19,416,680.61	RON	1,510.19	RON	1,510.19	RON	19,418,190.80	0.1182%	0.1201%	
Total									672,855,256.82		4.0951%	4.1608%	

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

	Year T-2	Year T-1/31 Dec 2010	Year T/30 June 2011
Net Asset		15,328,167,848.58	16,171,195,031.26
NAV/share		1.1124	1.1754

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

Grzegorz Maciej Konieczny  
Legal Representative

Marius Nechifor  
Compliance Officer

Bancpost S.A.

Cecilia Vlasceanu  
Manager of Securities Services Division

Ionut Vlad  
Chief of Securities Services



## Annex 2

**FONDUL PROPRIETATEA S.A.  
CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**

**FONDUL PROPRIETATEA S.A.**  
**CONDENSED SEPARATE FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**

**Table of contents**

Condensed Statement of Comprehensive Income . . . . .	34
Condensed Statement of Financial Position . . . . .	35
Condensed Statement of Changes in Shareholders' Equity . . . . .	36
Condensed Statement of Cash Flows . . . . .	37
Notes to the Condensed Separate Financial Statements . . . . .	38–56

## FONDUL PROPRIETATEA S.A.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)

	<i>Note</i>	<b>6 months ended 30 June 2011</b>
Gross dividend income	5	516,575,667
Interest income		29,195,557
Reversal of impairment losses on dividends receivable		28,305,370
Reversal of impairment losses on disposed equity investments	9	21,436,245
Impairment losses on receivables in respect of equity contributions		(11,705,864)
Impairment losses on equity investments	9	(6,996,196)
Gains on disposal of equity investments		5,726,024
Net foreign exchange gains		835,582
Other operating income		11,351,246
<b>Net investment income</b>		<b>594,723,631</b>
Personnel expenses		(281,852)
Other operating expenses	6	(31,696,566)
<b>Operating expenses</b>		<b>(31,978,418)</b>
<b>Profit before tax</b>		<b>562,745,213</b>
Income tax expense	7	(7,845,970)
<b>Profit for the period</b>		<b>554,899,243</b>
<b>Other comprehensive income</b>		
Net change in fair value of available-for-sale equity investments		526,656,870
Income tax on other comprehensive income	7	(84,265,099)
<b>Total other comprehensive income</b>		<b>442,391,771</b>
<b>Total comprehensive income for the period</b>		<b>997,291,014</b>
<b>Basic and diluted earnings per share</b>		<b>0.0403</b>

The financial statements were authorised for issue on 11 August 2011 by:

Grzegorz Maciej Konieczny  
as Legal Representative on behalf of  
Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch  
acting in the capacity of Sole Director of S.C. Fondul Proprietatea S.A.

The notes on pages 38 to 56 are an integral part of these financial statements.

## FONDUL PROPRIETATEA S.A.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011  
(all amounts are in RON unless otherwise stated)

	<i>Note</i>	<b>30 June 2011</b>	<b>31 December 2010</b>
<b>Assets</b>			
Cash		29,851,453	7,207,864
Deposits with banks		672,839,055	1,071,263,726
Treasury bills		15,866,537	248,021,476
Dividends receivable	8	317,028,457	4,069,237
Equity investments	9	11,939,888,368	10,861,557,101
Deferred tax assets	10	252,280,476	338,979,156
Other assets		10,405,343	1,901,634
<b>Total assets</b>		<b>13,238,159,689</b>	<b>12,533,000,194</b>
<b>Liabilities</b>			
Payables in respect of equity contributions		-	9,730,381
Other liabilities	11	245,455,640	59,842,804
<b>Total liabilities</b>		<b>245,455,640</b>	<b>69,573,185</b>
<b>Equity</b>			
Share capital		13,778,392,208	13,778,392,208
Fair value reserve on available-for-sale financial assets	12	2,393,530,265	1,951,138,494
Other reserves	12	222,823,865	222,823,865
Treasury shares		(35,284,927)	-
Accumulated losses		(3,366,757,362)	(3,488,927,558)
<b>Total equity</b>		<b>12,992,704,049</b>	<b>12,463,427,009</b>
<b>Total liabilities and equity</b>		<b>13,238,159,689</b>	<b>12,533,000,194</b>

The notes on pages 38 to 56 are an integral part of these financial statements.

## FONDUL PROPRIETATEA S.A.

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)

	Share capital	Fair value reserves on available-for- sale financial assets	Other reserves	Treasury shares	Accumulated losses	Total attributable to the equity holders of the Fund
<b>Balance at 31 December 2010</b>	<b>13,778,392,208</b>	<b>1,951,138,494</b>	<b>222,823,865</b>	<b>-</b>	<b>(3,488,927,558)</b>	<b>12,463,427,009</b>
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	-	554,899,243	<b>554,899,243</b>
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale equity investments	-	526,656,870	-	-	-	<b>526,656,870</b>
Income tax on income and expense recognised directly in equity	-	(84,265,099)	-	-	-	<b>(84,265,099)</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>442,391,771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>442,391,771</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>442,391,771</b>	<b>-</b>	<b>-</b>	<b>554,899,243</b>	<b>997,291,014</b>
<b>Transactions with owners, recorded directly in equity</b>						
Buy backs	-	-	-	(35,284,927)	-	<b>(35,284,927)</b>
Dividends declared	-	-	-	-	(432,729,047)	<b>(432,729,047)</b>
<b>Total transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,284,927)</b>	<b>(432,729,047)</b>	<b>(468,013,974)</b>
<b>Balance at 30 June 2011</b>	<b>13,778,392,208</b>	<b>2,393,530,265</b>	<b>222,823,865</b>	<b>(35,284,927)</b>	<b>(3,366,757,362)</b>	<b>12,992,704,049</b>

The notes on pages 38 to 56 are an integral part of these financial statements.

## FONDUL PROPRIETATEA S.A.

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)

	<b>6 months ended 30 June 2011</b>
<b>Cash flows from operating activities</b>	
Proceeds from sale of equity instruments	9,984,271
Redemption of treasury bills, net	230,783,642
Interest received	36,710,525
Dividends received (net of withholding tax)	228,639,164
Collection of bank deposits maturing in more than 3 months, net	378,486,499
Other receipts	1,983,224
Salaries and related taxes paid	(436,052)
Suppliers and other taxes and fees paid	(34,117,913)
Acquisition of equity investments	(558,743,016)
<b>Net cash flows from operating activities</b>	<b>293,290,344</b>
<b>Cash flows from financing activities</b>	
Dividends paid (including related taxes)	(250,411,123)
Acquisition of treasury shares	(33,725,643)
<b>Net cash flows used in financing activities</b>	<b>(284,136,766)</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,153,578</b>
Cash and cash equivalents at 1 January 2011	693,486,892
Effect of exchange rate fluctuations on cash and cash equivalents held	(304,488)
<b>Cash and cash equivalents at 30 June 2011</b>	<b>702,335,982</b>
	<b>30 June 2011</b>
Cash	29,851,453
Bank deposits with original maturities of less than three months	672,484,529
	<b>702,335,982</b>

The notes on pages 38 to 56 are an integral part of these financial statements.

**FONDUL PROPRIETATEA S.A.****NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011  
(all amounts are in RON unless otherwise stated)****1. General information**

Fondul Proprietatea S.A. (referred to as “Fondul Proprietatea” or “the Fund”) is an undertaking for collective investments, in the form of a closed end investment company, established in accordance with Law 247/2005 and Government Decision 1481/2005 and registered in Bucharest on 28 December 2005. The address of the Fund’s registered office is 78 - 80, Buzești Street, 7<sup>th</sup> Floor, District 1, Bucharest.

The Fund undertakes its activities in accordance with Law 247/2005 regarding the reform in property and justice, as well as certain adjacent measures, as amended, Law 297/2004 regarding the securities market, as amended, and Law 31/1990 regarding companies, as republished and amended.

In accordance with its statute, the main activity of the Fund is the management and administration of its portfolio. The Fund undertakes other additional and related activities, according to the regulations in force.

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

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

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

These condensed separate financial statements for the 6 months ended 30 June 2011 are not audited.

**2. Basis of preparation****(a) Statement of compliance**

These condensed separate interim financial statements for the 6 months ended 30 June 2011 have been prepared in accordance with IAS 34 “Interim financial reporting”. The condensed separate interim financial statements should be read in conjunction with the annual separate financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Fund has prepared these financial statements in order to provide users of the Fund’s financial reports with supplementary financial information on the Fund’s financial position. The Fund will not prepare consolidated financial statements for the 6 months ended 30 June 2011.



**FONDUL PROPRIETATEA S.A.****NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011  
(all amounts are in RON unless otherwise stated)****2. Basis of preparation (continued)****(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**(d) Comparatives**

These condensed separate interim financial statements for the six months period ended 30 June 2011 are the first interim statements issued by the Fund. Consequently, comparatives for the Condensed Statement of Comprehensive Income, Condensed Statement of Changes in Shareholders' Equity and Condensed Statement of Cash Flows for the six months period ended 30 June 2010 are not available.

**(e) Use of estimates**

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

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

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

- Note 6 - Other operating expenses
- Note 9 – Valuation of equity investments;
- Note 10 – Recognition of deferred tax assets;
- Note 11 - Other liabilities;
- Note 13 – Contingencies.

**3. Significant accounting policies**

The accounting policies are consistent with those in the annual separate financial statements for the year ended 31 December 2010.



## FONDUL PROPRIETATEA S.A.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)

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

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

	<b>Loans and receivables</b>	<b>Held to maturity</b>	<b>Available-for-sale</b>	<b>Other amortised cost</b>	<b>Total carrying amount</b>	<b>Fair value</b>
<b>30 June 2011</b>						
Cash	29,851,453	-	-	-	29,851,453	29,851,453
Deposits with banks	672,839,055	-	-	-	672,839,055	672,839,055
Treasury bills	-	-	15,866,537	-	15,866,537	15,866,537
Dividends receivable	317,028,457	-	-	-	317,028,457	317,028,457
Equity investments at fair value	-	-	5,933,234,985	-	5,933,234,985	5,933,234,985
Equity investments at cost	-	-	6,006,653,383	-	6,006,653,383	Not available
Other receivables	10,405,343	-	-	-	10,405,343	10,405,343
Other liabilities	-	-	-	(245,396,117)	(245,396,117)	(245,396,117)
	<b>1,030,124,308</b>	<b>-</b>	<b>11,955,754,905</b>	<b>(245,396,117)</b>	<b>12,740,483,096</b>	<b>Not available</b>

## FONDUL PROPRIETATEA S.A.

NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011  
(all amounts are in RON unless otherwise stated)

## 4. Financial assets and financial liabilities (continued)

	Loans and receivables	Held to maturity	Available-for-sale	Other amortised cost	Total carrying amount	Fair value
<b>31 December 2010</b>						
Cash	7,207,864	-	-	-	7,207,864	7,207,864
Deposits with banks	1,071,263,726	-	-	-	1,071,263,726	1,071,263,726
Treasury bills	-	-	248,021,476	-	248,021,476	248,021,476
Dividends receivable	4,069,237	-	-	-	4,069,237	4,069,237
Equity investments at fair value	-	-	4,846,321,942	-	4,846,321,942	4,846,321,942
Equity investments at cost	-	-	6,015,235,159	-	6,015,235,159	Not available
Other receivables	1,901,634	-	-	-	1,901,634	1,901,634
Payables in respect of equity contributions	-	-	-	(9,730,381)	(9,730,381)	(9,730,381)
Other liabilities	-	-	-	(59,557,012)	(59,557,012)	(59,557,012)
	<b>1,084,442,461</b>	<b>-</b>	<b>11,109,578,577</b>	<b>(69,287,393)</b>	<b>12,124,733,645</b>	<b>Not available</b>

As at 31 December 2010 and 30 June 2011, management estimated that the dividends receivable for which no impairment losses were recognised would be collected within a short period of time and therefore their carrying amount approximated fair value.

## FONDUL PROPRIETATEA S.A.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)

**5. Gross dividend income**

	<b>6 months ended 30 June 2011</b>
OMV Petrom S.A.	201,623,004
Romgaz S.A.	106,010,598
Hidroelectrica S.A.	52,478,623
Transgaz S.A.	50,768,117
ENEL Distributie Banat S.A.	20,161,712
Alro S.A.	16,024,769
Primcom S.A.	14,276,720
ENEL Distributie Dobrogea S.A.	13,529,334
CN Aeroporturi Bucuresti S.A.	9,932,510
Conpet S.A.	6,984,786
Delfincom S.A.	5,633,501
Raiffeisen Bank International AG	4,735,544
CN Administratia Porturilor Maritime S.A.	3,742,594
Erste Group Bank AG	3,514,049
BRD - Group Societe General S.A.	2,427,206
Aeroportul Intl' Timisoara - Traian Vuia S.A.	1,536,108
Transelectrica S.A.	1,147,845
Others	2,048,647
	<b>516,575,667</b>

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

**6. Other operating expenses**

	<b>6 months ended 30 June 2011</b>
Investment management and administration fee	20,158,234
National Securities Commission fee	8,137,616
Depositary fee	847,614
Other operating expenses	2,553,102
	<b>31,696,566</b>

## FONDUL PROPRIETATEA S.A.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)

**7. Income tax expense**

	<b>6 months ended 30 June 2011</b>
<b>Current tax expense</b>	
Current tax (16%)	2,044,577
Dividend withholding tax	3,367,813
	<b>5,412,390</b>
<b>Deferred tax expense</b>	
Impairment losses on equity investments	2,310,407
Provisions for restructuring	36,203
Used tax losses	86,970
	<b>2,433,580</b>
<b>Total income tax expense</b>	<b>7,845,970</b>

The effective tax rate used to calculate the deferred tax position of the Fund for the 6 months ended 30 June 2011 was 16% (standard tax rate).

	<b>6 months ended 30 June 2011</b>
<b>Reconciliation of effective tax rate</b>	
Profit for the year	554,899,243
Income tax expense	7,845,970
<b>Profit excluding income tax</b>	<b>562,745,213</b>
<b>Income tax using the standard tax rate (16%)</b>	<b>90,039,234</b>
Effect of:	
Lower tax rate on dividend income	(79,284,294)
Profit appropriation to legal reserve	(255,830)
Other non-taxable income	(4,565,063)
Other non-deductible expenses	1,875,720
Provisions for restructuring	36,203
<b>Total income tax expense</b>	<b>7,845,970</b>

## FONDUL PROPRIETATEA S.A.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)

**7. Income tax expense (continued)**

**6 months ended  
30 June 2011**

**Income tax recognised directly in equity:**

On equity investments carried at fair value 84,265,099

**8. Dividends receivable**

	<b>30 June 2011</b>	<b>31 December 2010</b>
<b>Dividends receivable</b>		
Romgaz S.A.	124,521,054	18,510,456
Hidroelectrica S.A.	52,478,623	3,501,712
Transgaz S.A.	60,403,110	9,634,993
ENEL Distributie Banat S.A.	20,161,712	-
ENEL Distributie Dobrogea S.A.	13,529,334	-
Alro S.A.	13,460,806	-
CN Aeroporturi Bucuresti S.A.	9,932,510	-
Conpet S.A.	6,984,786	-
Delfincom S.A.	5,633,501	-
CN Administratia Porturilor Maritime S.A.	3,742,594	-
Aeroportul International Timisoara - Traian Vuia S.A.	1,536,108	-
Transelectrica S.A.	1,147,845	-
Complexul Energetic Rovinari S.A.	-	567,525
Other dividends receivable	4,160,946	824,392
	<b>317,692,929</b>	<b>33,039,078</b>
<b>Impairment loss allowance</b>		
Romgaz S.A.	-	(18,510,456)
Transgaz S.A.	-	(9,634,993)
Other dividends receivable	(664,472)	(824,392)
	<b>(664,472)</b>	<b>(28,969,841)</b>
	<b>317,028,457</b>	<b>4,069,237</b>

**FONDUL PROPRIETATEA S.A.**
**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
 (all amounts are in RON unless otherwise stated)
**9. Equity investments**

In accordance with Law 247/2005, as amended by Government Emergency Ordinance 209/2005, the Fund received, at its establishment on 28 December 2005, shares in 117 companies as contribution in kind from the Romanian State, as sole shareholder.

In June 2007, Government Emergency Ordinance 81/2007 came into force, in accordance with which:

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

The valuation of the shares contributed by the Romanian State in December 2005 and June 2007 was performed in October 2007 by an independent evaluator (Finevex S.R.L. Constanta), who followed the valuation methodology set forth by Government Emergency Ordinance 81/2007. The value of the shareholdings, as determined by the evaluator, represents the cost of the equity investments.

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

Fair values at 30 June 2011 and 31 December 2010 were determined by reference to published bid price quotations on the stock exchange where shares are traded, where applicable. Equity investments quoted on the Bucharest Stock Exchange which are not traded in an active market, and unquoted securities, are carried at cost less impairment.

At 30 June 2011 and 31 December 2010, for equity investments carried at cost, no fair values could be determined using valuation techniques as the range of reasonable fair value estimates was significant and the probabilities of the various estimates could not be reasonably assessed.

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

	<b>Equity investments at fair value</b>	<b>Equity investments at cost</b>	<b>Total equity investments</b>
<b>31 December 2010</b>	<b>4,846,321,942</b>	<b>6,015,235,159</b>	<b>10,861,557,101</b>
Acquisitions	562,650,903	-	<b>562,650,903</b>
Disposals	(2,394,730)	(23,021,825)	<b>(25,416,555)</b>
Impairment loss		(6,996,196)	<b>(6,996,196)</b>
Reversal of impairment loss on disposals	-	21,436,245	<b>21,436,245</b>
Changes in fair value	526,656,870	-	<b>526,656,870</b>
<b>30 June 2011</b>	<b>5,933,234,985</b>	<b>6,006,653,383</b>	<b>11,939,888,368</b>



**FONDUL PROPRIETATEA S.A.****NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011  
(all amounts are in RON unless otherwise stated)****9. Equity investments (continued)**

In the first half of 2011, the Fund increased its exposure to Alro SA, Azomures SA and BRD Groupe Societe Generale. The Fund also added three new holdings to its portfolio: Banca Transilvania SA, Erste Group Bank AG and Raiffeisen Bank International AG.

During the same period the Fund sold its entire holdings in Marlin SA, Familial Restaurant SA and Laromet SA, through public auctions, at prices exceeding carrying values and part of its holdings in Vitacom SA and Oil Terminal SA on the open market.

During the first half of 2011 the following mergers between companies in Fund's portfolio were still in progress:

- In 2010 the Government passed a decision to restructure the energy sector and to create two new electricity generation companies. The two companies were to be named Electra and Hidroenergetica. Electra was to be formed through the merger of Nuclearelectrica, Societatea Nationala a Lignitului Oltenia (The National Lignite Company), Complexul Energetic Turceni (Thermo Power Plant), Complexul Energetic Rovinari (Thermo Power Plant) and Complexul Energetic Craiova (Thermo Power Plant) with some of Hidroelectrica's spun-off assets, namely Ramnicu Valcea, Sibiu, Targu Jiu and Hidroserv Ramnicu Valcea subsidiaries. Hidroenergetica was to be formed through the merger of the remaining assets of Hidroelectrica with two Termoelectrica subsidiaries - Electrocentrale Deva and Electrocentrale Bucuresti (thermo power plants). The Fund Manager disputed the proposed merger plan, and voted against it during the General Shareholders Meetings on the 19 November 2010. Fondul has subsequently initiated legal action against the shareholders' decisions and as a result, the merger plan is now suspended in court.
- In November 2010, the General Shareholders Meetings of Electrica Furnizare Transilvania Nord SA, Electrica Furnizare Muntenia Nord SA and Electrica Furnizare Transilvania Sud SA approved in principle the merger of the three companies and delegated the responsibility for the merger project planning to the companies' Boards of Directors.

On 17 March 2011, General Shareholders Meetings of all three companies formally approved their merger into SC Electrica Furnizare SA. In June 2011 Bucharest Court approved the registration at the Trade Register of the merger request. The registration of the new company, Electrica Furnizare, was completed with the Trade Register on 22 July 2011.

**FONDUL PROPRIETATEA S.A.**
**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011  
(all amounts are in RON unless otherwise stated)**
**9. Equity investments (continued)**

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

	30 June 2011	31 December 2010
<b>Equity investments at fair value</b>		
OMV Petrom S.A.	4,351,411,731	3,816,028,612
Transgaz S.A.	406,039,062	494,093,600
Transelectrica S.A.	217,694,664	191,472,352
Alro Slatina S.A.	269,881,158	211,868,727
BRD - Groupe Societe Generale S.A.	218,562,680	48,473,750
Erste Group Bank AG	187,941,116	-
Raiffeisen Bank International AG	163,338,915	-
Other	118,365,659	84,384,900
	<b>5,933,234,985</b>	<b>4,846,321,941</b>
<b>Equity investments at cost</b>		
Hidroelectrica S.A.	2,762,606,369	2,762,606,369
Nuclearelectrica S.A.	581,846,011	581,846,011
Romgaz S.A.	416,301,444	416,301,444
Complexul Energetic Turceni S.A.	282,299,927	282,299,927
Complexul Energetic Craiova S.A.	250,169,153	250,169,153
Electrica Distributie Muntenia Nord S.A.	165,223,950	165,223,950
Complexul Energetic Rovinari S.A.	137,615,732	137,615,732
E.ON Moldova Distributie S.A.	131,073,011	131,073,011
Aeroporturi Bucuresti S.A.	131,168,262	131,168,262
Enel Distributie Muntenia S.A.	107,277,263	107,277,263
Posta Romana S.A.	84,664,380	84,664,380
Other	956,407,881	964,989,658
	<b>6,006,653,383</b>	<b>6,015,235,160</b>
<b>Total equity investments</b>	<b>11,939,888,368</b>	<b>10,861,557,101</b>

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

**Fair value hierarchy**

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

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)



## FONDUL PROPRIETATEA S.A.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)

**9. Equity investments (continued)**

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2011:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments				
at fair value	5,933,234,985	-	-	5,933,234,985
Treasury bills	15,866,537	-	-	15,866,537
	<b>5,949,101,522</b>	-	-	<b>5,949,101,522</b>

At 31 December 2010:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments				
at fair value	4,846,321,941	-	-	4,846,321,941
Treasury bills	248,021,476	-	-	248,021,476
	<b>5,094,343,417</b>	-	-	<b>5,094,343,417</b>

**10. Deferred tax assets**

	<b>30 June 2011</b>	<b>31 December 2010</b>
<i>Temporary differences deductible (taxable)</i>		
Impairment losses on equity investments	4,425,809,863	4,440,249,906
Changes in fair values of equity investments	(2,849,440,794)	(2,322,783,919)
Fiscal loss carried forward	324,380	867,944
Provisions	59,525	285,794
	<b>1,576,752,974</b>	<b>2,118,619,725</b>
<b>Deferred tax assets at 16%</b>	<b>252,280,476</b>	<b>338,979,156</b>
<b>Total deferred tax assets</b>	<b>252,280,476</b>	<b>338,979,156</b>

The effective tax rate used to calculate the deferred tax position of the Fund as at 30 June 2011 and as at 31 December 2010 was 16% (standard tax rate).

**FONDUL PROPRIETATEA S.A.**
**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)
**11. Other liabilities**

	<b>30 June 2011</b>	<b>31 December 2010</b>
Dividends payable	201,646,831	24,821,842
Investment Management and Administration fees	15,187,791	17,954,157
Other liabilities	9,787,083	7,653,080
Tax on dividends	13,352,641	7,859,711
Payables for shares acquired	2,945,557	-
CNVM commission	1,366,507	1,268,222
Tax on profit	1,109,707	-
Provisions	59,523	285,792
	<b>245,455,640</b>	<b>59,842,804</b>

The Fund's General Shareholders Meeting in September 2010 approved the distribution of a gross dividend of RON 0.0816 per share, payable to shareholders with effect from October which represented the distributable profits of both 2008 and 2009. By the end of the first half of year 2011, shareholders had collected 99% of all dividends whose distribution started before 31 December 2010 (31 December 2010: 98%).

In April 2011, the Fund's General Shareholders Meeting approved the distribution of a gross dividend of RON 0.03141 per share, payable to shareholders with effect from 30 June 2011, which represented the distributable profits of 2010. As at 30 June 2011, shareholders had collected 58% of this dividend.

In June 2009, Franklin Templeton Investment Management Ltd was selected to perform investment management and administration services for the Fund. The investment management agreement was signed in February 2010 and came into effect on 29 September 2010, when Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch ("Fund Manager") became the Fund Manager and Sole Director of the Fund.

Provisions were recognised in relation to the changes in the Fund's corporate governance structures following the appointment of the Fund Manager.

The commission due to National Securities Commission ("NSC" or "CNVM") arose following the Fund's registration with this authority in August 2010. In March 2010, the CNVM issued Regulation 4/2010 regarding the Fund's registration with CNVM, its functioning and the trading of its shares.

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

As of 30 June 2011, the authorised and issued share capital comprised 13,778,392,208 ordinary shares at a nominal value of RON 1 per share out of which 21,436,245 shares are not paid up. Unpaid shares represent a contribution of the Romanian State represented by the Ministry of Public Finance to the Fund, cancelled following the decision of the High Court of Cassation and Justice, which irrevocably rejected in May 2011 the request of the Fund to be registered as a

**FONDUL PROPRIETATEA S.A.****NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011  
(all amounts are in RON unless otherwise stated)****12. Shareholders' equity (continued)**

shareholder of Electromecanica Ploiesti S.A. (see note 13). The shares unpaid did not entitle their holder to vote or to receive dividends.

At 31 December 2010, the authorised and issued share capital comprised 13,778,392,208 ordinary shares at a nominal value of RON 1 per share, the subscribed share capital of the Fund being recorded as fully paid.

By 30 June 2011, the State's share in Fondul Proprietatea decreased to 19.05% (31 December 2010: 38.88%).

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

The fair value reserves of RON 2,393,530,265 at 30 June 2011 (31 December 2010: RON 1,951,138,494) comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

**(c) Treasury shares**

The Fund's General Shareholders Meeting in September 2010 approved a buy-back program of up to 10% of the Fund's share capital at prices ranging between 0.2 - 1.5 RON, which is valid until March 2012. The acquired shares can be cancelled and the share capital reduced following shareholders' approval.

The buy-back programme started in May 2011 and by 30 June 2011 the Fund had acquired 70,590,400 shares at a total acquisition cost of RON 35,284,927. None of these shares have been cancelled.

**(d) Dividends**

The Fund's General Shareholders Meeting approved in April 2011 the distribution of a gross dividend of RON 0.03141 per share, in relation to 2010 statutory profits.

During 2010 the Fund's General Shareholders Meeting approved the distribution of a gross dividend of RON 0.0816 per share, in relation to 2008 and 2009 statutory profits.

**FONDUL PROPRIETATEA S.A.****NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011  
(all amounts are in RON unless otherwise stated)****13. Contingencies**

As at 30 June 2011 the Fund was involved in certain litigations, either as defendant or claimant. According to the requirements of the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Fund discloses in the financial statements only those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

1. The Fund is involved in several litigations regarding delay penalties requested from companies which have not yet paid dividends to the Fund for the year 2005 (some of the dividends have since been paid to the Fund pursuant to the Fund winning the law suits). Such litigations are yet to be resolved. During the first half of 2011 the most common practice of the Romanian courts was to accept the Fund's claims.

The claims filed by the Fund are in compliance with the provisions of Law 31/1990 as republished and further amended and these amounts should be due and paid to the Fund. These amounts shall only be recognised as revenues when their recoverability becomes highly probable (the Court rules irrevocably in Fund's favour).

2. As at 30 June 2011 the Fund is in dispute with Romarm S.A. which did not transfer certain stakes in Uzina Mecanica Bucuresti S.A. and Electromecanica Ploiesti S.A. (both subsidiaries of Romarm S.A.). The provisions of Article 1 paragraph 2 Title II of Emergency Ordinance nr.81/2007 state that "the transfer of ownership of assets under paragraph 1 is made as at the date of entry into force of this Emergency Ordinance, the directors of companies, national societies and national companies being obliged to update their own records of shareholders and shares. In case the records of shareholders of national societies and national companies are kept by Central Depository or by registry companies, the update of the records is done by Central Depository and registry companies, on request of the Fund".

Art. 1, paragraph 1, establishes that AVAS will transfer to the Fund a total of 1,002,301 shares of Electromecanica SA Ploiesti (point 2.23) and a total of 2,951,053 shares of Uzina Mecanica Bucuresti S.A. (point 2.24).

Electromecanica Ploiesti S.A. and Uzina Mecanica Bucuresti S.A. are subsidiaries of Romarm, a company owned 100% by AVAS at the effective date of the Ordinance 81/2007 and currently by the Ministry of Economy, Commerce and Business Environment. Considering the fact that the text of the Ordinance mentioned that these stakes must be transferred from AVAS and not from Romarm, the companies have refused to record the Fund as shareholder despite several requests to this effect.

Furthermore, the Fund requested AVAS, as Romarm's single shareholder, to instruct its representatives at the general shareholders meetings of Uzina Mecanica Bucuresti S.A. and Electromecanica Ploiesti S.A. to mandate their boards of directors to record the Fund's shareholding in both the shareholders register and the Trade Register Office.



**FONDUL PROPRIETATEA S.A.**
**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
 (all amounts are in RON unless otherwise stated)
**13. Contingencies (continued)**

Regarding the dispute on the Fund's stake in Electromecanica Ploiesti S.A., the High Court of Cassation and Justice rejected irrevocably the request of the Fund to be registered as a shareholder of Electromecanica Ploiesti S.A.. Following this irrevocable decision, the Fund issued a decision stating that the Romanian State represented by the Ministry of Public Finance has not fully paid the share capital of the Fund and consequently, the number of shares correspondent to the holding in Electromecanica Ploiesti S.A. (21,436,245 Fund's shares) owned by Romanian State were blocked.

The other legal action, the Fund has at the High Court of Cassation and Justice, is that against Uzina Mecanica Bucuresti S.A. If the court rules against the Fund in this litigation, the Fund will ask the Ministry of Public Finance to pay the amounts mentioned in the valuation report issued in October 2007 by an independent evaluator (Finevex S.R.L. Constanta) for the shares presumed to be owned by the Fund in Uzina Mecanica Bucuresti, because in fact the Ministry of Public Finances has not contributed to the share capital of the Fund with this amount.

**3. There are currently two court litigations involving the Fund and Nuclearelectrica.**

In the first file the Fund has sued Nuclearelectrica and the Ministry of Economy and Commerce (now the Ministry of Economy, Trade and Business Environment) and asked the court to record the transfer of a total of 20,077,653 shares from the Ministry portfolio to the Fund portfolio in order to update the initial stake of the Fund in Nuclearelectrica, taking into account the share capital increases that took place between 1 February 2006 and 13 November 2007. The litigation was solved at the first stage by the Bucharest Court with the Court ruling against the Fund. The Fund has appealed the decision of the Court.

If the court rules irrevocably against the Fund in this litigation, the Fund will ask the Ministry of Public Finance to pay the difference between the amount set by the Finevex evaluation report for the shares presumed to be owned by the Fund at Nuclearelectrica and the value of the real number of shares owned by the Fund at Nuclearelectrica, because in fact the Ministry of Public Finances has not paid this amount to share capital of the Fund.

In the second file, the Fund has requested the partial cancellation of the Resolution of Nuclearelectrica's Extraordinary General Shareholders' Meeting no.14 of 26 September 2006, whereby the share capital was increased by the amount of RON 363,368,250, representing the equivalent amount of 315 tonnes heavy water, which was transferred from state reserves to Nuclearelectrica free of charge; and the allocation of an additional number of 7,267,365 new shares issued by Nuclearelectrica following the share capital increase. On 25 February 2010, the Bucharest County Court rejected the claim filed by the Fund stating that the Resolution of Nuclearelectrica Shareholders' Extraordinary General Assembly dated 26 September 2006 was made in full compliance with the provisions of Law no. 297/2006, which is derogatory from the common provisions of the Companies Law. Also, the Court interpreted the relevant legal provisions as regulating a transfer under the title of contribution by the Romanian State and not of a subsidy, entitling solely this shareholder to the shares issued as a result of Nuclearelectrica's share capital increase. The Court dismissed the Fund's claims relating to the lack of a valuation report, stating that such a report was not required, as it was a monetary contribution, and that a legal valuation had already been performed.

**FONDUL PROPRIETATEA S.A.**
**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
 (all amounts are in RON unless otherwise stated)
**13. Contingencies (continued)**

In the second file, on 10 May 2010, the Fund filed an appeal against the above decision of the Bucharest County Court and the appeal was rejected on 24 January 2011. The Fund filed the second appeal against of this decision and the next hearing will take place on 25 October 2011.

As at 30 June 2011 and as at 31 December 2010 the Fund owns 9.72% of the share capital of the Nuclearelectrica, as recorded at the Trade Register Office.

4. On the role of the courts there are many litigations started by the Fund against the merger plans for creating Hidroenergetica and Electra; in many of these cases the courts have decided to suspend the merger. The merger process and the creation of Electra and Hidroenergetica are currently blocked.
5. Two minority shareholders of the Fund have filed claims against the Fund with the Court requesting the cancellation of certain resolutions of the General Shareholders Meeting.

Other contingencies of the Fund included:

1. The Fund shall receive the following amounts from the Romanian State:
  - a the amount resulted from the trading on the Romanian or foreign stock exchange markets of the first 3% of Romtelecom S.A. shares;
  - b 20% of the amounts resulting from the privatization of Romtelecom S.A.;
  - c 9.9% of the amounts resulting from the privatisation of C.E.C. S.A.

These amounts shall be recorded as an increase in share capital by the significant shareholder once they are collected.

- 2 The receivables from World Trade Center Bucharest S.A.:

Section II, Article 4 of G.E.O. nr. 81/2007 stipulates the transfer from AVAS to the Fund of receivables from World Trade Center Bucharest S.A. amounting to USD 68,814,198 (including the original principal and related interest and penalties) on 29 June 2007.

On 1 October 2007 the reception minute no. 633 was concluded between AVAS and the Fund based on which all documents related to the receivables due from World Trade Center Bucharest S.A. were transferred to the Fund. On 4 October 2007, the Fund notified World Trade Center Bucharest S.A. regarding the cession of the receivables. Meanwhile, the transfer was registered with the Electronic Archive for Pledges.

In present World Trade Center Bucharest S.A. is the object of insolvency procedure, the next hearing being set for 30 November 2011.

In 2008, World Trade Center Bucharest S.A. paid USD 200,000 to the Fund, in 2009 USD 200,000 and in 2010 USD 110,130.69, EUR 148,700.76, RON 8,724,887.92. No such payments have been made to the Fund during the six months period ended 30 June 2011. In accordance with G.E.O. 81/2007, these cash receipts reduced the balance of the receivables in respect of equity contributions.

Given the uncertainties regarding their recoverability, the World Trade Center Bucharest S.A. receivables were recognised on receipt basis in the Fund's financial statements.

**FONDUL PROPRIETATEA S.A.**
**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
 (all amounts are in RON unless otherwise stated)
**14. Related parties****(a) Parent**

The Romanian State represented by the Ministry of Public Finance controlled the Fund during 2010, but as at 30 June 2011 its holding fell below the control threshold.

**(b) Key management**
**6 months ended  
30 June 2011**
**Salaries**

Members of the Board of Nominees	265,500
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There were no loans to or other transactions between the Fund and its management in 2010 and in the first half of 2011.

In February 2010 the Fund signed the Investment Management Agreement with Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch ("Fund Manager") and it became effective on 29 September 2010. On this date, Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch became both the Fund Manager and Sole Director of the Fund.

The transactions carried during the first half of 2011 between the Fund and Fund Manager were the following:

**6 months ended  
30 June 2011**
**Transactions**

Investment management fee	15,914,964
Administration fee	4,199,199
Rental expense	49,454
Operating cost	13,952
	<b>20,177,570</b>

As at 30 June 2011, the Fund owed an amount of RON 15,197,756 to the Fund Manager (31 December 2010: RON 17,963,827).

**(c) Subsidiaries**

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

## FONDUL PROPRIETATEA S.A.

**NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**  
(all amounts are in RON unless otherwise stated)

**14. Related parties (continued)**

	<b>30 June 2011</b>	<b>31 December 2010</b>
<b>Ownership interest</b>		
Alcom S.A. Timisoara	72%	72%
Carom - Broker de Asigurare S.A. Bucuresti	70%	70%
Comsig S.A. Sighisoara	70%	70%
Delfincom S.A. Bucuresti	66%	66%
Prestari Servicii S.A. Bucuresti	71%	71%
Primcom S.A. Bucuresti	79%	79%
Romplumb S.A. Baia Mare	51%	51%
Telerom Proiect S.A. Bucuresti	69%	69%
Zirom S.A. Giurgiu	100%	100%
	<b>6 months ended 30 June 2011</b>	
<b>Gross dividend income</b>		
Primcom S.A. Bucuresti	14,276,720	
Delfincom S.A. Bucuresti	5,633,501	
	<b>19,910,221</b>	
<b>Dividends received (net of withholding tax)</b>		
Primcom S.A. Bucuresti	14,276,720	
	<b>30 June 2011</b>	<b>31 December 2010</b>
<b>Dividends receivable</b>		
Delfincom S.A. Bucuresti	5,633,501	-
Carom - Broker de Asigurare S.A.	188,385	188,385
	<b>5,821,886</b>	<b>188,385</b>
<b>Impairment loss allowance</b>		
Carom - Broker de Asigurare S.A.	(28,465)	(188,385)
	<b>(28,465)</b>	<b>(188,385)</b>
	<b>5,793,421</b>	<b>-</b>



**FONDUL PROPRIETATEA S.A.****NOTES TO THE CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011  
(all amounts are in RON unless otherwise stated)****14. Related parties (continued)****(d) Associates**

The Fund has one associate, which is incorporated in Romania:

	<b>30 June 2011</b>	<b>31 December 2010</b>
<b>Ownership interest</b>		
OMV Petrom S.A.	20%	20%

During the first half of 2011, the Fund recorded and received from OMV Petrom S.A. a dividend of RON 201,623,004.

**15. Subsequent events***Secondary listing*

In July 2011, the Fund Manager announced the decision to recommend to the shareholders the secondary listing of the Fund on the Warsaw Stock Exchange, targeted for the first quarter of 2012. The Fund Manager intends to combine the secondary listing with an offering of up to 10% of the existing shares of the Fund. The secondary listing is subject to approval by the shareholders.

## Annex 3

### **S.C. FONDUL PROPRIETATEA S.A. FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2011**

prepared in accordance with the National Securities Commission (“CNVM”) Regulation 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the CNVM and CNVM Instruction 5/2011 regarding semi-annual accounting reporting system

(This is a translation from the official Romanian version)

## Contents

Statement of Assets, Liabilities and Shareholders' Equity (Code 10) . . . . .	59
Income Statement (Code 20) . . . . .	62
Statement of Cash Flows . . . . .	64
Statement of Changes in Shareholders' Equity . . . . .	65
Notes to the Financial Statements . . . . .	66
Informative Data (Code 30) . . . . .	79

**S.C. FONDUL PROPRIETATEA S.A.**  
**STATEMENT OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY**  
**AS AT 30 JUNE 2011**  
**FORM CODE 10**

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

The format of the Financial Statements as at 30 June 2011 for the entities authorised, regulated and monitored by the National Securities Commission (CNVM), for the closed-ended funds (AOPC) set up under articles of association

Type of financial statement: SI

County: Bucharest

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

Address: Bucharest, District 1,  
78-80, Buzesti Street, 7th Floor

Telephone: 021/200 96 00, fax: 021/200 96 31

Trade Register no.: J40/21901/2005

Ownership type: 22

Main activity

(CAEN group): 643

CAEN class: 6430

Sole Registration Code: 18253260

10

(RON)

A	Row	Note	Balance	
			01 January 2011	30 June 2011
	B		1	2
<b>III. FINANCIAL ASSETS</b>				
1. Shares held in subsidiaries (acc. 261 - 2961)	12		70,077,549	63,011,132
3. Investments in associates (acc. 263 - 2963)	14		3,816,028,612	4,351,411,730
5. Investments held as financial assets (acc. 262 + 264 + 265 + 266 - 2696 - 2962 - 2964)	16		7,004,416,770	7,588,716,004
<b>TOTAL: (rows 12 to 17)</b>	<b>18</b>	<b>1</b>	<b>10,890,522,931</b>	<b>12,003,138,866</b>
<b>NON-CURRENT ASSETS - TOTAL</b> (rows 06 + 11 + 18)	<b>19</b>		<b>10,890,522,931</b>	<b>12,003,138,866</b>
<b>B. CURRENT ASSETS</b>				
<b>II. RECEIVABLES</b>				
1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2969 + 4092 + 411 + 413 + 418 - 491)	24		85,547	889
4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	27		12,352,520	327,658,542
<b>TOTAL: (rows 24 to 28)</b>	<b>29</b>	<b>2</b>	<b>12,438,067</b>	<b>327,659,431</b>

The accompanying notes are an integral part of these financial statements.  
This is a translation from the official Romanian version.

**S.C. FONDUL PROPRIETATEA S.A.**  
**STATEMENT OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY**  
**AS AT 30 JUNE 2011**  
**FORM CODE 10**

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

10

(RON)

A	No.	Note	Balance	
			01 January 2011	30 June 2011
	B		1	2
<b>III. SHORT TERM FINANCIAL INVESTMENTS</b>				
2. Other short term financial investments (acc. 5031 + 5032 + 505 + 5061 + 5062 + 5071 + 5072 + 5081 + 5082 + 5088 + 5089 - 593 - 595 - 596 - 597 - 598 + 5113 + 5114)	31		248,021,476	15,866,537
<b>TOTAL: (rows 30 to 31)</b>	<b>32</b>		<b>248,021,476</b>	<b>15,866,537</b>
<b>IV. CASH AND BANK ACCOUNTS</b>				
(acc. 5112 + 5121 + 5122 + 5123 + 5124 + 5125 + 5311 + 5314 + 5321 + 5322 + 5323 + 5328 + 5411 + 5412 + 542)	33		1,071,973,391	702,335,982
<b>CURRENT ASSETS - TOTAL</b> (rows 23 + 29 + 32 + 33)	<b>34</b>		<b>1,332,432,934</b>	<b>1,045,861,950</b>
<b>C. PREPAID EXPENSES</b> (acc. 471)	<b>35</b>		<b>31,004</b>	<b>128,895</b>
<b>D. PAYABLES WITHIN ONE YEAR</b>				
3. Advance from customers (acc. 419)	38		—	283,938
4. Trade payables (acc. 401 + 404 + 408)	39		25,529,058	22,982,382
7. Payables related to financial assets (acc. 1662 + 1686 + 2692 + 2693 + 4521 + 4528)	42		—	2,945,557
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		43,758,337	219,184,243
<b>TOTAL: (rows 36 to 43)</b>	<b>44</b>	<b>2</b>	<b>69,287,395</b>	<b>245,396,120</b>
<b>E. NET CURRENT ASSETS OR NET CURRENT LIABILITIES</b> (rows 34 + 35 - 44 - 60.2)	<b>45</b>		<b>1,263,176,543</b>	<b>800,594,725</b>
<b>F. TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19 + 45 )</b>	<b>46</b>		<b>12,153,699,474</b>	<b>12,803,733,591</b>

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This is a translation from the official Romanian version.

**S.C. FONDUL PROPRIETATEA S.A.**  
**STATEMENT OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY**  
**AS AT 30 JUNE 2011**  
**FORM CODE 10**

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

10

(RON)

A	No.	Note	Balance	
			01 January 2011	30 June 2011
	B		1	2
<b>H. PROVISIONS</b>				
2. Provisions for taxes (acc. 1516)	57		14,138,306	14,138,306
3. Other provisions (acc. 1511 + 1512 + 1513 + 1514 + 1518)	58		285,792	59,523
<b>TOTAL PROVISIONS</b> (rows 56 + 57 + 58)	59		<b>14,424,098</b>	<b>14,197,829</b>
<b>I. SHARE CAPITAL</b> (rows 62 to 63) out of which:	61	4	<b>13,778,392,208</b>	<b>13,778,392,208</b>
– subscribed unpaid share capital (acc. 1011)	62		—	21,436,245
– subscribed paid in capital (acc. 1012)	63		13,778,392,208	13,756,955,963
<b>IV. RESERVES</b> (rows 68 - 69 + 70 + 71 + 72 + 73 + 74)	67		<b>(2,146,209,927)</b>	<b>(1,571,077,624)</b>
1. Legal reserves (acc. 1061)	68		102,524,308	102,524,308
2. Reserves related to impairment adjustments of financial assets (acc. 1062 – <i>debit balance</i> )	69		2,369,140,506	1,794,008,203
4. Reserves for securities received free of charge (acc. 1065)	71		106,715	106,715
7. Other reserves (acc. 1068)	74		120,299,556	120,299,556
<b>TREASURY SHARES</b> (acc. 109 – <i>debit balance</i> )	75	4	—	35,284,927
<b>V. RETAINED EARNINGS</b> (acc. 117) Credit balance	78		74,278,645	74,364,048
<b>VI. RESULT FOR THE YEAR</b> (acc. 121) Credit balance	80		456,183,821	543,142,057
<b>Profit allocation</b> (acc. 129 – <i>debit balance</i> )	82		23,369,371	—
<b>TOTAL SHAREHOLDERS' EQUITY</b> (rows 61 + 64 + 65 - 66 + 67 - 75 + 76 - 77 + 78 - 79 + 80 - 81 - 82)	83		<b>12,139,275,376</b>	<b>12,789,535,762</b>

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

Grzegorz Maciej Konieczny  
 Legal Representative

Prepared by  
 Mihaela Moleavin  
 Financial Reporting Manager

The accompanying notes are an integral part of these financial statements.  
 This is a translation from the official Romanian version.

**S.C. FONDUL PROPRIETATEA S.A.**  
**INCOME STATEMENT**  
**AS AT 30 JUNE 2011**  
**FORM CODE 20**

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

20

(RON)

A	Row	Note	Half year ended	
			30 June 2010	30 June 2011
	B		1	2
<b>A. REVENUES FROM CURRENT ACTIVITY</b>				
<b>TOTAL</b> (row 02 to 11)	<b>01</b>		<b>267,749,209</b>	<b>593,708,256</b>
1. Revenues from financial assets (acc. 761)	<b>02</b>	<b>6</b>	173,185,462	513,207,854
4. Revenues from disposal of financial asset (acc. 758 (part) + 764)	<b>05</b>		—	9,706,333
6. Revenues from provisions, receivables previously written off and sundry debtors (acc. 754 + 781 + 786)	<b>07</b>		—	28,780,922
7. Revenues from foreign exchange differences (acc. 765)	<b>08</b>		41,103,388	1,466,344
8. Interest income (acc. 766)	<b>09</b>		53,421,869	29,195,557
10. Other income from current activity (acc. 705 + 706 + 708 + 741 + 758 (part) + 767 + 768 + 7815)	<b>11</b>		38,490	11,351,246
<b>B. EXPENSES FROM CURRENT ACTIVITY</b>				
<b>TOTAL</b> (rows 13 to 20)	<b>12</b>		<b>50,173,359</b>	<b>48,521,622</b>
12. Expenses from disposal of financial assets (acc. 658 (part) + 664)	<b>14</b>		—	3,980,309
13. Expenses from foreign exchange differences (acc. 665)	<b>15</b>		40,790,968	630,762
14. Interest expense (acc. 666)	<b>16</b>		210	13
15. Commissions and fees (acc. 622)	<b>17</b>		2,880	8,998,887
16. Expenses for bank services and similar expenses (acc. 627)	<b>18</b>		65,210	18,771
17. Depreciation and amortisation, provisions, losses from receivables and sundry debtors (acc. 654 + 681 + 686)	<b>19</b>		82,078	11,705,864
<b>18. Other expenses from current activity</b> (rows 21 + 22 + 23 + 26 + 27)	<b>20</b>		<b>9,232,013</b>	<b>23,187,016</b>
a. Materials expenses (acc. 602 + 603 + 604)	<b>21</b>		107,071	332
b. Utilities expenses (water and energy) (acc. 605)	<b>22</b>		19,254	—
<b>c. Salary expenses (rows 24 + 25), of which:</b>	<b>23</b>		<b>2,569,404</b>	<b>508,121</b>
c1. Salaries (acc. 621 + 641 + 642 + 644)	<b>24</b>		2,026,682	417,346
c2. Social security contributions (acc. 645)	<b>25</b>		542,722	90,775
d. Third party expenses (acc. 611 + 612 + 613 + 614 + 623 + 624 + 625 + 626 + 628 + 658 (part) + 667 + 668)	<b>26</b>		2,594,784	22,559,002
e. Other taxes, duties and similar expenses (acc. 635)	<b>27</b>		3,941,500	119,561

The accompanying notes are an integral part of these financial statements.

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**S.C. FONDUL PROPRIETATEA S.A.**  
**INCOME STATEMENT**  
**AS AT 30 JUNE 2011**  
**FORM CODE 20**

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

20

(RON)

Name of Caption	Row	Note	Half year ended	
			30 June 2010	30 June 2011
A	B		1	2
<b>C. CURRENT RESULT</b>				
– Profit (row 01 - 12)	28		217,575,850	545,186,634
<b>19. TOTAL REVENUE</b> (rows 01 + 30)	34		267,749,209	593,708,256
<b>20. TOTAL EXPENSES</b> (rows 12 + 31)	35		50,173,359	48,521,622
<b>G. GROSS PROFIT:</b>				
– Profit (rows 34 - 35)	36		217,575,850	545,186,634
<b>21. INCOME TAX EXPENSE</b>				
– Income tax expense (acc. 691)	38	5 b)	7,084,629	2,044,577
<b>H. RESULT FOR THE YEAR</b>				
– Profit (rows 36 - 38 - 39)	40		210,491,221	543,142,057

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

Grzegorz Maciej Konieczny  
 Legal Representative

Prepared by  
 Mihaela Moleavin  
 Financial Reporting Manager

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 This is a translation from the official Romanian version.



**S.C. FONDUL PROPRIETATEA S.A.**  
**STATEMENT OF CASH FLOWS**  
**AS AT 30 JUNE 2011**

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

(RON)

	Half year ended	
	30 June 2010	30 June 2011
<b>Cash flows from operating activities</b>		
Payments to suppliers and similar payments	(2,752,008)	(25,998,522)
Payments to employees, directors and similar payments, including related taxes and contributions	(4,601,692)	(436,052)
Payments related to other taxes and fees	(3,959,448)	(8,119,391)
Other receipts, net of other payments	—	97,339
Interest paid	(210)	(13)
Income tax paid	(3,252,084)	—
<b>Net cash flows used in operating activities</b>	<b>(14,565,442)</b>	<b>(34,456,639)</b>
<b>Cash flows from investment activities</b>		
Dividends received	4,880,002	228,639,164
Interest received	71,448,684	36,710,525
Payments for the acquisition of tangible and intangible assets	(22,426)	—
Proceeds from disposal of tangible assets	73,169	—
Payments for acquisition of financial assets	—	(558,743,016)
Proceeds from disposal of financial assets	—	9,984,271
Other receipts related to financial assets	38,488	1,885,901
Net proceeds from the disposal of treasury bills	—	230,783,642
Net (payment for)/collection of deposits with original maturity greater than 3 months	(260,467,966)	378,486,499
<b>Net cash flows generated from investment activities</b>	<b>(184,050,049)</b>	<b>327,746,986</b>
<b>Cash flows from financing activities</b>		
Receipts from shareholders for share capital increase	13,341,950	—
Dividends paid, including related withholding tax	(187,169)	(250,411,127)
Payments for buybacks	—	(33,725,643)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>13,154,781</b>	<b>(284,136,770)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(185,460,710)</b>	<b>9,153,577</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>842,566,966</b>	<b>693,486,892</b>
Foreign exchange differences on cash and cash equivalents	374,099	(304,487)
<b>Cash and cash equivalents at the end of period</b>	<b>657,480,355</b>	<b>702,335,982</b>

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The accompanying notes are an integral part of these financial statements.  
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**S.C. FONDUL PROPRIETATEA S.A.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS AT 30 JUNE 2011**

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

(RON)

Element of equity	Balance as at 01 January 2011	Increases		Decreases		Balance as at 30 June 2011
		Total	Of which, by transfer	Total	Of which, by transfer	
Subscribed paid in share capital	13,778,392,208	—	—	21,436,245	21,436,245	13,756,955,963
Subscribed unpaid share capital	—	21,436,245	21,436,245	—	—	21,436,245
Legal reserves	102,524,308	—	—	—	—	102,524,308
Reserves related to impairment adjustments of financial assets – <i>Debit Balance</i>	2,369,140,506	582,599,835	—	1,157,732,138	—	1,794,008,203
Other reserves – <i>Credit Balance</i>	120,299,556	—	—	—	—	120,299,556
Reserves from shares received free of charge – <i>Credit Balance</i>	106,715	—	—	—	—	106,715
Own shares (Treasury shares) – <i>Debit Balance</i>	—	35,284,927	—	—	—	35,284,927
Result from the adjustment of accounting errors – <i>Credit Balance</i>	74,136,468	—	—	—	—	74,136,468
Retained earnings representing profit not allocated – <i>Credit Balance</i>	142,177	432,814,449	432,814,450	432,729,046	—	227,580
Result for the period (profit) – <i>Credit Balance</i>	456,183,821	543,142,057	—	456,183,821	456,183,821	543,142,057
Profit allocation – <i>Debit Balance</i>	23,369,371	—	—	23,369,371	23,369,371	—
<b>Total equity</b>	<b>12,139,275,376</b>	<b>379,507,989</b>	<b>454,250,695</b>	<b>(270,752,397)</b>	<b>454,250,695</b>	<b>12,789,535,762</b>

Franklin Templeton Investment Management Limited United Kingdom,  
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 Mihaela Moleavin  
 Financial Reporting Manager

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

## 1. NON-CURRENT ASSETS

### Financial assets

The movements in the portfolio of investments held as financial assets are presented below:

(RON)

	Investments held as financial assets
<b>Gross value (acquisition cost/valuation)</b>	
Balance as at 1 January 2011	13,268,167,034
Acquisitions	562,650,903
Sales	(3,980,309)
Other disposals	(21,436,245)
<b>Balance as at 30 June 2011</b>	<b>13,805,401,383</b>
<b>Adjustments for impairment of financial assets</b>	
Balance as at 1 January 2011	(2,377,644,103)
Adjustments for impairment during the period through reserves (acc. 1062)	(582,599,835)
Reversal of adjustments for impairment during the period through reserves (acc. 1062)	1,157,732,138
Reversal of adjustments for impairment during the period through income statement (acc. 7863)	249,283
<b>Balance as at 30 June 2011</b>	<b>(1,802,262,517)</b>
<b>Net book value as at 1 January 2011</b>	<b>10,890,522,931</b>
<b>Net book value as at 30 June 2011</b>	<b>12,003,138,866</b>

During the first half of 2011, the Fund increased its exposure to Alro S.A., Azomures S.A. and BRD - Groupe Societe Generale. The Fund also added three new holdings to its portfolio: Banca Transilvania S.A., Erste Group Bank AG and Raiffeisen Bank International AG.

During the same period, the Fund sold its entire holdings in Marlin S.A., Familial Restaurant S.A. and Laromet S.A., through public auctions, at prices exceeding carrying values, and part of its holdings in Vitacom S.A. and Oil Terminal S.A. on the open market.

The disposal of the holding in Electromecanica Ploiesti S.A. in the amount of RON 21,436,245 was the result of the decision of the High Court of Cassation and Justice, which irrevocably rejected in May 2011 the request of the Fund to be registered as a shareholder of this company. At the same time, RON 21,436,245 has been reflected as unpaid share capital, the Romanian State's represented by the Ministry of Public Finance contribution corresponding to this amount being cancelled.

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

**1. NON-CURRENT ASSETS** (continued)

During the first half of 2011 the following mergers between companies in the Fund's portfolio were still in progress:

- In 2010 the Government passed a decision to restructure the energy sector and to create two new electricity generation companies. The two companies were to be named Electra and Hidroenergetica. Electra was to be formed through the merger of Nuclearelectrica, Societatea Nationala a Lignitului Oltenia (The National Lignite Company), Complexul Energetic Turceni (Thermo Power Plant), Complexul Energetic Rovinari (Thermo Power Plant) and Complexul Energetic Craiova (Thermo Power Plant) with some of Hidroelectrica's spun-off assets, namely Ramnicu Valcea, Sibiu, Targu Jiu and Hidroserv Ramnicu Valcea subsidiaries. Hidroenergetica was to be formed through the merger of the remaining assets of Hidroelectrica with two Termoelectrica subsidiaries — Electrocentrale Deva and Electrocentrale Bucuresti (thermo power plants). The Fund Manager disputed the proposed merger plan, and voted against it during the General Shareholders Meetings on 19 November 2010. Fondul has subsequently initiated legal action against the shareholders' decisions and as a result, the merger plan is now suspended in court.
- In November 2010, the General Shareholders Meetings of Electrica Furnizare Transilvania Nord S.A., Electrica Furnizare Muntenia Nord S.A. and Electrica Furnizare Transilvania Sud S.A. approved in principle the merger of the three companies and delegated the responsibility for the merger project planning to the companies' Boards of Directors.

On 17 March 2011, General Shareholders Meetings of all three companies formally approved their merger into SC Electrica Furnizare S.A. In June 2011 Bucharest Court approved the registration at the Trade Register of the merger request. The registration of the new company, Electrica Furnizare, was completed with the Trade Register on 22 July 2011.

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

**2. STATEMENT OF RECEIVABLES AND PAYABLES**

(RON)

Receivables	30 June 2011	Due date		
		< 1 year	1–5 years	> 5 years
	Col.1=2+3+4	2	3	4
Dividend receivables, net	317,028,457	317,028,457	—	—
Other receivables	10,275,558	10,275,558	—	—
Interest receivable	354,527	354,527	—	—
Trade receivables	889	889	—	—
<b>TOTAL</b>	<b>327,659,431</b>	<b>327,659,431</b>	<b>—</b>	<b>—</b>

Receivables	01 January 2011	Due date		
		< 1 year	1–5 years	> 5 years
	Col.1=2+3+4	2	3	4
Interest receivable	6,498,199	6,498,199	—	—
Dividend receivables, net	4,069,237	4,069,237	—	—
Profit tax receivable	934,870	934,870	—	—
Other receivables	850,214	850,214	—	—
Trade receivables	85,547	85,547	—	—
<b>TOTAL</b>	<b>12,438,067</b>	<b>12,438,067</b>	<b>—</b>	<b>—</b>

As at 30 June 2011 and 31 December 2010 “Interest receivable” included interest receivables related to bank deposits.

As at 30 June 2011 “Dividend receivables, net” included dividends from portfolio companies declared in the half year ended 30 June 2011 of RON 288,723,087 and dividends related to financial year 2005–2007 of RON 28,305,370. As at 31 December 2010 “Dividend receivables, net” included dividends from portfolio companies related to financial year 2009, of RON 3,501,711 and related to financial years 2005–2007, of RON 567,525.

As at 30 June 2011, “Other receivables” included penalties for late payment of dividends payable by portfolio companies related to financial year 2005 and recovery of related litigation expenses, of RON 10,236,475 (31 December 2010: RON 811,131).

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

**2. STATEMENT OF RECEIVABLES AND PAYABLES** (continued)

(RON)

Payables	30 June 2011	Due date		
		< 1 year	1 – 5 years	> 5 years
	Col.1=2+3+4	2	3	4
Dividends payable	201,646,831	201,646,831	—	—
Accrued expenses	15,330,127	15,330,127	—	—
Other taxes and fees payables	14,719,153	14,719,153	—	—
Trade payables	7,652,255	7,652,255	—	—
Payments to be made for investments in financial assets	2,945,557	2,945,557	—	—
Sundry creditors	1,565,285	1,565,285	—	—
Tax on profit	1,109,707	1,109,707	—	—
Advances from customers	283,938	283,938	—	—
Personnel related payables	74,159	74,159	—	—
Taxes on salaries and incentives	69,108	69,108	—	—
<b>TOTAL</b>	<b>245,396,120</b>	<b>245,396,120</b>	<b>—</b>	<b>—</b>

Payables	01 January 2011	Due date		
		< 1 year	1 – 5 years	> 5 years
	Col.1=2+3+4	2	3	4
Dividends payable	24,821,842	24,821,842	—	—
Accrued expenses	18,086,255	18,086,255	—	—
Payables to shareholders related to share capital	9,730,381	9,730,381	—	—
Other taxes and fees payables	9,127,933	9,127,933	—	—
Trade payables	7,442,803	7,442,803	—	—
Personnel related payables	44,739	44,739	—	—
Taxes on salaries and incentives	26,943	26,943	—	—
Sundry creditors	6,499	6,499	—	—
<b>TOTAL</b>	<b>69,287,395</b>	<b>69,287,395</b>	<b>—</b>	<b>—</b>

This is a translation from the official Romanian version.

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

**2. STATEMENT OF RECEIVABLES AND PAYABLES** (continued)

As at 31 December 2010 “Payables to shareholders related to share capital” represented amounts transferred by the significant shareholder of the Fund (the Romanian State, represented by the Ministry of Public Finance) in cash and in kind, but not yet converted to share capital. Out of the amount of RON 9,730,381, RON 9,395,641 represented contributions in cash, amounts from partial recovery of receivables from World Trade Center Bucuresti S.A. by the Fund and RON 334,740 contribution in kind, represented by shares in portfolio companies received free of charge according to GEO 81/2007.

As at 30 June 2011 “Dividends payable” included dividends payable to shareholders related to the financial year 2010 in the amount of RON 188,350,400 and dividends related to 2006–2009 of RON 13,296,431.

In April 2011, the Fund’s General Shareholders Meeting approved the distribution of a gross dividend RON 0.03141 per share, payable to shareholders starting on 30 June 2011 which represented the distributable profits of the 2010 financial year. Out of this amount by 30 June 2011, shareholders had collected RON 244,378,645 (gross amount), almost 58% of the RON 432,729,046 distribution.

As at 30 June 2011, “Accrued expenses” included investment management and administration fees payable to the Fund Manager of RON 15,187,791 (31 December 2010: RON 17,954,157).

“Trade payables” as at 30 June 2011 included the success fee payable to the Fund’s advisor for the selection of the fund manager, of RON 7,314,414 (31 December 2010: RON 7,401,999).

**3. PRINCIPLES, POLITICS AND ACCOUNTING POLICIES**

These interim financial statements for the half year ended 30 June 2011 have been prepared in accordance with the National Securities Commission (“CNVM”) Regulation 4/2011 regarding accounting regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by the CNVM.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010 prepared in accordance with the Accounting Regulations compliant with EEC Directive IV, applicable to the entities authorised, regulated and monitored by CNVM, approved by Order of the Chairman of the National Securities Commission no. 75/2005.

The Fund did not change any accounting policies during the half year ended 30 June 2011.

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

#### 4. FINANCING SOURCES

##### Share Capital

As at 30 June 2011, the share capital subscribed was RON 13,778,392,208 representing 13,778,392,208 shares with a nominal value of 1 RON/share, out of which 21,436,245 shares were not paid up.

Unpaid shares represent a contribution of the Romanian State represented by the Ministry of Public Finance to the Fund cancelled following the decision of the High Court of Cassation and Justice, which irrevocably rejected in May 2011 the request of the Fund to be registered as a shareholder of Electromecanica Ploiesti S.A. The unpaid shares did not entitle their holders to vote or to receive dividends.

The shareholding structure as at 30 June 2011 was the following:

Category of shareholder	Number of shares held	% of the share capital
Ministry of Public Finance	2,603,992,163	18.90%
Romanian institutional shareholders	1,021,450,778	7.42%
Foreign institutional shareholders	3,765,821,518	27.33%
Treasury shares	67,678,300	0.49%
Unpaid shares	21,436,245	0.15%
<b>Subtotal – Institutional shareholders</b>	<b>7,480,379,004</b>	<b>54.29%</b>
Romanian individuals	5,101,040,410	37.02%
Foreign individuals	1,196,972,794	8.69%
<b>Subtotal – Individual shareholders</b>	<b>6,298,013,204</b>	<b>45.71%</b>
<b>Total</b>	<b>13,778,392,208</b>	<b>100.00%</b>

The total number of shareholders as at 30 June 2011 was 9,888.

The 67,678,300 shares, representing 0.49% of the Fund's share capital, are treasury shares, acquired by the Fund within the buy-back program approved by the Fund's General Shareholders Meeting (see Treasury shares section below).

##### Treasury shares

The Fund's General Shareholders Meeting in September 2010 approved a buy-back program of up to 10% of the Fund's share capital at prices ranging between 0.2–1.5 RON, which is valid until March 2012. The acquired shares can be cancelled and the share capital reduced following shareholders' approval.

The buy-back program started in May 2011 and by 30 June 2011 the Fund had acquired 70,590,400 shares at a total cost of RON 35,284,927 (shares already settled as at 30 June 2011: 67,678,300). None of the shares had been cancelled by 30 June 2011.



**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

## 5. OTHER INFORMATION

### a) Information regarding the presentation of the Fund

Fondul Proprietatea S.A. (referred to as “Fondul Proprietatea” or “the Fund”) is an undertaking for collective investments, in the form of a closed end investment company, established in accordance with Law 247/2005 and Government Decision 1481/2005 and registered in Bucharest on 28 December 2005. During the reporting period, the address of the Fund’s registered office was 78–80, Buzzești Street, 7th Floor, District 1, Bucharest.

The Romanian State represented by the Ministry of Public Finance controlled the Fund during 2010, but as at 30 June 2011 its holding fell below the control threshold.

The Fund undertakes its activities in accordance with Law 247/2005 regarding the reform in property and justice, as well as certain adjacent measures, as amended, Law 297/2004 regarding the securities market, as amended, and Law 31/1990 regarding companies, as republished and amended.

In accordance with its statute, the main activity of the Fund is performing financial investments (Code CAEN 6430 – mutual funds and other similar financial entities). The Fund undertakes other additional and related activities, according to the regulations in force.

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

The records of the shares and shareholders are kept by Depozitarul Central S.A. Bucharest, according to the law.

In June 2009, Franklin Templeton Investment Management Ltd was selected to perform investment management and administration services for Fondul Proprietatea. The investment management agreement was signed in February 2010 and came into effect on 29 September 2010, when Franklin Templeton Investment Management Ltd United Kingdom București Branch (“Fund Manager”) became the Fund Manager and Sole Director of the Fund.

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

These financial statements for the six-month period ended 30 June 2011 are not audited.

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

**5. OTHER INFORMATION** (continued)

**b) Information regarding the current income tax**

(RON)

	30 June 2010	30 June 2011
Gross profit	217,575,850	545,186,634
Tax deduction related to the profit allocation to the legal reserve	—	(1,598,939)
Expenses with provisions and impairment adjustments – Non deductible	—	11,705,864
Income from provisions and impairment adjustments – Non taxable	—	(28,780,922)
Income from dividends – Non taxable	(173,185,462)	(513,207,853)
Other non deductible expenses	185,465	17,389
<b>Taxable profit for the current period</b>	<b>44,575,853</b>	<b>13,322,173</b>
Tax losses carried forward	—	(543,566)
<b>Taxable profit taking into account tax losses carried forward from previous year</b>	<b>44,575,853</b>	<b>12,778,607</b>
Income tax (16%)	(7,132,136)	(2,044,577)
Deductions for sponsorship expenses	47,507	—
<b>Income tax expense</b>	<b>(7,084,629)</b>	<b>(2,044,577)</b>

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

**6. DIVIDEND INCOME**

(RON)

Company	30 June 2010	30 June 2011
OMV Petrom S.A.	—	201,623,004
Romgaz S.A.	87,829,620	106,010,598
Hidroelectrica S.A.	6,501,711	52,478,624
Transgaz S.A.	22,975,352	50,768,117
ENEL Distributie Banat S.A.	—	20,161,712
Primcom	1,731,351	14,276,720
ENEL Distributie Dobrogea S.A.	—	13,529,334
CN Aeroporturi Bucuresti S.A.*	—	9,932,510
Conpet S.A.	3,810,281	6,984,786
Delfincom	—	5,633,501
CN Administrația Porturilor Maritime S.A.	—	3,742,594
Aeroportul Int'l Timișoara - Traian Vuia S.A.	353,329	1,536,108
Transelectrica S.A.	494,761	1,147,845
Societatea Nationala a Sării S.A.	—	754,995
CN Administratia Porturilor Dunarii Fluviale S.A.	368,363	564,468
CN Administratia Porturilor Dunarii Maritime S.A.	18,210	193,493
CN Administratia Canalelor Navigabile S.A.	244,827	174,677
Oil Terminal S.A.	37,391	172,289
Electrica Furnizare Transilvania Sud	—	88,801
Romaero	—	52,525
Complexul Energetic Rovinari S.A.	124,947	20,711
Complexul Energetic Craiova S.A.	114,721	7,828
IOR S.A.	162	88
Aeroportul International Bucuresti Baneasa Aurel Vlaicu S.A.*	714,645	—
Aeroportul International Henri Coanda București S.A.*	5,869,426	—
Carom	27,636	—
GDF Suez Energy Romania	30,000,001	—
Alro S.A.	11,964,287	13,460,806
Raiffeisen Bank International AG	—	4,498,767
Erste Group Bank AG	—	3,338,347
BRD - Group Societe General S.A.	—	2,038,853
Ciocarlia S.A.	—	15,753
Retizoh	4,441	—
<b>TOTAL</b>	<b>173,185,462</b>	<b>513,207,854</b>

\* During 2010 Aeroportul International Henri Coanda Bucuresti S.A. and Aeroportul International Bucuresti Baneasa – Aurel Vlaicu S.A. merged to incorporate Aeroporturi Bucuresti S.A.

This is a translation from the official Romanian version.

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

## 6. DIVIDEND INCOME (continued)

### Correction of dividend income for the six-month period ended 30 June 2010

The Fund recorded, as part of the dividend income for the six-month period ended 30 June 2010:

- a net dividend from GDF Suez Energy Romania in amount of RON 30,000,001. This company did not declare any dividends during 2010.
- a net dividend from Alro of RON 11,964,287, computed using a tax on dividend of 10%, instead of using a tax on dividend of 16%, applicable as at the date of payment of dividends.

The corrections were made in the Fund's records in October 2010, after the appointment of the Fund Manager. The 30 June 2010 comparative figures have not been adjusted to reflect these corrections.

## 7. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2011 the Fund was involved in certain litigations, either as defendant or claimant. According to the requirements of the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Fund discloses in the financial statements only those which may have significant effects on the Fund's financial position or profitability. The most important litigations were the following:

1. The Fund is involved in several litigations regarding delay penalties requested from companies which have not yet paid dividends to the Fund for the year 2005 (some of the dividends have since been paid to the Fund pursuant to the Fund winning the law suits). Such litigations are yet to be resolved. During the first half of 2011 the most common practice of the Romanian courts was to accept the Fund's claims.

The claims filed by the Fund are in compliance with the provisions of Law 31/1990 as republished and further amended and these amounts should be due and paid to the Fund. These amounts shall only be recognised as revenues when their recoverability becomes highly probable (the Court rules irrevocably in Fund's favour).

2. As at 30 June 2011 the Fund is in dispute with Romarm S.A. which did not transfer certain stakes in Uzina Mecanica Bucuresti S.A. and Electromecanica Ploiesti S.A. (both subsidiaries of Romarm S.A.). The provisions of Article 1 paragraph 2 Title II of Emergency Ordinance nr. 81/2007 state that "the transfer of ownership of assets under paragraph 1 is made as at the date of entry into force of this Emergency Ordinance, the directors of companies, national societies and national companies being obliged to update their own records of shareholders and shares. In case the records of shareholders of national societies and national companies are kept by Central Depositary or by registry companies, the update of the records is done by Central Depositary and registry companies, on request of the Fund".

Art. 1, paragraph 1, establishes that AVAS will transfer to the Fund a total of 1,002,301 shares of Electromecanica S.A. Ploiesti (point 2.23) and a total of 2,951,053 shares of Uzina Mecanica Bucuresti S.A. (point 2.24).

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

## 7. CONTINGENT ASSETS AND LIABILITIES (continued)

Electromecanica Ploiesti S.A. and Uzina Mecanica Bucuresti are subsidiaries of Romarm, a company owned 100% by AVAS at the effective date of the Ordinance 81/2007 and currently by the Ministry of Economy, Commerce and Business Environment. Considering the fact that the text of the Ordinance mentioned that these stakes must be transferred from AVAS and not from Romarm, the companies have refused to record the Fund as shareholder despite several requests to this effect.

Furthermore, the Fund requested AVAS, as Romarm's single shareholder, to instruct its representatives at the general shareholders meetings of Uzina Mecanica Bucuresti S.A. and Electromecanica Ploiesti S.A. to mandate their boards of directors to record the Fund's shareholding in both the shareholders register and the Trade Register Office.

Regarding the dispute on the Fund's stake in Electromecanica Ploiesti S.A., the High Court of Cassation and Justice rejected irrevocably the request of the Fund to be registered as a shareholder of Electromecanica Ploiesti S.A. Following this irrevocable decision, the Fund issued a decision stating that the Romanian State represented by the Ministry of Public Finance has not fully paid the share capital of the Fund and consequently, the number of shares correspondent to the holding in Electromecanica Ploiesti S.A. (21,436,245 Fund's shares) owned by Romanian State were blocked.

The other legal action the Fund has at the High Court of Cassation and Justice is that against Uzina Mecanica Bucuresti S.A. If the court rules against the Fund in this litigation, the Fund will ask the Ministry of Public Finance to pay the amounts mentioned in the valuation report issued in October 2007 by an independent evaluator (Finevex S.R.L. Constanta) for the shares presumed to be owned by the Fund in Uzina Mecanica Bucuresti, because in fact the Ministry of Public Finance has not contributed to the share capital of the Fund with this amount.

### 3. There are currently two court litigations involving the Fund and Nuclearelectrica.

In the first file the Fund has sued Nuclearelectrica and the Ministry of Economy and Commerce (now the Ministry of Economy, Trade and Business Environment) and asked the court to record the transfer of a total of 20,077,653 shares from the Ministry portfolio to the Fund portfolio in order to update the initial stake of the Fund in Nuclearelectrica, taking into account the share capital increases that took place between 1 February 2006 and 13 November 2007. The litigation was solved at the first stage by the Bucharest Court with the Court ruling against the Fund. The Fund has appealed the decision of the Court.

If the court rules irrevocably against the Fund in this litigation, the Fund will ask the Ministry of Public Finance to pay the difference between the amount set by the Finevex evaluation report for the shares presumed to be owned by the Fund at Nuclearelectrica and the value of the real number of shares owned by the Fund at Nuclearelectrica. The Ministry of Public Finance has not paid this amount to the share capital of the Fund.

In the second file, the Fund has requested the partial cancellation of the Resolution of Nuclearelectrica's Extraordinary General Shareholders' Meeting no. 14 of 26 September 2006, whereby the share capital was increased by the amount of RON 363,368,250, representing the equivalent amount of 315 tonnes heavy water, which was transferred from state reserves to Nuclearelectrica free of charge; and the allocation of an additional number of 7,267,365 new shares issued by Nuclearelectrica following the share capital increase.

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

**7. CONTINGENT ASSETS AND LIABILITIES** (continued)

On 25 February 2010, the Bucharest County Court rejected the claim filed by the Fund stating that the Resolution of Nuclearelectrica Shareholders' Extraordinary General Assembly dated 26 September 2006 was made in full compliance with the provisions of Law no. 297/2006, which is derogatory from the common provisions of the Companies Law.

Also, the Court interpreted the relevant legal provisions as regulating a transfer under the title of contribution by the Romanian State and not of a subsidy, entitling solely this shareholder to the shares issued as a result of Nuclearelectrica's share capital increase. The Court dismissed the Fund's claims relating to the lack of a valuation report, stating that such a report was not required, as it was a monetary contribution, and that a legal valuation had already been performed.

In the second file, on 10 May 2010, the Fund filed an appeal against the above decision of the Bucharest County Court and the appeal was rejected on 24 January 2011. The Fund filed the second appeal against of this decision and the next hearing will take place on 25 October 2011.

As at 30 June 2011 and as at 31 December 2010 the Fund owns 9.72% of the share capital of the Nuclearelectrica, as recorded at the Trade Register Office.

4. On the role of the courts there are many litigations started by the Fund against the merger plans for creating Hidroenergetica and Electra; in many of these cases the courts have decided to suspend the merger. The merger process and the creation of Electra and Hidroenergetica are currently blocked.
5. Two minority shareholders of the Fund have filed claims against the Fund with the Court requesting the cancellation of certain resolutions of the General Shareholders Meeting.

Other contingencies of the Fund included:

1. The Fund shall receive the following amounts from the Romanian State:
  - a) the amount resulted from the trading on the Romanian or foreign stock exchange markets of the first 3% of Romtelecom S.A. shares;
  - b) 20% of the amounts resulting from the privatization of Romtelecom S.A.;
  - c) 9.9% of the amounts resulting from the privatisation of C.E.C. S.A.

These amounts shall be recorded as an increase in share capital by the significant shareholder once they are collected.

2. The receivables from World Trade Center Bucharest S.A.:  
 Section II, Article 4 of G.E.O. nr. 81/2007 stipulates the transfer from AVAS to the Fund of receivables from World Trade Center Bucharest S.A. amounting to USD 68,814,198 (including the original principal and related interest and penalties) on 29 June 2007.

On 1 October 2007 the reception minute no. 633 was concluded between AVAS and the Fund based on which all documents related to the receivables due from World Trade Center Bucharest S.A. were transferred to the Fund. On 4 October 2007, the Fund notified World Trade Center Bucharest S.A. regarding the cession of the receivables. Meanwhile, the transfer was registered with the Electronic Archive for Pledges.

**S.C. FONDUL PROPRIETATEA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2011**

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

**7. CONTINGENT ASSETS AND LIABILITIES** (continued)

At present World Trade Center Bucharest S.A. is the object of insolvency procedures, the next hearing being set for 30 November 2011.

In 2008, World Trade Center Bucharest S.A. paid USD 200,000 to the Fund, in 2009 USD 200,000 and in 2010 USD 110,130.69, EUR 148,700.76, RON 8,724,887.92. No such payments have been made to the Fund during the six-month period ended 30 June 2011. In accordance with G.E.O. 81/2007, these cash receipts reduced the balance of the receivables in respect of equity contributions.

Given the uncertainties regarding their recoverability, the World Trade Center Bucharest S.A. receivables were recognised on receipt basis in the Fund's financial statements.

**8. SUBSEQUENT EVENTS**

In July 2011, the Fund Manager announced the decision to recommend to shareholders the secondary listing of the Fund on the Warsaw Stock Exchange targeted for the first quarter of 2012. The Fund Manager intends to combine the secondary listing with an offering of up to 10% of the existing shares of the Fund. The secondary listing is subject to the approval by the shareholders.



**S.C. FONDUL PROPRIETATEA S.A.**  
**INFORMATIVE DATA**  
**AS AT 30 JUNE 2011**  
**FORM 30**

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

**Informative Data**

30

(RON)

I. DATA REGARDING THE FINANCIAL RESULT	No. row	No. of units	Amounts (RON)
		1	2
Units that incurred profit	01	1	543,142,057
Units that incurred losses	02	—	—

II. DATA REGARDING THE OVERDUE PAYMENTS	No. row	Total Col. 2+3	Of which:	
			For the current activity	For the investment activity
A	B	1	2	3
<b>Overdue Liabilities-total</b> (row 04 + 08 + 14 to 18 + 22), of which:	<b>03</b>	<b>7,326,204</b>	<b>7,326,204</b>	<b>—</b>
<b>Overdue Suppliers – total</b> (row 05 to 07), of which:	<b>04</b>	<b>7,326,204</b>	<b>7,326,204</b>	<b>—</b>
– over 30 days	05	—	—	—
– over 90 days	06	7,314,414	7,314,414	—
– over 1 year	07	11,790	11,790	—
Overdue liabilities to the social security budget – total (row 09 to 13), of which:	<b>08</b>	<b>—</b>	<b>—</b>	<b>—</b>
– contributions for state social security owed by the employers, employees and other assimilated parties	09	—	—	—
– contributions for the social security and health funds	10	—	—	—
– contributions for the supplementary pension fund	11	—	—	—
– contributions for the unemployment funds	12	—	—	—
– other social debts	13	—	—	—
Overdue liabilities to the special budgets and other funds	14	—	—	—
Overdue liabilities to other creditors	15	—	—	—
Taxes to the state budget overdue after the due date	16	—	—	—
Taxes to the local budget overdue after the due date	17	—	—	—
Bank debts not reimbursed at their maturity – total (row 19 to 21), of which:	<b>18</b>	<b>—</b>	<b>—</b>	<b>—</b>
– overdue after 30 days	19	—	—	—
– overdue after 90 days	20	—	—	—
– overdue after 1 year	21	—	—	—
Overdue Interest payable	22	—	—	—

This is a translation from the official Romanian version.

**S.C. FONDUL PROPRIETATEA S.A.**  
**INFORMATIVE DATA**  
**AS AT 30 JUNE 2011**  
**FORM 30**

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

30

(RON)

III. AVERAGE NUMBER OF EMPLOYEES	No. row	30 June 2010	30 June 2011
A	B	1	2
Average number of employees	23	28	1

IV. PAYMENTS OF INTERESTS AND ROYALTY	No row	Amounts
A	B	1
Gross interest income paid by Romanian juridical persons to the individuals nonresidents in EU member states, out of which:	24	—
– taxes owed to the state budget	25	—
Gross interest income paid by affiliated Romanian entities nonresidents in EU member states, of which:	26	—
– taxes owed to the state budget	27	—
Incomes from the royalty paid by affiliated Romanian juridical persons nonresidents in EU member states, of which:	28	—
– taxes owed to the state budget	29	—

V. LUNCH VOUCHERS	No. row	Amounts
A	B	1
Total value of the lunch vouchers given to the employees	30	484

VI. RESEARCH AND DEVELOPMENT EXPENSES	No. row	30 June 2010	30 June 2011
A	B	1	2
Research and Development Expenses, of which:	31	—	—
– from public funds	32	—	—
– from private funds	33	—	—

VII. INNOVATIONS EXPENSES – total (row 35 to 37), of which:			
	34	—	—
– innovation expenses finalized at the end of the period	35	—	—
– innovation expenses that are about to be finalized during the period	36	—	—
– innovation expenses abandoned during the period	37	—	—

**S.C. FONDUL PROPRIETATEA S.A.**  
**INFORMATIVE DATA**  
**AS AT 30 JUNE 2011**  
**FORM 30**

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

30

(RON)

VIII. OTHER INFORMATION	No. row	30 June 2010	30 June 2011
Financial assets, gross values (row 39 + 46), of which:	<b>38</b>	<b>13,220,032,364</b>	<b>13,805,401,383</b>
Shares held at the affiliated entities, equity investments, other long term investments and bonds, in gross values (row 40 to 45), of which:	<b>39</b>	<b>13,219,815,099</b>	<b>13,805,401,383</b>
– listed shares	40	6,500,083,932	7,126,373,239
– unlisted shares	41	6,719,731,167	6,679,028,144
– social parts	42	—	—
– bonds	43	—	—
– shares issued by the investment collective undertakings	44	—	—
– fund units issued by undertakings for collective investments	<b>45</b>	—	—
Receivables, gross values (row 47 + 48), of which:	<b>46</b>	<b>217,265</b>	—
– receivables in RON and expressed in RON, whose settlement is made according to the rate of one currency (from the acc. 267)	47	217,265	—
– receivables in currency (from the acc. 267)	48	—	—
– receivables due within less than 12 months (from the acc. 267)	<b>49</b>	—	—
Commercial receivables, advances to suppliers and other assimilated accounts, gross values (acc. 4092 + 411 + 413 + 418)	<b>50</b>	<b>6,230</b>	<b>2,377</b>
Receivables from employees and assimilated accounts (acc. 425 + 4282)	<b>51</b>	<b>405</b>	—
Receivables from social security and state budget (acc. 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482)	<b>52</b>	<b>8,696</b>	<b>38,305</b>
Other receivables (acc. 451 + 453 + 456 + 4582 + 461 + 471 + 473)	<b>53</b>	<b>680,356,632</b>	<b>339,764,939</b>
Interests to receive (acc. 5187)	<b>54</b>	—	<b>354,527</b>
Short term investments, in gross amounts (acc. 501 + 503 + 505 + 506 + 507 + from the acc. 508) (row 56 to 61), of which:	<b>55</b>	—	<b>15,866,537</b>
– listed shares	56	—	—
– not listed shares	57	—	—
– social parts	58	—	—
– bonds	59	—	15,866,537
– shares issued by the investment collective undertakings	60	—	—

This is a translation from the official Romanian version.

**S.C. FONDUL PROPRIETATEA S.A.**  
**INFORMATIVE DATA**  
**AS AT 30 JUNE 2011**  
**FORM 30**

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

30

(RON)

VIII. OTHER INFORMATION	No. row	30 June 2010	30 June 2011
– fund units issued by undertakings for collective investments	61	—	—
Other amounts to be received (acc. 5113 + 5114)	62	—	—
Petty cash in RON and currency (row 64 + 65), of which:	63	11,650	920
– in RON (acc. 5311)	64	11,643	920
– in currency (acc. 5314)	65	7	—
Bank accounts, in RON and currency (row 67 + 68), of which:	66	2,226,585,433	702,335,062
– in RON (acc. 5121)	67	1,691,984,215	702,300,655
– in currency (acc. 5124)	68	534,601,218	34,407
Other bank accounts and credentials (row 70 + 71), of which:	69	—	—
– pending settlement amounts, credentials and other due amounts, in RON (acc. 5112 + 5125 + 5411)	70	—	—
– pending settlement amounts and credentials in currency (acc. 5125 + 5412)	71	—	—
Liabilities (row 73 + 76 + 79 + 82 + 85 + 88 + 89 + 92 to 96), of which:	72	9,236,674	245,396,120
– Loans from bonds and related interest payable, gross values (acc. 161 + 1681) (row 74 + 75), of which:	73	—	—
– in RON	74	—	—
– in currency	75	—	—
– Short term internal bank loans and related interest payable (acc. 5191 + 5192 + 5197 + from the acc. 5198) (row 77 + 78), of which:	76	—	—
– in RON	77	—	—
– in currency	78	—	—
– Short term external bank loans and related interest payable (acc. 5193 + 5194 + 5195 + from acc. 5198) (row 80 + 81), of which:	79	—	—
– in RON	80	—	—
– in currency	81	—	—
– Long term bank loans and related interests payable (acc. 1621 + 1622 + 1627 + from the acc. 1682) (row 83 + 84), of which:	82	—	—
– in RON	83	—	—
– in currency	84	—	—

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**INFORMATIVE DATA**  
**AS AT 30 JUNE 2011**  
**FORM 30**

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

30

(RON)

VIII. OTHER INFORMATION	No. row	30 June 2010	30 June 2011
– Long term external loans (acc. 1623 + 1624 + 1625 + from the acc. 1682) (row 86 + 87), of which:	<b>85</b>	—	—
– in RON	86	—	—
– in currency	87	—	—
– Credits from the state treasury (acc. 1626 + from the acc. 1682)	<b>88</b>	—	—
– Other Loans and related interest payable (acc. 166 + 167 + 1685 + 1686 + 1687) (row 90 + 91), of which:	<b>89</b>	—	—
– in RON and expressed in RON, whose settlement is made depending on the exchange rate of the currency	90	—	—
– in currency	91	—	—
– commercial liabilities, advances received from the clients and other assimilated accounts, gross values (acc. 401 + 403 + 404 + 405 + 408 + 419)	<b>92</b>	<b>301,745</b>	<b>23,266,320</b>
– Liabilities to employees and assimilated accounts (acc. 421 + 423 + 424 + 426 + 427 + 4281)	<b>93</b>	<b>192,327</b>	<b>74,159</b>
– Liabilities to the social security and state budget (acc. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481)	<b>94</b>	<b>7,180,017</b>	<b>15,897,968</b>
– Other liabilities (acc. 451 + 452 + 455 + 456 + 457 + 4581 + 462 + 472 + 473 + 269 + 509)	<b>95</b>	<b>1,562,585</b>	<b>206,157,673</b>
– Interests payable (acc. 5186)	<b>96</b>	—	—
Subscriptions paid in share capital (acc. 1012) (row 98 to 100), of which:	<b>97</b>	<b>13,757,592,587</b>	<b>13,756,955,963</b>
– listed shares	98	—	13,756,955,963
– unlisted shares	99	13,757,592,587	—
– social parts	100	—	—
<b>IX. INFORMATION REGARDING THE EXPENSES WITH COLLABORATORS</b>	<b>No. row</b>	<b>30 June 2010</b>	<b>30 June 2011</b>
<b>Expenses with collaborators (acc. 621)</b>	<b>101</b>	<b>—</b>	<b>—</b>

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

Grzegorz Maciej Konieczny  
Legal Representative

Prepared by  
Mihaela Moleavin  
Financial Reporting Manager

## Annex 4

### STATEMENT

in compliance with the provisions of Art.30 of Law no. 82/1991 on accounting and the NSC Regulations no. 1/2006, Art.113, letter E, par. 1, letter c

The semi-annual financial statements as at 30 June 2011 have been prepared for:

Entity: S.C. Fondul Proprietatea S.A.

Address: Bucharest, District 1, 78–80, Buzzești Street, 7th Floor

Trade Registry Number: J40/21901/28.12.2005

Form of property: 22 (joint ownership with public capital under 50%, domestic and foreign public and private capital companies)

CAEN code and name: 6430 “Trusts, funds and similar financial entities”

Sole Registration Code: 18253260

The undersigned, Grzegorz Maciej Konieczny, legal representative, and Mihaela Moleavin, Financial Reporting Manager with Franklin Templeton Investment Management Ltd. United Kingdom, Bucharest Branch, as sole administrator of S.C. Fondul Proprietatea S.A., undertake the responsibility for the preparation of the semi-annual financial statements as at 30 June 2011 and confirm that:

- a) the accounting policies used for preparation of the semi-annual financial statements are in compliance with the applicable accounting regulations.
- b) the semi-annual financial statements give a true and fair view of the financial position and performance and of other information regarding the conducted business.
- c) the company is conducting its business on the going concern basis.
- d) the semi-annual Administrator’s report of Franklin Templeton Investment Management Ltd. United Kingdom, Bucharest Branch, regarding the management and administration of Fondul Proprietatea S.A. for the first half of year 2011, includes an accurate overview of the developments and performance of Fondul Proprietatea S.A., as well as a description of the main risks and uncertainties related to the business.

Franklin Templeton Investment Management Limited United Kingdom,  
Bucharest Branch as sole administrator of S.C. Fondul Proprietatea S.A.

Grzegorz Maciej Konieczny  
Legal Representative

Mihaela Moleavin  
Financial Reporting Manager



**Franklin Templeton Investment  
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Bucharest Branch**  
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